

COLOREADO STATE UNIVERSITY

DISSERTATION

November 11, 2009

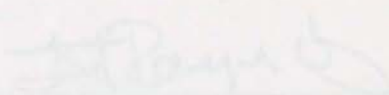
WHY ORGANIZATIONS MATTER: CERTIFICATION EXPERIENCES OF
COFFEE PRODUCER GROUPS IN GUATEMALA

UNDER OUR SUPERVISION BY ANDREW HELLER ENTITLED WHY
ORGANIZATIONS MATTER BE ACCEPTED AS FULFILLING IN PART
REQUIREMENTS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY.

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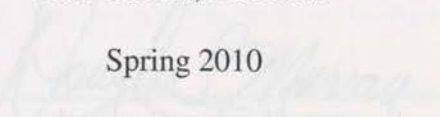

In partial fulfillment of the requirements

For the degree of Doctor of Philosophy

Colorado State University

Fort Collins, Colorado

Spring 2010


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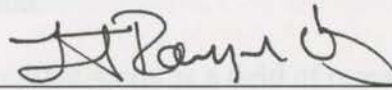
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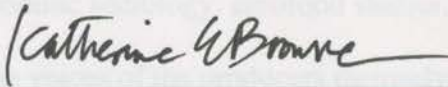
November 11, 2009

WE HEREBY RECOMMEND THAT THE DISSERTATION PREPARED UNDER OUR SUPERVISION BY ANDREW HELLER ENTITLED WHY ORGANIZATIONS MATTER BE ACCEPTED AS FULFILLING IN PART REQUIREMENTS FOR THE DEGREE OF DOCTOR OF PHILSOPHY.

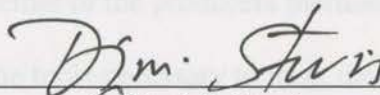
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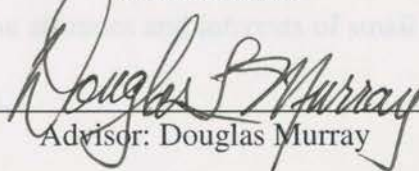
Laura Reynolds



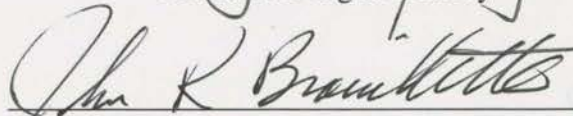
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ABSTRACT OF DISSERTATION

WHY ORGANIZATIONS MATTER: CERTIFICATION EXPERIENCES OF COFFEE PRODUCER GROUPS IN GUATEMALA

Coffee producers are just emerging from a long decade of low prices and oversupply. In response to these problems, many producers organized into groups and sought certifications based on social or environmental standards. This dissertation presents three case studies of producer groups in Guatemala and their experiences with certification in the coffee sector. Using a combination of ethnographic research methods, it argues that both certification systems and producer groups need to adapt so that producers can benefit from the potential gains of certification. Organizations are the focus of the analysis, emphasizing the capabilities necessary for producers to be able to access the benefits of certification.

Certification within the coffee sector is a field of research that has implications for development studies, economic sociology, agrofood studies, and globalization. This dissertation concludes that the voices of the producers themselves are a forgotten key to providing organizations, whether of the producers themselves or the organizations that regulate certification, with the tools necessary to meet their goals. This study provides valuable information about the attitudes and interests of small producers in the context of organization and certification.

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ACKNOWLEDGEMENTS

There are many people who I would like to thank for assisting me in completing this project. First I would like to thank my advisor Doug Murray, who drew me from a career in international development and agronomy into sociology over ten years ago. In addition, Laura Reynolds assisted me upon my arrival in the department as a newcomer to sociology. My other committee members have also provided valuable feedback throughout the process.

I would especially like to thank Pete Taylor for his assistance in applying the literature on organizational studies to the world of social and environmental certification. He has provided much outside advice over the past years as well.

My research in Guatemala was facilitated by too many people to name. I must however mention the staff at CIRMA and Jesus Alvarado, chief agronomist at FEDECOCAGUA. In addition, Porfirio and Hortensia Recinos and their children opened their home to me, providing me with generous hospitality throughout my stay in La Libertad.

Finally, Shelley has been a steadfast support throughout this process, providing me with motivation and encouragement when I began to doubt my own resolve. She also provided companionship in Guatemala and unmatched editing skills for many more drafts that I could count. Thank you.

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Chapter One:

The Struggle of Small Farmers in the Global Economy, Or How Certification Can Help or Hinder: Background, Purpose and Significance of the Study

The global value chain for coffee used to be regulated by domestic governments at the level of international trade. It is not less regulated today, just regulated differently.

-Daviron and Ponte (2005: 199)

For a consumer in the United States or Europe sipping their morning cup of coffee, thoughts about the lives of the people that produce their coffee are far from their minds. Yet their consumption of coffee is the final step in a complicated web of economic and social interactions that can be traced back to the fields of coffee farms scattered all over the global South. In today's global economy, social and environmental standards are becoming more common, and the small coffee producers must organize into collective groups to implement these certifications. Failure to do so means that their coffee will continue to be sold as an undifferentiated commodity with prices set at the whim of international futures markets.

Although certification offers one of the few viable options for small coffee producers in the current market structure, the potential benefits of certification are difficult to realize. The focus of this study is the characteristics that producer organizations must have to become certified and access the benefits of certification. Through the analysis of case studies, it considers the range of characteristics and the relationships of those characteristics to the benefits that certification offers to small

producer groups. The case studies also offer negative examples of the limits of success through certification. In Chapter Seven, I address ways in which all actors in the certification systems and standards can adapt to the realities of producer groups, and help small farmers gain the full benefits of certification.

I undertook this study to analyze current shifts in the global economy towards redefining market regulation through private and quasi-private standards and certifications. The goal is to understand how the most vulnerable economic actors in the commodity chain experience these changes in global economic regulation. The broad context for understanding these effects is within the international coffee market. The particularized context is three organizations of small coffee producers in Guatemala with which I conducted field research. By locating these three case studies in their global contexts and illuminating the complex social relations that shape the livelihoods of small producers, this study provides valuable insights for social theorists, policy makers, development practitioners, and coffee sector actors.

The focus of the study is on the small producer organizations and the international standards with which they work. This approach combines the theoretical approaches of organizational studies, political economy, and development studies into a comprehensive economic sociology. This work builds on social science research about the current state of the coffee market, but contributes novel perspectives through its combination of research methods, analytical perspective, and research setting. What follows is a brief introduction to the background and significance of this study.

Why undertake this study. Standards are designed and regulated by international organizations that do not have a clear understanding of the local conditions under which small farmers operate, and many standards were originally formulated for use with large private farms. Social and environmental certifications are becoming increasingly necessary for small coffee producers to access markets at sustainable prices.

Implementation of these standards requires significant changes, including new production practices and organizational skills, for individual farmers and producer groups. Not all producers or their organizations have been capable of managing these changes.

Because the voices of producers are often excluded in policy discussions and the local organizations of which they are members hold the weakest position in the international coffee market, standards must focus with intention on understanding the organizational structures and capacities of small producer groups to maximize the benefits of certification for small producers.

Increased labor and other organizational demands on small producer groups must be met with increased returns to farmers. While increasing prices through market restructuring is a possibility, a more sustainable approach includes organizational capacity strengthening for producer groups combined with local community development that integrates coffee production and cooperatives with household livelihood strategies.

Because certification is now de facto necessary for producer organizations and will be even more so in the future, the question that animates this study is the role of organizations in allowing small producers to access these benefits. Producer groups are the social institution in which individual capacity is built that allows small producers to access the benefits of certification. For certification systems to be successful and small

producers to improve their lives, organizations must be analyzed as the lynchpin that present the international political economy of coffee and sustainable development strategies as an integrated whole. The characteristics of producer organizations can be divided into two categories, intraorganizational structures and interorganizational relationships.

In April of 2006, just a few months into my time in Guatemala, I attended a workshop hosted by the ISEAL Alliance¹ in Antigua, the picturesque colonial capital dotted with ruined churches and monasteries built by the Spanish conquistadores who ruled this part of Central America for three centuries. Ensclosed in a beautiful hotel with views of the façade of a small colonial chapel across the street, the conference guests gathered for two days to discuss the topic of improving producer access to multiple certifications. As a typical development workshop, the participants came from across the globe, representing the international NGO community, standard owners, certifying agencies, and producer groups, with the vast majority having Latin American roots.

The participants at the ISEAL conference serve as useful starting point from which to illustrate the variety of actors involved in the coffee sector. Central were the member organizations of the ISEAL Alliance itself, which are standard owners including the International Federation of Organic Agriculture Movements (IFOAM), Fairtrade Labelling Organisations International (FLO), the Rainforest Alliance, Utz Kapeh, and the Forest Stewardship Council (FSC). Representatives from the final three on this list were involved in the workshop. A second group of actors present was representatives of

¹ The ISEAL Alliance (International Social and Environmental Accreditation and Labelling Alliance, www.isealalliance.org) is an international non-profit focused on strengthening and promoting voluntary standards that meet internationally accepted criteria.

producer groups. A third stakeholder group that participated was extension agencies active in supporting small producers. These included Conservation International, an organization implementing development projects in Chiapas, Mexico, with the financial support of Starbucks, and Ecologic, an NGO that provides credit to producer groups in Guatemala. There were also a number of inspection and certification bodies participating, including Mayacert from Guatemala, Certimex from Mexico, Ecologica from Costa Rica, and IMO representatives from their office in Argentina. Two groups that were underrepresented were consultancy organizations and buyers/traders from the coffee industry. In addition, there was a representative from the United Nations, although other multinational development organizations did not participate. This broad array of actors demonstrates the complexity of standards when analyzed from the broadest perspective. It is a rare occurrence when all of these actors come together to share experiences. For example, producer groups usually interact with certifications only through certification and extension agencies. These two groups in turn may have some communication with the standard owner, usually in the form of training or formal document exchanges. But putting everyone in the same room is a rarity.

As the workshop proceeded, it became increasingly clear that one of the difficulties was that while producer groups were represented, their voices were not heard as clearly as were those of the other stakeholders; this may be a problem that plagues meetings at this level. Producer groups were represented by three organizations, from Guatemala, Peru, and South Africa; their representatives were all part of the professional management staff of the organizations. The representative of the Peruvian group, while certainly the most impassioned voice for the rights and needs of small producers, was the

European director of a large organization which has thousands of members. The Guatemalan producer group was represented by its national director of technical assistance, an agronomist based in Guatemala City. The South African attendee was an organic farmer himself, but representing an organization that was not involved in coffee production. A fourth attendee, from Holland, had until recently served as general manager of a small second-level organization of six cooperatives in Guatemala, although he was at the time working for an NGO that provides financing for coffee producer groups.

These producer representatives consistently raised the point that producer groups in Latin America already have a wealth of information regarding their efforts and struggles to meet market requirements, and often this knowledge is not accounted for in the formation of standards. As Jan Bernhard of PRONATUR, the Peruvian producer group, put it:

[T]hese [Latin American producer] organizations, which right now in 2006 have field technicians, internal control system managers, extension workers, consultants, and a mature, advanced and professional technical team, are establishing standards and have committees at the product level; they are establishing consensus between countries, which is a very large task. Northern organizations can not afford to do this work; their consulting costs would be too expensive. Keep in mind these standards are already agreed upon and field tested, and are the result of work done in many different countries and brought together

by regional organizations such as the CLAC.² It is important to keep this in mind and compare these standards with those which we are discussing here today.

This quotation illustrates the paradoxes of the current structure of the international coffee market. Small producers, the least powerful actors in a commodity chain that stretches from remote mountain coffee farms to the grocery stores and fashionable cafes of the global North, are unlikely to have their needs met in a global market. The voices heard at conferences are those of the same people and organizations that are already well-represented in the coffee market. This dissertation explores the organizational forms that allow small producers to access markets that will provide value-added to their production practices and products, and also provides a constructive dialogue between actors in the commodity chain.

Near the end of the workshop, the attendees were asked to speculate about the future of small producers and certification in ten years. Raymond Auerbach, the South African farmer, stated:

In ten years, the goal is that all farmer groups understand what quality management is, that new groups will be articulating what their own standards are right from the formation of the group, and that there will be a continual reexamining of what quality means in the groups. Certification should support quality management; at the moment certification obstructs quality management.

² The CLAC (Coordinadora Latino Americana y del Caribe de Pequeños Productores de Comercio Justo, the Latin American and Caribbean Coordinating Committee of Fair Trade Small Producers) represents the producer organizations that participate in the fair trade market, and was formed so those groups could have a larger influence on the formation of policy within FLO. The CLAC was formed in response to discussions within FLO around the possibility of reducing the minimum fair trade price and the inclusion of large coffee farms in the fair trade registry.

What Auerbach's comments suggested is that the focus must be on producer groups and their internal organization so that they are able to incorporate certification into their economic practices. His observation illustrates the importance of quality, which, however it may be defined, is now the major emphasis in agricultural production. Externally imposed notions of quality production ignore the needs for internal development of producer organizations. An ethnographic exploration of the actual practices of coffee farmers implementing standards will illuminate the relationship between the concept of internal quality standards and the indigenously developed standards that come from producer groups described above.

An emphasis on cooperatives and their internal organization and development is useful because the goal of certification is not merely to improve incomes but to contribute to the improvement of livelihoods through organizational strengthening as well as improved production practices. The importance of this emphasis on the producer groups is driven home by the hopes for the future as expressed by Bernhard, in discussing the producers from Peru:

We are dealing with small farmers in marginal areas. We do not want to grow in size but to maintain our position. We want to maintain the commercial channels that we have and the compliance with market requirements, which are increasing year by year. We want to sell products in markets that cover our production costs; that is our big struggle. And we are afraid that we are not going to succeed.

Certification must provide small producers the opportunity to remain in the market such that they can survive as small producers. As certification becomes a requirement for maintaining a viable market position, small producer organizations must struggle to become certified if they are to be successful. The very real fear expressed in the previous quotation is that marginal producers will be excluded from the market through certification standards that are designed with large farms in mind or that focus on Northern concerns about food safety and traceability, and thus that exclude small producers.

As the global coffee market recovers from a prolonged period of record low prices, many small coffee producers in the developing world face an uncertain future. Development agencies and governments have spent millions of dollars assisting small producers who faced consecutive years of market prices well below production costs. One outcome of this international market crisis is the proliferation of coffee certification systems that governments and non-governmental organizations (NGOs) promote to small-producer organizations as tools that will allow them to build niches or find alternatives within the global coffee industry. This is best conceptualized as community-based development.

Globalization has greatly reduced the role of states in the regulation of the international coffee market, and a number of other actors have taken their place. In many ways the recent international price crisis can be seen as an outcome of a fundamental shift in the regulation of the market, with the numerous proposed and functioning certification schemes playing an important role in the new context of regulation.

Two primary certification schemes emerged as alternatives to the impersonal and industrialized agriculture of coffee production since the 1980s: fair trade and organic certification. These two systems continue to be the largest and most successful programs, but they are no longer the only ones. In the last few years, Utz Kapeh³ has emerged as an alternative certification system that is similar to both fair trade and organic, but instead focuses on securing a larger share of the coffee market. In addition, Starbucks has introduced its C.A.F.E. Practices program, which is aimed at guaranteeing the quality of coffee from its producers.

While the new coffee certification systems are too new for final judgment as failures or successes, they are introducing dramatic social change into communities and households in the rural coffee-producing areas of Guatemala. Their long-term ability to mitigate the impacts of low coffee prices and contribute to rural development can not yet be determined. However, these case studies help develop a clearer understanding of such global processes as international development aid, allowing broader issues of social change to be addressed.

One outcome of the recent proliferation of certification schemes is that the model built by the organic and fair trade systems has been appropriated by other groups that represent transnational corporate interests within the coffee industry. This conflict is illustrated by debates between those who want to expand fair trade to include large producers and those who argue for a harmonization of all social and environmental standards at the international level. Whatever the outcome, the impacts on small producers will be significant.

³ In early 2007, Utz Kapeh announced a name and logo change that was phased in throughout 2007. It is now known as Utz Certified with the slogan 'good inside'.

For producers and their organizations, there are two primary perspectives on coffee certification schemes. One perspective holds that the requirements of certification are additional regulatory burdens being placed on them by outside forces, adding extra labor that generates uncertain benefits. In this perspective, certification is presented as a minimum requirement for market access, without which coffee can only be exported at prices that are in line with the international indicator price. A second perspective for individual producers is to see certification as one of a myriad of 'development projects' offered by local NGOs, international aid agencies, and the government. From this perspective, certification is not seen as a way to improve coffee quality or production, but as assistance, whether financial or in-kind, that can have immediate positive impacts for families that are in need. Neither of these two perspectives is appreciated by standard owners or consumers in the North.

This study focuses on the concrete interactions between producer organizations and certification systems. Through in-depth case studies of producer organizations that are involved in coffee certification, I will illustrate the role of non-state actors in development at the local level, showing the impacts of these private regulatory systems on the organizational structure of the cooperatives and the production practices of the individual farmers. The case studies involve three producer organizations that are working with four sustainability standards. Topics such as the agricultural aspects of coffee production and the specific requirements of each standard are important but peripheral elements of the analysis. Instead, the central aspects of the analysis are the

internal structures of the cooperatives as related to the processes and changes necessary for certification and the standards as implemented and expressed to the farmers through internal and external inspections, because these factors impact how small producers are able to capture the benefits of certification. In this context, critical concerns include the organization of cooperatives' internal control systems, the implementation of quality management by the cooperatives, the preparatory activities for inspection visits, and the interactions between external inspectors and cooperative members.

My argument is framed around the organizations involved in coffee certification and the strategies used by producers to access the benefits of certification so they can better provide for their families. I am focusing on the role of organizations instead of the benefits of certification, based on the assumption that certification is now *de facto* necessary for producer organizations and will be even more so in the future. Being certified is one of the only ways for small producers to capture sufficient profits and other benefits, and overall certification represents a net gain or opportunity for small producers. However, each certification system has a range of problems which prevents it from being ideal for small producers.

How small producers best capture the benefits of being certified is found in the organizational capacity of producer groups. I propose to address how this works by analyzing the internal and contextual dynamics of three producer organizations, all of which have successfully pursued multiple certifications with varying degrees of success. I will accomplish this by explaining this variation in outcomes and proposing what producer organizations need to do in general to have the greatest success in capturing the benefits of certification systems.

While using participant observation of cooperative and inspection activities to show what certification looks like on the ground, I will relate these to the larger development issues confronting Guatemala right now. Certification is important because of its potential benefits for producers. Previous literature on cooperatives and development has focused on economic factors, failing to apply concepts from organizational theory to the understanding of cooperatives and other producer associations. This study contributes to the literature by leveraging the insights of organizational theory to explain how some cooperatives are able to access the already established benefits of certification while others remain shut out from these opportunities.

Recent social science research has ignored large parts of the rural population in developing countries like Guatemala over the past few decades, instead focusing exclusively on the indigenous highlands that have long held fascination for foreign anthropologists (Ehlers 2000; Fischer 2001; Hendrickson 1995; Warren 1998; Wilson 1995). By contrast, my research sites combine a mixture of largely ladino, non-indigenous communities with indigenous minority populations. In addition, studies of cooperatives in the 1960s and 1970s reached very negative conclusions about their potential to operate successfully. But the reality of rural Guatemala cannot be dismissed⁴. Cooperatives continue to exist, with many of the same problems identified by anthropologists that studied them in past decades. Within the coffee sector, they represent a vibrant segment of producers. Somewhat paradoxically, they have been given new life by the market crisis which encouraged producers to work together, whether to

⁴ Some contemporary research by Guatemalan social scientists addresses this lacuna (see Adams and Bastos 2003; Incer 2000; Ordóñez Morales 2001).

achieve economies of scale or to gain access to niche markets such as fair trade and organic certification, which require the formation of cooperatives for small producers.⁵ Knowing that certification is now de facto necessary for producer organizations, and that it will be even more so in the future, the question that animates this study is the role of organizations in allowing small producers to access these benefits.

This study builds on existing research while adding to it in the ways described above. The literature on certification in the coffee sector, especially fair trade and organic, is extensive (Bacon *et al.* 2008; Guthman 2004; Jaffee 2007; Lyon 2005; Mutersbaugh 2004, 2005b; Raynolds, Murray, and Wilkinson 2007). Yet very few of these studies attempt to draw conclusions across the variety of certification systems (See Daviron and Ponte 2005; Raynolds, Murray, and Heller 2007 for exceptions). Studies that combine a political economy approach, addressing structural issues in the coffee sector and intensive ethnographic fieldwork are not common. This is the first study that combines these two approaches while at the same time comparing a variety of standard systems in the coffee sector.

Outline of the Study

The structure of the dissertation is as follows. In Chapter Two I sketch the theoretical framework that I employ in this study. Drawing broadly on the field of economic sociology, I incorporate insights from organizational theory, political economy, and development studies to place the international regulation of the coffee industry and the everyday activities of coffee farmers into their larger contexts. In the third chapter, I

⁵ Although the organization of producers into cooperatives is not required for organic certification, it is the only viable option for small producers to afford the costs of certification.

present a brief note on my fieldwork experience and research methodology in this chapter. Chapter Four provides introductory descriptions of the three organizations and four certification systems that comprise the case studies. Chapter Five details the certification histories of the three organizations and the organizational characteristics that contributed to their successful certification. Chapter Six analyzes the highlighted characteristics and the benefits they provided; this analysis of the organizational diversity of producer organizations will allow practitioners and researchers in the future to better grasp the complexity of the interaction between producer groups and certification systems. In the final concluding chapter, I summarize my findings and address, as an area of potential future research, ways in which certification systems and standards can adapt to the realities of producer groups, as well as present recommendations that small producer groups and standard owners can use to improve the accessibility of standards to small producers.

Chapter Two:

Economic Sociology in Its Various Forms: A Theoretical Framework

Introduction

This dissertation moves beyond the focus of the existing literature on the benefits of certification, emphasizing instead the organizational characteristics that allow some cooperatives to access the benefits available in the current context of multiple, market-based certifications in the coffee sector. As a result, its analysis is based on various strains of theory within the broader field of economic sociology, including organizational studies (Parker 2000a; Perrow 1986; Scott 2004) and cooperative studies (Deininger 1995; LeVay 1983; Tandler 1983), and how these intersect with the current literature on standards and quality (Callon *et al.* 2002; Murdoch *et al.* 2000; Ponte and Gibbon 2005; Renard 2003; Samper K. 2003). The case studies are used to illustrate how the organizational realities of cooperatives and sustainability standards interact to allow some to succeed and others to fail. The field of development will also be touched on briefly, addressing the question of how cooperatives and certification can combine to be a positive influence on rural development in the global South.

With economic sociology providing the larger conceptual framework, all other discussions will be within the context of sociological understandings of economic activity. After brief sections on the sociological study of the economy from a historical perspective and an overview of the political economy approach, two areas specific to

current trends in economic sociology will be addressed: the sociology of markets, and the use of the concept of embeddedness in economic sociology (Carruthers and Babb 2000; Fine and Lapavistas 2000; Fligstein 1996; Fligstein and Dauter 2007; Krippner and Alvarez 2007; Lie 1997; Randles 2003). This is followed by a discussion of the literature on standards and quality, which most commonly draws on theory from global value chains analysis from within political economy (Gereffi and Korzeniewicz 1994; Ponte and Gibbon 2005) as well as convention theory and actor-network theory as applied in agro-food studies (Bain *et al.* 2005; Busch and Bain 2004; Wilkinson 1997). In the section on organization theory, I will briefly outline the history of the study of organizations and some of the schools of thought that have developed within this subdiscipline. In keeping with my theoretical framework, I will present the study of organizations from within the perspective of economic sociology.

The Economy and Classical Social Theory

The classics of social theory by Marx, Durkheim and Weber all emerged in an era before the marginal revolution in economics had solidified the hegemony of neoclassical theory. Marx wrote in dialogue with the classical political economists of the late 18th and early 19th century, basing his analysis of capitalism on the labor theory of value that was accepted by Ricardo and Smith. The economic sociology of Durkheim has received less attention, although he worked to establish a subfield of economic sociology in France (Swedberg 1987: 32) and famously considered the effects of the deregulation of the economy on society (Durkheim 1984). While Durkheim is often considered a moral theorist of consensus and stability, his work also can be seen as an attempt to resist the

application of utilitarian concepts to theories of society. In addition, Durkheim's ideas about social norms and values can serve as the basis for discussions of economic processes of commensuration and the role of conventions in determining economic value (Callon et al. 2002; Espeland and Stevens 1998). Durkheim also was important in the theoretical formulation of the role of culture in economic processes, especially through the debate about forms of gift exchange that his student and nephew Marcel Mauss started and which continues today (Godelier 1999). The understanding of how culture works within and between organizations and its role in forming values, norms and conventions is important for the study of the economic organizations involved in certification processes. While the lineage of Durkheim within economic sociology is often not recognized, organizational sociology has struggled with the inclusion of culture into the study of organizations; the popularity of organizational culture as a key variable in understanding how organizations function can be traced back to Durkheimian concepts (Parker 2000a).

But it is the work of Max Weber that has been most influential in the formation of the contemporary discipline of economic sociology. Although Weber lived at about the same time as Durkheim, the intellectual atmosphere in Germany at the turn of the 20th century was distinct from that of France. Weber came of intellectual age during the immediate aftermath of the so-called *Methodenstreit* (war of methods) that embroiled German economics during the second half of the 19th century (Camic et al. 2005a). In this debate between historical and neoclassical approaches to the economy, the decisive winner was the neoclassical perspective championed by Menger; this approach has dominated up to the current time. Weber's position, as an economic historian, was to

take a middle course between the two warring factions, rejecting the methodological holism of the historicists without completely accepting the methodological individualism of the neoclassical theorists (Swedberg 1987). Weber agreed with methodological individualism without going so far as to accept the ontological individualism of the neoclassicist “who views the rational individual as a historical universal” (Camic et al. 2005: 13). From this starting point, Weber constructed his theory of meaningful social action, in which “groups and institutions are real to the degree that individuals *believe* that they are real and orient their *actions* toward them” (19, original italics).

Weber’s methodological approach, including the construction of ideal types and his theory of social action, serves as a useful basis for bridging the gap between individual utilitarian understandings of economic rationality and the functionalism that bases social action on static structures, norms, and values. Placing the agency/structure problem in its historical context is one of the strongest contributions that sociology can make to knowledge in general.

Weber’s most important work for economic sociology is his posthumously published *Economy and Society* (1978). While often acknowledged as a classic of social theory, it’s study has until fairly recently been the domain of specialized Weber scholars (Camic et al. 2005b). For Weber, the notion of interpretive social action and its classification based on forms of rationality is at the core of any attempt to understand society. In *Economy and Society*, Weber proposes the category of economic social action as a specific type of social action that is distinct from economic action as it is understood in neoclassical economics. Economic social action shares with the more general category of social action a focus on the actions of individuals, the importance of meaning, and an

orientation to others. For Weber, the difference enters through the form of rationality: “[E]conomic action can only be rational, and it is always rational; also its aim is utility. Economic social action, in contrast, is explicitly oriented towards others and very rarely, if ever, rational; it also has utility as its aim” (Swedberg 2005b: 129). Based on this classification of different types of social action, Weber contributes to the common notion that economics is the study of rational behavior while sociology deals with the ‘leftovers’ of nonrational behavior. This division between rational and nonrational behavior has not withstood research in cognitive psychology and behavioral economics on the mental capacities of humans to calculate efficient uses of scarce resources to meet particular ends (Kahneman and Tversky 2000). This new research, combined with ethnographic evidence of economic activities in a large range of cultural settings (Gudeman 2001; Narotzky 1997; Netting 1993; Nigh 1997; Ortiz 1990), strengthens the conclusion that no action is completely rational based on the strict assumptions of neoclassical economics. It is only within those assumptions that action can be seen as rational.

One of the keys to neoclassical economic theory is the notion of self-interest. Neoclassical economic theory conceptualizes individual self-interest, or maximization of utility, as the basis of rational action. Utilitarian theory says that the sum of individuals acting in their own self-interest leads to the optimal level of social welfare. This is the mechanism through which the free market purportedly serves as the ‘invisible hand’ and distributes resources throughout society in a way in which every individual benefits as much as possible. Defining what is ‘self-interest’ or even ‘interest’ more broadly is the project of many sociological critiques of neoclassical economic theory.

Recently Richard Swedberg, one of the leading theorists in the resurgence of economic sociology, has attempted to analyze the notion of interest from a sociological perspective (Swedberg 2005a). While this concept was prominent in the work of early American sociologists such as Albion Small, recent theorizing has not identified interest as a significant driving force behind economic behavior. However, Swedberg shows how interest was essential for Weber's economic sociology. For Weber, there were three types of empirical regularities in social life: usage, defined as regular social action; custom, defined as social action of long standing; and social action, which is determined by self-interest (Swedberg 2005a: 374). Weber's originality comes in placing interest-driven social action in the context of other types of action, including action based on norms and custom. For Weber, interest-based action is more stable and durable than that based on norms. In addition, with the increased rationality of capitalism, more and more action is based on interests. At the end of his article, Swedberg notes one of the crucial weaknesses of Weber's formulation: "He, for example, never explains what he means by interest and proceeds as if its meaning is obvious" (386).

Yet this same criticism can be applied to Swedberg's discussion as well. If rational behavior is defined as behavior that serves the self-interest of individuals, this is a circular, functionalist argument. In conventional economics, this same problem arises when economists talk about preferences: "We know that [people] have preferences because they made particular choices, and we know they made those choices because of their preferences. We have to *assume* people are rational in order to measure their preferences" (Wilk 1996: 65). Even when economic interest is expanded to include non-material interests and altruism, the fundamental issue of human nature remains

uninvestigated. From an anthropological perspective, Richard Wilk discusses some possible solutions to this dilemma, such as distinguishing between wants and needs as different types of interest. But he concludes that these theories of the human motivations behind economic behavior are all missing one element: culture. "The idea that culture patterns the way we think and the way we value different options allows anthropology to resolve the paradox of rationality and autonomy in a social setting" (Wilk 1996: 70). Wilk's invocation of the concept of culture allows social theory to begin to move beyond one of its most crippling problems. The concept of culture has been invoked in both organizational studies and economic anthropology as a potential corrective to the neoclassical understanding of economics. While I do not argue that culture is the key organizational variable for understanding the implementation of quality standards in small producer groups, it is useful within the framework of economic sociology to help understand how participatory economic structures work differently than the commonly understand neoclassical economic actor.

Another potential answer to this dilemma is provided by Jens Beckert's (1996) recent contribution to economic sociology. For Beckert, criticism of economic theory's utility maximizing and rationality assumptions is an invalid starting point for economic sociology, primarily because it is not the model that is the problem but instead actors' inability to know how to act in the face of uncertainty:

The task of economic sociology in the proposed conceptualization is not to demonstrate that actors deviate intentionally from selfish goals and are guided by nonrational principles, but to develop theoretical concepts and engage in

empirical investigations as to how intentionally rational actors reach decisions under conditions when they do not know what is best to do. (Beckert 1996: 804)

Whether culture can help explain different types of rationality based on the meaning that actors give to their economic activities or the assumptions of the maximizing model of neoclassical economics need to be adjusted, social science research can assist in producing a better understanding of how actual people in real situations construct their economic activities. In concrete terms, this means investigating the source of the motivations behinds farmers decisions to participate in producer organizations or to pursue certification of their agricultural products.

Political Economy: A good starting point for economic sociology

In this section, I briefly outline the current state of political economy as an approach that combines the social and the economic, but within a tradition that stretches back before the beginning of social science in the 19th century. Marx took many of his ideas from the classical political economists of the 18th and early 19th century, and a return to the holism of their approach helps synthesize the diverse elements of economic sociology while still giving aspects of power, inequality and history the appropriate amount of attention. I will briefly discuss concepts of dependency theory and world-systems theory in sociology and the modes of production literature after a statement about the current relevance of the political economy approach.

The work of Ben Fine provides a good starting point for this discussion because in arguing for the continued relevance of Marxist political economy, he provides an analysis of the current state of economics and the social sciences, which he labels as 'economics

imperialism' (Fine 2004). Fine interprets political economy broadly as the examination of capitalism as it currently exists and suggests that "we take the political economy of capital and capitalism as our starting point, rather than the optimising individual in a world of asymmetric information" (2004: 229). This conclusion is based on a problematic conceptualization in recent social theory that considers triumphal neoliberalism and postmodernism as twin juggernauts that have reached their limits and have been replaced by concepts such as social capital and globalization, amorphous theoretical concepts that have lost their meaning through overuse.

Postmodernism and neoliberalism complemented each other during the 1980s and early 1990s when they were strongest because "postmodernism essentially abandoned the economic, and the material more generally, thereby conceding to neoliberalism and the triumph of economists" (Fine 2004: 216). Although potentially critical aspects of current academic trends such as globalization and social capital exist, neither of these provides the theoretical tools necessary for a complete analysis of capitalism. Only political economy will provide this.

Throughout the 1970s and 1980s, many social scientists applied a Marxist political economy approach to the study of development and anthropology (Godelier 1977; Kahn and Llobera 1981b, 1981a; Roseberry 1988, 1997; Ruccio and Simon 1992; Wolf 1982). While there are various strands within the history of Marxist thought, much of the debates within political economy from this time can be summarized as part of the larger structure-agency debate. Within the dependency and underdevelopment schools, authors such as Frank and Wallerstein attempted to expand the understanding of the capitalist mode of production to the global totality, positing that it is not the control over

the means of production itself but the sphere of exchange that determines whether societies are part of the capitalist system (Ruccio and Simon 1992: 121-128).

While this history of dispute over the relative importance of the realms of production and exchange consumed much intellectual effort in the 1970s, in hindsight the observation of Roseberry states sums it up fairly well: “[T]he mode of production concept offered the possibility of a more differentiated understanding of capitalism than did the extreme versions of dependency and world-systems theory” (Roseberry 1988: 167-168). In this context, anthropologists attempted to supplement the structural theories of the dependency school and Althusserian Marxism with ethnographic research that detailed the specifics of the interaction of capitalist expansion with the various cultures and civilizations of the newly decolonized world (Kahn and Llobera 1981a; Roseberry 1988: 167-173). This work is perhaps best exemplified by Eric Wolf’s *Europe and the People without History* (1982). While explicitly working within the Marxist modes of production framework, Wolf uses this concept as a guide for understanding how European colonization interacted with societies that already existed outside of the sphere of European influence. He does not assume that the three modes of production he proposes (capitalist, tributary, and kin-ordered) are exclusive categories or that they form an evolutionary sequence. Rather, they are useful heuristics for analyzing particular concrete social formations that are encountered during ethnographic fieldwork. As Roseberry notes in his discussion of Marx’s *German Ideology*:

To the extent that the materialist method in *The German Ideology* calls up a naïve realism or empiricism, it is untenable. Yet the text can also be read, more modestly, as claiming that imagination (conceptual scheme), narration (texts), and

'real individuals' (or 'men in the flesh') constitute an indissoluble unity
(Roseberry 1997: 30).

The usefulness of Marx's foundational understanding of historical materialism is in the balance between these elements, not in the deterministic dominance of one over the other. Ethnographic field research attempts to balance these elements as well. For example, small producers organized into cooperatives have identities as subsistence farmers, heads of households and community members that may be as or more important to them than their economic role as coffee producers. Understanding real individuals in their indissoluble unity is the intent of this study.

Sociology of Markets

Markets can be defined as "social structures characterized by extensive social relationships between firms, workers, suppliers, customers, and governments" (Fligstein and Dauter 2007: 105). The specific study of how markets function falls within the broader category of economic sociology. In their recent review article, Fligstein and Dauter explain where the sociology of markets fits into economic sociology:

Economic sociology is the general study of the conditions of production and reproduction of social life....The sociology of markets refers more narrowly to the study of one kind of social exchange, that of markets, and to the structuring of that kind of social exchange, under the conditions we call capitalism (106).

What is important is that studying markets today means studying them within the broad category of capitalism, placing the study of markets firmly within the realm of political economy as defined by Fine above. While the majority of current research that explicitly

places itself within the sociology of markets focuses on new and rapidly changing markets and industries such as the financial markets and technology industries, these same concepts can be applied to market participants in the developing world as well. Small coffee producers in Guatemala are participating in capitalist markets just as complex and global as financial analysts on Wall Street, and the same tools of economic sociology and political economy can be applied to their economic activities.

In *Economy and Society*, Weber suggested the possibility of a sociology of markets, but only began the endeavor by proposing a dichotomy between situations with free markets and those where regulation of the market is prevalent (Swedberg 1987: 31). Since Weber's time, the sociological study of markets has expanded. Two early attempts to arrive at a sociological understanding of markets are the work of Harrison White (1981) and Mark Granovetter (1985). While White begins with the neoclassical model of market actors and postulates that different types of markets emerge based on the observations firms make of their competitors, Granovetter introduces the concept of embeddedness and analyzes both structural approaches from sociology and individualistic approaches from economics. It is Granovetter's reintroduction of the concept of embeddedness, taken largely from the work of Karl Polanyi (2001), which is often cited as the beginning of the resurgence in economic sociology.

In his article, Granovetter criticizes the neoclassical notion of economic action as undersocialized because economic actors are considered independent of each other and larger groups are just aggregates of individuals. In contrast, sociological approaches to understanding the economy have been oversocialized because structural factors are taken to determine action, leaving no room for individual choice or will. According to

Granovetter, both of these approaches are atomistic because undersocialized accounts explicitly take individuals as the starting point while oversocialized accounts assume that actors are unaware of structure and act without consciously considering the motivations behind their behavior. For Granovetter, the key to the concept of embeddedness is its focus on social relations in networks. Here the under- and oversocialized accounts can be bridged and the truly social nature of markets understood.

Granovetter's seminal article on the problem of embeddedness reignited interest in economic sociology. While he was not the first to apply the question of embeddedness to sociology, his article exploded on the contemporary academic scene and provided the impetus for the development and maturation of a new subfield within sociology.

Since this early pioneering work, the study of markets from a sociological perspective has greatly expanded (Lie 1997; Zelizer 1988). In her relatively early review article, Zelizer divides social understanding of markets into three large categories: the boundless market model, which deplores the ever expanding reach of markets; the subordinate market model, which subsumes the market to larger institutions, and the multiple markets model, which sees different types of markets emerging based on the combination of economic, cultural, and structural factors (Zelizer 1988: 618). The subordinate markets approach can take two general orientations, neither of which Zelizer finds sufficient. The first emphasizes the market as a culturally constructed set of meanings; the second is a structural approach that understands markets through network analysis. Zelizer places Granovetter's embeddedness paradigm within this structural approach, viewing it as a partial understanding of markets that is unable to explain the complexity of real, existing markets. In the end, Zelizer supports the multiple markets

approach as an attempt to formulate “an interactive theoretical model that will explore and explain the complex historical, cultural, and social structural variability of economic life” (1988: 631). In proposing a model of multiple markets that attempts to balance cultural and structural factors, we are again faced with the importance of incorporating meaning in larger structural models. However, by placing Granovetter in the structuralist camp, Zelizer confounds the original issue that Granovetter was trying to explain: that cultural and structural accounts can converge in an oversocialized understanding of how society works, leaving no room for understanding the meaning of economic activities for individuals themselves. To return to Weber, it is this understanding of meaningful economic social action which must be achieved for the lives of small producers to be presented in their fullest.

A Closer Look at Embeddedness

It is important to look more closely at Polanyi’s original use of the concept of embeddedness because of its centrality to the new economic sociology. At the same time, however, it has become such an ingrained part of the discourse that its meaning and origin is often not understood. Trained as an economic historian, Polanyi wrote his masterpiece, *The Great Transformation*, while in exile in the United States during World War II. Two concepts from this work are essential for the field of economic sociology. First, Polanyi refers to the concept of embeddedness, in which all economic relations can only be understood in the larger context of the society that encompasses them. Many sociologists since Polanyi have employed the embeddedness concept; today the discussion around the correct relationship between market economy, the state, and

society continues. Second, Polanyi describes a 'double movement' that takes place when attempts to expand the self-regulating market are met with resistance from other elements in society. For Polanyi, the economy, even in its self-regulating modern form, can never become completely disembedded from society or the state.

In *The Great Transformation* (2001), originally published in 1944, Polanyi outlines three possible forms of economic exchange: reciprocity, redistribution, and market exchange⁶. Polanyi focuses primarily on the transition to the self-regulating market that took place during the industrial revolution in early 19th century England, and compares this period with the opening of markets that characterized the period directly before World War I. Thus in this work he looks primarily at societies where markets are the dominant form of economic organization. Some economic sociologists interpret Polanyi to claim that in capitalism the market is not encumbered by social embeddedness and therefore is free from restraints, making his embeddedness concept unsuitable as a basis for economic sociology (Krippner and Alvarez 2007: 288). But this formulation leaves the neoclassical notion of the market unexamined, and instead emphasizes the noneconomic factors that still impede the market. Rather than bring social aspects into the study of the economy, this interpretation furthers the dominant position of neoliberal economics which maintains that all of the social sciences except economics are relegated to the study of nonrational and noneconomic phenomena.

In a review of the use of the embeddedness concept in economic sociology, Greta Krippner claims that Granovetter has misinterpreted Polanyi's use of the concept (Krippner 2001; Krippner and Alvarez 2007). At the base of the problem is the idea that

⁶ Sometimes a fourth category, householding, is included as an additional way to organize the economy (see Halperin 1994).

the economic can be analytically separated from the social. By analyzing markets as purely economic institutions that are more or less embedded, this dichotomy is reinforced. Thus:

While Polanyi used the concept as a kind of shorthand for his method of studying institutions as concrete, multiply-determined objects that could contain various social processes simultaneously, Granovetter uses the concept to abstract away from such concrete complexity, instead endorsing the analysis of institutions in terms of a single aspect, the configuration of network ties (Krippner 2001: 777).

While Polanyi's notion of embeddedness has been abstracted and simplified by the network analysis of Granovetter, a more complete use of his concepts allows for an understanding of the complex nature of the empirical institutions that exist in society.

Krippner also criticizes the work of Fred Block, especially his proposal to analyze societies as falling along a scale between more and less marketedness, based on the importance of market exchange in a particular society (Block 1990). Krippner views this as another way to isolate one aspect of society, simplifying the analysis but losing explanatory power. According to Krippner, Block assumes that social relations are only present in societies that have relatively low 'marketedness,' which confuses the issue by acting "as if markets themselves did not represent 'complex social relations'" (Krippner 2001: 784). In contrast, Krippner proposes a more holistic relationship between the economic and the social:

But every transaction, no matter how instantaneous, is *social* in the broader sense of the term: congealed into every market exchange is a history of struggle and contestation that has produced actors with certain understandings of themselves

and the world that predispose them to exchange under a certain set of social rules and not another (Krippner 2001: 785).

The analytical separation of the economic and social aspects of action led to an ontological dichotomy that Krippner identifies as a problem for much of sociology that came after Parsonian structural functionalism of the 1950s. In order to overcome this separation, sociology must find a meaningful way to study the market without reifying it as a structure external to the actors that participate in the market. This is another instance of the methodological dilemma faced by Weber in the debate between the historicists and the neoclassical economists in 19th century Germany.

In more recent work, Block attempts to address this shortcoming by arguing that Polanyi discovered the notion of the 'always embedded market society' but was unable to completely develop it because of the constraints of his exile during the writing and publishing of *The Great Transformation* (Block 2003). For Block, the 'always embedded market economy' means that "market societies must construct elaborate rules and institutional structures to limit the individual pursuit of gain or risk degenerating into a Hobbesian war of all against all" (Block 2003: 297). Polanyi's presentation in *The Great Transformation* includes a tension between explaining that a modern, capitalist free market economy can only function when it is self-regulating (with little or no embeddedness) and the notion that it is only through society's restraints on the market that any semblance of a market society can exist. As Block summarizes the argument:

On the one side, the embedding of the market economy is normal and necessary for it to achieve any degree of functionality. On the other side is the argument that the protective counter-movement critically weakens the ability of market self-

regulation to function so as to produce crises of growing intensity (Block 2003: 297).

Both Block's concept of the always embedded market economy and Krippner's arguments for the totality of social and economic phenomena are clearly argued positions in support of sociology tackling what are traditionally considered 'economic factors' through subsuming the economic into the social.

But just as sociologists argue that economists have not constructed a substantive analysis of markets and that the solution is to give up the analytical fiction of a separate realm of 'the economy', it can be argued that the social sciences have not sufficiently defined what they mean by society. In an article that attempts to analyze the usefulness of combining the thought of Antonio Gramsci and Polanyi into a 'Sociological Marxism', Michael Burawoy specifically calls for more attention to be paid to the notion of a separate institutional structure called society (Burawoy 2003). For both of these theorists, society is a specific entity that is a product of capitalism: 'civil society' for Gramsci and 'active society' for Polanyi. Burawoy states: "For both, however, 'society' occupies a specific institutional space within capitalism between economy and state, but where 'civil society' spills into the state, 'active society' interpenetrates the market" (Burawoy 2003: 198). In Burawoy's formulation, the failure of both Marxism and sociology to theorize society as a separate institutional realm is the reason that neither is viable today. The goal for both Gramsci and Polanyi is a socialism that is "an order that subordinates both economy and state to a self-regulating community" (2003: 199).

Gramsci and Polanyi theorize society as it exists within a capitalist framework, "a separate space apart from but connected to both economy and the state" (Burawoy 2003:

207). Both see society not as an all-encompassing structure like that postulated by Parsons, but rather as an institutional form that develops in response to capitalism, interacting with economy and the state. Burawoy still sees society as separate from the economy and the state, even if they are interrelated. By defining society as something apart from both politics (the state) and the economy, this argument supports the continued analytical separation of the economy from other realms of society. I do not find this approach to the definition of society useful. Instead I stand on the side of Krippner in declaring that all action is social in nature, and therefore society encompasses all of human activity.

I want to address the literature surrounding embeddedness by pointing out that research within economic sociology tends to assume that organizations of small producers and their economic interactions that take place in face-to-face settings are more likely to result in highly embedded economies than those that are based on arms length market exchange. For instance, in her study of farmers' markets and community supported agriculture, Hinrichs argues that the direct face-to-face nature of these agricultural markets means that they are more highly embedded than traditional commodities markets (Hinrichs 2000). While this may indeed be the case, this question must be examined empirically and not merely assumed *a priori*. The ideas of Polanyi, Block and Granovetter can be fruitfully applied to the study of alternative economic systems, but only when based on empirical study rather than assumptions about the moral superiority of structuring economic action in particular ways.

Value: Commensuration, equivalency, quality and conventions

Marx's political economy and neoclassical economic theory have different explanations for the source of value in the economy. Within economic sociology, the establishment of value has been analyzed as an example of the broader category of commensuration or the establishment of equivalences. This broad concept is relatively undeveloped in social theory (Espeland and Stevens 1998), although it can be traced back to the work of Marx, Simmel and Mauss.

Espeland and Stevens define commensuration as "the expression or measurement of characteristics normally represented by different units according to a common metric" and note that "commensuration changes the terms of what can be talked about, how we value, and how we treat what we value. It is symbolic, inherently interpretive, deeply political, and too important to be left implicit in sociological work" (1998: 315). While many of the examples of commensuration come from economic phenomena, such as the calculation of cost-benefit ratios or the system of prices in general, the process of commensuration encompasses many areas traditionally thought of as non-economic, such as censuses and social statistics, college rankings, and work-family balance. The taken-for-granted nature of commensuration is of interest in this study because it examines the process by which prices, as representation of values, come to be assigned to goods and services, objects and concepts, in a way that remains unquestioned by people in their everyday lives.

Commensuration is never a complete or uncontested process. There is always a struggle to define which values are equal or exchangeable. Stephen Gudeman (1978; 2001) discusses this phenomenon in the context of subsistence and commercial

agricultural production in Panama. Some agricultural products, such as rice, can be measured using one metric while others, such as sugar, must be measured using other metrics. As Gudeman states: "Economies are never awash in complete singularities or non-exchangeables; they always feature a degree of commensuration and exchange....But commensuration and exchange are never total: some items we do not (yet) sell, such as our hearts" (2001: 14-15). A similar argument forms the basis for the recent work of Maurice Godelier (1999), a reevaluation of the types of economies with prominent gift exchange systems that were studied in the early part of the 20th century by Marcel Mauss. For Godelier, the 'enigma of the gift' is that some things always escape the process of commensuration:

"[N]o society, no identity can survive over time and provide a foundation for the individuals or groups that make up a society if there are no fixed points, realities that are exempted (provisionally but lastingly) from the exchange of gifts and from trade....In a word, the entire burden of analysis...shifted from things that are given to things that are kept, and this shift illuminates the nature of that universally familiar thing which seems to endanger the practice of gift-exchange and to penetrate the sacred only to profane and destroy it: money (1999: 8-9).

Godelier's analysis begins with the gift economies studied by early anthropologists, such as the *hau* (spirit) of objects among the Maori, the *kula* exchange cycle in New Guinea, and the potlatch of the Pacific Northwest, and then connects these ethnographic examples with the universal nature of money. In short, the gift economy of 'primitive' societies is not some historical relic but rather one example of the universal processes of commensuration that take place in all economies and in all societies. By extending the

anthropological analysis from the traditional field of small-scale societies, both Gudeman and Godelier link the larger concerns of economic sociology with ethnographic fieldwork that encompasses both subsistence economies and industrial societies.

Another way to formulate the process of commensuration is presented by Rhoda Halperin in her discussion of Polanyi's historical analysis of economies that function with trade systems that do not rely on a single pricing mechanism. Halperin discusses commensuration as 'equivalency-formation processes', with equivalencies indicating "how much of what to transact and in what form, in what order, and in what rhythms, [operating] in all economies and for all facets of production distribution, and consumption" (Halperin 1994: 86). The context of this discussion is Polanyi's attempt to theorize societies where the market form of economy is not dominant. Instead, a general model of the economy is formulated with Polanyi's famous forms of economic integration: reciprocity, redistribution, market exchange, and householding. Each of these forms of economic integration functions through different equivalency-forming processes.

The determination of equivalencies can be accomplished through the price mechanism in markets, but Polanyi is interested in the variety of equivalency formation processes that have existed through history: "Establishing prices by means of a supply-demand mechanism is one way of solving the problem of equivalencies, but not the only way....The important point is that the problem of equivalencies is universal, in that it affects all economic processes from the marshaling of productive resources, such as labor, to the distribution and consumption of the products of labor" (Halperin 1994: 142). Once it is established that commensuration and equivalency formation processes are not

the same at all times in all places, the understanding of particular economic situations becomes possible. Given a concrete ethnographic situation, the role of the social scientist is to understand the processes of value determination that underlie economic exchanges. This is important, for example, in understanding the different ways that producers approach the use of family and hired labor in their agricultural activities, in addition to the understanding of the values assigned to commercial crops like coffee compared with subsistence crops like corn and beans.

A third formulation of the problem of value determination is through the discussion of quality and conventions in the economy (Biggart and Beamish 2003; Callon 1998; Callon *et al.* 2002; Fine 2003; Gomez and Jones 2000; Miller 2002). Owing much to the contemporary French schools of convention theory (Wilkinson 1997) and actor-network theory (Busch and Juska 1997), this approach combines an understanding of commensurability with network analysis. Actor-network theory was originally formulated within the context of the social studies of science and technology, and convention theory grows out of heterodox economics in France. In a recent review article, Biggart and Beamish define conventions as:

shared templates for interpreting situations and planning courses of action in mutually comprehensible ways that involve social accountability, that is, they provide a basis for judging the appropriateness of acts by self and others.

Conventions thus are a means of economic coordination between actors that are inherently collective, social, and even moral in nature (2003: 444).

While paying closer attention to conventions brings to mind the consensual values which hold society together, using conventions in a critical analysis allows sociology to take a

micro-level approach to economic action without falling prey to the methodological individualism of neoclassical microeconomic theory.

Recently, theorists such as Michel Callon have combined these two approaches and applied them to economic sociology and the economy in general. Callon and his coauthors express the processes of commensurability and equivalency formation as the qualification of goods, defined as “the classification of goods offered to consumers. Economic agents devote a large share of their resources to positioning the products they design, produce, distribute or consumer, in relation to others” (Callon *et al.* 2002: 196). Qualification is the process by which economic agents, who can be on either side of the supply/demand equation, negotiate and match-up the goods that are on offer so that a transaction can be made. This matching between supply and demand Callon *et al.* call ‘the singularization of goods’. In this conception, the complex network of actors precludes

“the idea of a radical separation between supply and demand, with the product serving simply as an intermediary between the two....[Rather], the qualities of a product depend on the joint work of a host of actors and there is no reason to believe that consumers do not participate, like the other actors concerned, in the objectification of those qualities” (Callon *et al.* 2002: 202-203).

While this approach allows for the understanding of the complexity of markets and the economic actors that participate in them, it must be balanced with the realization that although all actors participate in the qualification of goods, they do not all do so with the same amount of influence.

Ben Fine (2003) provides a criticism of this contemporary network approach to the economy. In short, Fine sees in the application of actor-network theory to the economy a denial of the power relations that constitute capitalism. In an attempt to bridge the long-standing gap in social theory between micro- and macro- approaches, the network becomes the key for understanding all economic processes, and inequality and stratification are denied analytical importance. As Fine states: "As the economy as a macro-structure does not exist, it cannot be a legitimate object of study for (political) economists....For Callon, because capitalism does not exist, there is no need for an alternative economics in the form of political economy" (Fine 2003: 481). Finally, we arrive at the point where a discussion of political economy can be injected into current sociological and anthropological approaches to the economy.

Quality in the coffee market. The above theoretical discussion of quality and value can be applied to the way in which quality is determined and valued within the current coffee market. The goal of certification and standards is to allow producers to capture types of quality that are otherwise going into the profits of other commodity chain actors.

Quality attributes within the coffee market can be divided into three categories: material quality, symbolic quality, and in-person service quality (Daviron and Ponte 2005: 30-46). In addition, standards can be divided into two categories: product and process standards (Deaton and Hoehn 2005). Historically an emphasis on product standards is associated with material quality attributes while symbolic and in-service qualities are based on production and process methods (PPM) standards.

At the current time, coffee growers in producing countries sell their coffee based on its material attributes alone which are evaluated through product standards. In coffee, these include intrinsic physical qualities that are observable and non-intrusive to measure, such as size of the beans and number of defects. Other material attributes that are product related are more difficult to assess and lead to the destruction of the product. In coffee the taste attributes, which can only be evaluated by roasting and cupping⁷ the coffee, would fall into this category. These intrinsic, material quality attributes can still be evaluated through product standards, but techniques that are more intrusive are required to measure them. It is the assessment of these intrinsic, material qualities that lead to the commodity status of coffee, and the ability of coffee futures markets to function based on grades and standards of internationally traded coffee (Busch 2000; Busch and Bain 2004). But, as Daviron and Ponte make clear in their conclusion:

The global value chain for coffee is characterized by a paradox: a coffee crisis in producing countries, with international prices at the lowest levels in decades, and a coffee renaissance (also known as the *latté* revolution) in consuming countries, with the growth of specialty and sustainable coffee consumption and the fast expansion of coffee bar chains. This paradox exists because farmers and other producing country operators sell coffee in its material quality attributes.

Consuming country operators create and appropriate value by selling the symbolic and in-person service quality attributes of coffee. (245)

⁷ Cupping is the process of tasting brewed samples of roasted and ground coffee to determine its flavor attributes.

The relationship between the variety of organizational characteristics presented in the cases and the potential to capture different types of quality is where concerns with organizational studies and agrofood studies intersect. Most obviously, producer organizations have a lot of control over material quality, and this has been the emphasis of efforts to improve farm practices and processing techniques. Producer organizations have also held training courses for their members to learn how to cup coffee and understand the intrinsic qualities that are contained within the bean. This emphasis on the traditional or normal understanding of quality must not be neglected. The importance of material quality may have been taken for granted by producers that have always exported for the specialty market, but most small producers had few incentives to focus on quality production until recent changes in the market structure. When asked about the benefits of certifications, most producers refer to the emphasis on improved production and processing practices that result in improved material quality attributes. It must not be assumed *a priori* that certification and standards only are useful for capturing value through symbolic and in-person service quality.

It is difficult for producers to achieve the benefits from in-person service quality because they are dependent on physical proximity. Because of the structure of the international coffee market, with production and consumption concentrated in distinct geographical regions, options for producer groups to capture value based on in-person service quality are limited. Limited potential does exist for the development of quality consumption in domestic markets.⁸ This potential is not necessarily limited to domestic markets, as it is theoretically possible for producers to maintain control over in-person

⁸ The recent establishment of a producer-owned chain of coffee shops in Mexico by one of the largest federations of cooperatives is an example of this.

service qualities through investments in retail operations in consuming countries. This vertical integration in the global value chain would require a degree of international business sophistication and scale of operations that is not likely in the near future for most producer groups. The other area of potential in-person service quality lies in the nascent area of agricultural tourism, or agrotourism. While this is becoming more common in Costa Rica, which already has a well-developed tourism infrastructure and is a relatively small country, the potential of agrotourism in Guatemala is yet to be realized. While the coffee producing regions of Guatemala have stunning natural beauty, they are generally located outside of the common tourist destinations which are centered on the highly indigenous western highlands and the northern region of archeological sites.

The third type of quality that can be discussed is symbolic quality. Daviron and Ponte (2005) discuss three types of symbolic quality, all of which depend on relations of trust and reputation: trademarks, geographical indications, and sustainability labels. Trademarks have some relevance in the coffee market, as illustrated by the recent dispute between Ethiopia and Starbucks over the use of specific terms to describe coffee producing regions for which Ethiopia had applied for trademarks. This example also is related to indications of geographic origin, which have a well established legal framework supporting them in agricultural sectors such as wine production. There is potential for specialty coffee producers to establish indications of geographic origins, and Guatemala, through the efforts of Anacafé, has begun to promote this idea of geographic origins without yet having a well-established legal framework to support it.⁹

⁹ Discussions of trademarks and indications of geographic origin, while gaining importance in the international coffee market, are outside the scope of this dissertation.

The qualities that are associated with sustainability labels are based on production and process methods (PPM) standards rather than product standards, and therefore are able to move within the realm of symbolic quality rather than material quality. While these types of standards initially were used within firms to maintain quality control, they have recently been shifting to external standards with the use of sustainability labels (Clapp 1998; Lathrop and Centner 1998; Wall *et al.* 2001). The ISO (International Organization for Standardization), the international organization that establishes product standards in many areas of manufacturing, has in the past 20 years expanded its scope to process standards as well, in the form of its quality management system (QMS, ISO 9000) and environmental management system (EMS, ISO 14000) group of standards. These standards are not designed to be used as labels, because products that have been produced using them do not carry a label and therefore are not communicating symbolic quality attributes to consumers. It is when these types of PPM standards are used by retailers to label products that symbolic quality attributes can be used as a means to capture added-value to products. While the sustainability labels considered here did not develop explicitly based on ISO management system qualities, their evolution over the past decade has been influenced by a need to conform to the internationally accepted standards for accreditation, certification and inspection that ISO has pioneered.

The Importance of Organizational Analysis

Organizational analysis is an inherently dry topic which has spent much of the past fifty years relegated to business schools and case studies in M.B.A. programs. However, in recent years organizational analysis has been reemerging in sociology as an area of

critical study and importance. A quote from a recent review article on the sociology of markets and its place within economic sociology illustrates the point:

Perhaps the most promising aspect of the sociology of markets is the potential to theorize as well as empirically examine the connections between intraorganizational dynamics and interorganizational competition and exchange (Fligstein and Dauter 2007: 117).

When organizations are studied as part of an economic sociology research program and are located within the context of intraorganizational and interorganizational dynamics, then the central role of organizations in such fields as community development and commodity chain analysis can be appreciated. This study attempts to take this approach, analyzing the intraorganizational dynamics of the case studies as well looking at the organizational context that valorizes the importance of interorganizational competition and exchange.

The study of organizations has played an important role in sociology since its inception and can be traced back to Weber in the same way that economic sociology as a subfield of sociology can be. It is with Weber's construction of the ideal type of bureaucracy that the study of formal organizations within sociology began (Parker 2000b). However, throughout much of the 20th century the field of organizational studies was largely confined to business and management schools (Handel 2003; Perrow 1986). Since at least the 1980s scholars have applied critical theory to the study of organizations (Jermier 1998; Parker 2000b), and it is this current strand that is attempting to recapture the study of organizations from its functionalist and managerial emphasis.

In an article foundational for critical organization studies, Cooper and Burrell succinctly describe the position of organization studies as it had come to be practiced in the 1980s:

The object of orthodox organizational analysis is *the* organization: a bounded social system, with specific structures and goals which act more or less rationally and more or less coherently. Within this context, the concept of organization itself functions as a metadiscourse to legitimate the idea that organization is a social tool and an extension of the human agent (Cooper and Burrell 1988: 102).

Orthodox organizational science focuses on formal business organizations and other large bureaucratic structures; I will apply concepts that originated in organizational studies to the relatively small and ephemeral organizations that make up the small producer coffee sector today (see Vargas-Cetina 2005). In the orthodox organizational studies literature, the goal was to understand how organizations work so that managers can adjust business conditions to improve economic performance based on concepts of efficiency, profit, and productivity. So much of the early organization studies was couched in terms of management studies because managers were the target audience in the position to be able to use the results. I will demonstrate how concepts from organizational studies are relevant for producer groups in the global South rather than just for managers.

One of the hallmarks of the critical study of organizations as part of its attempt to move beyond a managerialist approach is the incorporation of concepts of power and knowledge into the analysis (Alvesson and Willmott 1992; Feldman 1997). What these

approaches share is a concern to free the study of organizations from functionalist and managerial position that it found itself in when being taught from the perspective of business and management schools. Recapturing the Weberian roots of organizational analysis, in which "Weber made us see modern organizations as a process which emblemized the rationalization and objectification of social life" (Cooper and Burrell 1988: 92), allows us to meaningfully analyze organizations without reifying their structures or taking a functionalist approach that sees economic goals of profit and increased utility as the only worthwhile perspective.

One important application of organizational studies to the study of certification is an understanding of the origins and conflicts of goals within organizations. To apply an example from the economic analysis of cooperatives, here is a quote from a recent work done in Guatemala discussing the current situation of small coffee producers in the western highlands region:

Despite the context of restricted access to land, over the past decade small holder coffee production has been spreading in [the western highlands] as it has at the national level.... Systems of horizontal integration have been constructed with cooperatives and associations focused more on business success than on community self-development, directed by the national cooperative federations (Ordóñez Morales 2001: 33).

Here the goals of 'business success', which include growth and increased profit, and those of 'community self-development', which include improved livelihoods of producers and independent, self-sufficient organizations, are presented as if they are by necessity in conflict. One area of study of interest here is how organizations can pursue

multiple goals instead of rank-ordering them by preference, as is often assumed when economic theories are applied to organizations. Cooperatives need to be attuned to the potential for goal conflict. For example, the large federations of cooperatives, best exemplified in Guatemala by FEDECOCAGUA, have tended to emphasize business success over the more important community self-development goals that often are of primary concern for the small producers themselves. One of the explicit goals of this study is to bring the organizations themselves back into the analysis instead of leaving them in the background, their existence assumed but not interrogated.

In this context, Jaffee (2007) applies the concepts of embeddedness and self-regulating markets from Polanyi, and marketness and instrumentalism from Block (1990)¹⁰ to divide fair trade actors into three groups: those that see fair trade as a 'market-access' mechanism, a 'market-reform' device, or a 'market-breaking' force (26). Yet while Jaffee's case studies compare producers that participate in fair trade with those that do not, he does interrogate how these ideological considerations play out within the producer organizations themselves, but rather only applies them to international actors such as NGOs, development agencies and activist groups. While providing much rich data on the conditions of producers in Oaxaca, his discussion of 'fair trade actors' neglects the producer organizations themselves.

While categorizing producer organizations' economic activities based on these variables, it cannot be assumed *a priori* that cooperatives embody high embeddedness and low marketness. The variety of organizations and their goals and purposes must be

¹⁰ As discussed above, Block attempts to classify economic activity based on where it falls on the continuum from high to low 'marketness', with low marketness being equivalent to highly embedded markets. The continuum of instrumentalism refers to the motives and interests of economic actors, with high instrumentalism characteristic of economic action motivated solely by price and profit.

analyzed individually to capture different types of organizations participating in the certified coffee market. For this reason, it is useful to construct typologies of organizations as well as to consider the organizational environment, including economic, political and social aspects, in which the individual organizations operate.

The key is to understand how process attributes, such as such as symbolic quality, are translated into economic values that can be expressed as prices. The criticism raised by Block and Jaffee through application of Polanyi's concept of embeddedness is that the market, as currently constructed based on capitalist principles, can only communicate information about products through price signals. From the point of view of the consumer, it is not clear whether certified coffee communicates additional information about its qualities through the label beyond that communicated through the price. If the label communicates information that cannot be communicated through the price alone, such as how revenues are distributed along the supply chain or what production practices were used by the farmers, then fair trade coffee should sell for the same price as non-fair trade certified coffee, and the label should serve as the indicator of embeddedness. On the other hand, if not all product qualities can be reduced to the price alone, the quantification of those qualities is still undetermined in a market economy.

While previous research has focused on the benefits to farmers without closely examining the meaning of certification and quality for the farmers themselves, it has at the same time left the roles of organizational structure, culture, and environment uninvestigated. Given that my focus is on the characteristics of producer organizations, the crucial analysis centers on how the organizations are adapting themselves to the pursuit of new goals. It is now clear within organizational theory that organizations can

and do pursue multiple goals, and that these goals are shaped not just by leadership or management but by the members as well (Perrow 1986). Producer organizations must evaluate the consequences of multiple certifications, identifying goals shared by more than one certification scheme that do not require different strategies for the organizations. This can be analyzed at the micro level, documenting the internal processes by which cooperatives decide which goals to pursue. Through a thorough understanding of how decisions are made within producer organizations, a more realistic assessment of embeddedness and marketness, conceptualized as organizational goals, can be achieved.

The focus on goals with producer groups can be expanded to the goals of other actors in the certification world, including standard owners and certifying bodies. Not all of these organizations share the same goals given the complex nature of the organizational environment in which they operate. Power differences between organizations means that conflict between goals will take place and that the goals of the primary cooperatives will not always be the first ones met¹¹. Empirical research must address the differences in general between the goals of producer organizations and standard owners.

Beyond these two most fundamental groups, the goals of the certifying bodies, development agencies and other coffee sector actors must be analyzed to determine if they differ from those of producer groups and standard owners. These organizations can be divided into groups and the shared goals between groups analyzed. The next step is to discuss the differences in goals and purposes within a particular group. This means

¹¹ This was evident in the ISEAL workshop I attended, where the purpose of the meeting was to improve producer access to certification systems, not necessarily to adjust certification systems to meet the needs of the producers, although both these goals could be pursued at the same time. I argue that the primary level cooperatives have the least amount of power)

analyzing the goals of Starbucks' C.A.F.E. Practices compared to organic agriculture or fair trade certification. This level of analysis can also be applied to the producer organizations themselves. For instance, the case studies presented here clearly differ in their demographics and organizational histories, but La Bendición and La Igualdad, which share the goal of improving their position in the coffee market but come at it from different points of view, also have different goals that can be related to these different characteristics. In addition, secondary and tertiary organizations like UCAPEM and FEDECOCAGUA must find ways to synthesize or bring together these different goals of their member organizations.

The study of organizations has played a central role in much of sociology since its inception, and for most of that history the economic organization has been at the center of sociological analysis. Yet the social role of organizations in the development process has been an area that has been understudied. Too often the organizations created by and associated with development projects are portrayed as independent organizations that serve community roles that are not explicitly economic. In contemporary capitalist society, the importance of social capital (Woolcock 1998) and the networks of relations that lie behind the concept have played an increasingly important role. Yet one of the key contributions of Durkheim in his *Division of Labor in Society* (1984) is the suggestion that what he calls professional groups or corporative organizations can play an essential role in ameliorating some of the negative impacts on society of the division of labor within capitalism. While many producer groups have proven to be ephemeral in nature (Vargas-Cetina 2005), it is important to highlight the characteristics that can allow these groups to flourish.

Yet these organizations do not exist in a vacuum and for this reason the role of international economic structures in shaping the conditions under which coffee producers act must be recognized (Daviron and Ponte 2005; Talbot 2004). Social and environmental certification exists at the boundary between these two important realms of analysis, and that is why I propose a comprehensive economic sociology as a tool to study these phenomena.

Recent Research on Certification

Recent research on certification within the coffee sector has applied concepts from economic sociology. For example, the research of Jaffee (2007; Jaffee *et al.* 2004; 2006) and Muttersbaugh (2002c; 2004; 2005a; 2005b) has established the validity of the claims for positive benefits of producer certification. As an example, Daniel Jaffee (2007) analyzes the benefits of fair trade certification for small producers in Oaxaca, Mexico. His main methodological approach is quantitative interviews with farmers from two villages, including both cooperative members and independent producers. The goal is a comparison between certified and uncertified producers of household incomes and other socioeconomic indicators¹².

In a recent article focusing on the recent mainstreaming of fair trade certification, Raynolds develops a scheme that places coffee buyers into three categories based on their level of engagement in fair trade: mission-driven, quality-driven, and market-driven (Raynolds 2009). Each of these categories is differentiated based on the buyers' business

¹² A recent review of the book in *Rural Sociology* (Dougherty 2008), while generally positive, points out that Jaffee does not disaggregate the sources of differences in the livelihood indicators. Two sources of problems include the fact that he does not distinguish between costs and benefits of fair trade and of organic or shade grown certification, and that many of the differences in income and housing quality may indeed come from remittances and not from coffee certification.

model, products, trade relations, and trade norms. While is a specific application of similar ideas discussed above, such as Block's marketness concept and Jaffee's categorization of fair trade actors, it is useful to imagine how Reynolds' typology could be expanded to other actors in the coffee sector outside of the fair trade market.

Reynolds concludes that "some coffee buyers are using Fair Trade labels largely as a vehicle to capture markets and certification largely as a mechanism to enhance traceability" (1090). A useful expansion of this conclusion would be to apply these findings to other actors, including new certification schemes such as Utz Kapeh and C.A.F.E. Practices that do not have the same goals as fair trade and a in-depth look at specific coffee buyers that are not involved in the mission-driven segment of fair trade but still participate in certified markets.

Other recent work on certification can usefully be applied to the research undertaken here. In a recent article on third-party certification (TPC), Hatanaka and Busch (2008) draw on the work of Power (1997a; 1997b; 2005) in the business and organizational literature to analyze the growing importance of TPC in the global agrifood system. TPC has recently come to be seen as the optimal organizational model for globalized commodity networks because it provides for an objective verification of production and trade practices through the independence of certifiers from other actors in the commercial transactions taking place in the market. Yet the authors argue that two types of independence can be distinguished, organizational and operational, and that TPC only demonstrates the existence of operational independence. The authors conclude that while certification and accreditation bodies:

are not part of agrifood supply chains in the same way as suppliers and buyers are, they are nevertheless embedded in social, political and economic networks. They are also strategic actors that often seek to maximise their own profits or promote specific objectives (such as environmental sustainability). Thus, we argue that TPC is a socially mediated institution. (87)

Here we can see the usefulness of applying the concept of embeddedness to the world of certification. Just as Reynolds' discussion of the varying levels of commitment to movement norms among fair trade buyers can be seen as an application of embeddedness, this can be expanded to other actors involved in certification, including certification and accreditation bodies. I hope to include all of these categories of organizations in my analysis so that a broad economic sociology approach that embraces intraorganizational dynamics and interorganizational relationships is achieved.

One final example of recent research on certification that attempts to synthesize a cross-sectoral approach to many types of certification can be seen in Guthman's recent article on food labels as a novel type of neoliberal governance (2007). Seen as the preeminent scholar on the organic movement in the United States (Guthman 2002, 2004), Guthman's most recent article looks at recent trends in organic, fair trade and geographic indicators using the Polyanian concept of the double movement and analyzes whether these types of labels do indeed form part of a protective movement for producers, consumers, workers, and the natural environment. With the hegemony of neoliberalism being well established over the past few decades, do these protective labels (as Guthman calls them) indeed offer some protection from the deregulation inherent in neoliberalism? Her conclusion is not very sanguine, as it turns out that working within the market and

devolving responsibility onto individual consumers weaken the labels abilities to protect: “at the minimum protection takes boundary setting and governance of those boundaries in ways that turn out to be not so consistent with Polanyi” (460).

In these articles we see the application of the two Polyanian concepts important for economic sociology, embeddedness and the protective double-movement, to the field of certification in the agrifood sector. In addition, while each of these articles takes as their object of analysis organizations that are participating in certification, none explicitly adopts an organizational analysis that draws on recent developments in organizational studies. The current study attempts to combine this application of important economic sociology concepts with a contextualizing look at organizational relations, at both the intraorganizational and interorganizational levels.

Conclusion

Previous research, as described above, has not explicitly been placed within the fields of economic sociology and organizational studies. While appeals to Polyanian concepts such as embeddedness are common in literature that attempts to interrogate the potential of alternative structuring of economic systems, these have not often been able to capture the role of the organization in the processes described. It is this combination of an economic sociology that takes the interests and rationales of individual actors seriously and an organizational approach that foregrounds the producer groups that I hope to highlight in this study.

While fair trade and the coffee sector have already been thoroughly investigated (Bacon *et al.* 2008; Jaffee 2007; Raynolds, Murray, and Wilkinson 2007) in light of

recent expansions of the certified market, none of these studies have placed producer organizations in their broadest context. Through a combination of detailed examinations of producer attitudes and analysis at the organizational level, this study will show that producers bring many different interests into their interactions within organizations and that the organizations themselves are not all able to take advantage of the benefits of certification equally.

Economic sociology is a field that has seen tremendous growth over the past twenty years, as renewed interest in the study of networks and complex financial and capital markets drove this interest. Yet it is important to connect this new approach within economic sociology with other traditions such as those within economic anthropology and organizational studies. Through this study of certification, which combines topics that traditionally reside within anthropology with an understanding of economic sociology as broadly applicable, new insights will be gained that would not be possible using the tools of one discipline alone.

Chapter Three:

Reflections on Fieldwork and Their Methodological Implications

The combination of a broad political economy approach with the intersubjective construction of culture is a daunting task, and it is easy to find examples that emphasize one over the other in the literature. Yet any understanding of the real, lived experiences of people in their everyday lives must attempt this synthesis. A methodological individualism that begins with the subjective individual without connecting it to larger structures is just as unbalanced as the structuralism that leave no room at all for agents other than that of 'bearers of structure'. As social science continues its examination of human existence, neither isolating the economy as a separate realm nor striving for an eclectic interdisciplinary approach will do. As Wolf states in the introduction to his book:

[T]he world of humankind constitutes a manifold, a totality of interconnected processes, and inquiries that disassemble this totality into bits and then fail to reassemble it falsify reality. Concepts like "nation", "society", and "culture" name bits and threaten to turn names into things. Only by understanding these names as bundles of relationships, and by placing them back into the field from which they were abstracted, can we hope to avoid misleading inferences and increase our share of understanding (Wolf 1982: 3).

To understand the complex nature of the economy, it is useful to divide the human world into analytic categories; but analysis can not stop there, and must instead attempt to reconstitute these analytically separate fields into a unified whole. Neither the parts nor the whole are sufficient, but instead an approach that combines an understanding of both, no matter how complicated, would be most fruitful.

Methodology and Field Experiences

The understanding of the usefulness of political economy in sociological fieldwork serves as a useful transition to a discussion of the methodology used in this research. An important question in this context is to address how ethnographies of particular geographic locations can be made meaningful in our global world. In the conclusion to the edited volume entitled *Global Ethnography* (Burawoy *et al.* 2000), Michael Burawoy makes an argument for a critical and realist understanding of globalization that is based on ethnographic fieldwork:

We still believe in a realist ethnography that can tell us much about the world inhabited by others. As sociologists, our epistemologies have not been traumatized by upheavals in our working conditions and, so we like to believe, our theories are not without relevance to the world we study. As ethnographers within sociology, we have never been at the center of our discipline, at least since the eclipse of the Chicago School. Rather we have taken up a critical stance at its margins. In the past ethnographers have tried to drum a little *reality* into the twin tendencies of grand theory and abstracted empiricism. And in this book we used ethnography to drum some reality into theories of globalization, investigating to

what extent globalization is a flight of academic fancy. Thus, in stepping outside our place of worship to plumb the worlds inhabited by other agents and victims of globalization, we hoped to recognize *our* own positionality. But we also wanted to do more than that, to construct perspectives on globalization from below, what we called *grounded globalizations*. Thus, we set out from real experiences, spatial and temporal...in order to explore *their* global contexts (341).

It is this concept of grounded globalization that I want to implement here. The issue of globalization must be addressed in any current sociological study; however, sociological works on globalization too often tend toward the extremes of grand theory or abstracted empiricism, and if the case studies presented here can serve to ground these ideas in particular contexts, then my goal has been achieved.

There are strengths in the typical anthropological ethnography, in its ability to completely and thoroughly understand the complexity of the social relations, organizations, and power structures of one locality. The goal here is to extract the producer groups out of the context of their communities and actual lived realities, in the hopes of making some of the connections that are important for sociological and economic reasons more evident than they are to the actual participants.

Entry to the field and research methods. This fieldwork has grown out of my personal experiences and interest in agricultural development in Central America. I was first introduced to the rural poverty in Central America through a service trip to Honduras as an undergraduate. During this trip our group traveled to a small village where we helped install a gravity-fed water system. Although at the time I had very limited Spanish

ability, I was introduced to the warmth of the Honduran *campesinos* and saw the conditions of poverty in which they lived. During this trip we also visited a demonstration farm near the capital city of Tegucigalpa, and I began my exposure to the efforts of agricultural extension and development workers.

After a few years in the United States, I returned to Honduras as a Peace Corps volunteer and graduate student studying agriculture and international development. Through my assignment working with a food security project of the United Nations Food and Agriculture Organization (FAO), I learned about the relationships between subsistence production and coffee farming, and helped introduce a group of small producers to organic production techniques. It was through this experience that I also began to understand the importance of producer organizations for development in the coffee market. In Honduras, I worked in villages that were just beginning to contemplate the idea of establishing formal cooperatives, although many of the coffee producers were members of large para-statal coffee unions that maintained processing facilities and marketed the majority of the country's coffee. These unions, however, provided few benefits for the producers at the local level.

Through the FAO program, I learned the importance of an integrated approach to development. While the direct goal of food security involved increasing production of subsistence crops for consumption, the presence of small coffee farmers was not ignored as a result. Those farmers that had coffee land were encouraged to improve their agricultural production for the market as well as consumption, and diversification of production and income was sought in all situations. At the same time, I was surprised by the Peace Corps' reluctance to work with coffee farmers. The attitude of the national

office was that coffee farmers did not require the assistance of the United States because they were not the poorest of the poor. My experiences in the rural areas where I worked were different, however. There are many small coffee producers who have small plots of coffee that are used only as a secondary source of income to their subsistence crops, and there is much differentiation among sizes of coffee producers which leads to differentiation in socioeconomic status among coffee farmers as well.

I was also introduced to certification in coffee through my experiences in Honduras. Not only did I learn about organic production practices and the organic certification process, but I also was first exposed to the benefits of fair trade for coffee farmers through brief interactions with more established coffee cooperatives in the area, especially the national second-level organization La Central. My time in Honduras corresponded with the depths of the recent coffee crisis, and many coffee farmers were experiencing the lowest coffee prices of their lives and searching for alternative ways to market their coffee.

Upon my return to the United States, I was introduced to academic studies of certification in agricultural products, especially the impacts of fair trade certification on organizations of small producers. At the same time, the coffee market continued developing through the development of new certification systems, codes of conduct and sustainability standards. With this proliferation of standards, I decided to conduct research on the struggles facing producer organizations at the moment when, despite rising market prices, the entrance and access to the international market has become so much more complicated due to new emphases on quality and becoming certified.

I chose Guatemala because of its long history with organic and fair trade certification, its recent entry into newer certification systems including Utz Kapeh, and its highly diversified coffee sector which ranges across all quality classifications and from small producers through large coffee farms owned by international agribusinesses. In addition, Guatemala has a rich history of ethnographic research on its indigenous communities and agricultural development over the past century. Once I chose the national focus of my research, I began work on narrowing down the individual communities and organizations that I would be studying.

My final decision to work with organizations associated with FEDECOCAGUA was in part serendipitous but also in part has allowed me to focus on a sector of the coffee market that is understudied. In the spectrum of Guatemalan coffee organizations, FEDECOCAGUA holds ground somewhere in the middle. On one extreme are independent cooperatives that are focused on what has been described as 'relationship coffee', dealing with direct relationships between producers and small roasters and importers. These cooperatives are largely certified organic and fair trade, and have well-established marketing connections with like-minded coffee sector participants in the North. At the other extreme are organizations of industry players such as processors, exporters and large farms run by agribusiness companies. These organizations dominate the membership of Anacafé, and are historically interested in improving Guatemalan coffee's position in the international market. These groups, led by Anacafé, have recently seen certification as a new route towards differentiation within the coffee sector, especially new systems like Utz Kapeh and Starbucks C.A.F.E. Practices.

FEDECOCAGUA has feet in both of these worlds. As an umbrella organization of small producer groups, it has the interests of small producers in mind and participates in the fair trade and organic markets. As a national organization that holds memberships on Anacafé's board of directors and recently had its president transition to the presidency of Anacafé, it also has a voice in the discussions of national coffee policy. In addition, FEDECOCAGUA's connections with the international market make it a leader in introducing new certification schemes to small producer groups. It is the first small producer organization in Guatemala to be pursuing Utz Kapeh and C.A.F.E. Practices certification for its member groups.

Yet within FEDECOCAGUA there is a diversity of group characteristics as well. I chose three organizations that capture a variety of characteristics of the Guatemalan small producer sector. One organization is a founding member of FEDECOCAGUA, with roots back to the early 1960s, while the other two were created in the last ten years. One organization is located in a relatively new coffee region, producing coffee only since the 1950s, while the other two are located in a municipality that has large coffee farms dating back to the 1880s. One organization is made of mostly indigenous peasants, while the other two are completely ladino. Two of the organizations are full members of FEDECOCAGUA, while the third is in a commercial relationship with the federation while it decides whether to incorporate itself as a cooperative. This is just a sampling of some of the differences, but serves to give an idea about the reasons behind my selection of these particular organizations.

My field research was largely qualitative in nature, with the majority of my data collected through participant observation and semi-structured interviews (Maxwell 2005). Although I did not strictly follow a grounded theory approach, its emphasis on discovering theory through an inductive research methodology is similar to what I attempted to do in the field (Glaser and Strauss 1967). I tried to the best of my ability, but not always successfully, to look for the voices of all of my research subjects instead of bringing my preconceived notions about coffee certification into the analysis. While an inductive approach to applying theory guided the fieldwork, the research techniques were based on a mixed methods ethnographic case study approach, including participant observation, semi-structured interviews, focus groups, and analysis of secondary data (Fetterman 1998; Spradley 1979, 1980; Tashakkori and Teddlie 1998; Weiss 1995; Yin 2003).

This study diverges from the traditional anthropological ethnography through its multi-sited approach. Rather than being an ethnography of a community, the focus is on the organization as the unit of analysis (Gellner and Hirsch 2001). With qualitative field methods being applied to non-traditional areas of study, this new site of field research is essential for an understanding of the complex processes that bring together actors as diverse as indigenous coffee farmers and large multinational corporations.

More specifically this study looks at local producer organizations that are involved in rural development projects. Because of this, there is a multiplicity of complex social relationships, conflicting interests and goals, power differences, and levels of access to resources (Mosse 2001, 2005). This approach, combining aspects of

the traditional ethnography with the complex consequences of globalization, bridges the gap between insulated community studies and the structural concerns of political economy

The goal of my field work is to combine ethnographic accounts of local events (the majority of which are mediated through formal organizations) with the larger political economy and economic sociology literature that is much more common in the agro-food studies literature that focuses on certification in coffee. There are other strands of theory that bridge this micro-macro gap, including actor-network theory used by some agro-food studies scholars and the complete reliance on ethnographic methods of participant observation and interviews. The local, formal organization is a research site that, through ethnographic research, can be used to analyze relevant linkages to the larger economic and social structure.

As a study of organizations involved in economic activity, this research combines many methods that are drawn from disparate traditions. While the organizations themselves are somewhat concrete, they are still a social phenomenon that requires research techniques that go beyond direct quantitative methods (Vargas-Cetina 2005). Drawing from the tradition of economic anthropology, I center this study on the economic actions taken by individuals and groups as well as the meanings that are given by the actors to these economic actions (Gregory 1989). Grounded theory research and qualitative methods are often undervalued in the sociological tradition. Ethnographic research, while more commonly associated with anthropology, is perhaps the most appropriate research tool for research among marginalized populations like the rural poor (Fife 2005). By combining elements of ethnography with the case study approach

(Gomm *et al.* 2000), I hope to achieve a synthesis that approaches Burawoy's global ethnography.

Because the researcher plays the role of the research instrument in qualitative research based on grounded theory, the possibility of introducing bias into the study is increased. I recognize this possibility, and do not make claims for generalizability; instead I present these ethnographic case studies as examples that may be useful to other researchers as they plan research into the complex economic lives of organizations involved in certification.

When I arrived in Guatemala, I had very few contacts, so my first goal was to attempt to meet with as many people as possible that were involved in rural agricultural research or the coffee sector. Because I was based in Antigua at first, it was convenient to travel to organizations in Guatemala City as well. My first step was to meet with people at CIRMA (*Centro de Investigaciones Regionales de Mesoamérica*, the Center for Regional Mesoamerican Research), which was my 'host organization' and 'sponsor' of the Fulbright (although they provided me with valuable initial contacts, in the end I had very little interaction with CIRMA). I did meet with various people from the organization, including eventually the director and education coordinator who provided many leads in the academic and development communities. Through these initial contacts I was able to meet many of the people I eventually worked with, although the research interests at CIRMA are not aligned with my own.

Through meetings and interviews with various organizations in Guatemala City, I eventually met with Jesús Alvarado of FEDECOCAGUA (*Federación de Cooperativas*

Cafetaleras de Guatemala, the Guatemalan Federation of Coffee Cooperatives), the agricultural engineer in charge of all technical assistance and training for the federation. FEDECOCAGUA is actively involved in certification with its cooperatives, so he had some ideas about communities that I could visit. He set up meetings with the local agronomists in two regions, Huehuetenango and San Pablo, San Marcos. Through initial visits to the communities with the FEDECOCAGUA agronomists, I was able to meet with cooperative staff members in the communities where I eventually did my study. Once I met with the staff and explained the goals of my research, I was given permission to return and get to know the communities.

In La Libertad, I immediately began staying at the house of Porfirio Recinos, and his family adopted me when I was staying in the town, giving me a place to sleep and preparing my meals. I conducted participant observation at the cooperative, attending meetings and accompanying the *paratecnico* (local agronomist) as he visited cooperative members for various purposes. During these visits to cooperative members' homes, I was also given the opportunity to conduct interviews after the *paratecnico* had finished his work. I also was able to conduct some interviews with cooperative members when they came to visit the cooperative offices in town. During the interviews, I followed an interview schedule that I had prepared but the topic of conversation was allowed to follow the natural direction of the interviewee, leading to extensive, semi-structured interviews from between 20 minutes and 1 hour. In addition, I was given access to the cooperatives records, including coffee production statistics and the technical files for each member.

In San Pablo, I had more difficulty in gaining access to the cooperatives. When visiting these sites I usually stayed in the town of San Pablo, although I occasionally stayed the night in La Igualdad. At first I often visited the cooperatives when a scheduled meeting was being attended by the local FEDECOCAGUA agronomist, Guillermo Santamaría. Arriving in the presence of an authority figure from the federation gave my presence legitimacy, and allowed me to become familiar with the cooperative leadership. I did eventually begin visiting the La Igualdad and Tocache cooperatives alone, after I had visited a few times with Santamaría.

The office of COPADES, the local development agency that was providing technical assistance to UCAPEM, is also located in the town of San Pablo. I was able to accompany agency staff on their visits to communities as well, leading to another entrée into the community. In addition, UCAPEM has a small office in the municipal building of San Pablo, and there I was able to meet with staff and coordinate visits to the communities.

In San Pablo, I used data collection techniques similar to those in La Libertad. I was able to interview cooperative members in their homes and at the cooperative offices. I was able to access cooperative records relating to coffee production data and individual member information. Most of the records that I had access to were from the COPADES and UCAPEM offices in San Pablo. I also was able to see the inspection reports from Mayacert for previous years.

In addition to the data from the cooperatives themselves, I was able to accompany Mayacert inspectors during their annual inspections in both La Libertad and San Pablo.

This was invaluable because it allowed me to witness the most tangible interaction between producers and the certification systems that they are working so hard to join.

This makes up the bulk of the data from which this dissertation was drawn. In addition, I was able to collect secondary data from other sources in Guatemala, as well as interview other actors in the coffee industry, including interviews with four coffee plantation owners and participant observation with an additional certifying agency, Latcert.

I recorded the majority of the interviews with a digital voice recorder, and have listened to and transcribed relevant sections of all of the interviews. These transcripts were coded for descriptive demographic data and categories of qualitative data that arose from the interviews (Miles and Huberman 1994; Wolcott 1994, 2001).

The three organizations which I ended up studying were chosen with the assistance of my contacts in FEDECOCAGUA. They knew that I was looking for a wide variety of certification experiences, and helped me locate organizations that provided a variety of different backgrounds and current situations. For small producer groups, these three organizations are involved in all of the certifications that are common for cooperatives at this time. I did not choose a cooperative that was an independent fair trade organization because these types of organizations have been the focus of the majority of studies about fair trade in the coffee sector (See, for instance, Lyon 2005). I draw on these studies when discussing the FEDECOCAGUA groups and their participation in the fair trade market. The other certification present for small producer groups, Rainforest Alliance, is much more common in large plantations. The cooperative in La Libertad first considered Rainforest Alliance certification through the

recommendation of FEDECOCAGUA, but eventually decided to abandon that possibility. A study of certification that includes large producers is beyond the scope of this research; but it is an area that is in need of additional research.

Reflections on field experience. Doing fieldwork is difficult. Traditional anthropological ethnographic research involves becoming a member of the community, striving for insider status through long term residence and daily interaction with the subjects of the study. In the small, rural sites of the traditional ethnography, living in the community and 'hanging out' are standard techniques to begin the fieldwork. After building up rapport with as many community members as possible, the collection of data in the form of interviews or household surveys can begin with more intensity.

At the other end of the spectrum is the type of research that is favored by sociologists, based on the collection of qualitative data through surveys. Here there is no attempt to establish rapport or gain entry in the community. Instead, the goal is to keep the data collection as objective as possible, with standardized questions that have been extensively pre-tested to assure that the respondents give answers that can be analyzed quantitatively.

Ideally, using a mixed method approach, the strengths of both of these research styles can be combined (Tashakkori and Teddlie 1998). Yet even combining methods does not eliminate the difficulties of fieldwork; problems remain around power issues within the research context. As a North American who had gone to the national offices of the cooperative federation and received permission to talk to the cooperatives and their staff, I not only was gaining access through key informants, but I was also exercising my

power to convince people to cooperate with me. I was keenly aware of this issue during my time in the field. In the sociological literature on research methods, there is often a discussion of the problem of "studying down", the concept of taking advantage of power inequality to access people and information that typical community insiders do not have access to. This has led to calls for more sociological research on powerful actors in society, a type of "studying up" that will counterbalance the typical research dynamic.

Yet even the 'outsider' position of a North American researcher working in a foreign developing country does not necessarily present an example of the unequal exercise of one-way power. Clearly I had some power advantages because I came with the imprimatur of the national organization and had the resources to travel around the country as I wanted, visiting the research sites frequently. On the other hand, I was an outsider in the communities and relied on the contacts and relationships of the cooperative members to find out the information I was looking for. But even this dependence on the assistance of others led to complications. In La Libertad, for instance, I was dependent on the goodwill of the Recinos family to give me a place to stay and the cooperative staff to provide me with access to cooperative files and to accompany me on visits to cooperative members' homes.

But perhaps the experience that most clearly brought home my ambiguous position in the field took place in La Igualdad. It was late during my time there, and the coffee harvest was in full swing. I still wanted to interview as many community members as time would allow, and I found myself at the *beneficio* during one afternoon. I knew that the members who were picking coffee that day would be bringing in the cherry coffee to be weighed and processed. The cooperative manager was operating the

scale, recording how much each member delivered so that the correct payments could be made at the end of the harvest.

My plan was to hang out with the manager and observe the process of delivering and recording the daily harvest, and then ask the farmers for interviews when they were done delivering their coffee. As the afternoon progressed, it began to rain, and the farmers came into the *beneficio* wet and muddy, carrying large, dripping 100 pound bags of fresh coffee cherries. In a typical work pattern, the community members had started their days at dawn, and were finishing off a long day of work in the mid-afternoon, looking forward to a hot meal after delivering their coffee and returning to their homes, located just a few minutes from the *beneficio*. As I chatted with the workers and observed the process of recording the delivered coffee, dumping it into the large bins that held the coffee until it was passed through the machinery that removed the pulp and deposited it in the large fermentation tanks at the bottom of the *beneficio*, I tried to put myself into the role of the farmers.

They were soaking wet, muddy and exhausted after a full day of picking coffee. It seemed an inappropriate situation to ask them to take the time to sit down and talk with me for an in-depth interview. Everything was wrong. I had not established enough rapport in the community to communicate clearly with the people what my purpose was in the interviews, and I had to leave by late afternoon to catch the last bus that would take me down the mountain to San Pablo where I was staying. So instead of conducting a set of helpful interviews, I left La Igualdad feeling as if I were an imposition on the daily lives of the farmers I was trying to understand.

This experience is not the whole story; I was able to conduct interviews in La Igualdad with many of the residents. However, it did cause me to seriously consider the role of the researcher in this type of situation. The least intrusive type of data collection is the quantitative survey that is administered by researchers who make no attempt to establish rapport or a relationship with the respondents. But this type of research also lends itself to an undue emphasis on empiricism, on facts stripped of the contexts of the everyday lives of people which lie at the heart of sociological research.

This leads to the paradoxical possibility that ethnographic research is less defensible because it asks so much of the people being studied. If this is the case, then the moral responsibility of the researcher is even greater in the ethnographic context. While the data that is collected is richer in detail and provides the ability to portray the meaningful action that people construct around their daily lives, it requires more interference in their lives. A relationship must be established between the researcher and the research subjects, and while this relationship may reach beyond the process of data collection, it is through these types of meaningful interactions that fuller, contextual data is collected.

Conclusion

The methods chosen by a researcher have profound implications for the quality of data collected and the conclusions that may be drawn from it. This study attempts to present the realities of coffee producers and their organizations. The social and economic lives of human beings are not easily reduced to numbers through quantitative analysis. It is for this reason that I have chosen qualitative methods that also draw on secondary

quantitative data when available. It is my belief that this approach provides the fullest possible portrait of the true subjects of this study, the organizations and their members.

Chapter Four

The Organizations and the Certification Systems: An Overview

In order to properly understand the effects of certification on cooperatives as a general matter, it is necessary to describe both the groups that were the topic of this study and the certification schemes through which they sought external verification. This chapter offers an initial sketch of each of the organizations—their geographic locations, social histories, and current characteristics. It then turns to a description of the certification schemes whose effects on local communities and cooperatives this study seeks to analyze. Finally, this chapter concludes with a discussion of the range of benefits available through certification to producer organizations.

I. Standing and Introducing the Organizations

A. The Department of Huehuetenango

The department of Huehuetenango is located in northwestern Guatemala, bordering the Mexican state of Chiapas. While Huehuetenango as a department is dominated geographically by the Cuchumatanes Mountains, which are consistently two high and cold for coffee production, there are many valleys located in the transition zone between highland ecosystems and lowland river valley on the edges of this range that are of the optimal elevations for the production of high-quality coffee. These geographies, Huehuetenango has a majority indigenous population (Instituto de Guatemala 2003).

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I. Situating and Introducing the Organizations

A. The Department of Huehuetenango

The department of Huehuetenango is located in northwestern Guatemala, bordering the Mexican state of Chiapas. While Huehuetenango as a department is dominated topographically by the Cuchumutanes Mountains, which are consistently too high and cold for coffee production, there are many valleys located in the transition zone between highland ecosystems and lowland river valley on the edges of this range that are at the optimal elevations for the production of high-quality coffee. Demographically, Huehuetenango has a majority indigenous population (República de Guatemala 2003).

1. *The municipality and community of La Libertad*

The municipality of La Libertad is located in the southern part of the department of Huehuetenango.¹³ La Libertad, located high on the slopes of the Selegua River valley, is situated in prime coffee-producing land. The town center is located at an elevation of approximately 1500 meters, and coffee production stretches from a few hundred meters above the town down to the river, still well above 1000 meters. Census data show that La Libertad had a total population of 28,563 in 2002, of which 4,971 were classified as urban, meaning they live in the municipal center (See Table A2, chapter annex). The municipality of La Libertad has a population that is 85% *ladino*¹⁴ (República de Guatemala 2003), with the majority of the indigenous population living in remote high-elevation villages where coffee is not produced.

These demographics are due in large part to the history and settlement pattern of the municipality. The municipality of La Libertad was settled by *ladinos* from the departmental capital and a neighboring town, Chiantla, who were given the land in appreciation for their military service during a failed coup attempt in 1915 that involved troops crossing into Guatemala from Mexico (Mérida Vásquez 1984:38-39). By the 1920s the town center was found in its current location. During the initial decades of settlement, the majority of the residents were subsistence farmers with some of the larger

¹³ In Guatemala, the municipality is the smallest official geographical and political division, equivalent to counties or townships in the United States. Each municipality usually consists of a central town (*cabecera municipal*) where administrative, political and economic activities are centered and various rural communities that can be described as *aldeas*, *caserios*, or *cantones*. In addition, there are regions of Guatemala, particularly in the *bocacosta* (piedmont) of the Southern coast, where rural populations are centered on farms. Usually these consist of either communities comprised of the families of resident workers on private farms or communities made up of families that currently own and work the farm as co-owners. See tables in Annex II for demographic data at the municipal and departmental levels.

¹⁴ In Guatemala the term *ladino* has come to be applied to all people that are not identified as indigenous (Adams and Bastos 2003). The history of this term and of *mestizaje* in Guatemala in general is quite complicated and beyond the scope of this study. In general, around half of Guatemala's population is indigenous while the rest are identified as *ladino*. But the cultural and ethnic implications of these identifications are very complex.

land owners also raising cattle. Prior to the construction during the 1960s of the paved Interamerican Highway that passes near the town this part of Guatemala was very isolated, with more transportation links to Mexico than to the city of Huehuetenango. The situation is very different now as this well maintained highway provides easy access to the city of Huehuetenango as well as the larger Guatemalan cities of Quetzaltenango and Guatemala City and the Mexican cities of Chiapas.

The municipality of La Libertad is centered on coffee production. While there are a number of large coffee farms in La Libertad, the majority of these are located in remote parts of the municipality near the Mexican border without direct motorable road access to the municipal town center. In the area surrounding the town itself, small- and medium-sized coffee farmers predominate, many of whom are members of the San José el Obrero cooperative. The cooperative plays a significant role in the social and economic life of the town.

2. The cooperative San José el Obrero.

The cooperative in La Libertad, San José el Obrero, has a long, well-established history in the community. In the 1960s, La Libertad was quickly converting to a coffee growing region, as many campesinos saw the advantages of coffee production for commercial purposes rather than corn production for subsistence. In the early 1960s an American Maryknoll priest assigned to the parish founded the cooperative.¹⁵ Although by this time coffee production occurred in areas of the municipality distant from the town center, most families still relied on *milpa* (corn and bean) production for their livelihoods. The

¹⁵ For a history of the Maryknolls in Huehuetenango, see Melville and Melville 1971; Mérida Vásquez 1984.

original purpose for the formation of the cooperative was to organize a group of campesinos to rent land on the southern coast and plant corn and beans. Three primary rationales drove the foundation of the cooperative. First, population growth had reduced the land available for subsistence production per household. Second, the land around La Libertad was better suited for cattle grazing or permanent agriculture than the production of annual crops due to its extremely steep and broken topography. Third, whereas the cold climate of La Libertad permits only one corn harvest a year, the climate on the southern coast allows for two corn harvests per year, with higher yields resulting for each crop due to the better soil and climatic conditions.

While the collective corn production was not a success, working together in the production and marketing of coffee was a logical next step. One of the founding members of the cooperative, still active in the community, tells the story of how he began to cultivate coffee:

The cooperative received funds to buy land from some of the large land owners, and gave loans to its members to purchase small parcels, to be paid back over five years. One member was not able to pay back the loan, and his land was near my house. So the cooperative asked me to take over the loan for that land So that's how I first got land. About two years later, the cooperative was in an economic crisis. I was a cooperative employee at the time and there was no money to pay my salary; so they paid me with coffee seedlings from the plant nursery. I didn't like coffee production then, but I was obligated to begin working with it. The problem was that coffee was not worth very much, it was seen as a crop that was not important. Not only was it not worth very much, but it was also

difficult to sell. Nobody nearby was buying coffee at the time, you really had to look hard for someone that would buy it at a good price. It wasn't until after my coffee produced its first harvest that the prices began to improve. Then I began to like coffee because it was a good thing. That's how I began to work the parcel that the cooperative gave me.¹⁶

With the foundation of Anacafé¹⁷ in the 1960s, the Guatemalan government began to promote high-yield, hybrid varieties of coffee that were being bred in places like Colombia, Costa Rica, and El Salvador. In addition, chemical fertilizers were becoming commonly available for the first time. These changes led to the “technification” of coffee production that is common to most coffee producing regions and generally consistent with the agricultural modernization that began in the 1950s. Land that had previously been dedicated to subsistence agriculture now seemed like the logical place to plant coffee. Coffee production also addressed two of the reasons that led the cooperative to seek land for milpa production on the southern coast.

First, even a small plot of coffee of just a few *cuerdas*¹⁸ can be economically viable. This is especially the case if planted with the newer crop varieties in light of their many advantages. Their shorter plant height facilitates the harvest process. The use of new varieties in conjunction with chemical fertilizer generates higher yields. New varieties also grow more quickly; the first harvest after planting can occur in as little as

¹⁶ Interview with Gilberto Recinos de Leon, October 20 2006.

¹⁷ Anacafé (Asociación Nacional de Café, the National Coffee Association), the government agency responsible for regulating coffee exports, promoting the Guatemalan coffee industry, and providing technical assistance to Guatemalan coffee producers.

¹⁸ The cuerda is the most common measure of land area for small producers in Guatemala. One hectare is equal to 22.77 cuerdas. Other common measures of area are the manzana, which equals 0.70 hectares, and the caballería, which equals 45 hectares.

two years instead of the four to five years common among traditional varieties. These varieties can also be planted more densely, and yields increased even further if planted with less shade cover. The new hybrid varieties have disadvantages as well, most notably a shorter productive life than traditional varieties. Newer hybrids rarely maintain high yields for more than 20 years, while some traditional varieties such as Bourbon and Tipica have been known to produce for more than 50 years with proper care and pruning. While the full technical package of high-yielding hybrids densely planted with full sun is rarely found in Guatemala except on the largest farms, almost all coffee producers have implemented some aspects of the new technical package.

The second problem concerns the nature of the land and finding appropriate uses for its topographic and edaphic characteristics. Extremely steep land is poorly suited for annual cropping because the need for repeated tilling and disturbance of the soil creates significant erosion. In contrast, permanent tree crops such as coffee are more amenable to cultivation on very steep land. Much land that has been severely degraded through annual planting of corn and beans can be sustainably managed with coffee. When coffee is grown with shade trees, a multi-storied canopy that begins to resemble a natural forest ecosystem is put into place. In addition, the most common shade trees in Guatemalan coffee production are leguminous species, which contribute to soil fertility through their nitrogen-fixing properties.

The transition from cattle ranching and subsistence crop production to coffee cultivation has been rapid and dramatic; currently the majority of agricultural land in La Libertad with the appropriate microclimate is planted with coffee. Only a minority of cooperative members dedicate any of their land to milpa production. Milpa production

still takes place in *tierra fria*¹⁹ and on rented land just across the Mexican border, which is in a river valley too low for coffee production and has sufficient water for irrigated production.

San José el Obrero is one of the founding members of FEDECOCAGUA²⁰, and now has more than 40 years of cooperative experience. But the fortunes of the cooperative have waxed and waned; in the late 1990s, the combination of low prices and a heavy debt load among the cooperative's members led to the near bankruptcy of the cooperative. The management was forced to resign and some members who refused to repay their debts were expelled from the cooperative. Currently, the cooperative is just becoming solvent again thanks to a rescheduling of its debts by FEDECOCAGUA and new, low interest loans provided through the government's recovery fund for coffee producers. After dwindling to just a few active members in the late 1990s, the cooperative currently has 139 members (115 men, 24 women), with 48 of the members participating in Utz Kapeh and Starbucks certification (see Table 4.1).

Table 4.1: Cooperative San José el Obrero, La Libertad

Group	Total Cooperative	Utz Kapeh Certification
Number of Members	139	48
Total Area of Coffee Production (hectares)	241.2	91.5
Average Area of Coffee Production per Member (hectares)	1.7	1.9
Total Coffee Production (qq parchment)	5500	2369
Average Coffee Production per Member (qq parchment)	39.6	49.4
Average Coffee Production per Hectare (qq parchment)	22.8	25.9

Source: Cooperative Records

¹⁹ Literally 'cold land,' a commonly used term for land above about 1800 meters in elevation.

²⁰ Federación de Cooperativas Cafecultores de Guatemala (Guatemalan Federation of Coffee Cooperatives) is a national organization made up of 150 member cooperatives. It is the largest and most important organization of small producers in Guatemala.

Part of the success of the cooperative can be explained through its external organizational context²¹, consisting of other kinds of organizations and institutions that interact with the producer groups. Some of these relationships are with coffee-related institutions, including a number of other FEDECOCAGUA cooperatives in the Selegua region of Huehuetenango, some of which are also in the municipality of La Libertad. Even though Anacafé does not have a strong presence in La Libertad, there is an agronomist assigned to the Huehuetenango region; La Libertad²² members frequently attend Anacafé events held in La Democracia. The municipal government recognizes that coffee production is the backbone of the local economy and supports projects and policies that promote coffee production. This support is logical given that the local political elite has largely been drawn from landholding and coffee producing families; at the time of my fieldwork, the mayor of La Libertad was a coffee farmer who was a member of one of the largest landholding families in La Libertad.

Other kinds of development and cooperative projects are present in the local community as well. Although there are some development projects in La Libertad, none have formal contacts with the cooperative. Located next to the offices of San José el Obrero is a savings and loan cooperative, which was also founded by the local Catholic parish. In general, the two cooperatives have a friendly relationship, although during the 2005/06 coffee harvest, the savings and loan cooperative began to commercialize coffee from its members through an Italian NGO. Because many producers are members of

²¹ Throughout this study I focus on the analytical categories of intraorganizational structures and interorganizational relationships. I will use the terms internal and external organizational characteristics interchangeably with the more cumbersome terms intraorganizational and interorganizational.

²² Because the names of the producer organizations are somewhat long in Spanish, I use the names of the communities interchangeably with the names of the organizations when the meaning is clear. See Annex III at the end of chapter for a quick reference guide to the case studies.

both organizations, San José el Obrero saw this as a potential source of competition. However, the contracted coffee was not purchased in a timely manner and the experience was not entirely positive, so it was unclear if it would continue for future harvests.

Members of San José el Obrero also have significant access to capital-providing institutions. Many individual members of San José el Obrero have a history of commercial relationships with coffee export companies in Huehuetenango, and some still sell part of their production outside of the cooperative. At least one local intermediary, a middleman who buys coffee from farmers and sells to a coffee processing and exporting company in Huehuetenango, purchases coffee in the town of La Libertad. A branch of Banrural²³ opened in La Libertad in 2006, which was the first bank in the municipality. This has increased members' access to financial services such as remittance accounts and loans. Many community members, including members of the cooperative, have accounts at the bank through which they receive remittances from family members in the United States.

B. The Department of San Marcos

The two other organizations that are the focus of this dissertation are located in the department of San Marcos.²⁴ San Marcos is in southwestern Guatemala, bordering the Pacific Ocean to the south and Mexico to the west. The department of San Marcos can be divided into three geographical regions that also correspond to certain social and economic divisions: the pacific coast, the *bocacosta* (piedmont), and the highlands (Incer

²³ Banco de Desarrollo Rural (Rural Development Bank) is a bank that came into existence through the government bank BANDESA (Banco Nacional de Desarrollo Agrícola, National Agricultural Development Bank) and that focuses lending in rural areas.

²⁴ See tables in Annex II at the end of the chapter for demographic data at the departmental and municipal levels for San Marcos.

2000). The pacific coast is a hot, lowland plain located at elevations below about 600 meters, consisting principally of large cattle ranches and sugarcane, banana, rubber, and oil palm farms. The population is majority *ladino*. The highlands region is above about 1800 meters, majority indigenous, and includes many small municipalities as well as the departmental capital, the city of San Marcos. The relatively narrow strip of land that is located between the elevations of 600 and 1800 meters is called the *bocacosta*, and consists of the southern slopes of the chain of volcanoes that runs from northwest to southeast in southern Guatemala, parallel to the coast. The majority of the coffee in San Marcos is grown in this piedmont zone, which was historically dominated by large coffee farms. The majority of the people here identify themselves as ladinos, although ethnic identity is especially fluid in this region, where seasonal migration has played a large role in the interrelationship between people from many parts of Guatemala.

1. The Municipality of San Pablo

San Pablo is a municipality located in the bocacosta region of San Marcos. The municipal center sits at an elevation of about 600 meters, which is the lower limit for coffee production in this part of the country. The municipality stretches up the slopes of the volcano Tajumulco, the tallest mountain in Central America at about 4200 meters, to elevations over 2000 meters. The vast majority of the land located above the town of San Pablo is dedicated to the production of coffee, and a network of roads connects these farms and the rural communities around them to the town of San Pablo.

Coffee has a long history in San Pablo. The first coffee in this region of the country was established in the 1850s by Escolástico Ortega in the farms Santa Teresa and

Palmira, both of which are still active coffee farms today. Also located in San Pablo is the former coffee farm El Porvenir, originally owned by Justo Rufino Barrios, the president of Guatemala during the 1870s who implemented the liberal revolution and promoted coffee as an export crop, and now a community of small coffee producers (Wagner 2001). According to the most recent census data, the entire municipality of San Pablo has a population of 36,517 (See Table A2). Of this total population, 10,216 are reported as urban residents.²⁵ The 2002 census also reports that 89% of the population is ladino (República de Guatemala 2003).

2. The communities of Tocache and La Igualdad

The *aldea* (village) of Tocache is located six kilometers from San Pablo along a paved road, at an elevation of 800 meters. The land ownership pattern in Tocache is of large- and medium-sized farms being divided through generational inheritance, causing reductions in average farm size. This, combined with the increasing trend of the division of large farms in the region into small plots sold to local landless peasants, has brought drastic changes to this region of the southern coast of Guatemala.

Within the village of Tocache, the paved road gives way to cobblestone roads that have deteriorated in stretches to dirt. After several more kilometers along this road, it ends at the community of La Igualdad, a former coffee farm now owned by 150 *campesino* (peasant) farmers from the surrounding area. The farm has a total area of 217.18 hectares, with elevations between 1200 and 1700 meters, and annual precipitation

²⁵ This figure represents the population of the town of San Pablo. The municipality is somewhat unusual in that one of its rural *aldeas*, El Porvenir, is actually larger than the municipal center. El Porvenir, which is an agrarian community on the land of a former coffee farm, was reported to have a population of 12,000 in 1994 (Incer 2000).

of 2600 millimeters. Each member was originally assigned 20 cuerdas (0.88 hectares) of coffee divided into two parcels, for a total of 132 hectares of the farm dedicated to coffee production. Since the original division of land, other small parcels have been distributed, and some members have planted coffee on this land as well; some members therefore report having up to 27 cuerdas (1.2 hectares) of land under coffee production.

Since the 1996 signing of the Peace Accords that ended Guatemala's thirty-year civil war, many regional development projects have been implemented throughout the country in an attempt to promote and reactivate the rural economy of areas that were impacted by the civil war (Jonas 2000). In San Marcos this effort, called PREAPAZ (*Proyecto de Reactivación Socioeconómica en una Zona de Paz*, Socioeconomic Reactivation Project in a Peace Zone), was financed and implemented by the Canadian government's international development agency, CIDA. One element of PREAPAZ was a project to support the production and marketing of organic coffee; an outcome of this coffee project was a local organization of six cooperatives and associations that are grouped under the name of UCAPEM (*Asociación de Organizaciones de Productores Ecológicos Marquenses*, the Association of Ecological Producer Organizations of San Marcos).²⁶ PREAPAZ subcontracted with a local agricultural development consulting company, COPADES, to implement this project. Both the cooperative La Bendición, located in Tocache, and the ECA (*Empresa Campesina Asociativa*, Associative Peasant Business) that is located in La Igualdad are members of UCAPEM. While the development project that led to the formation of UCAPEM ended in December 2005, the

²⁶ The acronym and the name no longer correspond because the name has been changed but the original acronym remains in use.

organizations still receive technical assistance from COPADES and are trying to make the transition to a profitable independent business.

These two rural communities of Tocache and La Igualdad are the locations of two of the cooperative case studies presented in this study. Despite their geographic proximity, the organizations have different histories and current structures that can be easily compared and contrasted.

3. The cooperative La Bendición

Cooperative La Bendición, one of the member organizations of UCAPEM, is located in the village of Tocache. This is a new cooperative, formed in 2002 through efforts of the PREPAZ development project. La Bendición operates primarily as a marketing cooperative in the mold of San José el Obrero. In addition, it provides wet-mill processing of coffee for its members. Before the founding of the cooperative during the height of the coffee crisis, the medium-sized²⁷ producers that now make up the cooperative all worked independently. They either processed their coffee by the wet method using their own processing equipment (*beneficio*) or sold unprocessed cherry coffee to local intermediaries in the town of Malacatán, which is the large commercial and market town located between San Pablo and the Mexican border. The coffee crisis that began in the late 1990s led many of these farmers to stop using chemical fertilizers and to abandon their *beneficios* for economic reasons. Declining coffee prices increased the appeal of the idea of collectively marketing their coffee and the need to join together

²⁷ Coffee producers can be characterized by size in two ways: area of land or quantity of coffee produced. In general, the later is more useful in distinguishing between strata of growers, while land holding is commonly used in agricultural census data because land area can be used to compare across crops and land uses.

to search out development aid as a group. See Table 4.2 below for some data drawn from my interviews with members of the La Bendición cooperative.

Table 4.2 Characteristics of La Bendición Members

<i>Number of Interviews</i>	7
<i>Gender</i>	5 male, 2 female
<i>Average Age</i>	59
<i>Marital Status</i>	6 married, 1 single
<i>Average Age of Spouse</i>	59
<i>Average Number of Children</i>	3
<i>Organic Program</i>	All participate
<i>Coffee Land</i>	Average holding of 107 cuerdas (6.7 manzanas, 11.4 acres)
<i>Coffee production</i>	Average of 51.2qq parchment. Average of 2.1qq parchment/cuerda,
<i>Origin</i>	All born in Tocache
<i>Corn consumption</i>	1qq/household of 4 per month, with corn prices Q130/qq
<i>Work in Parcel</i>	All hire workers
<i>Wage Labor</i>	4 of the respondents are teachers in the local schools
<i>Other land</i>	All report coffee planted on all their land

Source: Author interviews

La Bendición has its origins in a group of landless Tocache residents who formed a local NGO (called an *Asociación Comunitaria de Desarrollo Integral*, or ACDI, Community Association for Integrated Development) to search for land to purchase. When PREAPAZ began to promote the idea of coffee cooperatives in the region, this ACDI joined with a local group of coffee producers to form the cooperative La Bendición. This led to internal conflict over the mission of the group, as the commercial needs of the coffee producers supplanted the original goal of the association of purchasing land. The majority of the original ACDI members subsequently left the cooperative, although a few members who have small coffee holdings or rent land with coffee remained in the cooperative. In addition, the other current members of the

cooperative are made up of local land holding 'elites' who, although by national standards own small coffee farms, are the largest landowners resident in Tocache²⁸.

As a new organization, La Bendición is still searching for its identity. It does not provide other services to its members besides coffee processing and marketing. And it has struggled in the processing of coffee because its efforts to install a new wet-mill have not been successful; at the time of my fieldwork, La Bendición was using the old beneficio of one of its members, which was in a state of disrepair. In addition, there is internal conflict as the original group of landless and small-holding members who were searching for coffee land to purchase was displaced by medium-sized producers from the local elites who were searching for a way to make it through the coffee crisis.

As a small cooperative, with only half of its thirty members active, La Bendición has not hired any management staff besides a part-time secretary who does the accounting during the harvest season. The active members, most of whom are kin, collectively manage the day-to-day operations of the cooperative. They are all strong, independent producers who are struggling with what role the cooperative will play in the future. This is especially the case as coffee prices have risen in recent years, eliminating one of the primary reasons to organize and seek organic certification. Because many now have access to sufficient resources to purchase fertilizer and other inputs, it is tempting to abandon organic production and return to conventional, independent management of their coffee.

Beyond its relationships with UCAPEM and FEDECOCAGUA, La Bendición has few formal organizational ties. Because of its membership in UCAPEM, it has

²⁸ The largest farms in the region are owned by multi-farm companies or by families that do not live in the municipality of San Pablo.

participated in the PREAPAZ project and is receiving technical assistance from COPADES. In 2006 the cooperative was also in the process of receiving a donation of mechanical coffee dryers with the assistance of Anacafé. While Save the Children, a Christian development agency, works in Tocache the members of the cooperative in general do not participate in its child assistance programs.

4. *ECA La Igualdad*

The community of La Igualdad, positioned high on the slopes of the Tajumulco volcano in the coastal department of San Marcos, presents a different perspective on certification. Not only is the ECA a new organization, but the community itself has only existed for five years. This poses some striking contrasts to the other organizations introduced in this chapter. First, the whole community functions much more communally than the other cooperatives. From the beginning the community members have worked together to obtain housing, electricity, roads, and schools for their community, in addition to operating a wet-mill and coffee drying facility. On the other hand, as relative new comers to the coffee business, both as producers and processors, their organization show some weaknesses that are not apparent in the other case studies. Below in Table 4.3 is presented some demographic data drawn from my interviews.

All 150 families that live on the La Igualdad farm are members of the ECA and are beneficiaries of the market-based land reform efforts of the *Fondo de Tierras* (FONTIERRAS, the Land Trust), set up by the Guatemalan government after the signing of the Peace Accords in 1996. Through FONTIERRAS, the community received financing to purchase La Igualdad, an abandoned coffee farm, on favorable terms.

Table 4.3 Characteristics of La Igualdad Members

<i>Size of community</i>	150 families, 56 members in organic program
<i>Size of farm</i>	4800 cuerdas (about 530 acres)
<i>Total coffee harvest 2005/2006</i>	524qq organic coffee (sold at Q800/qq), 700qq of conventional coffee (sold at Q700/qq).
<i>Cost of Production</i>	Q400-500/cuerda
<i>Number of Interviews</i>	14
<i>Gender</i>	All male
<i>Average Age</i>	45
<i>Marital Status</i>	All married or living with common law wife
<i>Average Age of Spouse</i>	42
<i>Average Number of Children</i>	7
<i>Education</i>	Only 3 reported, but range from 0-2 years of primary school
<i>Organic Program</i>	12 of the 14 participate
<i>Coffee Land</i>	Average holding of 29.24 cuerdas (1.83 manzanas, 3.1 acres). Without outlier of 100 cuerdas average is 23.5 cuerdas (2.5 acres), range is 20 cuerdas (2.1 acres) to 28 cuerdas (3.0 acres).
<i>Coffee production</i>	Average of 46.28qq cherry/producer (9.26qq parchment, or 7.4qq green). Average of 1.97qq cherry/cuerda, or 40 pounds parchment per cuerda.
<i>Origin</i>	8 from highlands, 6 from coast
<i>Corn consumption</i>	2.167qq/household per month (9 respondents), with corn prices ranging from Q80-105/qq
<i>Work in Parcel</i>	4 hire workers, 12 use only family labor. Wages range from Q15-25/day or task
<i>Wage Labor</i>	5 report wage labor, either at the ECA or outside, 6 responded that they do not work outside the ECA
<i>Other land</i>	9 report landholding outside the ECA, ranging from 2-60 cuerdas
<i>Remittances</i>	3 report receiving remittances from US

Source: Author interviews

The farm had been owned by a coffee exporting company, and during the coffee crisis of the late 1990s and the first years of this decade the owners defaulted on their loans and stopped actively managing the farm. When the ECA members moved to the farm in early 2002, there was very little physical infrastructure beyond the wet-mill, a dilapidated office and warehouse space, and two mechanical coffee driers. The coffee land itself, although very extensive, was in poor condition due to neglect. It was

overgrown with weeds, and in need of pruning of both the coffee plants and the shade trees.

The ECA as an organization holds the legal title to the land. During the period of loan repayment, a local bank, Banrural, has actual ownership of the title. Upon repayment of the loan, the community members have a choice as to how to proceed. The most likely choice will be to convert the single title of the whole farm into individual titles for each plot of land that the members have claimed ownership to, including house plots, coffee land, and other agricultural land. For La Igualdad, this individual property ownership is the goal, although it is still far in the future due to the fact that there are still many years left on the payment plan.

A group of former *colonos*²⁹ from a coffee farm in the nearby municipality of Nuevo Progreso initiated the process of buying the farm. This group organized and began to look for available land; during the process of finding a suitable farm, groups of peasants from the San Marcos highlands joined them. The final mixture of members comes mostly from the bocacosta and highland regions of San Marcos. Since moving onto the farm, the group has received significant assistance from the government, NGOs, and international aid agencies. They have constructed new concrete houses for each member, installed electricity and potable water, and built a five-classroom school, all within the last five years.

The interorganizational relationships of La Igualdad have played an important role in the ECA's success, just as they did for San José el Obrero as explained above.

²⁹ In Guatemala the word *colono* is used to describe farm workers and their families who are resident on the farms where they work. Most large farms on the southern coast used to have large numbers of colonos, but as the labor market and general economic conditions have changed over the past twenty years the relationship between farm and colonos has changed as well. Most farms now rely on former colonos living in settlements near the farms for labor. Most of these former colonos are landless or land poor.

Because the ECA purchased its land through FONTIERRAS, a government program, La Igualdad is tightly linked to a number of government ministries and programs.

Throughout the first five years of its existence the ECA received technical assistance from the Guatemalan department of agriculture (MAGA), the department of forest service (INAB), and Anacafé. It also received social assistance in the form of food donations through national government programs. In the first years of the community, PREPAZ funded many projects in the community. This program work continues through the local development company COPADES, which still maintains offices in San Pablo and provides technical assistance to UCAPEM's member organizations. Other community activities include involvement with the local Catholic parish, which has assisted in land disputes with neighboring farms and resistance to a hydro-electric project that is planned for the region. Many of the families in La Igualdad receive assistance from Save the Children, an international Christian NGO, through child-sponsorship programs that provide school supplies and food aid to the families.

With respect to the economic activities around coffee, La Igualdad is not a full member of FEDECOCAGUA since only organizations formally registered as cooperatives can join the federation. Instead the ECA participates as an observer at federation meetings and sells the majority of its coffee through the federation. The ECA also maintains commercial relationships with the coffee export company that used to own the farm. It also has bank accounts in Banrural, which has a branch in Malacatán. Banrural is the holder of their mortgage.

Community members in La Libertad and extension agents of UCAPEM, COPADES, and FEDECOCAGUA have discussed the possibility of forming a

cooperative, either to replace the ECA or to function concurrently. The formation of a cooperative would have at least two advantages. First, cooperatives enjoy tax benefits in the form of exemption from some business taxes. Second, formation of a cooperative would give La Igualdad full membership in FEDECOCAGUA, including the right to have voting representation at assembly meetings. However, this would come at the cost of committing to sell all of La Igualdad's coffee through FEDECOCAGUA. Currently, La Igualdad seeks different outlets for its coffee, including selling to the export company that had formerly owned the farm.

II. Introduction to the Certification Systems in the Guatemalan Context

Just as an introduction to the producer groups on which this study focuses is necessary, so too is some general information on the certification schemes through which the organizations sought certification. This section divides the schemes into two general groups. First, it will look to the original certification schemes of fair trade and organic as trendsetters in establishing standards and practices. It will describe their history and origins, and will analyze the form they have taken in the Central American context. The following part considers the newer certification schemes that are establishing themselves in the coffee market but have been little studied in the literature: Utz Kapeh and Starbucks's C.A.F.E. Practices.

A. The Trendsetters

Fair trade and organic certification warrant presentation first and together because they are older and therefore have a stronger presence in the coffee industry. The histories of

these two are briefly introduced below to illustrate how they developed from their social movement origins to become formally established and driven by market, government, and international forces.

1. Fair Trade Certification

What is now referred to as fair trade began to function meaningfully in European social justice movements in the 1980s and has since evolved into a global trade initiative regulated by international businesses and NGOs (Barratt Brown 1993; Raynolds, Murray, and Wilkinson 2007). As its name implies, the goal of fair trade is to address the current model of international trade in a way that will achieve some form of fairness. The lack of fairness manifests itself through unequal exchange between producers in the global South and businesses and consumers in the global North (Barratt Brown 1993; Morisset 1997). In the coffee market, this is often represented by the percentage of the final price that is received by the farmer in the form of a farm gate price. Due to the differentiated nature of the coffee market, there is no single average calculation of the share received by the farmer (Daviron and Ponte 2005). Fair trade proponents seek to increase the percentage of the final price that farmers receive. One key distinction between fair trade and the other three systems analyzed here is that only small producers organized into cooperatives can participate in the fair trade market. While small producers are unlikely to achieve other certifications unless they are organized due to the costs of certification, under international fair trade coffee standards large farms are explicitly banned and individual producers, no matter their size, are not able to independently sell under fair trade standards.

The core of the fair trade standard is minimum prices for producers; in the case of Mild Arabica coffee the minimum prices in 2006 were US\$1.26/lb for conventional and US\$1.41/lb for organic coffee. Each of these prices includes a social premium, which the member cooperatives must use for social development projects.³⁰ This mandated minimum price is the free on board (FOB) price, or the price paid at the point of export in the harbor of the producing country. The actual amount that the individual producer receives depends on the marketing structure and operating costs of the cooperative, including the costs of processing steps performed outside the organization, cooperative overhead, and the administrative costs of the cooperatives.

While the history of fair trade coffee extends as far back as that of organic coffee certification, consistency in fair trade certification is relatively recent. Just as the organic movement went through a change in regulatory practices as government-sanctioned standards replaced private standards, the fair trade movement has attempted to bring its certification practices closer to the international norms of third-party certification that are codified in standards promulgated by the International Organization for Standardization (ISO). Initially, national organizations such as Max Havelaar in Holland and the Fairtrade Foundation in England controlled fair trade standards. These national groups united in the late 1990s to form the Fairtrade Labelling Organizations International (FLO) and bring all of the fair trade standards into agreement with one another. Transfair USA, which is the U.S. member of FLO, was founded in 1999 and as such the United States is a relative latecomer to fair trade.

³⁰ Until 2007 the social premium was US\$0.05 for both conventional and organic Arabica coffee, based on contract prices of US\$1.21 and US\$1.36, respectively. In March 2007 the Fairtrade Labelling Organizations (FLO) board voted to increase the social premium to \$0.10 and to increase the organic differential from \$0.15 to \$0.20/lb, bringing total organic price (including the social premium) to \$1.46/lb. In December 2007 FLO raised the minimum price to \$1.25/lb.

To comply with International Organization for Standardization (ISO)³¹ requirements for the separation of standard ownership³² and certification, FLO spun off its certification division into a separate company, FLO-Cert, in 2005, which is responsible for the inspection and certification of fair trade products. Both FLO and FLO-Cert are based in Bonn, Germany and continue to work together closely. FLO, with its role of setting fair trade standards and maintaining the registry of producers and buyers, focuses on assisting small producers in producing countries and expanding fair trade sales through marketing in the consuming countries in addition to being the standard owner charged with revising and updating fair trade standards. With regards to its member-relations activities, FLO has opened an office in Central America. Based in El Salvador, this office provides information and technical assistance to producer groups interested in joining the FLO registry. It also aids already registered fair trade groups in improving their coffee quality and sales volumes. In contrast, FLO-Cert contracts and trains inspectors worldwide to audit the operations of producer groups to ensure compliance with FLO standards.³³

³¹ The ISO, which describes itself as an international NGO, is comprised of the standard-setting bodies of its member countries, some of which are governmental agencies. It writes generic standards and regulations in all economic areas, which recently has included quality management, environmental management, and social standards (Dankers and Liu 2003).

³² The term "standard owner" is used to refer to those organizations or bodies that set, update and maintain the standards that govern certification for each standard system. I justify the use of the term "owner" because within the context of international trade and the legal framework of the WTO these bodies hold the ultimate legal right to control who does and does not have access to the use of the labels. I use this term recognizing that many of these organizations use a multi-stakeholder process in standard setting. Hatanaka and Busch (2008) discuss the role of accreditation bodies in third-party certification. In their example, the USDA National Organic Program serves as both standard owner (setting organic standards based on IFOAM norms) and accreditation body for certification organizations (see chart on p.80). In contrast FLO International does not seem to have a formal accreditation role, although it is the de facto certifier for FLO-Cert, as the only certifier that is allowed to carry out fair trade inspections. FLO-Cert recently received ISO 65 accreditation.

³³ FLO-Cert's on the ground presence in producing countries is very limited. Its inspection practices, which mostly consist of audits of the accounting systems of cooperatives to assure that price minimums were met, are tightly controlled and guarded. While in theory there are annual inspections of producer groups, there are many examples of producer groups going years without receiving inspections from FLO-

FLO exists in a complicated niche in the coffee world because it is both charged with representing the needs of its current members and with increasing the number of farmers helped by the fair trade prices by increasing its own market share. What this means is that at times it answers to competing masters. FLO has roots as a solidarity and development assistance organization but is also trying to work with the current market structure of the international coffee trade. Balancing these conflicting interests has led to difficulties in managing the variety of organization's goals and missions.

The complicated relationship between FLO and its member organizations can be illustrated with anecdotes from the 2006 ISEAL conference in Antigua on harmonization of sustainability standards. The absence of a FLO representative at the conference was commented on numerous times by other participants. FLO Centroamerica, the producer services office located in San Salvador, is only a few hours away by car, yet no FLO representative came to the meeting despite being invited. The overall goal of the conference, helping small producers access certification, seems to have fit well with FLO's mission. When the needs of small producers were raised during the conference, the struggles between FLO and CLAC³⁴ to define how the standards and price minimums will change in the future were pointed to as an example of the difficulties that small producers face in certification, even in fair trade. In its disputes with its own members through CLAC, FLO is caught between representing the needs of its current members and expanding its market share (and at the same time increasing the number of farmers helped by the fair trade prices).

Cert. In Guatemala there is one fair trade inspector for the entire country, who works completely independently on a contract basis for FLO-Cert.

³⁴ CLAC stands for Coordinadora Latinoamericana y del Caribe de Pequeños Productores de Comercio Justo, or the Latin American and Caribbean Network of Small Fair Trade Producers (www.claccomerciojusto.org). It is an organization of FLO registry-member cooperatives.

Fair trade itself occupies a complex social niche. Widely portrayed by its supporters as representing a price boost for producers due to the minimum price of the fair trade system, the resulting image is somewhat inaccurate. For most consumers in the global North who know about fair trade, the common assumption is that the retailer, as the link before the final consumer, writes a check for US\$1.26/lb to FLO, and that this amount is forwarded directly into the hands of the small producer. In reality, the complex business transactions that take place in the international coffee market create a far more attenuated path between consumer and producer. The common perception of fair trade thus overlooks many of the links in the commodity chain, and distorts the relationship between NGOs such as FLO and producer organizations. Paying careful attention to how fair trade must accommodate itself to the structure of the conventional coffee market can serve as a valuable corrective for some of the difficulties that exist in the world of certification.

2. Organic Certification

The standard system with the best-established certification record is the organic certification system. At the international level, the organic movement is governed by an NGO called the International Federation of Organic Agriculture Movements (IFOAM). IFOAM does not actually publish standards that are certifiable, but instead publishes guidance documents for common baseline requirements and accredits certifying bodies³⁵. The IFOAM guidance is a type of meta-standard, which serves as a guide for regulatory bodies that want to develop their own legally enforceable standards. The three most

³⁵ IFOAM accredits a small number of private organic standards that meet the IFOAM Basic Standard, while individual government programs such as NOP accredit certifiers for their countries.

important organic standards are published by the governments of the United States³⁶ the European Union, and Japan³⁷. In addition, there are some private organic standards that are still used in Europe, most notably Biosuisse and Naturland, which predate the EU standard.

To export into each of these markets, coffee must be certified by the corresponding standard. In practice, certifying agencies can certify for all three standards with one inspection, since all three are based on the IFOAM baseline guidance. All organic certifications have strict standards for the use of synthetic chemicals and soil management, and generally impose very few labor or social standards. The standards therefore differ only in minor details. For instance, the Japanese standard includes stricter traceability and food safety requirements than the others. The standards differ in their requirements for parallel production, stipulating whether plots of both conventional and organic coffee can be managed by the same individual producer. Because producers often export to all three markets, the practice of receiving certification from all three standards is common.

When organic agricultural products were first certified in Central America, there were no trained certifiers based in the region. As demand for certification increased, international certifying agencies began to train local inspectors. For instance, the Organic Crop Improvement Association (OCIA), one of the major organic certifiers in the United States, opened a chapter in El Salvador by the 1990s. While this eliminated the need for

³⁶ The United States Department of Agriculture's organic standard is called the National Organic Program (NOP).

³⁷ Japan's organic standard is called the Japanese Agricultural Standard of Organic Agricultural Products, commonly abbreviated as JAS, and is regulated by the Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF).

certifiers to travel from the United States, costs were still high for neighboring countries like Honduras and Guatemala that lacked domestic certification agencies.

In Guatemala, the first and at present only indigenous local certifier, Mayacert, began as an agricultural training company in 1995. Within a few years, it had shifted its emphasis to agricultural certification, and by 2001 was certifying organic, Utz Kapeh and the Starbucks precursor program to C.A.F.E. Practices. As of 2006, Mayacert was also working on a pilot program with FLO to extend fair trade certification to other agencies besides FLO-Cert. While not the only organic certifier working in Guatemala, as OCIA and BioLatina also have offices in the country, Mayacert possesses key advantages over foreign companies. Due to its in-country location, it can offer the most competitive certification costs. It also has the best understanding of local culture, which is especially important because many Guatemalan coffee producers belong to the majority indigenous Maya culture. For these reasons, Mayacert is the largest organic certifier in the country. FEDECOCAGUA uses Mayacert exclusively for its certification needs, as do the all the independent fair trade cooperatives visited for this study.

Organic coffee has enjoyed great market success over the past decade. Within the world of certified coffee, it has become increasingly common for fair trade certified producer organizations to seek organic certification as well. Organic agriculture has many easy affinities with the permanent nature of coffee cultivation. While FLO has only recently attempted to conform with ISO certification standards, as mentioned above, it is within organic agriculture that the current model of third party certification was developed. Organic agriculture also presents an interesting case study that contrasts with the other certifications discussed in this dissertation because it has transitioned from its

informal, social movement roots to government-regulated and enforced production and labeling standards.

Most of the published studies of coffee producer organizations and certification have focused on fair trade, organic, or both (Barrett *et al.* 2001; Bray *et al.* 2002; Damiani 2002; Gómez Tovar *et al.* 2005; Martínez-Torres 2006; Michelsen 2001; Nigh 1997; Raynolds 2000; Raynolds *et al.* 2004; Renard 1999, 2003; Seppanen and Helenius 2004). While studies of fair trade organizations have had very little to say about actual certification practices, the work involved in organic certification has been documented, most extensively in the work of Tad Mutersbaugh (2002b; 2002c; 2004; 2005b). This is reflective of the common observation that fair trade standards have very little to say about on-farm production practices or even producer organizations beyond the fact that they exist and are democratically organized. This leads to a focus on the price as the central aspect of the fair trade system, and even this is misunderstood, as noted above. In contrast, organic standards focus on production practices and processes. However, in both systems the key issue remains the operationalization of ideas like 'fair', 'natural' and 'organic'.

Because organic certification requires on the ground changes for farmers, it therefore cannot be managed solely through the accounting and marketing offices of national federations. While the dry-mill facilities owned and operated by FEDECOCAGUA have been certified organic in their ability to separate certified from non-certified coffee, the bulk of the work of organic certification happens through on-farm production practices and inspections. Because of this, one of the benefits of certification in organic agriculture, the most strict and rigorous as far as farmer practices

are concerned, is that it prepares cooperative members for any of the other certifications as well and can be used as a springboard to achieve multiple certifications.

As a general matter, one of the largest entry barriers to organic production is the mandatory three-year waiting period between the last application of prohibited chemical inputs and the ability to sell a product as organic certified. Yet coffee grown by small producers presents a notable exception to this rule; most small producers easily met this requirement during the first few years of the present decade due to a number of factors. The use of chemical fertilizer, while common among producers that can afford it, was one of the first practices to be abandoned because of economic constraints during the crisis of coffee prices. In addition, coffee is usually planted under shade trees from the leguminous *Inga* family, which are a natural source of nitrogen that provides some fertility improvement even without chemical fertilizers. The use of chemical herbicides is much less common among small producers, so a shift to manual weed control was also a common strategy. Because coffee is a permanent tree crop, concerns about erosion are much less pronounced than in annual crops. While the majority of farms did not use active erosion control practices like cover cropping and barriers, in the past few decades most coffee was planted in rows that follow the contour of the land. Once contour planting is in place, it is fairly simple to implement erosion control techniques.

In short, the condition of many small producers' coffee fields during the depths of the coffee crisis created a relatively smooth transition to organic certification. In Guatemala this pattern was most pronounced on the southern coast, where factors such as lower-quality coffee production at lower elevations, and the division of abandoned coffee plantations among new small-holders meant that many producers were barely getting by

in coffee but could easily convert to organic with minimal outside assistance or on farm changes to agricultural practices.

The primary drawback of this passive organic production is that many small producers who find it easy to become certified organic initially then struggle to actively adopt new production practices to maintain certification. For instance, while certification requires a three-year period of chemical-free production, it also requires active improvements in soil fertility using organic techniques such as the application of compost. In organic coffee production, the most common type of organic compost is made from the pulp of the coffee cherry and other organic materials such as soil, plant debris, ashes, and some form of manure (usually chicken). During the first two years of organic production at UCAPEM, COPADES coordinated the production of this type of compost, called bocachi, with the assistance of resources from the regional economic development project, PREAPAZ. The coordination of the production and distribution of organic compost among six small producer organizations in a large geographical region requires many outside resources. The ideal situation is that each cooperative produce bocachi on-site from the coffee pulp generated by their beneficio. While this was achieved for two years with the help of COPADES agronomists, on-site production never provided enough for each farmer to apply compost to all of their land. By the time of the Mayacert inspection in the fall of 2006, most of the members of the organizations had not applied compost for over a year.

This example also illustrates the increased labor requirements of organic production. Although the materials needed to produce compost are less expensive than chemical fertilizer, the time investment required to produce and apply organic fertilizer

often surprise farmers and offset any monetary savings realized on fertilizer and herbicide. The production of compost takes time, and involves frequent turning and mixing of the compost pile. Its bulky materials must be assembled in a central location, usually near the coffee beneficio as it is not feasible to move large quantities of coffee pulp. The large volume of organic compost as compared to chemical fertilizer also creates difficulties for organic farmers. While a farmer can carry a 100 pound bag of chemical fertilizer to his fields and apply it to a large area, each coffee tree requires about a pound of compost annually. This large volume poses logistical problems for farmers, who must figure out how to carry hundreds of pounds of fertilizer to a single cuerda of land which could be fertilized with just a few pounds of chemical fertilizer.

Similar problems exist in implementing soil erosion controls, which are another aspect of the soil fertility management required for organic certification. During the UCAPEM inspection, the absence of live barriers and contour ditches was noted by the inspectors. These practices not only are important for erosion control but also to ensure that external sources of contamination from neighboring farms do not enter organic parcels. These contamination-prevention measures are also required as improvements on a yearly basis. Without evidence of improved practices, renewal of certification can be denied.

The geographically fragmented nature of coffee production in Guatemala only exacerbates many of these problems. Most producers have parcels that are no more than two or three acres in size, and often are much smaller. Roads, houses, footpaths, and conventional coffee fields surround these tiny parcels. The strict requirements for the prevention of contamination, whether in the form of chemical runoff and drift or

household garbage from neighbors, are hard to enact in the patchwork arrangement of agriculture and residences in rural Guatemala.

B. The new standards

A number of new sustainability standards in the coffee market have emerged over the past few years (See Daviron and Ponte 2005: Chapter 5), with Utz Kapeh and Starbucks' C.A.F.E. Practices being the most relevant for small producers in Guatemala.

Both newer standards arose from the context of individual businesses and remain strongly focused on meeting the business needs of particular actors within the coffee industry. These two standards were developed with clear goals of meeting internationally accepted norms of accreditation, standard development, certification, and inspections that conform to ISO-based processes. This does not mean that they produce more socially or environmentally acceptable products and processes, but that they were from the start intended to dovetail with already existing structures in the international coffee trade. These differences help explain the variation in benefits that farmers receive through participation in these certification systems.

As an initial matter, the requirements and inspection processes for Utz Kapeh and Starbucks are very similar. Both rely on well-established international conventions for their environmental and social standards. For instance, both require the rational use of agrochemicals, mostly based on the prohibition of the worst pesticides that have been identified by the WHO and FAO. Other requirements with respect to pesticide use dictate the proper storage of chemicals and the provision of adequate protective clothing for workers who are applying the chemicals. The social standards mostly focus on labor practices, with ILO standards for nondiscrimination, collective bargaining, and the

prohibition of child and forced labor adapted to the individual standards. It is in their purpose and positioning that these two certifications differ meaningfully.

*1. Utz Kapeh*³⁸

Utz Kapeh, which means 'Good Coffee' in K'iche, one of the indigenous Maya languages of Guatemala, began as a marketing arrangement between the Guatemalan owner of a large farm and a Dutch grocery retailer, Ahold. Utz Kapeh is the only certification system that was founded and based in a producing country. Although the headquarters of the Utz Kapeh foundation, the non-profit organization that is responsible for the code of conduct, is now based in the Netherlands, it was originally formed in 1997 through the efforts of a Guatemalan coffee farm owner in the Alta Verapaz region of the country. As Utz Kapeh staff and promotional material tell the story, this farmer was struggling through the crisis of low coffee prices and searching for a way to gain market recognition of the responsible and sustainable coffee that he was producing. Through his connections in the coffee export community, he established a relationship with a Dutch roaster who was interested in creating a code of conduct that would both benefit producers by rewarding quality and at the same time meet the increasingly strict traceability requirements that were becoming more common in European markets. In 2002, the Utz Kapeh foundation was established as an independent organization and its offices were located in Holland³⁹.

³⁸ In March 2007, Utz Kapeh changed its name to UTZ CERTIFIED 'Good Inside' to combine "the confidence in our model and the pride of our heritage with clearer communication for the international market" (from webpage utzcertified.org). I will refer to it by the original name that was still in use at the time of the field work.

³⁹ Interestingly, as a non-profit foundation much of the funding for Utz Kapeh comes from Hivos and Solidaridad, two of the Dutch NGOs that played pivotal roles in the founding of Max Havelaar and FLO.

Utz Kapeh has positioned itself as 'responsible coffee' and asserts this identity through economic, social, and environmental standards. The original formulation of the certification called for small price premiums to be paid to certified producers. Subsequent iterations of the standard dropped this required premium; the Utz Kapeh foundation now does not interfere in the contracting process between exporters and buyers. What this means in practice is that price premiums are minimal; coffee marketed with the Utz Kapeh label averages slightly above market prices.

As might be expected given the coffee industry actors involved in its founding, Utz Kapeh originally focused on certifying large single-owner farms. However, Utz Kapeh has begun to shift the producer groups which it targets for membership in the last several years. Although Utz Kapeh found its original success with large coffee estates, it has recently been certifying more coffee produced by cooperatives and other small producer associations.⁴⁰ This has required a process of considering how the standards must be adapted for producer organizations compared with large farms. In 2006 Utz Kapeh had six certified coffee estates and thirteen certified producer cooperatives in Guatemala.

In general, the Utz Kapeh standards are less demanding than those of organic and fair trade certification. The Utz Kapeh coffee code is an application of good agricultural practices (GAP) originally formulated under the auspices of EurepGAP, a group of European grocery retailers that created a code of conduct to assure traceability and food safety in the fresh fruit and vegetable sector.⁴¹ The EurepGAP standard leverages the

⁴⁰ All belong to the federation of cooperatives FEDECOCAGUA, discussed below.

⁴¹ In September 2007 EurepGap changed its name to GlobalGAP to emphasize its global reach beyond Europe. See Campbell (2005) for a useful discussion of the history of EurepGAP as well as its current use in New Zealand.

influence that large grocery retailers possess over the rest of the food commodity chain. While it is unclear how much of the justification for EurepGAP standards comes from government food safety regulations and how much comes from the desire of retailers to outsource risk and manage their supply chains more efficiently, the confluence of these two factors is echoing upstream through the commodity chain to producers. Utz Kapeh intends to exploit this confluence.

As a result, the primary focus of the Utz Kapeh code is product traceability. While this is a requirement shared by all of the certification systems, it is most strongly emphasized in the Utz Kapeh code of conduct. This emphasis on traceability due to food safety concerns is curious in the coffee sector because there are few potential risks of contamination in an inert product such as green coffee; the potential problem most commonly mentioned is that of formation of mold (Ochratoxin) on the coffee bean. However, Utz Kapeh staff members promote their system as a proactive way to comply with new food safety regulations coming into effect in Europe and Japan. Even though coffee is unlikely to be implicated as a source of food safety problems, Utz Kapeh is positioning itself as the standard with the strongest traceability requirements through its reliance on EurepGAP standards' preoccupation with traceability.

This aspect of Utz Kapeh parallels certain elements of the history of organic certification. Just as organic certification passed from private to government regulation, food safety requirements for internationally traded crops may bring private systems such as Utz Kapeh into the realm of public regulation. The transition from private to public regulation may eventually be more pronounced in the arena of traceability than it was for organic; organic certification remains purely voluntary as federal regulations must be

followed only if the organic label is to be used, while food safety standards that mandate minimum requirements for products to be permitted into the country are obligatory. Utz Kapeh, as based on EurepGAP standards, is expressly designed to serve the needs of the retailers who are anticipating this increase in traceability requirements. Within the fresh fruit and vegetable sector, food safety concerns are paramount and serve as justification for much of the increased regulation. Yet these standards also control other aspects of quality because much of the EurepGAP code seeks to regulate cosmetic characteristics such as appearance and lack of blemishes.

Traceability has little to do with producers' needs; their central concerns about certification are certification costs and price premiums. The average cost charged by Mayacert for Utz Kapeh certification, including field inspections and report preparation, was \$1,800 to \$2,000 per cooperative. This is the only direct cost for the cooperatives. For one small cooperative, this was calculated to be approximately \$30 per producer per year, which seems to be a reasonable cost. If each farmer produces 30 quintales of coffee, this works out to \$1 per quintal.

Utz Kapeh itself charges the roasters or importers \$0.01 per pound of coffee purchased under Utz Kapeh contracts, which is approximately the same cost that producers pay per quintal. Utz Kapeh presents this as a cost that does not affect the producers, but these costs may be passed in part through to the retailers and therefore affect the contracts that are negotiated between FEDECOCAGUA and the importers. The average range of premiums over market price that Utz Kapeh coffee from Guatemala has achieved is three to six dollars per quintal. It is reasonable to assume that negotiated

prices would be slightly higher if the buyers did not have to pay Utz Kapeh a licensing fee.

As a comparative matter, Utz Kapeh has some meaningful differences from the other newer certifications. As compared to the Rainforest Alliance certification, Utz Kapeh is less expensive and places less emphasis on environmental factors. Rainforest Alliance charges inspection costs on a land area basis because it inspects all production areas instead of sampling producers. The main difference with Starbucks is that Utz Kapeh's quality criteria are somewhat less stringent. Utz Kapeh staff further promotes Utz Kapeh as representing many more potential buyers than Starbucks, as its standard is used by a group of 200 buyers, rather than the proprietary code of a single corporate entity.

2. *C.A.F.E. Practices*

Starbucks has been a significant buyer of estate coffee in Guatemala for the last decade. As Starbucks' became an increasingly important buyer of specialty coffee through its spectacular growth, it demanded more and more Guatemalan coffee, especially from the Antigua region. With this increasing demand, which coincided with historical price lows in the international coffee markets, Starbucks began to be concerned about its ability to source enough high quality coffee. Reports in Guatemala indicate that Starbucks' purchases of Antigua coffee had reached close to half of the available coffee from that region. At the same time low prices led producers to shift their production practices, leading to potential quality reductions in the available coffee. The outcome of all of these

disparate factors is Starbucks' internal certification program that emphasizes maintaining sufficient sources of high quality coffee for the company.

Starbucks' increasing focus on its Coffee and Farmer Equity (C.A.F.E.) Practices, as its internal standard is known, created a real drive toward certification among producers accustomed to selling coffee to Starbucks over the last several years and shifted the certification landscape accordingly. C.A.F.E. Practices is a smaller, newer certification in the same pattern as Utz Kapeh. Initially launched as the company's Preferred Supplier Program in 2001, C.A.F.E. Practices was introduced in 2004 to broad criticism as it was designed and implemented internally. As originally formulated, acceptance into C.A.F.E. Practices was based on a score received out of 100 possible points. To qualify as a preferred supplier, producers must receive a score of 60 out of 100, and to be considered a strategic supplier requires a score of 80.⁴² This system underwent significant modifications in 2007. The standard is now based on the more widely used conformity/non-conformity system of criteria, bringing it into line with the other certification systems. The severity of sanctions that result from a nonconformity with a particular requirement depends on whether it is mandatory or not. The effect of this is that rather than being based on an objective scoring system, the inspectors have a lot of discretion once mandatory minimums standards are met. Additionally, Starbucks has moved away from internal certification, and currently administers C.A.F.E. Practices as a third-party certification system through Scientific Certification Systems (SCS), a California based certification company with a long history in organic certification.

⁴² This percentage score system is distinct from the other three standards which rely on a set of core mandatory requirements that must be met as well as additional practices that are not mandatory and where progress and improvement rather than completion must be shown instead.

Whereas Utz Kapeh bases its identity on its traceability and transparency requirements, Starbucks' system is centered on the primacy of quality; the goal is to promote a sustainable supply of high-quality coffee to meet Starbucks' ever-growing need for more coffee. A prerequisite for applying to C.A.F.E. Practices is that the producer must meet Starbucks' coffee quality standards. Unlike the other three certifications examined here, then, Starbucks C.A.F.E. Practices has minimum quality standards that automatically prevent many coffee producers from marginal areas from participating. While the majority of Guatemalan coffee meets Starbucks' standards, all of the areas on the southern coast and in the northern parts of the departments of Huehuetenango, Quiché and Alta Verapaz below elevations of about 800 meters are unlikely to meet the quality requirement.

Only if the coffee is cupped and accepted as meeting the minimal taste quality can that producer or organization begin the process of C.A.F.E. Practices verification. Since the original implementation of C.A.F.E. Practices, Starbucks has moved towards requiring that all the coffee that it sources be certified through its system.⁴³ Receiving preferred supplier status, however, is no guarantee that Starbucks will purchase the certified coffee. Because of Utz Kapeh's more flexible quality requirements it has a potentially broader reach with respect to producers who do not meet the strict quality requirements of Starbucks. This is relevant for producers who have coffee land at lower elevations that due to agroecological barriers cannot meet Starbucks' quality standard but may still achieve Utz Kapeh certification.

⁴³ In fiscal year 2006, 53% of the coffee purchased by Starbucks was sourced through its C.A.F.E. Practices program (Starbucks Corporation 2007: 21).

During the period that I was in Guatemala, Starbucks announced that all suppliers that wanted to continue selling coffee to the company needed to undergo verification for C.A.F.E. Practices. As a result, and in light of Starbucks' goal of certifying all of its coffee, 2006 saw a flurry of activity in Guatemala as all producers who had sold to Starbucks in the past rushed to obtain certification. Before 2006, Starbucks encouraged its suppliers to undergo verification through C.A.F.E. Practices, but it was not required, and certification did not guarantee a contract with Starbucks. In 2006 Starbucks announced that for the upcoming 2006/2007 harvest season all Starbucks suppliers would need to have undergone inspection, although there was no requirement that producers needed a minimum score (whether 60 or 80 out of 100) to continue as suppliers. However, it was understood that over the next few years minimum scores would be implemented as well as a need to show annual improvement.⁴⁴ Many large farms that had been selling to Starbucks had to be inspected for the first time, and in many cases this was their first experience with third-party, on-farm certifications.

A new Guatemalan certification agency, LatCert, developed a significant business of implementing C.A.F.E. Practices as a result of this increasing drive toward certification. Started by a group of young business school and engineering graduates from local universities, LatCert began with an emphasis on food safety standards and risk-management systems based on the HACCP⁴⁵ protocol which is common in industry. It quickly began working with EurepGAP food safety inspections for the export market in fresh fruits and vegetables. LatCert has consulting experience in preparing farms for Utz

⁴⁴ With the implementation of the conformity model, this minimum score requirement has been replaced with core mandatory steps accompanied by improvement and progress goals.

⁴⁵ HACCP, which stands for Hazard Analysis and Critical Control Points, is the most widely used international food safety process.

Kapeh certification, although it is not accredited to carry out the inspections itself. LatCert is now an accredited Starbucks verifier, and focuses its inspection services on C.A.F.E. Practices, as it provides neither organic nor fair trade inspection services. Beginning in 2005 the majority of LatCert's work has been in verifying (inspecting) for C.A.F.E. Practices. Their work has almost exclusively been for large farms, not small producer groups. The rise in their business is due to Starbucks' certification requirements; many of the Guatemalan exporting companies are paying to have their farmers inspected by LatCert or other agencies in order to maintain access to the lucrative Starbucks' market.

C.A.F.E. Practices is often implemented through LatCert contracts with export companies. During my fieldwork, I was able to accompany LatCert certifiers on C.A.F.E. Practices verifications to two farms. Both of these visits were through LatCert's contract with SERTINSA, one of the export companies that historically sold to Starbucks. SERTINSA hired LatCert to make initial inspections and recommendations for all of its supplier farms. What these visits demonstrated was the struggle that producers faced in adapting to an imposed certification system in order to maintain ongoing business relationships. Unlike the other certifications discussed, the dynamic of Starbucks' imposition of C.A.F.E. Practices meant that producers tried to conform to the standard with little knowledge of its rubric. On the visits that I observed, the *finca* owners had no understanding of the requirements of C.A.F.E. Practices and had not prepared for the visits. In both cases, the farms did not score well in their final reports. Most of their problems occurred in the areas of labor relations and the use and management of pesticides, which made sense; previously, sales to Starbucks were based purely on coffee

quality. The imposition of C.A.F.E. Practices on pre-existing business relationships essentially created a shifting and opaque standard that producers felt unable to meet.

C. Pitching Certification

Selling certification to coffee cooperatives and producers is a tricky matter, and demonstrates what benefits producers believe certification to offer. I had the opportunity to observe this firsthand when I accompanied Utz Kapeh staffers as they visited FEDECOCAGUA cooperatives in the effort to convince some of them to begin the certification process. The first trip I made occurred in April, 2006 just as the harvest season was winding down and producers were beginning to prepare for the next harvest. This is the ideal time for producers to introduce a new production practice or certification system, because there is plenty of time to plan before the next harvest begins. In addition, I attended a similar meeting in August 2006, which was too late for plans to be made for that fall's imminent harvest.⁴⁶ In their marketing speeches to FEDECOCAGUA cooperatives, the goal of Utz Kapeh and FEDECOCAGUA was to certify 12 new cooperatives for the 2006-07 harvest. These presentations demonstrate how certification is sold to producers.

The presenter at the talks I attended in the department of Huehuetenango was Utz Kapeh employee Enrique Abril. In his presentation he employed straightforward metaphors designed to make the need for certification relevant to the farmers. Holding a bottle of water, he asked the listeners to reflect on why people are willing to pay to purchase water, a commodity that previously was inexpensive if not free. Then he removed the label, and asked if people would still be willing to pay for the water. The

⁴⁶ Insert a brief FN on the annual production timeline for coffee.

gathered group inevitably answered no. He brought up the situation of a teenager who wants to continue studying in secondary school, and shows up at the school saying he wants to start. Abril asked the listeners if the teachers would just let him start. No, he must bring along his graduation certificate from primary school. In a similar sense, Abril asserted, coffee farmers should no longer expect consumers to take their word for the fact that the coffee is good; they need evidence, in the form of certification, to back it up.

As a parable of price premiums, Abril told the story of a shoe maker that who hung a sign outside his house advertising his services. He asked the group whether people would come and buy shoes. No, Abril posited, first the shoemaker must make a few pairs to demonstrate his abilities. Abril's lesson was that premiums are not to be taken for granted but must be earned through demonstrated performance in the market. Yet this example did little to assuage the concerns that producers were voicing when they inquired after premiums. In the absence of a guaranteed premium, as in fair trade, or a well-documented one, as in the organic market, the producers were wary of taking on a demanding certification that might not pay for itself through increased prices.

In a final metaphor, Abril asked the listeners if either of the two local schools was better than the other. Given that one is perceived as better, which would they want their children to attend? The listeners agreed they would send their children to the better school. Abril used this example as a way to distinguish among the certifications available. Specifically, he was trying to establish Utz Kapeh's superiority to the Starbucks certification that many local producer organizations sought.

Producers' questions at these presentations evidenced their concerns about certification. First, concerns about the future of organic production animate producers'

interest in alternative certifications. Price premiums are dependent on the market in the organic sector, which lacks the fixed minimums that typify fair trade; as prices have risen and the supply of organic coffee has increased, the price differential between conventional and organic coffee has diminished. As a result, pursuing other certifications seems like a viable strategy to producers, who increasingly believe in the inevitable necessity of certification. Certification is presented not only as a smart strategy to secure more market niches, but also as a reality that is best adapted early before it becomes de facto mandatory.

Abril's vivid metaphors clearly identified two causes of the emphasis on certification: consumer demand for higher quality products and increased food security regulation from consumer country governments. He related this second concern with food security to recent food safety scares in Europe and Japan, and to 'bioterrorism' and other food supply vulnerability worries in the United States. Abril's presentation illustrated the ways in which certification is being presented to producer groups. With certification another layer of complexity is added to the management of the cooperatives, and producers are being educated in the particular variety of market capitalism illustrated in the coffee market: the only way to compete is to differentiate your product from that of other producers, and one effective way to do this is through certification.

D. The benefits of certification

The economic factors that Abril discussed with producer groups essentially focused on two crucial benefits of certification: accessing a price premium and securing a reliable market for the coffee crop. These two factors represent a small subset of the wide variety

of benefits that small producer cooperatives can capture through certification. These previously mentioned economic benefits have been documented and debated in the literature (see Murray *et al.* 2003 for an overview). Scholars and producers alike assume that above-market prices, whether received through guaranteed price minimums as in fair trade or premiums from the well-established market for organic coffee are the most important and desirable benefit. But certification's benefits to producers extend beyond a higher price over an equivalent uncertified product. Establishing relationships with buyers provides producers the opportunity to achieve price stability, thus minimizing the effect of the volatility of the coffee market on producer livelihoods. The economic benefits of certification are most pronounced when the coffee market is in periods of low international prices, which was the case for much of the past decade.

But there are other benefits to certification besides the economic ones, and these non-economic or indirectly economic benefits may be more important in the long run than the immediate impact of higher prices and reduced price volatility. Because the economic benefits have been discussed in previous literature, I will focus in this study on the wider range of benefits that accrue due to the economic activities associated with certification. As an initial matter, it is important to note the relationship between certification and these benefits. Some of these benefits accrue to organizations because they are organized; they are unavailable to independent, individual farmers, yet exist whether or not the organizations seek certification. However, as the main impetus to form organizations of small coffee producers is to seek certification, it is difficult to distinguish whether the benefits are a result of certification, or are more directly

attributable to the fact of organization, which would not have occurred in the absence of a goal of certification.

The most important realm of non-economic benefits of certification is in organizational strengthening. Organizations that have the ability to provide a wide range of services to their members and to advocate on behalf of their members' interests will be stronger and longer-lasting; certification allows organizations to form these characteristics. Many new organizations are formed in times of need, which coincides with periods when external assistance is offered, such as during the coffee crisis.

However, when prices recover, as they have over the past few years, the original goal of achieving higher prices is no longer a concern, and the impetus for the organizations weakens.

La Bendición in San Marcos is a good example of this downside, as it grew out of immediate concerns about prices. Due to its recent formation and lack of organizational structure, it is in danger of dissolving in the face of high prices that allow individual producers financial success through independent operation. In contrast, certification over time has led to organizational strength for San José el Obrero in La Libertad. Although it has struggled through some mismanagement in the 1990s, it has been able to weather periods of high and low prices, and appears to be well positioned to make it through a period of high coffee prices.

Increased access to credit likewise is related to certification, and generates economic consequences for organizations. The ability of producers to access credit can be crucial for their survival as coffee farmers, since coffee farming requires significant annual financial outlays well before the harvest is available. Access to reasonably priced

credit ensures that producers will not fall victim to the loan sharks who compel farmers to sell early at low prices for want of funds to pay back their loans. While access to credit is associated with membership in cooperatives regardless of certification, the certification process can make producers more credit-worthy. In the case studies presented here, increased access to credit cannot be attributed to either membership in the cooperative or participation in certification. While no credit was offered directly or exclusively to the certified groups within the organizations, members were able to demonstrate their need for credit because they needed to meet certification requirements. As members of FEDECOCAGUA, the organizations studied here had access to the credit facilities that were being offered through the Guatemalan government's coffee fund. Only San José el Obrero independently offered credit to its members, separate from FEDECOCAGUA's access to the government fund. Like the benefit of organizational strengthening, access to credit is not directly an outcome of certification nor can its impacts be measured solely through economic factors.

Diversification of agricultural production and other economic activities is also associated with certification. As producers' understanding of the costs and benefits of coffee production becomes more formalized, organizations begin to introduce other projects and activities to improve their members' livelihoods. Some may be directly related to coffee production, such as local retail sales of roasted coffee.⁴⁷ Other projects are only peripherally related to coffee production, such as the introduction of shade trees that produce fruit or lumber for sale and double as a canopy for protection of the coffee

⁴⁷ While not the central case studies of this dissertation, other organizations that were visited during my field research were involved in roasting, packaging, and marketing their own brand of coffee as well as in tourism projects that brought foreign tourists to stay on the collective farms. These include the communities of La Florida and Santa Anita, both located on the bocacosta in the department of Quetzaltenango.

plants. The organizations that are the focus of this study present a range of these projects. In La Igualdad, these projects including irrigated vegetable production and a proposed ecotourism project that would take advantage of the natural beauty of the mountainous landscape surrounding the farm, including various waterfalls and the nearby summit of the Tajumulco volcano. In La Libertad, San José el Obrero is involved in a number of diversification projects with its members. One project involves payments from the Guatemalan forest service for registering forested land as protected. The cooperative also runs the only tortilla shop in the town, providing revenue that is used to capitalize the cooperative.

Another way to look at diversification as a benefit is by focusing on the transition from subsistence production of corn and beans to production for the market. In La Libertad the majority of coffee farmers has greatly reduced or abandoned the production of *milpa*. The main advantage of this transition is improved incomes through the higher value of the commercial crop. However, relying solely on the production of an export crop can also create negative consequences. Subsistence production can serve as a buffer against social instability and a source of greater food security than reliance on sales to a fluctuating and dynamic international coffee market. *Milpa* serves as a kind of savings account for poor farmers: no matter how little money they earn from sales of cash crops, *milpa* means that the family will eat through the winter and spring.⁴⁸

Certification also requires the increased participation of cooperative members in the activities of the cooperative. This participation has three primary results. First, the organization is strengthened institutionally. Second, more frequent attendance of

⁴⁸ For discussions of subsistence and commercial agricultural production in the anthropological literature, see Gudeman (1978), Annis (1987) and Halperin (1994).

trainings and meetings means that members are more active in the organizations and this creates social ties within the community. Third, the individuals who function as leaders of their local cooperative gain skills and capacities that rural life does not always foster. San José el Obrero in La Libertad demonstrates this array of benefits. The cooperative in the town is institutionally stronger because of the number of active members it possesses. Members serve as a community for one another, and the cooperative itself has become established as an important component of the town's civil society. Finally, members have grown to leadership positions in the organization. The current manager of the cooperative is the son of a cooperative member who has an accounting degree and returned to town to work for the cooperative. This type of indigenous leadership, which is present in all of the cooperatives, is essential for the functioning of the cooperative, and creates leaders within the community in general. These changes all correspond to benefits that impact the intraorganizational structure of the producer groups.

Certification leads to improved coffee quality and production practices. Even fair trade, which has little to say about production practices, leads to an improvement in quality in the long term. Just as organizations increase participation and individual skills, improved quality leads to the professionalization of production by increasing the producers' pride in the high quality coffee they produce. Producers feel a sense of accomplishment when they produce coffee of a quality that is publicly recognizable, either through the achievement of certification or through the market. Similarly, improved production practices often result from the improved transparency that is achieved through better record-keeping. The members better monitor their own

production and the internal control systems; organizational level participation similarly requires more detailed knowledge of the production process.

Changes in production practices generate social benefits through the implementation of higher labor standards and environmental protection. All of the certification standards draw on ILO conventions for their labor standards. While organic standards refer to ILO conventions and general principles of social equity, it offers no specific requirements for labor conditions. The other three systems, while also explicitly referring to ILO conventions as the basis for all labor issues, have more specific labor requirements. Yet the onus of meeting the labor requirements falls back on assuring that certified producers meet national labor laws. Because these laws are largely unenforced in Guatemala, groups that seek certification must familiarize themselves with requirements under the law for the first time. Environmental and conservation benefits are minimal for small producer groups. While rational and safe use of pesticides is a goal of all of the standards, in reality this only has practical implications in the use of chemical fertilizer. However, the commitment to certification is closely associated with the recent collapse in market prices and its concomitant reduction in expensive petrochemical inputs this situation also correlates with the reduced use of chemical inputs, so it is unclear if certification or the price collapse reduced use of chemical fertilizer. Yet certification has had a clear environmental impact on local watersheds through tighter controls of the wet processing of coffee; certification has demonstrated positive environmental benefits in this regard.

The benefits of certification cannot be clearly separated from the effects of other aspects of producers' social interactions. While the above examples clearly show that

individual producers find cooperative membership and participation in certification beneficial, the benefits of certification are thoroughly intertwined with the effects of being a member of a producer organization, the intrinsic quality of the coffee produced in a particular region, and the particular characteristics of the certification standard; disambiguating the source of these effects is nearly impossible. Previous research on the benefits of certification has not done a good job of disentangling these factors. A recent study of the Mexican organic sector, Gomez Tovar *et al.* (2005), suffers because the comparisons between organic producers have so many variables that determining what impact certification has is difficult. The authors analyze the 'bimodal' organic sector in Mexico, comparing large, certified, vegetable producers in the north and small, cooperatively organized, indigenous coffee producers in the south. While addressing an important topic in which it is hard to acquire data, the article demonstrates that the characteristics or benefits of fair trade and organic are so intertwined that it is difficult to separate them.⁴⁹ This leads to the conflation of conditions resulting from fair trade being seen as benefits of organic production. In analyzing the organizations involved in certified certification, it is important to take into account the full range of interorganizational relationships and interrogate how these relationships combine to cause change in the producer groups.

III. Conclusion

This chapter has introduced the organizations and certifications that are the centerpiece of this study. It also has illustrated the benefits that producer groups can receive from

⁴⁹ In addition, the natures of the export crops require completely different production systems. Comparisons between large and small organic vegetable producers or large and small coffee producers would produce more significant findings.

certification, and how certifying organizations leverage these benefits to sell the idea of certification to producer groups. Certification adds another layer of complexity to the management of the cooperatives, while at the same time it educates producers on the particular variety of market capitalism typical of the coffee industry. The takeaway message is that certification responds to farmers' concerns that their crop will be overlooked in the enormous context of the coffee market, and provides a way for producers to differentiate their product from that of other producers.

The next chapter will explore in more detail the processes by which these organizations were able to become certified, the characteristics that were beneficial in the certification process, as well as those characteristics that were barriers to certification. While all three of the organizations have successfully achieved certification, their futures do not all look the same due to the organizational histories that brought them to the point of certification in 2006 and the organizational contexts that will determine their abilities to maintain certification and continue receiving the benefits that it brings.

Annex I: Mapping the Organizational Context of Small Producer Groups.

Table A1: Organizational Structure of the Coffee Sector

Group	Members	Goal Homogeneity within Group	Goals and Interests
Producer groups	Individual cooperatives (San José el Obrero, etc.), second-level organizations (Manos Campesinas, UCAPEM), national federations (FEDECOCAGUA).	High	Improve family livelihoods; capture value-added in coffee prices
Technical assistance and development groups	Anacafe, PREAPAZ, Copades, MAGA	Medium	Complete successful projects; spend budget appropriately
Certification Bodies	Mayacert, FLO-Cert, Latcert, FIIT	Medium	Increase level of certification business
Standard Owners	FLO International, Utz Kapeh, Starbucks USDA NOP, Japan NAS, EU 2092/91	Low	Increase market share; promote fair prices; promote environmentally sound production; assure quality coffee supply; assure product traceability

Table A1 relates the groups of actors participating in the coffee sector and presents them from the point of view of how interests and goals are either shared or in conflict, both between groups of actors and within groups. The goal is to focus on the relatively weak position of the producer groups in this structure and to assess whether the current changes relating to certification allow them to achieve their goals.

This table does not attempt to describe the global value chain of the coffee (see Daviron and Ponte 2005; Ponte and Gibbon 2005; Talbot 2004), but rather an alternate or parallel global value chain (Mutersbaugh 2005b). Mutersbaugh presents the certified coffee value chain by contrasting the 'conventional' and the 'alternative' chains. This dissertation presents the concrete participation of producer groups in the value chain. While certification introduces slight changes in the way coffee is marketed, in general it does not deviate greatly from the way the conventional value chain operates. This is true even of the fair trade market, which introduces the greatest changes in the marketing of coffee from producer to roaster. However, fair trade coffee still passes through the same marketing channels as conventional coffee, with only slight variations.

Annex II: Additional Data Tables

Table A2: Socioeconomic Data for San Pablo and La Libertad, 2002

	Country of Guatemala	Department of San Marcos	Municipality of San Pablo	Department of Huehuetenango	Municipality of La Libertad
Population	11,237,196	794,951	36,535	846,544	28,563
Land Area (km²)	106,028	NA	124	NA	104
Population density per km²	103	NA	295	NA	275
Total number of households	2,200,608	139,683	8,577	144,385	4,849
Average number of people per household	5.11	5.69	5.42	5.86	5.89
Rural population (percent)	53.9	78.2	72.0	77.3	82.6
Indigenous population (percent)	41.0	31.3	11.1	65.1	15.0
Population over 15 illiterate (percent)	30.9	34.3	34.1	45.6	43.6
Households with electricity (percent)	79.6	75.6	81.6	67.4	64.4
Households cooking with firewood (percent)	57.8	84.4	90.2	86.6	95.0
Households with access to piped water (percent)	74.6	70.1	77.8	75.4	80.6
Houses with cement block walls (percent)	43.9	30.8	44.5	20.5	16.8
Houses with non-dirt floors (percent)	65.4	51.9	60.0	42.0	41.2

Sources: Ordóñez Morales (2001) and República de Guatemala (2003).

Table A3: Guatemalan coffee production according to farm size, 2002-2003*

Size of plantation	Total area		Production	
	Hectares	%	Thousands of quintals (cherry)	%
Up to 7 hectares	128,355	33.5	4598.8	22.9
More than 7 has.	254,367	66.5	15,492.0	77.1
Total	382,722	100.0	20,090.8	100.0

Source: República de Guatemala (2004).

*Production is in cherry coffee, the fresh fruit of the coffee bush. This can be converted to parchment coffee using a 5:1 ratio for a rough estimate.

Table A4: Department of San Marcos coffee production according to farm size, 2002-2003*

Size of plantation	Total area		Production	
	Hectares	%	Thousands of quintals (cherry)	%
Up to 7 hectares	13,598	23.4	307.1	9.7
More than 7 has.	44,421	76.6	2,854.2	90.3
Total	58,019	100.0	3,161.3	100.0

Source: República de Guatemala (2004).

*Production is in cherry coffee, the fresh fruit of the coffee bush. This can be converted to parchment coffee using a 5:1 ratio for a rough estimate.

Table A5: Department of Huehuetenango coffee production according to farm size, 2002-2003*

Size of plantation	Total area		Production	
	Hectares	%	Thousands of quintals (cherry)	%
Up to 7 hectares	25,619	65.0	859.5	50.6
More than 7 has.	13,805	35.0	838.0	49.4
Total	39,424	100.0	1,697.5	100.0

Source: República de Guatemala (2004).

*Production is in cherry coffee, the fresh fruit of the coffee bush. This can be converted to parchment coffee using a 5:1 ratio for a rough estimate.

Table A6: Municipality of San Pablo, San Marcos coffee production according to farm size, 2002-2003*

Size of plantation	Total area		Production	
	Hectares	%	Thousands of quintals (cherry)	%
Up to 7 hectares	3,228	34.6	90.6	18.9
More than 7 has.	6,102	65.4	387.9	81.1
Total	9,330	100.0	478.5	100.0

Source: República de Guatemala (2004).

*Production is in cherry coffee, the fresh fruit of the coffee bush. This can be converted to parchment coffee using a 5:1 ratio for a rough estimate.

Table A7: Municipality of La Libertad, Huehuetenango coffee production according to farm size, 2002-2003*

Size of plantation	Total area		Production	
	Hectares	%	Thousands of quintals (cherry)	%
Up to 7 hectares	2,650	50.0	116.8	36.4
More than 7 has.	2,647	50.0	204.1	63.6
Total	5,297	100.0	320.9	100.0

Source: República de Guatemala (2004).

*Production is in cherry coffee, the fresh fruit of the coffee bush. This can be converted to parchment coffee using a 5:1 ratio for a rough estimate.

Annex III: Reference Guide to the Case Studies

Name of Organization	Type of Organization	Location	Certifications
San José el Obrero	Cooperative	Municipality of La Libertad, Department of Huehuetenango	Fair trade, Utz Kapeh, C.A.F.E. Practices
La Bendición	Cooperative	Village of Tocache, Municipality of San Pablo, Department of San Marcos	Fair Trade, Organic
ECA La Igualdad	ECA (Empresa Campesina Asociativa)	Village of La Igualdad, Municipality of San Pablo, Department of San Marcos	Fair Trade*, Organic

*Because La Igualdad is not a full member of FEDECOCAGUA, it is unclear if it receives a distribution of fair trade premiums from the federation.

Chapter Five:

Experiences with Certification: How Organizations Become Certified

The Utz Kapeh marketing presentations I attended (see Chapter Four) framed certification as part of the inevitable demand from exporters, roasters and other actors in the coffee sector for products of verified quality, social origins and environmental impact. Enrique Abril, the Utz Kapeh staffer, opened one such talk in Peña Roja⁵⁰ by appealing to the assembled coffee farmers:

Why is certification of such importance? You remember 15 or 20 years ago when the new emphasis was on productivity. We had quite low levels of production, and the question was how can we produce more per manzana? After this, we saw the trend towards quality. We were told, well, we have to produce quality coffee because if we do not then we cannot compete with other countries that do produce high quality coffee. The climate conditions and altitude are very good, but quality coffee is not being produced. And now, as you know, things are changing again, with the most important emphasis on certification. Certification is not like a fad

⁵⁰ Peña Roja is a remote village in the municipality of La Libertad that has a cooperative that has achieved organic certification. Although they are in the same municipality and are both members of FEDECOCAGUA, San José el Obrero and Peña Roja have less interaction than would be expected. There is no direct road access between Peña Roja and the town of La Libertad; instead, community members have to travel a very circuitous route through the municipality of La Democracia to conduct official business in La Libertad. Peña Roja was originally considered as a potential case study, but transportation difficulties prevented this.

or style that is here today and will disappear tomorrow....I know that here you produce high quality coffee, I can see that all of your coffee sacks are well labeled, but how can you demonstrate this quality? Sure, you can say, "Let the coffee cuppers come and taste the coffee." I agree. But when the buyers want to see your records, to see how you manage your production, you are going to have a hard time showing them. You can show up with this sack of coffee, and they are going to cup it and say they like the taste. But then they will say, "Now show me the records; I want to see what backs up [*respalda*] the production of this coffee". And you won't have anything to show them It is true that I represent Utz Kapeh, but I see that [certification] is going to be a necessity (from Utz Kapeh presentation, April 2006).

This rationale departs dramatically from the price premiums that are typically assumed to motivate producers to sign up for coffee certification systems. Yet the new private standards are presented to producer groups as a business strategy that reflects the changing conditions of the international coffee market. This generates a presumption that coffee certification will soon be a requirement for market participation.⁵¹

It is in this context that I want to present my findings on the certification experiences of the three organizations studied in this dissertation. These organizations are participants in complicated networks of interactions with other actors in the coffee

⁵¹ For discussions of producer attitudes towards and motivations for certification, see Murray *et al.* (2003), Bacon (2005), and Lyon (2005). In general, the topic of conflicting interests within and between organizations has been discussed within organizational sociology (Fligstein and Dauter 2007; Perrow 1986; Swedberg 2005a). In addition, it is of interest to note that certification is often placed outside of market forces and assumed to be inherently more counter hegemonic and anti-market (see Block 1990; Evans 2000).

industry, governments, and the international development community. Certified or not, organized into cooperatives or not, all coffee producers participate in the global coffee market. Producers themselves have very little control over their role in this market. Properly contextualizing small coffee producers in this vast global market allows a more complete understanding of the forces and pressures under which producers act.

The two tables below present a range of characteristics of the certified organizations, and how each characteristic is revealed in each of the case studies. The characteristics can be divided into two general groups: internal and external.

Those internal to the organizations, also termed intraorganizational, are presented in Table 5.1. Internal control systems are an obvious internal characteristic that affects the accountability producers have to the organization. Likewise, internal quality standards illustrate the level at which members are active participants in and are committed to the goals of the organization. Another important internal characteristic is the set of services that the cooperative offers to its members. In this regard, San José el Obrero has the most varied set of services, including a number of options for credit and diversified businesses outside of coffee. The organization of the production and processing systems, which range from completely individual and separate through the delivery of dry parchment coffee to communal production and processing at La Libertad, also has important implications for the implementation of certification and inspections.

The second set of characteristics involves the external relations of the organizations, or interorganizational relationships and is presented in Table 5.2. Here the importance of the marketing channels that the cooperatives use is illustrated as well as the organizations, whether developmental, governmental or coffee industry related, that

interact with the cooperatives. All three of the organizations presented as case studies maintain a number of close ties with external organizations, although the variety and quality of these interactions have an impact on the benefits received through certification as well. For example, while much of the successes of La Igualdad are do their participation in government and development agency programs, this has also created a sense of dependency which may limit the ECA's long-term success.

These characteristics have already been introduced in earlier chapters, and this basic typology drives much of the analysis of these case studies. While I will not be able to cover all of these characteristics in depth, these two tables attempt to cover the range of characteristics that are relevant for certification.⁵²

Table 5.1: Intra-organizational Characteristics of the Producer Group

Characteristic	San José de Obispo	La Igualdad	La Bondad
Certification Cost	Medium	Medium	Medium
Ownership (Ownership Services)	Marketing, inputs, transportation, credit, harvest processing, mail services	Marketing, inputs, transportation, credit, harvest processing, mail services	Marketing, inputs, transportation, credit, harvest processing, mail services
Membership	148 active members, 48 lay	152 members	152 members
Market	Market-oriented members	Market-oriented members	Market-oriented members
Location	Diffuse located in multiple townships, members	Diffuse located in multiple townships, members	Diffuse located in multiple townships, members
Production System	Primarily dependent, RS	Primarily dependent, RS	Primarily dependent, RS
Marketing	Recently implemented for Ula Kapsch and CAFE Projects in separate purpose	Marketing, activation, organization and purchase in annual inspection	Marketing, activation, organization and purchase in annual inspection
Processing	List of agricultural products provided. All farmers individually process coffee to dry purchased beans on farm.	List of agricultural products provided. All farmers individually process coffee to dry purchased beans on farm.	List of agricultural products provided. All farmers individually process coffee to dry purchased beans on farm.

⁵² In a classic article, Perrow introduces technology, defined as work done on raw materials (Perrow 1967: 194), as a key variable in the comparative analysis of organizations in response to the reliance on structure, function, or goals as the basis for comparison. All these variables are applied here without resorting to a structural-functional analysis, which was also Perrow's hope for his framework.

Table 5.1: Intraorganizational Characteristics of the Producer Groups

Characteristic	San José el Obrero	La Igualdad	La Bendición
Payment for Certification Cost	Producers responsible	Producers responsible	Producers responsible
Internal Motivation (Ownership of certification process)	Medium	Medium	Low
Cooperative Services	Marketing, inputs, transportation, credit, harvest prefinancing, retail business	Marketing, inputs, transportation	Marketing, harvest prefinancing
Organization Size	148 active members; 48 Utz Kapeh certified members	152 members, 52 organic certified members	29 organic certified members*
Internal Structure of the Organization	Office located in municipal town-center; members geographically dispersed; ICS divided into three regions	Geographically centralized with administrative offices in former farm center; members' parcels divided into two zones; members divided into groups of 10 for training purposes	No internal structural divisions due to small size; geographically dispersed. Office located in rural village.
Internal Control System	Recently implemented for Utz Kapeh and CAFÉ Practices inspection purposes	Implemented for organic inspections; includes cross inspections between UCAPEM member organizations	Implemented for organic inspections; includes cross inspections between UCAPEM member organizations
Cooperative Staff	Manager, accountant, agronomist and part-time internal inspectors	Manager and part-time inspectors	Part-time inspector
Production and Processing System	Use of agrochemicals prevalent. All farmers individually process coffee to dry parchment form on farm.	Some fertilizer use by non-organic members; collective processing from cherry to dry parchment form using centralized farm facility.	Collective processing from cherry to dry parchment form using rented facility.

Notes:

*The cooperative in Tocache was in the process of defining 'active members', and in general all active members were participating in organic certification while a number of inactive members were not certified. I am not including these non-certified members.

Table 5.2: Interorganizational Characteristics of the Producer Groups

Characteristic	San José el Obrero	La Igualdad	La Bendición
Current Certifications	Utz Kapeh, C.A.F.E. Practices, Fair Trade	Organic	Organic, Fair Trade
Price Premiums	Above market prices due to quality	Organic premium	Organic premium
Network of External Relations	FEDECOCAGUA (founding member); Anacafé	High involvement with government agencies due to purchase of farm through land reform program; active participant in international development project; member of UCAPEM and observer at FEDECOCAGUA	Member of UCAPEM and observer at FEDECOCAGUA
Land Tenure	Individual land title, few with formally registered title	Entire farm collectively owned and mortgaged	Individual land title, some rental.
Marketing Channels	Sells all coffee through FEDECOCAGUA	Has marketing arrangement with FEDECOCAGUA but also seeks other opportunities	Has begun selling through FEDECOCAGUA, formerly individual farmers sold to exporters in Malacatán

I. Cooperative San José el Obrero, La Libertad, Huehuetenango

A. Certification History

San José el Obrero entered the world of certified coffee with gusto, becoming one of the first cooperatives in Guatemala to gain Utz Kapeh certification and selling Starbucks's C.A.F.E. Practices certified coffee for the first time during the 2005/2006 harvest. However, not all members have chosen to participate in the certification project. Instead, a group of Utz Kapeh certified farmers that work together to meet the requirements of the standard has formed within the cooperative. Of the approximately 150 active members of the cooperative, only 50 have chosen to pursue Utz Kapeh certification. Because of its emphasis on traceability, Utz Kapeh requires that certified coffee be separated from non-certified coffee.

Right at the beginning this introduces a complication, because while external inspections of the cooperative only draw from members of the Utz Kapeh group, this same inspection serves to meet Starbucks certification requirements. By default, then, only farmers that participate in Utz Kapeh are used for the evaluation of the entire cooperative with regard to Starbucks. For the purposes of Starbucks' C.A.F.E. Practices, all coffee marketed by the cooperative meets the standards requirements, unlike the strict separation of Utz Kapeh. In addition, for many of the producers the certification project merely adds to their workload without any obvious short-term advantages (for similar issues in Mexico, see Mutersbaugh 2004, 2005b). The lengthy certification process, which required the implementation of a new internal control system of inspectors to carry out the internal inspections required between external inspections, was completed just as

international prices began to rise, thereby diminishing some of the potential price differentials that motivated the cooperative to obtain certification.

In La Libertad my research coincided with the cooperative's second year of certification through C.A.F.E. Practices and Utz Kapeh. They had received certification from both Utz Kapeh and Starbucks for the 2005/2006 harvest. That year they sold a portion of their coffee to Starbucks and through Utz Kapeh buyers.

As a founding member of FEDECOCAGUA, which was formed in 1972, San José el Obrero has participated in the international marketing and exporting of coffee for most of its history. When FEDECOCAGUA first became involved in the fair trade market in the late 1990s and joined the FLO registry, San José el Obrero began its participation in fair trade as well. As a primary level cooperative member of a national federation, the actual processes of FLO certification and inspection have not directly affected the La Libertad cooperative. The farmers have little personal understanding of the content of FLO standards, and do not explicitly see the share of the fair trade premium that they receive. Because FEDECOCAGUA only sells a portion of the coffee it buys from cooperatives on the fair trade market and distributes its fair trade premiums throughout all member cooperatives, the actual financial benefits of participating in the fair trade market are relatively small on a coffee volume basis. So although the members of San José el Obrero are benefiting from fair trade certification, it has become so embedded in the international bureaucracy of the coffee trade that it goes unnoticed by the members.

As an individual cooperative San José el Obrero first began to explore the possibility of certification through its participation in a Central America-wide effort to

promote production of quality coffee that was funded by USAID and implemented by CATIE⁵³. The cooperative received informational sessions and training about Rainforest Alliance certification but decided that it was not feasible due to the shade-tree requirements and the high inspection costs. At this point FEDECOCAGUA extension agents presented Utz Kapeh to the cooperative as an alternative certification. Upon further consideration, the cooperative entered into the Utz Kapeh process in 2004, making it among the first group of small-farmer organizations to receive Utz Kapeh certification in Guatemala. The following year the cooperative received its first Starbucks C.A.F.E. Practices inspection. During the 2005/2006 harvest it exported certified coffee through FEDECOCAGUA with both the Utz Kapeh and the C.A.F.E. Practices labels.

Because of the internal control system (ICS) implemented for the purposes of certification, the cooperative was able to perform the self-inspection that is required as an initial step before contracting with a certification agency.⁵⁴ This was provided to Mayacert before the external inspectors arrived for their visit. In the case of La Libertad, the cooperative has existed for a long time without an ICS. It has recently started a formal ICS upon receipt of Utz Kapeh and Starbucks certification. This has changed the way the

1. ⁵³ CATIE is the Centro Agronómico Tropical de Investigación y Enseñanza (Center for Tropical Agricultural Research and Training), an agricultural university and research institution in Costa Rica.

⁵⁴ Internal control systems have become an important topic in the accounting literature with the passage of the Sarbanes-Oxley Act in 2002, which required new and stricter financial controls for corporations. While critical studies of accounting within the management field do exist, they have not been applied to the context of producer groups in the developing world (see Ericson and Leslie 2008; Power 1997a, 1997b, 2005; Shapiro and Matson 2008). The application of ICS to labor monitoring processes also has not been explored in detail in the literature. The relevance of systems of accounting in economic sociology can be traced to Weber's definition of capital accounting as "the valuation and verification of opportunities for profit and of the success of profit-making activity by means of a valuation of the total assets" and includes the concepts of calculation and risk as well (Weber 1999:220). This recalls a meeting I attended in La Libertad in which the representative of FEDECOCAGUA made it clear to the cooperative members that they should not discuss *ganancias* (profits), but rather as a cooperative their positive revenues were *excedentes* (surplus).

cooperative works in a number of ways. First, before the recent certifications there was no paid cooperative staff to provide technical assistance or perform farm visits to monitor production practices. All of these tasks were the responsibility of FEDECOCAGUA agronomists, contract employees of the federation who provide technical assistance to all of the cooperatives in a particular region of the country. Since becoming certified, La Libertad has hired one part-time extension agent and three internal inspectors, whose salaries are paid through international development funds channeled through FEDECOCAGUA. Because it is a relatively small organization, these employees all work part-time. La Libertad has not implemented an internal inspection process that includes all the members or that operates independently of the requirements of certification.⁵⁵ Instead, the three part-time internal inspectors are hired only immediately prior to the external inspection and only inspect the Utz Kapeh certification work group members to assure that they comply with the standard.

In La Libertad, one permanent staff member serves as extension agent. His daily work includes visiting farmers to collect information and attending to farmers who come to the cooperative office to conduct business. In addition, the geographical area of the cooperative has been divided into three regions. Each region has an internal inspector responsible for the cooperative members in his region. The internal inspectors are cooperative members who only work on a part-time, seasonal basis. Their tasks include communicating with cooperative members throughout the year as necessary and, most importantly, conducting the internal inspection of each farmer prior to the arrival of Mayacert inspectors for the annual external inspection. This task occupies the three to

⁵⁵ See Chapter Six for a discussion of the importance of internal control systems outside of the context of certification.

four weeks before the scheduled external inspection, and involves visiting each producer at his or her home or parcel to confirm that the requirements of the standard are being met and that all of the paperwork is in order.⁵⁶

The internal activities of the cooperative are often coordinated with staff members from FEDECOCAGUA. The federation maintains a warehouse in the nearby town of La Democracia, which is about a half an hour from La Libertad by car. This warehouse maintains minimal staff year round but is the central office and transportation hub for all of the cooperatives in the region during the coffee harvest. The warehouse also serves as the headquarters for the FEDECOCAGUA affiliated cooperative based in La Democracia. Due to the proximity of the warehouse and the fact that the father of the current La Libertad cooperative manager is in charge of warehouse operations, there is close communication between the staff members of the cooperative and the offices of the federation. During the harvest, coffee is collected in the small warehouse in La Libertad, and then trucked to La Democracia when enough volume has been collected. Once the coffee is collected in La Democracia, it is shipped along with the coffee of neighboring cooperatives to FEDECOCAGUA's dry mill processing plant near Guatemala City.

Each FEDECOCAGUA member cooperative is assigned an extension agent that coordinates the agronomic activities of the cooperatives. In the case of La Libertad, this agronomist is assigned to work with approximately five other cooperatives as well, and only comes to visit La Libertad once or twice a week. This extension agent lives in

⁵⁶ For relevant comparisons of the increased labor requirements that accompany certification of small producer groups, see the work of Mutersbaugh (2002a; Mutersbaugh 2002c, 2004, 2005b). Mutersbaugh employs a labor process analysis, constructing parallel tracks for certified and non-certified products. While the traceability emphasis of Utz Kapeh is relevant here, Mutersbaugh focuses on organic and fair trade while dismissing Starbucks as "quasi-certification" that is "a 'fully' private form of certification in contrast to 3rd party certifications" (2005: 389).

Huehuetenango, the departmental capital located about 1.5 hours from La Libertad by car and commutes to the Selegua River region each week.

Because these small producers most commonly hire labor during the harvest and external inspections often take place during the non-harvest season, I had few opportunities to see how Mayacert inspectors verify compliance with labor and minimum wage requirements. In all of the case studies, the individual records kept by farmers rarely included complete and accurate information regarding worker pay. Yet what I observed was fascinating nonetheless. In La Libertad, records kept by many inspected members indicated that they had paid exactly the minimum wage, while I was told by others that the prevailing wage for the area was well below the official minimum wage.⁵⁷ One of the inspected farmers, who was not part of the pre-selected sample, reported paying well below the minimum wage to the inspector, but this was justified by the fact that he provided meals for his workers as well. During a visit to another producer, workers were present in the field and the inspector was able to interview one, but only in the presence of the producer and other cooperative staff. Another employee, who appeared to be a young boy, was not interviewed because the cooperative manager pulled the producer aside and let him know that he should send the boy to a different part of the farm before the inspector had a chance to see him.⁵⁸

⁵⁷ In an ethnography of a nearby site in Huehuetenango that focuses largely on indigenous identity, Watanabe observes the stratification effects of coffee producers becoming employers of their neighbors (1992). While I was not able to quantify the internal stratification effects of certification, the issue is rarely addressed in the literature, especially for fair trade producers (see Lyon 2005; Murray *et al.* 2003 for exceptions).

⁵⁸ In a similar situation that took place during one of my visits with Latcert inspectors to a large farm that was applying for Starbucks verification, the only worker that we encountered was working in the coffee tree nursery. We were being given a tour of the farm by the farm manager, and the inspector asked if we could interview the worker. The only problem was that he was an older indigenous man who only spoke Mam, the local Maya language. So the farm manager had to serve as translator during the brief discussion about working conditions and salaries, a situation that clearly is not part of standard inspection practices.

Related to the issue of minimum wage is the decision to pay daily or piece-work wages. An Anacafé agronomist addressed this problem during a talk to members of San José el Obrero. The topic was how to improve farm productivity, and one of the suggested techniques was through paying piece-rates instead of daily wages. For example, in a common situation, a worker would be hired to *chapear*, or manually weed the coffee parcel with a machete; instead of being paid a set wage to work from 6AM to 1PM, he would be paid a set wage for every *cuerda* of land cleaned. In theory, workers would be motivated to work harder and perhaps longer hours to receive more pay. This piece-work approach can be applied to all of the common tasks required in coffee production, from planting trees to applying fertilizer and harvesting coffee. What is of note is that the Anacafé agronomist recommended this approach not only to increase productivity but also explicitly as a way for small producers to meet the minimum wage requirements of the standards. The reality is that small producers do not in general have the resources or the ability to pay nationally mandated minimum wages, and in many cases do not realize that the prevailing local wage is below national requirements. Since no one pays the mandated minimum wages when they pay based on daily labor, using a piece-work form of payment opens the possibility that workers may exceed the minimum wage if they are incentive to work harder or longer hours due to the method of payment. To what extent cooperatives are going to have difficulty maintaining certification due to this contradiction is yet to be seen.⁵⁹

⁵⁹ Labor process research has addressed efforts by employers with capitalism to control and organize the labor activities of their employees for maximum production (Braverman 1974; Burawoy 1979; Mutersbaugh 1998). While usually applied in the factory setting and occasionally extended to large plantations, the analysis of the effects for small producers and their local communities has not been addressed in detail in the literature.

At San José el Obrero, each member of the certification workgroup has been provided with a notebook to record information about completed farm tasks, including labor records and the use of fertilizers or other external inputs. During the harvest, the daily harvest quantities and worker hours are supposed to be recorded as well. This information was kept by some farmers, but many were not keeping up with the requirement. Members' functional illiteracy means many must rely on other family members for help with reading and writing. Even when farmers did not keep their records this did not function as a bar to certification. During Utz Kapeh external inspections, the certification agency alerted the cooperative ahead of time about which members were chosen in the sample to be inspected, which allowed time for the cooperative staff to make sure that records were completed and on-farm requirements were met. It is unclear whether this step taken by Mayacert was because this was only the second year of Utz Kapeh certification or if this is standard practice for the random sampling of farmers.

B. Organizational Characteristics of San José el Obrero

Unique characteristics of the cooperative in La Libertad have contributed to its success in gaining certification. In addition to those mentioned in Tables 4.1 and 4.2, these include the age of the cooperative, its roots in the Catholic Church, and its success in adapting to new markets through the years. Below I will illustrate how these characteristics led to the success of San José el Obrero.

San José el Obrero's strong internal structure has led it to be a pioneer in certification for producer groups in Guatemala. In contradistinction to fair trade and

organic certification, which have well established histories of tailoring their standards to small producer groups, all three of the standards considered by San José el Obrero were initially designed for large single-farm estates. This means that San José el Obrero was one of the first small farmer organizations in Guatemala to implement standards newly adapted for small farmer groups. In contrast to the group-level certification that is required in fair trade and strongly favored in organic certification, these new systems attempt to juggle the management challenges of a small cooperative with the fact that only some of the members are willing to participate in the certification. An additional complicating factor is that most small farmers have their coffee planted in more than one small parcel of land, and in the initial phases of the certification project many participating farmers in the cooperative only registered a part of their coffee land for inspection.

Some of the difficulties that San José el Obrero has faced are noted in this quote from one of the founding members of the cooperative:

I think that we need to be competitive and produce high quality coffee, that's the reason we have become Utz Kapeh certified. If we don't work with quality we won't be competitive on the international coffee market. In our case, though, we have not seen economic benefits yet. The benefits that have helped us have been how to be more organized, more concerned about our own well being, and protecting the environment, taking care of that as well. I think that is an advantage. But Utz Kapeh also requires some things that are difficult for small producers. It's not that they can't do them, but it's difficult. For example, they ask that a small producer who only harvests 10 quintals of coffee help his workers

send his children to school and pay for healthcare. With production costs so high, all that is left is enough to buy a few notebooks for the workers. Sure, maybe you can buy a pen for a student, you can do something. But to meet the requirements of Utz Kapeh, I don't think we can do that. The code of conduct is written with large farms in mind, where they produce a lot of coffee. For the large farmers it is very profitable, even if they profit only 50 quetzals for each quintal. But for the small producer of only 10 quintals, this isn't enough to survive on, so how can we ask them to give to others as well? They can't. We think that it's not possible to meet the requirements of Utz Kapeh, and Starbucks is very demanding as well. Small producers have the right to self-development, and they need help in this. Why can't the small producer also certify their coffee, producing high quality coffee even if it is a small quantity, so they can have access to the market?⁶⁰

This quote embodies many of the contradictions around new certification schemes and small producers. While many benefits are recognized, price is not one of them. In addition, there is pessimism about the requirements of meeting the standard. This quote specifically points out the problems inherent in converting standards designed with large farms in mind to certification by producer groups. The solution to this conflict could be either interorganizational or intraorganizational; should the cooperative change its internal structure to meet the standard, or should the international certification system become more flexible or adapt its standards to the needs of producer groups?

The dispersed geographical locations of the cooperative's members and the small farm sizes and unclear title situations are characteristics that highlight the need for a

⁶⁰ Interview with Jose Domingo Recinos, La Libertad, September 13 2006.

strong internal control system in certified cooperatives. Difficulties surrounding the keeping of written records regarding farmers' landholdings demonstrate how organizing a group of small farmers is a daunting task for cooperatives. During my visits to farmers' homes with the cooperative extension agent, this partial registration caused significant amounts of confusion. There were frequent discrepancies between land quantities registered in the cooperative's records and the information sent to the certification agency.⁶¹ This means that during the inspection visits, the Mayacert inspectors would raise the question of how much land the farmer had, and the farmer's response would often conflict with the written information that had been provided to the inspector. One task of the internal control system of the cooperative is to assure that the reality of land ownership matches the information that the cooperative has in its records and shares with external agencies such as certifiers. In rural Guatemala, this is not simply a complication of communicating with the certification agency. All of my field visits to farmers' homes involved discussions about how much land they owned, how much of it was planted with coffee, and how many separate plots they owned. Keeping this information up to date is one of the important functions of the cooperative management.

Of all the organizations studied here, San José el Obrero provides the most services for its members. While members of San José el Obrero are not required to sign supply contracts that would commit them to delivering a certain amount of their coffee harvest to the cooperative, many of them often do as a basis for harvest prefinancing.

Instead of taking out loans based on collateral in the form of land, they enter into a

⁶¹ Land tenure security is a significant issue in Guatemala. While it has been argued that free and secure property rights are the key to development (de Soto 2000), ethnographic examples of land struggles and communal property rights in Guatemala have painted a more complicated picture (Annis 1987; Davis 1997; Thillet 2003; Trackman *et al.* 1999).

contract for a certain quantity of coffee to be delivered, and receive a small prepayment that provides necessary operating capital at a time of the year when the need for cash is greatest. This prepayment is then deducted from the final amount owed to the producer at the end of the harvest season. This helps overcome one of the weaknesses of the cooperative model, the fact that farmers deliver their coffee to the cooperative in January or February but often do not receive payment until FEDECOCAGUA has finalized the export contracts in May or June. One of the principles of cooperativism is that profits or surplus are not distributed based on the amount of capital invested but on the amount of business that members do with the cooperative, known as the patronage dividend (LeVay 1983, Milford 2004). In addition, the traditional marketing cooperative model does not require members to do business exclusively with the cooperative; they are free to sell their products to other buyers.⁶²

Not only does San José el Obrero provide credit and prefinancing for its members, it has diversified its economic activities as well; this diversity is a positive characteristic because it serves as a strong support for the core coffee marketing activities of the cooperative.⁶³ One way the cooperative management is diversified is through the purchasing of non-member coffee. In general, the total percentage of non-member products that a cooperative can market is limited by law. In La Libertad, much of the coffee marketed through the cooperative was delivered by members who purchased it from other producers in the community. This has implications for the internal

⁶² A new generation of cooperatives operates on a slightly different model, where membership is closed and members benefits are based on 'product delivery contracts' (Zeuli and Radel 2005: 45). This means that members not only have the right to sell their products to the cooperative but also "the obligation to sell a certain quantity of product to the cooperative. In traditional cooperatives, members have the opportunity to sell to the cooperative but are usually under no legal obligation to do so unless they enter into some type of supply contract".

⁶³ See Reynolds *et al.* (2007) for a discussion of the services that producer groups offer to their members.

management of the cooperative as well as for its certification systems. One of the justifications for marketing cooperatives is that the small producers are at the mercy of local intermediaries (*coyotes*) that work for multinational processing and exporting companies. As price-takers, the local farmers would benefit from a cooperatively-owned business with the goal of maximizing benefits to its members rather than maximizing profit for the corporation. When cooperatives market products from non-members, their members capture these benefits at the expense of non-members who do not receive patronage dividends for the coffee sold through the cooperative. The records of San José el Obrero show that a small number of active members are acting as a type of *coyote* in the community, purchasing coffee from their neighbors and then delivering it under their own name. It is one thing for the cooperative as an organization to purchase coffee from non-members, and quite another for members to be functioning as local intermediaries inside of the cooperative. In effect, this relationship undermines one of the key justifications for certification in returning price benefits to producers.

This situation also has implications for the certification process. As already noted, one of the difficulties in certifying small producer groups is that not every member of the group is participating in the certification process, and not even all of the land of the participating members is registered for certification⁶⁴. One of the main emphases of the Utz Kapeh and Starbucks certification systems is traceability and cupping quality of the coffee. In a cooperative like San José el Obrero, where each member processes his or her

⁶⁴ However, this does allow comparisons between land holdings and production data for certified and non-certified members. Purely descriptively, the certified members are above average in land holdings, total production, and productivity (production/land area). This suggests that the larger and economically better off members have a higher tendency to opt for certification. This may indicate that these members have the resources to meet requirements and have perceived the potential benefits of certification.

own coffee up to the parchment stage, this is especially important. How does the cooperative assure that coffee purchased from non-members is not sold as certified coffee, especially when members who are participating in the certification process are delivering coffee purchased from others as part of their business with the cooperative? A well functioning internal control system is necessary to ensure this type of compliance. Even in the case of La Libertad, which has a newly established internal control system, it is unclear how far this traceability reaches back to the individual members. On the positive side, each member in the certification process has had his or her coffee submitted for a cupping analysis by FEDECOCAGUA. This means that the individual quality characteristics for individual members are known, and their production practices and wet-milling processes can be improved as necessary. Another positive is that FEDECOCAGUA is beginning to provide specially printed sacks for the members to transport their certified coffee in, marked with either the Starbucks or the Utz Kapeh logo. These efforts at quality improvement, coordinated with other agencies, are another positive result of the cooperatives organizational capabilities.

In addition to the ownership of the certification process, organizations can be evaluated on their internal cohesiveness in general. San José el Obrero has a long history as a cooperative, and within the past decade has passed through a financial and membership crisis. The cooperative has grown with many new members. Members are attracted by the services offered by cooperative, but strong tradition of *cooperativismo* means members share common goals.

Members expressed the range of benefits and the shared goals of the cooperative throughout their interviews:

The truth is that the goal of the cooperative in becoming certified is because, let's say, so that the coffee always has a market. First of all, the market prefers certified coffee. On the other hand, to sell outside of the cooperative, to the coyotes, we don't know what will happen, if the low prices of the crisis during the past few years will return. So that's the goal of us in the cooperative with the certification, perhaps we won't sell at very high prices but it seems like the prices will be stable. If the coffee is not certified, sure you can still sell it but perhaps at a lower price. This is our goal in the cooperative in becoming certified.⁶⁵

The benefit of certification is that we sell our coffee more directly. The buyer, then, gives us a permanent price because they see that it causes us great problems when the prices drop so much. So I think certification is going to benefit us by maintaining stable prices.⁶⁶

What is achieved is that we are trained, and through this training is where I can see that we are doing the right thing in the certification program. There are still people who aren't convinced, but they will see the real benefits. Always there are people that don't understand well and will say, 'no, we don't want to', and don't do their part in doing what the cooperative is trying to accomplish. But when there are people that do want these improvements for their future we talk with them about the inspections and the requirements of certification, to see if they want to improve or continue doing it like before. People are beginning to understand that buyers are asking directly for our coffee. It's the buyers that are asking us to improve our quality.⁶⁷

While coffee prices are almost universally mentioned, there is some disagreement as to whether improved prices have been a great benefit. Some members suggest that the original motivation was to get higher prices, and they have been disappointed in that. Others point out that the goal is more long-term, with stable prices that will not be subject to the volatility of the market. Overall, certification is seen as a response to the coffee crisis, but has brought a wide variety of benefits that we not expected.

Because the certification systems that are being implemented in La Libertad have been promoted by the federation, it serves as the exclusive source of information about certification status, upcoming inspections, and improvements required by the standards.

⁶⁵ Interview with Rodolfo de Leon Recinos, August 24 2006.

⁶⁶ Interview with Salome Samayoa, La Libertad, August 23 2006.

⁶⁷ Interview with Carlos Lopez, La Libertad, August 9 2006.

Cooperative members often expressed the sentiment that they were following orders from FEDECOCAGUA when making the necessary changes in their production practices to pass the inspections. This illustrates the potential negative effects of becoming over-reliant on the federation. A balance between coordinating activities with other organizations and maintaining control over the direction of the cooperative is important and sometimes difficult to achieve.

II. Cooperative La Bendición, Tocache, San Pablo, San Marcos

A. Certification History

With the assistance of UCAPEM, the cooperative La Bendición has been marketing its coffee through FEDECOCAGUA, which is an umbrella group that represents around 150 coffee producing cooperatives across the country. Along with the other UCAPEM member organizations, La Bendición has also gone through the organic certification process. After the formation of UCAPEM in 2004, Mayacert inspected the member cooperatives for the first time in October of that year, and first exported organic certified coffee during the harvest year 2005/2006.⁶⁸ Cooperative La Bendición also was discussing the possibility of becoming certified with the Utz Kapeh standard in 2006, although they decided not to pursue this certification before the 2006/2007 harvest. I was able to observe the Mayacert inspections that were carried out in November of 2006, the third year of organic inspections.

The cooperative's process of pursuing certification typifies that of many cooperatives in Guatemala. As noted in Chapter Two, most of the producers in La

⁶⁸ The coffee harvest in Guatemala begins in September and continues through March, although the exact dates and duration depend on the elevation of the coffee being harvested.

Bendición had been accustomed to using chemical fertilizers, as well as some herbicides and other pesticides, prior to the 1990s. They had implemented the '*tecnificación*' ('technification') of coffee production that was then promoted by Anacafé (the Guatemalan National Coffee Association), involving new high yielding coffee varieties that are planted in high densities and require an integrated package of agrochemicals and management practices to maintain their high production. Decreased use of shade trees often accompanied this model of farming. This package of management practices is capital intensive, and many farmers have abandoned them during the price crisis. In large part, the members of La Bendición have pursued organic certification in a time of low prices because they are no longer using the agrochemicals that would have previously prevented their transition to organic coffee. Because this was a pragmatic, rather than principled, conversion to certification, it seems likely that when coffee prices increase enough to allow the producers to afford chemical fertilizers, many will be willing to shift away from organic production if they feel it is to their economic advantage.

But the core membership that has committed to organic production seems to have internalized the environmental benefits of organic certification:

The first [benefit] is soil conservation, and that we are contaminating less. I think that if we all converted to organic we would be able to improve the condition of the environment greatly. So the first benefit is that we don't have to use chemical fertilizers, there is no reason to be contaminating the land. So I think this is great. Second, the market that we have been able to access is great. We aren't now waiting, apprehensive, about who is going to buy our coffee, who is paying the best price. We now have an established market. These are the benefits. Another benefit, for us is here in the house we don't have to find somewhere safe to store the chemicals, away from the children. We don't use chemicals and now we are used to working and fertilizing another way.⁶⁹

[Organic certification is] wonderful, because it's a great help to us, who didn't even know about organics before. How much have we eaten and drank because

⁶⁹ Interview with Saul Guzman, Tocache, November 23 2006.

we didn't know about organic production? Now we know the benefit that this brings for humanity, you could say, because if everybody would drink organic coffee, we would all benefit. Now we aren't ingesting bad things that damage our bodies. Imagine if we all drank natural coffee which comes right from the earth, instead of drinking something that is altered, that is mixed with things that damage the stomach and the body. I think that organic coffee is wonderful. It benefits us in many ways.⁷⁰

The advantages that we see with the organic process is that we work more carefully, the people learn how to keep written records, they make budgets for their work, we take care of the environment, and the price that we receive stays high. And this is what we were looking for when we started, because of the prices were so low we decided to look for an alternative way to get better prices.⁷¹

We can see that the environmental benefits, especially keeping themselves and their families safe from agricultural chemicals, are mentioned above other advantages. Other advantages, including price, come into consideration, but the environmental benefits are foremost in the producers' minds.

Not all assessments are positive, however. Just like in La Libertad, there are perceived negatives of organic production:

The disadvantage is low productivity. We have not been able to figure out how to bring production up. Using chemical fertilizer really raises yields. We have made organic fertilizer, every year we have done this even though this year we made less and everybody was not able to get some. The majority did use some compost this year, though. So now the idea is to improve yields; this requires that we use more compost. We are still trying to figure out how to get more organic compost and produce more coffee.⁷²

This respondent, the current president of the cooperative, also discussed the reasons behind their pursuit of Utz Kapeh, and in his answer reveals some concerns about the future of the organic coffee market:

We understand that [Utz Kapeh certification] will require more work, more standards to meet, but in the end it is another alternative to get better prices. We think that the organic market is going to end up like the conventional market; the

⁷⁰ Interview with Elva Teresa de Leon de Herrera, November 23 2006.

⁷¹ Interview with Jose Rolando Guzman, July 12 2006.

⁷² Interview with Jose Rolando Guzman, July 12 2006.

market will become saturated. I think this will happen, that the organic market will be saturated, and that's why we need a different alternative, another open door to be able to sell our product. Up until now we have not had any problem selling our organic coffee, thanks to the Japanese roaster that has been buying our coffee.⁷³

These quotes illustrate the sophisticated understanding of the international market that the members of La Bendición have. The majority of the members who have adopted organic certification seriously come from the same large extended family, and many of them are highly educated compared to the Guatemalan average, with a number of them using coffee production as a secondary source of income after their primary profession. Many of them are teachers in the local school.

La Bendición, along with La Igualdad, is a member organization of UCAPEM, a second-level regional cooperative that brings together seven organizations from the San Marcos region. All but La Igualdad are cooperatives that were formed through the efforts of the local development project PREAPAZ. UCAPEM's most important function is to coordinate the internal control system (ICS) which serves as an internal inspection system for the organic producers. Each member cooperative has an internal inspector who is responsible for assuring that all of the organic members in their organization are following organic production practices as required by the organic standard. In addition, UCAPEM performs two internal inspections per year. This is done through crossed inspections, in which the internal inspector from one cooperative inspects the members of one of the other UCAPEM cooperatives. This maintains a level of objectivity in the inspection process by reducing the possibility that the internal inspectors have personal relationships with the producers being inspected.

⁷³ Interview with Jose Rolando Guzman, July 12 2006.

This internal control system, including the implementation of internal crossed inspections, is required by international organic standards, and is one of the strengths of the UCAPEM cooperatives over San José el Obrero. The ICS allows the external inspectors from Mayacert to choose a percentage of the cooperative members to inspect, instead of having to look at all of them. Even so, the annual external inspections still take at least a whole week due to the dispersed geographical nature of all of UCAPEM's member cooperatives.

Although the members of La Bendición collectively process their coffee, their position as individual land holders distinguishes them from the ECA members in La Igualdad. All of the members of La Bendición have spent the majority of their lives as independent producers, unaffiliated with a cooperative. The major impact of the crisis in coffee prices for them was the inability to invest at previous levels in their coffee production practices. For most, this meant the abandonment of chemical fertilizers, and reductions in the ability to pay labor for sufficient pruning, weeding, and harvesting. While none of these producers had to abandon their coffee plots, as the previous owners of the La Igualdad farm did, they retreated into minimal management practices. This position is similar to the de facto organic position in which La Igualdad found itself and contributed to La Bendición's decision to seek organic certification.

One issue that plagues Cooperative La Bendición is the problem of garbage as a source of contamination. During the Cooperative La Bendición inspection, at least two of the sampled farms had problems with garbage in their fields. Although it is unclear how garbage actually contaminates coffee production, as it seems inaccurate to assert that garbage in the fields renders otherwise organic coffee inorganic, the certification

standards are clear that this is an obstacle to certification. But more importantly, garbage is a problem with which the community at large struggles. Rural communities such as Tocache often do not have an established waste management plan. The relatively recent introduction of plastic packaging for many consumer goods has led to an increase in inorganic waste. Many communities, including Tocache, lack public garbage collection or an officially designated landfill, so the disposal of waste is left to individual families. Often the most convenient site for disposal is the nearest agricultural land, more often than not planted in coffee in a community such as Tocache.

The two instances of garbage contamination of coffee fields illustrate the social nature of the problem. In one example, the cooperative member owned a bakery, store, and large house surrounded by the coffee farm, and the family's and employees' waste was clearly disposed of in the 'backyard' coffee field. The cooperative member in this example was not present for the inspection, and was described by cooperative leaders as an inactive member of the organic production group. The presence of one of the clearest signs of noncompliance with organic standards was a good indication of her inactivity. The maintenance of a clean coffee farm seems to be a minor goal of organic production, but is one of the few outwardly visible indications of a commitment to environmentally sound production techniques.

The signaling value of trash is demonstrated by a second example. Here the member's coffee parcel was located far from his home, surrounded by footpaths and the dispersed homes of landless peasants. This member expressed frustration at the fact that he regularly cleaned his fields but they were nonetheless polluted with garbage. As a

teacher in the local school, this member also had thought about how to improve the garbage situation in the village, but without much success.

These two examples of contamination are treated differently under organic standards, as explained by the Mayacert inspector:

The presence of trash is another large weakness. In parcels like that of Don Saul, who has taken the responsibility of establishing buffer zones and still the neighbors come and litter, there is definitely an exception because the parcel was contaminated involuntarily. One cannot reduce the parcel's status because it was involuntary. However, in the case of Doña Silvia, in that parcel we found garbage from her own house, from the bakery, right? There the exception that says that the involuntary presence of garbage must be treated differently does not apply. In that parcel, the classification should definitely be one of the transition levels⁷⁴ due to the presence of a prohibited product. She is going to have to be sanctioned.

These examples clearly illustrate how organic production shapes farmers' production practices. Every aspect of the management of the coffee fields is regulated, all the way down to the physical appearance of the fields due to the presence of inorganic garbage. For this reason, the presence of a strong and well-functioning internal control system is essential for successful organic certification, and serves useful purposes with respect to the other certification systems as well.

⁷⁴ One possible sanction would be to move the parcel's certification status from organic to one of three transition levels. This would mean that the coffee would need to wait up to three years before it could be sold as organic.

The Mayacert inspection of Cooperative La Bendición likewise revealed a problem with water contamination due to coffee processing. One of the incentives for all of the newly formed cooperatives of UCAPEM to organize themselves was the donation of *beneficios ecológicos*⁷⁵ through the Canadian Agency for International Development (CIDA), the primary donor for the PREAPAZ development program. At least three of the member cooperatives had received these new processing systems.⁷⁶ In Tocache, however, there were some difficulties. While the beneficio was temporarily installed on a member's farm for the 2005/2006 harvest season, that location lacked space for coffee-drying patios. This meant that the washed coffee had to be transported to a cooperative member's farm where there were mechanical driers. After the end of the harvest, the cooperative purchased land and was in the process of installing the beneficio with the hopes of utilizing it for the 2006/2007 harvest. The new location did not have drying patios either, but was constructed in anticipation of a donation of mechanical dryers from Anacafé. Unfortunately by the beginning of the harvest in early fall of 2006, the dryers had still not arrived. Because the new location was located much further from the farm where drying was previously done, the cooperative was unable to use the new beneficio.

The cooperative thus decided to temporarily use an old, centrally located beneficio of a cooperative member with the hope that Anacafé would be able to deliver the dryers during the harvest at which time processing could shift to the new location. But when the Mayacert inspectors arrived in mid-November, processing was still taking place at the temporary location. This traditional beneficio had no provisions for water

⁷⁵ Ecological beneficios are designed to use far less water in the depulping process by the recirculation of water that is used only once in traditional processing systems.

⁷⁶ La Igualdad has received one of these beneficios, although it has only been partially installed on the farm because it had to fit into the farm's existing infrastructure.

conservation or the mitigation of contamination; in fact the waste water was funneled directly into a small stream that ran adjacent to the beneficio.

The contamination of the nearby stream was a clear non-conformity with organic standards. In the post-inspection meeting with the cooperative leadership, the Mayacert inspector pointed this out and noted that this would lead to a sanction from Mayacert and potentially to the loss of their certification. While it was unclear exactly what decision was to be made, it was contingent on whether the previous year's inspection had noted non-conformities in the water management requirements of the organic standard.

Because of the difficulties in organizing collective coffee processing, the entire cooperative was in danger of losing its certification. The members of the cooperative were aware of the consequences of this problem, and as one member present at the meeting expressed:

We are aware of the problem; we often discuss among ourselves that we are not just interested in receiving higher prices [for organic coffee] but also are aware of the need to care for the environment. We are very aware that we cannot be contaminating the water, but here reality has escaped our good intentions....Yes we are very aware, but really it is something that is outside of our control. But we are sure that it will be fixed for next year.

B. Organizational Characteristics of La Bendición

Of the three organizations analyzed here, La Bendición is in the most precarious position organizationally. While the individual members are better off economically that

members of the other organizations, the cooperative is the weakest and the least likely to succeed in establishing itself as a stable organization with an important role in the community life of Tocache or San Pablo. This weakness is a result of a particular set of characteristics, which I will outline below; I will also illustrate the way in which these could be overcome so that La Bendición can outlast the coffee crisis.

The results of the 2006 UCAPEM inspection that I observed were clear: the cooperatives need to document that 100% of all coffee parcels are inspected by the internal inspectors through the ICS. This requires a level of detailed record keeping unfamiliar to newly formed cooperatives. While this requirement is driven by organic standards, it serves as the basis for all of the standards that rely on sampling of cooperative members for external inspections.

The external inspection of La Bendición revealed a number of incidents that illustrate the importance of the ICS and the detailed record-keeping it entails. One of the cooperative members had been cited the previous year for using human urine as a nitrogen source to produce compost, which is clearly prohibited by Codex Alimentarius⁷⁷ food safety standards and all three of the major organic standards. Although this member was uncooperative in resolving the issue and was in the process of being removed from the cooperative, this case illustrates the importance of clear records. As the inspector noted, if the member had been able to produce written records that indicated on which dates he had applied the offending compost and to which plots, it would have been possible to only decertify the contaminated coffee instead of all of his coffee. As the

⁷⁷ The Codex Alimentarius is an international body jointly established by the WHO and the FAO, which is charged with establishing international food safety standards.

matter stood, there was no way of knowing which of his parcels had been contaminated by the compost, and there was no choice but to apply the harsher sanction.

Another organizational characteristic that is lacking from the UCAPEM cooperatives is the ability to actively manage soil fertility in a way consistent with organic standards. While the cooperatives have managed to produce organic compost in their first few years through the assistance of local development projects, La Bendición, along with the other member organizations of UCAPEM, has not reached a point where it is able to sustain the production and distribution of organic compost without outside assistance in the form of materials and technical assistance. While its coffee is still technically organic because of the absence of synthetic fertilizer, the organization is not meeting the requirement of improvement in soil fertility that comes with the application of organic compost.

As mentioned above, the on-farm agronomic practices of La Bendición members are separate from the cooperative's wet processing, which is a collective endeavor of the cooperative. To a certain extent, this reduces the complexity of the required documentation and verification processes, because on-farm inspections only include crop management practices through harvest and delivery of fresh coffee cherries to the collective beneficio. The important processing practices of depulping, fermenting, and drying are concentrated and uniform, allowing record keeping to take place in a single time and place.

These differences in the organizational structure of production processes are relevant because they have implications for the efficiency and success of the cooperatives. In this particular example, whether farmers process their coffee to the

parchment stage individually on their farms or collectively at a central beneficio depends on many logistical factors. The relatively gentle topography and concentration of coffee land in Tocache make a central beneficio the natural choice. Likewise, in the San Pablo region, the location of La Igualdad on the land of a former large farm means a single beneficio is possible. However, in a place like La Libertad it would require the logistical and transportation coordination of many small producers delivering coffee cherries daily to a central location. This would be made difficult by geographical and topographical barriers. While collective processing obviously increases efficiency, it has negative implications as well; it raises the possibility that a non-conformity in the beneficio will cause problems for the entire cooperative as happened to La Bendición.

The centralized beneficio process also means that the quality of the coffee will be uniform for the entire cooperative. While this is a positive characteristic of the production process, due to the fact that a potential buyer will not encounter widely varying cup qualities in the coffee across different lots, it has the potential to be a negative as well. One of the major concerns of the La Bendición producers is that their coffee is not grown at high elevations, and therefore does not achieve the highest quality levels possible for Arabica coffee. This is one of the major reasons that they have considered pursuing Utz Kapeh certification, because Utz Kapeh, unlike Starbucks, does not require a minimum threshold quality for certification. Yet the coffee produced by La Bendición members still comes from a wide enough range of elevations that quality differences among members are inevitable. By agreeing to collectively process their coffee, members that have land at higher elevations are mixing their cherries with coffee produced at lower

elevations; this reduces the quality characteristics and therefore the market value of the coffee produced at higher elevations.

La Bendición is also characterized by a relative lack of interorganizational relationships. Beyond its relationships with UCAPEM and FEDECOCAGUA, La Bendición has few formal organizational ties. Because of its membership in UCAPEM, it has participated in the PREAPAZ project and is receiving technical assistance from COPADES. In 2006 the cooperative was also in the process of receiving a donation of mechanical coffee dryers with the assistance of Anacafé. While Save the Children does work in Tocache, the members of the cooperative in general do not participate. The absence of these ties creates several negative impacts for La Bendición, including the isolation from improved practices and inability to participate in larger projects in the region.

La Bendición is a new organization of formerly independent producers: this is its most important identifying characteristic and what most differentiates it from the other organizations studied here. The current membership of about twenty active members represents a core of producers that has committed to organic production; even as prices have risen in the past few years, they have maintained their organic production. This small core group is comprised of neighbors and extended family members who have diversified economic activities that allow them to use coffee as one source of income among many. Its members share a common vision of organic production, but each member also has individual experience in the coffee market; many are willing to go it alone if conditions allow. On the one hand, this lack of a group identity makes it harder for La Bendición to weather problems collectively. As a cooperative, they are facing a

potential crisis brought on by difficulties with organic certification and the loss of external technical assistance for organic production. On the other hand, because of the relative affluence and experience of these producers, they are less interdependent on one another. Although the cooperative probably has enough commitment to organic agriculture to maintain certification, it will not grow or easily become independent of outside aid due to its lack of cohesion.

III. ECA La Igualdad, San Pablo, San Marcos

A. Certification History

La Igualdad, like the close neighboring cooperative La Bendición, is part of the organic certification program promoted by UCAPEM. In 2006, about 50 of the 150 beneficiaries of ECA La Igualdad participated in the certification program; in addition, another group of members is in the transition phase and will soon be certified organic. Before moving to La Igualdad, the majority of the ECA's beneficiaries had experience working on coffee farms, but had not owned and managed their own coffee. Thus, they are undertaking the organic certification process while at the same time learning how to be autonomous coffee farmers. The farm was successfully certified in 2005, but many concerns remained during the 2006/2007 harvest, especially about the productivity of their coffee trees and the fact that the first loan repayment was due in early 2007, after a six-year grace period. While the organic producers receive price premiums for their organic coffee, many of the ECA members still find it necessary to leave the community periodically to work in wage labor, most often in nearby areas of Mexico. These many

pressures help demonstrate the complicated context in which coffee certification must be analyzed.

Here are the reflections of two members of La Igualdad, illustrating both the ambivalence of some members towards organic certification and the perceived benefits of certification:

I don't know for sure, but they say that we are going to get higher prices, and that's an advantage, but we haven't really seen it yet because of the small quantity of coffee we are harvesting. They say that organic coffee has higher prices than with chemicals, and that's the reason we are farming this way, to see how it works out, if there is a price difference and we can continue. It seems like there are some disadvantages as well; since we used to use chemicals we know that with chemicals more coffee is produced. We haven't seen the full results yet, but this is a bit of a problem.⁷⁸

We decided to get involved in organic certification so that we could take better care of our land and the environment. Now we don't contaminate, because we know that the chemicals cause damage. Before, whatever we ate or drank was contaminated, and now if we drink some of our coffee or vegetables it isn't; that's why we decided to become organic, to take care of our own lives. Not just this, but we are building terraces in the fields so that we don't have erosion, so that the leaf litter stays in place. It takes more work, but we're doing it because now we know about organic. The price might come out the same, but we want to take care of our land.⁷⁹

There are both disadvantages and advantages to organic certification, and we can see how some are connected to intraorganizational characteristics, such as the lack of productivity, and some are connected to interorganizational characteristics, such as the price that their coffee is receiving in the market. A complex change in the organizational structure and production practices like organic certification has wide-ranging effects, and these are mediated by external and internal factors.

When the ECA was settled, the use of chemical fertilizers in La Igualdad was uncommon even before the introduction of organic production, due to the very limited

⁷⁸ Interview with Alfonso Lopez Velasquez, La Igualdad, October 12 2006.

⁷⁹ Interview with Carlos Velasquez, La Igualdad, October 12 2006.

economic resources of the community members. As previously discussed, this kind of de facto organic production is easily converted into certified organic production. In reality, now only a portion of the coffee produced by La Igualdad is organic and, similar to the San José el Obrero situation, some members maintain both organic and conventional plots. This type of 'parallel production', while discouraged by IFOAM and USDA NOP (National Organic Program), is permissible under their standards. But given the collective wet-milling facilities in La Igualdad, parallel production introduces more practical difficulties than in La Libertad. Organic standards require that organic coffee be processed separately from conventional. Because La Igualdad only has one *beneficio*, this means that each day the organic coffee must be held until the end of the day, and then depulped and fermented in separate tanks. This separation must continue through the washing, drying, and storage phases of processing as well. This adds considerably to the work of the *beneficio* employees, especially given the relatively small quantities of organic coffee compared to the overall production of conventional coffee.

Because La Igualdad is not legally incorporated as a cooperative, it cannot enjoy full FEDECOCAGUA membership benefits. Despite the fact that La Igualdad is not technically a cooperative, it has been marketing its coffee through FEDECOCAGUA. For now, the relationship is a commercial one, with FEDECOCAGUA purchasing the ECA's coffee production as well as providing some technical assistance. Part of this technical assistance is aimed at discerning whether there is sufficient interest in the community to form a cooperative that would allow full participation in the national federation. However, this leaves the community in a precarious position.

But the members of ECA La Igualdad need to consider not just the potential benefits of cooperative formation; becoming a cooperative would have wider implications for the community. Although all of the current members of the ECA moved to the farm voluntarily, all residents and land owners are by definition members of the ECA and jointly responsible for the success or failure of the farm. Membership in any cooperative that might be formed could not be mandatory for all ECA members, so the community has a number of options. If all community members were to agree that forming a cooperative was a good idea, the ECA could be dissolved and replaced with the cooperative. This would only be an option after the loan for the farm is repaid to the government, because the ECA cannot legally be dissolved while the farm is still mortgaged.

A more feasible outcome would be that a subset of ECA members would form a cooperative that would operate in parallel to the ECA. Given that only about 50 of the 150 community members were currently participating in the organic certification program in 2006, the possibility of forming an organic cooperative internal to the ECA was attractive. Yet such a choice would have significant social implications for the community as a whole. There would likely be competing interests between the two, with cooperative members seeking benefits for the cooperative in addition to those of the entire ECA.

La Igualdad's certification history is also shaped by the collective organization of its coffee processing facility. Arguably, wet-milling is the most important stage of coffee production, where intrinsic qualities of the bean are preserved through a delicate process of depulping, washing, fermenting, and drying. Coffee picked from the tree in cherry

form must be processed through the parchment stage within 24 hours to retain the quality characteristics of the bean. During the harvest in La Igualdad, all community members bring their coffee to the *beneficio*, or wet-mill, where a few workers are responsible for the processing to the parchment phase. The benefit of this collective processing is that the quality of the coffee produced by the ECA is uniform; it minimizes the danger of individual members diminishing the overall quality of the coffee sold. The potential negative is that members must entrust the most delicate stage of processing to a collective procedure. This type of collective processing requires a level of trust among members that is not present in a purely marketing cooperative like San José el Obrero.

Like La Bendición and the other member cooperatives of UCAPEM, La Igualdad has an internal control system that allows it to participate in the group-wide crossed internal inspections. The certification paperwork is managed somewhat differently in La Igualdad than it is in La Bendición, however. The members of the organic group are required to come to the ECA office and fill out the forms that pertain to their crop size, number of parcels, and production practices. The organic group required annual updates in preparation for the external inspection. It did not appear that the majority of the organic certified members kept detailed records of their on-farm practices.⁸⁰

La Igualdad is also unique among the organizations studied here due to the economic circumstances of its members, and the resulting reliance on external labor and subsistence agriculture in La Igualdad. The members of the community have found over the past five years that their coffee parcels are insufficient to support their families, so had to seek other sources of income. First, each

⁸⁰ I was not able to attend the external inspection of La Igualdad; because Mayacert sent two inspectors to the UCAPEM inspection, I choose to participate in the La Bendición inspection which took place on the same day.

member has been assigned a plot of 8 cuerdas (0.35ha) that was originally being managed collectively for commercial vegetable production. After this project ended, the land was distributed among the members. Some have chosen to plant milpa while others have begun the process of planting coffee on this land. In the case of milpa production for subsistence, these small plots are insufficient for household consumption. A second option is to rent land for milpa; much of the agricultural land in lower elevations is available for rent, on former coffee farms that have converted to other uses. In addition, interview respondents indicated that in general it was economically more advantageous to seek wage labor outside the farm, whether in neighboring farms or in nearby Chiapas, Mexico, than to rent additional land for milpa production.

Even given their more difficult economic situation, the community members are optimistic about their future. One member, who had previously lived in Guatemala City and worked as a manual laborer, related his thoughts about his life in La Igualdad:

Things aren't the same as they were before. Even though I had a lot of money in my pocket [in Guatemala City] and now I never even see large bills, look at the land that I have, which is to say that when I die my children will still have this little bit of land. Before, when I think about my life in Guatemala City, sure there was more money but no land. There I spent too much on enjoying life, and here, even though I can see how difficult it is to take care of my wife and children, at least over time we will be moving forward.⁸¹

It is this sense of solidarity and optimism in the future that provides the organization of La Igualdad with the knowledge that despite their poverty they have improved their livelihoods and will continue building a better future for themselves.

⁸¹ Interview with Abel Rosendo Temaj de Leon, La Igualdad, October 26 2006.

Because producers in La Igualdad usually must leave their community for at least part of the year to support their families, many are simply less engaged in the operation of the coffee business than producers who are year-round residents of Tocache or La Libertad. This economic circumstance has potential negative impacts on certification as well, adding an additional level of management as community members delegate farm production tasks to family members or other ECA members.

B. Organizational Characteristics of La Igualdad

La Igualdad's ECA differs meaningfully from the other two cooperatives, La Bendición and San Jose el Obrero. It is new like La Bendición, but faces enormous struggles due to the economic conditions of its members, unlike the relatively affluent members of La Bendición. Despite its clear poverty, the members are committed to making their new experiment work, displaying an earnestness and optimism that is more akin to attitudes in the well-established cooperative in San José el Obrero. Despite these facts, La Igualdad was clearly entering a period of transition as it faced great challenges for its future.

La Igualdad, like La Bendición, has not reached a point where it is able to sustain the production and distribution of organic compost without outside assistance in the form of materials and technical assistance. The members of La Igualdad do have access to coffee pulp from the collective beneficio, which can be used as compost in its natural form. However the resources to convert this pulp into finished organic fertilizer are still beyond the access of the ECA.⁸² This means that while their coffee will still be

⁸² Coffee pulp is a key ingredient in bocachi, a form of fermented compost that was developed in Japan and is commonly used throughout Central America. It requires other inputs that are more difficult for small

technically organic, it is likely that this will cause problems with the organic certification process in the future; one of the requirements of organic certification is that a soil fertility management program be implemented which will lead to improvements in fertility.

That La Igualdad formerly was a large farm and now is divided into individual parcels, where there are no markers of any kind to distinguish where one parcel ends and the next one begins, complicates organic production. In the context of chemical contamination, the use of chemicals on neighboring parcels is outside the control of organic certified producers, and the inspection agencies in Guatemala do not rely on the chemical analysis of soil or plant tissue to prove the absence or presence of prohibited products. The use of preventative measures is relied upon instead. These include the use of ditches on the uphill side of a parcel when it is known that the neighbor on that side is not organic certified; the planting of tall trees or plants to prevent the wind from bringing sprayed herbicides onto the certified land; and the establishment of buffer zones between the boundary of a parcel and first row of coffee trees. While these practices do not require the purchase of many external inputs, they do require a commitment of time and labor and implicate the loss of some production as coffee trees must be removed to make room for buffer zones or barriers. These methods place an extra burden on certified producers in La Igualdad over certified producers in the other organizations who do not face this problem.

Another unique characteristic of La Igualdad is its legacy as a former large farm and its location on the southern coast. The structure of the coffee market in the San Marcos region is very different from that in Huehuetenango. The southern coast of

producers to obtain, such as chicken manure, as well as yeast and sugar which are necessary for the fermentation process.

Guatemala was historically dominated by large farms that had their own processing facilities, sometimes through the dry-milling and exporting processes. This means that any small producers that existed on the periphery of the farm system sold their coffee in cherry form to neighboring farms instead of processing their coffee to the parchment stage. Most small and medium farms currently do not have their own *beneficios*, instead selling their coffee in cherry form on the day it is picked. Unlike other small producers in the region, then, La Igualdad has a significant advantage because it owns a *beneficio*; the local buyers that visit remote rural communities during the coffee harvest to purchase cherry coffee do not stop in La Igualdad and all members deliver their coffee directly to the ECA's processing facility. Although during the harvest season there are intermediaries that pass through the community on the way to other coffee producing areas, the most convenient and economically beneficial option for the ECA members is to deliver their coffee to their own *beneficio*. In addition, I am not aware of the ECA attempting to buy non-member coffee and market it through FEDECOCAGUA. In the future the ECA could enter the coffee buying business, as there are small communities of coffee producers nearby that currently sell their coffee to other intermediaries.

La Igualdad, like the other member organizations of UCAPEM, has had a functioning ICS since its foundation. Because the organizations of UCAPEM were formed with the goal of gaining organic certification, the need for ICS was addressed at the beginning of the organizational life of the cooperatives. While the ICS for UCAPEM is formally structured in accordance with the requirements of organic certification, including twice yearly internal crossed inspections with the proper paperwork, it is still learning how to function properly. A well-functioning ICS is a mandatory characteristic

for successful certification; while the La Igualdad's ICS is imperfect in increases member accountability and contributes to the cohesiveness of the community's collective coffee business.

Another distinguishing characteristic of La Igualdad is the community members' access to land and reliance other economic activities. Above I mentioned that the core members of La Bendición were committed to organic production and were economically stable enough to be able to consider the environmental benefits of organic practices without being completely reliant on income from their coffee production. In La Igualdad, the members rely on other economic activities through necessity. This situation has two impacts. First, the farm has the potential to provide diverse agricultural activities to the community members in addition to the possibility of expanding the amount of land cultivated with coffee; some of the higher elevation land of the farm remains without coffee, either forested or cleared for other agricultural uses. This excess land is available as a result of the land reform process with which they gained ownership of the farm. Second, the current economic situation makes wage labor a necessity, and impacts on the functioning of the ECA. Many members that go to work in Mexico must leave for weeks at a time, only returning for a short period of time before crossing the border again. While this does is not necessarily detrimental to their coffee production, it does mean that many meetings are missed and maintenance of the coffee land is at times neglected.

When confronted with insufficient income through coffee production, producers are faced with two choices: wage labor outside the farm or subsistence production for the household.⁸³ Interview respondents indicated that it was economically more

⁸³ See Annis (1987), Gudeman (1978), Jaffee and (2007) for discussions of the transition from subsistence production to commercial production for the market or participation in wage labor. The cultural

advantageous to seek wage labor outside the farm, whether in neighboring farms or in nearby Chiapas, Mexico, than to rent land for milpa production. There was also an internal labor market within the ECA, as some better-off members or members absent due to migration hired fellow beneficiaries to work on their parcels during the harvest or to perform routine maintenance tasks. In this time of economic crisis for coffee producers, it was common for farmers to seek other sources of income. However, this characteristic is most significant for La Igualdad because its members are in the most precarious economic condition of the three organizations studied here.

In addition to all of these internal characteristics of the organization, the external connectedness with other organizations is also an important characteristic. La Igualdad maintains significant relationships with other organizations much more with than La Bendición. The ECA is tightly linked to a number of government ministries and programs because of its origins in the land reform program FONTIERRAS. Throughout the first five years of its existence, the ECA received assistance from the Guatemalan department of agriculture (MAGA), forest service (INAB), Anacafé, and social assistance in the form of food donations through national government programs. In addition, the Canadian-funded PREAPAZ project supported many programs for the community. While PREAPAZ has ended, the local development NGO COPADES that was contracted to do much of the work is still working in San Pablo and providing technical assistance to UCAPEM's member organizations. The local Catholic parish priest has assisted in dispute resolution around land and a potential new hydro-electric project which is planned for the region. Save the Children, a Christian NGO, has child-sponsorship

implications of producing corn and beans for household use in a society in which corn has a central role compared with producing an export crop is somewhat mitigated by the fact that more than a century of coffee production has deeply ingrained coffee in Guatemalan culture as well.

programs in many nearby communities, including La Igualdad. With respect to coffee, La Igualdad is not a full member of FEDECOCAGUA, but participates as an observer, as mentioned above. The ECA maintains commercial relationships with the coffee export company that used to own the farm. The ECA has bank accounts in Banrural, which has a branch in Malacatán, and which is the holder of their mortgage. These relationships permit La Igualdad to access external benefits while constantly increasing their human capital.

Finally, the members of La Igualdad are united by a set of strong collective goals, as they have successfully organized the purchase and initial settlement of the farm in addition to gaining basic infrastructure through collective action. This shared identity is a real asset to the community, as it provides significant social support.⁸⁴ However, a potential crisis is approaching as disillusionment with low coffee revenues and the onset of the debt repayment period approaches. The heterogeneous social background of members is also beginning to cause conflict. This includes conflict based on access to resources external to the community, reliance on wage labor outside the community, and differences in geographical origins and ethnic background. In short, La Igualdad brings together a group of families that share the characteristic of being landless or extremely land poor and has united them in a common identity within the ECA; however, some of the difficulties of such an ambitious project have proven to be more difficult to overcome than initially supposed.

⁸⁴ The issues of common goals and organizational culture have become an important substrand within organization studies in the past two decades (Barley and Tolbert 1997; Parker 2000a). The concept of organizational culture is has been applied in management studies rather uncritically, and used as an explanatory variable with such frequency as to render it almost meaningless. I have chosen not to focus on organizational culture for this reason, although it should still be considered as one variable when analyzing organizations.

Conclusion

These stories of certification can be seen as organizational life histories which serve to illustrate the complexities of understanding the intersection of individual economic activities and international market regulation. By sketching out the characteristics that have allowed organizations to successfully become certified, this chapter has provided examples and illustrations of the on-the-ground realities of organizational life. Within the larger context of economic sociology, embedding the abstract market exchanges of the coffee industry in the network of interactions in particular organizations allows us to combine levels of analysis and account for both structure and agency in the commodity chain.

As we have seen, different authors have proposed a continuum of involvement in the market for certified agricultural production. Whether this is labeled marketness and instrumentalism (Block 1990), attempts to reform, access or break the market (Jaffee 2007), or through the lens of commodity chain analysis as market-, quality- or mission-driven participants (Raynolds 2009), we attempt to place these cooperatives within these categorization schemes. San José el Obrero is furthest along on the marketness spectrum, seems to be concerned with accessing the market, and at the same time is clearly quality-driven in its attempts to improve the quality of its product. La Bendición and La Igualdad are more mission-driven, but with the goal of environmentally sustainable production. Of course, this mission-drivenness is closely associated with desires to access the market and improve quality as well.

Overall, the case studies exhibit characteristics from across the spectrum of these previous attempts at categorization. The fundamental realization that lies beneath all of

these attempts to categorize certified agricultural production is that participation in the market is no longer a decision that can be made by the producers; instead they must fully participate without any input from their weakened position at the beginning of the commodity production stream. So concepts such as reciprocity and embeddedness are not separate from or in opposition to the functioning of the market. The structuring of economic exchange in markets within the system of capitalism is not up for debate.

Within the restraints placed on economic actors due to the capitalist market that forms the context, however, there is so room for maneuvering. None of the groups studied here are organized with the goal of breaking the market, to use Jaffee's term, and all are strongly instrumental in their actions. For all of the groups, certification was originally proposed and pursued for instrumental purposes, as ways to access niche markets that were previously unavailable to them. Even for those groups that pursued organic certification, with environmental standards that are mission-driven, the decisions were made with economic rationality in mind.

It is important to learn from these experiences that farmers are primarily concerned with the well-being of their families and their communities. In marginalized, rural communities such as La Libertad and La Igualdad, these concerns are understandable. The most interesting case studied here is that of Cooperative La Bendición, with its relatively well-off members who are the most driven by instrumentalism and rationality while at the same time are the most committed to organic production. Just as it is affluent consumers who are most likely to be attracted to the value-added of fair trade or organic certification, economic security among producers, who in the case of La Bendición commonly saw coffee and agriculture in general as a

secondary source of income, allows the values behind movement-driven commitment to environmentally sustainable practices to flourish.

Chapter Six

Analysis of the Benefits of Certification for the Organizations

I. Introduction

This chapter describes and analyzes the experience of each cooperative in capturing the benefits of certification once certified. An array of key features leads to the ability of the organizations to benefit from certification as discussed in the previous chapter. The interorganizational structure of the producer groups is exemplified by what roles are filled by the staff and the division of labor with regard to inspection, accounting, and management. The history of the organization is included here because the length of time it has been in existence and the different struggles it has faced and overcome provide organizations with resources to draw on in the present. The interorganizational environment is made up of other organizations that interact with the cooperative and indicates the manner of external resources that can be accessed when needed. Some of the most important aspects of the organizational context include relationships with other coffee organizations, for example the role of the national federation in guiding and supporting its member cooperatives. Another important factor is the set of goals of the cooperatives, and whether they are commonly held by the leadership and members. Within the context of certification and producer groups, a key characteristic is the

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independence and separateness of these goals from the certification requirements. For example, organizations that were formed with certification in mind have different structures and abilities than pre-existing cooperatives that undertake certification after they are already well established.

The goal of this chapter is to use the characteristics of small producer groups that were described in the previous chapter to analyze other organizations contemplating certification or already in the certification process, in an effort to identify and address ways in which their characteristics hinder them from accessing the full range of benefits available through certification. As an initial matter, I will describe benefits that are particular to each of the organizations separately, and then cover a number of general benefits that cut across all of the organizations.

Identifying the full complement of characteristics that the ideal type coffee cooperative would display is the first step in an attempt to construct a typology of organizational characteristics. Ideally, the cooperative would have an internal control system (ICS) and an internal quality standard that have been implemented independently of the goal of certification. Such systems permit small producer cooperatives to incorporate the demanding requirements of certification without overburdening the members and in a way that allows the producers to fully understand the additional labor and changes that will be required. In all of the case studies, the systems of internal inspectors and quality standards were implemented as a means to achieve certification requirements. While this has worked, in the sense that certification has been accomplished, it does not allow for optimum levels of characteristics such as cooperative cohesiveness and the development of internal motivation. Because these byproducts of

internal quality standards contribute to the long-term success and viability of the cooperatives, FEDECOCAGUA should assure that internal cooperative documents such as operating plans, quality criteria, and environmental and social guidelines are put into place in all cooperatives, not just those immediately interested in certification.

Useful lessons emerge from comparing the organizations that are the topic of these three case studies, as each offers a series of characteristics that has affected its ability to access the benefits of certification. However, there are limitations to the value of this kind of comparative approach, as in-depth qualitative analyses are constrained in their ability to assess the synergistic effects of characteristics that would be obvious in a larger sample size. Here, the importance of the local context cannot be overemphasized. These communities differ, both among one another and internally, in their social and economic backgrounds. La Igualdad is the most homogenous, as the vast majority of producers were land-poor and landless peasants prior to joining the ECA. Yet even in La Igualdad, there is a serious division between members from highland municipalities and those from the coast who were formerly workers on coffee plantations. This is just one small example of the range of differences among and within the organizations and communities that are the focus of this study. Comparisons across cases can never represent an objective analysis of the feasibility of these certification systems, yet they still can serve as a vehicle for reflecting on the ways that the character of communities shapes the results of achieving certification.⁸⁵

⁸⁵ For other comparative analyses of certification systems, see Auld *et al.* (2008), Hendricks *et al.* (2009), Murray *et al.* (2003), Petkova (2006), and Reynolds *et al.* (2007). None of these studies have employed case studies to compare the different certification systems. Some, like Auld *et al.*, Reynolds *et al.*, and Petkova, apply political economy and global value chain analysis to compare systems. While Murray *et al.* does employ a case study approach, it is restricted to an analysis of fair trade with some information on organic certification as well.

When discussing the benefits of certification, it is essential to keep the political economy and global value chain context of the producer organizations in mind. Network analysis, convention theory and the sociology of markets are all important bodies of literature to draw on in this regard (see Chapter Two). When producer organizations are seen as economic actors within an organizational field that includes other local organizations, national level organizations, and international organizations, both governmental and non-governmental, the complexity of the analysis becomes apparent. I apply a Weberian approach, analyzing the work of the producers groups members and staff as economic social action (Camic *et al.* 2005b), which encompasses not only rational economic action but non-rational elements as well. While this helps analyze the organizations at a micro level, the inclusion of neo-Marxian political economy strains that have Weberian underpinnings at the micro level is allows us to combine structural elements with the agency of individual actors.

The benefits of certification for producers have been analyzed in previous literature, predominantly in the fair trade and organic sectors. In the organic market, this research has tended to focus on farmers in Northern countries (see Guthman 2004 and Michelsen 2001) while research on fair trade has extended to the benefits for producers in the South (see Bacon *et al.* 2008 and Reynolds *et al.* 2007). In these studies, however, the emphasis is on individual producers rather than the organizations of which they are members. In addition, the world of certification has changed in the past few years, with more options available to farmers and more private certifications entering the market.

Virtually no research has been done on the potential benefits or drawbacks of these newer certification options. With the increasing complexity faced by small

producers, it is important to fully understand the range of options that are available to them. With this in mind, I will discuss the successes that the studied organizations have achieved, and analyze these in relation to previous research done on certification.

II. Capturing the Benefits of Certification⁸⁶

A. Individual Organizations

San José el Obrero's recent entry into certified markets means that many of the benefits discussed in this section are still being fully realized. One of the goals of cooperative *management* over the time period of this study was to have all participating members register all of their coffee for inspection under the certification systems. This process, while slow and complicated, was well under way. However, many members were still unsure of whether they wanted to continue in the certification process, and were uninformed about the benefits of certification. Yet some benefits of registry for certification would accrue to the cooperative whether or not the individual producers chose to seek certification; for example the system of internal inspections provides benefits to the organization as a whole. The best argument for a clear land registration process is that it is necessary for a well-managed cooperative to maintain accurate records, whether related to certification and inspection processes or not. Thus, while issues of internal organization of the cooperative were raised due to certification requirements, these improved practices were beneficial to the cooperative overall and irrespective of its efforts to be certified.

⁸⁶ While the previous chapter was organized by considering each producer group's experience sequentially, this chapter is organized topically because benefits of certification are cross-cutting across the groups. After a brief section where the organizations are considered individually, the remainder of the chapter is organized topically. While this eliminates a parallel reading of these two chapters, it was necessary due to the nature of the material.

In some cases, difficulties arise because cooperatives like San Jose el Obrero in La Libertad were founded as marketing cooperatives. Throughout the forty years of its history, this meant that members brought their coffee to the cooperative without transmitting information about production practices. Expansion of the information needs of the cooperative, including through new ways of defining quality and the distinction between extrinsic and intrinsic quality characteristics, complicated the work of both producers and the cooperative staff. When all relevant information about the quality of the coffee was contained in the bean, and could be extracted through the cupping process and assessed based on qualities like aroma and taste, practices such as erosion control, the labor conditions of workers, and the use of chemical inputs were irrelevant to the cooperative. Cupping provided all the required information, and was the basis for prices on the international market. Because standard economic theory relies on prices to transmit all the necessary information, this was the case when coffee was traded as an undifferentiated commodity.⁸⁷

Although the other cooperatives in this study likewise struggle with issues of quality, their characteristics permit a greater level of quality control. In La Igualdad and La Bendición the on-farm agronomic practices are separate from the communal wet processing. Completed as a collective endeavor of the cooperative, communal wet processing reduces the complexity of the documentation and verification processes, because on-farm inspections include only crop management practices through harvest and delivery of fresh coffee cherries to the collective beneficio. The crucial processing

⁸⁷ The transition from production of a undifferentiated commodity to a specialty product that can capture more value down the value chain is an important strategy for improving the livelihoods of coffee producers, and has been addressed at the theoretical level through convention theory (Callon 1998; Callon *et al.* 2002; Murdoch *et al.* 2000) as well as specifically within the context of the developing countries and the coffee market (Mutersbaugh 2005b; Ponte and Gibbon 2005; Reardon *et al.* 2001).

practices of depulping, fermenting, and drying are concentrated and uniform, allowing record-keeping to occur in a single time and place.

These differences in the organizational structure of production processes are important because they influence the efficiency and success of the cooperatives. In the case studies presented here, whether farmers process their coffee to the parchment stage individually on their farms or whether it is done collectively at a central beneficio depends on many factors. While a central beneficio is conceivable in a place like La Libertad, it would require the logistical and transportation coordination of many small producers delivering coffee cherries daily to a central location. This would be made difficult by geographical and topographical barriers. In the San Pablo region, the location of La Igualdad on the land of a former large farm and the relatively gentle topography and concentration of coffee land in Tocache make a central beneficio the natural choice.

Such factors not only impact processing but also the resulting standardization of quality. Differences in the structure of processing also generate environmental impacts. All the standards discussed here require that producers make efforts to reduce the water contamination that often results from the water-based processing of coffee. Whether large numbers of small beneficios discharging waste water throughout the watershed or a single large beneficio with its concentrated output of waste water will have a greater environmental impact on the health of the local ecosystem remains an open question. Yet, from the point of view of certification inspections, it is much easier to confirm that a single beneficio is not polluting compared with perhaps hundreds of small installations. On the other hand, one beneficio that does not meet the environmental criteria of the certification renders the entire cooperative ineligible for the certification, as was seen in

the case of La Bendición. In contrast, decentralized wet processing lowers the stakes of this stage of production, as a single noncompliant private beneficio will not affect the entire cooperative's eligibility for certification.

In the case of La Bendición, one of the clearest benefits of certification is the access to the specialty certified market. The structure of the coffee market on the southern coast of Guatemala does not support independent small producers of high quality coffee. Because of the region's focus on large farms, there is little space for small producers to differentiate their coffee in the market. The majority sell their coffee in fresh cherry form to buyers that lack access to the specialty market.

The reality of La Bendición is that the majority of its coffee is grown at elevations too low to be considered strictly high grown (SGH) or even high grown (HG), the two classes of specialty coffee that receive the highest prices on the international market. Both La Igualdad, which is located high above Tocache on the slopes of the Tajumulco volcano, and San José el Obrero, produce coffee of the highest quality. Tocache, on the other hand lies at an elevation of about 800 meters above sea level. While some of the producers have land that lies closer to 1000 meters in elevation, the collective processing of coffee from many different elevations eliminates the possible benefits for these individual members. This problem has partly been overcome through the assistance of FEDECOCAGUA, which has helped find markets in Japan for La Bendición's *suave* (smooth) coffee. While the European and American specialty markets remain focused on high-elevation grown coffees, the ability to access markets like Japan that prefer other cup qualities expands the options for many producers on Guatemala's southern coast that produce coffee at marginal elevations. Without the access to such a market that

certification provides, La Bendición's producers would suffer a significant reduction in their prices.

One of the most important external relations that all of the organizations studied here have is with the national federation of cooperatives. This has wide-ranging benefits for its members, and is a crucial characteristic of success in certification. Within the context of FEDECOCAGUA, analysis of cup quality for each member cooperative is well-established. The federation has long-standing relationships with exporters and buyers around the world, and has its own cupping lab in Guatemala City.

FEDECOCAGUA's technical staff also provides technical assistance to the cooperatives and throughout the years has worked to improve the quality of the coffee. These improvements of on-farm production practices can lead to improved taste characteristics of the coffee, especially when they focus on harvest practices and proper wet processing of the coffee. Yet this type of quality is evaluated through the cupping scores that the coffee received, not through the actual surveillance of on farm practices. The codification of on-farm practices through certification into forms that can be recorded and verified through external inspections adds new layers of complexity to the management of the cooperatives.

La Igualdad's status as an ECA instead of a cooperative affects its ability to access the full range of benefits available through certification. First, differences in the production process follow from the community's ECA status. When the community first settled the farm, each member household, usually headed by a male, was assigned a plot of land for a house and various plots of coffee. This was done through a lottery, so the quality and conditions of the plots varied greatly based on the luck of the draw. While

each member household is responsible for managing and harvesting its own plots, the processing of the coffee from cherry to parchment is done collectively. In addition, because the legal status of the land is in the form of a collective title, the community exerts more control over how the land is used than in a typical organization of small producers. Members who improperly care for their plots can be fined, and in the last resort it is the ECA as a whole that is responsible for assuring that all the coffee is harvested.

That not all members of the ECA are equally committed to the collective endeavor of owning and operating a coffee farm is a defining characteristic of the internal organization of the community. Some members joined the ECA because of the initial subsidy paid by the government for immediate food needs and now are not actively managing their individual land. Others have left the ECA because they were dissatisfied with their coffee land and have returned to their home villages. In addition, at the time of my fieldwork, the ECA was just beginning to enter into loan repayment after an initial grace period of four years. The financial reality of having annual loan payments due to FONTIERRAS was just beginning to sink in for the members.

Yet because of this unique status as a FONTIERRAS land reform community, La Igualdad's conversion to organic production was heavily subsidized through external developmental and governmental agencies. The technical assistance was provided through internationally and FONTIERRAS-funded projects, including training sessions and organic inputs used to make compost. The cost of inspections, however, was not subsidized. The producers themselves pay these fees through a deduction from the payments they receive for the quantities of organic coffee delivered to the cooperative.

At the time of my fieldwork, the organic group was losing members and the technical assistance provided by COPADES was about to end. It was a real possibility that no organic compost, the main input necessary for organic production, would be produced the following year due to lack of funds. Thus, this intensive technical support was both a helpful and a harmful resource to La Igualdad. It did increase the technical knowledge of the farmers and assisted them in obtaining certification. But, it also created a dependency on externally funded inputs, the costs of which will be difficult for the cooperative to assume.

Another distinctive characteristic of the members of La Igualdad is that a large percentage of the families come from indigenous backgrounds, whether being recent migrants from the Mam highland municipalities of San Marcos or as descendants of former coffee *finca colono* families that have lived on the southern coast for a few generations and become acculturated to ladino culture while still maintaining roots in the indigenous highlands.⁸⁸ In all cases, in their former homes they had been subsistence milpa farmers and are now learning to be coffee farmers. While many of them expressed the desire to plant milpa for their families, their economic situations and the lack of available land forced them to search for wage labor instead. This was not entirely a new situation for these residents of La Igualdad, for they came from situations where there was inadequate land for self-sufficient production and they were accustomed to seeking seasonal wage labor to supplement their subsistence production.

⁸⁸ This is an interesting contrast to the majority of studies of small producers in Mexico and Latin America, including that of Daniel Jaffee (2007), which focuses on indigenous communities and issues of cultural and linguistic identity. Much of the work anthropologists in Guatemala addresses contemporary issues of ethnic identities and indigenous cultures (Adams and Bastos 2003; Adams 1970, 1995; Falla 2001; Grandin 1997; Popkin 2005; Reeves 2006; Warren 1998).

Yet this acceptance of what amounts to serving as a migratory laborer dramatically impacted the cohesiveness of the community as well. There was a sense of pride among the community members that they were now *dueños*, owners of land. This also had a negative impact on the community, as members' absences reduced the level of investment in their coffee parcels, which limited the ability of the entire community to access the full range of benefits from certification.

B. Cross-cutting benefits

Internal Control Systems

A key feature that leads to the continuing success of certified organizations is a well functioning internal control system. In small producer organizations, an ICS can have a positive role in strengthening the organizational capacities of the cooperatives. Or, it can be seen as an burden implemented merely to meet externally imposed certification systems. High levels of ownership and buy-in by the certified members is necessary for the ICS to contribute to the goal of improving the quality of the coffee produced by the organization. If the focus is instead on seemingly arbitrary requirements like having the proper number of reports or making sure there is a sketch of each individual parcel on file, and the larger goal of improving production practices and selling more coffee are minimized, members are more likely to resist efforts at meeting certification requirements. ICSs are experienced as externally imposed when they are presented as if they are a burden required to meet certification instead of as if they are meeting the needs of the cooperatives. Yet resistance to the burdens imposed by the ICS is understandable at this stage of development of the ICSs of the cooperatives, which are all less than five

years old and were experienced by producers as an obligation required by certification. Yet, with time, the benefits of a well-managed ICS will become evident as certification is maintained and the benefits of higher prices and improved quality are realized.

The ICS may have a greater goal beyond meeting certification requirements as imposed by international agencies attempting to meet ISO guidance for third-party certification.⁸⁹ From the internal perspective of cooperatives, if they are going to be successful as businesses in the marketplace as currently constructed, they must develop their own 'internal quality standard'. That is to say, the goal is for the cooperative as an organization to define what their standards are for the production of quality coffee. Once this 'internal quality standard' is articulated and internalized, the cooperatives can go out and see which certification system best matches with their own goals for their organization. This presents a much more different picture of certification, with the emphasis on the needs and internal efforts of the cooperative rather than on the cooperative attempting to meet the requirements of a variety of standards to have the greatest market access possible.

Subsistence and Commercial Crop Production

San José el Obrero is located in a new coffee producing region with many small producers that use the improved agricultural techniques promoted by Anacafé since the 1970s, including chemical fertilizer, dense plantings, and hybrid varieties. While the average area of coffee production (1.7ha) is well below the arbitrary cut-off for small producers, their average production (40qq) is near the upper end of the small producer

⁸⁹ For an overview of issues concerning the recent expansion of ISO standards to include environmental and social standards, see (Brunsson and Jacobsson 2000; Clapp 1998, 2001, 2004; Haufler 2000; Heires 2008; Lathrop and Centner 1998; Wall *et al.* 2001).

range. This works out to average production of 23qq/ha, which far exceeds that of the other organizations studied here and illustrates that intensely managed coffee parcels can produce yields that would push farmers beyond the small producer definition based on production volumes alone. In contrast, both of the cooperatives in the bocacosta region exhibit low production, characteristic of the older coffee plantings, climatic conditions, and more severe impacts of the low coffee prices. The organic members of La Igualdad are clearly within the criteria for small producers, with an average land holding of 0.88ha and annual production of 10qq, for an average of 11qq/ha. In contrast, La Bendición has many members that push their average characteristics towards the upper range, with an average area of 2.4ha, production of 40qq, and average production of 17qq/ha. While the La Bendición producers have significantly more coffee land than those in San José el Obrero, their production per area is lower, leading to overall production that is equivalent.

The members of the La Bendición cooperative in Tocache did not report milpa production, and their land holdings were almost exclusively at elevations suitable for coffee production. These findings of the three case studies, indicating a high dependence on income from coffee production with little recourse to milpa production, contrast with the situation described by Jaffee (2007) for the Oaxacan producers in his study. There, subsistence corn production was seen as an alternative economic strategy in the face of low coffee prices. This has been attributed to the persistence of indigenous agricultural practices, as Jaffee argues:

Intangible concepts such as quality of life are a function of culture. Growing corn is not only a matter of keeping culturally appropriate foods in the family diet (a

key component of many definitions of food security), but of sustaining an indigenous culture that has been grounded for millennia in the cultivation of corn in a particular place (169).

The Role of Large Federations of Producer Groups

There are two channels for access to certified markets available to small producer groups: through membership in a national-level federation or other second- and third level organizations; or through direct relationships with buyers. While independent cooperatives that lack direct relationships to buyers and are not members of federations can and do become certified, it is rare for them to find success in selling much of the coffee through certified markets. Thus, these are the two dominant points of access to certified markets. In addition, few small cooperatives have direct relationships with international roasters unless they are already participating in movement-based certifications such as fair trade. A more common way to achieve this level of access is through federations that unite small producer groups from all over the country. The coffee cooperative sector in Guatemala is dominated by FEDECOCAGUA, with the relatively few independent cooperatives being either new or active participants in the fair trade market.⁹⁰

These two routes towards market access are not completely distinct because FEDECOCAGUA also participates in the fair trade market. FEDECOCAGUA has been a

⁹⁰ I was able to visit some independent cooperatives that were fair trade certified. A particularly vivid example of these type of cooperative that is thriving on direct relationships with buyers and activists in La Union Santa Anita, another FONDOTIERRAS beneficiary farm that is made up of former guerilla combatants and refugees. This cooperative has also successfully established its own roasting business and ecotourism project, due to its close proximity to Quetzaltenango with its concentration of Spanish schools and tourists.

member of the FLO producer register for a number of years. Currently, only about 10% of the coffee that the federation exports is sold under fair trade conditions. According to information collected from interviews with staff members at FEDECOCAGUA's central office in Guatemala City, to ensure a fair distribution, the social premium⁹¹ that is paid under fair trade contracts is distributed equally to all cooperatives, meaning that each member of the federation benefits in a small way from fair trade prices. This method of distribution leads to a dilution of the premium such that producers are unaware that the social premium even exists. So even though all of the organizations studied here are formally fair trade certified, it does not impact their production practices or marketing directly.

Another way to structure the contracts would pay the actual price of the coffee sold through fair trade (with the US\$1.21/lb minimum) to the cooperative that actually produced that coffee. Yet administration of such a system would create its own problems, for there is no good way for FEDECOCAGUA to determine which lot of coffee to sell to the fair trade buyer. The final prices received by the cooperatives are negotiated with FEDECOCAGUA directly, and depend on members' approval of a particular price. By this, I mean that FEDECOCAGUA receives an offer to buy coffee from a roaster or importer, the federation and buyer negotiate a price, and the cooperative can agree to sell or pass on the opportunity. Within FEDECOCAGUA, particular cooperatives can establish long-term relationships with individual buyers, as is the case with the Tocache cooperative and the Japanese roaster that purchases its coffee. Where appropriate, as in this example, the price negotiations account for the fact that the coffee produced by La Bendición is organic certified as well.

⁹¹US\$0.05/lb in 2006, although it has since been increased to US\$0.10/lb.

The central staff of FEDECOCAGUA has been actively promoting certification for small producer groups since 2000 when the coffee crisis was entering its worst period. But there is definitely a sense of ambiguity about certification at FEDECOCAGUA. On the one hand, these new standards place a lot of stress on FEDECOCAGUA and its members through additional work, including training, extension, and organizational improvement. These changes are increasing the work load of FEDECOCAGUA's central staff and the member cooperatives. On the other hand, there are benefits from certification, including price premiums in the case of organic, Starbucks, and fair trade, and access to new niche markets that were not available before. The question that remains is whether all the additional work is worth the effort. FEDECOCAGUA's aggressive promotion of certification suggests that it believes that the structure of the international market has shifted such that this new 'world of certification' is a requirement for market participation. While large quantities of uncertified coffee still are obviously produced and sold in the international market, certification is a requirement for the kind of market participation that provides prices above the cost of production and improves the livelihoods of the producers.

The federation is an important link between small producers and the international market; from this point of view it is essential that the federation help member organizations negotiate the new ways in which coffee is being marketed. Understanding this role of the federation helps explain the federation's promotion of certification among its member organizations. In addition to managing the processing and export functions of a coffee trading company, FEDECOCAGUA also must juggle the many new relationships between standard owners, certifying agencies, technical staff, and member

cooperatives that certification entails. In these relationships, the federation is advocating for a simplification of certification processes as well as a better understanding of the differences between certifying large centrally managed, single-owner farms and organizations of small producers. It is not that certification is viewed as a negative for small producers. That certification was designed by and for actors unfamiliar with the role of the small producer means that a certain amount of interpretation is required; FEDECOCAGUA thus serves the central function of showing how certification can work in the small producer context.

FEDECOCAGUA must take care to work for the short-term export goals of its cooperatives, including becoming certified, while also advocating for changes in policies that will prove beneficial for its members in the future. Because of all of these factors, the federation plays an essential role in facilitating the benefits that individual cooperatives receive through certification. This central position of the federation makes it difficult to determine exactly which benefits for the organizations result from certification and which are the result of membership in the federation.

The operation of certification within a large federation such as FEDECOCAGUA complicates the situation while at the same time providing benefits. FEDECOCAGUA's dry mill processing facility and export license allow the member cooperatives to be in a position to negotiate favorable contracts with roasters and importers. And FEDECOCAGUA has the resources to inspect and certify its facilities, including dry mills which must maintain a strict separation of certified and non-certified coffee lots. Yet discussions of the economic benefits of certification must consider the internal business operations of such a large economic organization.

Coffee quality within the standards

The central role of coffee quality was noted in the section about Starbucks in Chapter Three. Coffee quality is a less important characteristic in the other certifications, as none of the standards besides Starbucks require coffee to meet a particular quality standard. Because coffee quality closely correlates with elevation, quality standards affect farmers differently depending on their geographical location. In theory, the other standards allow farmers that are not located at high elevations to access certification as well. This is true even for organic certification, which controls many aspects of the production process but does not specify a minimum quality requirement. While FEDECOCAGUA sells coffee with a variety of quality levels, one of the other major independent fair trade organizations in Guatemala, Manos Campesinas, only sells *estrictamente duro* (strictly hard bean, see table 5.2) coffee, the best export quality classification. This illustrates one of the fundamental issues in coffee production: while production and processing practices can do a lot to preserve cup quality, climate and altitude are the ultimate arbiters of quality. Coffee grown at low altitudes will not receive high price premiums in the specialty market. This fact is ameliorated somewhat by the fact that tastes of consumers do differ, and the Japanese market is willing to pay premium price for 'prime' coffee grown at lower elevations. The strict quality requirements of Manos Campesinas came in response to one of the early criticisms of fair trade, which was that it is a system that charges high prices for low quality coffee. Now that fair trade has firmly established itself in the specialty coffee market, this is no longer a valid

criticism. Fair trade expansion into mass market roasters, however, is changing this formula once again.

Table 6.1: Guatemalan Coffee Quality Classification Based on Altitude

Duro	
Estrictamente duro (strictly hard bean, SHB)	above 4800 feet (1450 meters)
Duro (hard bean)	4000-4800 feet (1200-1450 meters)
Semi duro (semi-hard bean)	3500-4000 feet (1000-1200 meters)
Prima (prime)	2500-3500 feet (650-1000 meters)
Bueno (good)	0-2500 feet (0-650 meters)

Adapted from Sánchez Castillo 1998

In general, there are three quality classifications based on altitude for coffee grown in Guatemala (Sánchez Castillo 1998). Each quality classification is divided into subcategories (I have shown some of those for the 'hard' classification in Table 6.2, above), but for purposes of this study the three categories of bueno, prima and duro are sufficient. Coffee classified as bueno, grown below elevations of 650 meters above sea level, is rarely exported and is generally perceived as poor quality. In the southern coast region of Guatemala, where historically much coffee was produced at these low elevations, the majority of agricultural land has shifted to other crops. In the region of San Pablo, where the UCAPEM cooperatives are located, the town of San Pablo itself sits at about 650m. The former coffee farms closest to town have converted to cattle production, rent their land out for corn production to landless peasants, or in one case, are dedicated to the production of robusta coffee, a variety which can be grown at lower elevations. All Guatemalan specialty coffee, at least as understood in the United States

and European markets, comes under one of the hard bean classifications, grown above 1000 meters in elevation. All the coffee produced by the La Libertad cooperative is SHB. In La Bendición, a portion of the coffee is prime, but there also is semi-hard and hard bean. All of the coffee produced by La Igualdad is hard bean or SHB.

In addition to these elevation categories, Anacafé has introduced a classificatory system based on geographical regions, with each region having specific taste qualities in the cup (Anacafé 2007). In general, these geographical regions refer only to coffee that is categorized as semi-hard bean or higher. This classification is modeled on the European concept of indications of geographical origin for wine and other traditional agricultural products. In Guatemala, Anacafé first introduced appellations for well-known regions, including Antigua and Lago de Atitlán, and has gradually been adding more regions as the taste qualities of the regions have been determined. All three case studies are located in these newer regions: La Libertad in the Huehuetenango region (termed "Highland Huehue" by Anacafé) and the San Pablo organizations in the newly designated "Volcanic San Marcos" region. As an indication of the growing appreciation of coffee from these regions, the winner of the 2007 Cup of Excellence coffee auction for Guatemala was a farm located in the municipality of La Libertad.

Quality can be improved on by producers, but only to a certain extent. This constraint, which is then partly an interorganizational relationship with the climate and the natural environment and partly an intraorganizational characteristic that can be improved through training and changed agricultural practices, is seen to be both internal and external. The external nature of it is given, while the internal part can be changed. In this regard, La Bendición has the most difficulty because it is limited by its agro-climatic

conditions. San José el Obrero clearly has the advantage in this regard, both due to its culture of individual producers paying attention to the quality of its production and to its elevation. Quality only matters if there is a market for it, however, and current economic conditions may be showing another crack in the coffee sectors progress. If consumers spend less on high-quality coffee due to their own economic conditions, this will have implications for coffee producers all over the world who have been focusing on improving the quality of their production for the past two decades.

The minimum wage: Benefit for workers?

Required minimum wage payments are one of the most delicate areas of social standards. Both national law in Guatemala and all of the certification systems considered here lay out wage requirement for workers. These are both clearly external to the producer groups, and it is through these interorganizational relationships that another complicating factor of certification is revealed.

Both Utz Kapeh and Starbucks merely stipulate that national laws regarding minimum wage are to be followed. Organic standards have no labor conditions or wage requirements. Fair trade only applies wage requirements in the context of coffee for the employees of the producer organizations themselves. In practice, however, determining what workers are paid is difficult. The first complication arises from the fact that the minimum wage law of Guatemala requires a minimum daily wage paid for a “regular day of work”, with no stipulation with regard to number of hours to be worked. For 2006, the official minimum daily wage for agricultural labor was Q42/day (US\$5.60/day); but the law also stipulates a ‘bonificación incentivo’ (incentive bonus) of about US\$1.00/day,

bringing the actual minimum wage to Q50/day (US\$6.60/day). Because the hours of work are not stipulated, there is considerable flexibility as far as actual labor practices are concerned. The prevailing wage for normal day labor in the rural areas where I worked was around Q30/day. This, however, was usually a work day began at 6AM and ended about 1PM, with the worker going home in time for the traditional main mid-day meal. Whether this actual practice satisfies the daily minimum wage requirements of the international standards as based on domestic law remains an open question.

A second wage issue is that in coffee and other agricultural labor it is common to pay workers on a unit or task (*por tarea*) basis. In coffee labor, this means a set wage per area of land that is weeded, fertilized, or pruned, whether shade trees or coffee plants. During the harvest, it is very common for the early and late stages of the harvest to be paid on a per day basis because there is not much coffee to pick, while the peak part of the harvest is paid based on piece work, with a set wage paid per *quintal* (100lbs) of coffee picked. With these types of payment systems, it is common for workers to exceed the daily minimum wage requirement. During the coffee harvest, however, the situation is further complicated because entire families often work together, easily surpassing the 2-3qq needed to receive the minimum wage, but with one officially registered worker being assisted by his or her children or another adult for at least part of the day.

Indeed, the results of this study in all three research sites suggest that nonconformity with certification systems' wage requirements is widespread. This reality reveals a central irony of certified coffee: residents of the global North pay a premium for coffee they believe to be produced under conditions that are socially just, anticipating that the benefits from those premiums will improve the lives of poor farmers. In practice,

those premiums accrue to rural landowners, some of whom live quite economically marginal lives. However, their day laborers, who are even more socioeconomically marginalized, continue to be paid wages that do not conform to the wage standards that the certification systems impose.

The majority of the respondents in this research expressed a feeling of being caught in the middle with respect to workers wages; how is it that certification systems developed with the needs of producers in mind could cause such hardship for the producers themselves? Yet on the other hand, a prevailing wage exists in rural Guatemala which has little relationship with national laws, and it is this local culture which producers use in determining what is the correct wage.

Conclusion

In this chapter I have used the experiences of the organizations with certification, as described in Chapter Five, to analyze the interaction between specific organizational characteristics and the benefits of certification. Intraorganizational characteristics and interorganizational relationships of the producer groups align in distinct ways to positively or negatively impact their ability to access certification. This complex constellation of factors must be fully understood for producer organizations or the standards themselves to be able to constructively adapt in a way that will improve the outcomes of certification for small producers.

One of the key concepts from economic sociology that can be used to understand the relevance of these examples is embeddedness. The organizational characteristics presented here and the benefits that they allow can be seen as resulting from different

levels of embeddedness within markets and external organizational contexts. While much of the debate within economic sociology over the concept of embeddedness as formulated by Polanyi and Granovetter, I want to analyze society as a cohesive whole with the arbitrary divisions between political, economic, and social realms dissolved into a Weberian understanding of meaningful social action, which includes the category of economic social action. Producer groups are inherently economic in their activities, yet through their organizational of member labor and translation of international standards participating in meaningful economic social action that goes beyond a strictly economic understanding of work, profit, and markets.

To connect the key categorical axes of internal and external characteristics with economic embeddedness, it seems that the embeddedness of producers in social relations can be examined both external to the producer organization and within the organization itself. That is to say, the organization creates a network of embedded relationships in the communities where they exist, so of which are coterminous with the organization and some which spread beyond. If we take the organization as the singular unit, then it is involved in a wide variety of social relations and networks that are external to it.

The other key Polyanian concept employed here, that of the double movement, seems to be applicable in the limited sense that Guthman suggests (Guthman 2007). While all these organizations participate nominally in the fair trade movement, their involvement in other certification systems is even more dependent on neoliberal governance than fair trade is. Yet these certification systems can be interpreted as responses to the recent coffee crisis, which is surely an example of the excesses of the self-regulated market. So society has developed a set of responses to the damages done

by a self-regulated market, but these are safely contained within the limits of capitalism. If these alternative approaches to economic activity are to succeed in any greater change to the way markets are structured, they will need to be less dependent on current market structures.

On the other hand, these responses can be interpreted from a Weberian perspective, taking into consideration the limitations to action that face individual producers, and seeing how their economic decisions embody a whole constellation of social forces and relations. Each organization's distinct culture has produced a set of social values that mediates the way in which economic decisions are made and how the organizations themselves are structured.

I have argued that coffee certification must be understood through the complicated context of the reality of daily life in rural Guatemala, the structural aspects of the Guatemalan coffee industry, and the structure of the international coffee market. Certification schemes that are developed, promoted, or adopted without a full understanding of these factors are doomed to at least partial failure. What this means is that any vision of certification that looks purely from the global markets perspective is partial; certification cannot be divorced from the consequences and organizations in which the standards are implemented. This study serves as a bulwark against the risk that producers will be lost in discussions of certification as a phenomenon of globalization.

Coffee farmers can adopt the new certification schemes such as Sermipaka, C.A.F.E. Practices and Utz Kapeh because they have the potential to increase the quantities of high-quality specialty coffee exported from countries such as Guatemala.

Chapter Seven:

Implications, Recommendations and Future Research: The Conceptualization of Organizations in an Increasingly Complex World

Throughout the course of the twentieth century, coffee has played an important role in the national economy of Guatemala. Recent price crises have weakened the coffee sector while at the same time many new development and industry-based initiatives have attempted to address the difficulties that small coffee farmers face. This dissertation has placed these changes in the context of the global coffee market and Guatemalan political, economic, and social conditions.

I have argued that coffee certification must be understood through the complicated context of the reality of daily life in rural Guatemala, the structural aspects of the Guatemalan coffee industry, and the structure of the international coffee market. Certification schemes that are developed, promoted, or adopted without a full understanding of these factors are doomed to at least partial failure. What this means is that any vision of certification that looks purely from the global markets perspective is partial; certification cannot be abstracted from the communities and organizations in which the standards are implemented. This study serves as a bulwark against the risk that producers will be lost in discussions of certification as a phenomenon of globalization.

Coffee farmers care about the new certification schemes such as Starbucks' C.A.F.E. Practices and Utz Kapeh because they have the potential to increase the quantities of high quality specialty coffee exported from countries such as Guatemala.

However, the approach of the new standards is distinct from the integrated development that is more characteristic of fair trade and organic standards. These new schemes, aimed at expanding markets, do little to allow producers to move beyond material quality and capture the symbolic qualities now associated with coffee. Yet the new schemes, if harmonized with the standards of the existing ones, may provide producers an alternative, offering different potential benefits for farmers such that the pursuit of multiple certifications may add value for farmers.

Farmers' real goal in seeking certification is improving their families' economic well-being; to that end they are preoccupied with the prices that they can get for their coffee. Because of this, other considerations such as environmental stewardship and labor standards are secondary and their importance must be seen from the perspective of family wellbeing. Getting impoverished producers to value organic production for its environmental benefits is unlikely to happen if they also cannot afford to feed their families.

The economic foundations of each community described here are based on coffee production, but this is changing. Globalization not only affects the coffee market, but also the movement of other economic goods and people throughout the world. The case study communities in this dissertation are increasingly reliant on international migration as local sources of economic livelihoods, especially coffee production, are becoming less tenable. Coffee certification schemes, in combination with other community development strategies and changes in the international coffee trade, have the potential to allow communities to find economic opportunities that permit the community to survive as a cohesive geographic unit. But for now, coffee production is just one possibility and

the place of certification schemes is yet to be determined. Any change that does not address the fundamental imbalances in the international coffee trade, in which certification requires increased regulatory work by coffee farmers, will only be a short-term fix that benefits Northern consumers and corporations more than small coffee producers in the global South.

Local producer organizations possess useful information to shape the formulation of standards in the coffee sector. Without alteration, standards designed for large single-owner farms are at best an awkward fit for cooperatives of small farmers. While fair trade permits certification of entire cooperatives, the new certification schemes' origins in the organic inspection model generate excessive demands on small producer groups' organizational capacities.

Although the focus of this dissertation has been the proper contextualization of certification, both in the global marketplace and in the lives of small producers, I have also analyzed the dominant actors from the perspective of organizational theory. The descriptions of producer organizations, with their emphasis on organizational characteristics and capacities as well as the internal structures that help or hinder certification, will allow scholars and practitioners to recognize the importance of the internal workings of producer organizations as well as the community, national, and international contexts.

This analysis has been presented through the critical lens of analyzing intraorganizational structures and interorganizational relationships. The analysis of certification systems as abstract international governance systems has its place, but limits the applicability of the results. I have taken the position that certification should be

concerned about the wellbeing and livelihoods of the producers; this is not shared by some of the newer certification systems. Yet long term it must be. The forces of creative destruction that have been lauded throughout the history of capitalism are limited in coffee production by the long-term investment required to plant coffee. If the coffee industry wants to return to its period of growth and design a system that avoids the price volatilities that have dominated the past two decades, then the needs of small producers must be first on the agenda.

Recommendations

Here I suggest changes for both the intraorganizational structures and interorganizational relationships that, if implemented, would lead to improved participation in certified markets by small producer organizations, and thereby increase coffee producers' access to the benefits that certification offers. The assumption behind these recommendations is that the goal of certification is to improve the livelihoods of coffee producers; this is not always the goal of standard owners, and because of this fact my recommendations for changes in the interorganizational relationships are likely more difficult to enact than those for the producer organizations. However, if certification cannot meet the multiple objectives and goals of the different participants in the commodity network, it will remain part of market systems that rely on unequal power relations and give producers very little choice or agency in the ways in which they participate in the market.

The recommendations are illustrated with examples from my fieldwork. These examples are sometimes positive, showing aspects of organizations that could be replicated by others, and sometimes negative, showing where there are shortcomings or

failings that could be remedied if these recommendations were implemented. These recommendations are important contributions to the literature because they combined a detailed understanding of particular case studies with the broader political economy scope of the global coffee market. It is this type of global ethnography of institutions and organizations that is relevant for the social sciences today, whether sociology, anthropology or political science (Burawoy 2000, 2001; Burawoy *et al.* 2000). In addition, the separate academic fields of development studies and economic sociology (in its most common form of the sociology of markets and network theory, both focusing on complex and new markets in the industrialized North) have much to contribute to one another, but have often focused on different aspects of the economy. The certified coffee market provides an opportunity to combine concerns of rural development in the developing world with sophisticated understandings of global markets, networks and conventions.

I. Intraorganizational Structure Recommendations

This dissertation focuses on the characteristics of the cooperatives as organizations, and argues that certain capacities are necessary for the cooperatives to be organizationally prepared to participate in certified markets and capture their benefits. One factor common to all three case studies presented here is membership in FEDECOCAGUA and access to its resources. Opinions presented by the staff of cooperatives that are not members of FEDECOCAGUA indicate that for their organizations, the combination of fair trade and organic, both of which are based strongly on grassroots movements and direct relationships with traders and roasters, is sufficient;

they perceive no need to look towards additional certifications. In general, organizations that are members of a large national federation such as FEDECOCAGUA tend to be more market-oriented and less likely to be drawn by the social or environmental aspects of fair trade or organic. For these organizations, the shift towards the newer certifications such as Utz Kapeh and Starbucks' C.A.F.E. Practices therefore is consistent with their position in the market.

Beyond these general considerations about the two broad types of certifications, there are a number of specific recommendations that apply to all organizations that are interested in becoming certified or in increasing their ability to access the benefits of certification.

A. Internal Control Systems

In all of the case studies presented here, the organizations developed internal control systems (ICS) in order to comply with certification requirements. Development of internal control systems independent of certification requirements would greatly increase the strength of the organizations and would allow them to more easily capture the benefits of certification. I therefore recommend that any organization that is considering certification, and all member cooperatives of FEDECOCAGUA, begin to implement an internal control system well before initiating the process of certification.

In the case of the member organizations of UCAPEM, including La Igualdad and La Bendición, while the ICS was not developed prior to the process of certification, its implementation corresponds with the foundation of the cooperatives. Thereafter, UCAPEM, as a small second-level cooperative, put into practice a system of crossed inspections, in which internal inspectors from one member organization inspect the

producers of another of the member organizations. As a small cooperative that is a member of a second-level organization, La Bendición has been able to access many of the advantages of an ICS despite some of its organizational weaknesses that were mentioned in previous chapters. La Bendición's ability to access the benefits of an ICS may also be related to the fact that it is the only cooperative of the three presented here in which all of the members participate in the certification program. This internal cohesion has helped the members of La Bendición develop a deeper understanding of the environmental benefits of organic production, in addition to the market-based reasons of pursuing certification.

Yet the implementation of an ICS poses challenges for the capacities of organizations. As a result, attempting to become certified with a newly established ICS is more problematic than having a well-functioning ICS in place before the certification process is begun. The training of internal inspectors demonstrated this problem in the case studies. In all three cases, they are cooperative members, often times with low education and literacy levels. In the case of La Libertad, the *paratecnico* (extension agent) and two of the three internal inspectors are high school graduates. However, in the case of La Bendición, the original inspector, who was the *caporal* (farm manager) of a nearby large farm, was recently replaced with a new cooperative member who does not know how to read and write. Not only does this pose a problem for the effectiveness of the internal inspections, it clearly does not meet the standards of any of the requirements for the education and capabilities of internal inspectors.

Another important element of the ICS is the paperwork that must be maintained by the cooperative for inspection during external audits. Each certification standard has

specific requirements as to what information is necessary for the record-keeping of the farmers, but they generally require similar information. However, as ICSs are implemented currently in the cooperatives, their biggest problem is that record-keeping is still insufficient and incompletely implemented by the members. One indication of this is that while the organizations and their staffs have realized the importance of these records, this information has not been transmitted to the individual members. In practice this means that the majority of the members do not have well-documented records on their farms.

Internal control systems are important because of their capacity to move producer organizations beyond the functions of marketing and credit provision and toward provision of technical assistance intended to improve the quality of their members' coffee. Unfortunately the ICS is too often implemented as a requirement of certification and not for the intrinsic benefits and improvements that it provides. An ICS that is well-established before certification is pursued and that is accepted and implemented by members as well as organizational staff will not be perceived by members as an additional burden of certification but instead seen as an essential part of the organization that contributes to the services and improved livelihoods that participation involves.

As a general recommendation, the implementation of internal control systems, at least at their most basic level, should be a prerequisite for all cooperatives. This is especially true of larger cooperatives that have more than 100 members. While a cooperative such as San José el Obrero may have operated for more than 30 years without an ICS, such a system would greatly facilitate the coordinated implementation of quality improvements at the production level. There are benefits at the organizational

level of such internal monitoring that do not require certification to be achieved. The maintenance of up-to-date and accurate records that reflect the current landholdings and production practices of all members allows necessary information to be accessed quickly and communicated to those who need it, whether it be federation staff or potential international buyers. Basic standards of bookkeeping and accounting would be greatly facilitated by the implementation of ICSs by all cooperatives.

B. Internal Quality Standards

My second recommendation is that producer organizations develop internal quality standards independent of certification requirements. An internal quality standard is closely associated with but prior to a well-functioning internal control system. Ideally, a producer organization would establish a quality standard that applies to all members of the organization through a participatory process, and that would be mandatory for membership in the cooperative. This internal quality standard would not be imposed by an external certification system nor would it be established with certification in mind. It would come from the goals and desires of the members, with the purpose of providing a differentiated product for the market.

None of the organizations presented in the cases studies here have such an internal quality standard, although in 2006 FEDECOCAGUA began providing model documents that could be used by member cooperatives to establish their own internal quality standards. A well-established internal quality standard would have a number of practical benefits. In the case of cooperatives that process their coffee collectively or that market their coffee in common lots in which coffee from many producers is mixed

together, having an internal quality standard would assure the cooperative management that its members' coffee would be of uniform and consistent quality; this in turn allows the cooperative to begin from a stronger position when negotiating prices for its coffee.

One example of how an internal quality standard could be beneficial for the producers comes from San José el Obrero. As part of a quality improvement program implemented before the cooperative pursued certification, each member of the cooperative was able to submit a sample of coffee to be cupped⁹² at the ANACAFE cupping facility in Guatemala City. Through this process each farmer receives a score that is internationally recognized to determine the quality of the coffee they produce, and that can serve as motivation for improving production and processing practices. The goal is not to mandate a minimum score that must be met, but rather provide a benchmark so that the producers can measure improvements and changes from year to year and lot to lot. In La Libertad, the producers were proud of achieving high cupping scores for their coffee, and the cooperative as a whole was intent on assuring that all members produced coffee in the highest quality category of strictly high grown coffee.

While developing a robust internal quality standard is clearly a worthy goal from the internal management perspective of the cooperatives, as it can play an important role in differentiating the coffee on the market, it is necessary to recognize that none of the case studies presented here have successfully achieved this goal. Organizations with well-established internal quality standards will be able to make the transition to certified markets with more ease than cooperatives that do not already have an internal emphasis on quality.

⁹² Cupping is the process of determining the taste and aroma, or 'cup', qualities of a particular lot or sample of coffee.

C. Analysis of the Costs of Certification

My third recommendation is that producer groups recognize and analyze the potential costs of certification in the long term before committing to the certification process. As I have documented in this thesis, the most common path towards certification is for external organizations or actors to promote certification to the producer groups. In the case of Utz Kapeh, for example, certification staff actively markets their label to the producer groups of FEDECOCAGUA. Naturally, certification is presented as an overall benefit to the producers, with little discussion of the potential negatives. This is also the situation for development projects, which often come to communities and promote the idea of organizing a cooperative or assisting in certification without discussing their long-term ramifications. The problem with such projects, as illustrated by the members of UCAPEM, is that the transition from receiving development aid to managing a self-sustaining independent business is often harder than the project promoters imagine.

La Igualdad offers a clear and negative example of this potential problem; the debt that the community owes on the farm and the insufficiency of coffee income to repay it are threatening to cause the ECA to dissolve. The potential of organic certification, with the abandoned coffee that had already met the transition period requirement and the promise of organic price premiums, combined with development projects in the form of technical assistance and donations of materials and new processing equipment, made pursuing organic certification seem like a logical decision. In short, the members of the ECA were presented with organic certification as a net-benefit that involved very little risk.

The reality of organic certification, however, has proven quite different. Because the farm had been abandoned for a number of years prior to the formation of the ECA, no transition period for organic certification was necessary. However, this natural advantage was largely canceled out due to the fact that the community was new at the time certification was first pursued and needed to determine how to work together at the same time that it was entering into the coffee market as the owner of a large farm. The first few years that the community lived on the farm, PREAPAZ and COPADES planned and initiated many different development projects were planned and initiated with the assistance of PREAPAZ and COPADES. Some were very successful, including the organic group that has formed within the community. But as is often the case with organic certification, the increased labor requirements of producing organic inputs and the logistical requirements of rehabilitating an old processing facility to be able to handle conventional and certified coffees proved to be quite a challenge. While these difficulties could be ignored or relegated to the future when the ECA was still in the grace period of its mortgage repayment, the reality of imminent farm payments has made the leadership of the community rethink the viability of the business. One of the most likely things to be abandoned first is the organic certification, which imposes additional work and costs.

The actual monetary costs of certification in the form of inspection costs are minimal, as the organizations studied here commonly charged 10Q/qq, which is about US\$1.50/100lbs of coffee, to cover the costs of external inspection from Mayacert. Those promoting certification usually presented this figure as the 'only cost of certification.' Usually, the cooperative, FEDECOCAGUA, or another external agency absorbed this cost for the first few years of a cooperative's inspections. In reality, this

figure does not include all of the costs that certification will impose on producers. It is essential that any cooperative beginning the process of certification enter it with a clear understanding of the long-term costs, and ensure that external promoters of certification do not understate the levels of commitment, labor, and investment that certification requires.

The three recommendations presented here are based on the assumption that certification systems have stayed the same and that producer groups want to do whatever they can intraorganizationally to access these alternative markets. Another way of putting it is that these recommendations are about empowering the organizations themselves to take control of their economic situations and to expand the range of options open to them. These are recommendations that emphasize the agency to drive change that is inherent in organizations if they strive to put it to use.

II. Interorganizational Relationship Recommendations

There are clearly many things that the producer organizations could do to improve their experiences with certification; however many of the potential improvements in certified markets could be initiated by actors external to producer groups, which are overwhelmingly based in the global North. A recent article (Bitzer *et al.* 2008) that focuses on some of the newer efforts by coffee sector actors to implement codes of conduct and other sustainability initiatives demonstrates that the majority are based and controlled by downstream actors in the commodity chain, including individual traders, roasters, and retailers, groups of firms, Northern governments and Northern based NGOs.

This power imbalance means that implementing changes through the certification systems themselves will be difficult, as the standards are designed to meet the needs of these Northern actors. As noted above, that means that these recommendations will in some cases directly conflict with the goals of the standard owners; however it is only through addressing the needs and goals of producers and producer groups in the formulation of these standards that certification will have systemic impacts on the conditions under which coffee is produced and marketed.

A. Adapting Standard for Local Cultures

My first recommendation is that all of the standards discussed here should emphasize more strongly the creation and implementation of local standards for different production systems and cultural contexts. While this has taken place to a certain extent with all of the standards, it is essential that a better balance be found between the desire to standardize requirements regardless of geographical location, producer size, or cultural differences and the necessity of adapting these global standards to local conditions.

The history of organic certification (see Chapter Three) is perhaps the best model, for both positive and negative reasons, to consider at when trying to imagine how other standards could successfully maintain a global presence while adapting to local conditions. Organic certification was originally based on a single-farmer model that grew from the European and North American experiences, and successfully implemented many major changes to adapt it to the inspection and certification of producer organizations (see Guthman 1998; Guthman 2004; and Michelsen 2001 for the U.S. and European perspectives).

It remains unclear if the historical trajectory of organic certification serves as an example for the possible future of other types of social and environmental certification, or if the state capture of organic regulation is the final case in a world where large corporations dominate and can define their own standards through the privatization of certifications. However, organic certification's successful adaption to the needs of small producer groups has been indicative of the alterations that are required if the other certifications are to be applied to small producers as well.⁹³

Another example of the importance of local conditions is evident in inspection, specifically the nuances of understanding local labor practices and conditions. While on the one hand it is important to know the national labor and minimum wage laws, it is also important to be able to interpret them based on local practices. National wage laws and the certification standards themselves have been formulated with large farms in mind, even though they have been adapted and applied to small producer groups. While this does not exempt small farmers from minimum wage laws, it does suggest that the laws were developed without a clear understanding of local practices. On the one extreme is FLO, which because of its definition of small family farmers can limit its discussions of wage requirements and working conditions to organizations' employees, such as agronomists, managers, accountants, warehouse workers, and so forth. On the other hand, all of the certifications base their labor condition requirements on ILO standards and their minimum wage requirements on national laws. In a producing country like Guatemala, where minimum wage laws are not well-enforced or acknowledged, it is perhaps best not to fault the cooperatives for failing to meet minimum wage

⁹³ In 2007 the USDA publically announced that it was going to suspend inspection based on sampling for producer groups as part of the NOP; this plan was greeted with significant opposition and quickly abandoned.

requirements, but rather recognize that for these producer organizations the application of standards is a process by which they can become aware of the conditions of their workers and how that relates to national labor conditions overall.

B. Harmonization of Standards

My second recommendation for the standards is that they work together to harmonize the multitude of standards that currently exist. Harmonization means that instead of encouraging the proliferation of standards across sectors and goals, the currently existing standards should be compared and unified to some degree. This would specifically occur as a determination of what are the key elements that should be shared across all standards applied in the coffee sector. In the organic sector, IFOAM's international guidelines for organic production could serve as a model from which each individual certification scheme that wishes to work toward harmonization of standards could write its own actionable standard (Busch 2000; Busch and Bain 2004).

In the coffee sector, the closest existing attempt at harmonization is the Common Code for the Coffee Community (4C), which is still in the planning and pilot project phases. The dangers of harmonizing standards, as illustrated by the 4C project, are twofold. First, standards can become watered down and therefore essentially meaningless. Second, lead firms in the commodity chain, such as retailers or traders, could exert excess influence and develop the ability to dictate the particular standards. This could lead to a retrenching of power imbalances that already exist in the market. Ideally, harmonized standards could evolve toward a model like 4C without being dominated by Northern actors, and could balance the playing field, allowing producers to

capture more of the gains in specialty coffee markets (Bitzer *et al.* 2008; Raynolds, Murray, and Heller 2007).

Beyond freeing farmers from interpreting multiple codes of conduct and determining how to meet all requirements, harmonization would most benefit farmers in regard to inspection practices. Currently, the majority of inspection agencies, including Mayacert, are able to inspect for multiple certifications, but only with significant duplication of paperwork. For the producers, inspection for multiple certifications under the current regime leads to increased costs of inspection as well. The costs of inspection are usually based on the number of days that inspectors must spend on site, plus fees for the production of inspection reports and other related documents. Although combining multiple inspections into one site visit does currently reduce costs somewhat, it is still a burden for producer organizations to pay for each of the individual certifications just to gain access to a small market niche. Harmonization of paperwork would generate a baseline single form to be submitted for all certifications, and would function much like the common application for undergraduate admission to college. Individual certifications could ask for supplemental materials as well, but reducing the required paperwork would make certification far more efficient for cooperatives.

Because the standard owners do not see harmonization as in their interests, this recommendation will be difficult to realize. The best step toward its accomplishment would be joint action of producer organizations and their allies, including the inspection agencies, in advocating for harmonization at the level of inspection practices. The involvement of producers and inspection agencies would be an effective way to work

toward harmonization without settling for watered-down standards lacking meaningful benefits for producers.⁹⁴

C. Recognize the Unique Needs of Small Producer Groups

My third recommendation is that certification standards recognize the importance of the differences between small producer groups and large single-owner farms. As mentioned, all of the certification systems studied here, with the exception of fair trade, originated with a single-farmer model. In theory, there is no difference between the practices required to meet certification requirements for small producers and single-farms, yet the structures of production and organization differ significantly depending on the size of the production unit. The implication of this is that producer organizations experience the process of inspection differently than do large single-owner farms. In adapting their production standards, as described above, standard owners should keep these differences in mind.⁹⁵

The key difference is the fact that large farms already have internal structures in place that allow for them to adopt new practices required by certification, while organizations of small producers must develop new types of management skills for certification. Marketing cooperatives may maintain records of coffee deliveries and

⁹⁴ The problem of conflicting issues within organizations has been addressed from the perspective of employer-management relations, while the underpinnings of social theory behind sociological interests is relatively underdeveloped (Feldman 1997; Shapiro and Matson 2008; Swedberg 2005a).

⁹⁵ Other differences between large and small producers are analyzed, but also overstated, in Gómez Tovar *et al.* 2005. The authors assume that small producers are less 'market oriented', and that only large producers use external organic inputs or engage in parallel organic and conventional production. For instance, the authors state that "behind the label, market-oriented producers are displacing small producers in terms of profit share and land quantity" (Gómez Tovar *et al.*: 472), setting up a false dichotomy between 'market-oriented producers' and 'small producers'. While it is likely that small producers are more committed to the ideological foundations of the organic movement than large producers, this contention is not well supported by the data presented in the article.

payments to individual members, but the type of record-keeping and accounting that is necessary to monitor production practices is completely different.

When a large estate decides to seek certification, the farm owner makes the decision and passes instructions to the farm manager and workers. The majority of large farms in Guatemala are managed as centralized businesses, with up-to-date accounting and record-keeping. They have maps based on detailed topographical surveys and complete records of management practices and production data for individual sectors of the farm; this existing data allows changes to production practices required by certification to be more easily incorporated into the daily activities of the farms.

In contrast, seeking certification means that cooperatives must keep extensive and detailed records, something that most likely they have not done before. Each member must have a file with the cooperative office that includes completed worksheets with the agronomic data for each plot, including sketches, elevation, size, history, and location, as well as other information. In addition, an inspection sheet for each internal inspection must be filed for each certified member. During the external inspection at La Bendición, for example, the inspector noted that one of the inspected members had an internal inspection report that showed a sketch of the farmer's land with two parcels, but only included information from one parcel in the report; not only must each farmer be inspected twice a year through the internal inspection, each parcel must be visited and a separate report must be filed for each. The increased work that this entails can be better understood when it is recognized that often times these parcels are not located contiguous to one another but may be separated by a large distance and only accessible on foot.

In short, the inspection of large farms relies on already existing records, while the random sampling method of cooperative inspection, in which each member must maintain existing records but only a fraction of the producers are chosen for inspection each year, means that completely new documentation must be maintained for years without ever being reviewed in inspections. The burdens of this kind of paperwork is exacerbated when it must be completed by each individual member, as opposed to the centralized and singular fashion possible on a large farm. When these extensive records are implemented solely for the purpose of certification instead of as part of an internal quality standard, producers generally do not understand the importance of record-keeping, and therefore implement the records standard half-heartedly, without internalizing their integral role in the success of the producer and the organization.

The standards should explicitly include provisions that allow producer groups to incorporate these considerations into their inspection practices. This could include annual meetings with producer group members to review and plan the needed upgrades in record-keeping capabilities, with the goal of increasing the professionalization of the farmers. Standard owners should not assume that producer groups already have these capabilities, but should instead work to develop them in the groups.⁹⁶

The recommendations in this section are meant to provide a framework through which producer groups can improve their position in the international coffee market. The analysis of characteristics presented here leads me to conclude that producer groups should pursue certification because of the potential benefits, but should do so with a clear

⁹⁶ The needs of small producer groups have been addressed most frequently through ethnographic research in fair trade. See (Bacon 2005; Fridell 2007; Jaffee *et al.* 2004; Linton *et al.* 2004; Lyon 2005; Nigh 1997; Reynolds 2002; Renard and Pérez-Grovas 2007).

understanding of what the potential costs are as well and understanding what their goals, besides higher prices, are in pursuing certification. Equally, the proliferation of certifications, standards, and labels must be simplified and explicitly reoriented towards benefits for producers, not remaining narrowly focused on the individual needs of individual firms or sectors of the coffee commodity chain.

By presenting both intraorganizational and interorganizational recommendations, I have emphasized the importance of taking a broad perspective in this analysis, in keeping with the combination of global ethnography and political economy used in this dissertation. By combining these elements into a comprehensive economic sociology that is concerned with the lived economic experiences of people in the developing world, a better understanding of how changing and complex economic systems are functioning in the global South is gained. These very practical recommendations grow out of a sociological analysis that draws on micro level ethnographic observations of individual and local agency and an understanding of structural forces that constrain and limit the range of actions that are available to producer organizations.

IV. Future Research

This research opens the door to further study focused on the differences between certification for large single-owner farms and small producer cooperatives. During the period of this study, I collected some data on how certification is implemented on individual farms, but it was not the emphasis of my case studies. Comparisons of the organizational structures of the two cooperatives in San Pablo would permit inquiry into

precisely these differences because of the variety in farmer size and socioeconomic status in the region.⁹⁷

This study points to several key questions that are currently arising with regard to certification and standards. One central problem focuses on the paradox between increasing government regulation through capture of private standards, as in the case of organics, and the increasing power of retailers as expressed through private, third-party standards such as Starbucks and Utz Kapeh. The trajectory of organic certification can be framed as either an outlier or the harbinger of a trend toward increased state involvement. One approach to such work would be to examine the future of coffee certification through the lens of the development of public organic standards in the United States and Europe. Or, future researchers could take state involvement a step beyond still-voluntary organic certification and examine the relationship between mandatory food safety standards, the justification for many of the retailer-driven standards, and certification systems that take a broader approach to quality. This study poses these questions for future research, among others.

While the current research has focused on the experiences of producer groups, it reveals a number of topics that could use further study. The conclusions from the case studies also are applicable to the different coffee sector actors: the producer groups themselves, extension agencies that are working in the field with cooperatives, international development projects, producing country governments, certifying agencies, and the standards owners themselves. The other groups of actors must become more

⁹⁷ For instance, I was able to interview a member of La Bendición who owns a large farm of more than 50 hectares, and viewed cooperative membership and participation in organic certification as one business option among many. In addition, I was able to discuss Rainforest Alliance certification with several large farm owners on the southern coast, none of whom were interested in organic certification.

adept at managing the multiple certification systems because they are the organizations that communicate the standards to the producer groups. For instance, the development agencies that are promoting certification as a solution to the problem of low market prices must account for the difficulties of certification for producer groups if they actually want to help producers address the price crisis. Too often these groups present certification as a panacea that does not live up to expectations. All groups involved at the local level with producer organizations should work on strengthening the organizations themselves instead of only striving to meet the minimum requirements of certification. Viewing internal quality management for the sake of quality itself rather than merely for the short term goal of certification is one way to strengthen the organization, by increasing the professional capacity of the producers themselves. As discussed above, this means working with farmers to convince them that changes in their production practices will contribute to improved family well-being.

In the end, producer organizations must decide whether to pursue certification or not. As already noted, the intraorganizational structure and interorganizational context of the producer groups shape each organization's experience of certification. Given the increased role of private and semi-private certification systems in the coffee sector, it is important to analyze their role in promoting certification to small producers, and to explore how the producers themselves see certification. Only a complete account of the perspectives of both producers and other certification sector actors can fully explain the role of certification in the coffee sector.

I envision a combination of continued fieldwork in the communities researched here, La Libertad and San Pablo, with additional comparative research on certification in

large farms that have not only implemented organic or fair trade but also Rainforest Alliance certification or some of the newer intersectoral initiatives such as 4C or industry-specific codes of conduct such as Starbucks, Kraft or Nestle (Bitzer *et al.* 2008). Additional possible research in Guatemala includes expanding my fieldwork on land tenure, property rights, and land reform to include other communities that have benefited from the FONTIERRA process and have taken different approaches to community resource management than has La Igualdad. In both La Libertad and San Pablo, the impacts of immigration, both international and regional, on producers' abilities to continue coffee production and certification as well as on local communities' economic and social conditions are additional areas that require future research.

In the case of each of the communities studied here, external actors such as the national federation, development agencies, and governments have played crucial roles in the development of the producer groups' abilities to achieve certification. The shifting level of engagement of nation-states and international agreements in the coffee market has opened possibilities for the involvement of new actors, such as international NGOs and grocery retail firms. In Guatemala, the state historically has limited itself to enforcing the export quotas that were in force during the ICAs, and presently only assures that export quality is met through education and extension work. In some countries, including Mexico and most of Africa, government export boards or government-controlled corporations have directly intervened in the commercialization of coffee (Coe 2006).

Yet the changing interactions of certification schemes, development projects, and private industry actors in the coffee export sector have multiplied the opportunities that farmers have to differentiate their coffee from that of their competitors. In all of the communities examined here, external actors introduced certification to the producer organizations. The primary agents of introduction have been FEDECOCAGUA, through technical support, export contract negotiations, and the defense of member cooperatives' interests at the national and international levels, and a range of local development projects, funded and supported by international aid agencies. For example, a foreign missionary priest founded San José el Obrero in La Libertad and offered significant outside influence, although the cooperative now strongly identifies with FEDECOCAGUA, which introduced the possibility of certification to the cooperative.

In the other two cases, the organizations are much younger and still searching for their identities. Both participate at the national level with FEDECOCAGUA, but in trade partnerships more than long-term, multi-faceted relationships that exceed coffee exports. The ECA La Igualdad has benefited from a state-funded land reform program and has received aid from a number of outside development agencies, which fostered the transition to certified organic production. While the same development agency introduced certification to the farmers of La Bendición, because of their history as independent, medium-sized producers, they have remained less dependent on their cooperative in particular and outside development aid in general.

The increasingly prominent position of private actors does not mean that governments have abandoned all activities in the coffee industry. The state still plays a background role in this context, channeling funds where needed through government

agencies and NGOs that receive development aid. Anacafé, as a quasi-governmental body, advocates for the recognition of Guatemala's coffee at the international level. However, the historical role of Anacafé has been to promote policies that reflect the interests of the large coffee farmers who have more influence at the national level. This does not reflect recent changes in the Guatemalan coffee sector, which has seen the increasing importance of small producers. For the benefits of certification to accrue to small producer groups as well as large farm owners, governmental and quasi-governmental organizations such as Anacafé must meet the needs of the wide range of sizes, capacities, and organizational structures present in the country's coffee sector.

The producer organizations discussed in this dissertation are all part of local communities, but all three organizations are adopting certification for their coffee because of outside promotion. The efforts of extra-community organizations, whether part of the state or not, eventually translate into change within local communities. It is important to see how these changes look from within the communities as well, because most vulnerable and powerless members of the coffee supply chain lie at the production level.

While the primary benefit that cooperative members expect is higher prices, an important secondary goal expressed by all of the organizations is the desire to achieve price stability at a level at or above the cost of production. The coffee sector in Guatemala has suffered from a boom-bust mentality since its introduction in the nineteenth century, and farmers, accustomed to this market volatility, often seek the highest prices in the short-term. If coffee certification schemes can provide long-term contracts and stable prices high enough to satisfy producers' socioeconomic needs, then

the goals of development in these rural communities can be met. This definition of development, based on sustainable prices that allow communities to maintain or improve their levels of well-being, is broader and more inclusive than that held by national level organizations.

Taking the view from within producer organizations, new sustainability certifications are sources of complexity and heterogeneity experienced when international standards are implemented in local communities. For example, producer organizations and individuals have different motivations for deciding to become certified, and within organizations, not all producers have the same attitude towards the benefits of certification programs. The current situation for small coffee producers in Guatemala forces them to choose between various certification schemes, with many taking the attitude that each certification achieved will help maintain the economic viability of coffee production. It is not clear whether this pursuit of multiple certifications is the best way to provide higher shares of the total value of their coffee for producers; while multiple certifications help producers add symbolic value to their coffee, it also leads to increased market fragmentation that burdens producers with the costs of meeting the quality standards demanded by consumers and other Northern actors. What this study does lay out in stark relief is that small producers view certification, with all of its difficulties, as a lifeline for their families, and place a great deal of hope in the premiums that certified coffee can earn as a means of improving their families' well-being.

In addition to future research possibilities and practical recommendations to producer groups and standard owners, this study has also produced significant sociological

insights. First, as multi-site organizational ethnography, it has demonstrated the need for research that combines levels of analysis and methodological techniques. As the work of anthropologists and sociologists continued to converge through processes of globalization, neither individual case studies of local communities nor structural and economic analyses of large societies are sufficient. While globalization has been studied to excess within the social sciences in the past decade, the realities of globalizing processes in the developing world are still in need of deeper understanding.

Second, for economic sociology to be viable it must be able to grapple with not only complex financial markets in the global North, but also apply its tools to more traditional political economies and developing economies. This means an in-depth and meaningful analysis of such concepts as embeddedness (Granovetter 1985; Krippner and Alvarez 2007), markets (Lie 1997), and value (Espeland and Stevens 1998; Fine and Lapavitsas 2000), as discussed in Chapter Two. Much work on fair trade and organic certification in the developing world has focused on the standards themselves and not taken a clear-eyed look at what exactly distinguishes certified markets from conventional markets. This requires a better understanding of the operations of the international coffee market overall from an organizational and ethnographic rather than purely economic frame of analysis. This research has been an initial attempt at this project, but further research will be needed, both in rural communities and in the organizations based in the North that participate in conventional and certified coffee markets.

Finally, this work demonstrates the importance of understanding the impacts of global processes on local communities. A topic so complex that it connects the international regulation of the coffee market and the livelihoods of rural coffee producers

in all parts of the tropics must be addressed using multiple methods and a theoretical framework that encompasses aspects of many academic disciplines. Ideas from economics, political science, history, anthropology and sociology are all vital for a holistic understanding of the social processes that link actors from such disparate geographical, institutional, and organizational circumstances.

To remain relevant, social science must strive to understand how social change takes place and how to promote social change as well. Only through clear understanding followed by recommended actions can sociology contribute to improved livelihoods, reduced poverty, and a cleaner and safer environment. It is my belief that this study has made contributions, no matter how minor, to that goal.

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