

Social Dialogue for Workplace Learning Case Study 1 2012

ILO, Skills and Employability
Department

Lori Brumat¹

[COSTA RICA]

How upskilling can boost worker productivity and be part of a compensation package to increase workers' earnings potential

*In its conclusions to the General Discussion on **Skills to improve productivity, employment growth and development**, the International Labour Conference in June 2008 requested that the Office generate and share information on good practices in how collective bargaining can promote workplace learning. This Case Study is one in a resulting series of case studies on social dialogue and collective bargaining for skills development produced by the Skills and Employability Department in cooperation with the Bureau for Workers Activities, the Bureau for Employers Activities, and the Industrial and Employment Relations Department. The case studies were researched and written by Lori Brumat, working as research officer with the Skills and Employability Department. In addition to thanking her, I would also like to express appreciation to Michael Axmann and Christine Hofmann for supporting this work and for the inputs from other colleagues in the Skills and Employability Department, the field offices, the Sectoral Activities Department, the Gender Bureau, and the Enterprise and Job Creation Department.*

Christine Evans-Klock, Director, Skills and Employability Department, ILO.

¹ The author would like to thank Juan Ignacio Castillo from the ILO office in San José.

Name of the agreement

Second collective bargaining agreement called “Operaciones Portuarias. Sintracobal-Cobal”.

Parties

- The company: La Compañía Bananera Atlántica Limitada (COBAL), subsidiary of Chiquita Brands International;
- Its union, Trabajadores de la Compañía Bananera Atlántica Limitada (SINTRACOBAL).

Form of social dialogue agreement

Collective bargaining agreement, subscribing to the regional framework agreement signed by the IUF, COLSIBA and Chiquita on April 19 2001.

Level

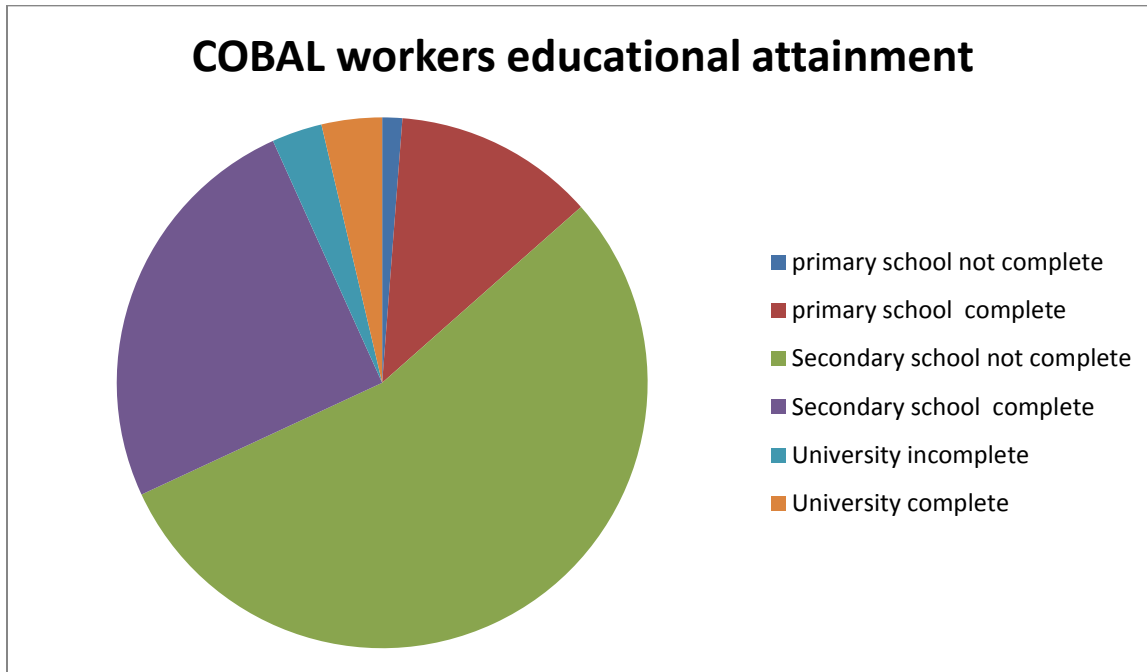
Company.

Validity period

2008–10, renegotiated every two years.

Worker population concerned

163 employees, mainly technicians including welders, mechanics, electricians, refrigeration specialists, crane/dispatch/elevator operators, drivers, etc.



Financing of training

- **Company-funded:** Chiquita earmarks 3.5 million colones (CRC) every year for a training fund (see clause 51 of the Convención Colectiva) managed yearly by the bipartite Education Commission who sets the contents and chooses those who attend the courses;
- **Government-funded:** It also partly funds through its employer contributions (known as “development budget”) courses taught by public institutions such as the Instituto Nacional de Aprendizaje and Colegio Técnico of Limón.

Training goals

- Improve working relations and conditions;
- Motivate and attract workers without over-increasing wage bill by fostering basic, primary and secondary education, also among the children and spouses of workers.

In the remote Limón province the school drop-out rate is higher than in the rest of the country, said Mr. Marco La Touche, Labour Relations Manager at Chiquita Brands’ COBAL division. This makes it hard to hire workers who are skilled high school graduates. By offering training, Chiquita seeks to attract competent and motivated workers.

“We are limited by the industry in which we operate in terms of wages but this is what we can do for families,” added Mr. La Touche. “It was a question of how much more we could invest to boost workers’ purchasing power without having an impact on wages”. The union had asked Chiquita to offer the training, during the negotiation process that led to the collective bargaining agreement, he specified.

Salient training-related clauses in the agreement²

Main content/form of training

- **technical**
 - refrigerating systems trouble-shooting (by Carrier);³
 - use of personal protection equipment (by 3M);⁴
 - welding and electronics (at Instituto Nacional de Aprendizaje);
 - work-related issues and workplace safety (Chiquita).
- **general education and academic** (at Colegio Universitario del Limón and Instituto de Educación Superior de la Universidad de San José)
 - computer skills;
 - English language;

² See Chapter X: Other benefits and training, articles 49–57, Convención Colectiva

³ See: www.corp.carrier.com/Carrier+Corporate+Sites/Corporate [accessed on 14 December 2011]

⁴ See: <http://www.3m.com/> accessed on 14 December 2011]

- school and high-school level training;
- musical education;
- **entrepreneurship** (courses also open to workers' relatives, by Empresas Familiares).

Target population of training

- workers
- their children
- their spouses

See table 1 below for more detail on course content and population targeted.

Training providers

- Colegio Universitario de Limón
- Instituto de Educación Superior de la Universidad de San José
- Empresas Familiares (consultancy)
- Instituto Nacional de Aprendizaje (INA), the National Institute for Apprenticeships
- Carrier, the company that sold the fruit refrigeration equipment to Chiquita

Financing of training

- **INA** is funded by employer gross-wage contributions earmarked for vocational training. The tripartite institution, under the Ministry of Labour's authority, is run by a mixed body involving of the public sector, private enterprises, and union/worker representatives.

Each year, Chiquita workers who volunteer to take the courses are selected by a bipartite commission, composed of three representatives from the company and three from the union. They are then registered in the corresponding training institutions by Chiquita which pays for their training.

- **3M and Carrier** offer the training courses bundled with their sale of equipment (personal protection and refrigeration equipment) to Chiquita; the training courses are carried out on Chiquita premises.
- **Empresas Familiares, Colegio Universitario de Limón and Instituto de Educación Superior de la Universidad de San José** courses are paid for by Chiquita, within the agreed CRC3.5 million envelope.⁵ Training courses take place at each of these institutions.

⁵ Cf. articles 51–56 of the Convención colectiva.

Table 1- Chiquita workers' training course attendance in 2011

Trouble Shooting Prime Line	Workers	15	Carrier	Structural processes	Attend	
Workplace and sexual harassment	Workers	15	Recursos Humanos	Legal issues on sexual harassment at work	No certification offered	
Handling of chemical substances	Workers	15	Salud Ocupacional y Regente Químico	Handling of chemicals and associated occupational hazards	No certification offered	
Personal safety and work	Workers	15	Recursos Humanos	Social risk issues in the Limón province	No certification offered	
Basic English	Workers	15	Colegio Universitario de Limón	Basic English	Certifying course ongoing	
Basic electronics	Workers	16	INA	Electronics	Certifying course ongoing	
Welding	Workers	22	INA	Electrical welding	Certifying course ongoing	
Basic English	Workers' children	15	Colegio Universitario de Limón	Basic English	Certifying course ongoing	
Total		326				

Source: Chiquita.

NB: Participating in the course involves sitting exams, practical training or coursework. "Attend" means attendants are not required to sit exams in order to get the certification.

Background

- **The Limón area**



The Limón province is the world's second-biggest exporter of bananas. Its international port, Limón, located on the Caribbean coast of Costa Rica, is the country's biggest, and one of Central and Latin America's biggest container shipping centres. Almost almost 90 per cent of its exports and imports transit through it.

The Limon Ports Operations and Logistics department is critical to Chiquita. COBAL exports about 90 per cent of its produce some 25 million containers of bananas (an American-bound ship and two Europe-bound ships every week) through the Limón and Moín ports.

- **The company**

Chiquita has been harmed over the years by the European Union's banana regime ⁶ (favouring "non-competitive" bananas from former European colonies, known as ACP countries, i.e. African, Caribbean and Pacific states) which the Latin American countries and United States have challenged several times since 1993 in GATT and WTO dispute settlement.

After multiple rulings against the EU, agreements were reached in 2009 on a new EU banana regime that lowers the WTO tariff over a period of years. ACP bananas will continue to enjoy a zero-duty preference. Chiquita suffered substantial losses in revenue and market share under several of the illegal EU regimes and filed for bankruptcy in 2001.

Thus the company, like the fresh fruit market in general, has been affected by the oversupply of bananas and global economic crisis, and may further be hit as the crisis bites into European sales, said Mr. La Touche. Some 28 workers were laid off for economic reasons (drop in fruit produced as a result of the 2008 flood) in 2009. In 2011, 34 workers

⁶ See the Council Regulation (EEC) No 404/93 of 13 February 1993 on the common organization of the market in bananas, available at: http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&type_doc=Regulation&an_d oc=1993&nu_doc=404&lg=en [accessed on 11 January 2012]

lost their jobs as a result of the 50 per cent reduction in the volume of containers handled by the port operations department.

Chiquita's port operations department has a "standing committee" in charge of negotiating most of the direct settlements with Chiquita. In 2002, SINTRACOBAL was founded, and in 2006 it negotiated the company's first collective bargaining agreement. The third such agreement is currently in force until 29 April, 2012. The last strike took place in 2007. Since then there have been a few "minor conflicts" that did not lead to "big disruptions of the production process," according to Mr. La Touche.

The company was founded by Captain Lorenzo Dow Baker in 1899 and grew into a multinational, Chiquita Brands International, Inc., headquartered in Cincinnati. It is now listed on the NYSE as an international marketer and distributor of fresh fruit, salads, fruit snacks and juices under the Chiquita® and salads under the Fresh Express® labels.

Chiquita employs around 21,000 people and operates in nearly 70 countries worldwide. In the year ending 31 December 2010, it posted a net comparable income of US\$36 million, down from 103 million the previous year.

In Costa Rica, Chiquita operates under the names Compañía Bananera Atlántica Limitada (COBAL), producing fresh bananas, and Compañía Mundimar, which mainly processes banana puree.

In 2001, Chiquita signed a framework agreement⁷ on freedom of association, minimum labour standards and employment with IUF/COLSIBA, the Latin American Coordinating Committee of Banana Workers' Unions, reaffirming its commitment to enforce the core ILO conventions, including Convention No. 87 concerning Freedom of Association and Protection of the Right to Organize.

The signing followed media reports charging that Chiquita violated workers' rights on its own and on its suppliers' plantations in Latin America.

The union

SINTRACOBAL is the union representing the workers of Chiquita's Ports Operations and Logistics department of in Costa Rica.

It was created in 2002 and is affiliated to the Costa Rican Confederación de Trabajadores Rerum Novarum, and internationally to the Confederación Sindical de Trabajadores y Trabajadoras de las Américas (CSA), The International Trade Union Confederation (ITUC), The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF). Today SINTRACOBAL has some 153 members.

⁷ See : http://www.ioe-emp.org/fileadmin/user_upload/documents_pdf/ifas/Chiquita - IUF.pdf [accessed on 11 January 2012]

Outcome of the training

“The more we spend on training our workers the better, as both the quality of their work and their productivity improve,” said La Touche, who provided the following examples of improved work process:

1. **Productivity:** two workers were offered technical training on how to repair Top Loaders (heavy-weight cranes). Before the course, their daily productivity was between 60 and 90 per cent of the optimal productivity. After the training, workers managed to keep their downtime due to crane repair of malfunctioning under 10 per cent, according to Mr. La Touche, which represents the optimal level of productivity and reduces operating costs.

According to the Secretary General of the SINTRACOBAL union, Mr. Maikol Hernández, main advantages are that workers who boost their productivity by strengthening their curriculum vitae and thus demand better remuneration from their employer.

“It’s not common for companies and their employees to agree on this, but in our case both parties have understood how important training is, especially in vulnerable areas like ours, where high unemployment and school dropout rates are high, causing drug trafficking and prostitution.”

Mr. Hernández explained why Chiquita workers are concerned by productivity issues. Exporting companies, like Chiquita, need to be concerned about volumes: “that’s what makes us sustainable and keeps our jobs – if the company makes good returns it’s good for us too.”

He noted that the impact of the technical training received on workers’ productivity has led, in particular, to falling number of fruit returns, equipment repairs, and workplace accidents.

2. **Welding skills:** only five out of the 22 workers had enough welding expertise before the training, while containers made of steel often require repairs. Thus after the training, every member of the two-person team handling a container can fix holes, allowing a better rotation of workers in the department and coverage in case of absences.
3. **Cost reduction:** after the 2008 flood that shrank the volumes of produce handled by COBAL’s Ports Operations and Logistics department – and thus the need for manpower – by about 30 per cent, the company attempted to cut costs through wage negotiations with the union.

The latter accepted an 18.5 per cent cut in all workers' wages in exchange for the laying off of the entire workforce and its immediate rehiring the next day in order for workers to cash in their severance payments.

The severance payments (of about one month per year of seniority, for a maximum of eight years in total) were used to compensate for the wage cut. The training, including that for spouses and children in order to boost the overall income and earning potential of families, was also requested and granted as part of this compensation for the wage decrease.

Despite this wage cut, Chiquita workers in Costa Rica today earn between 10 per cent and 46 per cent more than the minimum wage, depending on their job, according to Mr. La Touche.

The Chiquita training fund has "very little money" but as it is used in conjunction with INA's and other government-funded training offers, it covers the workers' needs, said Mr. Hernández.

"The biggest difficulty we have had so far is that some workers have not fully understood the importance of training," said Mr. Hernández. Out of 30 workers registering for a course, it was not uncommon for only 17 or 18 to actually show up.

Looking forward, the challenge for the union will be to draw more workers to the training, in particular opening it to migrant workers. These make up most of the workforce in the independent "fincas" from which Chiquita buys its fruit and have little access to education and healthcare.

ILO Case Studies in the series on Social Dialogue for Workplace Learning

1. Costa Rica: *How upskilling can boost worker productivity and be part of a compensation package to increase workers' earnings potential*
2. Europe Region: *How training can help workers and employers anticipate change*
3. Israel: *How training can help reduce a labour shortage*
4. South Africa: *How training can be part of a crisis-response strategy to save jobs within sustainable firms*
5. Sri Lanka: *How skills can be used as a means to set job categories, pay levels and promotions to boost productivity*
6. United States: *How training can strengthen the bargaining position of workers and boost productivity*