Pragmatic engagement in a low trust supply chain: Beef farmers’ perceptions of power, trust and agency


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Pragmatic engagement in a low trust supply chain: Beef farmers’ perceptions of power, trust and agency

Abstract
The academic discussion of power in supply chains has changed from a discussion of the use of coercive power to one which emphasises the role of trust in embedding co-operation and disincentivising opportunism. Whilst a number of empirical studies have suggested the former is alive and well, this paper argues that power relations may also be constituted by the self-perceptions of weaker actors as much as by the explicit actions of more powerful ones. This study explores the role of power through the perceptions of subjugated actors, which set the ‘rules of the game’. Our case centres on perceptions of Northern Irish beef farmers and their reflections on their ‘powerlessness’ in relation to the larger, more consolidated processors that they sell to. We find that the way farmers make sense of the power relations they encounter is influenced by the individuating character of the power relations exercised by the processors, which debilitates their ability to collaborate and resist collectively. What emerges is a story about the process of accommodation whereby farmers pragmatically resign themselves to play by ‘the rules of the game’ to remain ‘part of the game’.

Keywords
Power, trust, agency, buyer/supplier relationships, qualitative analysis, farmers
Various theories of effective supply chain organisation and management argue that leveraging or creating value in modern economies requires greater supply chain coordination to improve efficiency and long term competitive advantage (Womack et al., 1990; Simons et al., 2003; Duarte Canever et al., 2008). It is argued that improved co-operation and co-ordination in supply chains, however, requires trust (Dwyer et al., 1987; Moorman et al., 1993; Morgan & Hunt, 1994); but that the development of trust can be hindered by the exercise of certain forms of supply chain power (Blau 1964; Hingley 2005). The effects of power are often downplayed because its expression is sometimes difficult to identify as it is experienced subjectively (Fleming and Spicer 2014). Similarly supply chain actors, particularly those who exercise power to their advantage may do so defensively which complicates understanding of motives by those affected (Bowman et al 2013). The lack of overt and unambiguous understandings of how power is expressed and what its effects are within a supply chain, gives rise to an interesting yet sensitive area of research; and one which lends itself to a constructivist approach.

Employing thematic analysis of semi-structured interviews with farmers, this paper explores their perceptions of power, trust and agency in the sector. This paper therefore adds to the growing corpus of literature on supply chain power (Hingley 2005; Lindgreen et al., 2005; Storey et al., 2006; Duarte Canever et al., 2008; Bowman et al 2013; Fleming and Spicer 2014; Hingley et al., 2015) by exploring the process of accommodation amongst weaker parties in one sub-sector of an industry characterised by low trust and strong power relations. This theoretical contribution is discussed in relation to our empirical case - Northern Irish beef farmers - who are good case to
explore such themes given their relatively fragmented character and the concentrated
nature of the Northern Irish processor segment.

A first section reviews the extant academic literature on the effects of power on trust
in supply chain. A second explains the sectoral context within which power is
expressed. Methods and discussion of findings follows in later sections. The paper then
ends with a reflection on the impact of power on trust and agency in this sector.

Power and Trust in Supply Chains: Theoretical Considerations

The effects of supply chain power on inter-organisational trust is an important area of
research within studies of business organisations and supply chain management. But
over the last 40+ years this discussion has moved from the use of power to coerce to the
role of power in embedding legitimacy and co-operation in supply chains to the
importance of trust and the way it mitigates the expedient and opportunist use of
coercive power. It is worthwhile revisiting this literature briefly.

The study of power has come some way since Dahl’s (1957) original statement that
‘A has power over B to the extent that A can get B to do something that B would not
otherwise do.’ Applying this definition to a supply chain context was always fraught
with difficulties when, for example, it was never clear what B would ‘otherwise do’ in
the absence of A’s power, when B was locked into a relationship with A because B was
reliant on A to purchase his/her goods or services, and the relation between A and B
might be zero sum (B’s margin was A’s cost).

One response was to refine Dahl’s definition and make it more relevant for a supply
chain application. Hence Wilemon (1972) argued that: ‘power refers to the ability of
one channel [supply chain] member to induce another channel [supply chain] member
to change its behaviour in favour of the objectives of the channel member exerting
This made Dahl’s subtle distinction more apparent: power is not just something one partner ‘has,’ but is also something that one partner ‘exercises’; power is a relation as much as a possession. This distinction led to what Gatski (1984) referred to as the growth of ‘channel power and conflict theory’ – the study of the impact of one supply chain member’s power (its character, source and extent) on the amount of conflict with their chain partners.

For some authors the results were predictable and conclusive. Robicheaux and El-Ansary (1977) for example argued that when one partner possessed significantly higher levels of power, this led to an increase in the coercive use of that power. This was reinforced by many laboratory studies which demonstrated a positive correlation between power and coercion (Dwyer and Walker 1981; Roering 1977). But others were more sceptical of this reading. Lindgreen et al. (2005) argued that the existence of power relations did not imply the abuse of those relations, whilst Frazier and Summers (1986) argued these lab experiments could not replicate reality and misunderstood the complex trade-offs necessary for maintaining long term supplier relationships.

Those longer term trade-offs might, for example, include that between the gains from coercion and the loss of trust; powerful actors gained legitimacy by resisting their ability to use power coercively (Blau, 1964). In this way, it was argued, co-operative supply chain relations could co-exist with significant power differentials, provided larger firms did not abuse their position and weaker supply chain members understood and accepted this power imbalance (Hingley, 2005; Hingley et al., 2015).

For others, it was not just that restraint was important, but that legitimate power could be used constructively to facilitate supply chain co-ordination (Stern 1969; Provan and Gassenheimer 1994). Power could be exercised to positively reward instead
of negatively coerce, maintaining greater co-operation and efficiency (Maloni and Benton, 2000; Benton and Maloni, 2005).

These ideas (arguably) became dominant within supply chain management texts. In the 1990s this led to a subtle shift in emphasis away from how restraint might embed legitimacy, towards a discussion of trust as a means of mitigating opportunism and coercion. Trust would supposedly embed co-operation (Moorman et al., 1993), encourage commitment (Morgan & Hunt, 1994), help overcome mutual difficulties (Dwyer et al., 1987), and stimulate risk-taking and risk-spreading (La Londe, 2002), thus avoiding the need for forcible, directive demands as a method for supply chain co-ordination (Ellram and Cooper, 1990; Storey et al., 2006). The intellectual shift, in other words, moved from the relations between ‘power and coercion’ to those of ‘trust and the curtailment of coercive power’.

This shift set many authors on a search for the organisational supports towards trust-building in supply chains (Monczka and Morgan, 1997; Akkermans et al., 1999). This included commitments to open communication and data sharing (La Londe and Masters, 1994), the development of shared technologies which bridge company boundaries (Kaufman et al., 2000; Schönsleben, 2000; Vokurka, 2000), dedicated investment which embedded co-operation (Nyaga et al., 2010) and the broader growth of a more holistic management philosophy (Harland et al., 1999).

It followed then that trust might actually reduce costs, improve efficiency and nurture a more sustainable competitive advantage for the whole chain (Harland, 1996; Chen and Pulraj, 2004; Storey et al., 2006; Hartmann and De Grahl, 2011; Azadegan, 2011; Paulraj, 2011). According to these authors, trust negated the need for expensive surveillance and other transaction costs throughout the supply chain (Ballou et al., 2000; Kwon and Suh, 2004). It improved quality (Hammer, 2001), enhanced planning and
forecasting (Kwon and Suh, 2004) and sped up responsiveness from suppliers (Handfield and Bechtel, 2002). The supply chain management orthodoxy asserted that trust relations disincentivised the use and abuse of coercive power and enhanced collaboration to promote efficiency for the whole supply chain (see Morgan and Hunt, 1994; Batt, 2003; Lindegren et al., 2005; Hingley, 2005; Lindegren et al., 2005; Doukidis et al., 2007; Fischer et al., 2007, 2008, 2010; Kähkönen and Tenkanen, 2010; Terpend and Ashenboum, 2012; Bryne and Power, 2014; Kähkönen, 2014).

This optimistic story has been, however, difficult to substantiate empirically. A number of case studies found it difficult to find true examples of this kind of holistic co-ordination, and found a continuing and recurrent use of coercive power (Bowman et al., 2013; Storey et al 2006). Similarly it is questionable whether shared technologies like open book accounting have embedded trust or encouraged predation when they make visible a supplier’s margin which can be cannibalised. We would suggest that the balance of emphasis has swung too far in favour of ‘the importance of trust’ and ignored the continuing importance of coercive power. Though these themes remain prevalent in the global value chain literature on the governance of buyer-supplier relations (Gereffi et al. 2005, Gereffi and Lee, 2016), in particular the role of conventions which underwrite the exercise of power (Ponte and Gibbon, 2005). But here we would make two observations.

First, the emphasis on trust has created an almost binary divide between the principles of co-operation and power, and in so doing presents a very narrow conception of what power is and how it is exercised. Power continues to be exercised coercively in many sectors, but we would note that power can be exercised through more subtle means. Power may be more diffuse, oblique and systemic in character. Fleming & Spicer (2014) for example argue that in organisations ‘...power is not only exercised
through highly visible acts of direction or even back room politicking. It also infuses
many of the systems, processes, ideas and even identities that organisations constitute.'
(p. 275). If we extend this idea to whole supply chains, we might observe that the
potential to exercise coercive power – or even perceptions about its potential exercise –
may deter certain forms of activity, whether coercion is explicitly used or not (Emerson,
1962, p. 32). This ‘perceptual’ source of power, particularly the perceptions of the
subjugated actor, can set the ‘rules of the game’ and can have the equivalent effect to
those of coercive instruction (e.g. Bacharach and Lawler, 1976). It is also possible that
this perceptual source of power becomes entwined with what Lukes (1986) refers to as
non-decision making power and Tedeschi and Bonoma (1972) call ‘ecological control’
– the perceived absence of alternatives on the part of weaker actors, whose
understandings may be shaped by and in turn shape their positional dependence and
sense of powerlessness.

This leads to a second point, that if power is multi-dimensional then power relations
may be structured as much by the self-perceptions of weaker actors as much as by the
explicit actions of more powerful actors. In a Foucauldian sense, power is therefore not
‘possessed’ but rather embodied and enacted (Foucault 1982). Of course the two may
not be separate as we outline above, but it is still important to think about how
perceptions of the powerless characterise power dynamics ‘from the ground up’ (see for
example Beier and Ster, 1969). A weaker actor’s perception of the need to respect and
comply with a powerful party (French and Raven, 1959) may encourage pragmatic, but
resigned engagement. Our focus for the purposes of this paper is hence less on the
active force of more powerful agents, but the process of accommodation among weaker
ones. This requires us to be sensitive to power as a relation, embodied in discourse and
practice.
This different emphasis allows us to approach the relation between power, trust and agency. We therefore selected a sector characterised by relational power imbalances to examine the pragmatic, but resigned engagement at one particularly vulnerable node.

Our sector of choice was the beef sector and our interviewees of choice were Northern Irish farmers. This sector was chosen because of the extensive literature that highlights the presence of adversarial market relations and the absence of co-operation and collaboration within the agricultural sector in general.

Research Context

The domination of the UK agri-food chains by powerful multiple food retailers was documented as far back as the 1980’s in several Monopolies and Mergers Commission (MMC) and Office of Fair Trading (OFT) reports (Burt and Sparks, 2003). Retailer strength grew after the BSE crisis in 1996 as the various import bans across Europe meant UK multiples became the only major outlet for UK beef farmers and processors. This encouraged more hostile power relations, with much of the burden of adjustment passed further down the chain to actors (farmers) (O’Keeffe, 1998; Buccirossi et al., 2002; Consumers International, 2012).

Since then these power imbalances have become expressed through technologies which ostensibly could be used to embed trust but are instead used to discipline suppliers. For example, supply arrangements which have no defined contractual length could be used to negotiate flexibility for all actors but in reality allow retailers to walk away if they find better deals elsewhere or if they deem supplier practices to be non-compliant (Burt and Sparks, 2003; Bowman et al., 2012; Bowman et al., 2013).

Similarly open book accounting practices could encourage information sharing positively, but are used by retailers to cannibalise any margin gains by their suppliers.
(Free, 2008; Bowman et al., 2013). These and other techniques like reverse auctions to lower tender prices enable the retailer to dictate the terms of the business relationship with their suppliers and pass the risks and costs onto them (Bowman et al., 2012; Bowman et al., 2013). Consequently, suppliers are then incentivised to pass the cost of adjustment onto processors, who in turn try to pass risk on to their suppliers and so on until those pressures reach farmers (Taylor, 2006; Bowman et al., 2012; Bowman et al., 2013). This kind of contractual predation has a fragmentary effect, encouraging sectoral opportunism and a culture of dealing as actors try to exploit minor and often fleeting sources of advantage. Trust formation within the sector becomes difficult to establish with suspicion the norm.

The impact of the supermarket price wars with the emergence of hard discounters like Aldi and Lidl has further amplified these trends. Figure 1 shows the respective market shares of UK based retailers from November 2014 to November 2015 where Tesco, Asda and Sainsbury’s market share has deceased over this period, while hard discounters such as Aldi and Lidl have increased their market share by 0.8% and 0.6% respectively. But the effects are trans-sectoral when all are forced to compete on the price of staples.

The impact of these pressures hit beef farmers in particular because they are unable to pass on financial adjustment due to their position (the first node) in the supply chain and their relatively fragmented organisational character. Farmers therefore tend to experience significant financial insecurity and information asymmetry, which nurtures myopia and insularity. The few studies available suggest suspicion that arises at this
level of the chain may not only be reserved for supermarkets, but may express itself as
suspicion of processors and even other farmers (Nitschke and O’Keefe, 1997).

There has been little work on trust and power in the Northern Irish beef industry
specifically. Perhaps the closest is that of Fischer et al. (2007) who found a mistrust of
processors at farm level in the Irish and UK beef chains due to issues of price,
transparency and the power imbalance within the chain. Similar findings were found in
the fruit and vegetable market where academic work has highlighted how these general
sectoral pressures have led to a series of disconnections and power asymmetries which
undermine trust (Batt, 2003; Doukidis et al., 2007). Outside the UK, there are similar
findings, where farmers’ demonstrable mistrust of slaughterhouses is attributable to
power imbalances in the Dutch pork market (Lindgreen et al., 2005).

But it is important to be sensitive to the regional specificities of these markets.
Many studies tend to conflate the quite different markets of Northern Ireland and the
British mainland. For example, farming in NI is much more fragmented, with smaller
economies of scale compared to other regions such as England. Northern Irish beef
farms tend to be small for historical reasons. Land was typically divided among
generations of farming families, so that each farmer would own a finite amount of land
and that land would typically specialise in a particular stage of beef production, e.g. hill
land is not suitable for cattle close to being ‘finished’ for slaughter. Additionally, there
are more independent processors in England, compared to NI where competition is
limited as processing is controlled in the hands of a few companies. Reduced
competition in processing and the large number of small beef farms in NI, provides
processors with numerous supply options but farmers with limited selling options,
illustrating a unique competitive environment. This may make perceptions of
powerlessness and dependency more acute in the Northern Irish case, exacerbating
mistrust and hampering efficient co-operation, making it an area worthy of investigation.

A qualitative interview technique was necessary to understand farmers’ perceptions of power, trust and agency in their supply relationship with processors. Details of our methods used are described in the next section, after which we discuss our findings on NI farmers’ perceptions of power and their resigned engagement with processors. A final section explores the supply chain dysfunction that results in the absence of trust.

**Methodology**

Beef farmers in Northern Ireland (NI) were recruited to take part in a semi-structured interview using a purposeful sampling method. This method of sampling allows the selection of specific participants to provide rich, detailed information on the topic of interest (Patton, 2005). This meant ensuring participants from different age groups and counties throughout NI and involved in different stages of beef production (i.e. suckler calf producers and beef finishers) were recruited. Recruitment methods included emails circulated via the Ulster Farmers Union, interviewer contacts, face-to-face invitations at farmer auctions, and phone-calls to numbers obtained directly from the Department of Agriculture, Environment and Rural Affairs regional offices. Participants were screened prior to interview to ensure they met criteria. In total, 20 male farmers were recruited and interviewed (Table 1). Written informed consent was obtained from all participants.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of participants</th>
</tr>
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<tbody>
<tr>
<td>County</td>
<td></td>
</tr>
<tr>
<td>Antrim</td>
<td>4</td>
</tr>
<tr>
<td>Armagh</td>
<td>4</td>
</tr>
<tr>
<td>Down</td>
<td>4</td>
</tr>
<tr>
<td>Fermanagh</td>
<td>2</td>
</tr>
<tr>
<td>Londonderry</td>
<td>3</td>
</tr>
<tr>
<td>Tyrone</td>
<td>3</td>
</tr>
</tbody>
</table>
As our emphasis was on ‘perceptions’ we took a constructivist approach to
‘...understand the world from the subjects’ point of view, to unfold the meaning of their
experiences...’ (Kvale and Brinkmann, 2009, p. 1 & 2). We were hence ‘...principally
concerned with explicating the processes by which people come to describe, explain or
otherwise account for the world (including themselves) in which they live’ (Gergen,
1985, p. 266).

We used semi-structured interviews to explore farmers’ self-perceptions. Using
extensive literature (Fearne, 1998; Lindgreen et al., 2008; Cox et al., 2007; Fischer et
al., 2008; Fischer et al., 2010), a semi-structured interview guide (with prompts) was
developed to elicit these self-reported perceptions of the effects of power on trust and
supply chain performance. Table 2 illustrates example interview questions. The
interview guide was piloted for clarity, comprehension, reliability and timing with two
beef farmers and refined. Interviews were conducted by an experienced interviewer
(author) face-to-face between 16th March 2015 and 7th May 2015 and anonymity of
interviewees was assured. Ethical approval was gained from the Research Ethics
Committee at Queen’s University Belfast and the research was conducted in line with
guidance under the Declaration of Helsinki.

<table>
<thead>
<tr>
<th>Age group</th>
<th></th>
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<tr>
<td>20-30</td>
<td>2</td>
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<tr>
<td>31-40</td>
<td>5</td>
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<tr>
<td>41-50</td>
<td>2</td>
</tr>
<tr>
<td>51-60</td>
<td>6</td>
</tr>
<tr>
<td>61-70</td>
<td>4</td>
</tr>
<tr>
<td>71-80</td>
<td>1</td>
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<table>
<thead>
<tr>
<th>Production stage</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Suckling</td>
<td>7</td>
</tr>
<tr>
<td>Finishing</td>
<td>13</td>
</tr>
</tbody>
</table>

Table 1. Participant Number by County, Age and Production Stage

**Example questions**

<table>
<thead>
<tr>
<th>Question</th>
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</thead>
<tbody>
<tr>
<td>How would you describe the typical relationship between you as the farmer</td>
</tr>
<tr>
<td>and the processor?</td>
</tr>
<tr>
<td>How would you describe the power dynamics in the supply chain?</td>
</tr>
<tr>
<td>How do they exercise that power?</td>
</tr>
</tbody>
</table>
Table 2. Example questions asked in participant interviews

<table>
<thead>
<tr>
<th>Question</th>
</tr>
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<tbody>
<tr>
<td>Who holds the power in the supply chain?</td>
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<tr>
<td>How would you describe your relationship with other farmers?</td>
</tr>
<tr>
<td>How does power impact the functioning of the supply chain?</td>
</tr>
<tr>
<td>How does power impact your ability to work with processors/other farmers?</td>
</tr>
<tr>
<td>How does mistrust influence the ability to work with processors/other farmers?</td>
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</tbody>
</table>

Interviews were recorded, professionally transcribed in full, reviewed by the interviewer for accuracy, and coded thematically (Braun and Clark, 2006) using the qualitative data analysis programme NVivo 10 (QSR International Pty Ltd, Doncaster, Victoria, Australia). Initially, transcripts were read and re-read to achieve data ‘immersion’. Subsequently, four transcripts were randomly selected and independently coded by the interviewer (Stephanie Brooks (SB)) and one outside researcher (Fiona Lavelle (FL)). Both coders discussed the preliminary codes within the data to reach a consensus on the validity and reliability of their application to the data. The remaining transcripts were coded (SB) and checked for coding consistency (FL). Both coders agreed that data saturation had occurred as no new codes emerged from the final five interviews. For further analysis, codes were grouped into potential themes and inspected for overlap to ensure that there were identifiable distinctions between themes. To increase intra-observer reliability, themes were critically discussed by three members of the research team (SB, Michelle Spence (MS) and Moira Dean (MD)) and the outside researcher (FL) who were all experienced in qualitative data analysis. As a final step, (SB, MS, MD and Adam Leaver (AL)) discussed the findings and selected key quotes to represent each theme. Although participants reviewed the results to ensure that they could not be identified, they did not provide feedback on the findings.
Findings

Perceptions of Powerlessness and Control

“...I think if I was being hitched to the Titanic or if I was being forced to steer the same course as the Titanic because I was in a wee boat being towed behind, I would like to be up on the bridge of the Titanic having a say. ‘Now, I think we’re going too fast now boys. I think we should be slowing down.’ But I’ll be down in the engine room of the Titanic shovelling the coal in and I’ll be the one that sinks, because the captain might get into the boat and get away... that’s the sort of analogy I feel.” (P05)

In the above quote, one of our interviewee’s characterised his sense of powerlessness within the sector by outlining two perceived dimensions of power – an inability to ‘have a say’ proactively in the way the sector operates and the idea that when things do go wrong, the farmer is the most vulnerable actor because of the perceived absence of alternatives (Tedeschi and Bonoma, 1972). The imagery of the bridge versus the engine room also implies the different status, hierarchy and even class that exists between farmers and processors. The feeling of powerlessness of farmers to act when there are problems is a recurring theme in a number of interviews.

This sense of powerless is seen to arise from the structural inequalities of market power within the Northern Irish sector:

“[In] England, Scotland you’ve a lot more competition...you’ve a lot more small factories whereas in Northern Ireland you’re now down to a handful of...big processors and they very much control the price...quantities...movements and specifications.”

(P15)
In addition, from NI farmers’ perspective, the power differential between them and the processor is further reinforced structurally through processors’ collective power by their communal membership in Northern Ireland Meat Exporters Association (NIMEA) which is seen as giving processors more political clout on matters of policy and strategic business ventures. NIMEA’s political strength is perceived to be significantly greater than the Ulster Farmers Union, partly due having more resources and closer ties to the Department of Agriculture, Environment and Rural Affairs (referent power, see French and Raven, 1959). Farmers believe the processors’ closeness to Department of Agriculture, Environment and Rural Affairs enable processors to instigate policy changes and award subsidies in their favour. Farmers argued processors also have greater political sway with Department of Agriculture, Environment and Rural Affairs because of their relative size, the tax revenues they generate and the local employment they offer compared to the Ulster Farmers Union:

“It's a political cat and mouse game half the time with them [processors]... I remember the BSE time, the whole big thing was how many jobs were lost, then all these grant subsidies came after that and the jobs were never really lost...the farmer unions should have more fight, more push in them. I'm in the union myself, but we don't have time. It is a group of farmers together...we've no voice.” (P20)

The structure of farmers within the Ulster Farmers Union and the economic and political clout of processors are used by farmers to explain the differential power structure within the Northern Irish beef sector. Respondents’ suggestion of how the structural advantage of processors is then exploited and power is often used explicitly and coercively, which is closer to Robicheaux and El-Ansary classic understanding of
power (the more powerful the actor, the greater the use of coercive power) than Blau’s. Farmers’ responses often contained conjecture and extrapolation. There was a sense that farmers were ‘filling in’ missing information or ‘joining the dots’, particularly when they were unable to articulate the specifics of how processors, for example, use their lobby power. This points to the idea, outlined in Emerson (1962), Gaski (1984), Fleming and Spicer (2014) and others, that perceptions of powerlessness may in certain circumstances be self-reinforcing if they begin to structure action and response amongst weaker parties. If you believe your buyers to be all powerful and you perceive yourself to be powerless, this will have an impact on negotiation and bargaining strategy.

Of course, such perceptions do not emerge in a vacuum. There is always a structural context, and many farmers identified control mechanisms - including a variety of divide and rule tactics used by processors- to embed weakness among farmers. For example, financial incentives were often offered on an individual basis to farmers who were able to provide a consistent supply of meat that met processor specifications. This individualised bargaining created mistrust, suspicion and fragmentation between farmers themselves (see Nitschke and O’Keefe, 1997). This one-to-one negotiation tactic meant farmers received quite different deals from the processors, which forced farmers to compete amongst themselves, discouraging collective negotiation and the formation of farmer co-ops.

“...the meat plants always approach you outside the group...” (P20)

In addition, farmers did not feel they were in a position to negotiate with different processors if they were unhappy with the deal they received as collusion between processors prevented any form of countervailing power from farmers:
“If Farmer X walked into Processor Y and said 'What will you give me, and I'll do a contract with you?' He has to get out of the contract he has with Processor Z and then Processor Z is going to lift the phone to Processor Y and he is going to say ‘...you're after taking a man of mine...it'll cost you.’...Processor Z owns the processing for any further processing that it [offal] needs...it has to go to his place...if you don't tow the ball he could say 'I'm not talking your offal'.” (P16)

According to our respondents, structural practices and tactics allow processors to dictate prices through information asymmetries in the supply chain. Processors have access to cattle information via the Animal and Public Health Information System (APHIS) and through the practice of farmers registering cattle with processors at birth or purchase. This information allow processors to make projections of supply and demand and thus negotiate lower prices for cattle. Farmers see processors importing cheaper stock as a mechanism to control local prices. Additionally, processors use the threat of substitution in their negotiations with Northern Irish farmers to bargain price reductions. Farmers say they are unable to know if the threat is genuine or a bluff given their inability to access relevant information:

‘...I feel I have a blindfold on, because they [the processors] have access to APHIS and...can age profile the cattle in Northern Ireland...They [know] when there’s going to be a shortage in six months’ time so they can... avoid paying a high price for that six month shortage. I don’t know when the shortage is going to come up...’ (P05).
“...everybody knows whenever beef gets to... a certain price here, they're [the processors] off to Poland or wherever to buy container loads of beef because they know that will keep us [farmers] suppressed at a level.” (P19)

Although these moves may not be part of a deliberate and orchestrated attack to ‘keep farmers supressed’ and more likely to be a reflection of the processors own competitive pressures, as was the conclusion of previous studies of Dutch pig meat farmers who expressed similar sentiments (Lindgreen et al., 2005). Nevertheless, these perceptions reflect a certain amount of suspicion and an exaggerated tendency to regard the behaviour of others as if it were related to or targeted toward oneself (Fenigstein and Vanable, 2006). These feelings of suspicion do however arise within a context of asymmetric power relations, and the particular form through which power is exercised. This all has an influence on how farmers experience, internalise and rationalise their influence and manoeuvrability within the sector:

“...the processors are operating inside [outside] the gates now. I think they will be operating inside the farm gates as well, they will just have people working for them... They will own the cattle...They are taking control; it is all about control.” (P11)

Farmers make sense of the power relations they experience, which impacts on their ability to collaborate, resist and exercise power reactively if those perceptions discourage organisation and action. In this sense Gaski (1984) is right when he argues that power is a ‘...function of the perceptions of power bases on the part of the one subjected to the power or influence’ and suggests it maybe more correct to regard the perception of power itself as the source of power. Similarly the power held by
Brooks et al.

processors may derive from farmers’ perceptions of constraints on their own agency or
dependence upon an individual processor or group of processors (Emerson, 1962). We
will now develop this idea in more detail.

The Impact of Power on Agency and Trust

As previously discussed, the dominant view is that in the academic literature around
supply chain management is that (coercive) power and trust are inversely related - as
coercive power is exercised, trust in the supply chain decreases (Doukidis et al., 2007).
Our respondents highlighted mistrust across three different relations: between farmers
and processors, between farmers and government (Department of Agriculture,
Environment and Rural Affairs) and between farmers themselves.

Many farmers expressed mistrust towards processors and similar results were
observed at a national level with a study by Fischer et al. (2007). Their study found high
levels of mistrust for processors among UK beef farmers, which increased as coercive
control was exerted by processors. This adversarial relation took on an almost
apocalyptic tone in some cases as one farmer made clear:

“Farmers do not trust them factories [processors]...I've heard them call them things
I couldn't repeat. It’s unreal what people think of them...there has to be a bit more
honesty...and if it doesn’t come I don’t know...what’s going to happen...[I] just can't
handle them. They can do things that nobody else could do.” (P19)

Many farmers recognise the importance of farmer cooperatives to increase their
supply chain power and position, (see Organisation for Economic Co-operation and
Development, 2006; Fleming and Spicer, 2014 for discussion of benefits). Nitschke and
O’Keefe (1997) state the formation of such producer co-operatives require a great deal of trust to develop practice that avoids opportunism and reinforces mutual goals. However, results of this study suggest the processors use of (explicit or diffuse) power had an effect on farmers’ own sense of trust, collegiality and togetherness with each other. This lack of trust and collegiality among farmers may be rooted in the suspicion that their counterparts have been financially encouraged to function outside of the co-operative format by processors, as discussed previously:

“The small mindedness of Northern Ireland farmers. Rather than helping somebody, they would cut their throat; that's the problem...If you did a deal with the dairy farmer they would be think 'oh my, they're worth more in XXX today!' And they just wouldn't stand over it, that's the problem.” (P13).

Farmers also noted the presence of strongly individualist sentiments amongst other farmers which worked against the formation of co-operatives which might be able to wrestle back some control within the supply chain. Respondents mentioned the failure of co-operatives in the past due to farmer intransigence and an inability to organise collectively:

“...Farmers are particularly bad at working together...we are very much individuals... we don’t work together well for our own benefit.” (P22)

Farmers also expressed a mistrust of the government department, Department of Agriculture, Environment and Rural Affairs and their willingness to act in the farmer interests, related to the perception of processors’ ‘syndicate power’ to lobby Department
Brooks et al.

of Agriculture, Environment and Rural Affairs as a greater force relative to the power of
the Ulster Farmers Union who lobby on behalf of farmers. Farmers believe the mistrust
presents itself in both directions in that they also believe Department of Agriculture,
Environment and Rural Affairs do not trust them as farmers. Farmers see over-
regulation and the gold plating of regulations imposed on the farming community as
evidence of that mistrust, albeit characterised by further suspicions about other farmers:

“...they [government] don’t trust us one bit...I don't know, maybe there is some
farmers that need watching, but there’s also some department officials that need
watching as well...some of the schemes that they brought out to try and help farmers,
like Jesus, the hoops you've to jump through.” (P19)

Much of this mistrust is derived from the farmer’s sense of powerlessness against
and dependence on the ‘powerful’ processors.

Despite widespread recognition that collaborative agri-food relationships between
supply chain actors should be encouraged (Lindgreen and Hingley, 2003; Barratt, 2004;
Boel, 2006; Fischer et al., 2008; Lindgreen et al., 2008; Fischer et al., 2010; Humphries
and McCombie, 2010; Agri-Food Strategy Board (AFSB), 2013), results indicate
farmers believe poor collaboration exists between farmers and processors and among
farmers. These practices are viewed by farmers as personal ‘attacks’, rather than
‘normal’ business operations in the competitive market place. These ‘normative’ or
referent sources of power are more opaque and not immediately explicit, as Fleming and
Spicer (2014) suggest. This referent power is more subtle and relates to farmers’
perceptions of ‘the rules of the game’, their own agency with regard to what is and what
is not possible, and what they can and can’t do within their section of the chain. These
diffuse power structures have prevented farmers from organising themselves in a way
(e.g. farmer co-ops) to countervail power exerted by processors. This being said, even if
farmers could organise themselves in a way to countervail processor power, their efforts
may be fruitless due to the processors apparent ability to utilise imports as and when
required. What then emerges is form of pragmatic but resigned engagement drawn from
their perceptions of what they believe they *have to do* in order to be accommodating,
further disempowering the farmer. This also shapes the power relations in the sector and
dictates relationship norms. Indeed it may be the case that power is simply ‘built into’
these supply chain relationships (El-Ansary and Stern, 1972) ensuring that some form of
accommodation must be made to be ‘part of the game’. These kind of themes –
pragmatism, resignation, accommodation – recurred in a number of respondent
interviews:

“I work with them [processors] very well and the rogues, they’re not really rogues,
because you have to work with them. You can’t win every battle, that’s what farmers
[do,] try to win every single battle and you can’t because there’s other times you have a
battle going on and you have to let it go.” (P13)

“I’d call... [the farmer-processor relationship] ‘midlin’. It means so-so, not
great...[and that’s] based on less trust and transparency” (P15)

It is evident the diffused power possessed by processors has consequences on both
trust as well as agency. Perceived power effects trust among farmers, with processors
and with government (Department of Agriculture, Environment and Rural Affairs).
Mistrust prevents these actors working cohesively together for the greater good.
Farmers feel a sense of helplessness and a need to accommodate and resign to the powerful processor requirements in order to survive in the marketplace. Understanding the processors perceptions on explicit and diffused sources of power may provide useful insights to how relationships in the NI beef supply chain could become more collaborative.

Power structures exist both explicitly and diffusely within supply chain relationships but these results suggests it is power diffused in the normal environment that has a significant effect on supply chain functioning in the NI beef industry, particularly regarding the sense of suspicion that is created among farmers which prevent collaboration. Thus to address the situation, power in the supply chain needs to be acknowledged (Chicksand, 2015) and even accepted, in return for other benefits such as long term commitment, (Hingley, 2005; Chicksand, 2015), provided these assurances can be made. Approximately 80% of NI beef (and sheepmeat) produced serves the UK (inc. NI) market (Department of Agriculture, Environment and Rural Affairs, 2016), with the food retail market contributing a significant share to this due to their plight for UK/British origin beef. Therefore, these assurances already exist to an extent.

Additionally, the impact of diffuse systems of power in supply relationships needs to be studied so that the effects and consequences of diffused power can be better understood and ways of positive cooperative behaviour investigated.

One way to enhance collaboration in the beef industry lies with trust enhancement provisions and levering opportunities that may arise from more trusting exchanges between farmers and processors. Cuevas et al. (2015) suggest that trust can be built in asymmetric power relationships via goal congruence, leading to positive outcomes. Again these authors highlight the need for non-coercive power to maintain trust. In addition delivering reliability, keeping arrangements, understanding and education of
requirements, exchanging of valuable information and fair pricing are other ways trust can be built into the supply chain interactions (Lindgreen, 2003, Suvanto, 2012). In order to build an effective trusting relationship with the processor farmers must be willing to surrender some of their independence (O’Keeffe, 1998). It is apparent that trust building is going to have to be a joint effort between farmers and processors with both willing to make changes to their current business exchanges in order to overturn supply chain dysfunctions.

Conclusion

To the best of our knowledge, this is the first study to use a constructivist approach to explore how diffused, embedded power in supply chain structures manifest perceptions of powerlessness and mistrust from the ‘ground up’ in the weakest supply chain actor—farmers. Farmers consider themselves to be powerless against powerful processors who have access to supply and demand information and have substantial political clout relative to them. Farmers describe a series of divide and rule tactics employed by processors including, offering financial incentives to individual farmers in return for consistent cattle supply. These practices reinforce the processors structural power and consequentially discourages the formation of farmer co-ops further embedding weakness among farmers. The practices are viewed as orchestrated acts by processors to control and supress farmers, rather than ‘normative’ operations or as a result competitive pressures experienced by processors. How farmers understand the power relations experienced, debilitates their ability to collaborate and resist processor power or exercise countervailing power. A process of accommodation ensues whereby farmers resign themselves to play by ‘the rules of the game’ in order to remain ‘part of the game’.
As there is limited literature in the area of power exchanges in the farmer-processor dyad, literature relating to more downstream relationships (processors-retailer) was used which needs to be considered. Secondly, we only report the farmer perspective of the relationship and therefore the processors view of the relationship also needs to be addressed. This study provides a snapshot of beef farmer views on processors in a small country context where farming is characterised by small, fragmented operations coupled with a small numbers of processors. This context need to be considered when results are extrapolated to different scenarios or other operations in the food industry. Despite this, the study provides evidence of a relationship dyad in the beef industry that needed investigation and provides compelling evidence of the strained relationships burdened with issues of perceived power and trust dynamics in the beef sector.

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Declaration of Conflicting Interests

The authors declare that there are no conflicts of interest.
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