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The effectiveness of standards in driving adoption of sustainability practices

INSIGHTS

CREDIBLE SUSTAINABILITY STANDARDS PROVIDE ASSURANCE THAT PRODUCTS AND MATERIALS TRADED IN COMPLEX, GLOBAL SUPPLY CHAINS HAVE BEEN PRODUCED IN AN ETHICAL AND ENVIRONMENTALLY RESPONSIBLE WAY. UNDERSTANDING HOW STANDARDS CHANGE SUSTAINABILITY PRACTICES IS KEY TO GAUGING THEIR ONGOING RELEVANCE.



WHY THIS STUDY?

Understanding what voluntary sustainability standards deliver on the ground is an important part of the debate about their ongoing relevance to business, policy makers and the public.

To address this question, ISEAL commissioned 3Keel and the University of Oxford to conduct a review of the evidence on whether standards systems drive the adoption of sustainable practices.

The focus of the review is on individuals or organisations changing their practices, such as the use of agricultural inputs, retention of wildlife habitat, and providing better conditions for hired workers, and relating these changes to engagement with sustainability standards.

APPROACH AND EVIDENCE BASE

To understand how standards drive practice adoption, 116 studies were systematically filtered from an original body of more than 13,000 studies, based on relevance, scope and methodological robustness.

The filtered studies that reported information for one or more of six thematic areas were reviewed. The thematic areas are: conservation and biodiversity, use of inputs, community development, occupational health and safety, management systems, and good production practices. They were selected to represent a range of environmental, social and economic aspects of sustainability for which there was sufficient information to allow conclusions.

When reading this report it is important to note that the body of existing studies was characterised by a concentration of research into coffee and forestry (in particular, Rainforest Alliance, Organic, Fairtrade and the Forest Stewardship Council standards); and a focus on smallholders and producer cooperatives in developing countries in the tropics and sub-tropics. There are almost no studies covering changes in practice over time. In particular, little is written about what changes to practice take place before certification.

This evidence base was supplemented by key informant interviews and analysis of standards systems' monitoring data.



DO SUSTAINABILITY STANDARDS DRIVE ADOPTION OF BETTER SUSTAINABILITY PRACTICES?

The evidence that voluntary sustainability standards drive the adoption is summarised for each thematic area.

CONSERVATION AND BIODIVERSITY

Sustainability standards typically include a range of requirements that are intended to protect natural habitat and species and, in some cases, the wider landscape. Other sustainability practices (such as pollution control) can of course yield positive impacts on biodiversity, however, this section is limited to evidence on activities that are explicitly framed around conservation and biodiversity.

Key insights:

- There is evidence that certified businesses improve their approach to conservation.
- Analysis of certification system data suggests that certified businesses quite frequently adopt substantive conservation and biodiversity practices.
- Audits may play a role in maintaining improved conservation practices.
- Standards can help raise awareness of environmental issues and increase knowledge of what actions can be taken to conserve biodiversity.

INPUT USE

This includes requirements on the use of inputs in agricultural production, forestry and aquaculture standards (such as fertilisers, pesticides, herbicides, fungicides and antibiotics). The range of practices required by standards varies from outright prohibition of synthetic inputs to requirements for 'wise use' of inputs.

Key insights:

- The studies provided evidence that standards can drive the adoption of more sustainable input use.
- When standards are accompanied by technical support to producers, they seem to be more likely to adopt more sustainable input use.

COMMUNITY BENEFITS AND DEVELOPMENT

Several sustainability standards require certified businesses to carry out activities that benefit their local communities. Required practices include respecting the rights of others to use forest, land and fishing resources. They also include maintaining good relations with communities (such as active consultation) and contributing to local development (such as preferentially purchasing local products and services).

Key insights:

- The studies strongly suggest that certification results in improved democratic organisation and decision making and/or greater engagement with local communities.
- Certification is a plausible driver of these changes, not least because providing benefits to communities is not always the convention in farming and forestry.

ANALYSIS OF CERTIFICATION SYSTEM DATA SUGGESTS THAT CERTIFIED BUSINESSES QUITE FREQUENTLY ADOPT SUBSTANTIVE CONSERVATION AND BIODIVERSITY PRACTICES.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety practices aim to reduce the risks of work-related accidents and ill health, as well as responding appropriately to problems that occur. The requirements of sustainability standards can include planning and risk analysis, training and implementing practices, such as using personal protective equipment.

Key insights:

- All of the studies examined indicate that certified businesses have better occupational health and safety practices than non-certified ones.
- Key informants suggested that this may be partly due to non-conformities in this area being easier for auditors to detect than those in some other thematic areas.

MANAGEMENT SYSTEMS

Management systems are the policies, processes and procedures used to support an organisation in achieving its objectives. Good management systems are, of course, not sufficient to guarantee sustainability: many companies have strong management systems yet poor environmental and social performance.

Key insights:

- The research indicates that certification may drive the adoption of improved and/or more formal management systems. However, there are few robust studies and this is an under-researched field.
- Many people who have been involved with certification over a significant period observe improvements in the management systems of certified businesses.
- Practitioners observe that businesses with weak management systems tend to be the ones that struggle to gain and maintain certification.
- An analysis of standards systems' monitoring data suggests that, after certification, these systems may become embedded over time.

GOOD PRODUCTION PRACTICES

Good production practices are the suite of activities that aim to ensure high-quality production and the efficient use of resources for the long term. Each sector has its own specific practices and terminology: good agricultural practices, sustainable forest management and sustainable harvest (or catch) for fisheries.

Good production practices are relatively well researched. Latin America, the Caribbean, Asia, and Europe accounted for the majority of studies. The most commonly studied sectors were forestry, coffee and fish, with the Forest Stewardship Council, Rainforest Alliance, Organic certification, Fairtrade, UTZ, and Marine Stewardship Council all represented by multiple studies.

Key insights:

- The studies indicate that many certified businesses improve their production practices compared with non-certified businesses, as well as when comparing before and after certification.
- Where no change in practice was evident, it was often because certification was studied in places where existing practice was already meeting the requirements of the standard; or conversely, in places where existing practice was so poor and resources to change it too limited, resulting in the barrier to certification being high.
- Practice adoption often appears to be aided by external technical support, including training.

“BEFORE CERTIFICATION, THEIR MANAGEMENT WAS IN THE STONE AGE. AND BEHIND CLOSED DOORS, THEY ADMIT IT”

Research interviewee

CONCLUSIONS AND RECOMMENDATIONS

There is evidence from each of the thematic areas assessed that certification and standards can contribute to the adoption of improved practices. This evidence is typically based on observations of better practice in certified businesses compared with non-certified ones at a single moment in time.

The evidence is more consistent for some sustainability themes than others. For example, all of the studies reporting changes in health and safety practices showed a positive impact of certification, as did all of the studies assessing community benefits and development. However, this does not ‘prove’ that practice adoption is a universal effect of certification for these themes.

Common situations were identified in which the evidence for practice adoption is more mixed. Where existing levels of practice are high, producers may not have to change to meet the requirements of a standard. Also, anecdotal evidence suggests many changes in practice occur before certification – but very few studies are available on this ‘pre-certification’ phase. This means that practice changes may be under-reported.

Another circumstance where standards may not consistently drive practice adoption is when the gap between existing practice and the standard is too great. Finally, some practices may be harder for auditors and researchers to detect. These include practices around freedom of association, discriminatory hiring, and practices that are implemented intermittently.

An overarching finding of the research is that there are a limited number of robust, independent studies assessing practice adoption. Many of those that do exist are concentrated on forestry and coffee in Latin America and the Caribbean on a handful of standards schemes. Increased geographic and sectoral coverage would enhance the understanding of practice adoption across other places, sectors and standards.

THERE ARE MORE GRANULAR ASPECTS OF SUSTAINABILITY STANDARDS THAT MAY BE IMPORTANT IN DRIVING PRACTICE ADOPTION.

Those familiar with standards systems will be aware that individuals and organisations seek certification to improve market access, gain a price premium or a competitive advantage, manage reputational risk and respond to demands from their customers. One might reasonably expect that these same factors motivate businesses to make the changes in practice necessary to achieve certification.

In addition, a number of studies cited external technical, institutional or financial support as fundamental to enabling practice adoption. This points to the need for investments to correct market failures in a producer capacity as an intervention alongside standards to enable a greater uptake of sustainable practices, particularly amongst smallholder producers in developing countries.

Finally, the process of assessing compliance with the standard on a regular basis (audits) appears to drive some practice adoption. Audits also play a role in ensuring that levels of performance are maintained.

THE ROLE OF STANDARDS SYSTEMS IN PREVENTING SLIPPAGE OF GOOD PRACTICE MAY BE UNDER-APPRECIATED, BUT IT IS NONETHELESS CRITICAL TO ENSURING SUSTAINABLE OUTCOMES.

Increased investment in technical, financial and institutional support to producers emerges as a key multiplier of investment in sustainability standards. Standards organisations, businesses, policy makers and

researchers need to consider how to consistently and effectively provide this support.

Investment in developing innovative capacity for detecting short-term, hidden changes in complex and rapidly changing supply chains should also be considered in order to overcome the difficulties in changing (and auditing) 'hard to detect' practices.

Standards organisations, businesses and researchers need a better research base to understand the ways in which standards affect practice. Many studies were filtered out of the initial body of evidence due to their poor study design (in particular, a lack of a relevant

counterfactual with which to compare). Rigorous research is expensive, and we recommend that impact evaluations are used only to answer key strategic questions. The resources saved can be invested in conducting rapid surveys repeated over time, asking certification and assurance bodies to share data (including the pre-certification phase), gathering stories of change, and investing in experiential learning. More primary research on under-represented sectors (such as mining, cotton, fish); and under-represented geographies (especially in Europe and North America), would significantly aid our understanding of how certification systems work.





ISEAL Alliance
56-64 Leonard Street
London
EC2A 4LT
United Kingdom

+44 (0)20 3246 0066
info@isealalliance.org
twitter.com/isealalliance
www.iseal.org



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