Collective Action by and for Small Producers in the Kenyan Coffee Supply Chain: A Critical Business Ethics Analysis

Rose Kiwanuka, Africa Nazarene University
Wayne Eastman, Rutgers Business School-Newark and New Brunswick
Nicole Bryan, Montclair State University
Yao Zhao, Rutgers Business School-Newark and New Brunswick
Kevin Lyons, Rutgers Business School-Newark and New Brunswick

Abstract

In this article, we employ critical business ethics (Eastman, 2013) to examine the empirical, normative, and experiential dimensions of small-scale coffee production in Kenya. We begin with an ethnographic narrative of the experience of a smallholder growing coffee in Kenya that draws on the experience of one of the authors. We then describe empirical results relating to the potential of collective organization to increase prices received by Kenyan smallholders. We then consider alternative normative interpretations of the ethnography and the quantitative results. We conclude with a psychological discussion of relations between unequal parties in the supply chain that links the ethnographic, quantitative, and normative material of the earlier sections.

In wealthy nations, agricultural production has become a small sector in terms of employment. In the United States, less than 1% of the labor force works in agriculture (World Factbook, 2013). By contrast, very large numbers of people in Sub-Saharan Africa are engaged full-time or part-time in agricultural production; in Kenya, the focus of this article, 75% of the labor force consists of agricultural workers (World Factbook, 2013). Many of them are independent or semi-independent producers who work their own land and sell what they produce. A central aim of this paper is to examine the life situations and the economic prospects of one such group of producers, low-income coffee growers in Kenya.

Currently, the agricultural labor force in Sub-Saharan Africa is not only very large but also largely impoverished. In Kenya, agriculture accounts for only 25% of gross domestic product (World Factbook, 2013), even as it accounts for 75% of the labor force.
Accordingly, each Kenyan agricultural worker accounts for only 1/9 of the output of each Kenyan industrial or service worker. The human correlate of these statistics is deep-seated poverty among many Kenyan agricultural producers, including those working on their own land or on communally owned land, as well as landless laborers. One major premise of this article is that the life stories of these small-scale producers are important, whether or not the mode of production they are engaged in is one that is destined to decline in the future. It is worth paying attention to their lives and to their work as small-scale producers, peripheral though that work may be both to the core Base of the Pyramid (BoP) literature that focuses on consumers (Prahalad & Hart, 2002; London & Hart, 2004; PrahaladHart, 2005), and to BoP critics who emphasize the need to move workers at the base out of agriculture and into the service and industrial sectors (Karnani, 2009a).

A second premise of this article is that the actions and the life situations of small-scale coffee growers in Kenya are intricately intertwined with the actions and life situations of other actors in the coffee supply chain. In parts I and II, we will describe the roles of coffee millers, coffee auctioneers, coffee regulatory boards, coffee supply chain auditors, coffee buyers, and coffee drinkers. The partly competitive, partly cooperative relationships of these far-flung actors in the coffee supply chain are emblematic, we would suggest, of the deep and complex networks of connection between those of us at the bottom or near the bottom of the pyramid in Africa and elsewhere and those at the top or near the top of the pyramid around the world (Prahalad & Hart, 2002; Phillips, 2010).

A final premise of the article, associated with a new critical business ethics
method (Eastman, 2013) that draws on psychology (Haidt & Graham, 2009), law (Kennedy, 1995), and philosophy (Sartre, 1942) is that business and society research can benefit from a perspective that takes personal experience and states of consciousness seriously, without reducing them to ideology or claiming that they have a single, transparent, transcendent meaning. By presenting a combination of ethnography, empirical findings, normative interpretations, and psychological interpretations, without claiming a place of primacy for any single one of these methods, we endeavor to reflect the plurality and open-endedness of the experiences of Kenyan coffee growers, coffee drinkers, and others whose lives are integrated, deeply or less deeply, into the coffee global supply chain. We explore questions of truth—what are the facts on the ground of the Kenyan coffee supply chain?—value—how do we assess the efficacy and the morality of different approaches to collective organization?—and aesthetics (and/or psychology)—what is a harmonious balance in the states of mind and feeling of those in the supply chain, both those of us who are relatively fortunate and those who are less fortunate? These questions are better answered, we suggest, through a critical method that includes inquiry into the scientific, moral, and aesthetic-psychological dimensions together, rather than through more traditional methods in business ethics. We propose that such a method can allow for an opening of academic space and expanding of BoP research in Sub-Saharan Africa through a plurality of perspectives. It can also provide a vehicle for African researchers and scholars to collaborate with academics outside the continent and contribute to shaping a critical research base in business and society.¹

¹ The authors recognize the work of Prahalad & Hammond (2002) and Prahalad & Hart (2002) in raising the consciousness of the field in business ethics/business and society toward base of pyramid inquiry as well as the work of Rivera-Santos, Rufin and Kolk (2012) in calling attention to the role of the informal economy at the base of the pyramid in Africa.
The organization of the article is as follows. Part I begins with subjectivity in the phenomenological tradition (Sartre, 1942; Kennedy, 1986) in the form of an ethnographic account of the experience of being part of a family engaged in the small-scale growing of coffee and other commodities. That account, which draws on the experiences of one of the authors of the paper,\(^2\) combines description of shared experience with description of how the author and another member of her family\(^3\) have in some respects different reactions, or states of mind and feeling, regarding the shared work in which they are engaged. The personal account is preceded by a methodological discussion of critical business ethics and the value of ethnography and participant-observer scholarship, particularly in work related to understudied locations such as Sub-Saharan Africa.

Part II moves from the experiential method of the first part to the standard nomothetic academic language of the detached observer. First, we will describe the complex structure of the coffee supply chain in Kenya. We then describe empirical findings on the difference in prices in the Nairobi auction market for coffee sold through a new government-established cooperative versus other coffee. We relate the empirical results to an analytical model that allows one to understand the optimal strategy for growers to maximize the prices they receive.

Part III is the normative section. In it, we suggest that our ethnographic and quantitative material does not resolve the fundamental ideological tension between egalitarian, communitarian and individualistic, market-oriented perspectives. We discuss the shared value alternative to standard views of corporate social responsibility advanced by Porter and Kramer (2011), the shared governance model of Fairtrade International,

\(^2\) Author 1 in this blind version of the paper; referred to as Author 1 in the portions of the paper dealing with her personal and family experiences.
\(^3\) A cousin (referred to as T____ in Part I of the paper, and in other parts of the paper referring to that part.)
and the framework for producer cooperatives proposed by the NGO Collective Marketing as three practically-oriented attempts to mediate between a communitarian normative approach emphasizing the importance of resources and an individualistic approach focusing on the importance of self-improvement and education.

Our concluding section, Part IV, returns to the narrative of Part I and turns to psychology. We suggest that a supply chain relationship between small-scale Kenyan producers and those who want to change their lives, make money with them, or both, that features a mixture of reciprocal altruism and egoism is likely to be more harmonious and more sustainable than relationships grounded either in pure egoism on both sides, or in an expectation of one-sided altruism either on the part of small producers or on the part of corporations and coffee-drinkers.

---

PART I: AN ETHNOGRAPHIC ACCOUNT OF THE KENYAN COFFEE SUPPLY CHAIN

Typical academic work in business ethics/business and society is either/or, focusing on either empiricism or normativity (Weaver & Trevino, 1994). The central aim of critical business ethics (Eastman, 2013) is to advance a third way of scholarship that draws on ethnographic (or phenomenological (Sartre, 1942)) accounts of states of feeling and consciousness, along with scientific and normative accounts. Empiricism and normative advocacy in their own separate boxes may all too readily leave us in the same ruts of habit and ideology in which we started our inquiries. By contrast, a critical method that draws on personal feelings and states of mind, along with more traditional approaches, may have greater transformative potential, both for scholars and for the
world outside of us—in this case, the Kenyan coffee supply chain.

In law, scholarship that draws on experiential, phenomenological accounts, sometimes fictional ones, has a long lineage (Bell, 1987, 1992; Delgado, 1995). Scholarship employing fictional narratives has generated some controversy (Farber & Sherry, 1997), as has work employing narratives that describe an author's experience with a literary quality that might be found in a memoir (e.g., the description in Williams, 1992, of being an African-American customer subject to suspicion on the part of store employees). In law, the authority and accuracy of such memoiristic accounts has been questioned by critics (Tushnet, 1992) and defended on the basis that narrative can provide insights into morally-charged topics unattainable by conventional means (Bell, 1987, Delgado, 1995), especially when narrative is conjoined with other methods (Abrams, 1991).

We believe that a memoiristic narrative can add to an understanding of the Kenyan coffee supply chain, and provide an important complement to more traditional scholarship. Such a narrative occupies a central position in this section. At the same time, we are cognizant of the concerns just noted about such narratives in academic work. The narrative here is not presented as a proof of a normative stance or a scientific position; rather, we offer it as an aid to understanding, in the spirit of the call by Abrams (1991) for stories to be combined with other modes of interpretation.

In addition to law, there is a substantial history of engaging personal, ethnographic accounts in other disciplines that deal with the study of collective organization and the related dynamics of social action. Erving Goffman's work in sociology is one outstanding example (1967). The analysis of relationships and
interactions within and across organizations, structural/formal and informal mechanisms (including scripts and codes) governing behavior, contextual conditions giving rise to social action, and situational factors contributing to social impact—whether short-lived or sustainable, are part of an expansive discourse on collective behavior. Our study of collective organization among Kenyan coffee growers is informed by this discourse and the diverse theoretical perspectives that shape it (Smesler 2011; Trumpy, 2008; Locke, 2001) as well as by a critical business ethics focus on lived experience, science, and alternative normative perspectives.

Our inquiry is reflexive, insight-driven and inquiry-based, and as such, is ideally suited for qualitative design combined with complementary quantitative analysis (Glaser and Strauss, 1967) and theory making (Fawcett and Waller, 2011). The role of mixed-methods and integration of qualitative and quantitative research design in providing alternative frameworks for studying complex, deeply nuanced phenomena in contexts with scarce empirical research offers promise for building critical understanding and insight into systemic, interconnected issues that persist within and across collective organizations and inform behavior at the base of the pyramid. A sketch of such an alternative framework is provided in this paper through a focus on small producers/coffee growers in Kenya and the dilemmas and conflicts that underscore decision-making, identity construction and productive work behavior negotiated through formal (cooperative) and informal (familial) institutions. The approach offers a lens through which to contribute to, expand upon and deepen research on issues at the intersection of business and society at the base of the pyramid in Sub-Saharan Africa.4

---

4 For a comprehensive examination of CSR in Kenya, including discussion of contextual factors in research and data collection, see Muthuri and Gilbert (2010).
Qualitative research methods incorporating ethnography, story telling, participant-observation and client-centered interviews in particular have an important role to play in negotiating and problematizing the contextual space and research landscape for the study of collective organization in the coffee supply chain in Kenya. This space is typified by gaps in data sets and paucity of empirical scholarly research among small producers/coffee growers in economically marginalized, vulnerable communities. The complexities and nuances revealed in the ethnographic account of the Kenyan coffee grower and her family provide insight into the lived experience of ordinary people in the coffee supply chain.\(^5\)

The application of qualitative methods, especially ethnography, story-telling, participant-observation and client-centered interviews, in situations where research questions are not fully crystallized provides an opportunity for the lived experience to shape theory and for the voices of ordinary people on the ground to inform discourse, whether through vignettes in the style of critical race theorists (Bell, 1992; Harris, 1990), intuition (Kamm, 1998), grounded theory (Glaser and Strauss, 1967) and theory making (Fawcett and Waller, 2011). Engaging people on the ground in the research process as participants and partners provides the opportunity for infusing lived experience into the research design, fostering trust and facilitating transformation of traditional power dynamics between researcher/subject. Community-based research and participatory action research (PAR) are examples of approaches that are grounded on respect for the lived experience of community members as well as recognition of their credibility and legitimacy and the value they bring as research partners (Fine and Torre, 2004; Freire,

---

\(^5\) Freeman’s (2013) ethnography of pro-poor market interventions in Ethiopia is an example of the role (and power) of ethnography in research in/on Sub-Saharan Africa.
These approaches often involve the integration of qualitative and quantitative methods or mixed methods and seek to build knowledge and capacity that lead to enduring relationships, empowerment and sustainable change. PAR methods can build critical and contextual understanding of structural dynamics that impede change, and can provide a deeper understanding of how and why communities mobilize. PAR shares conceptual space with inclusive, community-based approaches to self-governance and capacity building in communities at the base of the pyramid. Best practices and lessons learned from humanitarian intervention and development programs bring a common lesson: Sustainable change must incorporate principles of empowerment and self-governance. In the case of Kenyan coffee growers, these lessons are revealed in lived experience, to which we now turn.

**A day in the life of a small-scale producer**

I grew up on a small coffee farm on the slopes of Mt. Kenya. It is in this place that I came to understand what the coffee land, the home, the farm means to those who live in it. It is a container of memories and desires, hopes for the future, a stage on which the performance of work and everyday life is acted out. It is through their everyday work on the farm that small-scale coffee producers communicate a sense of endurance typical of rural people in Kenya, a kind of tolerance that keeps them going even in a situation where the future looks uncertain. By working on the family coffee farm I came to understand the central symbols of farming life and the impetus that keeps people going although outside forces are reducing their living space, both symbolically and literally. I

---

6 Author 1.
became aware of the exhausting farming tasks that produce a cup of coffee and the sheer amount of physical work involved. Looking back, a story of uncertainty, sacrifice and survival unfolds before me—a deep-seated emotional engagement with coffee production and with life on the farm. Coffee flows in my veins. I have picked it, taken it to the cooperative factory, watched it processed, and seen it auctioned at the Nairobi coffee exchange.

Growing up on our small coffee farm, my parents would make us work on the farm and we would earn less than the equivalent of one cent for picking coffee. When I picked sacks full of coffee berries for less than a penny, I was fortunate that my parents made enough money in their regular jobs to take me and their other six children to school. But many parents cannot afford to take their children to school in my village. It is the suffering of these small-scale coffee producers who toil so hard on their coffee farms and have next to nothing to show for it that made me curious originally about studying a global supply chain such as coffee.

Last fall I made a visit to the village to spend some time with my cousin T_____, a small-scale coffee farmer, to help in harvesting her coffee crop. After a hard day’s work every muscle in my body—from the top of my neck to the tips of my toes—fought to keep my frame from collapsing. Like gelatin, my body struggled to conceal its exhaustion. My uncooperative eyelids were falling down, taking my head with them, nearly landing in the middle of the coffee cup in front of me.

"It's all right, you can sleep now - the work is done for today," my cousin said as she scurried around the kitchen, making dinner for her seven children.\textsuperscript{7} She wore a dark

\textsuperscript{7} Quotations are to the best of Author 1’s recollection and reflect accurately the interaction if not in all cases the exact words; the conversations described were not recorded.
blue skirt with a khanga (an African wrap) tied round her waist. With my head resting on my folded arms, I watched my cousin add firewood to the fire pit in the middle of the kitchen. The flame from the fire illuminated the room, revealing the soot on the ceiling and the four surrounding mud walls badly in need of repair. J____, her two-year-old son, amused himself by chasing a chicken outside the door with a stick. N_____, her eldest daughter, age 13, helped make dinner, peeling bananas with a quick flip of her hands. I took a sip of my coffee, remembering that this morning began in the exact same way - sitting at this corner eating a breakfast of roasted yams and millet porridge at five in the morning.

It was October, the beginning of the second and most abundant coffee crop of a season that runs from October to December. There was a lot of work to be done, and we woke up early to head out to the coffee farm to hand-pick the ripest berries. In darkness, we left T_____'s youngest three children with her daughter of 11; N_____ came with us to the coffee farm.

After a half-hour uphill climb, we arrived at the small coffee farm. Normally T____ would contract laborers from the village - worse off than she is - to harvest the coffee. But this year the price for coffee was the lowest it had been in seven years, with small-scale producers from her cooperative, the Kathangene Coffee Cooperative, receiving 25 cents, while their production cost with hired labor was 45 cents. T_____ told me that it was so bad that a neighboring coffee cooperative was not able to pay the producers this year because the money went into paying debts to suppliers of farm inputs such as fertilizers and pesticides. Most producers were therefore not able to pay workers to help harvest coffee.
"If I could, I would chop down all the trees or leave the berries to rot on the tree, but I worked them all season long, and I can get at least a few cents for them," T____ explains as we begin picking the coffee. "It won't be enough to get us through the year, but what else can I do? My children need clothes and stationery for school." Picking thousands of berries, I watch T_____ and her daughter picking much faster than I could. Berry after berry, I am hypnotized by the monotony of the labor, interrupted only by swatting the mosquitoes that attack my neck and hands.

We picked for four hours - to find that we had only filled two sacks - before taking a brief break for lunch. T_____ had brought with her a bowl of githeri, a mixture of beans and corn that is the staple food in our village, for our lunch. She added salt for flavoring and we sat under a mango tree to eat lunch.

T_____ was married to a man from a nearby community whom she once loved but now only speaks of with resentment. They married when she was fifteen after her parents failed to get enough money to allow her to go to high school. For eight years T_____ performed the duties of a wife, getting up an hour before her husband to make breakfast, clean the house, feed the animals, and wash clothes in the nearby river whenever soap was available. Her husband was an alcoholic who rarely had money for food or supplies, but who always managed to have enough to buy traditional liquor after working in a neighboring large-scale coffee estate.

During the coffee crisis of the 1990s, her husband was laid off from the large-scale coffee estate after which he abandoned the family to live in Nairobi, and he was never heard from again. "I do not know where in Nairobi he lives or whether he is even alive. However, I don't have to smell his alcohol breath when he would come home late
at night to bother me,” T____ reflects.

For three more hours we picked coffee. It is hard to tell if T____ is tired; the expression on her face of engraved wrinkles never changes. The hardship that she endures on a regular basis just to survive is beyond my comprehension.

Six filled sacks represent the work of the first part of the day. But we have to carry them five kilometers to T____'s coffee cooperative for wet-processing (the coffee berries have to be wet-processed immediately, otherwise they will start to ferment in the sacks, giving way to sour undertones in the coffee when drunk). For this, we had brought ropes that we tied around the sacks and placed the knot around our foreheads to pull the weight of the sacks from our head to our back. I never liked this hauling method, even when I worked in my parents' coffee farm. But it was the best available option to carry the coffee to the coffee cooperative. The three of us all took two sacks each and began the trip to the coffee cooperative factory. The knot pulling on my forehead was extremely uncomfortable, giving me an excruciating headache. I could feel my neck stiffening up, and could barely walk downhill on our way to the cooperative. "You don't have to carry it. I can carry an extra sack," T____ said, seeing my obvious pain. "That's O.K., I can manage," I replied. "I want to remind myself what you go through. Just go ahead of me. I'll get there."

By the time I reached the coffee cooperative, T____ and her daughter were already unloading the coffee berries on a concrete patio adjacent to other small-scale coffee producers with their children. We had to sort out the coffee berries by selecting the unripe ones and any other foreign matter such as sticks and stones before the quality control clerk gave us permission to weigh the coffee and pour it into the fermentation
tanks for processing.

After T____’s coffee was approved, I took a walk around the drying racks where parchment coffee (green coffee beans surrounded by a paper-like skin) had been put out to dry. If the sun is strong enough, the parchment dries in a couple of days; otherwise it can take up to five days. From here, the parchment coffee is then passed on to the millers for secondary processing where it is dehusked to give the green coffee beans which are then taken to the auction by marketing agents for sale to local and foreign buyers.

I met Mr. G____, the Chairman of K____ Coffee Cooperative, as I walked back from the drying racks to where T____ and her daughter were waiting for me, ready to go home. “How is coffee farming these days, Mr. G____?” I asked. “My daughter, it is no longer what it used to be,” he replied. “These days the government no longer provides subsidies for farm inputs such as fertilizers and pesticides and extension services. At the coffee auction, the marketing agents and buyers collude to keep the coffee prices low.” I asked Mr. G____ what prevented K____ Coffee Cooperative from selling their coffee direct to buyers in consuming countries. (The Kenyan government amended the law in 2006 to allow direct sales of coffee to buyers after the coffee producers complained of price manipulation at auctions.) He told me, “A cooperative like K____ cannot on its own source for overseas buyers, let alone meet the quantity demanded. The small cooperatives cannot leverage on the opportunities brought about by the second window [the direct selling marketing channel].”

He had more to say to me. “Although the small-scale coffee producers failed to benefit from the second window, all is not lost.” He went on to explain something I'd studied in my academic research: In 2009, small-scale coffee cooperatives formed a
national cooperative, the Kenya Cooperative Coffee Exporters (KCCE) to collectively
market their coffee to buyers both at the auction and via the “second window” channel.
“We'll see what that does to prices,” he added.

I bid Mr. G____ goodbye and joined T____ and her daughter for the return trip to
the coffee farm. It was 7 p.m - more than twelve hours since our odyssey began. When
we returned home, I could only sit, paralyzed and fatigued, on a three legged kitchen
stool at a corner. Dinner still had to be made for everyone. T____ handed me a cup of
coffee. I stared at it, too tired to talk, feeling a certain amazement and awe as I looked at
the object that was the culmination of so much labor and so many steps.

"Can you now remember this is what we did every season for six weeks out of the
year, day after day, bean after bean when you lived in the village?"

She went on. "Yes, it would be easier if I had an education and a job, like you. I
just wish the price was better. I don't know who decides the price, but somebody is
cheating us and all the work we do."

Staring at T____ through my haze of fatigue, I simultaneously felt a deep sense of
identification with her, a sense of being tremendously fortunate not to have to lead her
life, and a tremendous admiration for her spirit as a woman accomplishing what I could
not imagine having to do day in and day out: raising seven children on her own and
surviving as a coffee producer amid volatile market prices beyond her control.

PART II: A NOMOTHETIC ACCOUNT OF THE KENYAN COFFEE SUPPLY CHAIN

As much as the ethnography of the last section, along with normativity,
psychology, and aesthetics, all have a place in the pluralistic methodology of critical
business ethics, so too does the detached perspective of the reporter and the scientist. Without the contributions of that detached perspective, the critical enterprise founders. The discussion that follows in this part will be dry compared to that in the first part—but it is no less important (nor more important) in relation to the paper as a whole than the personal narrative. Our aim in this part is not to provide a full-blown scientific exposition, as we would if this were a traditional empirical or analytical paper. Rather, the aim is to describe collective organization in the coffee supply chain concisely through three different sets of lenses. We first offer a brief reportorial description of the stages of the supply chain after the beans leave the possession of the small producer, building on the dialogue between Author 1 and Mr. G____ in the last section. We then offer an empirical account, employing regression analysis, of the effect that a new system of collective marketing in Kenya has had on prices received by cooperatives like K____ Cooperative and small producers like T____. Finally, we offer a theoretical analysis, grounded in analytical modeling, of the expected value of coffee producers being able to cooperate in hedging strategies, rather than in having to sell their product immediately.

The Structure of the Coffee Supply Chain in Kenya

Coffee is a major export in many developing countries, and plays a crucial role in the livelihoods of about 25 million small-scale producers, who produce more than 70% of global coffee on small family farms of less than 5 hectares (Bates, 1997; Kiwanuka and Zhao, 2009). In Kenya, the coffee industry provides livelihoods to an estimated 700,000 small-scale producers such as T____ with less than 5 hectares of land each, along with 3,400 large-scale (estate) producers. Small-scale coffee producers are organized into producer cooperatives, and account for 60% of Kenya's coffee production with the
balance from the estates (Kiwanuka and Zhao, 2009). The crop has been grown in Kenya for over a century since 1893, when it was first introduced into the country by missionaries.

Despite the pivotal role played by coffee in Kenya’s economy, output in the sector has been steadily declining. Over the last two decades, coffee production and exports have been on a downward trend, from an all time high of 129,300 metric tons in 1987/88 to a low of 42,000 metric tons in 2007/08. Exports fell from 2.1 million to 0.9 million bags between 1987, and 2004, and Kenya’s world market share declined from 3.1% in 1986 to the current 1%.

The peak production in Kenya in the late 1980s gave way to the “Coffee Crisis” of the 1990s, characterized by a long period of low prices. In 1989, the International Coffee Agreement collapsed, with prices hitting an all-time low. Ten years later in 1999, prices on the coffee market remained under US $1 per pound (Gilbert, 1996; Ponte, 2002). When the coffee crisis peaked in the harvest of 2001-2002, coffee prices hit an all time low of US$0.56 per pound. In Kenya, these changes in the market and in the structure of coffee production caused many coffee producers to abandon their crops, diversify into other crops, take their children out of school, and migrate to larger cities (as in the case of T____’s ex-husband) in search of employment.

Kenya’s coffee supply chain consists of the following stages: Coffee is harvested by producers (small-scale coffee producers, such as T___, or estates), processed by wet millers (co-operative factories or estates) and dry millers (secondary processors), warehoused and marketed by marketing agents, and then auctioned and exported as green beans by traders/exporters. There are two distinct coffee marketing channels, one for the
small-scale coffee producers and the other for the estate producers (see figure 1—attached). Producers own the coffee until it is sold to traders-exporters.

[Figure 1: The Coffee Supply Chain in Kenya—attached]

The supply chain is characterized by high fragmentation at the producer level and by concentration downstream among millers and marketers. Estates are vertically integrated, own their own primary processing factories, and negotiate directly with marketing agents. After liberalization, estates are able to bypass marketing agents and the coffee auction entirely, selling up to 30% of their production volume directly to exporters.

Prior to liberalization, the Coffee Board of Kenya (CBK) was the sole marketing agent. After liberalization, CBK was no longer a marketing agent but rather an industry regulator, and private marketing agents were licensed. The principal jobs of the marketing agents are to collect, prepare and catalog coffee for auction, prepare and make available samples for auction, represent producers during auction, and collect and distribute proceeds to producers following final sales. After coffee is sold, the marketing agents receive payments from the buyers within seven days from the date of sale. After statutory deductions and taxes, the agents are required to remit the rest of the money to producers or to appointed commission agents within 14 days.

**KCCE and the Empirical Effects of Producer Collective Organization**

Traditionally, small-scale Kenyan coffee producers have faced a number of serious challenges. In particular, the movement of funds after the auction from the marketer, to the cooperative bank, then to the coffee cooperative, and finally to the small-scale producer has not been transparent. A lack of information flow back to small-scale
coffee producers, particularly with regard to price setting for their crop at auction, has brewed mistrust on the part of smallholders, as shown in T____'s remarks in Part I.

In November 2006, the Kenyan government authorized direct sales of coffee alongside the existing coffee auction. This direct sales marketing channel, discussed by Mr. G____ with Author 1, is also called the “Second Window.” At the time it opened, small-scale coffee producer cooperatives lacked the capacity and bargaining power to exploit this direct sales marketing channel. The coffee buyers had also not done any business with the small-scale coffee cooperatives before, and preferred to use the existing marketing agents to buy their coffee.

Realizing that the direct sales system did not have any positive impact, several small-scale coffee cooperatives that were licensed to market their own coffee under the direct sales marketing channel but failed to penetrate the market joined together in 2009 to form the Kenya Co-operative Coffee Export Ltd (KCCE), a national coffee marketing producer organization. KCCE was formed to collectively market the small-scale producers’ coffee, with the hope of benefiting from reduced transaction costs, economies of scale and increased bargaining power.

The research question we examine here is whether collective action by small-scale coffee producers to form a national producer organization (KCCE) to market their coffee has had an impact on prices received by small producers and on prices paid by multinational buyers at the coffee auction. We hypothesized that it would raise prices, based on a lowering of transaction costs associated with easier exchange of information between producers and buyers, along with better opportunities to screen lower-quality producers and enforce contracts (Fafchamps and Minten, 1999; Grootaert, 1999).
In our study of whether KCCE raised prices, we took advantage of a natural experiment resulting from a difference in the law for small producers and for estates. Both before and after the registration of KCCE, estates were not eligible to use KCCE to market their coffee. By contrast, small-scale producers were not eligible to use a collective marketing cooperative to sell their coffee before the registration of KCCE, but were able to use KCCE after its registration. We drew from a sample of pre-and post-KCCE registration observations for 17,608 small-scale producer transactions and 20,504 estate producer transactions to estimate the effects of KCCE on the prices received by small producers.

Our results are represented graphically in Table 1 and Table 2 [attached], which shows a sharper price increase for the small-scale producers’ coffee than for the estate producers’ coffee after KCCE began operating. Controlling for market agent, type of buyer (multi-national versus local), and grade of coffee, we found (Table 1) that there was a $6.51 (or 7.6%) increase per 50 kilogram bag in coffee prices received by small producers at the Nairobi auction after KCCE registration. The impact is significantly different from zero (p < .001). Thus, the registration of a collective marketing producer organization was associated in our study with an increase in prices received by small-scale coffee producers.

[Table 1: Average Coffee Prices in the KCCE Pre- and Post-registration Periods—attached]

[Table 2: Linear Regression: Coffee Prices—attached]

Small-scale producers in Kenya receive higher prices compared to estates for their coffee, consistent with small-scale producers having better quality coffee on average due
to the selective harvesting of coffee berries and only hand-picking ripe berries. The box plots in Figure 2 [attached] visually show that on average for all the coffee grades, cooperatives representing small-scale producers received on average higher coffee prices than the estate producers.

[Figure 2--Comparing Coffee Prices per Grade for Small-Scale Cooperative Producers and Estate Producers--attached]

Next, we analyzed the impact of collective marketing on buyer behavior at auction. To investigate how collective marketing by KCCE affected the prices paid by coffee buyers, we repeated our previous analysis with the Post-Registration variable interacting with the Buyer Type (local versus multi-national) variable. We found (Table 3) that the registration of KCCE was associated with an increase of $23.70 per 50kg bag paid by multi-nationals, an effect significantly different from zero (p < .001). One plausible interpretation of our results is that multinational buyers recognized that KCCE helped them reduce their search costs and be less affected by information asymmetry in regard to coffee quality, which resulted in their willingness to pay more in the post-KCCE period.8

[Table 3: Linear Regression: Buyer Behavior—attached]

The Theoretical Effect of Producer Collective Organization on Prices

In addition to using regression analysis to estimate the effects of KCCE on prices received by small Kenyan producers, we also carried out a mathematical analysis of the impact of post-harvest marketing and inventory management on KCCE’s expected total

8 We note a complication that would warrant more attention were this a purely empirical paper: We found a smaller effect ($4.418 per 50 kg bag, significant at p < .05) when we tested the interaction effect of producer type with buyer type and registration period.
profits and small-scale coffee producers' income. In this paper, we will not reproduce the equations; we will instead describe the method used, and present a summary table showing the effects of hedging by producers.

We analyzed the extent to which the post-harvest inventory-hedging strategy (not selling at any price below the reservation price) would benefit small-scale producers in Kenya by comparing it to the current prevailing practice of selling all the coffee regardless of the reservation prices. We used the empirical results we have just described to construct a post-harvest dynamic inventory model with random exogenous supply and price. In that model, we characterized the optimal control policy and derived closed-form expressions for the optimal reservation prices and the optimal discounted profit. We thus quantified the benefits of post-harvest inventory management by a producer organization such as KCCE based on the real-world data we have described, rather than on simulations.

To this end, we applied the analytical results to the real-world data and quantified the difference between the optimal inventory hedging policy (the selling-all-retaining-all strategy ("SARA") with the optimal reservation prices) and the selling all ("SA") strategy regardless of the price offered for KCCE. We collected and used KCCE's weekly selling quantity and the corresponding price data at the Nairobi Coffee Exchange (auction) from 11/16/2010 to 2/22/2011. The results showed that by optimally setting the reservation prices and sticking to them, KCCE could increase its revenue by 26.35% and thus significantly outperform current practices in terms of profit. The key idea behind this study, whose results are shown in Table 4 [end of paper], is that judiciously retaining inventory for a potentially higher price in the future can be extremely valuable.
PART III: NORMATIVE INTERVENTIONS IN THE KENYAN COFFEE SUPPLY CHAIN

Critical business ethics (Eastman, 2013) shares with its predecessor critical legal studies (Kennedy, 1976; Unger 1984) a skepticism that ideological differences in how to understand the world and make it a better place can be convincingly dispelled through appeals to personal experience, science, or non-ideological moral principles. After all is said and done, differences in how people view moral foundations (Haidt, 2012; Haidt & Graham, 2007) will remain, and in our view cannot and should not be wished away. In this section, we apply this point to the coffee supply chain. We suggest that the experiential, quantitative, and analytical methods we have employed in Parts I and II of this paper cannot resolve the fundamental tension, or contradiction, between what can be termed communitarian and individualistic worldviews (Kennedy, 1976; Kahan, 2007; Kahan, et al, 2012)—or to make the same point using different terms, between Rawlsian, egalitarian, politically liberal views of fairness and corporate social responsibility (Rawls, 1971, Scherer & Palazzo, 2007) and Aristotelian, desert-oriented or productivity-oriented, politically conservative or libertarian views of fairness and corporate social responsibility (Friedman, 1970; Nozick, 1974; Maitland, 1997; Berkowitz, 2006).

More specifically, we believe the first two parts of this paper are entirely compatible with both a communitarian, egalitarian, liberal position that more resources should be directed by the economically better off in the coffee supply chain to T____ and others at the base of the pyramid in Kenya and throughout Sub-Saharan Africa, and that
such resources can and will significantly change lives for the better (for a clear broad statement of this ideological position in the context of aid in general, see Sachs, 2006), and also with an individualistic, karmic, conservative position that compulsory wealth redistribution is a mistake, and that the key to progress is not charity or aid from Western consumers, businesses, or governments but rather self-help and initiative by African governments, businesses, and small-scale producers like T____ (for a clear broad statement of this ideological view, see Moyo, 2009). 9

The personal ethnography of Part I can certainly be understood in communitarian normative terms, as a case for more resources for small-scale producers: T____ herself, with her belief that she is being cheated by the people who set a low price for her many hours of harvest-season labor, expresses such a perspective. But it can also be understood in individualistic terms: T____’s life, her daughter’s life, and the lives of others at the base of the pyramid, will not change significantly unless she, and they, can become distinct through better education and skills from the millions of other impoverished people in rural Africa, such as the landless laborers T____ hires when she has money, who are interchangeable cogs in the agrarian machine. And it can also be understood from a traditionalist, gemeinschaft-oriented perspective (Durkheim, 1893, 1897; Simmel, 1950) that resists modern affluence and education as the metrics of a life well lived: In this view, both liberal egalitarianism and free-market conservatism or libertarianism are modern projects that go wrong by failing to respect the way of life of T____, and others similarly situated.

9 A perspective similar to Moyo’s is expressed by Bauer (1981). Perspectives on development and growth that are skeptical of the resources view but that are less ideologically stark than Moyo’s and Bauer’s are advanced by Easterly (2006) and Acemoglu & Robinson (2012).
To bring the point about enduring moral diversity home: Among the five of us who have co-authored this paper, we recognize different shades of emotion-laden individualistic, communitarian, traditionalist, and modernizing righteous feeling among ourselves. We are drawn together in our shared project, but our kinship on that project and our familiarity with the ethnography and the empiricism of this paper does not make us all of one mind. In fact, moral diversity and disagreement cuts deeper, the research suggests, among people who are more knowledgeable about a given issue than others are, but who are not drawn together in a shared project as we are (Kahan, 2007; Sunstein, 2002).

Given the human righteous mind (Haidt, 2001, 2012), knowledgeable proponents of a communitarian interpretation of fairness may well become indignant at the proponents of an individualistic interpretation of T____’s story (“You are hard-hearted and self-interested—shame on you!”), and knowledgeable proponents of the individualistic side may likewise become indignant at the communitarians (“You are unrealistic, and self-interested to boot in promoting your aid agenda and your self-righteous, ineffective politics of virtue that will not actually help people like T____!”). The same applies to a back and forth between traditionalists unhappy with modern presumption (“You are assuming that her way of life is not as good as yours!”) and modernizers (“Spare me—isn't it clear that T____ herself would prefer a different way of life!”). From the critical business ethics perspective employed here, one may respect and empathize with all these feelings, and likewise be concerned about their excesses—but one does not follow the path of traditional normative scholarship in asserting that there is a right answer as a matter of principle or utility at one pole, or somewhere
between the poles.

The empirical and analytical evidence on coffee prices that we presented in Part II is also subject to equal and opposite, and plausible, individualistic and communitarian understandings. From an individualistic perspective, the slightly higher prices after KCCE, and the considerably higher prices producers could receive if they implemented a thoroughgoing hedging strategy, can all be understood in terms of an all-encompassing model of a normatively desirable free market: It’s socially good for transaction costs to be reduced, bad for producers to cartelize, most likely good for producers to be able to hedge to reduce volatility. From a communitarian perspective, the same data and analysis can be understood in terms of an opposite overarching model of market failure: The small post-KCCE changes evince the fundamental problem that markets solely reward exchange value, and neglect the basic constitutive role of labor (Marx, 2012), and the larger potential increases in producer prices from hedging, welcome though they would be, also fail to address the moral wrong of compensating people solely based on exchange value and the tensions and contradictions related to narrow views of ownership of both land and product.

The foregoing leads to a concern: Where does the skepticism in the critical business ethics framework about traditional normative ethical theory lead? There is no simple answer. One possibility will be explored in the remainder of this section, and a second possibility will be suggested in the final section. Here, we want to consider the possibility that for those who want to understand (and improve) the Kenyan coffee supply chain, practitioner-oriented frameworks that acknowledge value tensions may provide a viable alternative to the self-righteous clash of ideologies that we see as occurring
between the proponents of the egalitarian liberalism of Rawls (1971) and the individualistic libertarianism of Nozick (1974).

We now turn to three practically-oriented approaches that, we will suggest, try in different ways to compromise, or mediate, the basic value opposition between communitarian and individualistic perspectives: Porter and Kramer's shared value concept (Porter and Kramer, 2011), the Fairtrade International model of governance and empowerment of small producers (Fairtrade International, 2013), and the framework for dealing with producer-buyer tensions proposed by the NGO Collective Marketing (Collective Marketing, 2013). These three practical mediations are not exemplars of rigorous theoretical clarity. Moreover, they do not solve or dispel the basic tension between individualism and communitarianism, a tension that is evident in Porter and Kramer's criticism of fair trade. In their favor, we suggest that these practical approaches have greater potential to help participants in the supply chain with different backgrounds, value commitments, and understandings of the world to collaborate and work together than do theoretical approaches such as Rawls (1971) or Nozick (1974) that feature a comparatively consistent, single-minded commitment to egalitarian or individualistic principle.¹⁰

The shared value framework

¹⁰ We would suggest that practitioner-oriented work in management is parallel to court decisions and statutes, which critical legal scholarship has argued consist of a patchwork of liberal and conservative elements (Kennedy, 1976; Altman, 1991). In further work, it would be interesting to pursue that analogy. It would also be of interest to examine theoretical normative work on markets and corporate social responsibility, as well as the foundational work of Rawls and Nozick, in relation to the basic critical business ethics and critical legal studies proposition (Kennedy, 1976) that such theoretical normative work is in significant degree ideological.
Shared value as expounded by Porter and Kramer (2011) is both novel and banal, in that it speaks a new language, but expresses ideas and thoughts that are at their core rather fundamental, i.e., that value creation exists in the space where the interests of business and needs of society intersect. An underlying thread is that economic growth and social progress are stymied when business is disconnected from the needs and challenges of society or somehow caught in a prescribed/contrived interpretation of what is good for society. The idea is to free business from the constraints of “an outdated approach to value creation” to allow business to “reconnect company success with social progress” and for governments to “learn to regulate in ways that sustain shared value rather than work against it.” (Porter and Kramer, 2011, p. 64). Shared value is both process and product—it consists in “creating economic value in a way that also creates value for society by addressing its needs and challenges.” (Porter and Kramer, 2011, p. 64). The basic premise is that business acting as business, rather than as agent of corporate social responsibility policy or philanthropy, is in the best position to affect social progress, but that business has had its hands tied by bad policy and has fallen asleep at the wheel and lost sight of its true power to address the needs and challenges of society through capitalism. Shared value is characterized as the solution to what is broken in the relationship between business and society. For Porter and Kramer, the solution requires a transformative shift to a deeper understanding of the needs of society and how business as business can help meet those needs and “create economic value by creating shared societal value” through innovations that imagine new boundaries of capitalism. Porter and Kramer describe three distinct but mutually reinforcing ways to create shared value: “by reconceiving products and markets, redefining productivity in
the value chain, and building supportive industry clusters at the company’s locations” (2011, p. 67).

In mapping the constructs of shared value against empirical research on the coffee supply chain in Kenya as expressed through the ethnographic account of the lived experience, ethical dilemmas and negotiations encountered by a coffee grower and her family and community, and quantitative analysis of the effect of collective organization, including collective-marketing and hedging, a number of synergies emerge. Shared value thinking proposes that business engage in the creation of products and markets that sync with a deeper understanding of the needs of society. The case of collective organization in the coffee supply chain offers a way of “reconceiving products and markets, redefining productivity in the value chain, and building supportive industry clusters at the company’s locations” from the perspective of the small producer. The empirical research provides a window into the needs of society from the vantage of a coffee grower in the supply chain (at the stage of harvesting, marketing and auctioning) and points to how small producers or family run businesses negotiate tensions between competing iterations of capitalism and social progress. The lived experience of the coffee grower reveals a glimpse into the absurdity in which small producers at the base of the coffee supply chain are situated. They negotiate the absurd in ways that are familiar, e.g., by producing and doing what they know best despite the realization that it will not lead to economic viability. The space to imagine viable alternatives is seemingly out of reach. Coffee growers and their families and communities face existential crisis and have difficulty imagining how to sustain decent livelihood in coffee, but somehow continue to cultivate it anyway. If they can imagine an alternative or a way to improve their lot in coffee,
structural/formal and informal mechanisms seem difficult to surmount. The existential crisis is heightened at the time of harvest. They are connected to coffee in ways unimaginable to and disconnected from the Western consumers who drink it. Coffee is their lifeblood but also their curse. They did not choose it yet are somehow bound to it. Their productivity is tied to negotiation of their own value in public and private space yet they feel little control in either domain. They and their families and communities endure immense physical strain to harvest coffee knowing they will not make ends meet. Basic survival is sometimes at risk. They cannot afford to send their children to school and cannot afford to pay workers a decent wage. They cannot afford to invest in their crop because their crop does not yield enough to pay for the basic necessities, let alone sustain a decent living. They are in a vicious circle not unlike the vicious circle Porter and Kramer portray in their depiction of the problems facing business as a result of too narrow an interpretation of capitalism.

If shared value requires addressing the needs and challenges of society and is best expressed by a value proposition creating economic value in a way that also creates value for society, to what extent is collective organization, including collective-marketing and hedging, consistent with shared value? As an alternative normative interpretation, does shared value offer perspective on the role of collective organization in the coffee supply chain? We suggest that it does.

While Porter and Kramer may underestimate the space in which business and society share identity and fluidity, shared value thinking offers an alternative normative interpretation of how to characterize and remedy the problems facing coffee growers/small producers in the coffee supply chain in Kenya. To apply a Porter and
Kramer type critique to the coffee supply chain in Kenya, it would seem social problems stem in part from the wrong kind of governmental interference/regulation, inept intervention from civil society and NGOs, inertia among small producers and a narrow articulation of capitalism. The role of political elites might also be added to the critique. If this is the case, the critique would show that business has taken a backseat and has not taken care to understand the nature of the needs and challenges facing coffee growing communities in Kenya and has missed an opportunity to take a closer look at how business can create innovative solutions that address these needs and create economic value and social progress. Shared value thinking would suggest the Kenyan coffee supply chain represents an example of the failure of narrow capitalism and of government alike.

In the new space envisioned by Porter and Kramer, shared value thinking would solve the problem of narrow capitalism in ways that create value for everyone, and would do so with a much greater return than the types of alternatives offered through the “fair trade” approach they critique (2011, p. 65). According to their individualistic critique, the issue with the “fair trade” approach is that it offers a higher price with a value add that is only incremental or marginal. They claim that early studies show the “fair trade” approach resulting in increases by 10% to 20% in incomes among cocoa farmers, while shared value approaches that increase productivity can offer far greater returns (Porter and Kramer, 2011, p. 65). In their critique, Porter and Kramer treat “fair trade” rather broadly and without much specificity. In fact, we believe there is a considerable practical and ideological kinship between their effort to combine greater returns for producers with better production processes and the approach adopted by Fairtrade International. To that
ideologically complex approach we now turn.

*The Fairtrade International framework*

The international Fairtrade system, including Fairtrade International and its member organizations, offers an alternative normative interpretation of the empirical account of collective organization described in the coffee supply chain in Kenya.\(^{11}\) Fairtrade International works together with member organizations to empower small producer communities, often the most disadvantaged communities at the base of the supply chain, to address problems and challenges affecting their economic and social wellbeing.\(^{12}\) Contrary to the sense of fair trade as simply paying a higher price that is implicit in Porter and Kramer, Fairtrade International and its members (including small producer organizations) have a broad remit: The aims include developing and implementing programs to unlock the power of small producer communities, improve conditions of trade, build capacity for decent sustainable livelihood, expand direct access to markets, strengthen capacity to address climate change, encourage respect for human rights and the right to organize, develop and implement systems of self-governance, and strengthen democratic participation and community development.\(^{13}\)

Given its broad economic and social objectives, the approach of the international Fairtrade system is largely compatible with the shared value principle characterized by Porter and Kramer as “expanding the total pool of economic and social value” (2011). Through collaboration and partnership, Fairtrade International and its partners engage in

---

\(^{11}\) There are different organizations implementing fair trade principles, the largest of which is the international organization described here. The American nonprofit Fair Trade USA is a separate organization from the international organization described here.

\(^{12}\) Two of the authors of this paper have collaborated with Fairtrade International in conference presentations related to child labor and human trafficking.

\(^{13}\) Information on the aims of Fairtrade International can be found at http://www.fairtrade.net/
all three of the distinct activities Porter and Kramer refer to as ways to create shared value: “reconceiving products and markets, redefining productivity in the value chain, and building supportive industry clusters at the company’s locations” (2011). The approach involves creating an alternative value proposition based upon linking the needs of actors along the supply chain, including producers, traders, companies and customers. The aim, which could readily be described in shared value terms, is for Fairtrade International and its member organizations to partner with smallholder communities in a competitive space that links consumer demand for ethically sourced products, company demand for sources of such products, producer needs for fairer conditions and economic viability, and mechanisms for trade that are conducive to market fairness. Fairtrade International engages in training on business development aspects to contribute to small producers’ ability to improve their productivity and gain a decent wage, and small producers have 50% decision-making power in Fairtrade International.

Within the international Fairtrade system, producers enter into an arrangement where they get a guaranteed minimum price for their products (determined by a number of market conditions, taking into consideration inputs not typically counted in traditional trade) and premium (in addition to the guaranteed minimum). The system links producers and buyers in relationships aimed at producing benefits for buyers as well as producers. Producer organizations (cooperatives) decide through a democratic system how they will use the premium to invest in community development, including improvements in education, healthcare, crop yield, and other aspects aimed at enhancing opportunities for decent sustainable livelihood.

The life-experience of small producers like T_____, as described in part I, is
central to the Fairtrade approach, but not in a simplistic way in which the system is simply shoveling money to producers without accountability. Were K____ Cooperative part of the Fairtrade International system, the cooperative, and T_____ herself, would be under pressure not to allow her 13-year old daughter to pick coffee with her instead of going to school. Compliance with standards, including child labor standards, is critical for maintaining participation in the system; producer organizations are audited by FLO-Cert, the for-profit arm of Fairtrade International, to monitor compliance and identify risk, and are subject to suspension.14

No claim is made here that Fairtrade International, or other organizations following fair trade principles, have in fact succeeded in realizing their ambitious normative social and economic goals on the ground in Kenya or elsewhere; judging their performance is a task outside our scope in this article.15 Our aim in the discussion here has been a more limited one: to show that the aims of the most prominent fair trade group, Fairtrade International, embody a blend of communitarian values and individualistic, accountability-oriented values, and that those aims are entirely consistent with Porter and Kramer’s shared value terms, notwithstanding the latter's criticism of fair trade.

The EFSIM “Tensions” framework

We close with a third example of practically-oriented normative interventions in the supply chain, one that relates the community marketing concept to dilemmas facing producers’ groups: An international organization called Collective Marketing (part of the

---

14 During the period of this study, KCCE was not certified by a fair trade organization.
15 There is a substantial body of business ethics and ethics-related scholarship examining fair trade (e.g., Jaffe, 2007, 2010, 2012; Audebrand & Pauchant, 2009; Reed, 2009; Davis, Doherty & Knoox, 2010), including work that examines the potential of fair trade to make a difference for small-scale producers (Locanto & Simbua, 2012).
Empowering Smallholder Farmers in Markets – ESFIM Program) has examined the tensions created within various components of community marketing. “ESFIM’s objective is to generate demand-driven action research supportive to the policy activities undertaken by farmers’ organisations to strengthen the capacities of smallholder farmers in developing countries to generate remunerative cash income from markets by creating an enabling policy and regulatory environment as well as effective economic organisations and institutions.” (Collective Marketing, 2013) The Collective Marketing organization undertook the task of creating and providing information (via their website) on tensions that producer groups face. They also developed a reference framework to help in searching through the various tensions, which they have labeled the “Tensions” framework (Figure 3).

**Figure 3. The Collective Marketing “Tensions” framework**

<p>| 1) Fair pricing | The members expect that a fair price will be negotiated on their behalf by their organisation. The group’s stronger bargaining position should translate into better terms than members could have negotiated on their own. This creates the need for a mechanism that creates transparency in price determination. |
| 2) Quality assurance | When a deal is made, there is a need to control the quality that the organisation has promised. Individual members may try to deliver lower quality produce and the organisation needs a system to maintain minimum quality requirements. |
| 3) Coping with working capital constraints | Many farmers face cash constraints and want fast payments, while the organisation needs time to finish transactions with the end buyer. This creates financial costs for the group as they need to have a working capital to pay farmers quickly. |
| 4) Anticipating “sideselling” | The organisation might provide a credit service or advance payment system to enable production. However, this entails a serious risk that farmers will “side sell” their produce to competing traders or processors, to whom they have no repayment obligation. |</p>
<table>
<thead>
<tr>
<th>5) Distributing profits</th>
<th>When the organisation makes a profit, it will prefer to invest or increase its capital reserves, while the members will prefer shorter term benefits, e.g. better prices.</th>
</tr>
</thead>
<tbody>
<tr>
<td>6) Differentiating services to members and non-members</td>
<td>Most economic organisations need contributions from members to achieve their business targets. However, members can sometimes be deterred from making such contributions if the benefits from the groups activities accrue to both investors and non-investors.</td>
</tr>
<tr>
<td>7) Task delegation and supervision of professional staff</td>
<td>Most farmers’ organisations employ professional staff to support them. Board members need to have proper information to make good decisions. This means that staff must be transparent and willing to provide this information. At the same time, however, decisions about commercial transactions often need to be made quickly, and professional staff need to have sufficient autonomy to make these decisions.</td>
</tr>
</tbody>
</table>

For our purposes, what is especially worth noting in the material in the figure is the back and forth, or push and pull, between communitarian principles of group solidarity and shared gain for producers (as in the bargaining power and fair price language under #1) and individualistic principles of rewarding productivity and ensuring accountability (as in the language about quality and side-selling under #2 and #3). Just as in the shared value and Fairtrade International frameworks, one sees a practical, managerial blend in the “Tensions” framework that is not consistent with either purist individualist or communitarian principle, but that is quite likely more useful to producers and buyers with different values and interests in helping them to work together than more theoretically rigorous and intellectually consistent academic approaches would be.
PART IV: TOWARD AN APPRECIATION OF BLENDED ALTRUISM AND EGOISM
IN HUMAN RELATIONS IN THE KENYAN COFFEE SUPPLY CHAIN

Compared to traditional empirical and normative scholarship in business ethics, critical business ethics lacks a single methodological center. In major respects, that de-centering is a strength. From a plurality of methods, one can, we believe, gain a deeper intellectual, emotional, and practical relationship to the combined human, scientific, normative, and aesthetic dimensions of a phenomenon such as the Kenyan coffee supply chain than one can through mono-method ethics scholarship. At the same time, as noted in the previous section, a critical de-centering can leave one wondering, “What next?” As critical legal scholars, and their critics, have discussed for years, that sense of doubt as to what follows, healthy and liberating though it may be, can also at times be debilitating (Altman, 1990; Fischl, 1992; Kennedy, 1995; Halley, 2006).

In this final section, we will not try to tie up the ethnography, the quantitative analysis, and the normativity into a single neatly-wrapped package. As we have discussed, the Part I story of Author 1, her cousin T____, and her cousin’s 13-year old daughter picking coffee beans, and then carrying multiple sacks with straps on their foreheads to the co-op five kilometers away, the Part II empirical study of modest but real price gains for KCCE-marketed coffee, and the related analytical model of larger price gains potentially achievable from hedging, and the Part III account of practical normativities of Porter & Kramer, Fairtrade International, and the “Tensions” framework all have multiple viable meanings. Some are given by the matrix of ideological polarities—notably the individualistic-communitarian and traditional-modern polarities—that both enlighten and blind us (Haidt, 2012), and others come from outside that matrix.
We invite our readers to discover and create their own meanings, perhaps based on and perhaps different from the ones we have suggested. We disclaim authorial omniscience, and we reject any claim on our part—or that of anyone else—to have discovered the fundamental, unitary scientific, personal, moral, or aesthetic truth of the Kenyan coffee supply chain.

At the same time we affirm a different, critical identity for this article, we acknowledge a responsibility on our part as authors to provide a certain clarity, partial and tentative though it may be. Just as the authority of a traditional empirical or normative ethics paper may be followed, rebelled against—or perhaps both at once—so too with critical ethical work. In the preceding sections, we have provided accounts of the supply chain that embody their own versions of clarity and authority, and that we believe create a basis for being followed, reacted against, or some combination of the two.

In concluding, we return to the psychological, experiential, phenomenological dimension that is a distinctive feature of critical business ethics and that we began with in Part I. As a final exertion of our tentative but real authorial authority, we offer some thoughts, which we intend to pursue in future theoretical and applied work, on how a relationship between two unequal parties in the supply chain can work better or worse in human and economic terms for both.

Consider the relationship between a base of the pyramid small producer such as T___ and a researcher or an educated, comparatively affluent Western or African employee in a multinational company like Nestle, or a nonprofit like Fairtrade International. The initial conjecture we offer is that there is perhaps a partial way out of the clash of principles and blame if we act on the thought that a sustainable relationship
between the fortunate and the less fortunate in the chain is based not on one side steadily giving and the other side steadily taking, but on a reciprocal interaction in which both sides give and both sides take.

If one who is in a fortunate position in the supply chain reflects, one may well recognize in oneself a quasi-parental, paternalistic desire both to help small-scale producers and to change aspects of their ways of life. One may realize that one wants, say, both more money for producers and also more efficient and modern practices on their part, with, for example, children going to school rather than serving as unpaid family labor. One is an altruist, but one is also an egoist. One is egoistic not just in the sense that one wants oneself as a manager, or one's organization, to do well, but also in the sense that one has a desire for the other to adopt significant aspects of one's own values and way of life.

Now, the second conjecture that we want to raise. The question we have just posed of what one wants as an educated Western or African researcher or participant in the supply chain from someone at the base of the pyramid is an ethically troubling one for a number of reasons. But it is answerable, in that one does have access to what one is thinking and feeling. The reverse question is a much trickier one for those of us who are educated Westerners and Africans. What do small-scale producers like T____ want from us? More money? Justice? Both of those answers are entirely consistent with what T____ says in the dialogue in Part I. But there is also another plausible answer that one can draw from the story that we have told in Part I. Just as “we” care about “them” but also want them to change, it may well be that “they” care about “us,” but also want us to change—that “they” like “us” have a mixture of altruistic and egoistic motivation. That,
in a nutshell, is our second conjecture.

The idea that altruistic concern for another is conjoined with desire for the other to change—for small-scale producers to be less rooted in traditional ways that help keep them uneducated and poor, for would-be helpers and modernizers to be able to walk in the shoes of the small-scale producers, rather than remain in the world of the outside expert—is in one sense an uncomfortable one. But if it can be acknowledged and acted upon, it can perhaps create the possibility of a better relationship between unequal parties in the chain than is possible otherwise. We suggest that that possibility is worth investigating in future critical work by academics and practitioners who believe that the psychological, experiential side of ethics and the supply chain needs to be understood, appreciated, and taken into account alongside the traditionally paramount empirical and normative dimensions.\footnote{In that regard, there may be connections to drawn to work that has examined ethics and supply chain through a virtue ethics lens (Drake & Schlachter, 2008).} We believe that academics interested in building a research base in business ethics/business and society focused on Sub-Saharan Africa could benefit from a similarly uncomfortable shifting away from traditional outside expert roles to insider-outsider roles that create a space for transformative thinking about tensions and contradictions at different levels of the pyramid. Such thinking, we believe, can be enabled by shifts in research methods (Kriauciunas, Parmigiani, and Rivera-Santos, 2011), modes of conceptual analysis (Kolk, Rivera-Santos, Rufin, 2012), and employment of a critical business ethics approach (Eastman, 2013).

References


\footnote{In that regard, there may be connections to drawn to work that has examined ethics and supply chain through a virtue ethics lens (Drake & Schlachter, 2008).}


in public institutions. *Qualitative Research in Psychology*, 1: 15-37.


