

Business with a Mission: The Ongoing Role of Ten Thousand Villages within the Fair Trade Movement

Jennifer A. Keahey, Mary A. Littrell, and Douglas L. Murray

The fair trade movement has become increasingly influential in the global marketplace. With a growing population of conscious consumers demanding ethically produced items, fair trade has grown from relative obscurity into a powerful market-based mechanism for social change that includes an ever-widening range of commodities. As of 2007, fair trade recorded €2.65 billion in yearly sales across 33 countries, directly benefiting millions of producers throughout the Global South. Fair trade provides producers with a number of enhanced benefits, including but not limited to (1) payment of a fair price, (2) enhanced economic opportunities, (3) long-term trading relationships, (4) transparent and accountable trade processes, (5) safe and healthy working conditions, and (6) access to capacity building and community development initiatives.¹

While the broader fair trade movement remains united in its focus on social justice, fair trade food and handicrafts have developed into two distinct market sectors with separate governance structures. Due to rapid growth and differing strategies, the movement faces a number of tensions and challenges. Although the divergent approaches of these two sectors are a source of tension, their stories also demonstrate the capacity of the movement to flexibly meet market challenges while maintaining emphasis on core ethical values.²

This chapter uses the case of Ten Thousand Villages (henceforth Villages) to examine current fair trade tensions, challenges, and opportunities. Growing out of the efforts of Mennonite fair traders, Villages became a pioneer in fair trade handicrafts. We highlight the

challenges this organization has faced as it developed successful business practices while remaining true to ethical values. We note how their struggle mirrors broader movement tensions stemming from the necessity of operating within the marketplace as a means of transforming global commerce. We begin with an overview of the fair trade food and handicraft sectors and outline their historical trajectories. Next, we follow Villages' development from a small-scale mission to an economically viable commercial enterprise. We then examine present fair trade tensions and opportunities, arguing that Villages' innovative trust-based practices may serve as a model for committed ethical enterprise. Finally, we discuss the role of Villages' leaders within global fair trade governance and explore their efforts to hold fair trade more accountable to its social justice concerns. We conclude by arguing that fair trade tensions represent a healthy dialectic between market realism and ethical idealism. As the food and handicraft sectors are increasingly working together to address these tensions, their differing insights provide the framework for movement revitalization in the decades to come.

Historical Overview: The Fair Trade Movement

Trading relations between the Global North and South have long been marked by inequalities deriving from historical colonial relations and contemporary neoliberal processes of globalization. Fair trade is a multifaceted movement that has emerged in response to increasing poverty within the Global South, ongoing inequitable trade processes, and the failure of aid-based development projects to provide sustainable livelihoods to Southern producers.³

In the mid-twentieth century, religious groups in the Global North created Alternative Trade Organizations (ATOs) to link disadvantaged Southern handicraft producers with Northern consumers. Along with Quakers and the Church of the Brethren, Mennonites in the United States were centrally involved in the movement's inception.⁴ Early fair trade practitioners were not

Citation: Keahey, Jennifer A., Mary A. Littrell and Douglas Murray. 2011. "Business with a Mission: The Ongoing Role of Ten Thousand Villages within the Fair Trade Movement." Pp. 265-83 in *A Table of Sharing: Mennonite Central Committee and the Expanding Networks of Mennonite Identity*, edited by A.E. Weaver, Telford, PA: Cascadia Publishing House.

exclusively focused on handicrafts. In 1973, the Dutch Catholic organization Fair Trade Organisatie introduced its solidarity coffee as the first food commodity in European markets.⁵ During this period, Latin American Jesuits popularized the doctrine of liberation theology in the Global South, using the notion of spiritual deliverance to demand emancipation and social justice for the poor. Devotees developed trade linkages with European brethren to open markets for disadvantaged coffee producers.⁶

Secular activists also developed early fair trade networks. In the 1960s and 1970s, political dissidents fostered the World Shop movement to bring development issues to the attention of Northern consumers, selling such items as sugar cane, Nicaraguan solidarity coffee, and handicrafts. In 1968 the United Nations Conference on Trade and Development (UNCTAD) promoted a 'trade not aid' philosophy, calling for a change in conventional trade relations.⁷ As the political movement expanded, organizations in North America strived to put this philosophy into practice. In the 1980s Pueblo to People became active in the handicraft and clothing sectors, selling Latin American items to US consumers. In 1986 Equal Exchange first introduced fair trade coffee into the US market as well.⁸ Thus, the secular movement joined with the faith-based initiatives and with democratically run producer cooperatives in the Global South to develop an alternative trade system capable of linking marginalized producers to ethical buyers in the Global North. Many saw fair trade as a stepping stone to global trade regulation and engaged in political advocacy to realize this goal. By designating fair prices for producers and by developing a comprehensive set of labor and environmental standards, fair trade organizations sought not only to regulate themselves, but also hoped to provide the framework for a new economic order.⁹

While the fair trade handicraft and food sectors were united in fostering fair trading practices, they eventually separated. In the late 1980s, fair trade sales slumped and the expansion

Citation: Keahey, Jennifer A., Mary A. Littrell and Douglas Murray. 2011. "Business with a Mission: The Ongoing Role of Ten Thousand Villages within the Fair Trade Movement." Pp. 265-83 in *A Table of Sharing: Mennonite Central Committee and the Expanding Networks of Mennonite Identity*, edited by A.E. Weaver, Telford, PA: Cascadia Publishing House.

of neoliberal policies within international trade limited the potential for fair traders to stimulate more effective state regulation. As a result, some fair trade organizations began to shift their focus from market opposition toward market reform.¹⁰ By the 1990s Fair Trade certified food commodities had become organized under a market-oriented product labeling system governed by Fairtrade Labelling Organizations (FLO), while the fair trade handicraft sector (including Villages) remained under the governance of the International Federation for Alternative Trade, today known as the World Fair Trade Organization (WFTO).¹¹

Under WFTO, participating organizations directly operate production and retail networks and maintain credibility through a system of trust-based trade relationships. With its focus on direct trading linkages and grassroots control, WFTO continues to position itself in opposition to mainstream markets. Conversely, FLO engages product labeling as a strategy for market reform and in recent years has actively pursued mainstreaming policies to better serve its rapidly growing producer base. As it seeks to integrate Fair Trade certified products into mainstream retail networks, FLO increasingly operates in conjunction with non-fair trade enterprises. Whereas WFTO requires organizational commitment to fair trade throughout the product chain, under FLO, non-fair trade entities such as Starbucks and Wal Mart may sell Fair Trade certified products alongside conventionally produced goods.¹²

From SELFHELP Crafts to Ten Thousand Villages

In 1920, church members founded the Mennonite Central Committee (MCC) as the primary international relief agency for Mennonites and Brethren in Christ in the United States (and later in Canada). A primary MCC commitment has been “to critique all economic systems according to their impact on the poor.”¹³ Thus, the Mennonite fair trade vision grew out of core spiritual values, including the Mennonite emphasis on voluntarism, communal support, and

Citation: Keahey, Jennifer A., Mary A. Littrell and Douglas Murray. 2011. “Business with a Mission: The Ongoing Role of Ten Thousand Villages within the Fair Trade Movement.” Pp. 265-83 in *A Table of Sharing: Mennonite Central Committee and the Expanding Networks of Mennonite Identity*, edited by A.E. Weaver, Telford, PA: Cascadia Publishing House.

service to the poor. In 1946 MCC volunteer Edna Ruth Byler started SELFHELP Crafts of the World (SHC) by selling Puerto Rican and Jordanian handicrafts to US church and women's groups. SHC was among the first in the world to develop alternative trade networks to assist disadvantaged artisans.¹⁴

This organization remained the personal project of Edna Ruth Byler until the mid-1960s, when it formally became a MCC project operating through a close-knit network of Mennonite thrift shops.¹⁵ In 1976, MCC appointed Paul Leatherman to lead SHC, and after meeting with Asian and Latin American suppliers he outlined core company policies, most of which remain in practice today. Thus, SHC committed to guaranteeing (1) trust- and transparency-based trading arrangements, (2) good working conditions, and (3) fair prices for producers by meeting or going beyond the asking price. SHC also agreed to pay full costs before receiving the product, contradicting mainstream retail practices. Villages maintains this high standard among handicraft fair traders today, paying 50% to producers when placing an order and the remainder at time of shipment.¹⁶

To reach a broader consumer base, Leatherman also focused on expanding sales by wholesaling artisan goods, increasingly through a network of contract stores. As the organization grew, SHC depended upon local volunteers to assist a small base of paid employees for staffing, promotions, and merchandizing within its contract stores. Stores also engaged community-based Boards of Directors that were deeply committed to promoting fair trade, often through educational programming. Because SHC wished to challenge the alienating effect of the global marketplace, it sought to reconnect consumers to producers. Thus it committed to telling artisan stories and provided such information for local and in-store promotions. These strategies underscored SHC's unique mission-based and community grassroots approach to retail

development.¹⁷ However, such strategies have also contributed to further internal tensions as we will discuss in the next section.

The contract store approach proved effective, but 1980s sales growth led to tensions within the Mennonite community. When MCC debated changing the company's pricing strategy of low markup to stimulate further growth, leaders were not sure if it was ethically legitimate to generate company profit given Mennonite values. After much debate and initial attempts with artisan feedback, the organization decided to pursue profits to re-invest in growth in order to increase future product orders and better serve its artisan base. SHC raised retail prices from 10% to 100% of company cost, allowing it to expand store openings in advantageous locales and to hire more staff.¹⁸

Not all Mennonite members were comfortable with this expansion. Some argued that SHC was promoting consumerism, which contradicts MCC spiritual commitments.¹⁹ The Mennonite focus on communal support and sharing means that practitioners have an uneasy relationship with several core capitalist values. There are a number of Mennonite entrepreneurs who have become millionaires, but in theory practitioners are opposed to the focus on individual self interest and the drive to accumulate private wealth and property. As most Mennonites live in capitalist societies, the faith is concerned with the potential for succumbing to these values through the necessary involvement in economic life. This is most apparent in MCC calls for its constituency to critically examine the relationship between economic practices and poverty.²⁰ Thus, SHC's growth fostered critical reflection within the Mennonite community and provided the impetus for leadership to seek solutions at the interface of market and ethical values.

In the 1990s, market concerns also drove organizational innovation. SHC's unique artisan goods found an open market during the 1980s, but by the early 1990s the increased influx of

Citation: Keahey, Jennifer A., Mary A. Littrell and Douglas Murray. 2011. "Business with a Mission: The Ongoing Role of Ten Thousand Villages within the Fair Trade Movement." Pp. 265-83 in *A Table of Sharing: Mennonite Central Committee and the Expanding Networks of Mennonite Identity*, edited by A.E. Weaver, Telford, PA: Cascadia Publishing House.

imported goods led to stagnating sales. As a result, the company decided to develop a branding strategy to refocus on sales. According to Paul Myers—CEO during this time period—SHC had carried its producer focus to the extreme by ignoring consumer demand. This limited the company’s ability to provide artisans with a sustainable income. Thus, SHC decided to refocus on price and quality and to explore capacity building initiatives that would help its producers become more successful in the U.S. and Canadian markets.²¹

As part of its branding strategy SHC changed its name to Ten Thousand Villages, giving it a visual identity from which to build brand recognition. The company chose its name from a quote by Mahatma Gandhi which emphasizes the importance of local villages as the focus for development. With its new name, leadership wished to emphasize the distinctive but interconnected nature of contemporary societies by using the metaphor of Ten Thousand Villages to represent the world. In designing its logo, the company reinforced this notion of global interconnectedness through its depiction of diverse rooftops drawn in a continuous line.²²

Next, Villages shifted its focus from contract stores to developing company stores. While contract stores adhered to company standards and practices, local community boards maintained control over retailing. In contrast, company stores allowed Villages to more directly govern the retail decision-making process and enhance consumer recognition. These changes led to additional tensions and a small number of Mennonites chose to leave the company to pursue charity work. Further, as Villages gained in business savvy, some feared continuing growth would undermine its ability to maintain core ethical standards. Dissenters were concerned that the new emphasis on company stores might undermine the company’s mission-based emphasis on voluntarism and grassroots control. Yet Villages overall branding strategy enabled the

company to successfully expand throughout the 1990s, and ultimately to provide more retail space for its artisans.²³ Table 1 delineates company growth during these years of branding.

Table 1: Ten Thousand Villages Sales Growth 1993 – 2008²⁴

Year	Total Annual Sales	Percent Change
1993	\$ 5,900,000	18.0%
1997 ^a	\$ 6,800,000	15.3%
2001	\$ 10,914,156	60.5%
2003	\$ 14,624,475	34.0%
2005	\$ 16,085,865	10.0%
2006 ^b	\$ 20,135,080	25.2%
2007	\$ 23,487,984	16.7%
2008	\$ 25,513,297	8.6%

Notes

- a In 1996, SELFHELP Crafts of the World becomes Ten Thousand Villages which opens company stores in 1997.
- b Myers retires with Craig Schloneger becoming new CEO. Villages expands branding.

Villages Today: The Business with a Mission

Table 2 highlights the 35 countries from which Villages sources its merchandise. The company is currently the largest fair trade retailer of handicrafts in the world, yet its Mennonite principles remain the central framework for company practices. As Leatherman states, “When I took over as Director, we were a mission trying to do business . . . we have now turned into a business with a mission.”²⁵ This approach has enabled Villages to develop creative solutions to market requirements. Whereas mainstream corporations often rely upon cheap labor and lax worker regulations as part of a profit generation and expansion strategy, Villages engages in company growth to meet its artisans’ needs through fair wages and honorable worker treatment.

Citation: Keahey, Jennifer A., Mary A. Littrell and Douglas Murray. 2011. “Business with a Mission: The Ongoing Role of Ten Thousand Villages within the Fair Trade Movement.” Pp. 265-83 in *A Table of Sharing: Mennonite Central Committee and the Expanding Networks of Mennonite Identity*, edited by A.E. Weaver, Telford, PA: Cascadia Publishing House.

Table 2: Ten Thousand Villages Producer Countries as of 2009²⁶

Latin America	Africa	Middle East	South Asia	East Asia
Bolivia	Benin	Egypt	Bangladesh	Cambodia
Chile	Burkina Faso	West Bank	India	Indonesia
Ecuador	Cameroon		Nepal	Laos
El Salvador	Congo		Pakistan	Philippines
Guatemala	Ghana		Sri Lanka	Thailand
Haiti	Kenya			Vietnam
Honduras	Niger			
Mexico	Nigeria			
Nicaragua	South Africa			
Peru	Tanzania			
	Uganda			
	Zimbabwe			

Villages' market growth is largely dependent upon the successful branding strategies instituted by Paul Myers. Current CEO Craig Schloneger states that ongoing branding merely represents an expansion of Myers' previous approach and that it does not require any lapse in commitment to wider fair trade goals. Rather, this market strategy is being employed in tandem with ethical values to provide a stronger retail network for disadvantaged producers. According to Schloneger, branding is more than a label because it offers Villages the opportunity to demonstrate its ethical standards to consumers by presenting the consumer with the company mission and by showcasing artisanal groups. Villages is striving to enhance consumer recognition by getting its story into large publications; in both 2008 and 2009 Forbes magazine and the Ethisphere Institute formally recognized Villages as one of the top ethical companies in

Citation: Keahey, Jennifer A., Mary A. Littrell and Douglas Murray. 2011. "Business with a Mission: The Ongoing Role of Ten Thousand Villages within the Fair Trade Movement." Pp. 265-83 in *A Table of Sharing: Mennonite Central Committee and the Expanding Networks of Mennonite Identity*, edited by A.E. Weaver, Telford, PA: Cascadia Publishing House.

the world.²⁷ Villages is streamlining agreements with contract stores to require that they maintain 80% of sales in company products (which for approximately half of the stores represents a percentage increase), and follow a common set of promotional strategies. Schloneger stresses that the company does not wish to create cookie-cutter chain stores, and maintains that an 80% rather than 100% sales requirement will allow individual contract stores to maintain distinctive differences by sourcing products from other fair trade organizations. However, he also argues that for ongoing branding to succeed, customers must be able to recognize Villages' product base.²⁸

This branding strategy is also linked to capacity building initiatives for Villages' producers. There are two types of producer groups with whom Villages operates: Type A groups comprise Villages' top sellers, whereas Type B groups require further capacity building to develop the same design, product development, and production capacity expertise as their cohorts. As contract stores tend to order Villages' top selling products, it becomes difficult to showcase the products made by its Type B groups; yet the company remains committed to long-term relationships with all of its artisans. This creates a challenge, and the company's decision to implement the 80% rule with its contract stores has been made to secure store space for all of its members, as well as to streamline the differing contract requirements that Villages had historically developed with individual stores.²⁹

This decision has generated a degree of tension within the Villages network as some contract store Boards of Directors are concerned that this requirement may be difficult to meet, particularly in periods of economic downturn.³⁰ Additionally, for those stores where Boards of Directors, staff, and volunteers have become actively engaged in their communities, a strong store culture of pride, ownership, and activism has evolved. Tension has emerged as these stores

try to reconcile their unique local identity with what is viewed as greater centralized direction and control from Villages at the national level.

As a retailer, Villages' primary focus is not on artisan training. However, the company engages in capacity building initiatives with producer groups in a number of ways. First, artisans come to work at Villages headquarters in Akron, Pennsylvania, or at its company store in nearby Ephrata to gain business and retail skills. Company leadership is planning to expand these opportunities to its broader network of stores throughout Canada and the United States. Villages also offers permanent Ephrata store space to its Pakistani rug producer group, JAKCISS Oriental Rugs. These sales occur separately from Villages' regular sales, and JAKCISS maintains its own (largely American) sales staff on the floor. In the future, Villages hopes to turn more of its company store space in the United States and Canada into multiple shops that artisans will independently manage. Finally, in 2008, Villages hired an Artisan Development Specialist to develop partnerships with other fair trade and development organizations operating in the countries where its artisans are located. By doing so, the company hopes to link producers to the resources they require so they may expand their existing product base and build production capacity.³¹

Villages follows the Christian principle of demonstrating good works through practice. Rather than adopting the political advocacy routes taken by European fair trade organizations, it attempts to show through its own work that ethics and successful business can coexist. Villages' leaders do not see its values as incompatible with business acumen; instead, they view any difficulties posed by their business-mission model as a surmountable challenge. Schloneger states that if the company were required to sacrifice any of its values to expand, it would choose not to grow.³² Not only does Villages' mindset enable it to maintain its respected position within

Citation: Keahey, Jennifer A., Mary A. Littrell and Douglas Murray. 2011. "Business with a Mission: The Ongoing Role of Ten Thousand Villages within the Fair Trade Movement." Pp. 265-83 in *A Table of Sharing: Mennonite Central Committee and the Expanding Networks of Mennonite Identity*, edited by A.E. Weaver, Telford, PA: Cascadia Publishing House.

the broader fair trade movement, but company market successes also demonstrate that closely held values do not have to be sacrificed in favor of business goals.

While ongoing internal tensions within the Villages network demonstrate the difficulty of synthesizing market requirements with fair trade values, including Villages' ethic of voluntarism and system of grassroots control, the company model has nevertheless proved successful and may serve as a framework for the broader movement as it navigates similar tensions. That said, some within the organization have been critical of Villages' advocacy-through-practice approach. Such critics argue that Villages, and more broadly MCC and the Mennonite faith, have unnecessarily limited their potential impact on global trading relations by not engaging in political advocacy alongside other fair trade organizations.³³ Indeed heightened advocacy will likely be necessary if fair trade is to effectively position itself as the global market norm.

The Fair Trade Movement and the Question of Accountability

Current tensions within the fair trade movement run parallel to challenges facing Villages and the broader corporate social responsibility (CSR) movement. As neoliberal strategies dominate state and international governance, regulatory regimes have retreated from their commitment to social and environmental protections. To meet this regulatory gap, non-governmental organizations are pursuing multiple private accountability mechanisms. Yet the diversity of private mechanisms makes it difficult to separate hype from committed engagement. A number of corporate actors have responded to consumer demand for ethically traded products by engaging CSR rhetoric without making substantial changes to business practices. By depending upon internal rather than external inspection mechanisms, such firms have successfully privatized the notion of accountability, thereby undermining the potential for private regulation to wholly address social justice concerns.³⁴ Yet not all CSR initiatives rely on internal

Citation: Keahey, Jennifer A., Mary A. Littrell and Douglas Murray. 2011. "Business with a Mission: The Ongoing Role of Ten Thousand Villages within the Fair Trade Movement." Pp. 265-83 in *A Table of Sharing: Mennonite Central Committee and the Expanding Networks of Mennonite Identity*, edited by A.E. Weaver, Telford, PA: Cascadia Publishing House.

inspection to ensure accountability. Within fair trade, both FLO and WFTO have developed third-party mechanisms to ensure that fair trade standards are being met within participating organizations and companies. That said, FLO and WFTO have diverged in their accountability approaches and these differences have generated a number of movement tensions.

Fair Trade Challenges and Tensions

The Italian philosopher Antonio Gramsci provides a useful analytical framework to better understand the political dynamic between corporate and fair trade actors. His work recognizes civil society as a critical force in the fight against the inequities and injustice that characterize global capitalism. In this sense capitalists and civil society activists are engaged in a war of position, whereby the hegemonic group maintains its dominance by co-opting and transforming oppositional demand into mere public relations rhetoric.³⁵ For the purposes of our discussion, corporations have used CSR and even the fair trade movement as a tool to regain consumer trust while continuing to avoid regulation. A growing number of mainstream retailers have begun to heavily publicize their commitment to ethical principles by offering small quantities of Fair Trade certified commodities in their stores while their overall sourcing practices have yet to change, a practice referred to by some as “fair washing.”³⁶ One outcome of this process has been a critical investigation of corporate ethical claims.³⁷ Fair trade as a third-party certified system has remained relatively unscathed from such critiques, but these broader developments have exacerbated movement tensions that are historically grounded upon the differing governance strategies pursued by FLO and WFTO.

Numerous fair traders are disturbed by FLO’s mainstreaming policies, claiming that this approach favors market share over ethical considerations. Some have begun to question whether

fair trade serves to humanize international trade as it claims, or if it ultimately reinforces producer-consumer alienation because it works within existing market structures.³⁸ Others are concerned that the movement may not be able to hold its oppositional stance as it moves ever deeper within the market. These critics argue that by working with non-fair trade entities, FLO's efforts to maintain grassroots control and ensure overall accountability may be compromised.³⁹ Indeed, corporate actors may primarily engage fair trade as a traceability mechanism, thus undermining movement emphasis on producer-supplier partnerships.⁴⁰

As a result, the movement has become divided between those seeking to broaden the fair trade movement through expanding sales and those attempting to deepen the movement by strengthening core ethical values.⁴¹ As a result a growing base of dissenters are calling for total organizational devotion to fair trade principles and view product labeling as an incomplete attempt to instill ethics into global trade processes. In response, WFTO has launched an integrated supply chain system approach to enhance organizational accountability and to support the fair trade organizations willing to meet its strict standards. While FLO continues to work in conjunction with mainstream corporations, it too has attempted to address the question of fair washing by ensuring that such entities meet fair trade standards for their certified products and by stepping up political advocacy campaigns.⁴²

Ultimately fair trade tensions derive from the movement's attempt to work against the market while operating within the market. Such tensions are similar to those that occurred within the Mennonite community when Villages transformed its practices to gain increased market share for its artisans. Yet unlike Villages, the global fair trade movement is not ultimately accountable to a religious constituency, and while FLO's labeling strategy ensures ethical

production it does not require retailers to uphold fair trade standards within their own organizational structure as does Villages.

While current tensions may be divisive, they also symbolize a dynamic movement as realists and idealists critically engage with each another in their attempt to transform global markets. Given that fair traders must necessarily work within the rubric of global capitalism, the rapid growth of fair trade food commodities demonstrates how savvy business strategies can generate success, and therefore meet the economic needs of an expanding producer base. Conversely, WFTO remains staunchly committed to formational values and serves as an ethical check on movement growth, much as the Mennonite constituency has done for Villages.

Advocacy through Practice: Villages' Influence within the Fair Trade Movement

As a company, Villages will never be able to provide an outlet for the demands of all disadvantaged artisans. However, it can provide the movement with a model for success, and in this sense, its advocacy through practice strategy may inform other fair trade retailers who are struggling to maintain core standards while expanding their market presence. Company members who are involved in movement leadership may offer insight into current tensions and ensure that the drive for growth does not lead to diminished standards. While Villages and the broader Mennonite constituency have been criticized for not engaging in direct political advocacy alongside other fair trade organizations, Villages' leadership has nevertheless been active in political debates occurring within the internal fair trade movement.

Long-standing Villages member Doug Dirks was appointed chair of the Fair Trade Federation (FTF) in 2008.⁴³ Dirks also remains with Villages where he has held numerous positions since 1985, through its transformation and more settled expansion. Dirks argues that given its size, Villages has a responsibility to share information and leadership. He views his role

Citation: Keahey, Jennifer A., Mary A. Littrell and Douglas Murray. 2011. "Business with a Mission: The Ongoing Role of Ten Thousand Villages within the Fair Trade Movement." Pp. 265-83 in *A Table of Sharing: Mennonite Central Committee and the Expanding Networks of Mennonite Identity*, edited by A.E. Weaver, Telford, PA: Cascadia Publishing House.

in FTF as one of helping to develop guidelines that offer fair traders creative flexibility without reducing standards.⁴⁴ Villages members also have historical ties to WFTO since Leatherman was an integral part of its initial inception as the International Federation for Alternative Trade (IFAT).⁴⁵ In 1989, Leatherman helped incorporate this organization and he served on its committee for four years. He was involved in forming policies as this organization began to grow, and Mennonite ethical values infused his decision-making process.⁴⁶ Myers, who was responsible for introducing branding strategies into the Villages framework, now serves as WFTO Chair. Moreover, he served as President from 1993-1999. As Chair, Myers has been involved in pursuing structural changes in an effort to challenge the use of fair trade for “fair washing” purposes.⁴⁷

Just as SELFHELP Crafts morphed into Villages as part of a successful branding strategy, WFTO is using its new name as part of a broader branding program. It has developed a broad agenda for change, including: (1) branding the WFTO logo as an organizational mark; (2) retaining its position that fair trade is to focus on small and marginalized producers; (3) strengthening efforts to make membership affordable to small producers who cannot access other fair trade certifications; and (4) reviewing membership criteria to strengthen overall accountability. The WFTO is using the concept of organizational certification as a means of ensuring commitment to fair trade’s core ethical principles throughout the entirety of the commodity chain.⁴⁸ The WFTO’s organizational logo is thus not a product label. Rather, its purpose is to brand producer and retailing organizations that demonstrate 100% commitment to fair trade principles. However, WFTO is also in the process of developing a third-party certified product label for producers of commodities (such as handicrafts) that are not covered under the FLO product-labeling system. In a larger sense, WFTO’s multipronged strategy presents a global

solution to current fair trade challenges, as it focuses on generating a more complete “sustainable fair trade economy” by providing an organizational brand while also expanding product labeling to encompass a broader range of producers.⁴⁹

Ten Thousand Villages and Future Fair Trade Movement Prospects

Fair trade tensions may be viewed in two ways. Within the literature, scholars cite mainstream market development, bureaucratization, and potential loss of grassroots control within the fair trade product labeling strand as primary sources of movement tension.⁵⁰ However, conflict may also be viewed as a source of broader movement innovation. There appears to be a growing consensus among fair traders as FLO and WFTO have recently come together to develop a new charter for fair trade principles. This charter formally articulates two distinct approaches to fair trade: the product certification route and an integrated supply chain approach.⁵¹ Whereas CSR has previously proven fertile ground for firms that engage in ethical rhetoric as a public relations measure, renewed fair trade solidarity will better position the movement to challenge such behavior. Conscious consumers appear to be welcoming more stringent ethical standards as well. Recent research has highlighted the growing role of consumption as a political strategy to address global social justice concerns. As consumers increasingly self-identify with ethical consumption, their purchasing patterns are transforming global business practices, and in certain product sectors ethical purchases have either met or outstripped their conventional counterparts.⁵²

Myers states that recent movement changes are in part due to awareness among leadership that while fair trade offers real resistance to conventional market norms, the movement continues to face major obstacles. Thus, WFTO is seeking consistency and order by demonstrating its position as a “gold standard” organization. Over the long run, it will establish stronger standards

and markets to assist consumers seeking ethical items. As a number of strong organizations emerge to become a central force within the movement, Myers believes they will demonstrate a new level of unity to provide committed leadership. By working more closely together, WFTO and FLO are seeking to reunify the food and handicraft arms while also strengthening governance strategies.⁵³

Movement solidarity may enable fair trade to more effectively position itself as the global leader in trade accountability as well. Myers believes fair trade individuals and organizations in the Global South will become increasingly prominent in political debates.⁵⁴ Within the transnational policy arena, Amartya Sen and Martha Nussbaum are demanding alternate strategies for global poverty reduction and they have outlined a human capabilities approach to serve this purpose.⁵⁵ Scholars have begun to note the link between fair trade practices and the human capabilities approach to poverty reduction.⁵⁶ Fair traders may bolster their engagement with political advocacy by drawing more explicitly upon this broader development strategy.

Recent economic events demonstrate the failure of unbridled capitalism. With the collapse of financial institutions and the crisis in housing markets, hedge funds, futures, and more, the failures of the neoliberal strategy of deregulation are increasingly apparent and point to the need for flexible but globally oriented social regulation. The current economic crisis will certainly pose its own set of challenges to both Villages and the broader fair trade movement, but at the time of writing it is still too early to anticipate their nature and scope. That said, fair trade successes have demonstrated the potential for socially just and economically viable global trade. While the fair trade strategy of transforming global markets from within warrants caution due to ongoing concerns over cooptation by dominant neoliberal economic processes, FLO and

WFTO's reunified commitment to core ethical values may enhance the movement's potential to engage these processes more effectively.

Yet at some point fair trade's vision must cease being one of a resistance movement and seek to become the market norm. If the fair trade vision is to be fully realized, practitioners must continue to demonstrate that the movement offers an economically viable strategy for global trade regulation. Given these considerations, current fair trade tensions are not necessarily a negative phenomenon; rather recent movement developments suggest that these tensions have provided the impetus for fair traders to reunify the movement and adapt to complex challenges.

In many ways, fair trade's multifaceted approach to trade governance represents an alternate vision for North-South relations and global development and the case of Villages demonstrates the ongoing convergence between ethical and market goals. While internal tensions within the Villages network highlight the difficulty of navigating uncharted paths, these tensions will likely stimulate further company innovation. Thus, Villages' *business with a mission* approach may be seen as a positive model for the broader fair trade movement. Villages' leaders have emerged as pivotal players within fair trade governance. By maintaining their historical critique of "all economic systems according to their impact on the poor," they are actively pursuing solutions to historical tensions in the fair trade movement as well as within the broader global economy.

¹ For a critical overview of fair trade aims, see Douglas L. Murray and Laura T. Reynolds, "Globalization and its Antinomies: Negotiating a Fair Trade Movement," in *Fair Trade: The Challenges of Transforming Globalization*, ed. L. T. Reynolds, D. L. Murray and J. Wilkinson (New York, NY: Routledge, 2007), 3-14. See also publications from the World Fair Trade Organization (WFTO), *Trends, Facts, and Figures* (2007), available from http://www.wfto.com/index.php?option=com_docman&task=cat_view&gid=94&Itemid=109 and *10 Principles of Fair Trade*. (2009), available from http://www.wfto.com/index.php?option=com_content&task=view&id=2&Itemid=12.

² See Michael Conroy, *Branded: How the Certification Revolution is Transforming Global Corporations* (Gabriola Island, BC: New Society Publishers, 2007); Terry Newholm and Deirdre Shaw, "Studying the Ethical Consumer: A Review of Research," *Journal of Consumer Behaviour* 6 (2007):253-270; and Laura T. Reynolds and Michael A. Long, 2007. "Fair/Alternative Trade: Historical and Empirical Dimensions," in *Fair Trade: The Challenges of Transforming Globalization*, ed. by L. T. Reynolds, D. L. Murray, and J. Wilkinson (New York, NY: Routledge, 2007), 15-32.

³ For discussions of the diverse character of the fair trade movement, see Murray and Reynolds "Globalization and its Antinomies" and Laura T. Reynolds and John Wilkinson, "Fair Trade in the Agriculture and Food Sector: Analytical Dimensions," in *Fair Trade: The Challenges of Transforming Globalization*, ed. L. T. Reynolds, D. L. Murray and J. Wilkinson (New York, NY: Routledge, 2007), 33-47.

⁴ In addition to Reynolds and Long "Fair/Alternative Trade," see Gavin Fridell, "The Fair Trade Network in Historical Perspective," *Canadian Journal of Development Studies* 25/3 (2004):411-428 and Mary Ann Littrell and Marsha Ann Dickson, *Social Responsibility in the Global Market: Fair Trade of Cultural Products* (Thousand Oaks, CA: Sage Publications, 1999).

⁵ William Low and Eileen Davenport, "Postcards from the Edge: Maintaining the 'Alternative' Character of Fair Trade," *Sustainable Development* 13 (2005):143-153.

⁶ Liberation theology is a school of thought popularized by Catholic dissidents in Latin America and Africa in the 1970s and 1980s. It is primarily known as a philosophical blend of Christianity with socialism, and as such, its doctrine views Jesus Christ as the liberator of the oppressed. Liberation theologians promote political activism as a tool for bringing social justice to poor and oppressed populations. Christian Smith, *The Emergence of Liberation Theology: Radical Religion and Social Movement Theory* (Chicago: University of Chicago Press, 1991). For the connection between liberation theology and fair trade see Gavin Fridell, *Fair-Trade Coffee: The Prospects and Pitfalls of Market-Driven Social Justice* (Toronto: University of Toronto Press, 2007).

⁷ On UNCTAD and "trade not aid," see Reynolds and Long "Fair/Alternative Trade," along with Low and Davenport, "Postcards from the Edge."

⁸ Marsha Ann Dickson and Mary Ann Littrell, "Consumers of Clothing from Alternative Trading Organizations: Societal Attitudes and Purchase Evaluative Criteria," *Clothing and Textiles Research Journal* 15/1 (1997): 20-33 and Margaret Levi and April Linton, "Fair Trade: A Cup at a Time?" *Politics and Society* 31/3 (2003): 407-432.

⁹ For more on the global ambitions of the fair trade movement, see Littrell and Dickson, *Social Responsibility in the Global Market*; Low and Davenport, "Postcards from the Edge"; and Fridell, "The Fair Trade Movement in Historical Perspective."

¹⁰ Fridell, "The Fair Trade Movement in Historical Perspective."

¹¹ According to convention, Fair Trade in capital letters denotes the arm of the movement that engages in FLO-certified Fair Trade food production, whereas fair trade in lower case letters refers to the broader fair trade movement.

¹² WFTO guidelines on what constitutes fair trade can be found in WFTO, *Marks and Labels* (2009), available from http://www.wfto.com/index.php?option=com_content&task=view&id=904&Itemid=310 and WFTO, *About WFTO* (2009), available from http://www.wfto.com/index.php?option=com_frontpage&Itemid=1. See also Gavin Fridell, *Fair Trade Coffee*.

¹³ Mennonite Central Committee, *A Commitment to Christ's Way of Peace* (2008) available from <http://mcc.org/about/peacecommitment/commitment.html>.

¹⁴ See Littrell and Dickson, *Social Responsibility in the Global Market*, along with Mennonite Central Committee, *A Brief History of MCC* (2008), available from <http://www.mcc.org/about/history/>.

¹⁵ Byler remained Executive Director of SELFHELP Crafts until her retirement in 1970.

¹⁶ Interview by authors with Paul Leatherman, Akron, PA, June 23, 2008.

¹⁷ Littrell and Dickson, *Social Responsibility in the Global Market*.

¹⁸ Interview with Paul Leatherman.

¹⁹ Ibid.

²⁰ See MCC, *A Commitment to Christ's Way of Peace*, and Calvin W. Redekop, *Capitalism, Global Anabaptist Mennonite Encyclopedia Online*, available from <http://www.gameo.org/encyclopedia/contents/C4233ME.html>.

²¹ Interview by authors with Paul Myers, Akron, PA, June 26, 2008.

²² See Ten Thousand Villages, *About Us*, available at <http://www.tenthousandvillages.com/php/about.us/index.php>.

²³ Littrell and Dickson, *Social Responsibility in the Global Market*; interview with Paul Myers.

-
- ²⁴ Tabular information compiled by authors based on Littrell and Dickson, *Social Responsibility in the Global Market*, and Ten Thousand Villages, *One Vision Annual Report 2007-2008*, (Akron, PA: Ten Thousand Villages, 2008).
- ²⁵ Interview with Paul Leatherman.
- ²⁶ Table compiled by authors based on Ten Thousand Villages, *Find Artisans By Region or Country*, available at <http://www.tenthousandvillages.com/catalog/region.php>.
- ²⁷ Ethisphere, *2008 World's Most Ethical Companies*, available from <http://ethisphere.com/wme2008/> and Ethisphere, *2009 World's Most Ethical Companies*, available from <http://ethisphere.com/wme2009/>. For Forbes coverage of Villages' growth see Forbes Magazine, *Ten Thousand Villages Grows with Fair Trade*, available at <http://www.forbes.com/forbes/2009/0907/creative-giving-ten-thousand-villages-grows-with-fair-trade.html>.
- ²⁸ Interview by authors with Craig Schloneger, Akron, PA, June 26, 2008.
- ²⁹ Interview by authors with Doug Lapp, Akron, PA, June 25, 2008; interview with Craig Schloneger.
- ³⁰ Interview by authors with Anonymous interviewee #1.
- ³¹ Interviews with Lapp and Schloneger.
- ³² Interview with Schloneger.
- ³³ Interview by authors with Anonymous interviewee #2.
- ³⁴ Jennifer Clapp, "Global Environmental Governance for Corporate Responsibility and Accountability," *Global Environmental Politics* 5/3 (2005): 23-34.
- ³⁵ Robert W. Cox, "Gramsci, Hegemony and International Relations: An Essay in Method," *Journal of International Studies* 12/2 (1983):162-175.
- ³⁶ In addition to Fridell, *Fair Trade Coffee*, see J.J. McMurty, J.J., "Ethical Value-Added: Fair Trade and the Case of Café Femenino," *Journal of Business Ethics* 86/1 (2008): 27-49.
- ³⁷ Krista Bondy, Dirk Matten, and Jeremy Moon, "Multinational Corporation Codes of Conduct: Governance Tools for Corporate Social Responsibility?" *Corporate Governance* 16/4 (2008): 294-305 and Dirk Matten and Jeremy Moon, "'Implicit' and 'Explicit' CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility," *Academy of Management Review* 33/2 (2008): 404-424.
- ³⁸ Fridell, "Fair Trade Coffee and Commodity Fetishism: The Limits of Market-Driven Social Justice," *Historical Materialism* 15 (2007):79-104.
- ³⁹ Marie-Christine Renard, "Quality Certification, Regulation and Power in Fair Trade," *Journal of Rural Studies* 21/4 (2005): 419-431.
- ⁴⁰ For more on the issue of partnership versus traceability, see Laura T. Reynolds, "Mainstreaming Fair Trade Coffee: From Partnership to Traceability," *World Development* 37 (2009): 1083-1093.
- ⁴¹ For more information on the tensions between broadening and deepening the fair trade movement, see Douglas L. Murray, Laura T. Reynolds, and Peter L. Taylor, "The Future of Fair Trade Coffee: Dilemmas Facing Latin America's Small-scale Producers," *Development in Practice* 16 (2006): 179-182.
- ⁴² Interview with Myers; Murray and Reynolds, "Globalization and its Antinomies." See also WFTO, *Marks and Labels*, and WFTO and Fairtrade Labelling Organizations-International (FLO-I.), *A Charter of Fair Trade Principles* (January 2009), available at http://www.wfto.com/index.php?option=com_content&task=view&id=965&Itemid=314.
- ⁴³ Fair Trade Federation is the North American trade network for organizations and businesses that are fully committed to fair trade. It is closely connected to WFTO, which performs a similar function at the global level.
- ⁴⁴ Interview by authors with Doug Dirks, Akron, PA, June 26, 2008.
- ⁴⁵ IFAT changed its name to the WFTO in 2008.
- ⁴⁶ Interview with Leatherman.
- ⁴⁷ Interview with Myers.
- ⁴⁸ Ibid.
- ⁴⁹ WFTO, *Marks and Labels*, and WFTO, *10 Principles of Fair Trade*.
- ⁵⁰ See Murray and Reynolds, "Globalization and its Antinomies"; Reynolds and Wilkinson, "Fair Trade in the Agriculture and Food Sector"; and Renard, "Quality Certification, Regulation, and Power in Fair Trade."
- ⁵¹ WFTO and FLO-I., *A Charter of Fair Trade Principles*.
- ⁵² In addition to Conroy, *Branded*, see Alex Nicholls and Charlotte Opal, *Fair Trade: Market-driven Ethical Consumption* (Thousand Oaks, CA: Sage Publications, 2005) and Deirdre Shaw, "Modeling Consumer Decision

Making in Fair Trade,” in *The Ethical Consumer*, ed. R. Harrison, T. Newholm, and D. Shaw (Thousand Oaks, CA: Sage Publications, 2005).

⁵³ Interview with Myers.

⁵⁴ Ibid.

⁵⁵ The human capabilities debate is complex, with key contributors Amartya Sen and Martha Nussbaum taking different approaches to developing this concept. Whereas Sen favors a grassroots development approach to designing capability indicators appropriate to individual communities, Nussbaum is striving to develop a universal set of indicators to guide international political policies. For further information see Martha Nussbaum, *Women and Human Development: The Capabilities Approach* (Cambridge: Cambridge University Press, 2000); Amartya Sen, *Development as Freedom* (New York, NY: Knopf, 1999); and Nussbaum and Sen, ed. *The Quality of Life* (Oxford: Clarendon Press, 1993).

⁵⁶ Fridell, *Fair Trade Coffee*; Marsha Ann Dickson and Mary Littrell, “Measuring Quality of Life of Apparel Workers in Mumbai India: Quantitative and Qualitative Data,” in *Advances in Quality-of-Life Theory and Research*, ed. M.J. Sirgy, R. Rahtz, and A.C. Samli, (The Netherlands: Kluwer Academic Publishers, 2003); Mary Littrell and Marsha Ann Dickson, “Employment with a Socially Responsible Business: Worker Capabilities and quality of Life,” *Clothing and Textiles Research Journal* 24/3 (2006): 192-206; and Susan Strawn and Mary Ann Littrell, “Beyond Capabilities: A Case Study of Three Artisan Enterprises in India,” *Clothing and Textiles Research Journal* 24/3 (2006): 207-213.