

Corporate Social Responsibility and Organizational Outcomes:

A Case for Fair Trade.

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Research Question: Is fair trade certification an economically viable business strategy as measured by brand equity, and does it make a difference in terms of development?

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Abstract

Corporate social responsibility (CSR) is a multifaceted, complex branch of business that can yield positive outcomes for producers in developing contexts and businesses in the West. Fair trade, a sub-set of CSR, shows mixed economic results on firm equity, but is overall a net positive. CSR, under this framework, is explained as a best practice that can be part of an integrated marketing plan. By utilizing conscious-consumer behavior, CSR is filling an expanding niche in business. This document goes into detail on the justification for CSR and fair trade, the greater systems that make them possible, and why they should be viewed as a developmental asset for companies and consumers. Businesses that have a CSR program or culture appear more open to new innovations and have a holistic view of business.

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Corporate Social Responsibility and Organizational Outcomes:

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Introduction

Corporate Social Responsibility and Fair Trade:

Foundation:

I've been researching and implementing a fair trade strategy for a hat company called Ambler Mountain Works from 2011-2013. This has been a part of my practicum experience for my Master's degree. It will be the practical basis for this thesis. I have successfully submitted an application for Ambler to become part of the World Fair Trade Organization (WFTO). This has been a process that has required determination, organization and skill.

Justification:

Corporate social responsibility (CSR) is a thriving and expanding industry practice that stands to do a great deal of good in the developing and developed worlds. CSR is an ethos built into a business model that aligns business practices with ethics, norms and laws. The term CSR arose in the 1960's out of the desire to consider the impact businesses have on all stakeholders. What good can actually come from this? Corporate social responsibility is more than just a marketing ploy- often encompassing multifaceted development plans. It is a merging of the free enterprise system with humanitarian values; helping others while businesses prosper. Companies like Ambler are standing out and making positive change in the world by helping the poor.

Is fair trade certification an economically viable business strategy as measured by brand equity, and does it make a difference in terms of development? I wish to demonstrate my findings and review of literature in the following thesis. With this data, I will show potential customers real,

tangible data from a case study and literature review, which either support or fail to support my hypothesis that firm value will be increased by CSR.

I have chosen to observe the corporate perception changes that result from fair trade certification. Past research has rendered mixed economic results for fair trade certification. A case study approach will contribute to the existing body of knowledge on businesses pre-certification. Because this study has been done for a limited amount of time, I am unable to produce robust economic figures at this time, and thus will be confined to the data on hand. This data includes the specific characteristics of Ambler and other similar companies, and the process of becoming a socially just company through fair trade certification.

Background:

Corporate social responsibility and social entrepreneurship have changed the face of business. Literally thousands of companies are currently implementing corporate social responsibility in their daily business model. But, to what extent are existing labor practices, standards and certifications unappreciated in the American market?

Jean-Baptiste Say and Joseph A. Schrumpter argue that entrepreneurs provide the “creative destruction” that society needs to progress (Bornstein & Davis, 2010, p. 1). They innovate to meet real or perceived needs of customers. Also, entrepreneurs are strategically situated to introduce new concepts, paradigms, and inventions that either directly or indirectly address social needs. This is the premise of current corporate social responsibility. Economic factors are salient because, without the capital that comes from innovation businesses will be stalemated. This creative drive is applied with powerful results in the field of development. Just as we can measure the morals of a society by how they treat the poor, we can also measure the morals of a business by how it positively transforms lives. American business is evolving from a laissez-faire mentality to a more holistic approach.

Participatory development, which engages local populations in the development process, is a means of empowerment for communities. An example of a participatory development is a company called Ambler - which has a history of social action but it is a for-profit company. They provide reimbursement to producers, mainly disempowered women, and in return receive quality knit hats from Nepal.¹ Ambler is making changes through CSR in the outdoor industry. Their external supply chain audits, selective sourcing, along with charitable donations make them socially responsible. It is Ambler's humble, *Christian* approach that truly animates Ambler's core (I highlight the word Christian both to emphasize the spiritual aspect and because the owner's name happens to be Christian).

By way of transition, I find it instructive to add here a few of my viewpoints- some of which elucidate my choice of research focus. In general, I believe people should be taught skills and not given handouts. I argue against long-term government aid in developing contexts, simply because it can foster dependency and political obligation. It has been shown time and again that people honor what they have more if they pay a price for it. I believe that repayments, obligations, and politically motivated lending have made direct financial aid a hindrance. Relief in the form of emergency medical responses and material goods are justified with little reservation to quell human suffering in the world. We must assume the existence of a common morality and the inherent value of human life. And, if we can save lives in the developing world we should do so by any *sustainable* means possible.

Private sector development is a bottom-up approach to reducing poverty in developing nations that works by promoting economic growth through private enterprises and member organizations. Women's entrepreneurship development, such as Ambler's strategy in Nepal, is one of many examples of private sector development. It has provided women a sustainable income.

This is the production model for Ambler's Himalayan line of hats. [1]

Literature Review:

Ahlstrom (2010) proposes that business is ideally positioned to provide innovation and economic prosperity. Clearly, the implementation of fair trade, purposeful giving, and integrated community programs are innovative and benefit the developing countries they target. Making markets work for the poor can be accomplished by letting those in developing countries join as stakeholders and participants.

In Thomas Friedman's *The Lexus and the Olive Tree* (1999), a new vision of globalization is introduced that highlights the potential conflict between tradition and modernization. Ambler's labor sourcing is a microcosm of the global marketplace described by Friedman and is an excellent example of culturally sensitive development.

Kanter (2011) offers an opposing view from Friedman's by stating that business is positioned to provide financial benefits, while at the same time addressing key social causes that may seem irrelevant to some. This long-term, holistic, emotionally engaged public partnership is called *institutional logic*. An ostensibly contrasting view from institutional logic is free-market capitalism, which decrees that the poor will be uplifted by trickle-down economics. CSR programs should be beneficial to target groups *and* businesses- in other words all stakeholders. Businesses that can use effective CSR programs to leverage financial gains are merely being capitalistic, one might say. Although it is dismissive of human traits like altruism, this view of CSR is helpful because it acknowledges the reality of greed.

Ambler has a large degree of institutional logic, as evidenced by its philanthropic work and programs to empower women. One reason why institutional logic is important is that it keeps the human aspects of business in the forefront. These human aspects can also be classified as social capital, which facilitates social and cultural interactions and speeds commerce. Business traditionally does not actively concern itself much with emotions or human traits beyond exploring

the needs, wants and desires of its customers. This is changing, as the rise of leadership development models and industrial/organizational psychology illustrates. Social business programs seem to drift into the emotional aspects of the human experience because many of the motivations behind social business are emotionally charged. Socially responsible businesses are able to position themselves so that they address social needs while making a profit. Business has many facets through which to make global change. Through innovation, marketing, and addressing the needs of all stakeholders, Ambler and other like-minded companies are examples of corporate social responsibility in action.

Conn and Ortiz (2001) explain the centrality of the urban context in compounding and exemplifying societies' ills, as well as being a launching pad for new ideas. From a Christian perspective, it is important to implement development plans that acknowledge the reality that the Christian church perpetuates the exclusion of certain types of people. It is easy to forget about the urban poor when you do not live amongst them. It is easy to bifurcate our lives, forgetting the call of Christ to have a special place or preferential option for the poor. Conn and Ortiz masterfully untangle the web of misunderstandings about the poor and their communities. Business-based development should address the needs of the poor, being that they are lacking in skills and resources to act alone. We are called to help the poor as Christians. In any society there needs to be a safety net to catch the marginalized.

Bryant Myers, in his book *Walking with the Poor* (1999), explains: "Every culture has beliefs that disempower people, discourage change, and label oppressive relationships as sacrosanct and ordained" (p. 75). Myers implies the rich and powerful, through subversive means, undermine authentic relationships to maintain power. Hence, they put wealth above relationships. They justify this prioritization by holding beliefs that are inherently demeaning towards the poor and by acting as if money is the ultimate good. This forms a viscous cycle, where the poor are treated unjustly and

left to their own devices and the rich get richer, or so the short passage implies. It is refreshing to see businesses presenting a counterpoint to this view.

Research Focus:

Ambler is a family operated, Canadian company from the heart of the Rocky Mountains that has been making high-quality, hip-looking hats for over 15 years.

Not only are they making stylin' hats, Ambler works in close collaboration with the Nepalese women who hand-knit their toques, ensuring their working conditions are good and they are receiving fair compensation. They also donate 2% of sales to empowering and supporting Nepalese women who escape human trafficking. Style-conscious AND socially conscious, we simply adore this family-operated, Canadian business and their hats (Hot Head, Warm Heart: Ambler, 2012)!

Data on the economic repercussions of fair trade certification are mixed. Current research is aimed towards eradicating the problems that emerge when a company becomes fair trade certified. Through future research that will take place following fair trade certification, I will attempt to show the direct results of fair trade certification verses pre-certification (a within-groups design). Any significant changes in firm value can be said to relate in a correlational way to fair trade certification. Possible future research will examine fair trade certification longitudinal economic data and determine specific causes. Current researched is focused on the CSR market and the characteristics of specific companies.

When I first started researching, I asked myself many questions about capitalism, socialism, and fair trade. Robert Nozick argued in *Anarchy, State and Utopia* (1974) that the state should be limited and that power should be diffuse. Although the government has many roles, it is inefficient at helping the poor. Market-based social change can be a vehicle for global empowerment. It can be achieved through utilizing consumer behavior to the advantage of both producers and western stakeholders through the use of fair trade marketing and sustainable business planning. I see no problem with making money off fair trade, so long as most of that value added is transferred into

expanding development programs and maintaining business stability. Any CSR effort that results in value added to producers in developing nations is an effective and sustainable program- but more data is needed to show how effective these programs are.

There are certain conditions under which consumers choose to purchase fair trade goods. It is mandatory to know and understand these conditions if our goal is to improve outcomes and promote stability. Just-world theory holds that people choose to believe that the world is a just place and that people get what they deserve. According to this theory, people are less likely to purchase fair trade for reasons associated with social justice or where need is high. It has been found by Ellard, MacDonnell, and White (2012) that helping people redress poverty in terms of decisive purchasing increases consumption of fair trade products. In other words, framing fair trade or other CSR programs as vehicles to social change increases consumption, and demanding help fighting social injustice reduces consumption. This trend is indicative of perhaps the two different approaches to poverty alleviation I've seen in the literature- blame and collaboration.

Conflicts have long existed between the demands of the market and the needs of the marginalized. It appears to be contradictory to use the market to alleviate poverty, due to the fact that the poor lack the resources and knowledge to competitively participate in global commerce. The assumption that the market inherently creates economic disparities can be dangerous and wrong. At the core, free market capitalism is associated with increased wealth and efficiency of commerce within the nation-context. There is a pressing need for change in consumer's mentality towards recycling, reusing, and consuming more wisely in the face of limited resources and environmental destruction. The possible answer is that the Western world isn't as responsible for the plight of the poor as we once thought- but it is going to be part of the solution.

According to Schuler and Christmann (2011), market-based social governance schemes that are both stringent and well publicized can increase demand for, and awareness of socially

responsible products. A market-based social governance scheme is a way of doing business that puts the investor's needs as paramount in the decision-making process. Increases in demand for socially responsible products are cyclical and expand the availability of those products. These programs can be self-sustaining and increase the emergence of similar programs. For example, Ambler's fair trade certification through the World Fair Trade Organization should expand market share and provide capital for new programs. Fair trade is trending in the outdoor industry and they stand to occupy an elevated market niche through their work in CSR- thus they will make more money.

There is a level of skepticism about CSR because its association with big business. *Greenwashing* is the label applied to the facade used by big companies in improving their image, stereotypically involving showy environmental stewardship. This is a demonstration of why people have mixed feelings about CSR. Some large companies do a great deal of good through CSR, but their motives are questionable. Most people understand that CSR generally is economically beneficial to firms, producers, and even sometimes consumers.² The questions that need answering are myriad, and include; what are the conditions that allow for firm growth? Is there something about fair trade that is special? Should we care about the motivations behind CSR programs, if the net result is positive?

According to Arnould, Pastina, and Ball (2009) the "[...] economic effects of fair trade participation are unassailable;" Specifically, they are referencing the economic effects felt by the producers and other developing world stakeholders. This is quite promising for future producers because it speaks to the viability of the fair trade model. I want to look at how fair trade participation defines companies. Through this understanding I hope to grasp the sustainability of fair trade companies on a micro level. This is not to minimize the developing world but instead is a

Here I would like to distinguish between CSR and those trite attempts to improve corporate perception. When I use the term CSR, I am referring to comprehensive partnership programs. [2]

choice to determine the practical components of running a successful corporate social responsibility program from a global context.

Reflections:

There are few clear answers in private sector development, but there are many questions. Because I have not seen the outcome of fair trade certification in Ambler I cannot yet speak to that. From unintended consequences to the omnipotent arm of globalization, it is clear something is changing in the world. Should we decrease consumerism and divert scarce resources? Does it mean we should compete globally, and snatch up scarce commodities? Is war a justified action to protect assets? With all the criticism that capitalism gets, it still is a good system that utilizes the good and bad of human nature. Many developing countries lack the infrastructure and cohesion to establish working democracies, for myriad reasons. As the narrative goes, is it not Western capitalism that has established this hierarchical and unilateral system? And this system is predicated on a hierarchical relationship. Is equality possible on a global scale? How can I, as a Western researcher, approach these issues with humility even though I see gaping flaws in certain cultures (including my own)?

Methods

Preface to the methods:

This section will include details about interviews, observations, results, and preliminary conclusions. This process started with a business connection, went to an idea about social responsibility, then snowballed into insight about business practice in general. I explored the roles of consultant, media expert, and corporate social responsibility observer all in my capacity as a “scientist” of sorts. Like any researcher, I tried to remain objective. I will be explaining my outline of fair trade certification so that the reader will be able to apply themselves with fewer pitfalls than I encountered, should they choose to pursue fair trade. Additionally, I will be providing a self-audit

questionnaire for the knitters in Nepal to complete for Ambler (Appendix 3). However, the results have not been collected and will not be available in the timeframe of this study.

Literature Review Process:

I used an opportunistic research approach. I researched corporate social responsibility and its impact on developing countries. A literature review was done- which can be seen in the introduction of this paper. It was done using the various academic article search engines available via the Northwest University Library. For example, the research tool PsychInfo was used as part of this research.

Participants:

The participants were gathered primarily through business connections, which expanded as I met more people from the outdoor industry. I met and interviewed myriad people at the Outdoor Retailer Trade Shows 2011-12 and beyond. A detailed list of interviewees is found in Appendix 1. This is was imperative and offered an insider's perspective on CSR in the outdoor industry. In addition, I will be utilizing Ambler's knitters from Nepal for a forthcoming self-audit questionnaire (see Appendix 3).

I met up with the owners of a small hat company named Ambler in 2011 at the Outdoor Retailer trade show with my father, Dave Bartholomew- business consultant with Ascent Advising. They were a nice couple who seemed to be interested in improving their business- so they turned to my father. I later learned that they sourced some of their labor out of Nepal, and that they were interested in becoming fair trade certified. I contacted them about opportunities and set up a Skype meeting. We had our meeting and learned about each other and wanted to work together on a project involving fair trade or expanding product sourcing to other developing contexts (Definition: Developing contexts would be situations in which the economy would be considered

underdeveloped and where opportunities for external development efforts are more plentiful, such as Liberia.) I eventually chose to pursue fair trade certification, and took the necessary steps to gain fair trade certification through the WFTO after researching several organizations.

Materials:

The materials for this thesis project were fundamental. Some of the most common materials included my iPhone, DSLR camera, computer, Skype, Facebook, web development platforms and the Internet. Additionally, I have developed a survey to give to the knitters in Nepal as a follow-up to this project mentioned above. Academic search engines were valuable in my research. The tangible material of the fair trade application through the World Fair Trade Organization stands out as a particularly important document (see Appendix 2). Other important documents included my set of questions that I asked to interviewees. Although the interviews were decidedly dynamic and flowing, I came in with actual questions that constantly developed. One of the ways I standardized my methodology in order to produce more organized and intelligible data was to frame my questions in a consistent manner. I subscribed to a participant-observer philosophy while doing my work, trying to separate myself from the reality of filling out an application or observing people. I took notes during these interviews which would then later become the basis for this document. I must say that the most important motivators behind my work were books and journal articles. Those who come before us help pave the way to new breakthroughs.

Design:

In order to determine whether fair trade is an economically viable business plan and to implement it, I adhered to a case study approach. Because I am focused on Ambler, this is the best course of action. I decided to make my thesis revolve around fair trade certification because I was working with Ambler for my practicum experience, and was readying myself to submit the application for fair trade membership. By using a case study approach, I will be able to declare that

fair trade certification and economic success are correlated, or have no relationship in this instance. Once the fair trade structure is implemented, I will be able to compare economic returns from year to year, thus showing or not showing economic change greater than expected. This current research is more centered on the process of becoming fair trade certified. I will also integrate indicators of the potential economic results of this certification as the data allows.

I designed this study around the deliverable of fair trade certification, because I was positioning myself as a consultant who could achieve that end. This thesis can be seen as a reflection on that process, CSR, fair trade, and that business model. Initially, I wanted to use firm value in terms of annual and quarterly revenue, and that is the foundation I have built upon, but the process has not finished yet so I will be focusing on the process and including that information, or a synthesis of it, in a future document. Instead, I used extensive observations and interviews, which are at the heart of qualitative research. A proposed lifestyle survey that will be given to Ambler's Nepalese knitters is included in Appendix 3.

Procedure:

Overview:

I implemented my plan by first establishing contacts through social networks, then I focused in on a business I was interested in, and then I implemented my strategy of researching fair trade and submitting an application for fair trade membership. This sounds simple enough, but in reality it represents hundreds of hours of work. I have already explained how I got connected with Ambler. Included during this process were interviews with anyone in the outdoor industry who knew anything about fair trade and CSR- which turns out to be a large population. I focused on fair trade because that is the certification that Ambler was interested in. The research interviews, while incredibly helpful and informative to my research, would be a bit cumbersome to read in complete form. For more information about these interviews see Appendix 1. The interviews, on the whole,

reinforced my conviction that fair trade certification was a viable business strategy, and that it is a growing trend in the outdoor industry. They also allowed me to observe common traits of social businesses and come to conclusions.

Through primarily email, I was also able to discuss various fair trade certification options with experts in the field, including representatives from the Fair Trade Federation and others. I finally got in touch with the WFTO and Tony Hall, their regional director. I was then able to fill out and submit the producer application for fair trade certification for Ambler Mountain Works. Following that, I was able to create the lifestyle questionnaire for the Nepalese sewers for Ambler.

Fair Trade Focus:

For the fair trade certification through the WFTO, I applied a formula of research, design, implementation, and follow-up. For the research portion, I sifted through various organizations, articles, books and contacts to determine the best fit for Ambler. The design component is where I gathered information based on my research and laid the groundwork for my work. The implementation portion involved the actual interviews, seminars and fair trade application processes that I spent my time on. These were all at least nominally related to CSR. The follow-up segment involved modifying and augmenting the application through communications with Tony Hall and, of course, writing my thesis and designing the questionnaire.

Analysis:

I have done a qualitative analysis of the data I've gathered for the duration of this project. Because the fair trade application process has not finished, the longitudinal economic data will be available *post haste*. The process of data analysis has required mental agility and patience, and has been heavily theoretical. It takes time to sift out the nuggets from the dirt. I will attempt to remain

cognizant of the reader's familiarity with the literature and the sometimes onerous aspects of academic writing in the following.

Results

Preliminary Discussion:

The data collected in this research project, because it was heavily focused on practical application, are not typical for a research paper. However, in the social sciences the definition of research is quite broad, including observations and interviews. These results are steeped in application and analysis, and thus are similar to the discussion, where I will further discuss potential drawbacks and future research.

This section will draw from my journals, interviews, literature review, and observations. It will read like an anecdotal experiential reflection. Conveying the information in any other way will be unbecoming to the data.

I came into this process with a set of questions I wanted to answer. I measured the qualitative characteristics of socially minded companies. This measurement took the form of observations, interviews and research.

Framing Questions:

- Is business compatible with social causes?
- Is fair trade an adequate tool to address systemic poverty?
- Does fair trade make a difference to producers in the third world?
- How do the lives of knitters in Nepal improve because of Ambler?

Sample Observation Situations:

- Observing business interactions at the Outdoor Retailer Summer Markets 2011-2012.

- Observing and developing marketing and strategy of companies in person and via the web.
- Observing relationships between CSR and apparent firm equity.

Findings:

What I determined was that firms with social programs appear more altruistic and selfless, and are more open to new ideas. This was based on interviews I did with leading CEO's and CSR professionals (See Appendix 1). This might run contrary to my hypothesis that companies with high CSR would be more prosperous, being that corporate competition is conducive to success. Intuitively, altruism does not seem to relate positively to a company's bottom line. But altruism has documented evolutionary benefits- including success in business relationships. Modern examples of altruism include networking, enabling others, and caring for the needs of others, all of which foster relationships. It should be noted that many researchers don't believe that altruism exists, and that humans always, or nearly always, consider potential selfish rewards for behavior. It could be that altruism does not impact business significantly in a measurable way.

Some of the classic drawbacks of non-governmental organization (NGO) governance may not be present in some firms with social missions. The differences between NGO's and for-profit companies are numerous and well documented. Besides the obvious difference of profit-motive behind traditional businesses, there are the specific mission and vision characteristics that define an NGO and its members. The concern for the greater good is perhaps the more exemplary aspect of many socially-minded organizations. Because many for-profit companies that have socially-minded practices have evolved to become more responsible, sustainable and charitable over time, they might be somehow qualitatively different from NGO's. Many of these socially responsible companies I've observed have avoided mission drift, and researchers want to learn what makes

them successful.³ It could be that the costs associated with CSR are prohibitive to unsuccessful companies, and that CSR is merely correlated with firm value and is not causative.

Traditional businesses exist to make money. Today, with small and decisive investments, it is relatively easy to have a CSR program. But making an impact in developing contexts should be the measure of the program, and not financial ramifications. I chose to focus on the financial aspects because they are salient in traditional business, and thus appeal to the type of people who make the decisions in business. Of course, if a business is not abiding by its best practices it needs to reevaluate its methods.

Mixed results exist in the literature on the exact consequences of CSR programs like fair trade. Some of the confounding variables afflicting this type of research are related to vast differences between individual companies' CSR programs including size, type and market position. It makes intuitive sense that CSR programs like fair trade, paired with strategic marketing to the right consumers, will open up new target markets. But there are so many variables affecting the dependent variable, namely brand equity. My desire initially was to determine whether firm value was increased by fair trade certification. Although the data are not yet available, I wish to convey my findings thus far and explain to the reader the state of CSR in the outdoor industry, and then more specifically how my role as a consultant has evolved over time to meet market demands.⁴ I also want to present a format for a survey questionnaire I will be giving to the Nepalese knitters employed by Ambler.

Fair trade is a good business practice, but is not without drawbacks. Without a single, comprehensive standard, fair trade lacks some continuity. It is also well documented that fair trade benefits importers and Western establishments more than producers. But it represents a step in the right direction. We must not become locked in analysis paralysis and do nothing when we can make incremental changes. The fair trade certification through the WFTO⁵, although it is just one of many

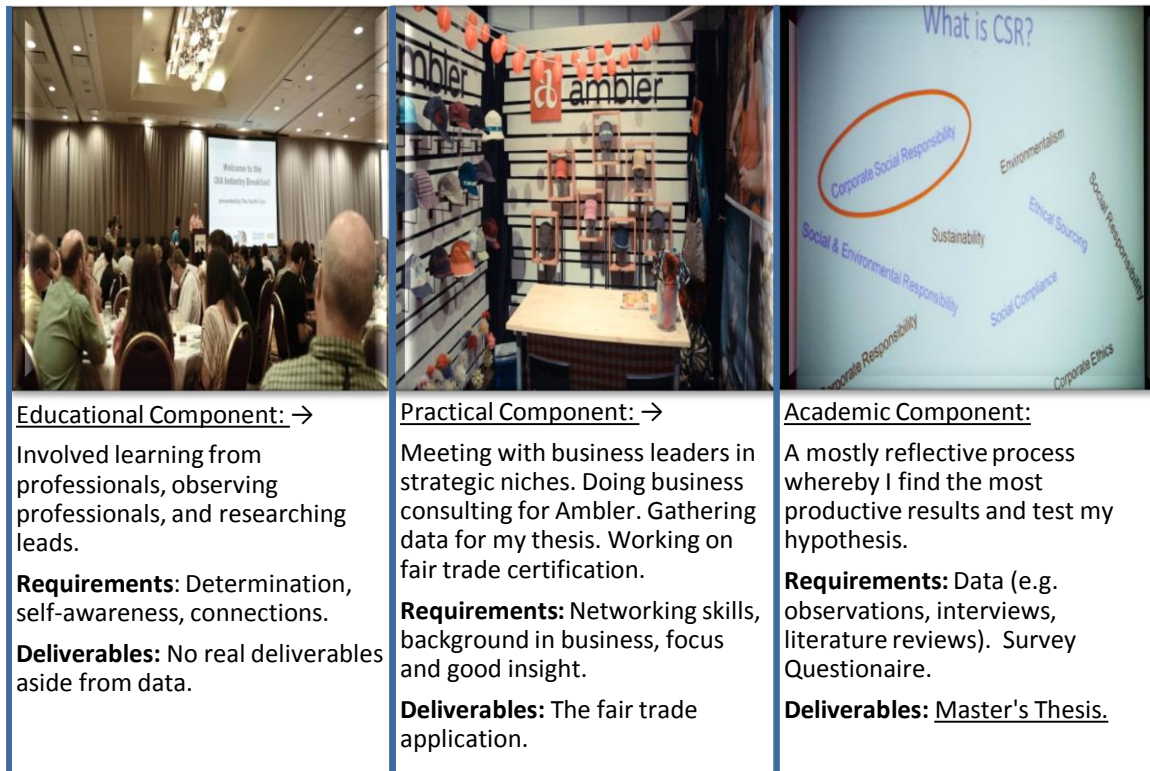
Mission drift is the schizophrenic mindset of wanting to go in many directions, all of which are potentially good directions. Problems arise when we focus on all things and deplete our resources. [3]

See Figure 1 on page 21. [4]

See Appendix 2. [5]

organizations, could be streamlined and formalized to decrease certification time and flesh out the fair trade standards, respectively.

Figure 1: The Consultant Role



Corporate Social Responsibility:

CSR is a general concept encompassing a set of practices that reflect a mindfulness of social causes, environmental issues, or the greater good. This can be understood as “best practices”, where collateral damage to others is mitigated. In the outdoor industry, CSR can be manifested in a variety of ways including fair labor practices, recycling, and sustainable garment design. Some companies have elected to take the fair trade route, quite successfully, but not as many as I expected from the start. A significant and growing number of companies are electing to join

organizations that certify and reward best practices, both as a formal commitment and statement to consumers. These companies, including a company called Indigenous Designs, are typically defined by their label. This has drastic ramifications for their target market. Fair trade is *a* factor affecting consumer's behavior- it is by no means the only factor for most consumers.

The Researcher:

My role has evolved over my time researching and implementing CSR programs. I have become more proactive, yet paradoxically more analytical, in my approaches to business and social problems. I look forward to learning more and applying my skillset to difficult situations.

The Consumer:

This research is predicated on the reality that consumers dictate demand for certain products. Until we learn to consume responsibly, all CSR might be for naught. There can be considerable startup costs associated with CSR, depending on the magnitude of the project. If there is no demand for socially responsible products, they will cease to exist. Fair trade products might not be that different from other alternatives, and can cost more. That is why research is so critical to search for areas of growth weakness in the CSR market. It could be that only certain, established companies are the most aptly positioned to reap the rewards of CSR. But there are examples of successful companies that work CSR into their business model from the start. The consumer is salient to the decision to diversify and investigate innovations and new products. Marketing becomes critical to CSR program outcomes because, unless the consumer is aware of the product's certifications, they will not be able to make the choice to buy the product for moral reasons.

Conclusions:

These are some of the conclusions I have drawn from this research:

1. CSR programs have intrinsic value beyond any impact on the bottom line.
2. CSR programs ultimately make a company more sustainable, which adds value to the company, although that value is hard to measure today.
3. CSR programs can improve organizational morale and add a new dimension to organizational purpose; The staff can feel that their work adds a value to the world beyond just providing jobs and a product or service.
4. CSR programs, at worst, would have a neutral impact on brand equity, and in most cases will have a positive internal and external impact.

Future research should measure firm revenues before and after fair trade membership and marketing. Firm value is the dependent variable; and fair trade membership is the independent variable. If I observe significant growth I could say that firm value is positively correlated with fair trade.⁶ This is one positive aspect of the fair trade label- it isn't easy to acquire and thus signifies a modicum of elitism. Stringency, of course, takes time. Every certifying body included in their study required extensive background information and applied a rigid standard. This culture of radical transparency and discipline is typical for most fair trade organizations.

Fair trade seems to be a defining distinction. Companies that choose the fair trade label tend to shape their mission, practice, and attitude around it. This is partially because fair trade certifying bodies require the bylaws of member organizations to reflect a commitment to fair trade standards. Fair trade is not merely a marketing ploy, because it requires a large commitment to become certified. In every interview I did with people under the CSR umbrella, I left feeling that they sincerely wanted to improve social conditions. Of course this reading of the intentions of others is difficult to convey in a research study.

It is important to distinguish here between correlation and causation. This data is not currently available as of the publication of this document. Fair trade certification requires audits, and those are by nature time-consuming. [6]

What I've brought to this situation is a unique international perspective that incorporates best practices and practical solutions. I'm not gutting out old frameworks but understanding a new paradigm in corporate social responsibility. Fair trade is one solution that does some good in the world. There are other alternatives for companies wanting to delve into CSR. But for certain companies it simply makes sense to become fair trade, whether they are already operating like a social business or not. Is fair trade simply profiteering? But business essentially is profiteering. Business is supposed to make money. Providing a quality product or service and thinking about the consequences of doing so is not mandatory in business. *Caveat Emptor*. Fair wages, working conditions, and access to services should be the norm in the world. Those who champion fair treatment of all people in the supply chain should be recognized by consumers.

Further Research:

More research is needed in the role governments play in international business in relation to corporate social responsibility. Future research should also aim at further determining the benefits to producers that fair trade brings. Existing research shows that benefits to producers are modest, while the benefits to consumer countries are greatest. This opens up a whole chasm of possibilities from fair trade focus to a total change of format within the corporate social responsibility perspective. Fair trade continues to baffle most people as to how it works and who it benefits. It really is a win-win; where consumers get a product that doesn't burden them and producers get a higher wage and better living conditions. What is needed is a broadened economy of scale in fair trade through improved marketing and product diversification. Sometimes a corporation makes more money because they are behaving responsibly- and this perpetuates good behavior. An increased cohesion and clarity is needed in fair trade, as there remains a great deal of ambiguity as to the exact definition, standards and meaning of fair trade.

Discussion

It is difficult to summarize my time as a researcher for this thesis. Much of this document is a reflection of my personal growth. If I fail to recognize my bias as a researcher I would be dearly remiss. However, this reflection offers a valuable perspective into the benefits and the downfalls of CSR and fair trade. While marketing, producing and selling a fair trade product is not the only tool we have in combating cyclic poverty, utilizing consumer behavior to yield growth in developing contexts is a growing strategy. Thinking of poverty in terms of consumer behavior should be the norm. However, it is not quite there. Using selective labor sourcing, as well as organic, fair trade or sustainable materials, and paying fair wages to traditionally disempowered producers- fair trade practices can make a lasting difference.

What this thesis should convey is my deep belief that business can be harnessed to do social good through incremental, incentivized (monetarily beneficial), international programs. This is not a panacea for poverty- but it is a step in the right direction. Further mobilizing the enormous potential of business is an obvious step.

For this final section, I wish to evaluate the logic of this thesis and perhaps clarify some of my assumptions. First, I assume a utilitarian approach should be used in economics. In other words, the greatest good for the greatest number is the desired end. Given this assumption, it should follow that our economic system should only be replaced if the alternative solution produces more good results overall. This mindset does not take into account the idea of severity of evil, but that is best left for another discussion. First, I assume that the current global economic model is not only viable but perhaps even sustainable, given major changes in consumption and environmental stewardship. Second, because of this assumption, businesses are positioned to provide solutions to global problems through best practices. All of this is predicated on the assumption that the market will continue to accept CSR behaviors. This is a safe assumption based on my observations. CSR and

fair trade are market-based strategies utilizing monetary incentives to change behavior, for the benefit of the stakeholders, consumers and businesspeople.

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Appendix 1:

Annotated list of select interviewees.

- Doug Dirks- WFTO. Representative for the Pacific Northwest region for WFTO. Coaching about the scope of WFTO, fair trade in general, and product labeling. My go-to person for WFTO.
- Christian Rawles- Ambler- Site Supervisor, business owner. Numerous emails, skype interviews, and phone calls all aimed at making Ambler fair trade certified. Numerous sit-downs discussing the fair trade application and finalizing it in Salt Lake City between August 2-6 2012.
- Alexandre Carrier- Fair trade Canada- Numerous emails about FLOCERT.
- Julia Eisman- Flo-cert. Numerous emails examining the possibility (which turned out to be non-existent) of making Ambler's products Flocert certified.
- Scott Leonard- Indigenous Designs. Helped point me towards the right fair trade organizations. This was the beginning point of my research, as Indigenous Designs is doing many of the things that Ambler wants to do, albeit in a different format. Was able to talk to the CEO of ID at Outdoor Retailer.
- Madeline Carlson- Fair Trade Federation. Explained to me the lack of a fair trade standard for wool handicrafts. Exchanged emails about the Fair Trade Federation. Helped me determine that the WTFO will be a good match for us.
- Paul Svrcek- Sourcing Expert working with a sourcing firm as of late. He has an MBA in corporate social responsibility. We had lunch in Seattle on 8/15/12. We talked about my fair trade application, potential job leads, and people I could connect with in the industry. Perhaps the best and most fruitful interview done to date.
- Cara Cahoon-Patagonia. I went to hear Cara speak, along with members of Columbia's CSR

team, about CSR during the Outdoor Retailer Summer Market 2012. It was very interesting, and she provided a detailed account of CSR programs for small to large companies. I was able to talk to Cara after the seminar. She invited me to a breakfast the next morning, but we unfortunately never connected. She told me to send her my resume, which I did.

Unfortunately, there are no current open positions open for Patagonia CSR. However, she told me to email her in the spring when she gets a new budget. She also wants to read my thesis when it is done.

- Brian Howe- Interviewed about social entrepreneurship and law school.

Appendix 2:

Fair Trade Application used by Colin Bartholomew.

World Fair Trade Organization. Fair Trade Application for WFTO (2012). Retrieved from

http://www.wfto.com/index.php?option=com_content&task=view&id=388&Itemid=255.

Appendix 3:

Questionnaire for Ambler's Nepalese knitters.

What is your name? (results will be anonymous.)

Where do you live?

What is your age?

What is your gender?

What is your marital status?

Do you have children? If so, how many and what ages?

You currently make Ambler hats, is this correct?

How long have you been doing this?

What did you do for work before making Ambler hats?

How much money do you make producing Ambler hats?

How much money did you make prior to producing Ambler hats?

Are you able to make Ambler hats at home?

If so, is this a desirable thing? If desirable, why is it desirable?

If you do not make the hats at home, where do you make them?

Is that a desirable place to do your work? Why?

Describe your living conditions (your home, what you eat, etc.)

Has any of this changed since you started making hats for Ambler? How?

Describe your typical day (what you do from the time you wake in the morning until you go to bed in the evening).

Has any of this changed since you started making hats for Ambler? How?

Are you happy with your life?

I love my life

I like my life

My life is fine

My life is difficult

My life is very difficult

How would you have answered that question prior to making Ambler hats?