Analysis of fair trade practices: the case of an artisan soap manufacturer in the wilaya of Tizi-Ouzou

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Abstract:

Fair trade developed in the 1980s, with the introduction of the fair trade label, and is now part of social movements that contribute to the ethical structuring of the market (Lapointe et al, 2008)**.** Although the field of fair trade has undergone significant development in recent years, the theoretical approaches that make it up are heterogeneous, making it difficult to construct a stable, unified conceptual framework. In Algeria, fair trade is still underdeveloped, but there are a few initiatives aimed at promoting fairer practices**.** In this article, we study the fair trade practices of an artisanal soap-making company in Tizi-Ouzou. More specifically, we have tried to answer the following question: **what are the fair trade practices of Ughus Savon?**

Methodologically, we opted for the case method as a strategy for accessing reality. Data were obtained through a semi-structured interview with the company's director. The data were subjected to a thematic content analysis following the approach of Paillé and Mucchielli, 2003, 2016). The results of our survey highlight an important dimension of fair trade, that of the Co-creation of value between producer and supplier. The company manufactures all its soaps from declassified olive oil, and every year, the company director buys thousands of liters of it from a group of women, providing them with their only source of income.

Key words: Fair trade, Fair trade label, Fair price, Ughus Soap.

Jel classification codes : O11 ; Q01 ; Q20 ; Q53

1. Introduction

Fair trade developed in the 1980s, with the introduction of the fair trade label, and is now part of social movements that contribute to the ethical structuring of the market (Lapointe et al, 2008). The logic of fair trade is based on the idea that it is possible to trade without exploiting producers in the South, by guaranteeing respect for the values of equality and equity in commercial exchange.

Fair trade is a complex field of research. Indeed, the difficulty in objectifying its practices generates a great deal of controversy in terms of political, economic, social and environmental development.

The emergence of fair trade practices is closely linked to the disparities and inequalities generated by the phenomenon of globalization. Fair trade is a concept that aims to promote fair and sustainable trade practices, particularly in developing countries. It is a global movement that seeks to ensure fair working conditions, decent wages and fair prices for marginalized producers and workers. From a paradigmatic point of view, fair trade is part of the social and solidarity economy model, as opposed to the dominant model whose aim is to maximize material utility.

Research context and issues

In Algeria, it is difficult to define the perimeter and boundaries of the SSE field, and by extension that of fair trade, and to assess what they represent in terms of economic volume and employment. While the sector's emergence can be partly explained by the transition from a socialist-oriented economy until the 1990s to a market economy and the devastating effects of the civil war in the 1990s, its lack of visibility can be traced back, among other things, to interactions with public authorities and the omnipresence of the state. The entrenchment of free public services, consumer subsidies and the maintenance of rentier and re-distributive logics do not encourage the development of an entrepreneurial spirit or the taking of initiative, so that the emergence of SSE practices is thwarted by an environment resistant to change.

In Kabylia, as Zoreli (2016) points out, the emergence and development of the principles of the social/solidarity-based economy is a response to escaping the regulatory mechanisms of the dominant model, which have fallen into disuse, and the resignation of the regulatory state. This dual constraint has led to the emergence of a new logic of action for social transformation. Fair trade is part of this perspective, aiming to promote long-term, sustainable commercial relationships between producers and buyers, establishing partnerships based on trust and transparency, while encouraging environmental protection by promoting sustainable agricultural practices and minimizing the use of harmful chemicals. However, it is important to point out that fair trade in Algeria is still in the development phase, and local fair trade products are still relatively rare on the market.

Against this backdrop, our aim in this work was to objectivize the fair trade practices of a company located in the wilaya of Tizi-Ouzou, specializing in the manufacture of handmade soap, by attempting to answer the following question**: what are the fair trade practices of the Ughus Savon company?**

We begin with a brief definition of fair trade and its principles of action. We will then present our methodological approach and explain our strategy for accessing reality. Finally, we will present the results of the survey and discuss them in relation to other works on the subject of fair trade.

2.   Conceptual framework: a multidisciplinary approach

Although the field of fair trade has undergone significant development in recent years, the theoretical approaches that make it up are heterogeneous, making it difficult to construct a stable, unified conceptual framework. Indeed, the notion of fair trade can refer to an ideology, practices and a movement. What's more, the term also enters the discourse of conventional economic institutions such as the WTO, creating even more confusion as to the definition of fair trade. Fair trade, as a social movement and an alternative to traditional international trade, is based on a rich and diverse conceptual framework. Its construction is part of a multi-disciplinary approach, drawing on different fields of social and human sciences to analyze and understand the complex issues associated with this alternative form of trade.

To better grasp the full scope of fair trade, we need to consider it as a total fact in the sense of Marcel MAUSS. More precisely, we need to analyze fair trade from a number of angles. Complicated is not complexity," says Edgar Moran. The reality of fair trade is complex and multidimensional, and as such requires a global approach. We see fair trade as an economic fact, but it is also political, sociological, anthropological and ethical.

- **Economics:** Economic theories of development, unequal exchange and solidarity economics offer analytical tools for understanding unequal power structures in international trade, and possible alternatives for a fairer globalization.
- **Political science:** Political science approaches enable us to examine power relations between fair trade actors, issues of governance and democratic participation, and the impact of fair trade on public policy.
- **Sociology:** Sociological analyses shed light on the social dimensions of fair trade, studying social relations within producer communities, working conditions, gender issues and social inclusion.
- **Anthropology:** Anthropological approaches enable us to understand the cultural contexts and traditional knowledge of producer communities, by analyzing local agricultural, artisanal and commercial practices.
- **Ethics:** Ethical theories, such as care ethics and critical theory, offer frameworks for assessing the fundamental principles and values of fair trade, by questioning notions of justice, responsibility and solidarity.

2.1 Definition of fair trade

According to the definition proposed by FINE[1] in 2001, fair trade is *"a trading partnership based on dialogue, transparency and respect, whose aim is to achieve greater equity in world trade. It contributes to sustainable development by offering better trading conditions and guaranteeing the rights of marginalized producers and workers, particularly in the global South."* From this definition, we can see that fair trade is seen as a lever for sustainable

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[1] **FINE** is an informal network of the four main international fair trade federations. Created in 1998, it maintains an advocacy office in Brussels.

development. It is also presented as an alternative form of trade to international trade, in opposition to conventional commercial practices. This allows us to assert that fair trade is part of the social and solidarity economy, advocating an alternative economic organization centered on cooperation and sustainability. It aims to empower marginalized producers and promote inclusive, sustainable economic development.

However, as Pouchain (2013) points out, the definition established by FINE has not put an end to the heterogeneity of fair trade and the tensions that inhabit it. On the contrary, the definition remains sufficiently broad for each actor to find in it the elements that suit them and enable them to promote their own conception of fair trade. According to Blanchet and Carimentrand (2012), it is difficult today to propose a single definition of fair trade, as this would be tantamount to arbitrarily deciding between different alternative - and sometimes incompatible - ways of conceiving this trade.

Since the aim of this work was not to attempt a clarification of the concept of fair trade, we worked on the basis of its principles of action, which are not explicitly stated in the previous definition. This choice influenced not only the interview guide for data collection, but also our epistemological positioning.

2.2 Fair trade action principles

Fair trade principles are seen as a response to the supposed dysfunctions of conventional international trade (Le Velly, 2004). This author identifies three main dysfunctions. The first problem concerns the unequal distribution of power between producers and buyers in the supply chain. The second concerns the systematic and exclusive pursuit of profit by buyers, to the detriment of producers. Finally, the author points out the lack of a link between consumer and producer.

To remedy these dysfunctions, we can refer to the equitable principles promoted by IFAT[2] :

 The principles of fair trade

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[2] **IFAT** (international federation for alternative trade) was created in 1989 and today brings together more than 600 fair trade organizations from North and South.

1. Creating opportunities for producers economically disadvantaged by the conventional trading system;
2. Transparency and accountability in management and business relations;
3. Capacity building for producers ;
4. Gender equity;
5. Promoting fair trade;
6. Payment of a fair price covering the conditions of socially and environmentally sustainable production;
7. Healthy and safe working conditions;
8. Supervision of children's work (it must not be detrimental to their well-being, safety or education);
9. 9 Improving environmental practices ;
10. Commercial relationships not exclusively oriented towards profit maximization (Fair Trade organizations develop long-term relationships based on solidarity, trust and mutual respect, and producers, if necessary, have access to pre-financing).

As Bisaillon (2008) points out, these principles apply to all fair trade organizations in the sector, whether they are producers, distributors, exporters, importers or retailers.

3. Research methodology

All work is necessarily based on a well-defined research protocol. In the context of this research, we have chosen the case method as our strategy for accessing reality. The main foundations of the case method have been the subject of numerous works (Eisenhardt, 1989), (Yin, 2009), (Wacheux, 1996), (Miles and Huberman, 2003). The case method is a particular technique for gathering, formatting and processing information, which seeks to account for the evolving and complex nature of phenomena concerning a social system with its own dynamics. Thus, the choice of the case method is fully justified in our research, as we seek to reconstruct the complex and evolving realities of a company's fair trade practices. Indeed, fair trade practices are not defined at a given moment, but are achieved over time, giving rise to dynamic and evolving market and production logics.

3.1 Choosing a single case

We have restricted ourselves to a single case. Yin (2009) advocates the use of a single case in three situations. The researcher may wish to test a theory to confirm, refute or complete it. Or they may have identified an extreme or unique case. In this case, the uniqueness results from the rarity of the phenomenon studied. Finally, the researcher may use a unique case to reveal a phenomenon which, while not rare, was not yet accessible to the scientific community. Our case falls into this third category. Although fair trade is not a rare phenomenon, there are

nevertheless few peer-reviewed studies objectifying fair trade practices by companies in the Algerian context.

3.2 Data collection

The information is gathered through a semi-structured interview, which corresponds well to the nature of the phenomenon being explored. The interview can be seen as *"a face-to-face device in which an interviewer aims to encourage a respondent to produce a discourse on a theme defined within the framework of a research project"* (Freyssinet-Dominjon, 2008).

The interview was based on a well-defined guide which lists the themes to be addressed during the interview. Our objective being the fair trade practices of the UGHUS SAVON company, the themes addressed provide answers to these main lines of questioning:

- Can you tell us about your company?
- What's the main raw material for handmade soap?
- Who are your suppliers?
- How are we supplied?
- How is the price of raw materials negotiated?

It is important to emphasize that, due to the small size of the company surveyed, very little secondary information and data was generated. Consequently, the interview provided the main material for developing the case.

To respect the principle of data saturation, we met the company's manager 11 times, with average durations of 1h30. We decided to stop the interviews when we realized that incremental learning on the subject under study had become minimal.

3.3 Data processing

In order to better objectify the fair trade practices of the surveyed company, we proceeded with a thematic content analysis following the approach of Paillée and Mucchielli (2016). This type of analysis minimizes possible cognitive biases and ensures the objectivity of the research. As advocated by Miles and Huberman (2003), we defined a precise coding project, which previously established a list of codes that we assigned to the selected text segments. As coding corresponds to a transformation of the raw text data according to precise rules, we first defined the rules for dividing up the corpus in order to specify the units to be taken into consideration (word, sentence, etc.). Secondly, we defined an organized system of categories in the form of a coding grid that enabled us to code the corpus.

Table 1: Illustration of data analysis on fair trade practices at Ughus savon

Extract	Statement	Section	Code
"For us, recovering declassified olive oil is a way of respecting the environment, as it enables us	It's a clear determination on the part of the company's CEO to build not only an	Promoting environmentally-friendly	**Prom_envr_prod**

to recycle and recover declassified oils... beyond the environmental dimension, we realized when we launched this project that this activity could be an opportunity for very modest families to improve their income".	environmentally-friendly product, but also a fair trade ecosystem between the company and its suppliers.	production methods Fair trade logic	**Fair_trad_logic**
"We currently buy downgraded olive oil from around 50 women, and sometimes more, depending on the volume of our business. "We select the most disadvantaged women..."	Business relations are not exclusively oriented towards maximizing profit: the company favors long-term relationships based on solidarity, trust and mutual respect.	Fair trade partnership	**Fair_trad_part**
"The price depends on the quality of the oil. But in all cases, we try to pay a fair price. In some cases, the oil is completely spoiled, so instead of throwing it away, we generally buy it at 200 DA per liter, or 400 DA per liter for the reference oil used to make soap... the quality of the oil is very important, since the soaps we make are composed of 70% olive oil".	This company's pricing of downgraded olive oil is in line with an important feature of fair trade: the right price.	The right price	**Right_price**
I want to "*cut out the middlemen to avoid the harmful effects of speculation. When I need raw materials, I personally visit producers to source them.*	By sourcing directly from small-scale producers, the commercial relationship is protected from the effects of speculation.	Direct sales	**Direct_sal**

"The conventional trading system, while it has its merits, does not always benefit all players fairly, especially small-scale producers. The latter often face major challenges such as limited access to markets, low bargaining power and vulnerability to price fluctuations. The commercial relationship we build enables olive collectors to safeguard their economic interests".	Creating marketing opportunities for small olive growers	Safeguarding the economic interests of small producers	**Creat_oppor**

Source: compiled by the author from the interview

4. Epistemological positioning and mode of inference

From an epistemological point of view, this research is rooted in a dual interpretativist and constructivist perspective. It should be stressed that in other social science disciplines, the two paradigms are not separated, as they share the same ontological reality, namely a relativistic interpretation of the phenomena under study. In economics and management science, however, it is useful to separate them because of the element of praxis. Indeed, economic and management phenomena are practices, and as such, it is relevant to analyze them from a double representation: that of the researcher and that of the managers. In this work, we have therefore analyzed fair trade practices from a dual perspective: that of the researcher, through his or her conceptual filters, and that of the manager of the company surveyed.

In this research, we adopted an abductive approach. David (2000), considers that in the generation of scientific knowledge, it is important to go beyond the traditional opposition between inductive and hypothetico-deductive approaches, and consider a recursive abduction/deduction/induction loop. He also points out that this loop need not be completed by each researcher or within each research device: it need only be completed collectively within the scientific community. The recursive loop allows inductive and deductive logics to be considered as complementary. This research work has not been carried out in a linear fashion, so our research approach is essentially based on back-and-forth exchanges between theory and the field.

5. Results and discussion

As recommended by Yin (2009), the choice of a single case requires an in-depth analysis of the case studied. We followed this recommendation in order to better objectify the fair trade realities of the company we studied. We conducted an in-depth interview with the company's

director, in order to reconstruct all the dimensions of fair trade that characterize the market and production ecosystem between the company and its suppliers.

Ughus savon is a company specialized in the production of soap in an artisanal way based on natural ingredients, largely olive oil. The company has been present on this market since 2018. It offers natural soaps, free from colorants, preservatives and synthetic fragrances that are often harmful to the skin.

"The soaps we make are essentially composed of declassified olive oil. This ingredient makes up between 70 and 75% of the final product.

But beyond the organic benefits of these products, the manager's aim was not only to create a product that preserves the environment, but also a fair trade ecosystem between the company and its suppliers.

This is fully in line with the dual perspective of fair trade, i.e. the promotion of production methods that respect the environment and biodiversity on the one hand, and the creation of opportunities for producers economically disadvantaged by the conventional trading system on the other. Several studies (Bucolo, 2004; Pernin and Carimentrand, 2012) emphasize the importance of these two dimensions in characterizing fair trade.

"For us, recovering declassified olive oil is a way of respecting the environment, as it enables us to recycle and recover declassified oils... beyond the environmental dimension, we realized when we launched this project that this activity could be an opportunity for very modest families to improve their income".

To make the soap, the company's manager buys around a hundred liters each month from the Ath Bouadou region in the Ouadhias commune. Soap is collected from around fifty women in the region, whose income comes mainly from the sale of downgraded olive oil.

"At present, we buy downgraded olive oil from around fifty women, sometimes more, depending on the volume of our business...We select the most destitute women. For many of them, selling olive oil is their only source of income. For example, there's a woman who has a few olive trees, and as she lives alone, she entrusts the olive harvest to a young man from the village, and they then share the olive oil. There's also another lady, who gets some olive oil from people in the village, and she keeps some for her own consumption, while we buy the rest.

The main challenge for the manager of this company is to preserve this ecosystem over the long term by quadrupling the volume of downgraded olive oil purchased. The company's sourcing is in line with one of the most important principles of fair trade: a multi-year commercial partnership between producers and suppliers.

"At present, we buy between 50 and 100 liters per month of declassified olive oil. Our aim is to increase production capacity so that we can buy at least the same quantity every week as we do now per month."

Another important aspect of this ecosystem is the pricing per liter of downgraded oil. On this point, the manager told us that the price is negotiated according to the quality of the oil in question.

"The price depends on the quality of the oil. But in all cases, we try to pay a fair price. In some cases, the oil is completely spoiled, so instead of throwing it away, we generally buy it at 200 DA per liter, or 400 DA per liter for the reference oil used to make soap... the quality of the oil is very important, since the soaps we make are composed of 70% olive oil".

The raw material pricing practiced by this company also converges with an important feature of fair trade: the fair price. If the same raw material were traded on a conventional market, it would lose value.

The study by Pouchain, (2016) underlines the importance of this dimension. In practice, for fair trade actors, a fair price is a price that is different from and higher than the market price, with a view to ensuring solidarity and equity in commercial relations.

Another aspect that we have objectified in this study is the creation of opportunities for producers economically disadvantaged by the conventional trading system. In the words of the manager: *"The conventional trading system, while it has its merits, does not always benefit all players equitably, particularly small-scale producers. The latter often face major challenges such as limited access to markets, weak bargaining power and vulnerability to price fluctuations. The market relationship we build enables olive growers to safeguard not only their economic interests, but also their social ones. Better access to the market is very important for small rural farmers in order to optimize their livelihood strategies.*

The work of Elfikh et al (2013) on fair trade applied to the Tunisian olive sector, emphasizes this dimension by stressing the importance of safeguarding the economic and social interests of farmers for whom agriculture is the sole source of income. In the same vein, she believes that the best way to create opportunities for small producers is to "*cut out the middlemen to avoid the harmful effects of speculation. When I need raw materials, I personally visit producers to source them*". The study by Bisaillon et al (2005) considers direct trade to be a factor of economic efficiency, avoiding intermediation and speculation.

Last but not least, an important element we noted in the CEO's speech was the need to promote fair trade to ensure its development. "*Promoting fair trade is an essential step in supporting small producers whose only source of income is agriculture. In addition to our manufacturing and marketing activities, I take part with a few colleagues in campaigns to promote fair trade practices to the public. We raise consumer awareness of fair trade principles, the benefits for producers and the impact on the environment.*"

The promotion of fair trade is a global effort that must involve all actors (producers, consumers, labels). This involves public awareness, the development of distribution networks, support for producers, and collaboration with public authorities.

6. Conclusion

The theoretical field of fair trade is rich and dynamic, constantly evolving to meet the challenges and opportunities of a globalized world. Its multidisciplinary approach makes it possible to analyze fair trade issues from different angles, offering a holistic and transformative vision of international trade.

Fair Trade, as a trading system based on dialogue, transparency and respect, aims to promote greater equity in international trade relations.

Fair trade in Algeria, although a recent phenomenon, is enjoying encouraging growth, driven by committed players and growing demand for ethical, sustainable products.

Through this research, we wanted to objectify the fair trade practices of a company specializing in the manufacture of handmade soap. The study enabled us to identify some of the company's practices in line with fair trade principles. We found that this company has built up a fair trade production and trading ecosystem. To meet its production needs, the company has set up a multi-year program, sourcing from the most disadvantaged women in the ATH BOUADOU region. On the commercial side, the company buys downgraded oil at a fair price. Indeed, if the same merchandise were traded on a conventional market, it would lose value and be sold at a lower price.

Limits and prospects

This research work has its limitations, which need to be taken into consideration.
Highlighting them means exploring as many avenues for improvement and future research on the subject.
The first limitation of this research is the use of a single analysis case. Although not an objective of this work, this approach severely limits the generalizability of the results.
The most obvious line of research would be to replicate the study on a larger sample. The implication of the results could then be used in future studies on the reality of fair trade practices in Algeria.

The second limitation concerns the conceptual framework used. The theoretical field of fair trade is not stable and unified, making it difficult to construct a conceptual grid. The best way to build a solid theoretical field on fair trade, and to free it from common sense discourses, is to multiply empirical studies on companies operating according to fair trade principles.

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