# IMPLEMENTING AN ETHICAL MERCHANDISING CODE IN A COMMUNITY MARKET

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#### **ABSTRACT**

The nature of the consultation was to use methods of action research to investigate the feasibility of developing a process to implement a code of ethical merchandising for use by a member owned co-operative market.

Initial research was to determine the nature, and extent of current ethical positions of the Co-op was undertaken using documentary sources only. Following the initial research of the published positions of the organization a series of meetings were scheduled with various stakeholders. The meetings were action research sessions. The researcher used a series of questions to facilitate discussion among the participants at the meetings. The participants identified a variety of problems involved in the implementation of an ethical code of merchandising, and created methods and processes of resolving those problems.

An ethical merchandising code that is oriented to a telos of sustainability is a worthwhile project for a community member-owned market. The adoption of such a code, and of processes to implement the same, requires the participation of stakeholders in the Co-operative. The ethos of the various stakeholders must be balanced against the need of the enterprise to remain financially stable. This balancing process requires adopting an ethical code that involves the co-operative membership the in process of establishing ethical criteria for the selection of products, and in vetting the potential products for sale. The use of knowledge and the means of production of knowledge are seen as an ethical process in and of themselves, as well as carrying out the mandate of the mission statement of the enterprise.

Action research, participatory action research, ethical, implementation, co-operative, knowledge, power

#### **SUMMARY**

#### **Background**

This project with the Briarpatch Co-Op presented a situation in which process consultation was used to assist a community to bridge the gap between theory and practice. The Briarpatch Co-operative Market is a member owned community market located in the foothills of the Sierra Nevada Mountains in California in the city of Grass Valley. The Market's Strategic Plan, (2009) indicates that the original purpose of the Co-

Op was to supply nutritious, healthy food at reasonable prices to its members. In the last few years the Co-Op has adopted a comprehensive merchandising policy. The preamble to that policy contains the following:

"...The following guidelines represent criteria for choosing and retaining product inventory that meet the standards set by the Merchandising Policy (Revised 1/15/2007), approved by the General Manager and the Board of Directors and in accordance with the Mission Statement of the BriarPatch Co-op.

The Merchandising Policy is a general guide for decisions regarding product selection for sale at BriarPatch. Product selection, purchasing and display will be conducted by department managers and staff as directed by the General Manager."

The policy itself is divided into four parts. The parts are: preferred criteria, products that may be sold at Briarpatch until better alternatives are found or made available, products to be avoided, and products needing more research. The entire merchandising policy is four pages long and extremely detailed.

While most of the merchandising policy is related to the wholesome nature of the products sold in the Co-op, there are certain other criteria. Specifically within the preferred criteria are found; products from companies that are socially responsible, including those that treat their employees fairly, and products from countries with good human rights records. Among the products to be avoided are; items that are produced under situations that violate human rights (determined on individual case basis), and products from companies that have been determined to raise or treat animals inhumanely (determined on individual case basis).

#### The Problem

The wholesomeness of the products offered for sale at the Briarpatch Co-op is good. Buyers make a concerted effort to acquire organic products from local sources whenever possible. Meats sold are certified to be free of added hormones and antibiotics. Seafood is sustainably caught and farmed. The responsibility for the sourcing of products that satisfy these qualifications is generally relegated to potential vendors.

Implementing the policies that deal with social responsibility, human rights and animal rights have become problematic. The nature of human rights, animal rights and social responsibility are all subject to differing approaches, interpretations, and understandings. While the status of produce as organic or not is subject to quantification, the status of an entity as socially responsible is not. Questions of human rights, social responsibility, and animal rights are in many cases unquantifiable, and as such are only subject to the values and norms of the individual addressing the question. Other issues of human rights, social responsibility and animal rights are not easy to research, since in most cases the activity that would constitute a transgression of normative conduct is not widely known. Attempting to vet various companies and products for their history of human rights support or violations, social responsibility and animal rights is a task that

would take up most, if not all, of the staff of the Briarpatch Co-op, seriously compromising the ability of the organization to continue to operate.

The problem then is one of finding a way of implementing an ethical merchandising code, while at the same time, continuing to operate as a retail store. Previously the criteria of human rights, social responsibility and animal rights were simply being ignored as overwhelming.

## Methodology

The methodology adopted was process consultation adapted from Schein, (1999), participatory action research adapted from Stringer, (2007) and was intentionally flexible to allow change of the process to fit the organization, its members and the flow of the research. The design involved collaboration with individual members of the board of directors of the Briarpatch Co-op, management of the organization, organizational buyers of the products to be sold at the retail store, and department heads. All of the persons who were involved in collaboration were also members of the Co-operative. The conversation engendered during collaboration was used to identify concerns of the various participants relative to human rights, social responsibility and animal rights; the relationship between the identified concerns and the perceived responsibility for actualizing those concerns; developing a plan to address the identified concerns; observing the effects of the actions that address the identified concerns; and, reflecting critically upon these effects as a basis for further action and research cycles.

## **Conversation and Frustration**

During conversation the group told of their various experiences in participating as employees, directors, buyers and managers of a membership owned, community based market. As a member owned retail establishment it is common for members to voice their concerns to the individuals who are perceived as responsible for placing items for sale. The concerns mentioned range from offering liquids in plastic bottles, to offering green bell peppers, to offering pork, to offering products that originate in countries with a perceived poor record of human rights, (including the United States). During action research a common, recurring theme was the overloading of requests for the prohibition of various items, not requests for the inclusion of items. Adding to the difficulty in responding to the various requests for prohibition was the lack of documented support for such prohibition. Pork was challenged as poisonous without any identification of support of such a position; green bell peppers were unhealthy as being unripe, products from Israel and the United States originated from countries that had dismal records of human rights without any critical analysis of the historical or social context. The demands of members to prohibit a variety of products that were desired by other members based upon anecdotal information, or more commonly no information whatsoever, has become the source of frustration among the persons responsible for buying products. None of the parties to the conversation were aware that part of the formal criteria for merchandising included human rights, social responsibility, or animal rights. None of the parties to the conversation had any notion of how they would vet products, (potential and existing), for human rights, social responsibility, or animal rights. A universal comment that came up

several times during conversation was that the research dealing with for human rights, social responsibility, or animal rights could easily take up all the available time of the staff of the Briarpatch.

# **Knowledge and Power**

It was difficult for the researcher to stay in the role of facilitator of the action research project rather than the expert of a consulting project. Most of the participants to the conversation were aware of the status of the researcher as a PhD student and perceived the researcher as an expert. Most of the participants to the conversation resisted the notion that they were the experts in their system and the problems that were involved with their system. It became a constant effort to keep the conversation as generative and strategic rather than diagnostic.

During the conversation one participant offered that she had created a binder with information regarding the products in her department; this information was relative to the nature of the company that produced or sold the product, its commitment to various social causes, including sustainability, employee rights and environmental responsibility. This binder was kept at the customer service desk, staff, members and all customers have access to the binder for educational purposes. The conversation moved from a discussion of the educational nature of the product binder to a general reflection upon the value of knowledge and more importantly the means of knowledge. The group shifted its inquiry from being the police organization of the Briarpatch in charge of ensuring the social responsibility of the various products and vendors offered in the store, to the gate keeper of information about the social responsibility, human rights and animal rights of those products and vendors. The group arrived at consensus that the process was not to exclude information but rather to ensure that the information included was of trustworthy nature, based on criteria of validity, or justification. The conversation revolved around the inappropriate nature of power structures intended to deprive members of their own right to accept or reject products of a supplier, (beyond basic criteria of being wholesome and organic). Tension developed between the inappropriate nature of imposing the decision making process of the Briarpatch management and staff upon the members, and the perception of an obligation not to support companies and products that had a poor history of human rights, social responsibility or animal rights. It was decided that on balance controlling the quality of knowledge rather than controlling the quality of the goods offered for sale was the better approach. Controlling the quality of knowledge would allow input from a number of different sources, including members, shoppers, staff, and vendors or potential vendors. Multiple sources of input would assist in providing multiple perspectives of products offered while at the same time help guard against the imposition of a particular ideology.

Briarpatch management of each department will be responsible to organizing a binder for the products within the department. Any information from a reliable source will be accepted for inclusion in the binder. The binder will be made available to anyone wishing to examine it at the customer service desk.

# **Success and Change**

The process of self analysis by the group revealed both a strong commitment to an ethical standpoint and a strong commitment to a business model. The conversation hinged upon the exploration of a process that could accommodate both. This conversation was driven by the issue of power. If the administration and staff of the Briarpatch assumed the role of gatekeeper of products offered to its members upon qualifications of human rights, social responsibility and animal rights, power would be concentrated in the administration and staff. If a methodology could be devised to shift the responsibility for that gate keeping to the members of the co-operative then power would follow that shift, to the members. As Foucault, (Mills, 2003) has persuasively argued, power is not a static notion, but rather it is a tool that exists separately from those who use power. Moreover, power cannot be separated from knowledge, (Cornwall & Gaventa, 2001). Knowledge and the means of control of knowledge are power. By diffusing the ability to create a body of knowledge bearing upon the issues involve to all stakeholders Briarpatch diffused power among the stakeholders. Now the members have the power to do three things. First, to make intelligent, knowledge based decisions that take into account human rights, animal rights and social responsibility in the selection of providers and products that are supported through purchase. Secondly, by contributing to the body of knowledge specific to those suppliers and products, stakeholders join a network of power. Finally, by participating in a process of equitable merchandising the stakeholders engage in participatory democracy, which is intrinsically ethical.

# **Organizational Change**

My work with the Briarpatch Co-op has led me to the notion that organizations cannot be changed. Rather organizations can be led to develop a process of learning that will allow the organization to change itself. This is a huge difference. Schein, (1999) points out that all human relationships evolve around some form of conversation. Indeed, G.H. Mead, (n.d.), one of the fathers of Pragmatism and Process Philosophy has argued that human beings are completely socially constructed through the use of symbols and other language. Organizations are constructed in the same manner as human beings are constructed, through a process of communication. These same organizations change through further learning, and learning is, of course, a process.

Learning as process occurs through communication and feedback from that communication when all parties to the human system have actually agreed to be part of the learning process. In order for that learning process to be generative and actually useful it must be real, the positions taken, the feedback given must be genuine and the normal cultural rules that govern language games must be suspended.

#### **CONCLUSION**

A small member owned community market makes a commitment to an ethical merchandising code. How that commitment moves to praxis is itself an ethical process.

The market did not have the resources to develop the knowledge and process to engage in the ethical vetting process of all of the products that could be sold. Action research allowed the market to achieve the same goal and diffuse a power structure among all of its stakeholders.

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