



Labor Conditions and Human Rights in Dominican Sugar Production

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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. For more information visit www.bsr.org.

Executive Summary

International agencies, commercial partners, and the public demand ever more accountability in the treatment of workers and the protection of their rights. Although important, complying with the law does not satisfy concerns. Both international players and domestic producers are held accountable for their actions and their ethics. Companies engaging in monocultures, such as sugarcane, in Central American and Caribbean countries, face particular challenges in maintaining responsible labor practices and protecting workers' rights, and they must strengthen their capacities in both areas.

With increased openness of trade derived from market globalization, further stepped up by the DR-CAFTA, companies in Dominican Republic need to improve labor conditions for their employees. Above all, they need to significantly improve enforcement of workers' rights and standardize the situation of migrant workers. Despite taking various actions to improve labor conditions, the companies making up the Consorcio Azucarero de Empresas Industriales (CAEI) have faced accusations of exploiting sugarcane cutters and violating their rights.

To help achieve these goals, BSR and CAEI designed "Labor Conditions and Human Rights in Dominican Sugar Production," a baseline study of the labor conditions of the company's sugarcane cutters. Establishing a baseline is a first step toward institutionalizing practices that will improve such conditions, while rendering companies more competitive in a globalized marketplace.

The challenge consisted of identifying the root causes that interfere with better life and working conditions for sugarcane cutters, mitigating their negative impact on sustainability and on the company's image, and bringing about enhanced corporate sustainability. An innovative experience for both industry and the Central America and Caribbean region, this project is one of the few examples in the Dominican sugarcane industry where a company has trusted an external organization to conduct a baseline study of its strategies and operations. The company gave BSR unrestricted access to its plantations and bateyes¹ and was fully supportive.

The study gathered data about the actual labor conditions of sugarcane cutters, which were brought into the limelight through the fieldwork and survey conducted among CAEI workers. Using this information and BSR recommendations, CAEI executives examined the reasons underlying their labor problems and identified both preventive and corrective actions to maximize financial and human resources and increase productivity.

¹ Name given to the patio taken up by boilers, warehouses, and dwelling areas for sugar mill and other field workers in the Antilles.

About CAEI

The Consorcio Azucarero de Empresas Industriales (CAEI) was founded in 1859 as a company committed to developing sugar production in Dominican Republic. CAEI is formed by three sugar mills: Caei, Cristóbal Colón, and Angelina. CAEI accounts for 20 percent of sugar production in the Dominican Republic, and it has the longest standing in this industry. For more information visit www.caei.com.

Opportunity

The Dominican sugarcane industry has historically employed migrant workers. Early on many workers came from Puerto Rico, then later many came from the Lesser Antilles and, starting in the 1920s, more were from Haiti. The industry generates some 30,000 jobs each year,² approximately 10,000 of which are seasonal (during the sugarcane harvest period). Most of these workers are Haitian migrant workers, oftentimes with no personal identification documents (a birth certificate, passport, or personal ID) issued by Haiti or the Dominican Republic.



Cane cutting front

A major agroindustrial company in the Dominican Republic, CAEI ranks second as sugar producer and top in terms of longevity and tradition in the sugar industry; it includes members from four generations. CAEI's total headcount of 2,900 employees breaks down into 1,800 field workers, 900 factory workers, and 200 administrative staff. In turn, the 1,800 workers in the field include 1,100 cutters and 700 planters.³ CAEI's production capacity is 80,000 tons per production cycle.⁴ Despite these figures, the company has faced annual financial deficits of approximately US\$10 million that jeopardize its sustainability.

Numerous efforts undertaken by CAEI in the past to improve the labor conditions of sugarcane cutters had not yet had a material impact. These efforts included corporate audits, adult literacy programs, scholarships, health care, and preparatory and elementary education.

With funding by the U.S. Department of State, BSR and CAEI developed a project to study the labor conditions of the company's sugarcane cutters. The two groups saw this as a first step toward improving labor conditions, while rendering companies more competitive in a globalized marketplace.

Potential benefits of a baseline study include:

- » Developing effective systems to manage responsible labor and human rights within the company.
- » Establishing a benchmark against which the company may measure its mid- and long-term impact on responsible labor and human rights.
- » Providing the company with tools and techniques for assessing its management and more easily spotting period-over-period progress.
- » Developing best practices that other companies may replicate.

Baseline

The baseline is the measure of current performance indicators previously selected for the systematic follow-up and assessment of the policies and programs in place.

² Instituto Nacional del Azúcar (INAZUCAR), or National Sugar Institute, 2008.

³ Data supplied during a meeting with CAEI executives, February 2010.

⁴ Ibid.

Strategy

CAEI believes that its future profitability may result from combining increased efficiency in sugar production in order to reduce its costs, with power co-generation and with the sustained growth in the production of sugar and other sugarcane byproducts. It is therefore focused on developing institutionalized systems that ensure compliance with domestic and international corporate citizenship, as well as production and efficiency standards. CAEI's new corporate leadership wants to position the company in the global marketplace and establish environmental and socioeconomic sustainability.

The company has identified six topics related to responsible labor, which are represented in the fundamental International Labour Organization (ILO) Conventions, namely:

- » Freedom of movement
- » Freedom of association
- » Child labor
- » Discrimination
- » Living wage
- » Labor and occupational safety and health conditions



Typical cane cutter's meal

Living Wage

A living wage is the pay sufficient for a worker and his or her family to survive comfortably.

Noteworthy is the company's initiative in the very setting of these objectives. While BSR suggested "minimum wage," the company responded that it already meets the national minimum wage and opted for the higher "living wage."

CAEI and BSR agreed to conduct a baseline study on the labor and living conditions of some 1,200 sugarcane cutters in the Ingenio Cristobal Colón bateyes during the sugarcane harvest time. The study included all six topics mentioned above.

To ensure the truthfulness and completeness of the information being surveyed, the following were considered essential:

- » The company must be closely involved throughout the process (technical and methodological design, logistics, and operating planning).
- » The surveys should be conducted at the cutting front itself, thus ensuring the right target population was addressed (i.e., CAEI sugarcane cutters).
- » The surveyed population should always remain anonymous.
- » The surveyors must be fluent in the workers' language (i.e., their ability to speak both Spanish and Creole, the Haitian dialect) and be able to issue materials in both languages.

Implementation

A team consisting of two BSR consultants, a local consultant, and five Haitian university students settled in the Dominican Republic to survey a population of 1,200 sugarcane cutters. A committee of BSR experts also acted as advisers throughout the process. Moreover, BSR experts in responsible labor and human rights analyzed the survey, the process, the conclusions, and the recommendations made following the study.

The survey was developed as a tool to gather information on the six responsible labor topics included in the study. Each section of the survey focused on a

"This process is just the beginning; it internalizes the problem to build a win-win situation."

—Luis Sanz,
Director of CAEI

“ The project itself has been a challenge and is part of a radical change within the company.”

—Amelia Vicini, VP for Corporate Sustainability with Grupo Vicini



BSR consultant conducting baseline study interview

different topic, in an effort to help respondents feel as if they were engaging in normal conversation.

The team undertaking the survey was trained in perception and survey management techniques to create an atmosphere where cutters would feel at ease and free to speak their minds. The whole process conducted in the field was built upon a fruitful dialogue within a framework of flexibility and trust.

The information was surveyed in six stages:

- 1 **Preliminary research:** BSR conducted prior research with the company, local players, and international experts to understand all six subject areas.
- 2 **Development of information-gathering tools:** Questionnaires for local interviews and surveys for sugarcane cutters were developed for the pilot phase. The company reviewed and assessed the questionnaire before the pilot proceeded.
- 3 **Pilot data gathering phase:** Sugarcane cutters were interviewed in person in various fields owned by Ingenio Cristóbal Colón to test the questionnaire's efficiency.
- 4 **Information gathering:** Surveys were conducted among the study sample.
- 5 **Cross-verification of information:** The information gathered was checked against information from other sources, such as hospitals, schools, the workers' partners, statistics and information supplied by experts and by the company to account for the sensitivity of the issues being surveyed and the difficulty of validating all answers as honest and accurate.
- 6 **Analysis and recommendations:** BSR experts submitted a report summarizing the findings and offered recommendations.

Results

The results of the baseline study were delivered to CAEI through a personal presentation and a written report, in which BSR put forward the following recommendations:

- » **Finalize CAEI's code of conduct** and align its operations with the code.
- » **Assess the wages of sugarcane cutters** and the payment method to make any necessary changes and ensure they receive better pay.
- » **Increase the support to workers' families to prevent them from turning to children to raise income.** This awareness will help safeguard the time children need for study and recreation.
- » **Identify and manage potential alternatives for sugarcane cutters** so that they are issued their national identification documents.
- » **Adjust safety and health practices and policies at plantations** to meet international standards.
- » **Revisit internal communications channels and processes and modify them** as applicable to ensure they are effective and efficient.

CAEI responded favorably to all key recommendations and immediately started to implement corrective actions.



Cane cutter dormitory

“Responsible labor practices are a matter of justice, not of legality. You have to be responsible, whether you win or lose.”

—Fernando Ferrán,
Director for Institutional
Relations

“To the extent we ensure the conditions that encourage workers’ improved performance, the people win and CAEI wins.”
Rafael Velez, CEO of CAEI



Cane cutter working

SHORT-TERM RESULTS

The baseline allowed CAEI executives to:

- » Understand how its labor standards compare to those of the general market.
- » Understand the issue of labor conditions from the workers' standpoint and in their own language.
- » Focus more clearly on the root causes of labor problems and identify preventive and corrective actions to maximize available financial and human resources.
- » Gain an insight of the company's need to have a comprehensive corporate vision (human, social, and productive-environmental capital). A clearly defined vision would allow CAEI to undertake sound, feasible actions before its stakeholders.

ANTICIPATED LONG-TERM OUTCOMES

Potential mid- and long-term impacts identified include the following:

- 1 **Enhanced market access.** The company could increase their market loyalty. Complying with international standards would let them compete in new international markets (such as Europe). Also they would become regional leaders, and even a role model of sorts. Other companies may try to replicate CAEI's success.
- 2 **Improved productivity and living conditions.** The company projections indicate a significant improvement in productivity (up to 20 percent approximately), and will train cutters so that they may become more efficient. The company expects to see improved understanding and enforcement of responsible labor and human rights at the cutting front encouraged by the code of conduct and corporate policies. To ensure that labor policies and ethical standards are enforced, the company will increase the efficiency of company follow-up and control systems. The implementation of these initiatives will lead to improved living conditions for sugarcane cutters and their families.
- 3 **Increased wages.** Cane cutters may achieve a living wage as a result of the review and improvement of the payment system, including increasing total compensation, offering a Christmas bonus and productivity bonus to cutters who exceed the established daily average cane tonnage cut, and potentially offering double pay for work on public holidays (a benefit pending approval by the CAEI Board of Directors).
- 4 **Provision of company documentation to workers.** The company will issue individual ID cards to cutters hoping to help cutters obtain work permits from the Dominican government for the largest possible number of migrant workers. The company's actions will contribute to the search for regulatory and systemic national-level solutions to manage migrant laborers in Dominican agricultural companies.
- 5 **Improved labor and occupational safety and health conditions.** The company will create a Seasonal Workers' Unit reporting to Human Resources. The company will provide training on first aid, safety, and protection to field monitors and supervisors; develop a nutritious menu to improve the calorie and protein content in cutters' diet; and provide drinking water at the cane cutting fronts.

LESSONS LEARNED AND USEFUL TIPS

Main lessons learned from this project are the following:

- 1 **A carefully developed, deliberately undertaken baseline study surveying workers' labor conditions and opinions may be useful in improving management-worker relations and productivity.** The baseline

“We should have conducted this study years ago to have a clearer idea of the problem and better understanding of our plan of action.”

—Luis Sanz,
Director of CAEI

study on labor conditions of sugarcane cutters at CAEI offered the elements required to stay focused on the problem and on the need to improve workers’ well-being. This seemingly simple change helps the company gain allies and has a positive effect on productivity and sustainability.

- 2 **Companies should ensure effective and constant communication between its executives and other workers.** Establishing a communication system between executives and workers allows both parties to better understand each others’ circumstances and reality. CAEI executives used to establish policies for cutters under a vertical approach in the understanding that they would improve workers’ conditions, but failed to realize they needed the workers’ feedback on the impact they had. Thus, misperceptions influenced perspectives on both sides. By underscoring the importance of dialogue and cutters’ feedback, CAEI has acknowledged the role of effective communication in making the right decisions and not wasting human and financial effort and resources.
- 3 **Documentation for migrant workers.** Companies employing migrant workers in seasonal jobs need to champion the establishment of effective documentation and registration systems for them. This action:
 - » **Greatly facilitates the management and control of these employees.** Most CAEI cutters hold no national or company ID and so cannot be adequately registered and are not subject to company policies.
 - » **Grants fundamental rights and duties.** If CAEI workers were issued an ID, the employer-worker relationship would be based on each party’s duties to and respect for each other, and therefore would be much more fruitful.
 - » **It opens up a range of social opportunities for these workers within the company, which reduces their dependence.** Under a handout approach, CAEI is the sole responder to their needs. The lack of documentation makes CAEI cutters consider the company the sole option for their survival, with the ensuing increase in the company’s social burden.
- 4 **Systems to measure the impact of corporate policies are of the essence for decision-making purposes.** In the case of CAEI, attempting to do things right once did not suffice; it was necessary to do them right on an ongoing basis. Throughout this natural, experimental process a company builds a platform to become more efficient in the fields of responsible labor and human rights.
- 5 **Failing to account for their workers’ social well-being reduces a company’s potential for growth.** Companies willing to operate appropriately need healthy employees and so must offer them a proper diet and access to health and other basic services. Meeting these basic needs contributes to improved performance and, hence increased productivity. As a result of the baseline study, CAEI understands the need to move from minimum wage to a living wage. This shift lets sugarcane cutters meet their basic needs and therefore be more productive.

About DR-CAFTA

This case study was conducted thanks to a grant from the US Department of State to BSR for the Project called “DR-CAFTA Responsible Competitiveness.” This project works with growers, workers’ representatives, governments, and international purchasers to promote responsible labor practices in DR-CAFTA member countries. For further information visit www.drcafta.bsr.org.