

AIEL

XXII Convegno Nazionale di Economia del Lavoro

Napoli, 13-14 Settembre 2007

Fair Trade: the creation of new knowledge in a sector characterized by market failure

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PRELIMINARY VERSION – NOT TO BE QUOTED

Keywords: Fair Trade, volunteers, competences, certification

JEL classification: L31 – O15 – J24 – F15

1. Work hypothesis

Fair trade is a sector where goods are produced and distributed at international level with the aim to improve the economic development of third world countries and, thus, contain the inequalities in the world.

Such a goal is not obtainable through traditional market mechanisms. The parties involved in the process (producers, distributors and consumers) consciously share this objective. The producers (small firms that are normally isolated in emerging countries) have to produce goods according to the modalities of international agreements (*European Commission*, 1999); the distributors (commonly known as “world shops”) have to sell the products to consumers in developed countries at different conditions from those usually applied in traditional markets and they, therefore, have to be able to explain the aims and the production and distribution processes of Fair Trade; the consumers make their choice trying to maximize their well-being function which does not coincide with the maximization of goods purchased, subject to a scarce resources constraint. The production function maximizes the well-being of the firms and the local communities of the developing countries; the production function of the world shops includes a social responsibility of the operators with the aim of creating a sustainable economic development both at a social and environmental level; the labour supply of the employees and the volunteers of the world shops tends to maximize the learning ability, and pursue *agency*, certainly not the wage level; the well-being function of the consumers includes the research for altruistic values (one of the *functioning* modalities) and certainly not just the maximization of the utility, intended only as the maximization of goods, subject to a scarce resources constraint.

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The Fair Trade model includes, therefore, in its actions and the different agents' choices, the ethic and social responsibility. Fair Trade generates well-being for the different *stakeholders* and increases the social well-being of the developing countries. It follows, that Fair Trade produces positive externalities both in developing countries and industrialized ones. The purpose of this paper is to highlight a particular positive externality that was created by Fair Trade in industrialized countries, that is, the acquisition of competences of the volunteers in the world shops, in an informal way, transferable to traditional labour markets. The work hypothesis was verified in an empirical manner, at international level, thanks to a Leonardo¹ research project.

The paper is structured as follows. Sections 2-5 give a definition of Fair Trade and a description of the agent operating in this sector. Section 6 presents a simple analytical model of the accumulation of competences and sections 7-11 describe the type of competences accumulated by volunteers operating in Fair Trade sector in Italy. Section 12 justifies the need of a certification of such competences, based upon the role of information in economic theory. Conclusions follow.

2. Definition of Fair Trade

There are a number of definitions of Fair Trade. Nicholls (2002) for example, argues that the ultimate objective of Fair Trade is "to maximise the return to the supplier rather than the margin of the buyer, within an agreed development structure". The European Commission (1999) suggests that "the objective of Fair Trade is to ensure that producers receive a price which reflect an adequate return on their input of skill, labour and resources, and a share of the total profit commensurate with their input". As such, the Commission underlines that the aim of Fair Trade is "to contribute to establish the conditions that can foster a higher level of social and environmental protection in developing countries" and that it is "particularly helpful to small scale producers living in isolated rural areas". TRAI DCRAFT, the UK's largest Fair Trade organisation, defines Fair Trade as "an alternative approach to conventional international trade. It is a trading partnership which aims at sustainable development for excluded and disadvantaged producers. It seeks to do this by providing better trading conditions, through awareness, training and campaigning". FINE, an informal network of Fair Trade organisations, defines Fair Trade as a trading partnership based "on dialogue, transparency and respect, that seeks greater equality in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the right of, marginalised producers and workers, especially in the South".

The European Fair Trade Association argues the strategic intent underlying Fair Trade is "deliberately to work with marginalised producers and workers in order to help them move from a position of vulnerability to security and economic self-sufficiency", to "empower producers and workers as stakeholders in their own organisations actively to play a wider role in the global arena to achieve greater equity in international trade".

"Fair Trade" is generally defined as a spectrum of products which arrive on the market through a production line that incorporates specific elements of social and environmental responsibilities (Becchetti, 2006).

Fair Trade is based around a number of guiding principles and practices which include:

- co-operation not competition;
- direct purchasing from producers and/or producers' organizations;
- real democratic decision making processes and procedures within producers' organizations;
- the payment of a "fair price" for products that cover producers' basic needs and costs of production plus an extra-profit margin (*mark up*) for social investment;
- the provision of a preferential channel for an alternative production to that of the informal credit market;
- technical assistance and export services;
- transparent and long term purchasing arrangements..

Fair Trade is based on the need to "guarantee third world producers a better treatment". This means guaranteeing stable prices, which cover production costs, along with a *mark up* that

¹ . European Commission, *For a new recognition of skills informally and non formally developed in the fair trade sector*, Fair Project, Education and Culture Leonardo da Vinci, 2005-2007

organizations may invest in social and environmental economics programmes shared in the numerous local communities.

The *European Free Trade Association* (2001) charts the earliest traces of Fair Trade in Europe from the late 1950's and *Pricewaterhouse Coopers* (2001) suggest that the fair Trade concept originated in the 1960's in Northern Europe. Vidal (2003) sustains that Fair Trade began in The Netherlands during the 60's to help the producers in Nicaragua. As a result of this, a niche was formed in the market with a turnover of about 500 million dollars a year, involving 400 firms that imported and distributed products with the Fair Trade trademark. Mintel (2001), on the other hand, dates the invention of the idea of Fair Trade to 1970. The *European Fair Trade Association (EFTA)* was founded in 1990 by 11 Fair Trade organizations in 9 European countries to create cooperation and common objectives between the developed countries in order to favour Fair Trade.

In 1996, the *Fair Trade Federation (FTF)* established itself as an association of producers, wholesalers and retailers. Their commitment in Fair Trade was based on the values of each country and on the cultural identities sustained by environmental initiatives, public recognition, consumers' responsibilities and equitable wages. The *Fair Trade Federation* (1999) specified that commercial relations were based upon reciprocal benefits and mutual respect so that prices paid to the producers reflected what they produced, the right of the workers to organize themselves in trade unions or cooperatives, having rules that safeguarded their health and safety on the job, to apply the salary laws and to employ the resources to create the conditions for sustainable development without damaging the environment. Whatever happens to be the date in which Fair Trade first began, one can observe that the commercial agreements have grown rapidly during the past few years and that Fair Trade covers large market shares for certain food products.

Within Europe the principal products sold under the Fair Trade banner are coffee, clothes, textiles, tea, chocolate, dried fruit, honey, sugar, bananas and fruit juices. Food products represent some 60% of the retail turnover of all the Fair Trade products. Coffee alone accounts for almost 50% of the turnover of all the Fair Trade products, but this accounts for barely 2% of the total retail coffee market. Thus while Fair trade products currently have a minor place within the retail marketplace, such products are achieving growing market penetration in many European countries (*Pricewaterhouse Coopers*, 2001).

Nicholls (2001) argues that the growth in consumers' enthusiasm for Fair Trade products is being driven by the interaction of a number of political, academic, cultural and informational factors, which have created a general shift in opinion towards the recognition of the value of Fair trade in the developed world. Politically, for example, he argues that the work of pressure groups, charities and campaigners has led to a redefinition of the political climate for trade between the world's developed and developing countries and that growing international consensus admits that trade, not aid, is the best way to alleviate poverty. Culturally it is argued that consumers now have a clearer focus on values and that the modern concerned consumer is now not only interested in the intrinsic properties of the product but also on production and supply chain issues. At an operational level *Pricewaterhouse Coopers* (2001) argues that an inadequate system of distribution is possibly the biggest constraint for growth and availability of Fair Trade products for the consumers.

3. The Fair Trade consumers

Consumers should be able to feel "the difference" if they buy Fair Trade products. It is a social responsibility in the consumption choices of the individuals. It is, in essence, an extension and a participation improvement of the individuals to public life and, therefore, of democratic economy, according to a principle of action "from below" (Becchetti, 2006). Nicholls (2002) linked this to the concept of "*self-actualizing consume*". Ethic enters consumers' choices. They are aware that they buying high quality products, produced according to certain moral standards. This action on behalf of the consumers should favour the economic development of developing countries and help to bridge the inequalities gap in the world.

Economic literature reveals that there still are some problematic aspects. The good intentions of the consumers are not always matched by the availability to pay a higher price, even when the products are for the "*environmentally friendlier*" (Carrigan and Attalla, 2001). The *National Council of Voluntary Organisations (NVCO)* revealed that the majority of the young interviewees in

schools and *colleges* would prefer a greater involvement in charity projects in favour of some communities even if they are less than a third of them took part in them (Wright and Heaton, 2006). A survey conducted in 2002 revealed that, while 83% of the consumers intended to act ethically, only 18% of them did so occasionally. Male consumers and *singles* purchased less than women Fair Trade products and were more interested in ethical and environmental problems (Wright e Heaton, 2006). Shaw and Clark (1999) discovered a generic availability on behalf of the consumers, even when limited purchases took place, but insufficient because they were not prepared to look for Fair Trade products. Where price and ethic behaviour do not conciliate, the consumers who value ethics should buy a limited number of ethical products. The resistance to the high price of ethical products could have recoiled at the end of the 80's when such products cost much more than traditional ones.

There may be a greater need for transparency and it is necessary to explain to the consumers the higher prices of ethical products, such as the *mark up* which benefits the third world communities. Consumers are not aware of the ways in which Fair Trade affects the development of a country. It was even considered to highlight the "the history of the producers" on the packaging of ethical products. The brand name is a means to highlight and distinguish in a clear and transparent way the products, in order to create an economic value for both the consumers and the producers. This, however, calls for a consumer who knows how to recognize the value of Fair Trade and who does not confuse it with other traditional charity events.

Consumers have to maximize their utility including in their function an altruistic satisfaction gained through the purchase of ethical products. The presence of a credible and reliable "guaranteed trademark" is therefore a crucial characteristic of Fair Trade because it allows the consumer to identify the products which respect production norms. In 1997, there arose the need to create a single trademark for Fair Trade products through a registered certified procedure from which the *Fairtrade Labelling Organization* was born. This is a German non profit association which acts as an international certification authority and holds the rights to use the *Fairtrade* trademark which characterizes Fair Trade at global level.

4. The distributors of Fair Trade products: the world shops

55,4% of the Italian world shops were established during the beginning of the 21st century (Barletta, 2006). The territorial distribution of the world shops favours the territorial areas of the North (38% in the North West and 22,5% in the North East); 19% in the Centre and 21% in the South. 80,8% of them can not distribute profits in accordance with their statute. They are, therefore, productive units, classified in the *non profit* sector, where there are more opportunities to create social capital and learning abilities both at individual and organizational level (Livraghi, 2006).

The world shops' workforce is mostly composed of volunteers. As shown in tab. 1, the volunteers are more than 81,7% of the workforce, while the paid employees are only 8,5%.

This workforce structure would create considerable problems in traditional labour markets because the volunteers present skills, behaviour and personal characteristics that differ from those employed on a fixed basis. Generally, employers invest very little on training and learning by doing (non formal training) for temporary or occasional workers such as the volunteers can be. In observing the world shops' workforce it would seem almost impossible to pursue the goals of the distributors of Fair Trade products. Such a high presence of volunteers should create organizational problems tied to the lack of continuity in labour activity, a high turn over and a some difficulty in recruiting new volunteers.

World shops carry out numerous activities. The two main activities are as follows: the direct sale of Fair Trade products (97,4% of the cases), development training and informational activities (96% of the cases) (Barletta, 2006). World shops also carry out other activities in a smaller measure, such as training to support the cooperation activities of non governmental organizations (promoting, coordinating and carrying out development projects), publishing and activities connected to equitable finance.

World shops need to pay a great deal of attention to the needs of the consumers, they have to find new opportunities to sell and inform people about Fair Trade products. Every time that the needs of the consumers are met, a bond is established between the world shops and the consumers. Their choices become conscious and responsible. Seen from a different perspective, every time the world

shops adequately respond to the needs of the consumers, needs which are not fully expressed at times, the conditions to modify the freely chosen life styles (*functionings*) of the consumers are established. These life styles include, ethics and social responsibility. In both cases, the learning path increases informally for both the volunteers and the consumers. Such learning creates the basis of a new found knowledge that widens the real opportunities of the agents involved in such a process (Livraghi, 2007).

The world shops that manage to respond to the unexpressed needs of the consumers, generally have an organizational structure that we could call *learning organization*². Such an organization is characterized by flexible productive processes and the ability to learn from the people involved in such processes. The learning process is characterized by the ability to change, and find new agreements in a dynamic way in order to find innovative choices.

The *learning organization* allows to disseminate knowledge amongst the workers of the world shops and the consumers of Fair Trade products thereby creating “relational capital”. If the workers of the world shop are linked to each other by common values and interpersonal relations, “practice communities” are formed to facilitate communication and the ability to learn.

5. The factors that determine the volunteers’ participation in Fair Trade activity and the satisfaction that derives from carrying out such an activity

There are numerous variables which influence the choices of individuals to become volunteers in various activities of social economics. The variables pointed out by Smith in 1993 are the following:

- “context” variables, referring to both the surrounding environment and the organization;
- variables tied to social and personal *background*
- variables tied to personal and behavioural characteristics;
- variables tied to the situation in which the volunteer is collocated;
- variables tied to the volunteer’s perception .

It follows, therefore, that the volunteers satisfaction is also influenced by numerous variables. As far as personal characteristics are concerned, research shows that women are less satisfied than men, the same is true for well educated volunteers who are less satisfied than those who possess a medium/low certificate of education. Among the characteristics of the organizations are of significant importance the numbers and the variations of the clients and their importance in the organization. The good relations with the local community has a positive influence, while the relations’ existence with other organizations within the same sector results to be negatively correlated. The volunteers who retain to act in favour of the *donors*, the sponsors and other volunteers, are more satisfied. The volunteers who exercise control over the quality of the services provided are more satisfied too (Marino, Michelutti, Schenkel, 1999).

There are therefore numerous typologies of volunteers, on the basis of the different factors which generate their participation to the various social economics activities and to the different factors which lead to their satisfaction.

Four different typologies of volunteers have been identified, and they are the following:

- group A: “*would like to do something good, they want to feel good, but they don’t expect too much*”;
- group B: “*would like to pursue their ideals in a stimulating and gratifying working environment*”;
- group C: “*volunteers with interests*”;
- group D: “*volunteers by choice, conscious and generous*” (Marino, Michelutti, Schenkel, 1999).

Volunteers, therefore, are not a homogeneous group. Every sub-group of volunteers has personal, behavioural characteristics, and different goals and preferences. The world shops should, therefore, identify and valorise the characteristics of their own volunteers in order to reach the Fair Trade goals. The various typologies of volunteers give birth to different competences which might be, in some cases, transferred to other labour markets accompanied by an adequate certification.

² . La *learning organization* è strutturata in processi che permettono di prestare maggiore attenzione ai bisogni espressi da mercato e a trovare soluzioni alle nuove richieste in tempi brevi.

6. An analytical model of accumulation of competences

In the previous paragraphs we said that employers tend not to invest in formal and non-formal learning for casual and precarious workers³, such as volunteer workers (see section 4).

In any case, during the international research “FAIR Leonardo Project” we observed that volunteers in Fair Trade organisations accumulated a number of competences that may be transferred and applied in other labour markets (see following paragraphs).

To explain this apparent contradiction, in this section, we develop a simple analytical model of competences’ accumulation, applied to the Fair Trade Sector.

We hypothesize that in an economic system individual competences (C) are an increasing function of the individual human capital stock (H), accumulated through formal (H₀), non formal (H₁) and informal (H₂) learning:

$$C = \beta H \quad [1]$$

$$\text{where: } H = H_0 + H_1 + H_2$$

For the sake of simplicity, we can assume that at the beginning of the working life the individual human capital stock has been acquired *only* through “formal education”, and that the successive individual investment in human capital will be acquired *only* through non formal and informal education.

We suppose that these types of investments, $I = \dot{H}$, are an increasing function of individual competences⁴.

Then, the changing rate of the individual human capital stock over time could be described as:

$$\dot{H} = \alpha C + A = \alpha \beta H + A \quad [2]$$

with the following initial condition:

$$H(0) = H_0$$

and where α , β could be considered, for the moment, as positive constant coefficients, and A is an “autonomous investment”, depending on individual “ability”⁵.

The evolution of human capital stock (and of individual competences⁶) over time is given by the solution of the differential equation [2], which is:

$$H(t) = \left(H_0 + \frac{A}{\alpha\beta} \right) \cdot e^{\alpha\beta \cdot t} - \frac{A}{\alpha\beta} \quad [3]$$

Clearly the model is *unstable*, in the sense that the stock of individual human capital and competences [3] start from the initial condition, H₀, and increase *continuously* over time.

As reported in figure 1, that is the graphical representation of equation [3], the higher is the initial condition, H₀, the *steeper* would be the growth of individual human capital stock and individual competences over time.

³. See Ghignoni, 2006; Croce, Tancioni, 2007.

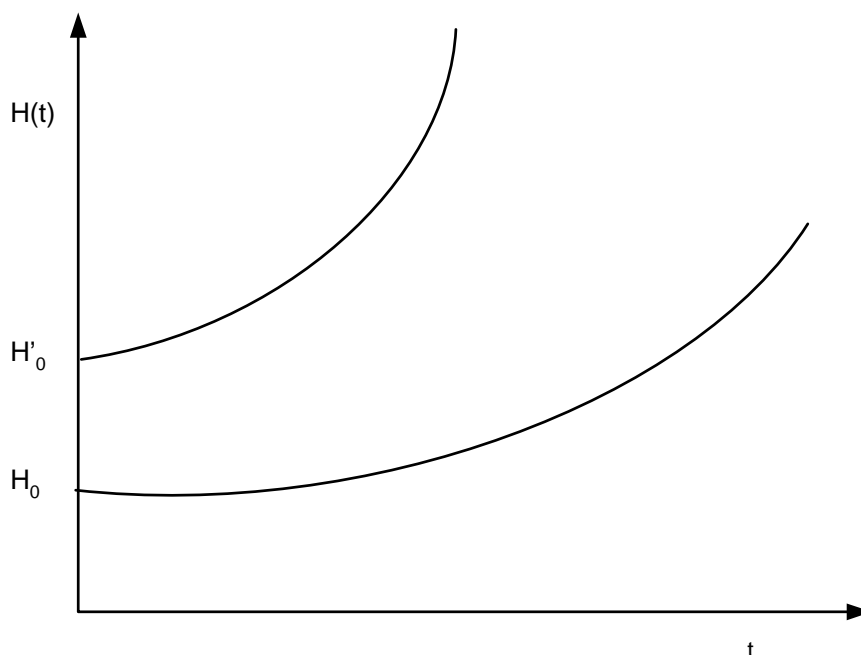
⁴. For example: the more languages a person knows, the more one will travel, the more one will accumulate informal human capital. If one knows how to use the Internet, one could follow an online mathematics course. If one is aware of the econometric problems that are currently being discussed, one might decide to follow an econometrics course on the individual heterogeneity and selection bias.

⁵. by “ability” I intend, above all, the curiosity and the willingness to learn, which are intrinsic in an individual.

⁶. see equation [1].

In other words, the higher is the initial investment in formal education, the higher will be the growth of individual human capital stock and of individual competences accumulated through non formal and informal education during the individual working life.

Figure 1: The evolution of the individual human capital stock and competences over time: the influence of the initial investment in formal education



Really, we can suppose that the rate of growth of individual competences does not depend only on individual initial investment in formal education. Indeed, the concept of competence is a very complex one.

First of all, competence is objective (in the sense that it may be observed), and involves a combination of skills and behavioural *capabilities*, which could be summarized in four pillars classified by Unesco⁷:

1. Know to know / learning to know (means of understanding);
2. Know to do (capabilities to act creatively);
3. Know to live together (spirit of cooperation);
4. Know to be (correlated to the previous ones).

Secondly, competence is the result of a process of elaboration, exploitation and use of individual and social (monetary and non-moneary) resources. The outcome of such a process depends on the capabilities to transform these material and immaterial resources in *functionings* as defined by Sen⁸. Besides, there is a connection between the volunteer, the available resources and the environment where an individual works. Each individual may “choose” acquire/adapt/use/exploit different competences (functionings) according to individual and social resources and capabilities. As a result, competence is a vector which represents the available resources and the capability to convert them into functionings.

In any case, competences are developed in many different places and contexts and they are allocated in a particular context according to specific needs. Then competences are placed in a

⁷ . See***.

⁸ . See Sen***.

specific space and time, and their accumulation strictly depends on the *context* in which the individual operates⁹. In particular it depends on:

1. material and immaterial available resources, such as the level of initial human capital and the amount of time spent in formal, non formal and informal learning;
2. individual characteristics¹⁰: ability, skills, interests, behaviour, motivation, personality of volunteers¹¹;
3. the specific functional connection between the individual and the resources, such as the type of tasks in which the individual is entrusted;
4. the structure in which the operator works, (that is the type of organisation in which the individual is included), such as *learning organisation* or *hierarchical versus horizontal organisation*. To this regard, we distinguished Fair Trade organisations in *bottom up* structures (as small shops) and *top down* ones (as import corporations).

In this case the process of competences' accumulation puts in evidence:

1. individual heterogeneity;
2. different purposes;
3. environmental limits (organizational structure);
4. different degree of workers' *empowerment*.

In the terms of our analytical model all this reasoning could be summarized by hypothesizing that α and β are not *positive constant coefficients*, but *positive functions of*, in synthesis, *context and individual motivation*. In symbols:

$$\dot{H} = \alpha(\cdot)\beta(\cdot)H + A \quad [4]$$

with initial condition:

$$H(0) = H_0$$

In this case, the evolution of individual human capital stock and competences over time is given by:

$$H(t) = \left(H_0 + \frac{A}{\alpha(\cdot)\beta(\cdot)} \right) \cdot e^{\alpha(\cdot)\beta(\cdot)t} - \frac{A}{\alpha(\cdot)\beta(\cdot)} \quad [5]$$

and it is a positive function of context and motivation.

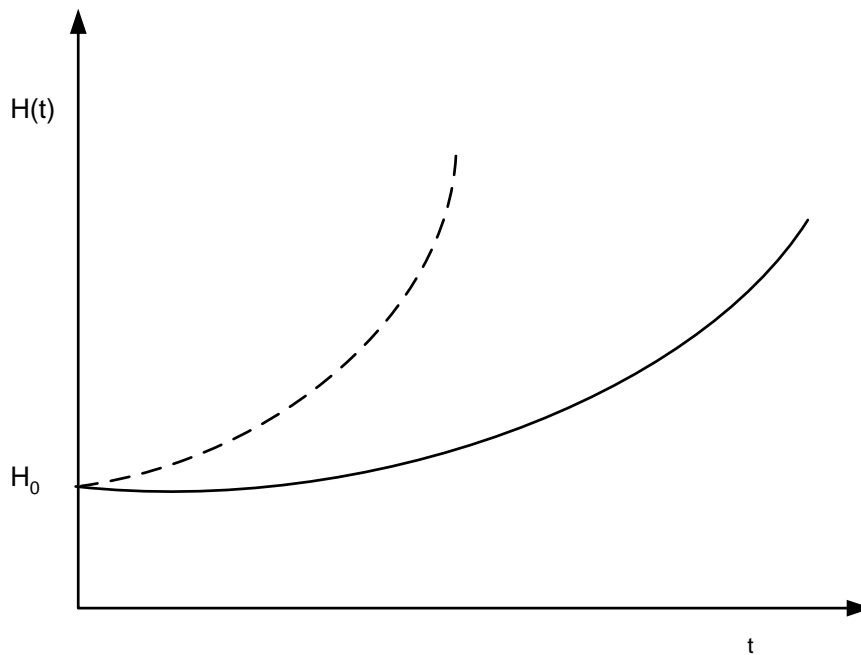
The graphical representation of equation [5], for the same level of initial human capital and different "context", is reported in Figure 2.

⁹. This way, competences become localized, in as much as they refer to the particular context in which they are applied, but this does not exclude that there may be some adaptations, therefore a transferability to other contexts, on the basis of factors which in part depend upon the willingness of the individual.

¹⁰. i.e. the coefficient A in our model.

¹¹. As we said, there are many types of volunteers. Some of them could be interested in participating to the active process of competences' production and exploitation, while other of them could be non interested in such a process.

Figure 2: The evolution of the individual human capital stock and competences over time: the influence of context and motivation



In this analytical framework we think that Fair Trade organisations, and volunteers who operate in this sector, would be characterised by a variety of elements (see the following paragraphs) particularly favourable for the maximization of individual learning capabilities and competences' accumulation.

7. Competence analysis of the world shops' volunteers: the Italian case

The four case studies examined in Leonardo FAIR Project include three World Shops (two in the south of Italy and one in the north) and an import centre situated in the north. They are all horizontally structured cooperatives, as the decisions are taken in the group according to the cooperative principle, and the roles are rather well defined, often in a non-functional but simply spontaneous way, determined by the cohesion of the group. All have some external relationships with trade associations and local institutions, with which they have formed a network. The products and the services that they offer vary from organic foodstuffs to handmade goods, and they also involve local producers with whom they are networked (except for in the case of the import centre, which provides only handmade products from a selection of developing countries, and Fair Trade package tours, because it prefers to have direct and strong relations with customers and suppliers).

From the analysis of the personal characteristics of the interviewees, we note that there is no substantial difference in age between the workers and the volunteers, and, on the whole, the target age-group ranges from 23 to 48 years. Those who are oldest work in the two oldest structures in the sector, and are often the founders of the cooperative itself. In general, those who approach the world of Fair Trade are the young, while those of a more mature age tend to have a consolidated experience in the sector already. Indeed, there is a noticeable tendency for people to approach the Fair Trade world at a young age, and then to remain there because they grow fond of it.

Regarding the difference of gender, there are equal numbers of men and women among the workers (8 of each sex), while the women have, without doubt, a greater presence among the volunteers (9 women vs. 4 men). Among other factors, it is the women who are of greater age in the group (e.g. 45, 47 and 48 years), be it as volunteers or as paid workers.

The analysis of the level of study reveals that on the whole it is medium to high: 14 bachelor's degrees, 1 partial-degree diploma, 11 diplomas, and only 3 participants with nothing more than obligatory schooling. A good many of those with diplomas are either university students (of whom one is about to graduate) or persons who have abandoned university before completion of their courses. Education is seen as tool for the acquisition of knowledge and study methods. Moreover, almost all have attended some training courses that are specific to Fair Trade (almost always before becoming volunteers) and they consider them to have been useful.

The cooperatives that were interviewed organize training courses aimed at drawing workers towards the sector, although of the four studies examined, only the import centre regularly organizes training courses for its volunteers and workers, while the shops maintain that the best method of learning is to begin work under the guidance of a senior member. This difference is due to the fact that the import centre demands volunteers who are already in possession of a certain specific skills portfolio. This greater professionalization is evident also in the phase of selecting the volunteers, because the import centre is the only cooperative to apply rules of selection that go beyond the requirement of a minimum weekly work contribution.

The work timetable is fairly constant in the cases examined. The most frequently attending volunteers work, in general, some 15-20 hours per week, although there are a good many who offer about 3-4 hours a week (a half-day). This lower rate of attendance is common among persons who already have another activity that occupies them full time (university, work or looking after children), and who are not involved in the assembly activity of the cooperative.

A consideration to make during the analysis of the skills acquired by the Fair Trade volunteers regards the level of involvement in the structure, in terms of both time and quality. A basic necessary analysis relates to the volunteers who participate actively in the life of the structure, even becoming part of the administrative council. In some cases they are even presidents or sector heads, and therefore they will also have acquired certain managerial skills. Another category of volunteers is involved in a regular way and with well-defined roles in the structure, carrying out jobs that require a certain level of skill and specialization.

A final category of volunteers is involved intermittently in the structure, carrying out very simple tasks and providing support for the workers. For those who participate intermittently, and in a supportive role, a longer period is needed for the learning of skills, and these remain more limited than those of the workers.

Taking account of these aspects, every effort was made to include, among the interviewees, volunteers who have been lending their efforts to the regular tasks, and who, in the main, are also members of the cooperative, also occupying the role, in two of the cases, of president of the cooperative. A further consideration, linked to this, regards the type of activities carried out by the volunteers, because this allows the identification of particular skills linked to the roles carried out. The activities carried out range from purely manual activities (some also creative), such as manufacturing bombonières, preparing display windows, and doing various repairs, to activities of management (of the warehouse, sales and purchasing), to administration, to training and promotion in schools, to planning, and so on. Therefore, the skills vary from very simple to very complex, tending towards the latter when they involve managerial aspects and economical and financial choices.

In all cases, the sustaining element of voluntary activity is represented by the affinity with the intrinsic Fair Trade values, to which the volunteers are often drawn by means of political ideals, the Scout Movement, or religious organizations, such as the Combonian missionaries.

To understand the work and the skills of the Fair Trade workers, it is necessary to analyze some variables included in the skills portfolio used by Leonardo Fair Project, such as the market context in which they operate, and the values underlying such commerce. The types of product offered, and the clientele with which Fair trade organizations have major relations, are fundamental for describing the differences that are established between this sector and the for-profit commercial sector, which is that with which it has the greatest affinity.

Fair Trade customers tend to pay more attention to the origin of the products, and are interested to know the commercial relations that exist with the producers. The Fair Trade sector is aimed at a varied clientele, even if there is still a niche of assiduous consumers – particularly the young and women of medium to high educational and cultural level – who show sensibility towards developing countries and organic food products. In the age of globalization, in which the emerging countries are chosen as the centre of production of consumer goods of low cost and low added value, the Fair Trade

sector presents a volte-face. Fair Trade products are not mass-produced; they are differentiated by their handcrafted quality and by the respect for the value of fairness, and they are therefore more expensive than are similar commercial products resulting from industrial production.

“More and more consumers want to be sure that producers receive a fair deal for their products. They want to know the conditions under which the chocolate or bananas they are eating have been produced” (Fair Trade in Europe, 2005).

This greater attention on the part of the consumers requires a careful response from the workers of this sector, who must know the products that are on the shelves, presenting their characteristics and relating details of their origin. The body of knowledge required is therefore greater than that demanded of a simple sales assistant in a shop. The Fair Trade sector must respond to the needs of its customers, from a perspective that is based on the principle of solidarity with poorer countries. Fair Trade is more than a commercial activity: it recounts the history and the traditions of populations in Africa, Asia and Latin America. The workers establish a relationship of trust between the consumer and the shop, based on the training and informative significance that every act of selling assumes, which differs from that found in the commercial sector. The motto is “to dedicate time to the customers”, be it when they are choosing the products, or when they come to pay for them (even if only for a few seconds while preparing the receipt).

The shop is intended as a ‘place of relationships’ where people communicate and socialize. However, on some occasions, the workers must be able to manage conflicts initiated by nervous and angry customers. Certain customers have a sustained and close relationship with the shop, while others have a more occasional relationship. In other cases still, the customers are couples who decide to turn to the Fair Trade shop for their list of wedding gifts. To promote their projects and their activities, the Fair Trade workers employ strategies of traditional communication (mass media and word of mouth) and of the latest generation (dedicated web-sites and links on various other sites). The ability to sell is realized by conveying to the customer the enthusiasm and the values of Fair Trade.

The Fair Trade workers also pose themselves the objective of making the population aware – by means of training campaigns conducted at schools, universities and fairs – of the themes of peace, education on earthly concerns and multiculturalism, respect for the traditions of the developing populations, and thoughtful and careful consumption. An example is represented by the president of the Unsolomondo cooperative, who has collaborated for several years with the chair of Intercultural Pedagogy, as an instructor and expert speaker on themes relating to the Fair Trade context. This cooperative has also activated the Civil Service, as have done others, and offers its space for pre-graduate and post-graduate traineeships.

Given the variety of products and services offered by this sector, the workers must have knowledge on:

- the history and values of Fair Trade;
- origins and characteristics of the products and of the services offered;
- computer software for the management of sales and the warehouse.

Another interesting characteristic that has a bearing upon skills training regards the organizational structure. In all the Italian case studies, an organizational structure has been revealed that is based on empowerment, assuming one’s responsibilities, and strong group cohesion. The sharing of the work in a mutualistic and solidaristic form – the cooperative style, according to which the decisions are taken by the group – has allowed the acquisition of relational, decisional and managerial skills. The centrality of the assembly as the decisional nucleus creates an environment in which managerial and decisional abilities are shared. The relational skills emerge, also, under two aspects: one within the cooperative, which regards the strong relational content among the workers of the shop, and one of a more external character, which regards the social network that is created in this sector. In particular, the workers of the largest shop examined define their relational skills, considered widely transferable, as follows:

- teamwork;
- management of people (seeking to reconcile the different needs of everyone and to manage possible conflicts between workers and volunteers¹²);

¹² . When the workload is rather high, there is a risk of internal conflicts arising, owing to the high level of stress at work, and there is a need to know how to manage them. Moreover, this phenomenon gives rise to a low turnover of volunteers in the small shops and a high one in the larger shops.

- problem solving;
- proactivity.

Other types of skills that unite the Fair Trade workers are those relating to information technology (computers, the Internet, cash-desk instrumentation).

According to the role assumed in the shop, a worker is also able to learn some technical skills that are specific to his or her role. Interesting, in this respect, is the case of a female instructor who, since her time at secondary school, has constructed her whole learning career in such a direction. Her skills as an instructor are the result of a process of formal, non-formal and informal learning, completed in the Fair Trade sector.

Finally, there are also some cases, even if sporadic, of persons who have transferred technical skills to the Fair Trade sector.

8. Description of the activities and competences of the world shops volunteers

With the intention of identifying the skills that emerge from the Fair Trade sector, we can classify five different types of activity carried out in the case studies examined:

1. handicraft activity of making bombonières (manual and creative abilities);
2. activities linked to the shop that can occasionally be performed away from the shop, through the preparation of stalls at fairs (manual abilities and soft skills);
3. organizational activities (management of purchasing, shop management, etc.) and administrative activities that include responsibility and managerial ability;
4. sales activities;
5. non-sales activities, which involve the local, national and international social network, and include responsibility and organizational and managerial capacities:
 - a) instructional activities (in the case of the import centre these are also internal activities, whereas in the other cases they are usually external, often taking place at schools, for the benefit of the young and of those who wish to approach the voluntary sector. The objective is to promote the Fair Trade sector and spread the word about its values, as opposed to selling the products;
 - b) management of projects;
 - c) organization of informative meetings in the region;
6. active involvement in the administrative council, which includes organizational, financial, managerial and decision-making capabilities, as well as responsibility.

These groups of skills are illustrated in the tables that follow (from table 2 to table 5).

We have chosen to isolate the **first group**, because it is composed of skills that are very specific to the activity conducted, in addition to relational skills with the customer, which are found also in the second group of activities. In this group, which is characterized, above all, by practical and manual skills, the do-it-yourself activity in the shop is also included (we make no particular reference to it, given that we have encountered only the case of a volunteer carpenter who, however, also acts as a councillor).

As can be noted from the following table 3, the **second group** concerns the typical activities of the shop, which include the activities related to both the front desk and the warehouse. All these activities include a range of knowledge and abilities. For example, all the workers in the shop must know the products and their location on the shelves, and they must have some manual abilities in order to handle such products. However, while the warehouse workers must have more technico-manual skills suitable to the management of the warehouse, the sales workers must have more relational skills, in order to establish a relationship of trust with the customers and to promote the sale of the products.

Regarding the workers of the shop, chief among the previous activities are those of the *manager of the shop* and the *manager of purchasing* (often coinciding in a single person). In both these cases, the person involved does not limit himself or herself to coordinating the work of others, but also participates actively in the more technico-manual activities of sales and of the warehouse. Therefore, we can affirm that these two head figures have the skills of the colleagues they coordinate, and in

addition they have some *organizational* skills deriving precisely from their activities of coordination. Among these last skills we can single out:

- capacity of managing conflicts that can arise between the workers of the shop or with customers or suppliers;
- organizational abilities (managing the work group, coordinating timetables and tasks).

In the only import centre examined in our study, the role of the person who manages the orders is more accentuated, and the relationship with the producers and the suppliers is different. That appears obvious, because they buy and sell wholesale, and the suppliers are local producers of the developing countries, with culture and consignment intervals that differ from our own, and the customers are the shops themselves. Activities of a different type, and, as a consequence, skills that were new and different from the others, were revealed in this case.

The **third group** is differentiated from the second, because it has some responsibilities, because it coordinates a work group, because it must manage the orders and establish the quantity of goods to order, or because it must present the balance sheet of the entire *administration of the shop*. With regard to this last type of activity, the elements of skill can be summed up as follows:

- activity (creating invoices, collecting accounts documents and drawing the accounts, management of the financial aspects in collaboration with the business consultant, arrangement of payments, requesting of commercial and administrative licences);
- knowledge (of calculation, accountancy and book-keeping);
- ability (use of book-keeping techniques, use of specific software, organizational, team-working and problem-solving abilities).

In the **fourth group** of activities, not typical of the shop, there is the case (even if rare) of the person in charge of information and of editing the magazine, with all the skills required of a journalist and writer.

Not to be overlooked are the planning skills that are developed in this fourth group, which is strongly based on the work per project. Obviously, also in this case one can note a difference compared to the project management of the commercial structures, due to the different decisional process in action. In the cooperative, indeed, the planning times are affected by the group decisional processes, which tend to be more drawn out.

It was revealed, moreover, that the workers often carry out several different jobs, also in the different groups: there are volunteers who are both presidents of the cooperatives and workers in the shops (in one case up to six activities were brought to light). This indicates that there are workers who possess a set of highly disparate skills.

Finally, there exist some skills that emerge across all the groups, such as relational team-working skills. By contrast, some skills are specific to the role carried out. The different components of the skills can be identified from the following tables (from table 2 to table 5), which reveal the following for each group of activities:

- the description of the activity carried out;
- the abilities connected to such activity;
- the knowledge connect to such activity.

9. Self-awareness of the skills acquired and transferability of the certification

The self-awareness of the acquired or possessed skills emerged gradually throughout the whole process of data collection. It was noted that the more organized and professionalized the structure, the more the workers are aware of the roles performed and the skills acquired. In the process of developing self-awareness, the medium to high cultural level of the participants in the research seems to play an important role, resulting in persons who are very active and busy in numerous professional and extra-professional activities.

In general, the interviewees recognize the transferability of the relational and communicative skills, although only the workers of the largest shop pointed out that the nearest sector in which to use their skills is that of commerce, even if with some significant differences in values.

Another particular example is represented by the only import centre to be subjected to analysis. The self-awareness, in this case, included some skills specific to importation from countries with a

completely different pace of life from the frenetic one to be found in the western countries. It emerged that the relations with the suppliers with regard to the logistics and consignment intervals must be flexible, and they are therefore clearly distinguished from those of the commercial sector. Also, the recovery of credit from the customers is differentiated from that in the profit-making sector, because a personal relationship must be established with the customers, meeting their needs, and conceding more time for the resolution of debt when they are undergoing periods of financial difficulty.

10. Self-awareness of the competences acquired by the ex-volunteers

One of the principal motives for abandoning activity as a volunteer was motherhood. The exceptions were the cases of one retired pensioner, one volunteer who was dissatisfied because she had invested greatly in the shop in the hope of being taken on more fully (only to be disappointed), and one volunteer who had transferred to Milan, where she continues to be a volunteer in the Fair Trade sector, retaining a positive memory of her past experience.

The majority of the ex-volunteers had carried out typical activities of the shop, occupying themselves with the warehouse, ordering and sales. In one case only, the manager was also a member of the administrative council and was responsible for the organization of fairs.

The first characteristic that emerged from the ex-volunteers was that they had transferred, or were in the process of transferring, into their current working and/or family life, the values acquired in the Fair Trade sector (ethics, solidarity, organic agriculture). This emerged in the cases of those who were occupied with children and the family, those who dedicated themselves to entrepreneurial activity, those who, having had the opportunity, had been assumed into the social sector. An example is represented by a volunteer who had been a public administration employee, and had obtained a transfer to the social sector after an interview in which she had revealed all the skills she had acquired as a volunteer. From this last example it emerged that the self-awareness of the skills acquired, and the ability to know how to apply them, is a fundamental element for capitalizing on all that which has been acquired during one's activity as a volunteer. This is confirmed also by an exactly opposite case, in which the ex-volunteer declared herself not to have perceived the transferability of the skills acquired, and, at the same time, to have been unable to find satisfaction in the working world.

In almost all the interviewees there emerged an awareness that the work of being a volunteer had permitted the acquisition of relational and communicational skills; and, in some cases, the acquisition of organizational, technical and manual skills – skills usable in other contexts – was also perceived. At times this awareness was even stronger among the volunteers than among the member workers, perhaps thanks to a greater comparison with the world outside the cooperative.

11. Possibility of recognition and certification of the competences acquired in the Fair Trade sector

The skills acquired are either interdisciplinary/transferable, or specific to the Fair Trade sector. The transferability of the skills depends on objective elements, linked to the types of skill and to the environment to which they must be adapted, and subjective elements, such as the desire of the individual to adapt his or her skills to other contexts. The objectively transferable skills are, in general, communicative, organizational and adaptation skills. The case studies examined have shown that in the Fair Trade sector, as in other sectors of the knowledge economy, there is diffusion of organizational innovation, favouring processes of autonomy of the workers and of their involvement in social life, including decision-making processes. This allows the workers who take an active part in these processes, of acquiring skills that are easily transferable to other organizational contexts, including outside the Fair Trade sector. Given the cooperative spirit of the structures analyzed, the workers are required to have transferable skills, such as flexibility, cognitive ability, and abilities in problem solving, communications, coordination and carrying out of several functions.

In conclusion, the skills possessed by the Fair Trade workers can be divided, substantially, into: skills specific to the context and to the position in which the worker is located; skills adaptable to other Fair Trade contexts; and skills transferable to any other context. The measurement and certification of the second and third groups becomes a fundamental tool for favouring the

employability of these individuals, reducing the informative asymmetries that are established between the supply and demand for work at the moment at which a vacancy becomes available, and they constitute the basis for a possible match between supply and demand. Certification becomes a sign of the skills acquired by the worker in contexts other than that of education. Hitherto, indeed, the only concrete sign that the offer of work has had towards the question is the possession of a diploma or a degree, while the skills acquired in an informal or non-formal way are not always able to emerge during the selection phase. With certification of non-formal and informal learning, the individuals improve their employability, reducing the informative asymmetries, and they have a greater probability of matching an employer's requirements and obtaining a work placement adapted to their skills (see following paragraph).

The methodological model suggested by this relationship takes account of that which has emerged from the research, promoting a system of analysis, measurement and certification of the Fair Trade workers' skills. The model considers, indeed, the background of the worker and of the structure in which he or she operates, the role that he or she carries out in the structure, the organizational model underlying the structure, its size, and the market context in which it operates (because it is held that the skills portfolio has been acquired as part of a process of lifelong learning that includes the whole life of the worker and of the structure in which he or she is inserted), and finally the worker's own awareness of possessing such a portfolio.

The model considers, moreover, the heterogeneity of the individuals, who have different aims, values and motivations. On the other hand, the environment in which the individuals operate has a certain potentiality, but at the same time certain limits, which are connected in part to the degree of empowerment developed in the examined structure. The environmental aspect is of notable importance, as it creates the prerequisites for the development of human potential, and delineates in all its facets the skills portfolio that an individual needs and has available. Such a portfolio depends, indeed, on the time and space in which the individual is located. The skills are developed in a specific environment over a determined period. They are subject, therefore, to evolution, not only in moving from one context to another, but also over time, and they thus require strong capabilities of learning and adaptation.

The motivational aspect plays a most relevant part in all this, be it regarding the continuous phase of accumulating human resources, or with respect to its certification. The interviewed workers emphasized, indeed, a certain interest in the certification of their skills, above all when there was a strong motivation to learn for the purpose of finding a good job

The FAIR project has revealed that the diversity of the workers depends also on the motivational aspects that lie at the root of their work in the sector. We could say that two workers with equal backgrounds could be distinguished by their degree of participation in the activity. The worker's interest, personality and potentiality, in the environment in which he or she works, are fundamental and innovative elements with respect to the traditional methodologies of measuring the skills used in other sectors of the economy.

This research project raises some questions that regard all individuals, and not only those involved in Fair Trade, because the institution of a constant and periodic process of certification of skills would allow the strengthening of lifelong learning, with consequent positive results.

12. The need of a certification of competences: the role of information in the economic theory

The purpose of this paragraph is to examine why the competences of Fair Trade operators, particularly those of the volunteers, should be certified.

We are dealing with competences acquired in non-formal and informal contexts, through long-life learning processes which contain any form of learning, including non planned and intentional ones, thus, the individual does not always perceive the process as an improvement of his/her social capital. The certification of competences acquired in conditions that are external to those of traditional education allow to fill the gap which exists between the obtainment of a certificate of education and working life. It allows to strengthen the credibility of an individual's curriculum vitae from an objective point of view, no longer tied to the subjectivity of those who read it or write it, such as self-marketing abilities.

Information and its role in economics has attracted the attention of the economists recently¹³. Despite the fact that information problems had been dealt with, occasionally, by some authors¹⁴, it was J. Stigler¹⁵ who revealed in 1961 that, although information was an economics resource on all levels, “*it occupies a slum dwelling in the town of economics*”, thereby criticising the scarce importance given to it by the economists until then. This article by Stigler, and some of the articles which followed¹⁶, introduced and analysed for the first time ever the concrete problems deriving from imperfect information, even though he never explicitly uses the term *asymmetric information*. The term “asymmetric information” was first used by Akerlof¹⁷ through the publication of the *lemons’ model* in 1970. The definition of asymmetric information mostly used in economics literature is that provided by Philips¹⁸, according to whom asymmetric information reoccurs when:

“ (...) *complete* information prevails on one side of the market (e.g., on the selling side) while *incomplete* information characterizes the other side (e.g. the buying side), or in that some agents have information which other agents *on the same side of the market* do not have”

It follows, therefore, that the situations characterized by asymmetric information are those where part of the agents have at their disposal the complete knowledge of all the important variables, while the other part has only a partial knowledge of them. In such situations of asymmetric information, the theory suggests that individuals try to adopt a behaviour that allows to disclose or highlight, indirectly the hidden information.

In this theoretical context, in matters of educational economics, the *theory of signalling* hypothesizes that the “talent” of the individuals is a private information, of which the individual him/herself is aware of, and may not be observed by the firms which have to employ him/her. In order to overcome this lack of information experienced by the firms, the acquisition of education can operate as a *signal* that the individuals send to the firms in order for them to recognize their “talent”. If the signal, in the form of a certificate of education obtained by the worker, is effective, the firms could use it to decide who to employ and how much to pay each individual.

In reality, the common opinion is that the competences required to fulfil a job, and the individual level of productivity *on the job*, can not be reconnected exclusively to the initial education, or to the certificate of education¹⁹. After all, the major educational economics theories indicate at least two ways through which one can gain competences: the general education and/or professional education attained initially from the schooling system (explicit education) and the training acquired from within the labour market, intended as both training on the job and ongoing vocational training for adults (implicit education). To this end, considering that vocational training appears to be rather weak and rarely “certifiable” (at least in Italy), in some studies on this subject²⁰ it has been hypothesized that the certificated of education possessed by each worker in a specific period of his/her career is, more or less, the same as when he/she began his/her working life, consequently, training on the job (implicit education) is essentially tied to the experience acquired during the working life.

In any case, on the one hand the theory of human capital, hypothesizing the presence of perfect information, does not refuse the hypothesis where two individuals who possess different levels of

¹³ . See G. Garofalo, 1994.

¹⁴ . See, amongst others K. Arrow, 1959.

¹⁵ . See J. Stigler, 1961, p. 213.

¹⁶ . See J. Stigler, 1962.

¹⁷ . See G. Akerlof, 1970.

¹⁸ . See Philips, 1988, p. 2.

¹⁹ . The existence and the diffusion of the internal labour markets should induce to think that the employers are, in many cases, prone to favour work experience, and in particular, the experience acquired within the same firm. (Planas, 1996). After all, even according to the theories of segmentation, the technological progress and the technical complexity of the production processes would drive the employers to favour work experience and apprenticeship rather than the initial level of education (which would represent a mere selection instrument at entry level) and not to valorise the “formal” human capital not strictly required to carry out the assigned tasks. (Doeringer and Piore, 1971).

²⁰ . See E. Ghignoni, 2001, and references.

“implicit” and “explicit” education may reveal themselves equally good to carry out certain tasks²¹. It is true, in fact, that a prerequisite for a job application is a minimum level of education and/or work experience, but these two types of learning processes could be considered *substitutable*, with a, more or less, elevate rate of *substitutability*, in the competences production function.

The “credentialist” theories, on the other hand, state the existence of a market of “*credential acts*”, intended as certificates and “diplomas”, which state the level of formal education of an individual, the value of which depends more from the conditions of demand and supply of education certificates and qualified personnel rather than the knowledge and skills acquired during the learning period (Collins 1979). In this case the selection process on behalf of the firms, albeit with the *distinguo* contained in Blaug (1985)²², it is based, as mentioned previously, on the “signal” provided by the certificated of education gained, within a labour market in which the information about the “quality” of the worker is imperfect (Arrow 1973; Spence, 1974). The “explicit” component of individual competences appears, in any case, important even in the perspective of the *screening* theories. Within this theoretical picture, which presents multiple variants²³, the initial formation would not directly determine the level of competence and productivity. The certificate of education would be nothing other than a simple indicator that would allow to “predict” the future productivity of the individual who possesses it²⁴. The school does not seem to provide, therefore, the different types of knowledge that are required on the labour market, but it seems to limit itself in selecting the more potentially productive individuals and highlight a series of “virtual productivities” which materialize themselves the moment they get employed in the labour market and in function of the position that one occupies (Thurow, 1974, 1975).

It appears, therefore, that all the credentialist theories tend towards a hypothesis of *complementary* between certificates of education and working experience. If the certificate of education possessed by a potential worker represents nothing other than a simple “signal” of his/her virtual future productivity, including his aptitude to be trained further *on the job*, the firm, which employs its personnel on the basis of the “signal”, will have to take this upon itself, providing for the completion of the workers’ learning, through activities of *lifelong learning* or relying upon *learning by doing*²⁵. In the analysis of individual competences (and from the interaction between education and labour markets) it appears, therefore, suitable to take into account, other than the years of initial education undergone by a certain individual, at least the level of working experience possessed by the individual.

A first solution in introducing the notion of “competences” in the macroeconomics analysis of the labour market was, in fact, proposed in the CEDEFOP programme “Diplomes et marché du travail”, by C. Béduwé and J.M. Espinasse²⁶, and it consists in viewing the competences as vector with two dimensions: the certificate of education and the duration of the working experience of the individual. It evidently seems to be a rather drastic simplification. Becker²⁷ himself, in fact, does not exclude other models of acquisition of human capital other than initial schooling education and the formal and informal programmes of training *on the job*. In this context the *informal* education, received by the individual within his/her family and from all his/her daily activities and social relations, increase

²¹ . The idea of “duality” of human capital, composed by “implicit education” and “explicit education”, dates back to the earlier studies of G. Becker, 1964.

²² . In particular, Blaug, 1985, suggests two versions of the *screening hypothesis* which are taken into account by the credentialist theories. According to a “strong” version, education, and education certificates, merely reveal the intrinsic characteristics of the individual at birth or attained through a specific family background, but do not improve them in any way or form. According to the “weak” version, the selection process based on the certificate of education (same as on the basis of gender or age) might be founded on the employers’ past experience, who may have assessed that, on average, the observance of certain individual characteristics allows to reduce the uncertainty over the “quality” of a worker and his/her future productivity. In the latter example, credentialist theories seem to approach those on human capital if we assume that education increases the productivity of the individuals.

²³ . For a synthetic presentation of such variants, see Logossah, 1994, pp. 24-25.

²⁴ . In effect, it seems possible to verify systematically how the individual *performances* within the educational system are a good indicator of the future *performances* on the productive system.

²⁵ . The notion of *learning by doing* normally traces its origin from Arrow, 1962.

²⁶ . See C. Béduwé e J.M. Espinasse, 1995a and 1995b.

²⁷ . See G. Becker, 1964, op. cit.

human capital and individual productivity. Moreover, as certain authors²⁸ correctly point out, the *duration* of the working experience should not be as important as the *quality* of it. Such a simplification, in any case, has allowed the economic analysis to overcome the reduction of human capital in the simple duration of the studies.

In any case, a notion of competences less tied to initial education, on the one hand, forces us to admit the existence of an heterogeneity in individual competences (with an equivalent certificate of education) and, on the other hand, it presents us with the problem of *transferability* and *certification* of such individual competences. Until a few years ago, in fact, the certificate of education was of primary importance to negotiate in the labour market, defining hierarchies, responsibilities and wages of the workers. In the last few years, however, the acceleration of professional mobility in the labour market created the need for a series of “transversal” competences, that is, usable (and reusable) in a wide variety of concrete working situations. Such competences, and their transferability from one job to another, will gain an increasing strategic value in the creation of the individuals’ careers.

At the same time, the labour markets in Italy and Europe have been forced to confront themselves with the necessity to reduce total wages, in order to be competitive with respect to the emerging countries, without affecting too much the wages of the workers which would jeopardise social peace. One of the solutions adopted by the firms to counteract this problem was an increasing recourse to the external labour market with respect to the internal labour markets. After all, the same acceleration of the competences “life cycle” which characterizes the increasing technological innovation of the modern society, contributes to render the “fidelization” less important than the typical manpower of the internal markets.

In this situation, the increasing recourse to the external labour markets, on the one hand, implies the increasing need of information about competences, both for the firms and for the individuals. On the other hand, as we lean towards external markets (and the need for competences increases), the traditional recognition mechanisms of informal competences, obtained after the initial education, lose importance, since they were tied to the existence of internal labour markets.

The loss of importance of the old methods of recognition of competences, which are justified by the internal labour markets, create a further need for an adequate “signal” of individual competences, from the moment that, amongst other things, the increasing availability of higher certificates of education in the working population, account for the loss in value of the certificates of education as a “signal”.

In this picture, the control activity of the educational and professional paths does not only fall upon the firms but on all the collectivity. Furthermore, it becomes important for every individual to capitalize on acquired knowledge and competences, even in an informal manner, in the course of his/her working life. In fact, the moment the certificate of education becomes all the more an imperfect signal (and always more abundant), it becomes important to be able to negotiate with the employer having obtained the recognition and the certification of the competences acquired, formally and informally, during the course of all the working life.

The absence of an appropriate and recognized certificate of such competences would create a disadvantage, in particular, for older workers (on average having an inferior certificate of education with respect to the younger ones) and the younger workers who have abandoned their studies prematurely. These two different categories of workers would risk to be excluded from the labour market and vocational/professional training due to a certificate of education considered to be too low. On the contrary, a system of recognition/certification of competences acquired outside the schooling system, might be an efficient instrument against the exclusion from the labour market and/or from the life-long learning “market”, contributing to correct a paradox situation, experimented in all the European countries, in which firms invest in training almost exclusively in favour of those workers who already possess a high certificate of education²⁹.

So, we aim to offer a contribution to identify some indicators that would transform the competences in something observable and objective, within a system that takes into consideration the whole working life of an individual and his/her future learning opportunities. Certified competences can also be recognized for the achievement of a certificate of education, for the introduction to a training path, highlighting at the same time the stock of competences possessed and the educational

²⁸ . See R. Livraghi, 2006.

²⁹ . Cfr. D. Marsden, 1994, J. Planas, 1996.

needs to meet specific labour market requests. This way the certification of competences turns into an instrument thanks to which the individual can keep his/her “career book” updated, on which his/her learning paths and the results achieved are clearly shown throughout the course of his/her working life. This type of certification of competences will lead to greater employability, a closer match between labour demand and supply, disclosing more easily the educational needs required to match the supply to the demand and it would have a positive effect over economic growth.

Really, if the need of a certification of competences has a strong theoretical basis, but to put it into practice is not simple. To this end we will dedicate our next researches.

13. Final remarks

The globalization process does not only produce negative effects (growth of inequalities in the world). Fair Trade generates positive externalities both in developing and industrialized countries. Therefore, it is a positive example of the globalization effects which should limit the inequalities in the long-run. The positiveness of Fair Trade occurs, however, including in the agents’ choices such factors as ethics, social responsibility and the respect of the norms concorded by the various agents, in an economic context based primarily upon knowledge.

The supply of Fair Trade products is currently limited and its growth process is expensive and full of risks. Becchetti (2006) highlights the importers’ intrinsic risk to mark even those products which derive from the traditional chain of production as “Fair Trade” products. On the other hand, even the *mark up* may not be used to broden the *capabilities* of the developing countries’ communities.

The consumers may declare to be in favour of ethical and socially responsible choices, without acting in a conscious manner, because they have not been correctly informed and trained over the creation processes of individual and social well-being.

The world trade shops’ volunteers will not acquire informal competences to transfer to traditional labour markets if they operate in productive units that are weak in social capital and that are organized in traditional ways, without any opportunity to learn and acquire essential skills to find solutions to evergrowing new problems.

The particularly sustained growth of Fair Trade revealed in the past few years will not continue if the world shops will not improve the way they run their organization and their finances, widening their training and research activities. In other terms, the world shops are asked to experiment and implement the *knowledge management* processes.

Appendix – Tables

Table 1 – wage-earning employees and volunteers in Italian world shops

Type of labour relationship	Number of employed individuals	Percentage composition
Employees	461	8,5
Collaborators	479	8,9
Volunteers	4412	81,7
Conscientious objector/social service	51	0,9
Total	5403	100,0

Source: our elaborations on “Indagine CRC Università Cattolica” data

Table 2 - First group of activities with their respective skill elements: handicraft activities

	Creation of bombonnières
Description of activity	<p>Relations with the clientele (suggestions, proposals, explanation of the products)</p> <p>Choice of the materials for the realization of the bombonnières (tulle, ribbons, flowers for decoration, etc., and their respective colours)</p> <p>Packing of the sweets (sugar almonds) in the tulle;</p> <p>Testing of the set of elements that compose the bombonnière (ribbons, decorative flowers, etc.)</p> <p>Assembly of the pieces with a heat gun</p> <p>Insertion and packing into the bombonnières of the objects chosen by the customers (e.g., choosing whether to place the object in view or in a box)</p> <p>Final packaging of the prototypes of the bombonnières</p> <p>Carrying out any required modifications</p> <p>Creation of the number of bombonnières required</p>
List of abilities linked to such activity	<p>Skill of anticipating the finished product</p> <p>Skill in the use of the tools (heat gun, scissors, glue)</p> <p>Manual and technical skill in the management of the materials</p> <p>Skill of matching the colours</p> <p>Skill of choosing the materials</p> <p>Skill in calculating the time of realization of the products</p>
List of knowledge linked to the activity	<p>Elements of calculation</p> <p>Variety and characteristics of the materials</p> <p>Ideas of colours and their matching (primary, secondary, etc.)</p>

Table 3 - Second group of activities with their respective skill elements: typical activities

	SALES ACTIVITIES (Front desk)	WAREHOUSE ACTIVITIES
Description of activity	<p>Opening of the shop Rearrangement and cleaning of the shop Checking of shelves and display cabinets, and replacing missing products Welcoming of customers (greeting, listening to the customer and “reading” his or her needs, informal conversation with the customer, providing information on the products and possibly providing information sheets, dealing with pre-ordering of products) Acquisition of payment at the cash desk Packing of the product (gift-wrapping, etc.) Choosing of the products, transporting them, and organizing stalls (in the case of participation at fairs or other events)</p>	<p>Relations with the representatives or suppliers Checking of the list of suppliers Selection of suppliers Creation of models of pricing and orders on the computer Checking of the warehouse stock and of other factors for the realization of orders (e.g. total cost, period of the month, etc.) Drawing up orders and sending them via fax or e-mail Receiving the goods and unpacking them Checking of the number of packages Checking of the quality (verification of the contents) Possible complaints and verification of previous complaints Price-marking of the goods Arrangement of the goods in the shop and/or in the warehouse</p>
List of abilities linked to such activity	<p>Practical intelligence (the ability to “resolve a very real and practical problem with an intuition, at a glance...”) and problem solving Skill of organization of the spaces being used Relational skill, ability to establish a relationship of trust with the customers (achieving customer retention) Use of the cash desk instrumentation Skill of persuasion Skill of stress management Skill of communication (ability to describe the content of a product and the relation from which it derives) Skill of promoting the products and services of the shop Skill of constructing territorial networks Skill of active listening Skill of information retrieval Skill of logic Manual skill of arranging the goods and of packing them</p>	<p>Use of technological and computing instrumentation (e.g. various types of software, Internet and Skype®) Management of the warehouse stock Ability to summarize Skill of creation of spaces Skill of organization of the spaces in use Skills of evaluation and negotiation Skill of reading packing lists Relational skills Skills of reading price lists and selecting products Skill of planning Skill of arranging the goods on the shelves</p>
List of knowledge linked to the activity	<p>Elements of calculation Elements of international relations Elements of history and geography Traditions of other countries Elements of foreign languages Knowledge of the area Knowledge of the shop’s products and services Knowledge of Fair Trade values and ideals Knowledge of the arrangement criteria of the goods on the shelves</p>	<p>Elements of calculation Characteristics of the products (countries of origin, producers, suppliers) Characteristics of the local area Formats of the realization of orders and of complaints Knowledge of the criteria of stockpiling/warehousing of the goods</p>

Table 4 – Fourth group of activities with their respective skill elements: non-typical activities

	Training Activity	External relations with local, national and international networks	Management of the projects
Description of activity	<p>Analysis of the educational needs Planning and study for the formulation of educational proposals for educational or instructional interventions Promotion of the training interventions to financing bodies (town councils, local authorities, libraries) Realization of informative brochures on the educational activities of the shop Planning and realization of the tools and support methodology of the educational activities Realization of the educational activities Planning and realization of training and/or updating interventions for the volunteers Elaboration of the final verification data of the training intervention Formulation and realization of the communicative strategies of the shop</p>	<p>Doing preparatory work prior to meetings (collection of documentation, face-to-face meeting and discussion with specific heads of sectors or with referring shops, etc.) Presenting to the administrative council the themes to be discussed at meetings with network members Reporting on the progress of meetings Managing relations with institutions and authorities Acting as representative of the cooperative (for example, for signing petitions, subscribing to initiatives, and promoting campaigns)</p>	<p>Keeping contact and managing relations with the workers/producers of the project Supervising the activities of production and importation (also through regular direct visits to the places concerned) Welcoming the producers when they visit Italy Coordinating the volunteers who go abroad Managing relations with institutions and authorities regarding the project: EU, Ministry of Foreign Affairs, local authorities, etc.</p>
List of abilities linked to such activity	<p>Skill of developing and planning tools and techniques for classroom and one-to-one teaching (tests, role-playing games, exercises, satisfaction evaluation sheets, etc) Skill of becoming acquainted with diversity and of being empathetic towards others Skill of management of the classroom Skill of coordination and running of groups Skill of communication and forming relations Skill of mediation and management of conflict Skill of analysing and interpreting the training needs and the data relating to the satisfaction of the interventions Skill of passing on knowledge and skills (teaching ability) Skill of active listening Skill of use of computers (Windows® and Linux applications) Skill of imparting information Skill of promotion and sales Skill of use of language appropriate to the target of specific use</p>	<p>Skill of managing the relations and group dynamics Skill of identifying problems Skill of speaking in public (clarity of language and description) Skill of working in a group Skill of getting involved Skill of welcoming new arrivals Skill of managing the times of meetings Skill of listening in the face of minority opinions Skill of analysis and evaluation of complex information systems</p>	<p>Relational skill Skill of use of the different systems of communication Skill of written and oral communication Skill of speaking in public Skill of coordination and management of human resources Skill of teamwork Skill of organization and planning of one's own work and that of others Skill of delegating tasks Skill of active learning Skill of constructing and managing partnerships and networks of institutions Skill of negotiation</p>
List of knowledge linked to the activity	<p>Knowledge of products, projects and themes of the Fair Trade Knowledge of the tools and of the techniques of the active teaching (e.g., forum theatre) Knowledge of group dynamics and of the techniques of group leadership Knowledge of the local area and of the territorial networks of public bodies and services</p>	<p>Knowledge of the functioning of cooperatives Knowledge of the structures and of organizational processes Knowledge of the functioning of the decisional methods (in particular of the method of reaching a consensus) Knowledge of the functioning of the Fair Trade structure Knowledge of the economics of solidarity Knowledge regarding cooperation Elements of foreign languages</p>	<p>Knowledge of foreign languages Knowledge of the geo-political situation of the target territories of projects Knowledge of the projects and of the products imported Knowledge relating to the procedure of planning and accreditation Knowledge of human resources management</p>

Table 5 - Fourth group of activities with the respective skill elements: the administrative council

	President of the cooperative	Member of the administrative council
Description of activity	<p>Coordinating and supervising the work carried out by the members of the cooperative, negotiating and evaluating activities and deadlines with the heads and the workers engaged in the different skill areas (e.g. those in the commercial sector, administrative sector, etc.)</p> <p>Constructing and managing political relations with institutions, local agents, and national bodies (e.g., AGICES, ASSO Botteghe, IFAT Gruppo Italia o coordinamento IFAT Europa, AIES - Associazione Italiana per il commercio Equo e Solidale, ONG Reggio Terzo Mondo)</p> <p>Seeking and constructing territorial networks and partnerships</p> <p>Promoting the initiatives of the cooperative to the outside world</p> <p>Participation at assemblies, events, meetings of the organizations of which the cooperative is a member</p> <p>Analysis and investigation of Fair Trade themes for participation at meetings, study groups and debates, and possible preparation of material in support of such interventions (e.g., Powerpoint® presentations, abstracts, etc.)</p> <p>Presiding over and participating in the cooperative's administrative council meetings</p> <p>Managing relations with third parties with the aim of identifying funding sources</p> <p>Providing advice for the solution of specific problems</p>	<p>Definition and drawing up of the agenda of the meetings</p> <p>Managing meetings within the shop</p> <p>Managing encounters with other shops, associations, product forums, etc.</p> <p>Communication to the administrative councillors of more easily solved matters (through contacts by telephone and mail, or through meetings with the area heads or the president)</p> <p>Writing up and circulation of the discussion at assemblies</p>
List of skills linked to such activity	<p>Diplomatic and lobbying skills</p> <p>Relational skills</p> <p>Skill of mediation and harmonization of different needs (management of conflicts)</p> <p>Organizational skills</p> <p>Debating skills</p> <p>Listening skills</p> <p>Delegation skills (plus choosing of the right person to whom to delegate)</p> <p>Skill of evaluating people and of providing them with a framework of set of activities carried out in the cooperative</p> <p>Skill of evaluation and analysis of the situation</p> <p>Skill of analysis and evaluation of complex information systems</p> <p>Skill of speaking in public</p> <p>Skill of management and coordination (managerial and leadership skills)</p> <p>Skill of making choices</p> <p>Skill of visualization</p> <p>Skill of individuation of different options for possible solutions to problems</p> <p>Skill of decision making</p> <p>Skill of promotion and sales</p> <p>Skill of fund raising (pinpointing the subjects and funding sources for a project)</p> <p>Skill of negotiation</p> <p>Skill of analyzing and evaluating available time and resources (financial, material and human) for the reaching of specific objectives</p> <p>Skill of analyzing and evaluating the performance of the workers</p> <p>Skill of managing the personnel and human resources</p> <p>Skill of using computer software (Powerpoint®, Word®, the Internet, Skype®, e-mail, etc.)</p>	<p>Skill of active learning</p> <p>Skill of analysis and evaluation of complex systems of information</p> <p>Skill of written and oral communication</p> <p>Skill of mediation and dialogue</p> <p>Skill of relation</p> <p>Skill of teamwork</p> <p>Skill of listening and of understanding alternative points of view</p> <p>Skill of problem solving and of decision making</p> <p>Skill of summarizing</p> <p>Skill of organization</p> <p>Skill of negotiation and mediation of interests</p> <p>Skill of evaluating the possibility of supporting manifestations/events</p> <p>Skill of conflict management</p>
List of knowledge linked at the activity	<p>Knowledge of socio-economic characteristics of the given territory (of Italy and of the developing countries)</p> <p>Knowledge of the characteristics of Fair Trade</p> <p>Knowledge of norms regarding the cooperative and Fair Trade sectors</p> <p>Knowledge of methods of communication</p> <p>Knowledge of elements of marketing</p> <p>Knowledge regarding administration and large-scale distribution</p> <p>The artisanal productive fabric of the developing countries</p> <p>National and community legislation regarding Fair Trade</p> <p>Authorities and institutions operating locally and nationally</p> <p>Knowledge of the statutes and regulations regarding cooperatives</p> <p>Knowledge of decisional processes and group dynamics</p>	<p>Functioning of the cooperative</p> <p>Statutes and regulations of the cooperative (procedure of holding meetings, procedure of writing the minutes, etc.)</p> <p>Characteristics of the area</p> <p>Characteristics of the territorial associations</p> <p>Characteristics of Fair Trade</p>

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