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Securing the future: competitive but "fair" A critical exploration of the tangible and intangible push-pull factors for fair trade SME success

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SECURING THE FUTURE: COMPETITIVE BUT 'FAIR'  
A CRITICAL EXPLORATION OF THE TANGIBLE AND INTANGIBLE PUSH-PULL  
FACTORS FOR FAIR TRADE SME SUCCESS

JACQUELINE HALL

A thesis submitted to the University of Huddersfield  
in partial fulfilment of the requirements for  
the degree of Doctor of Business Administration

The University of Huddersfield

May 2014

Volume 1 of 3

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## **Abstract**

There is no moral pedestal for being a fair trade SME, when it comes to building value or competitiveness. The original concept of fair trade may not have changed, but today it has evolved beyond simply 'black and white/in or out'. Indeed, the UK SME, just as their larger competitors, may not be Fairtrade© exclusive, whether that be in niche or mainstream markets. Furthermore, to trade using fair trade credentials alone will be insufficient, when their larger rivals can achieve economies of scale and through availability and convenience, target the 'feel good' consumer. Whilst Fairtrade© brings the poor farmer and shopper together and arguably ticks the box for large retailers, it is less clear 'what is in it' for the UK fair trade SME. The purpose of this thesis is to critically explore the tangible and intangible push-pull factors that enable them to grow and build resilience within a dynamic, but highly competitive 'virtuous' market. It will consider how SMEs balance their human, values based decisions with the pressure to remain viable and whether in reality, they simply make pragmatic mental trade-offs to secure their future. The research is exploratory, inductive and qualitative from the epistemological and ontological position of interpretivism and social constructivism; drawing upon grounded theory to support data coding and analysis. Semi-structured interviews were carried out with 13 SMEs in Yorkshire, Lancashire, Cumbria and London between December 2012 and June 2013. A coding framework was designed to classify those significant and interconnected factors and a typology of fair trade SMEs that reflects that one size 'does not fit all', within this growing and strategic market. Furthermore, through a values based orientation which extends across the supply chain, it will also show how 'responsible business' is a reality, through the creation of 'shared value'.

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The Grange  
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Keswick Fairtrade Town Committee in particular to Joe and Jill Human and Jo Alberti  
Michael Vanheste  
York City Council – Cllr Carol Runciman  
York CVS – Natasha Almond

## **Navigation Statement**

The submission for the DBA award is presented in three volumes. Volume 1 is the thesis entitled 'Securing the Future': 'Competitive but Fair'. Volume 2 is the Personal and Professional Impact statement, which provides a reflective statement that complements the contribution to knowledge and practice. It views the DBA journey through a reflexive lens with particular focus around, leadership, emancipatory learning and the process of action set learning, integral to the DBA approach. Volume 3, presents the prepared, publishable journal article for the Journal of Small Business and Enterprise Development: Emerald, which can only be submitted post viva. The referencing style is consistently adopted through all three volumes and also reflects the style required within the Journal of Small Business and Enterprise Development.

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## **Volume 1**

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## **Glossary of Terms**

BIFE	Business Intangible Factor External
BIFI	Business Intangible Factor Internal
BTFE	Business Tangible Factor External
BTFI	Business Tangible Factor Internal
CSF	Critical Success Factor
CSV	Creating Shared Value
DBA	Doctor of Business Administration
FLO	Fairtrade Labelling Organisation
FT	Fairtrade©
Fair trade	Used when discussing the term generically to encompass certified and non-certified food and craft products.
Fairtrade©	Products certified by the Fairtrade Foundation and Fairtrade Labelling Organisation.
Fairly traded	Products where fair trade principles are adopted but not certified formally. Also where there is a blend e.g. tea or coffee and not all in the blend are formally certified.
HIFI	Human Intangible Factor Internal
SMEs	Small Medium Enterprises (EU definition 2012)
TA	Transcript, Company A
TB	Transcript Company B
TC	Transcript Company C
TD	Transcript Company D
TE	Transcript Company E
TF	Transcript Company F
TG	Transcript Company G
TH	Transcript Company H
TJ	Transcript Company J
TM	Transcript Company M
TN	Transcript Company N

## **VOLUME 1**

# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

There is no moral pedestal for being a fair trade business, when it comes to managing costs, building value, or the competitive strategy to survive and develop resilience to internal and external barriers to success. Furthermore, the broader UK retail landscape is also undergoing a metamorphosis, due to the expectations of an increasingly “sophisticated, time-poor, yet experience rich, consumer” (Portas, 2011:9). Indeed de Kare Silver argues that retail is, “gradually ceasing to be a bricks and mortar world” (2011:97), stating that a 15% drop in store sales of most high street retailers and businesses will push them below break-even and into loss (2011:96). Therefore, irrespective of its size, or whether fair trade, business decisions about investment, risk, products, packaging and branding still need to be well informed.

Within this picture, the SME with a niche or even differentiated competitive strategy may appear potentially vulnerable. Furthermore, SMEs today, just as their larger competitors, may not necessarily be FT© exclusive, irrespective of whether they compete in niche or mainstream markets. Other pressures result paradoxically, from the broad aim to increase FT© sales, through engagement in mainstream markets. This naturally involves the large business, both in terms of raising awareness and offering convenience to a target market based upon ‘altruistic’, or ‘feel good’ consumerism. However, it presents new challenges for their smaller rivals, who cannot achieve similar economies of scale. Indeed, despite increasing growth and volume of fair trade sales, moving forward, it may not be sufficient for SMEs to compete on their fair trade credentials alone. Therefore, whilst FT© claims to bring the poorest farmers and the shopper together, and arguably ticks the ‘ethical’ box for large retailers, this research intends to explore ‘what is in it’ for the UK fair trade SME.

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#### **Small/ Medium Sized Business (SME)**

The European definition of an SME is one which employs fewer than 250 employees and has an annual turnover not exceeding 50 million Euros and/or an annual balance sheet not exceeding 43 million Euros. A micro business is defined as having less than 9 employees, a small enterprise as between 10-49 and finally a medium sized between 50 and 249 employees.

([http://ec.europa.eu/enterprise/policies/sme/files/sme\\_definition/sme\\_user\\_guide\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf)).

As the market evolves, perhaps these combined elements will serve as a form of ‘natural selection’ in terms of business survival or, more crucially, potentially illustrate, if, or how SMEs square their ethical, socially responsible ideals with business pragmatics. This exploratory research will draw upon actual business experience to reflect the perspectives of fair trade SMEs within this growing and strategic ethical market.

## **1.2 Purpose**

The purpose of this thesis is to critically explore the interconnectedness between business and human tangible and intangible success factors within UK fair trade SMEs. It will begin by reviewing more widely existing theoretical perspectives on SME success to show that within academic research to date, there is no universally acknowledged or agreed method to assess success or performance (Simpson, 2012). Many traditional indicators focus on ‘measurement’, for example, of turnover, financial ratios, profitability, number of employees and duration in business, but arguably, that is not the whole story and serves only to present a static snap shot in time. The reality is more likely a combination of tangible and intangible factors that subtly interconnect and eventually contribute to the balance sheet, even when specific monetary value cannot always be initially attributable. In other words, this exploratory research proposes to critically evaluate the drivers for what could be termed ‘the physiology of business success or failure’ within fair trade SMEs.

Fair trade from its inception has been associated with coffee and whilst this still represents the highest volume of sales, fair trade in reality extends well beyond this, to cocoa, rice, fruit, vegetables, nuts, honey, cotton etc. However, Monolo states that “the paradox of fair trade” (2014:45) lies within its aim to empower producers through serving consumers. This was highlighted by the philosophical tension between Fairtrade International and Fairtrade USA, which resulted in a strategic rift on 15<sup>th</sup> September 2011. Here, the former targets individualism and competitiveness, whilst the latter upon a more social democratic model, focussed upon welfare and assisting small holders to build their business. Within this debate, the World Fair Trade Organisation also caution about the risk to fair trade, if it succumbs to control by multi-nationals who own the supply chain of so called fair trade labelled products. Nevertheless, Monola suggests this presents an opportunity to seek new innovative ways of harnessing “the benefits of market competition, whilst using the power of solidarity to distribute those benefits” (2014:45). This thesis intends to contribute to this business debate because it aims to not only consider the tangible and intangible critical success factors for fair

trade SMEs, but also to discuss whether it is possible to bridge this philosophical divide through the creation of shared value (Porter and Kramer 2011). In turn, this may move fair trade beyond simply a redistribution of wealth, to a model which offers shared revenue benefits throughout the supply chain.

This thesis acknowledges that fair trade has evolved from its charitable or altruistic origins (Valiente-Riedl, 2013), but whether the reason is strategic or simply pragmatic, SMEs have received much less attention in academic research to date. The original concept of fair trade may not have changed, but this thesis recognises that today fair trade is not as ‘black and white/in or out’ as it may originally have been presented and SMEs, just as their larger competitors, may not necessarily be FT© exclusive. The reason may extend from competitiveness to quality, or more simply survival. Indeed, irrespective of the original principles and moral philosophy, it may therefore be positioned alongside other complementary offerings, such as ‘fairly traded’, that still offers a ‘fair price’ to individual farmers, but is not labelled or licensed as FT©. It is important to differentiate, especially as FT© brand recognition has increased from 10% in the 1990s to circa 80% in 2012. ([www.fairtrade.org.uk](http://www.fairtrade.org.uk)). Therefore, this research would add value to fair trade SMEs themselves, by identifying those key success factors; thus enabling them to build internal resilience to those aspects beyond their control, for example, currency fluctuations or the price of raw materials.

### **1.3 Values, Beliefs and Motivations**

“When our passive feelings are almost always so sordid and so selfish, how comes it that our active principles should often be so generous and so noble?”  
(Smith, 1790:131).

Fair trade is an emotive concept and aims to highlight the inequalities of population, exploitation, deprivation and poverty, but this study neither concerns itself with an exploration of morality or the value derived from altruistic behaviour, but rather focuses simply on ‘the nature of business’ – the attitudes, beliefs and actions that drive the business forward within a rapidly changing macro and micro-business environment. The 21<sup>st</sup> Century phenomenon of globalisation and technological advancement may be much debated, as might supply or demand, fairness and third world economics. However, this study instead

acknowledges the timeless commentary of Adam Smith (1790), in his seminal theory of moral sentiment. Smith stated, perhaps prophetically, in ‘the influence of authority and conscience’:

“and when all this fine philosophy was over, when all humane sentiments had been once fairly expressed, he would pursue his business with the same ease and tranquillity” (2011:132),

– as if nothing had happened. Indeed, irrespective of human values or indeed whether a business is trading in ethical products or not, it still explicitly or implicitly needs to find its space and compete. Therefore this research will consider whether Smith’s assumption also applies to fair trade SMEs by evaluating whether human values, beliefs and motivations really influence and shape the competitive strategy and business operations. Furthermore, whilst the Fairtrade Foundation (2013) presents FT© activities as, ‘good for business’, this arguably is without specifics around business impact, such as increasing footfall, sales, business sustainability or the word - **PROFIT**. Indeed, it may serve to illustrate the potential tension, for example, of discussing trade and price related to the co-operatives of third world countries in contrast to the ‘comfort’ of discussing the commercial success of ethical trading much closer to home.

An interview with the Fairtrade Foundation in January 2013 explored the new strategic position from 2015 and beyond, leading to further consideration about the position of small or medium sized business – ‘why would they’ and ‘how did they’ engage with ‘fair trade’ to build business success? What was in it for them, when they had to compete alongside the giants of UK retail for example? It is important to be clear that fair trade SMEs are no different to any other business – they need to create and continue to build value for their customers in order to grow or survive. Nevertheless, where do the intrinsic motivations and drivers of those key decision makers actually originate? They may result from, for example, moral intensity factors, (magnitude of the consequences, social consensus, probability of effect, temporal immediacy, proximity and concentration of effect) in accord with Jones (1991). Therefore, fair trade SMEs may offer new insight into how business goals and human values are integrated into the very essence of the business DNA, because as Hambrick states:

“if we want to understand why organisations do the things they do, or why they perform the way they do, we must consider the biases and dispositions of their most powerful actors” (Hambrick, 2007:334).



Some fair trade SMEs may be more ethically nomadic, with the reality more around financial reward than rooted in activism, or indeed vice versa. The point is not to judge, but to acknowledge that ethical retail is a complex transaction relationship in which beliefs, culture, local heritage and tradition may subtly combine in what might be termed a business owner's 'moral quota'. This research may therefore discover if UK fair trade SMEs make pragmatic mental trade-offs; for example, in decisions around the extent to which fair trade is promoted within the business, or likewise against alternatives such as 'fairly traded'. However, more recently, it may also highlight more subtle inter-ethical purchasing dilemmas, such as the extent to which they support 'local' farmers as well as 'fair trade' farmers – issues which are beyond the remit of lead fair trade organisations.

## 1.4 Research Focus

**Aim:** A critical exploration of the interconnectedness between business and human tangible and intangible success factors within UK fair trade SMEs

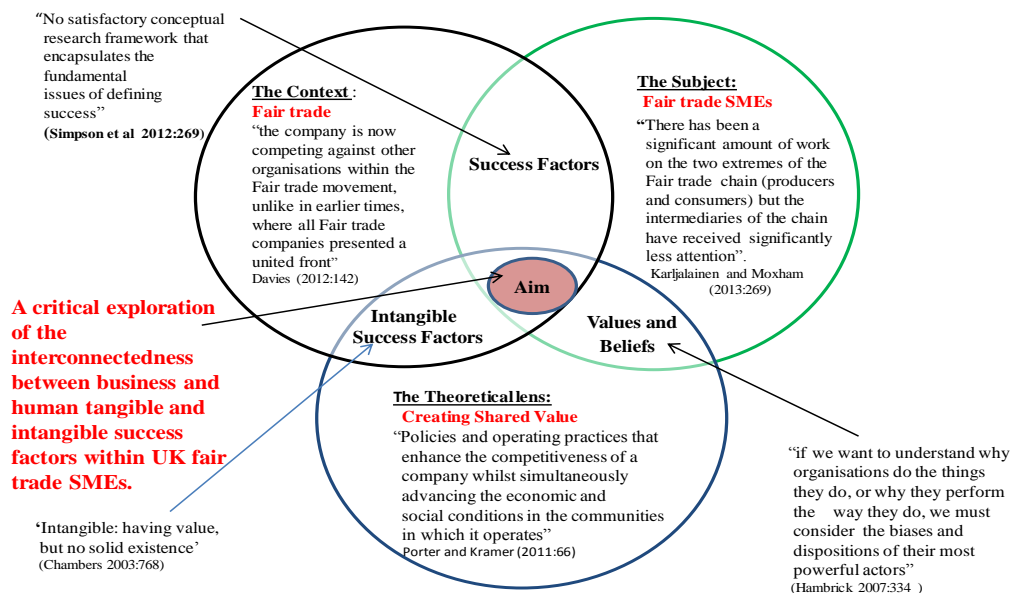


Fig 1 – The Research Focus

## **1.5 Objectives:**

1. What is success as defined within an SME context?

Use selected fair trade SME cases to:

2. Critically evaluate the critical business and human tangible or intangible push-pull success factors.
3. Present the significant business and human push-pull factors using an adapted force-field analysis approach, together with their interconnectivity.
4. Further understanding into how human values and beliefs shape business direction and decisions.
5. Construct a typology to consider how fair trade SMEs create 'shared value' within their supply chain.

## **1.6 Context**

SMEs still retain their position as the backbone of both UK and European economies with some 20.3 million firms accounting for over 99.8% of all firms and crucially, 92.1% of these firms actually have fewer than 10 employees. (Annual Report on Small and Medium Sized Enterprises in the EU 2013). Although, the UK macro-economic climate experienced unprecedented difficulties between 2008 and 2013 ([www.ons.gov.uk](http://www.ons.gov.uk)), Kitching (2011), suggested that creating and building value was the most effective strategy to respond to the challenges within the external environment, with Price et al., (2013) suggesting survival related to both internal and external factors. However, if fair trade sales accelerate in mainstream markets, then how prepared is the UK SME fair trade business to do things differently in a bid to add value and retain customers? FT© will need to compete for space alongside other FT©, and non- FT©, alternatives and their merits judged accordingly by buyers and consumers. However, critically, will this aim be at the expense of the smaller fair trade business? Certainly, they arguably provided a moral cornerstone for the development of the early UK FT© markets, assisting it to reach beyond its charity shop origins. However is the ethos fundamentally still grounded in doing the right thing, rather than doing things right? If the motivations of SME business leaders still originate in activism, will the paradox of FT© success, be to their detriment? Will they fail to sufficiently consider how their business might need to adapt and respond to this changing business context and will their measurement of their business success remain grounded in altruistic or alternative personal

satisfaction goals? Therefore, the experience of fair trade SMEs may offer an important message for other small ethically orientated firms and for key stakeholders around socially responsible entrepreneurship, because irrespective of either moral values or size of the business, decisions about investment, risk, products, packaging and branding still need to be thoughtfully considered. Moreover, Porter states:

“the company’s strengths and weaknesses are its profile of assets and skills relative to its competitors. The personal values of an organisation are the motivations and needs of the key executives and other personnel who must implement the chosen strategy. Strengths and weaknesses combined with values determine the internal limits to the competitive strategy” (1980:xxvi).

FT© represents one outlet in the ‘market for virtue’ (Vogel, 2006), however, it is a vision which aims to transform ‘trading structures and practices in favour of the poor and disadvantaged, by facilitating trading partnerships based on equity and transparency’ ([www.fairtrade.org.uk](http://www.fairtrade.org.uk)). The Ethical Consumerism Report (2012) valued the UK ethical market at £47.2 billion in 2011, increasing from £13.5 billion in 1999. It shows FT© sales a miniscule £33m in 2000, but one which has demonstrated resilience to the recent economic downturn by an increase of 176 per cent from £458m to £1,262m in 2011. The Co-operative bank in 2011 reported business was responding to the challenge of the largest ever volume of fair trade conversions, with estimated retail sales of FT© rising by 24% in 2011; an increase from £1,017m in 2010 (2012:2). For every £1 spent in our shops, nearly 50 pence was spent on food and grocery sales (Office for National Statistics 2011, cited in Portas, 2011:11). Therefore it is reasonable to suggest that fair trade business is growing to compete in a crucial and important UK market and appears to contradict any notion that individuals are simply indifferent (Varul and Wilson-Kovacs, 2008; Shaw and Shui, 2002). Nicholls (2002), presented a movement from self-centric to values centric consumption, further supported in 2011 by the fact that 50% of UK consumers purchased a product attaching additional consideration to the responsible reputation of a company (Co-operative Society, 2012:4). Indeed, there were over 4,500 UK products certified as Fairtrade in 2013 alone ([www.fairtrade.org.uk/Fairtrade\\_Foundation.what\\_is\\_fairtrade/facts\\_and\\_figures.aspx](http://www.fairtrade.org.uk/Fairtrade_Foundation.what_is_fairtrade/facts_and_figures.aspx)) and despite the UK post 2008 economic downturn, the Co-operative Bank (2011) reported not only the greatest volume of FT© conversions, but crucially that it was the “actions of progressive businesses that had contributed to ethical sales growth” (2011: 2).

Nicholls suggests fair trade has implications for market economics by its role as a ‘cause celebre’ for institutional entrepreneurship and supply chain modelling. He comments that it is “a potential catalyst of wider economic alignment around values as well as value”. (Nicholls, 2010:242). Nonetheless, Becchetti and Huybrechts (2008), describe fair trade as a mixed-form market, with Bondy and Talwar (2011), further highlighting the challenges for fair trade going forward, resulting from increased competition. Yet, there still remains a degree of polarity within research to date, where the focus has been for example, upon the consumer or developing country perspectives. This is supported by further suggestions that fair trade intermediaries have still received much less attention within research to date (Karjalainen and Moxham, 2013 and Becchetti and Huybrechts, 2008).

Whilst the business landscape has faced significant issues between 2008 and 2013, so fair trade itself has moved on:

“from an emphasis on social justice, producer empowerment and resistance to conventional trade, to embrace a pragmatic engagement with conventional market models and marketing practices, focussing on quality and product distinctiveness” (Nicholls, 2010: 245).

Yet, there still remains a need to explore the business reality within fair trade SMEs themselves, beyond the debate around the politics and practices of fair trade, because whilst the concept of business fairness is laudable, it is not sufficient to support business growth or indeed survival. In addition, analysing static measurements of business performance cannot convey the integrated subtle and at times intangible nature of other business dynamics and drivers such as human values, or indeed external factors that demand contingency planning and resilience. Therefore, Chapter 2 will begin by reviewing academic literature and other secondary sources to inform both the research design and to provide a sufficiently robust framework on which to undertake primary data collection and analysis. This will be presented in four parts; firstly fair trade background and context, secondly success factors and competitiveness, thirdly contemporary aspects of specific relevance to fair trade and finally human factors and philosophical perspectives.

## **1.7 Methodology/Method**

Chapter 3 will describe why the research is an inductive design, from the epistemological perspective of interpretivism and an ontological position of social constructivism. Empirical

research will be carried out with 13 SME fair trade businesses in Yorkshire, Lancashire, Cumbria and London. This will be supported by interviews with the Fairtrade Foundation, four representatives from different local councils who promote fair trade within their communities, plus a focus group made up of local council representatives, volunteers and fair trade SMEs situated in Cumbria. This is an exploratory study, but will reflect the iterative nature of a qualitative approach. A research plan will be constructed to demonstrate the process for:

“collecting, analysing and interpreting observations. It is a logical model of proof that allows the research to draw inferences among the variables under investigation” (Nachmias and Nachmias, 1992:77-78, cited in Yin, (2009).

The SME business owner/key decision makers (the respondents) will be afforded the narrative ‘freedom’ to tell their story in their way, however, the prompt framework will be based upon Porter’s (1980) generic competitive strategies and allow the researcher to monitor topic coverage and output achievement. However, methodology is not mutually exclusive and therefore the research will also draw upon grounded theory (Glaser, 1968; Corbin and Strauss, 2008; Prasad, 1993), to support the approach to data collection and analysis.

This case study research is exploratory and will therefore not attribute causality, but will instead further understanding and offer new insights into fair trade SMEs. The aim is to adopt a revelatory approach; thus why any direct question using the word ‘success’ will be avoided in favour of a natural conversation about business operations, plans and aspirations, for example, motivations to start up in business, whether they be for profit, people or work-life choices.

## **1.8 The Pilot**

Chapter 4 will present the pilot case studies undertaken with two fair trade SMEs in order to firstly review the effectiveness of the research approach and design, plus provide the means to evaluate the initial data collection tool (Appendix 3). Yin stated that:

“the pilot study can be so important that more resources may be devoted to this phase of the research than to the collection of data from any of the actual cases” (2009:92).

The pilot reports will be explicit about the lessons learned for both the research design and field procedures, with the outcomes from the first pilot case indicating the modifications and subsequent agenda for the second pilot interview. The aim is to provide a useful prototype for the main data collection and to provide information about approaches to questioning, including the logistics for fair trade business selection and participation in the research. These outcomes will inform the decision around whether to incorporate these results within the main data collection analysis template. This is relevant because it would potentially align the method towards the case study approaches of Simons (2009), and Thomas (2011), rather than Yin (2009), who would propose their isolation from the main results. The pilot chapter will discuss key interview issues and reference to theory, including power asymmetry, interview techniques, dress code (Kvale, 2006), the use of language (Kahneman, 2011), attribution theory (Heider, 1958), power relations (Kvale, 2006), the use of technology and impact on researcher/respondent, social desirability bias and 'the rush to please' (Dalton and Ortegran, 2011; Chung and Munroe, 2003; Randell and Fernandes, 1991). It is important to provide an early warning of any potential research risk, especially if fair trade attitudes are reported more positively than actual behaviour/actions (King and Bruner, 2000). Finally as this thesis is issue based rather than action research or management consultancy, it is crucial to manage expectations within the SMEs themselves.

## **1.9 Code of Conduct**

The study of ethical trading necessitates strict adherence to ethical codes because of the emotive nature of the topic, therefore this research adopts the stance of universalism, with all aspects of the research design constructed to minimize any potential perceived ethical risk. The four key principles identified by Diener and Crandell (1978) will be protected within this study, including informed consent, a respect for privacy and transparency. It will ensure that there is no harm to participants, in particular psychological, that may result from feelings of guilt if motives for conducting fair trade business lean more towards profit than altruism. Therefore, the guiding principles of beneficence and non-maleficence will be applied and be maintained throughout. There will be full compliance with the Data Protection Act 1998 (<http://www.legislation.gov.uk/ukpga/1998/29/contents>), and in accordance with University of Huddersfield policy and guidelines. Up to date anti-virus software will be utilized to protect the data, but main storage will be within an additional portable hard drive to prevent malicious spyware access when not in use. All data will be tagged and coded to maintain anonymity of the interview transcripts, or commercially sensitive material.

### **1.10 Findings and Analysis**

Chapter 5 will explain in depth the structure, organisation and management of data through the design and use of a coding framework that will facilitate both thematic and axial coding activities. This will draw upon the constant comparative method of Corbin and Strauss (2008), King's (2004) approach to template analysis and Prasad's (1993) concept card technique. The rationale is to move the emphasis and configuration beyond static measures such as financial ratios or turnover. This research acknowledges that it needs to capture not only the tangible factors, but also aims to consider the intangible 'business' and 'human' push-pull factors that potentially affect direction and decisions and even perhaps shape perspectives on the measurement of success itself.

A database of basic business information will be presented (Appendix 4), to record for example, duration, business turnover. Each business will be allocated an alphabetical letter to facilitate business anonymity, for example Transcript A (TA), would cross reference to a confidential database recording the name of the company and consent to interview. A coding framework will be designed for consistently and systematically tagging quotations from the transcripts, as business or human, tangible or intangible, external or internal, positive and negative factors, for example, Business Intangible Factor Internal + (BIFI+) (Appendix 5). It will consider rival explanations to avoid alternative interpretations based on transcript evidence. This will enable a visual diagram to be constructed using an adapted force-field approach (Lewin, 1947 in Cadle et al., 2010) to illustrate key positive and negative drivers within UK fair trade SMEs (Appendix 8).

Chapter 6 will elaborate on the findings to analyse and present those dominant factors from the more minor push-pull influences. However, more crucially, it will also consider their interconnectedness and critically evaluate the symbiotic nature of their influence even when direct monetary value cannot be specifically attributed. This will further understanding and knowledge of SMEs in the fair trade sector, but also facilitate accessibility of information for other interested stakeholders. One-size does not necessarily fit all, even within fair trade SMEs; therefore this thesis will create a typology of fair trade SMEs to explore the potential for 'shared value' (Porter and Kramer, 2011), within an SME context, but also consider both their potential and vulnerability moving forward, as paradoxically UK Fairtrade® demand

increases within a dynamic, but competitive market. The findings will therefore support the targeting of future research within specific fair trade SME groups.

This research is exploratory because fair trade SMEs have been under represented in relation to wider academic debate. The design is therefore focussed to support analytical, rather than statistical generalisation, in other words aiming for integrity and credibility of all outcomes generated. Reliability through the minimisation of errors and biases will be ensured through the use of a case study protocol, fieldwork procedures within the data collection and a case study database, all designed to maintain the chain of evidence.

### **1.11 Conclusions**

Chapter 7 will draw conclusions and recommendations from a ‘real’ business perspective that reflects the actual strategic and operational experiences of fair trade SMEs. It will capture both the business and human elements within not only a growing market, but without entering into the wider contentious and more politicised fair trade debate within current literature (Valiente-Riedl, 2013; Gibbons and Sliwa, 2012; Griffiths, 2012; Henderson, 2008). Instead, this thesis offers a lens to provide new insights into the competitiveness of fair trade SMEs within a mixed-form economy (Becchetti and Huybrechts, 2008). It will also acknowledge the limitations of the study and identify areas for further quantitative or qualitative research. This thesis will offer a unique perspective to fair trade stakeholders and policy makers, but will also offer an alternative perspective for academics engaged in wider research into success factors, or those investigating the impact of human values and motivations on SME business. Indeed, Chapter 7 will discuss how profit, success and cognitive resonance are simply an outcome resulting from a myriad of interconnected business and human push-pull factors and show that, moreover, they defy classification or categorisation by traditional positivist research methods. Therefore, it will not only extend knowledge and understanding of the tangible or intangible business and human push pull factors for fair trade SME success, but will also provide a contribution to the wider debate around how to create and build shared value, success and sustainability, whilst retaining cognitive resonance with personal values and beliefs.



### **1.12 Contribution to Knowledge**

Fair trade SMEs still have to compete and build resilience, irrespective of whether the aim is to grow or to be content to remain small. Furthering knowledge in this area is particularly relevant, not only because of the continued rise of fair trade sales, but because these UK fair trade SMEs may also be unassuming champions of more socially responsible, values based business.

Whilst this thesis recognises that one-size does not fit all, there are **two** main contributions to knowledge:

- Further knowledge concerning the interconnectedness of SME business and human intangible success factors.
- Present critical push-pull factors specific to fair trade SMEs operating in highly competitive and niche and mainstream markets. Fair trade SMEs have not been sufficiently investigated to date, in comparison to ethical consumers or wider debate into the merits of fair trade in general.

### **1.13 Contribution to Methods**

This thesis contributes to methods by:

- Developing a coding framework that enables the organisation of data collected about both tangible and intangible business and human success factors. This allows the construction of a diagram that presents the significant push-pull and interconnected factors for fair trade SMEs, which could be applied at sector or individual business level. Furthermore, this could be easily adapted to other sectors intending to research business and human success factors.
- The framework would be sufficiently versatile to capture not only those specific sector themes, relevant to policy makers and key stakeholders; but would be transferrable at a micro level, within business consultancy activities, to provide an easy visual reference point to assist planning within busy SMEs.

### **1.14 Contribution to Practice**

The research will offer new perspectives to the Fairtrade Foundation and Fairtrade International, as they implement a strategy from 2015 that is now situated within a socio-democratic perspective, rather than Fairtrade USA's 'market driven model', based around individualism and competitiveness. Therefore, this thesis will:

- Create a typology of fair trade SMEs within a mixed-form/product market, to highlight potential risks to competitiveness and security that may paradoxically result from increased growth and sales within mainstream markets.
- Provide new insight into the 'ethical' utilitarian trade-offs that could potentially impact upon UK fair trade SMEs, if large business maximises success at the expense of other smaller competitors.
- Offer a methodology replicable within other 'ethical' SMEs beyond Fair trade.
- Identify a model for 'Shared Value' within an SME context.

Fair trade SMEs provide a useful cameo to not only further knowledge and understanding around this previously under-represented area of research, but offer insight applicable to other ethically trading SMEs beyond fair trade. At local levels, the broader findings may be shared throughout the supply chain to find new ways of working, that together build future business resilience to those external and internal challenges. This may enable them to be competitive and resilient, irrespective of the actions of larger manufacturers or retailers and arguably, even the wider Fairtrade© strategy itself. Overall, the outcomes will blend both knowledge and practice to inform SME planning and prioritisation, but also will recognise the critical role of values in shaping not only the business itself, but also the co-dependencies within networks extending throughout their supply chain.

### **1.15 Personal/Professional Impact**

This DBA thesis was born out of a desire to change my own working practices, as well as achieve a deeply personal ambition. The transformation is personal, but fundamental, moving away from a public limited company that largely maximised shareholder returns, to work in a different way, not driven by salary, but by a desire to make a contribution to future academic research.

Although naturally I was traditionally more familiar with remote working, true appreciation of the impact and indeed assimilation of knowledge was realised not from isolation, but through discourse and challenge via the action learning sets. The DBA experience has therefore been unique because it has served to blend both individual and co-operative working to show that true cyclical learning (Kolb, 1983) was maximised by peer support and challenge – both offered and received. It was the implicit psychological contract with others in the group, including discipline, personal learning, accountability and commitment that facilitated the maintenance of research momentum. Certainly, I aim to translate this new approach into business consultancy or inter-organisational learning, because the reality is simply that some ‘discomfort’ is actually beneficial.

My primary aim beyond the DBA is now to seek post-doctoral research opportunities to further develop my research skills and competences, in response to the personal investment made. There is considerable pleasure to be obtained from the fact that the joy of thesis completion does not have to signify the end, but instead merely signposts towards the beginning of a new chapter and a new journey. However, this is one which is now supported by both strong theoretical and research based knowledge. Indeed, as the philosopher Marcel Proust (1871-1922) suggested, the real voyage of discovery is in the ability to see with new eyes (de Botton 1997).

## **Chapter 2**

### **Literature Review**

#### **2.0 Introduction**

Fair trade may have evolved from its early charitable incarnation; however, as this chapter will demonstrate, it is still judged more often in terms of its ‘fairness’ credentials, than on its business success or competitiveness (Valiente-Riedl, 2013; Gibbon and Sliwa, 2012; Griffiths, 2012; Smith, 2009; Tallontire, 2009; Henderson, 2008; Kruger and du Toit, 2007; Randall, 2005). Research to date has largely focussed upon two key areas, namely the intellectual debate as to the theoretical value of Fairtrade© (FT©) from a developing country perspective, or from a developed country consumer perspective (albeit more perceived than actual purchasing behaviours and addressed later within this review). However, within this debate, FT© SMEs have been a poor relation and under-represented in the literature in terms of competitiveness, whereby business research has instead tended to focus upon fair trade pioneers such as Café-Direct, Equal Exchange etc. (Davies et al., 2010; Doherty and Tranchell, 2007, 2005; Tallontire, 2000), to mainstreaming (Joo et al., 2010; Smith, 2010; Raynolds, 2009; Reed, 2009; Barrientos and Smith, 2007; Grodnik and Conroy, 2007; Hira and Ferrie, 2006; Moore et al., 2006), or responsible business practice (Moore et al., 2004). Whilst, FT© sales are growing (Ethical Consumer Report 2012), academic research has not sufficiently accounted for the richness and diversity of what Becchetti and Huybrechts (2008), describe as a ‘fair trade’ mixed-form economy, which today offers not only a range of provider models but businesses offering combinations of both certified and fairly traded, but non-certified goods. Furthermore, Bellucci et al., (2012) reflected on the low professionalization of Italian fair trade organisations, with Becchetti and Constantinos (2010) suggesting how this might translate into commercial problems impacting upon competitiveness and stability.

Their research however, does not sufficiently mirror the multi-dimensional nature of the UK fair trade SME, or perhaps adequately reflect the critical success factors for these SMEs to compete in highly competitive and sophisticated, niche, differentiated or mainstream fair trade market. As early as 2007, Wilkinson commented upon the success of mainstreaming fair trade products, identifying it as the fastest growing food segment in both the US and Europe. However, extending knowledge within the wider fair trade business environment

today is even more relevant, not only because of the continued rise of fair trade sales, but because fair trade offers a new and unique lens to explore business and human success factors. It enables an exploration of those human characteristics and values that might be intrinsic to business success and sustainability, but impossible to directly attribute any specific monetary value. It could also illustrate how both business and human drivers may be interconnected and help to determine whether fair trade SMEs could actually be unassuming champions of a more socially responsible; values based business model.

This chapter will provide a stable and robust foundation on which to formulate the methodology and data collection to achieve the thesis aim to offer further understanding of the key tangible and intangible success factors for UK fair trade SMEs. This chapter will therefore be broadly divided into three areas, with complementary subsections, which will firstly address, fair trade history and mainstream market developments. Secondly, it will review research into business value creation; competitiveness; definitions of success and wider generic research into critical success factors. Here, due to the nature of fair trade, it will also refer to research around market orientation, branding, technology and alliance networks, as this has been previously alluded to within previous fair trade academic journal articles. Thirdly, it will address empirical research and theory into how organisational and personal values shape ethical motivations and business decisions. It will review previous research to consider whether values provide the foundation for ‘how’ the very essence of ‘success’ itself may be perceived. It will also highlight existing research on individual motivation both in terms, of profit and by considering human needs to achieve a symbiotic balance between philosophical perspectives and pragmatic life choices. It will suggest that as the concept of fair trade evolves, there is a need for greater understanding and depth of how businesses can not only generate sustainability and growth, but also retain this degree of cognitive resonance with not only their values and beliefs, but with perceptions of ‘duty’ to wider society.

New research may also offer insight into the pragmatic decisions and choices that UK SMEs face; for example, in their product mix, where there is a need to offer combinations of FT©, fairly traded (fair trade but not certified by the Fairtrade Foundation), or even a blend of the former plus some non- FT© or fairly traded products. It will also illustrate that the process of being fair trade has evolved to encompass a less black and white set of alternatives than ‘doing good’ or ‘being good’, because business itself is complex and influenced by both internal and external factors. This chapter will also highlight gaps in research to date around

businesses who adopt a ‘fairly traded’ approach, in which for a range of reasons (quality, ethics, competitive edge) they decide to pursue independently their own relationships with producers and co-operatives. In reality, they may adopt similar fair trade principles without actually being FT©. However, this chapter will not enter into any political discussions as to the value or morals of fairly traded, relative to FT© or judge the strategic direction or success of the Fairtrade Foundation and Fairtrade International, who administer certification of the process and wider fair trade strategy.

In summary, to achieve success and sustainability, businesses may need to balance ethics with pragmatism and offer a more subtle fair trade business model, rather than a simple stark choice between FT© or non-FT©. It may perhaps be too one dimensional to simply view business as one or the other – in or out! Therefore this literature review will not only contribute to an inductive research design, but will also support a systematic and coherent approach to data collection, content analysis, conclusions and recommendations. This chapter will demonstrate that previous models, structures and frameworks to analyse business not only conflict, but also do not offer an appropriate framework to understand the nuances of fair trade business issues, especially the intangible human elements which may combine to affect a particular business outcome (whether success, stasis or failure).

## **2.2 Part 1**

### *2.2.1 Background and context of Fairtrade©*

Frankel and Scott suggested in the early 2000s, that there was a rise in demand for products which were ethically sourced and “‘untainted by exploitative labour or environmental practices’” (2002:29). Nevertheless, FT© was merely one outlet within a growing ‘ethical goods’ market, with the fundamental aim to transform:

“trading structures and practices in favour of the poor and disadvantaged by facilitating trading partnerships based on equity and transparency”  
([www.fairtrade.org.uk](http://www.fairtrade.org.uk)).

The Co-operative Bank (2011) also recognised the role of business in FT© conversions, stating “business is beginning to respond to the challenge” (Co-operative Bank, 2011:2). Indeed in 2010, 55% of UK consumers purchased a product whilst thinking about the responsible reputation of a company (Co-operative Society, 2011:2). Szmigin (2003), Shaw and Clarke (1999), at an early stage in FT© research, both suggested that the increased

visibility of ethical consumption and supply chain management was in combination with political and social pressure to drive change in business practice. Nicholls stated:

“ethical consumption was an economic space where consumers buy products that had added social or environmental value above other competing purchase options” (2010:246).

Nevertheless, until the 1990s fair trade was unbranded with “products, sometimes of dubious quality being imported for sale through specialist retailers” (Davies et al., 2010:128), also commenting that items were often labelled as ‘disgusting’ or poorly made and pointless. More recently, Jaffee (2010), referred to new pressure in the USA by new corporate entrants who wished to further reduce FT© standards. However, Bondy and Talwar (2011), suggested whilst FT© business itself was facing significant competition, especially when competing in generic product categories Karjalainen and Moxham (2013), referred again to the amount of ‘polar opposite’ research, stating that fair trade intermediaries still continued to receive far less attention. This position agreed with Reed et al., (2010), who suggested that to improve practice, there was a need to further understand the resources and barriers. In consequence, this re-asserts the need and aim of this thesis, into furthering understanding of the push pull factors for UK SME success within the fair trade sector.

### *2.2.2 Fair trade - a credence good?*

Balineau and Dufeu (2010), defined fair trade goods as credence goods in line with Bonroy and Constantatos, who stated that a “credence attribute is defined as a characteristic of the quality of which cannot be evaluated even after consumption” (2008:238).

Mintel (2008), however, suggested customers were still not sufficiently savvy to distinguish between the multiple messages and consequently confused fair trade with other products. Levi and Linton (2003), proposed that fair trade essentially sold the concept that people in developed countries should factor global justice into buying decisions. However according to Balineau and Defeu (2010):

“as these standards relate to the production and processing environments, they are difficult (if not impossible) to verify at the point of sale. Many authors thus regard fair-trade quality as a credence attribute” (2010:332).

Darby and Karni's seminal article defined credence quality as being worthwhile but could not be evaluated in normal use. Therefore Balineau and Defeu (2010) suggested that the difference between credence and search or experience goods was a result of the level of costs that the consumer had to bear to evaluate its quality (2010:334). They concluded that fair trade goods had more in common with indeterminate goods, as defined by Lupton, who stated:

“information about the characteristics of these goods/services (was) not available, taking into account the actual knowledge at the time, and (was) not possessed by any agent, group of agents” (2005:413).

### *2.2.3 A Paradigm Shift*

Goulding and Peattie proposed a paradigm shift from a product to a sales orientated context for ethical goods (2005:156), with Davies more recently suggesting a subtle change “from targeting consumers based on purely ethical reasoning to a broader focus on brand and quality” (Davies 2009:110). Today, the focus is moving away from consumers, further highlighted by the Co-operative Bank who stated pragmatically that although the customer was an important “barometer of change”, it was “the actions of progressive business” (2011:2), which impacted and contributed to sales growth.

Davies (2009) suggested fair trade businesses could be categorised as having two main purposes, firstly sales volume and profit and secondly ideological. According to Davies (2007) and Doherty and Tranchell (2007), products entered via a myriad of different routes: some branded 100% FT©; others branded items from fair trade adopters, where a significant part of their product portfolio was FT© and line extensions from fair trade branders, in which large mainstream firms could adopt a range of ethical products within their business portfolio. In addition, retailers might also promote their own fair trade branded products alongside FT© items and finally were the fair trade products from own brand fair trade retailers. It therefore came as no surprise that Moore et al. (2006), called for unity in fair trade messaging to ensure its survival as a distinct product offering.

Although at first glance, fair trade may have appeared relatively straightforward, the reality is that with such an array of business options, it is a rather difficult and complex exercise to capture the reality, scale and depth of this evolving and increasingly sophisticated market. Nevertheless, the Co-operative Bank has continued to collate data annually within its Ethical



Consumerism Report which for example, valued the UK market at £47.2 billion in 2011, increasing from £13.5 billion in 1999. Whilst Bird and Hughes (1997) suggested ethical purchasing credentials remained restricted to a minority, between 2006 and 2008 FT© year on year percentage growth was 47, 72 and 45%. Although this slowed to 18, 39 and 12% respectively in 2009-11 ([www.fairtrade.org.uk](http://www.fairtrade.org.uk)), estimated retail sales of FT© rose again by 24% in 2011; increasing from £1,017m in 2010 (Ethical Consumer Report, 2012:2). This was despite current economic trends, for example 2011/12, where the UK experienced increasing unemployment, rising living costs and reductions in real earning ([www.hm-treasury.gov.uk/data\\_forecasts\\_index.htm](http://www.hm-treasury.gov.uk/data_forecasts_index.htm)) and also appeared to contradict the perception that individuals were merely self-interested (Varul and Wilson-Kovacs, 2008; Shaw and Shui 2002).

Peattie and Peattie (2009) and Moore et al. (2006) stated responsible consumerism was a phenomenon of the 21<sup>st</sup> century, but to date much research has been more generic and consumer orientated in focus, for example, on market scope and growth in FT© markets or certification and labelling (Raynolds, 2007; Nicholas and Opal, 2005; Moore, 2004; Renard 2005, 2003), commercialization and mass marketing (Hira and Ferrie, 2006; Golding and Peattie, 2005; Moore, 2004; Davies and Crane, 2003). Others have focussed on consumer behaviour (Low and Davenport, 2005a,b), or more widely around for example, situational barriers to ethical decision making (Shaw and Shiu, 2003, 2002; Shaw et al., 2000; Kalifartis et al., 1999; Shaw and Clarke, 1999; Marks and Mayo, 1991), demographic, religious and cultural aspects (Doran 2009), and decision making, for example, Ozcaglar-Toulouse et al., (2006). Other studies have focussed contextually upon the recent recession, but again from a consumer rather than business orientation; for example, Carrigan and Pelsmaker (2009) and Price-Waterhouse Cooper (2008). More recently, some have criticised more generically the proposition behind FT© (Valiente-Riedl, 2013; Gibbon and Sliwa, 2012; Griffiths, 2012; Smith, 2010; Hudson and Hudson, 2009; Henderson, 2008). However, there remains a need to explore the supply side and competitiveness from a fair trade SME perspective. Certainly whilst FT© public perception might still be motivated by altruism, in contrast many businesses are in reality profit- seeking ventures balancing values with business pragmatism. Indeed, “the processes of marketing, sales and logistics, are in principle, identical to other small social and entrepreneurial start-up companies” (Davies, 2009:109 and Mair, 2006), although in terms of new entrants, it is also reasonable to suggest that some businesses may be more commercially than ideologically motivated towards core principles.

#### 2.2.4 *Mainstreaming Fairtrade®*

More recently, debate and indeed Fairtrade Foundation strategy has focussed upon achieving and sustaining success in mainstream markets (Doherty et al., 2013; Joo et al., 2010; Smith, 2010; Raynolds, 2009; Reed, 2009; Barrientos and Smith, 2007; Grodnik and Conroy, 2007; Hira and Ferrie, 2006; Moore et al., 2006). Mainstreaming essentially refers to taking FT® out of its world shop heritage to compete directly with traditional business (Davies et al., 2010), with the way being led by leading UK brands such as Cafedirect and Divine Chocolate. This plethora of research extends even further across the years to include others such as Golding and Peattie (2005), Low and Davenport (2006, 2005a, b) and Nicholls and Opal (2005). Teather (2006) and Taylor (2005) also highlighted FT® success following either engagement with major retailers or through corporate interest by mainstream brands e.g. Cadburys dairy milk.

Certainly engagement in mainstream business has appeared at face value to have been a successful strategy in terms of rising FT® sales. However, it is also worth re-stating that to date, data relating to the business performance of ‘fairly traded’ has not been collectively available. In addition, there is actually no legal obligation for smaller businesses to disclose information on sales or financial performance. Indeed, it is less clear how the impact of mainstreaming FT® itself may affect smaller retailers, whether pure certified fair trade or alternatives, who either way, may find themselves competing with supermarkets and large retailers and more critically at a time of local high street decline (Portas, 2011; Department for Business, Innovation and Skills/Genecon and Partners (2011). Further concern was highlighted by Davies and Ryals (2010) who commented:

“organisations trade-off their fair trade status and that over time the credibility provided by the fair trade companies begins to rest with the traditional business model partner. Eventually there appears to be a point at which the traditional business model partner no longer needs the fair-trade companies’ credibility to trade as an ethical company” (2010:334).

Joo et al. (2010) viewed FT® as leaning towards the large retailers able to pay premium prices, whilst Kruger and Du Toit (2007) suggested it would be naive to assume mainstream distributors would place ethical principle above profit. Grodnik and Conroy (2007) also considered an inherent risk that the supermarket retailing of FT® could effectively devalue the brand, if large business practices did not stand up to scrutiny – very pertinent following

recent UK supply chain controversies. Furthermore, Karjalainen and Moxham (2013) show that previous management research has placed “little emphasis on the organisation and management of operations and supply chains” (2013:278).

Raynolds et al. (2007) indicated the key challenge for fair trade would be to ensure it remained transformative. Becchetti and Huybrechts (2008) certainly viewed the fair trade sector as a mixed form market where non-profit, co-operative and for-profit organisations could coexist and compete: “it is a bundle of characteristics linked to the conditions under which the good has been produced and traded” (Becchetti and Adriani, 2002, in Becchetti and Huybrechts, 2008:734). Here their concept of ‘fairness’ was arguably an invisible ‘trust’ attribute; the trade aspect related to price, social premium, long term relationships and pre-financing. Indeed, as retailers today do not have to be licensed independently, there is even more opportunity for the inclusion of new SME entrants. This is perhaps why fair trade SMEs are of research interest; for perhaps if they succeed, they may provide a blueprint for merging economic value with human values and may indeed be part of a key market transition. Furthermore, Davies et al. (2012) also suggested that the business landscape had changed with increased competition within the Fairtrade movement. Indeed it now perhaps encompasses fairly traded alternatives. This increasing tension around competitiveness was earlier addressed more broadly by Aaker in 2004, around the viability of niche brands in mainstream markets, as opposed to the viability of niche companies. It has also served to highlight the increasing tension of altruistic/ charitable business models within an increasingly competitive market space. Indeed, here the concept of ‘fair’ might be viewed as too ‘soft’; so by understanding business critical factors, in turn, SMEs may achieve economic, human and social success.

## **2.3 Part 2**

The business reality reflects a more dynamic, strategic and highly competitive environment, in which fair trade SMEs still have to compete and build resilience, irrespective of the wider socio-political debate, or indeed the philosophical trans-Atlantic divide. Therefore, this section will begin by reflecting the broader academic debate about tangible and intangible success factors, which to date have insufficiently considered the ethical retail and manufacturing sector, or even reflected the subtle interconnected nature of both business and human elements.

### *2.3.1 The invisible line between survival and success*

Hudson et al. (2001) defined the SME negatively, as an organisation with limited resources, cash flow, few customers, fire-fighting and concentrating on current performance (usually turnover) rather than adopting a strategic focus. They also suggested they often had flat organisational structures with potentially high staff turnover, making it difficult to evaluate SME success within different industrial sectors with different dynamics. Furthermore, Banham (2010), discussed the new challenges resulting from globalisation, increased customer expectations, competition and technology advancement. Much earlier, Curran and Blackburn (2001) proposed also that SMEs had limited or no control over their external environment, but that they had to resolve challenges if they were to survive and grow. Dawson (2001) suggested these challenges included laws, regulations, market globalisation, political and social events, technology, customer expectations, suppliers, increasing competition, needs for business growth and changes in business cycles.

Haber and Reichel (2005), Barney (1997), Cooper et al (1994), Brüderl and Schussler (1990), Van de Ven et al (1984), all concluded that assessing the 'rate of survival' was a relevant but simple 'measure' to determine the success of a firm. However, this research argues that it would serve only to present a single snap shot in time. From this perspective, it would focus upon 'failure', for example, a summary of what 'has been', rather than what 'might be' because certainly the business environment is always challenged by new and evolving trends; for example, social media adoption, communications etc. Yet it is not uncommon for business survival to have been viewed in terms of number of closures/bankruptcies and short term survival (Kropp and Zolin, 2005; Bollingtoft et al., 2003; Cooper et al., 1994, or Stuart and Abetti (1987). However, whilst Watson et al. (1998) defined success as continued trading and failure equivalent to ceasing trading, Headd (2003), Stokes and Blackburn (2002) regarded this as too limited, as there may a range of contributory factors. Whilst Marlow and Strange (1994), suggested success was based on financial solvency, Hoque (2004), Frese et al., (2002) and Murphy (1996), however, indicated non-financial measures were equally valid. In addition, Schutjens and Wever (2000) highlighted three variables; those relating to the characteristics of the entrepreneur, those relating to the characteristics of the newly founded firm, and those external factors embracing the geographical and industrial environment in which entrepreneurial phenomena occur.

Gorgievski et al. (2011) however maintained that any:

“business must have good solvency so that it would have sufficient financial means to finance possible large reorganisations in order to maintain its competitive advantage” (2011:210).

According to Baden et al. (2009) SMEs have been previously described as being only interested in their own business activities and reactive to the most urgent of issues (Spence, 1999), and essentially “fortress enterprises” (Curren and Blackburn, 1994:113).

Reid and Smith therefore discussed the business priority to “pass the long-run test of economic survival” (2000:168); relevant, however, as Cunningham (1998), identified cash flow as responsible for 6 out of 10 SME failures. Indeed, whilst Spence and Rutherford (2001) identified four major dilemmas facing small business owners; namely profit maximisation, subsistence priority, enlightened self-interest, and social priority, Haugh and McKee later presented their five key small business values more starkly; namely “survival, independence, control, pragmatism, and financial prudence” (2004:391). More recently, Simon-Moya et al. (2012) examined 2179 firms to determine whether there were differences in the chances of survival between social and business-oriented ventures, with specific interest in human and intellectual capital, including the motivation to start- up the business. However, amongst the conclusions, it emerged that survival resulted from a combination of both capital and workforce.

### 2.3.2 *The external environment*

In order to further understanding of the significant push pull factors for fair trade SMEs, it is essential to place this research within the context of the external business environment.

Therefore it is acknowledged that between 2008 and 2013, the UK experienced what Eslake (2009) termed a recession:

“a significant decline in economic activity spread across the economy lasting more than a few months, normally visible in real GDP, real income, employment, industrial production and whole-sale retail sales” (2009:2).

Vyakarnam et al. suggested though that the impact of recession was more significant in smaller businesses ensuring “business survival one of the top agenda among smaller firms” (1997:1627). Nevertheless, Banham (2010), suggested that early warning signs were often less apparent to small businesses and without a proactive plan, they were faced only with the

option of reactivity. More positively, however, Sweeney (1996) acknowledged how regional networks of SMEs possessed the unique quality of resilience to survive and sustain through economic crisis, where others failed or faced difficulties. Resilience was, according to de Jorge Moreno et al. (2007) one of adaptation in the face of adversity and today perhaps relevant to fair trade, its global supply chain and its continued growth during this period (Ethical Consumer Report, 2012). Price et al. (2013) proposed business survival was related to both external and internal business factors and Anderson and Russell's survey of small business during a recession concluded that many "exhibit resilience, flexibility, adaptability and absorptive capacity" (2009:11). Kitching et al. (2011) found that creating and building value through the introduction of new goods or services attracted new customers and was actually 'the' most successful response to the UK recession between 2008 and 2009.

### *2.3.3 Creating Business Value for Competitiveness*

The concept of value is situated within psychology, economics, management and marketing. However, Zeithaml (1988) defined perceived value as the customers overall assessment of the utility of a product based on what is given and what is received. Furthermore, Anderson and Narus (1998) suggested value perception was a mix of monetary and non-monetary costs, customer preferences and characteristics, but that value creation was necessary to sustain competitive advantage and to differentiate (Mizik and Jacobson, 2003; Raval and Gronroos, 1996). Furthermore, Porter's (1985) value chain concept was also used to illustrate that only by understanding the buyer's value chain can a supplier come to understand what is valuable to that buyer (Mizik and Jacobson, 2003). Woodruff (1997), cited Senge (1990), stating that to create value, suppliers needed to be intimately involved with their customers. Frels et al., though provided an additional relevant point, pertinent to fair trade business networks and alliances, suggesting:

"a shift in focus on the value created by a single firm and product to an examination of the value created by networks of firms in which assets are co-mingled with external entities" (2003:29).

Gale made links to quality, as customers could compare products and services between niche or mainstream competitors and suggested that "market perceived quality adjusted for the relative price of your product or service" (1994:xiv). Kelly and Scott (2011) cited Wilson and Jantrania (1994) to state value came from three key mechanisms, namely "securing strategic

goals associated with competitive advantage, developing core competencies and creating market position” (2011:312).

Other research has examined aspects of benefits or value, for example, Ravald and Gronroos (1996) around customer value and retention; Ahmed and Buttle (2002), Day (2000), with retention, competitiveness and profitability, although much earlier Woodruff (1997) suggested it was the key tool to enable business to create competitive advantage in contemporary markets. Gronroos suggested value creation was “a process that should support the creation of perceived value for customers over time” (1997:407). Perhaps critically for SMEs, a customer focus was not considered sufficient in dynamic markets where brand value and positioning were required to outperform competitors (Porter, 1980). It was also reflected by Sir Simon Hornby, previous Chairman WH Smith plc who notably stated:

“many companies spend a lot of time and money researching customer views, but spend nothing like enough on observing competitors” (in Thomson and Martin 2005:296).

#### *2.3.4 Brand Value and Competitiveness*

Barney (1991), suggested sustained competitive advantage emitted from four key attributes: valuable, rare, imperfectly imitable and non-substitutable products. Urde et al. (2013) suggested brand identity began from the inside out – in other words was driven by organisational values, alluding to the interconnection with human intangible success factors. Brands therefore added value to goods and services and guided growth (Wong and Merrilees, 2005; Urde 1994), whether by communicating competence or meaning (McCracken, 1993). This is certainly relevant today as fair trade credentials alone are potentially unlikely to offer adequate differentiation for SMEs, supported by Mowle and Merrilees (2005). Abimbola and Kocak (2007) suggested the brand was an intangible resource within competitive markets, and a way to differentiate from competitors to secure financial returns (Grace and O’Cass, 2002). Abimbola (2001) stated brand strategy was a tool to distinguish its values and **was** of particular relevance to SMEs (Inskip, 2004).

Horan et al. (2011)’s investigation into the understanding of brands in SMEs suggested that branding was dominated by four variables: SME characteristics, the role of customer importance, brand equity and the role of management/staff. Other SME research by Mitchell et al. (2012) focussed upon the role of the owner manager in the creation and management of

branding activities, in support of Krake, (2005), and Gilmore et al., (2001). Reijonen et al., (2012), also commented that brand orientation differentiated those declining, stable and growing SMEs by their ability to secure their future and sustain competitiveness.

### *2.3.5 Generic Competitive Strategies*

Concepts around competitive advantage and the strategies to sustain them have been well established for some time; for example, Porter (2008, 1985, 1980), Davidson (1987), Buzzell and Gale (1987), Barney (1991), Ansoff (1965).

Thompson and Martin (2005), suggested that Porter's (1980, 1985), competitive strategy was the method by which businesses chose to compete and position themselves, although it does not necessarily result in competitive advantage. Indeed many fair trade SMEs may aim to be competitive, but may not have sufficient resources to compete alongside larger competitors, especially in the mainstream. Porter (1980) suggested the importance of finding opportunities to differentiate in ways which were meaningful for customers. His generic strategies were divided into three groups: cost leadership (lowering costs than rivals, but competing across a broad range of business segments); differentiation (a range of different products for different market segments); niche strategies (concentrating on one segment or a limited range). Within this research, fair trade SMEs were more likely to be situated between differentiated or niche strategies. Here SMEs would seek to provide a unique service or product in conjunction with fair trade, but by their uniqueness would be better placed longer term to obtain or sustain competitiveness. Nevertheless, as development and production costs could only be recouped if customers were actually willing to pay the premium price, any process of adding in costs had to relate to where customers' themselves placed importance, for example, quality, service or within this research, the ethical market for virtue.

Porter (1980) emphasized the importance of both price and perceived quality, stating that it must have real meaning to avoid under or over-pricing. Businesses therefore had to recognise customer perceptions around the quality of products, but more fundamentally needed to avoid an under or over-estimation of the situation. Porter (1980), suggested successful companies could be characterised as having differentiated products and services with value added recognition, but efficiently produced and constantly updated and improved. This is pertinent today, within an increasingly globalised and internet based trading environment. Thomson and Martin referred to competitive chaos as something that was both dynamic and uncertain,



suggesting that success lay in the organisation's ability to "manage both continuous and discontinuous change pressures" (2005:306). Successful businesses would offer a unique blend of products and/or services which would be hard to replicate if copied, even at the most basic level and critical for those SMEs especially competing in, for example, mainstream or virtual markets.

In summary, Porter (1980) defined success in terms of creating value and a competitive strategy to deliver value, whilst operating the business effectively and efficiently. A pertinent parallel to fair trade was indirectly provided by Thompson and Martin who stated "a small competitor with a very carefully and defended niche can enjoy superior margins" (2005:283). They stated that it was possible to be business efficient, but not create competitive advantage - "doing the right thing as opposed to doing things right" (2005:283). This indeed may be an important and strategic consideration for fair trade SMEs today, as they try to secure a values based approach to business. This is supported by Simpson et al. (2004a) who make links between societal values and general competitive theory; in other words: "doing what benefits society can also be seen as benefitting the individual, the organisation and the wider environment" (2004a:159).

In terms of the fair trade market, Belz and Peattie (2009) indicated people were indeed willing to shop around for ethical alternatives and de Pelsmacker (2005) suggested individuals were actually expressing concern for society. Freestone and McGoldrick (2008), found consumers were willing to pay over 10% more for an ethical product version, although this was contrasted by Carrigan and Atalla (2001), who found consumers would only purchase ethically if there was no cost personally. Auger et al. (2008) and Bhattacharya and Sen (2004) placed function before ethics, a key consideration for evolving quality and branding of fair trade products away from 'feel good' motives. However, going forward, further consideration may be needed around the fundamental but implicit assumption that to be ethical costs more than non-ethical alternatives (Harris and Freeman, 2008). Nevertheless, Porter (1985) claimed that a business that created value justified a premium price through two methods – reducing buyer costs and increasing buyer performance; in tandem with the economic and strategic benefits categories presented by Wilson et al. (1994).

The decision to adopt Porter's (1980) generic competitive strategies as a tool to frame the data collection tool indirectly resulted from two conceptual papers by Mentzer et al. (2000)

and Varadarajan and Cunningham (1995), who stated strategic partnerships could enable competitive advantage by pooling skills and resources that assisted cost and differentiation advantages. This notion of alliance and networks was very relevant to the early emergent fair trade activity and potentially enabled value benefits that contributed to competitiveness or at least parity with its non-FT© rivals. Campbell-Hunt (2000) maintained the view that the Porter framework was among the most influential contribution to explore strategic and competitive behaviour in organisations. Furthermore Porter (1996) stated that competitiveness was grounded in two basic assumptions, namely to be better than its competitors and concentrating on operating efficiencies. It could try to ‘do different things’ or, ‘to do things differently’. The former is particularly relevant to fair trade SMEs, whether in niche or mainstream, but also perhaps in balancing values based beliefs with pragmatic choices and decisions to achieve sustainability and the notion of ‘success’.

#### *2.3.6 Shared Value – integrating business competitiveness with societal goals*

More recently, a further dimension was introduced by Porter and Kramer (2011), who published the ‘shared value’ concept as a means to develop long term competitiveness through understanding the interconnectedness between business and society. They defined shared value as:

“policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities” (2011:66).

Schmitt and Renken (2012) took this one step further by including personal values in their investigation into German FT© apparel SMEs. Their findings indicated the criticality of founder’s values as important to creating this notion of ‘shared value’ and competitiveness and relevant within an exploration of human push-pull factors. Values, beliefs and motivations will be explored later within this chapter to assess the potential impact upon business direction and decision making.

#### *2.3.7 ‘Success’ and Competitiveness*

Simpson et al. stated that business success was basically a matter of opinion and “may be related to the degree to which objectives are met or exceeded, some of which may be critical for success” (2012: 272). Nevertheless, critical success factors (CSFs) were not a new concept; initially considered by Daniel (1961), who proposed that there were normally

between three and six critical success factors that influenced an organisation's success within many industrial sectors, with Rockart (1979) suggesting that they represent the few key areas where operations must go right in order to succeed.

Boynton and Zmud (1984) defined success factors as “issues vital to an organisation's current operating activities and to its success” (1984:19), while more recently Ng et al. (2011) suggested that the leverage of these factors would increase market share and competitiveness. Others such as O’Gorman (2001) and Perren (2000, 1999) examined success in terms of growth; however this could arguably be misleading and reflected by other empirical studies which indicated not only the diversity of business goals, but also of some businesses with a ‘no-growth’ objective or basically being content to be small (Walker and Brown 2004, Greenbank 2001). This is supported by Beaver, who commented upon “problems with the term success and its various interpretations and perceptions in the small firm sector” (2002:98), with Simpson et al (2004b), concluding that each individual had their own perception. However, it is still reasonable to suggest that business success or performance might not be attributable to purely tangible factors. This is supported by Chareonsuk and Chansa-ngavej (2010), who explored the inter-relationships of intangible assets around learning, processes and external structures to business performance. According to Lapointe and Cimon (2009) intangible assets may produce increasing returns because unlike tangible assets, their marginal production costs are close to zero. Sussland (2001) states that intangibles are enablers that eventually can be measured in monetary terms.

### *2.3.8 Methodological Issues and Success*

In order to further understanding into critical success factors for fair trade SMEs, it is necessary to acknowledge that the success conundrum has been viewed from a wide variety of methodological approaches. For example, Pavic et al. (2007) examined nine SME case studies around e-commerce and competitive advantage, whilst Ojeda-Gomex et al. (2007) and Koh et al. (2006) used mixed methods. Further quantitative work by Koh and Simpson (2007) was supported by earlier mixed method research into UK SMEs in 2005. Short et al (2002) adopted a scientific approach, separating independent CSF variables, although it was debatable if this would be possible in a ‘real world’ context. Furthermore, Kieser cautioned against the use of “statistics to isolate factors that supposedly contribute to organisational success” (2005:268), questioning whether a scientific experimental approach was possible or

if variables could even be controlled or isolated (Sekaran, 2000). An important but cautionary reflection was made by Simpson et al. (2012), who stated:

“few researchers acknowledge these problems, or if they do, it is usually in the latter part of their papers where they defend their methodology and claim the results are a genuine reflection of reality” (2012:266),

Other quantitative work for example, by Pansiri and Temtime (2010) identified ten sets of key critical success factors from 203 SMEs, but concluded it varied from firm to firm depending on size, age and industry or management profile. Rogoff et al. (2004) constructed a list of factors using three data sets, including two separate surveys. These indicated a broad agreement on CSFs, for example, individual characteristics, management issues, financial, marketing activities and human resources; however, a caveat was placed around attribution of factors (Heider 1958) and in particular linking success to internal factors and to connect barriers to external factors. Overall, Simpson et al. suggested quantitative analyses “failed to provide real meaning when dealing with the unique perceptions of individuals” (2012:275), further supported by Reijonen (2008) and Reijonen and Komppula (2007) who also argued that small firm success could be subjective according to business interpretation. This is why the data collection reflects a narrative story telling style within the boundaries of a framework based upon Porter’s (1980) competitive strategies (Appendix 3).

### *2.3.9 Business Performance and Success*

It is also important to acknowledge that SME success was often interlinked with the concept of performance (Brush and Vanderwerf (1992) and indeed measurement, where Neely stated this was “the process of quantifying past action” (1998:5). Brooksbank et al. (2003) equated success with high performance. Normative criteria traditionally focussed around factors such as wealth, recognition and growth, including Wang et al. (2004) Page and Littrell (2002) and Littunen (2000). However, it could be difficult to assess on the basis of business profitability because, as Tangen (2003) suggests opportunities can involve some sacrifice or trade-off of current or future profits and supported by Murphy et al. (1996) who suggested the multi-dimensional elements reflected internal trade-offs, where actions or decisions in one area impacted on the success of another. Lumpkin and Dess (1996) provided an example of investment in R&D, where although it enhanced long term sales growth, it caused a short term reduction in profitability.

Ahmed, et al. (2011) presented four success factors, namely: satisfaction with financial and non- financial performance, performance relative to competitors and business growth. Shivani et al. (2006) measured success simply on the basis of rate of turnover growth in the previous three years, level of diversification (incorporating innovation and risk) and the average of net per annum achieved during that time. Nieuwenhuizen and Kroon (2003), Thomas III and Evanson (1987), Montagno et al (1986), also measured success by: financial ratios, good business planning, track record, human capital capability and perceived entrepreneur success characteristics. Gadenne (1998), however, attributed success in three different sectors to different factors; for example, retail success to competitive pricing and quality; manufacturing to competitive pricing and knowledge of competitors and in service industry to employee relations issues. Much earlier, however, Hall (1992) ranked intangible resources in order of importance; namely company reputation, product reputation, employee knowledge and culture, arguing that it was intellectual capital or intangibles if used interchangeably that were more meaningful than traditional success factors. Latterly, even a focus on the role of intellectual capital, for example Bontis (2000)'s model of human, relational and structural capital, could arguably only implicitly relate to the contribution of human 'values' in the business success equation. In summary, static measures of success on fair trade SMEs would not offer sufficient information to help build upon strengths, opportunities or threats and address areas for development to ensure 'sustained' success.

### *2.3.10 Strategy and Competitiveness*

Meers and Robertson (2007) linked strategic planning to small business success, with Beaver (2002) proposing its importance for small firms, whilst acknowledging many failed to undertake this process, whether for lack of time, familiarity or a lack of skills and confidence. Joyce and Woods' (2003) empirical study of 267 firms stated businesses using strategic management systems made quicker decisions and successfully implemented change and innovation that brought about growth. Wang et al. (2007) related owner motivation, for example, profit, growth, or personal fulfilment, as a key factor in their engagement in strategic planning. Furthermore, Hodges and Kent advised SMEs that "if you want to be more successful, then obtain more knowledge of the strategic planning process" (2007:8).

According to Jenkins (2006), many SMEs were predominantly owner managed, and thus the person in charge of strategic decisions was more likely to be the original founder of the business. Ghobadian et al. (2008) examined UK manufacturing SMEs and concluded that

formality of strategic planning and performance was tenuous and whilst it was perceived to enhance the chances of survival, it would not necessarily enhance its short term performance. They cited Judge and Miller (1991), Eisenhardt (1989), Miller and Friesen (1983), who found it led to higher performance in a dynamic environment; certainly relevant to the fair trade sector. Furthermore, Collins and Rukstad (2008) made reference to the strategic ‘sweet spot’, where customer needs were met in ways which competitors could not precisely copy. However, formal strategic planning has its detractors – “analysis is not synthesis” (Mintzberg et al., 1998:68; Hamel 1996). Whilst Mintzberg and Water (1985) presented a perspective around declared strategy e.g. stated goals and plans, this debate has since moved forward; for example, Covin et al. (2006) and Mintzberg (1994) suggested it better to balance planned and emergent strategies to generate growth. More recently, Garango and Biazzo highlighted “the lack of formalised strategy in SMEs and the unwillingness to formalise one” (2012:80), even though Lee et al. (2012) commented on SMEs as the engine of both economic growth and employment. Arguably though, success and value creation and competitiveness are linked to the ability to bring new products and ideas to market; however, more practically, it is questionable whether business owners would risk their quality of lifestyle benefits by not continuing with business innovation to secure the business future.

#### *2.3.11 Human Factors and Competitiveness*

Chen and Lin stated that “the value added created by human capital has prevailed over that created by tangible assets” (2004:116). Indeed, Haanes and Fjeldstad (2000) stated that they contributed differently to competitive advantage, depending upon the level of competition. Jarvis et al. (2000) suggested whilst cash flow and the notion of profit maximisation were important, there were other factors, including quality of inputs and outputs, customer purchasing indicators such as quantity, speed of settlement and an overarching theme of survival. However Hodgetts and Kuratko (1992) suggested affective reasons including independency, creativity and enjoyable work were all linked to business survival. Indeed CERFE (2001), found both that SMEs were heavily determined by the personality of the owner, and internal drivers, such as personal values or altruism. Therefore CSFs and performance could therefore be defined according to the needs of the business (Simpson et al., 2012). Indeed, Jennings and Beaver commented that money was not as significant a priority as “the desire for personal involvement, responsibility and the independent quality and style of life” (1997:63).

Walker et al. (1999) also recognised the importance and necessity to make money, but also defined success in terms of altruism and community. More recently Walker and Brown stated “business success often equates to personal success” (2004:588), and that for some lifestyle criteria were actually more important. Therefore, within the ‘success debate’, it is arguably important to acknowledge this ‘human element’ (Watson et al., 1998). Aldrich and Cliff (2003) introduced the notion of some customer orientated factors or related to personal needs and aspirations and the role of family. However, Gorgievski et al. (2011) in their ten year review of the success debate considered staff/customer relations merely a means to an end. Nevertheless, whilst their findings highlighted research on areas such as profitability and innovation (Hitt et al., 2001; Lechler, 2001), stakeholder satisfaction (Adams and Sykes, 2003; Sapienza and Grimm, 1997), it also reflected work life balance (Nelson and Burke, 2000 Mitra 2000) and the work of Mariussen et al. (1997) who made links between choices, family time and achieving a degree of balance. Walker and Brown (2004) stated these perceptions were influenced by both business and owner characteristics, but Simpson et al. (2004) further suggested entrepreneurs each had their own perception of the meaning of success to both themselves and their business operations.

A particularly relevant aspect to fair trade is that of social and environmental issues or ‘giving back to society’ (Orlitzky et al., 2003; Cornwall, 1998), which has also been reflected in other discussion around the concept of social entrepreneurship (Mair and Marti, 2006). Bates (2005) proposed that those owners with a degree education and experience who find their personal goals unfulfilled are more likely to close down the business in favour of alternative opportunities and certainly fair trade provides a unique opportunity with which to satisfy personal autonomy with a business and value based trading proposition. Therefore, perhaps living in accordance with personal values, in this case fair trade, might also contribute to personal well-being and the avoidance of stress (Bardi and Schwartz 2003), further supported by Gorgievski-Duijvestwijn et al. (2010), who propose distress limits financial performance and arguably businesses ability to be competitive and succeed.

Newby et al. (2003) and Kuratko et al. (1997) also found that in addition to financial reward, business owners also strived for personally orientated business objectives, which again arguably could incorporate the fair trade ethos. Van Praag and Versloot (2007) suggest this was of greater importance than financial success, a point of view supported by Gorgievski et al. (2011) who stated:

“small business owners would only call themselves successful if being an entrepreneur would add to their satisfaction in general, irrespective of actual economic business performance” (2011:211).

The debate about business and human success was succinctly summed up by Beaver (2002), who proposed that success was essentially the ability to sustain acceptable levels of income and activity both for themselves and their employees. In summary, intangible human elements appeared to exert a significant influence upon the strategic direction and decisions of business, which furthermore highlighted why static measurements would be insufficient to capture the extraordinary human factors which shape a business, especially within a dynamic, strategic and growing fair trade market.

### *2.3.12 Tangible and Intangible Success Factors (TSFs and ISFs)*

Steenkamp and Kashyap (2010) suggest that the term ‘intangibles’ is often used interchangeably with phrases such as intangible assets, knowledge assets, intellectual capital and intangible capital. An ‘intangible’ may be defined as a factor which affects decisions but cannot be expressed monetarily ([www.oxforddictionaries.com/definition/english/intangible](http://www.oxforddictionaries.com/definition/english/intangible)), or ‘having value, but no solid existence’ (Chambers, 2003:768). However, Prokopeak (2008) suggests more businesses are beginning to realise their strength in economic value. As early as 2001, the Department for Trade and Industry (DTI), listed these assets to include reputation and trust, skills and competencies, systems and processes, culture and values, leadership and communication and again knowledge and relationships, suggesting success was built upon these key ingredients. Bournfour (2003) also provided compelling reasons why intangible assets should be measured by linking ‘knowledge’ recognition to a primary source of competitive advantage. From another perspective, Garcia-Parra et al. (2009) refer to intangible liabilities with Harvey and Lusch (1999) even devising a framework and a six step model to assess their significance.

Atkinson et al. (1997) suggested the role of intangibles was greater where substantial changes had taken place with customers, suppliers and wider stakeholders, certainly supported in a recent example by Harris and Rae, and the “power of online communities in building brand reputations and customer relationships” (2009:24). With the advent of social networking and the immediacy of interactive communications, Godin (2008) even suggested that being talked about virally, both on and offline, was ‘the’ critical factor in enabling organisations to succeed, but arguably was intangible in terms of the balance sheet. Heffes (2001) provided



early illustrations of how ISFs were achieving broader attention, whilst Turner (2007), Martin and Hartley (2006) and Garcia-Ayuso (2003) suggested these intangible assets were a key source of competitive advantage, although the latter focussed more upon a measurement concept in terms of economic intangible assets and liabilities. Watson (2010) also provided an early conceptual review of SME relevant intangible assets and stated the importance of capturing these on the balance sheet. Ng and Hung Kee (2012) suggested that whilst tangible success factors (TSFs) had often dominated the area of debate around SME success, they argued that intangible success factors provided a more rich and realistic picture. Indeed Spitzer (2007) suggested a wide spectrum of areas essential to competitive advantage ranging from partnerships, collaborations, knowledge, skills, suppliers and innovation to culture, leadership, reputation and intellectual capital (Machado et al., 2013).

Steenkamp and Kashyap (2010) suggest intangibles were important drivers for success and were particularly relevant for SMEs, placing customer satisfaction as most important with other factors including loyalty, reputation and employee know-how. Brooking (2010), Watson (2010), Bones (2007) and Lonnqvist (2002) all suggest intangible factors for consideration when analysing the success of an SME, with Sveiby (2010) also proposing a method for ‘measuring’ intangible assets. Furthermore, Demartini and Paolini (2013) indicated potential convergence between intangible assets and CSR reporting. They agreed that items were not in isolation, but integrated across the business. Furthermore, Bones (2007) suggested they were a key driver for social and economic change and indeed defined the management role going forward. Jarvis et al. (2006) focussed upon intangibles such as reputation, customer relationships, intellectual property and human capital which crucially generated income. Indeed, Durst (2008) suggested that their relevance would only increase in the future, especially for example, informing investor decisions. Bohusova and Svoboda (2011) not only stated their importance, but their relevance in financial reports, relevant in securing perhaps a higher business valuation (Brooking 2010), if the organisation strategically grew these assets that included but were not limited to brands, intellectual property and customer groups.

Ghosh et al. (2001) in their Singapore study of 50 privately owned businesses showed that dynamism and performance could be attributed to six, arguably intangible success factors: a committed, supportive and strong management team; strong visionary and capable leadership; adopting the correct strategic approach; the ability to identify and focus on the

market; the ability to develop and sustain capability and a good customer and client relationship. However as the enterprise developed and new challenges emerged they placed importance on strong market orientation, relevant capability and effective management. Simon-Moya et al. (2012) listed a combination of interconnected tangible and intangible factors that reduced the potential for failure, for business ventures circa 3-years old, namely; university studies, related experience, capital and a large workforce. Furthermore by six years, factors such as a related education; an opportunity entrepreneur with large capital and a sizable workforce would also continue to reduce the likelihood of failure. Antoldi et al. (2013) presented a picture of SMEs as collections of unique bundles of resources which created competitive advantage. More significantly, they commented that tangible resources were more easily replaced or imitated, thus were:

“less likely to be a source of competitive advantage, than intangible resources such as knowledge, reputation, organizational culture and marketing skills” (2013:569).

In summary, within a plethora of academic papers, Simpson et al. (2012) concluded that there was still a lack of a satisfactory conceptual research framework to address the problem of defining success, CSFs and performance, irrespective of the growing interest in intangibles, within the overall context of the business environment. They proposed that the lack of progress might result from:

“complex relationships between performance, critical success factors and the different definitions of success used by owner managers, business support agencies and others” (Watson et al., 1998 and Gadenne, 1998 in Simpson et al.,2012:264).

Stoll and Ha-Brookshire (2012) state that there is a lack of theory explaining SME success to date, despite Besser (1999) and Dess and Robinson (1984), showing a strong correlation between objective measures and individual/subjective explanations of success by SME business owners. Therefore, at this stage it is perhaps necessary and indeed useful to return to Greenbank (2001) who suggested a more flexible definition of success should be applied to small business. There is perhaps no ‘one size fits all’ and as Watson et al. suggests “no simple pattern” (1998:222). This is further supported by an early study by Gadenne (1998), who studied 169 firms in three different sectors and found success factors critical to each and certainly a relevant consideration ahead of data collection within the fair trade sector.

Therefore within the context of the wider debate is the decision to opt for an inductive, qualitative design within this thesis, simply because fair trade occupies a different market space, more aligned perhaps with Ahmad and Ramayah (2012), or Guzman and Trujillo Davila (2008) as a new type of entrepreneurship with its primary goal not necessarily business orientated i.e. the creation of economic value, but instead around sustainable social value creation. This presents a challenge to scientific methods in order to analyse those intangible success factors, potentially elusive to categorise by traditional natural science methods.

## **2.4 Part 3**

This chapter has considered the importance of both tangible and intangible factors in the pursuit of organisational goals, but now will address other intangible themes relevant to the fair trade sector. These have either been addressed in earlier research, for example, in alliances and networks, or more generically in areas that include market orientation and social media. This section will show further support for an inductive, qualitative approach to achieve the aims and objectives of this thesis, because it will demonstrate that previous research has neither considered fair trade from a multiple success factor perspective, nor highlighted the potential interconnectedness of CSFs to build competitiveness, growth and long term sustainability. This is important because whilst fair trade is indeed a growing and strategic ethical market, the paradox of fair trade (Monolo 2014) lies within the different philosophical approaches between US and European lead FT© organisations. The outcomes may have both positive and negative impacts in the longer term, for example; to inadvertently sacrifice the SME to the greater fair trade good; herald the beginning of the end of the traditional perception of ‘fair trade’ or indeed provide a unique business opportunity for those SMEs engaging in FT© or ‘fairly traded’ relationships.

### *2.4.1 Fair trade - A different way?*

The notion of idealistic entrepreneurs is not new (James, 1987; Rose-Ackerman, 1987), but more recently community interest companies may adopt non-profit status because of the synergy to their personal values. This is certainly a phenomena gathering importance (Simon-Moya et al. (2012) and indeed values based orientations may have implications for business strategy and decision making (Crossan et al., 2013). Therefore, within the cornucopia of fair trade entities, for the purpose of this research, it was essential to consider fair trade SMEs

within the mixed-form fair trade sector (Becchetti and Huybrechts, 2008) that might be influenced differently, for example business-oriented or social entrepreneurship. The main goal of the former was the creation of wealth or economic value (Roberts and Woods, 2005; Shane and Venkataraman, 2000), with potentially the latter presenting a scenario where the creation of wealth lacked meaning without the creation of social value (Austin et al., 2006). It was important to note that Harris et al. (2009) commented on an unsatisfactory comparison between social and commercial business, but Zahra et al. (2009) and Haugh (2007), highlighted the importance of exploring push-pull factors within these social type businesses. However, interestingly there are differences between those commercial and social ventures which could result in what might be termed competitive disadvantage. Austin et al. (2006) discussed the issue of raising capital and market failure, or the way in which profitability might be viewed as a by-product in the achievement of higher social goals. In addition, Steinberg (2006) and Almond and Kendall (2000) refer to human resource issues, a combination of which could potentially place them at what could be termed a competitive disadvantage. Nevertheless, whilst fair trade SMEs in the UK may be a mixture of business models, Massetti (2008) stated that all were “passionate, driven individuals, who believe that their ideas will make the world a better place” (2008:4), or the uniqueness of the type of value creation (Santos, 2009), and more recently that all this might be compatible with the notion of profit (Arthur et al., 2010), or bring forth the potential for hybrid ventures with both social and profit motives (Simon-Moya et al., 2012). Furthermore some view that profit maximisation may not even be the key motivator (Jenkins, 2006; Spence and Rutherford, 2001; Storey, 1994 in Perry and Towers, 2009), which is of course particularly relevant to the fair trade mixed form market (Becchetti and Huybrechts, 2008). This was certainly incompatible with either the views of Milton Friedman (1970), or indeed Adam Smith (1790), on the place of attitudes and conscience within business.

#### *2.4.2 Trust and Alliances for Competitiveness*

The term social capital originated out of work by Putnam (2000, 1993), Ostrom (1991) and Coleman (1990, 1988). The aim to increase business potential through networks and reciprocity and co-operation would certainly not be incompatible with Porter and Kramer's (2011) shared value concept. Putnam defined social capital as:

“features of social organisation such as trust, norms, networks, that can improve efficiency of society by facilitating co-ordinated actions” (1993:167).

Furthermore Burt argued that social capital was “the final arbiter of competitive success for entrepreneurs” (2000:283), with Gomes-Casseres (1996) stating that alliances and networks were actually the cornerstone of modern competitiveness. Furthermore research also shows they play a vital role in maintaining competitive advantage (Ahuja, 2000; Burt, 1997, 1992; Dyer and Singh, 1998; Dyer, 1997 1996; Hamel 1991) and is increasing profitability (Baum et al., 2000). Peltier et al. (2012) presented a growing consensus; for example, Ngugi et al. (2010), Jones and Holt (2008), Street and Cameron (2007), in forming and nurturing external and internal relational networks for success. Schoonjans et al. (2013) conducted a longitudinal study (1992-2008) that linked formal networking to SME growth and stated it was an important intangible asset. Much earlier Ford et al. (1997) proposed that networks gave businesses capabilities to perform activities or build intellectual capital, which latterly has been supported within SME research (Tang, 2011; Hansen and Hamilton, 2011; Hanna and Walsh, 2008; Inkpen and Tsang, 2005; O’Farrell and Wood 1999).

Fukuyama (1995) and Putnam (1993) proposed that co-operative relationships were sustained by mutual trust. Indeed Uzzi (1996) discussed trust from the perspective of an informal measure of relationship control and indicated a correlation between trust and risk that arguably could work both positively and negatively for the business. This was developed further by Vangen and Huxham (2003) who presented a three stage cyclical model for collaborative trust through ‘building, reinforcing and developing’ understanding. More recently, Darabi and Clark, (2012) suggested trust was a “give and receive relationship” (2012:482), but critical to encourage a resistance to “short-term alternatives” (2012:480), highlighted also by Barry and Terry (2008), and Wathne and Heide (2000). This perspective is supported by Davies (2009) and three case studies which indicated that fair trade sales were believed to be the result of successful trusting relationships, together with time spent nurturing them, although arguably not at the expense of new opportunities (Locke 1999). Alliances perhaps also necessitate some self-control; for example, in upholding their ‘fair’ responsibilities, which can be illustrated in other sources of research as informal incentives for trust (Uzzi 1996) and goodwill (Powell 1990). However, perhaps more importantly within today’s socially networked business environment is the intangible, yet business critical asset of reputation (Antoldi et al., 2013; Johnson, 2013; Southwell, 2004, Larson et al., 1991).

Kelly and Scott (2011) presented a review of current literature that divided relationship benefits into four distinct categories; namely, cost, service, image and flexibility. They based

their findings upon specific research by cost (Ulaga and Eggert, 2005; Walter et al., 2003; Cannon and Homburg, 2001; Mentzer et al., 2000; Rackham et al., 1996; Ravald and Gronroos, 1996; Ganesan, 1994; Wilson and Jantrania, 1994), service (Ulaga and Eggert, 2005; Ganesan, 1994; Morgan and Hunt, 1994; Anderson et al., 1987), image (Ravald and Gronroos, 1996) and flexibility that incorporated items that focussed upon competitive responsiveness and innovation (Ulaga and Eggert, 2005; Joshi and Campbell, 2003; Walter et al., 2003; Cannon and Perreault, 1999; Rackham et al., 1996; Ganesan, 1994; Wilson and Jantrania, 1994). Rackham et al. (1996) suggested partnering had three key impacts: reducing duplication and waste, leveraging core competence and creating new opportunities, whereas Basu (2001) focussed upon knowledge sharing and best practice to improve competitiveness. Within the range of perspectives, however, it was necessary to place these perspectives in context (Ulaga and Eggerts, 2005), to determine the key aspects of relationship benefit and value. Furthermore, whilst these relationships needed to be purposeful (Moller and Torronen, 2003), they enable businesses to exchange information and knowledge (Koka and Prescott, 2002).

Despite the myriad of perspectives, it still remained important to consider relationships within the context of the fair trade SMEs themselves. Davies suggested alliances provided “a solid foundation and competitive advantage/ differentiation for all types of organisations” (2009:110). He focussed on both their importance and benefit, commenting that “alliances and inter-company networks have been purposefully embedded in the Fairtrade© industry since its modern foundations” (2009:109). He suggested it enabled three key benefits, namely competitive, intellectual and ideological development as a means to take market share from other larger businesses. However, whilst Davies (2009) and Randell (2005) concluded this was an area for further empirical research into fair trade businesses, it remained unclear whether this ‘successful’ formula equally applied to those fairly traded or mixed economy SMEs, where Fairtrade© was used within a wider portfolio. Nevertheless, this positive fair trade perspective contrasted with Swoboda et al. (2011) who suggested that building and managing international alliances for SMEs was problematic as “many SMEs did not use international alliances to support operations and where they did, failed to nurture and maintain them. At national level this again contrasts with Kitching and Blackburn who argued that “the British industrial order (was) characterised by social isolation of firms” (1999: 629). Nevertheless, there were indications that within FT© businesses (Davies 2009), relationships contributed to both value added and competitiveness, in tandem with Sawhney

and Zabin (2002), and their concept of relationships within a business eco-system. Other papers also link networks to SME success and survival (Florin et al., 2003; Spence and Schmidpeter, 2003; BarNir and Smith, 2002; Walker et al., 1997) or through entrepreneur networks (Witt, 2004; Uzzi, 1997) and Leadbetter (1997), offering specific focus within social enterprises. Certainly BarNir and Smith (2002) linked SMEs networks to intellectual capital and the need to remain competitive, for example, capitalizing upon unique knowledge and resources. However, although Grant (1996) and Kogut (1996), place importance upon information sharing rather than the value chain, today this might be better reflected by Henry (2013), who cited Kianto et al. (2010) suggesting it actually “builds on the relationships between the organisation and its customers, suppliers, competitors, partners and interdepartmental relationships” (2013:87).

### *2.4.3 Social Media and Competitiveness*

Morgan and Hunt, as early as (1994), defined relationship benefits as those from partners that added value; now ever more pertinent in an age of technology and instant feedback directly and indirectly from consumers. The opportunities or potentially opportunity cost was interconnected with brand, reputation and trust, highlighted by Mangold and Faulds (2009), who referred to new enhanced abilities for consumers to talk directly to one another and indeed as a consequence had moved power and control towards the customer (Barwise and Meehan 2010). Timmons and Spinelli (2009) also emphasized the strategic imperative of market orientation to customer needs and wants (Neergaard et al., 2005), with Pittaway et al. (2004) even demonstrating how customer networks were associated with incremental product innovations. Furthermore, Harris and Rae (2009), and Drury (2008), stated that to be competitive, SMEs must engage with new technology adoption or face missing out on business opportunities and Dennis (2004), alluded to their role both in deterring competition and for information gathering.

Brodie et al. (2007) signalled that marketing activity enabled by new technologies was the ‘new way’ of doing business, with a reduction in transaction costs and wider access to information (Thompson et al., 2013). More recently, Hardwick et al. (2012) also proposed this combination of knowledge needed to innovate, develop new products and secure competitive advantage; earlier supported by Kim et al., (2011), and Ansari and Mela (2003), who added that it enabled content to be developed which was directly relevant to customers and stakeholders. Durkin et al., (2013), in their study of social media adoption in Ireland

commented that competitive advantage would be gained by close, long term networked relationships. However Kietzman et al. (2012) cautioned that the pace of research had been overtaken by new technology evolution. Hence, the implications for fair trade are stark and indeed parallel to research by Durkin et al. (2013), especially as fair trade sales rise and consumers continue to move from ‘perceived’ to ‘actual’ buyer behaviour, because it “presents an era of customer empowerment, for which social media is a catalyst” (2013:730), with customer knowledge and experience a vital resource for competitiveness.

More recently, the interconnected nature of new technology adoption, market and customer orientation, together with brand and reputation appear increasingly omnipotent, supported recently by Harris and Misner who stated:

“the ability to create collateral to support a business position ‘on the fly’ is a powerful tool for competitive advantage in the hands of those who have the confidence to tell a clear story effectively” (2012:349).

This resonates historically, albeit within a different context, with Day (1994), who suggested businesses could become more market orientated by identifying and building capabilities – in other words, the skills and collective learning that in turn could be a source of competitive advantage.

#### *2.4.4 Market orientation, identity and competitiveness*

Egan (2008) commented that “to succeed, a company must have a flow of new customers and restrict customer exit” (2008:73), as the costs of finding new ones was greater than the costs of retaining customers (Storbacka et al., 1994). This is particularly relevant in today’s nomadic, internet savvy, consumer society (de Kare Silver, 2011; Portas, 2011). Laukkanen et al. proposed that business could “achieve good growth through good market and brand performance” (2013: 510). They presented the positive interconnected relationships between the market, brand and customers, together with human factors such as learning and entrepreneurial orientations. An early definition was presented by Slater and Narver (1998, 1990), who commented that they were the purpose by which target market needs and wants were identified and then satisfied more effectively and efficiently than those of competitors. Pelham (2000) linked key factors of market orientation to business performance, which included responsiveness to negative customer satisfaction, strategies to build and create value



for customers, responsiveness to challenges from competitors and the quick detection of any change in customer preferences or products.

Appiah- Adu and Singh (1998), however, suggested SMEs did not have the same needs to gather formally market intelligence because of a number of factors including the limited range of customers and products, cohesive cultures and organisational structure. This contrasted with, Liu (1995), who highlighted a number of key factors including business philosophy, innovation, competitor awareness and profitability. Lafferty and Hult (2001) proposed four ideas within their five approach model to market orientation – an emphasis on customers, the importance of shared knowledge, inter-functional co-ordination of relationships and marketing activities and responsiveness and taking appropriate action. Strong and Harris (2004) identified three customer orientation antecedents, all labelled as relationship tactics (to achieve long term customer alliances), human resource tactics (training and empowerment of employees) and procedural tactics (focussing, caring and meeting customers).

Market orientation has been viewed as necessary to manage new opportunities and threats, for example, Gonzalez-Benito et al. (2009) and thus linked to business performance and competitiveness (Matsuno et al., 2002; Tzokas et al., 2001; Narver and Slater 1998, 1990, Jaworski and Kohli, 1993). Other papers connect it with quality and customers (Lings and Greenley, 2009; Kirca et al., 2005). Indeed Reijonen and Komppula (2010), found customer orientation as the most important factor for business success, along with human resources and market intelligence, suggesting that “market orientation and especially customer orientation seem to play a key role in the success of small and micro firms” (2010:31), but indicated a deficit in terms of analysing other competitor or market information.

More recently, Reijonen et al. (2012) made a further connection between market and brand orientation, concluding that these were more evident in growing, rather than stable or declining SMEs, also discussed by Wiklund et al., (2009). Cadogan (2012) termed these as ‘strategic orientations’ and suggested that today complex markets required a blended multi-faceted approach, recently supported by Laukkanen et al., (2013). This ability to use information intelligently to drive change and add value was linked to brand performance (O’Cass and Weerawardena, 2010), but perhaps more importantly for the fair trade sector, research by Grinstein (2008) and Kropp et al. (2006) who suggested a key consideration was

breadth rather than focus in any one area, because this would avoid the weakening of overall business performance. In other words, they alluded to a variety of inter-connected push-pull factors for success.

## **2.5 Part 4**

This final section will now focus upon the human intangible factors that might contribute to fair trade SME success, but cannot be easily quantified by attaching a specific monetary value. This is important because human intangible factors may be the philosophical ‘glue’ that connects both business tangible and intangible factors, or indeed may even determine the effort invested to pursue those organisational goals. This is also relevant when ‘ethical’ decisions are to be made around whether to pursue certified or non-certified fair trade alternatives. It will firstly examine the founder/owner characteristics and subsequently explore the values and motivations of individuals to show how human and intellectual capital could shape business strategy and decisions and the determination to meet objectives through imaginative entrepreneurship (Finlay-Robinson, 2013). It will also show how ethical philosophy can influence or introduce bias into even the fair trade debate and why systematic procedures and protocols are required within the methodology to avoid actions and motivations being interpreted differently, depending upon the participant or researcher perspective.

### *2.5.1 Founder Characteristics and Success*

Van Praag (2003) quoted the classical economist Jean Baptiste Say (1803), to suggest key human characteristics for business success were “judgement, perseverance, and a knowledge of the world as well as of business” (2003:330). Greenbank (2001) linked business objectives to personal goals (Watson et al., 1998) and discussed other influencing factors such as the role of employees, customers and the social context of the owner. Choueke and Armstrong (2000) investigated culture, shared values and collaborative approaches between owner-manager and employees. However, Korunka et al. (2010) stated that much of the success of a new company was determined by the founder’s characteristics. In terms of human push factors, many papers present a number of key characteristics, including education, experience and motivation to start the business; for example, Alstete (2008); Agarwal et al., (2004), and Van Praag (2003). However, Galbova and McKie (2013) suggest whilst these are important, it is also the soft skills, such as attitude, willingness and ability to learn. They state human

capital is a source of competitive advantage and discussed earlier by both Roos (2005), and Barney (1991).

West and Noel (2009) suggested that knowledge improved management ability to develop the business (Haber and Reichel, 2005), whilst much earlier Castrogiovanni (1996) considered it assisted in the ability to assess opportunities and resources more efficiently. Furthermore both Headd (2003) and Van Praag (2003) indicated positive links between education and survival and indeed where there was industry experience (Sheperd 1999), further supported by (Reuber and Fisher, 1999; Cooper et al., 1994; Brunderl et al., 1992). Harada (2003) also proposed knowledge of the market and related business experience impact positively on turnover and competitiveness, earlier supported Aldrich and Martinez (2001), who propose some prior knowledge was helpful irrespective if obtained through training, experience or formal education (Simpson et al., 2004b). More recently Ribeiro-Soriano and Castrogiovanni (2012), also support this to enable identification, exploitation or acquisition of resources. Much research has tried to define the specific characteristics of a successful entrepreneur including for example, Harada (2003), Sadler Smith et al. (2003) Beaver (2002), Bolton and Thompson (2000), and Cragg and King (1988). Nandram (2002) proposed a dynamic combination of skills including decisiveness, goal orientation, pragmatism, together with the ability to be resolute, flexible and self-confident, although Hodgetts and Kuratko (1992), focussed on others including technical and mental abilities, human relationship management, achievement, drive and creativity. Sadler Smith et al. (2003) linked culture and vision to entrepreneurial style, suggesting performance was actually non-entrepreneurial, but managerial; however, they also linked this to sales growth and performance in the business. Nevertheless, relevant potentially for fair trade businesses was Crossan et al. (2013) who suggested character strengths, together with motivational values, were part of a virtue framework that influenced ethical decision making in firms. They cited Fritzsche and Oz (2007), Hitlin and Piliavin (2004), Agle and Cauldwell (1999), and Schwartz (1996), that values were the “determinants of individual behaviour and choice” (2013: 571). They presented a values based orientation to ethical decision making (EDM), irrespective of situational pressures, citing Azola (2012), to suggest strong character and disposition were not the only considerations. They suggested that understanding ethical decision making was only possible by considering “virtue, character strength and values together” (2013:572), relevant in the consideration of human push pull factors that impact upon business direction and operations.

### 2.5.2 *Human values – a moral compass*

Kotey and Meredith (1997) highlighted the importance of managerial values in small business, with Rokeach (1973) describing values as enduring beliefs, stating that they

“transcendentally guide actions and judgments across specific objects and situations, and beyond immediate goals to more ultimate end states of existence” (Rokeach 1972:160).

Schwartz (2009, 2006, 1999) and Bardi and Schwartz (2001) suggest values impact upon behaviour with Scheibe much earlier stating values represent “what is wanted, what is best, what is desirable or preferable and what ought to be done (1970:42). However, Horley (2012) suggests that there remains a lack of clarity and indeed consistency (Rohan 2000), within the terms of values and beliefs. According to Haugh and McKee (2004), values guided action and in turn shaped attitudes. Social psychology suggested values were the antecedent of attitudes (Bohner and Wanke, 2002, Rokeach, 1972). It was also suggested that owner/managers’ personal values influenced the strategies adopted in both business operations and financial performance (Sosik et al., 2009; Cohen and Kerren, 2008; Lahdesmaki, 2005; Kotey and Meredith, 1997; Quinn, 1997; Vyakarnam et al., 1997), with Spence and Rutherford (2003) proposing the need to move beyond corporates to investigate smaller firms. Other studies have examined the link between business strategy/performance and owner values, for example, Kasser et al. (2007), who linked the values of power and achievement to financial success. Other research focussed upon achievement values, for example, Kotey and Meredith (1997), and Helmer and Olson (1987), cited in Gorgievski et al. (2011). Lachman (1980), in Wijwardena et al. (2008), though also suggested entrepreneurs had unique personal values and attitudes towards work and life, such as honesty, duty, responsibility and ethical behaviour, stating “they attach greater importance to these values and attitudes” (2008:152). Furthermore, Carr (2003) viewed values and ethics to be integrated, with reference to Weber and the spirit of capitalism, relevant for fair trade SMEs because it presented a perspective around how a business should be nurtured and developed as a statement of an individual’s “conduct of life” (2003:8), corroborated by Dawson et al. (2002), into Australian micro business with findings supporting the fact that entrepreneurs yield a high level of control over the values proposition of the enterprise. In summary, the inextricable link between human values and business was highlighted by Hambrick who stated:

“if we want to understand why organisations do the things they do, or why they perform the way they do, we must consider the biases and dispositions of their most powerful actors” (2007:334).

### *2.5.3 Philosophical Perspectives*

At this stage and ahead of any primary data collection within fair trade SMEs, it is necessary to highlight two key philosophical perspectives that could influence the very essence of human decision and actions, namely consequentialist (teleological) and non-consequentialist (deontological). Firstly, deontological supporters consider the intentions behind the action, so that right or wrong is determined not by its positive or negative consequences. A teleological philosophy would view ethical values as irrelevant unless they were actively promoted. According to Crossan et al. (2013) management research is often focussed from this perspective and will be adopted within this thesis. Thiroux and Krasemann (2007) deconstructed consequentialism into three subsections; arguably relevant to fair trade SMEs. These key themes will be briefly considered in order to frame and contextualise the research ahead of the data collection and analysis.

Firstly, altruistic consequentialism, with its association with the 19<sup>th</sup> Century philosopher Auguste Comte (1875), could arguably be aligned with early the fair trade heritage SMEs, where the role of leaders would be to act in the best interest of everyone but themselves. This would be therefore incompatible with any notion of profit and competitiveness.

Secondly, utilitarian consequentialism, with its origins in the early philosophical work of, for example, Jeremy Bentham (1748-1832), or John Stuart Mill (1806-1873), was based upon “the idea to orient the individual desire towards the care of others, so the search for personal happiness and the quest for other’s good merge” (Renouard, 2011:89). Whilst this may resonate with the social responsibility agenda, more pertinently, it may present an interesting paradox if the fair trade SME, through its inability to achieve the economies of scale of its larger rivals (Smith, 2010), becomes an inadvertent casualty to the ‘greater fair trade good’. It emphasizes why SMEs need to secure their future through a competitive strategy which enables them to compete, whether in niche or mainstream markets, and irrespective of wider Fairtrade Foundation strategy 2015 and beyond.

By contrast, but arguably incompatible with utilitarianism, or the ‘greatest good for the greatest number’, has been other criticism of FT© (Valiente-Riedl, 2013; Gibbon and Sliwa,

2012; Griffiths, 2012) whereby they suggest fair trade standards aim selectively at certain producers and locations within developing countries, excluding others, such as small farmers with hired labour or lower income countries.

Finally, at the other end of the spectrum and perhaps fitting with Smith's (1790) theory of moral sentiment is egoistic consequentialism, which considers it ethically right if it benefits the instigator. The philosophy could align to those interested in a profitable fair trade business without the values based dimension. However, more controversially, Henderson had made specific criticism of FT© itself, by suggesting that "a substantial amount of the gains of the fair-trade price are eaten up by co-operative bureaucracy" (2008:63).

The reason for highlighting this debate is to provide an early alert to avoid the introduction of bias or data misinterpretation within the data collection, because the business narrative, subsequent interpretation and content analysis could all be affected if simply orientated to a specific consequentialist philosophy. It is therefore important to reiterate that the objective of this thesis is to understand 'how' values impact upon business strategy and decisions, rather than entering into an ethical debate around business morality or adopting a fair trade position. It is also necessary to highlight this because the research considers not only FT©, but also those SMEs who have decided to pursue fairly-traded or mixed economy model, who perhaps balance ethics with pragmatism and survival.

Morris et al. (2002a; b) stated ethical behaviour was not possible without ethical core values and Adam and Moore (2004) argued that social norms within the organisation consequently reflected their values and rules. Indeed Jenkins (2004) commented that SME behaviour was understood in "terms of the psychological characteristics of the entrepreneur or owner-manager" (2004:30).

Nonetheless, this is why the aims and objectives of this study have to include and recognise the importance of values if it is to truly further understand the push-pull factors within fair trade SMEs, or indeed their 'free spirit'. More simply, "no one is going to tell me what I can or cannot do" (Bremm, 1966 in Baden, Harwood and Woodward, 2009:433). Besser introduces an added dimension by suggesting business success is "inextricably linked to the overall welfare of the community (2013:131), in other words balancing business success with moral obligation. Therefore the importance of this human, but intangible success factor is

important not simply because of the impact upon strategy, growth, competitiveness and profit. Indeed Belak and Rozen suggest there is indeed compatibility between the concept of ‘doing good’ and ‘virtue’ in business decisions and motivations, referring to ‘good profit’ in which:

“every practice strives to achieve something good, whereas good or something good is what is characteristic of human beings to strive for” (2012:1612).

Other research such as Schein’s (1992) model of organisational culture is perhaps useful when considering the deeper motivations of those involved in fair trade SMEs; for example, competitive strategy, decisions and profit. It is also relevant around decisions to accept a lower salary as a trade-off for achieving cognitive congruence with personal values and beliefs. Choi and Wang (2007) demonstrated how benevolence and integrity contributed to credibility and trust, all arguably impacting upon business performance, although more recently, Gorgievski, et al. (2011) proposed traditional business goals which actually conflicted with benevolence and universalism (Schwartz and Bardi, 2001). This perhaps raises a further question around whether business can even actually achieve ‘balance’ between business decision making and values and is certainly pertinent to current Government policy and the paradox of free market principles, whilst for example, encouraging the concept of social entrepreneurship within ‘the big society’ (Conservative Party Manifesto, 2013).

#### *2.5.4 Values and Competitiveness*

Empirical research into values and entrepreneurial goals has linked business owner values with competitiveness and success (Ajzen, 2002; Kotey and Meredith, 1997; Corman, et al., 1988). Sosik et al. (2009) stated the relevance of ethical values, because of their influence on behaviour, such as in how organisational goals were judged as appropriate or right, plus the effort exerted to pursue them. Burnes and Todnem By (2012) provided examples from historical research which drew attention to value alignment, leadership behaviours, goal achievement and even employment commitment in accord with Cohen and Keren (2008), Elizur (1996), Dubin et al. (1975) Rokeach (1973) and Herzberg et al. (1956). Indeed Gorgievski et al. (2011) stated their belief in business owners’ success criteria were representative of their value base. Indeed, this was pertinent and relevant within the context of the UK recession 2008-2013, particularly to balancing margins whilst encouraging

consumers to sustain their ethical purchasing (Carrigan and de Pelsmaker, 2010) and more recently perhaps when differentiating between FT© and fairly traded product offers.

Dreu and Nauta (2009), Sosik et al., (2009), Schwartz (2009, 2005), Bardi and Schwartz (2003) all stated behaviour was motivated by values based decision making. According to Roccas et al. (2002) they not only represented the personality but were deeply relevant to motivation. Bardi et al. (2009) indicated that these were stable over time, with Schwartz (2005) suggesting values enabled the individual to manage three universal tasks: survival, the demands of group survival and function. Davies and Crane (2003) discussed this convergence within the context of ideological business networks, in particular the motivation of meeting the developing country farmers. The power of fair trade supply chain networks could be linked to what Jones (1991) termed as 'high moral intensity'. This differentiated the product proposition from coffee bean producer to coffee cup buyer. Indeed, Hatten (2006) made a link between ethical issues and strategic planning because these decisions were affected by values, with Maister (2007) therefore proposing the importance of consistency between mission, vision, enterprise values, and culture.

#### *2.5.5 Motivation and Business Risk*

Business motivations by contrast to values and beliefs could be considered "complex, heterogeneous and probably vary over time" (Sampaio et al. 2011:235). Indeed, much earlier Jones (1991) considered the influence of six moral intensity factors; namely magnitude of the consequences; social consensus; probability of effect; temporal immediacy; proximity and concentration of effect. Fassen et al. (2010) introduced the notion of risks faced by an owner in terms of personal financial investment, job security and status leading to psychological pressures and conflicts of interest and furthermore viewed ethics (or values if used interchangeably) as something personal that belonged to the individual rather than the business. However, Friedman (1970) suggested small business owner managers had a right to link business related decisions with their own motivations, as it was their money and investment, in contrast to an employee who was an agent of the business. Certainly Carland et al (1984), cited in Fassin et al. (2010), suggested the consideration of risk was different from managers and heightened its priority as a major source of income. Nevertheless, Goffee and Scase (1995), found profit maximisation was not necessarily the key motivator of SME owner managers or for family businesses (Klein and Kellermanns, 2008).



### 2.5.6 *Individual Motivation*

According to Belak and Rozman “moral motivation emanates from good character of a person: from the virtues and/or moral horizons (values) to which a person is devoted to” (2012:1613). Motivation might also be considered from the perspective of ‘duty’ in which they distinguished duty from right. Furthermore, de Colle and Werhane (2008) also suggested motivation could include actions which aligned with duty, but rather than done from duty were actually a means to a further end. For example, fair trade but profit-making, but with the foundation of morality and motivation still connecting to others in society. Nevertheless, businesses may still need to make pragmatic trade-offs; for example, considering the right option in comparison to the alternative available in a situation to produce the greatest benefit (Timmons, 2002). Furthermore, Baden et al. (2009) supported the view that business owners’ intrinsic motivation was a key factor in ethical or responsible business. This is why fair trade SMEs present a unique lens to understand the interconnectivity of business and human values and indeed more widely to determine whether they could be labelled a pioneer for socially responsible business. Certainly Trevino et al. (2000) distinguished between two key aspects of ethical leadership; firstly in doing things the right way, by making decisions that incorporated values and secondly in relation to being a role model for others.

### 2.5.7 *Socially responsible business or creating shared value?*

Fair trade is fundamentally grounded in the premise of fairness and transparency by the nature of its relationships, alliances and the consumer buying proposition. In turn, there is the implicit responsibility that business upholds to maintain the reputation and trust of the Fairtrade© brand itself and the livelihoods of those developing country communities. Indeed, Hunt and Vitell (1986) suggested entrepreneurs needed to recognise the importance of both ethics and social responsibility elements within their decision making processes. Business benefits were described by Jenkins (2006), linked to high employee morale and increased staff retention, less absenteeism and the lowering of recruitment costs, supported by Perry and Towers (2009). However, they also acknowledged intangible benefits in relation to socially responsible business, not highlighted by simply looking at the balance sheet of the business to include reputation management and investors. Others viewed the competitive goals achievable in conjunction with social benefits (Porter and Kramer, 2011; Perrini, 2006). Indeed Porter and Kramer (2011, 2006) suggested that businesses can succeed and achieve sustained long term competitiveness and innovation by understanding the links between

business and society and suggested that economic and business goals could be fundamentally interconnected. More recently, Besser (2013) explored the connections between businesses and their local environment, around the consequences of social responsibility in small towns. This is certainly relevant to Fairtrade towns, but beyond the remit of this thesis. Porter and Kramer's shared value concept (2011) originated within a corporate context, suggesting that personal values played no part within the process and within a small business context. However, Vitell et al. (2000) actually referred to the conflicts between personal values and business needs. Therefore, shared value or social responsibility may impact upon the interpretation of success at SME level. This is it is certainly relevant within the context of fair trade SMEs situated within local communities, whilst connected to developing country producers, both directly or indirectly through their alliances and networks.

## **2.6 Conclusion**

There has been much contradictory research, well beyond fair trade, that has tried to capture the business critical success factors according to performance focussed criteria. However, there remains a weakness in that it has failed to capture sufficiently either depth or real meaning unique to either a specific business sector, or indeed even organise or manage individual perceptions of success (Simpson et al., 2012). The majority of quantitative studies in other sectors have used scientific or experimental approaches that still have not produced generally applicable results. This may be because of the differences between business sectors or the complexity of sufficiently identifying success factors that universally optimise performance. However, in the meantime, tighter margins have impelled smaller supplier firms to focus more on "problem solving and 'fire-fighting', than the building of good systems and procedures" (Welford and Frost, 2006:174).

As fair trade grows and moves away from its charitable origins, fair trade SMEs may illustrate the ingredients necessary to achieve a new model of success within a new type of entrepreneurship that creates social, as well as, economic value. However, within the bigger picture, this may need careful consideration, if the guiding principles of 'fairness' are not to be judged in relation to conflicting positions and debate within ethical consequentialist philosophy. Indeed there is even potential for lead organisations to inadvertently align their strategy to a specific ideology through the process of growth, mainstreaming, bureaucracy or exclusion. This is critical for fair trade more generally because of the importance of maintaining FT© reputation, supported by Jones (2000), who placed importance on the

reputation and image portrayed but also because taken together they could potentially contribute to gaining competitive advantage (Ahmad and Ramayah, 2012). It also serves to illustrate the importance for fair trade SMEs to build a values based business on a solid foundation of other tangible and intangible success factors based upon for example, identity value creation, competitiveness, human and intellectual capital. Intangible assets are necessary to achieve success, with Henry (2013), and Kianto et al. (2010) stating the criticality of relational capital as the key asset of modern business (Stakeholders, customers, suppliers and competitors). Su (2014) suggests business ethics are an intangible business resource – intellectual capital. Human intangibles including knowledge are therefore viewed as a key asset to promote competitiveness (Capo-Vicedo et al., 2011), Hansen 1999). This is important because of the unique space fair trade occupies. Indeed as, Nicholls (2010) suggested, the implications for market economics because of its very role as a ‘cause celebre’, competing in both mainstream and niche markets. Therefore, as it develops and grows, it is useful to discover the push-pull factors for fair trade SMEs and if they are indeed sufficiently ‘savvy’ to achieve sustained success and compete in an increasingly sophisticated market.

Elm and Radin’s (2012) preliminary study concluded that the individual processes for making ‘ethical’ decisions was in reality little different from other decisions. These are influenced and indeed formed by values, described by Scheibe as “what is wanted, what is best, what is desirable or preferable, what ought to be done” (1970:72), later supported by Horley (2012), who proposed values provided “the standards against which to evaluate things, people and ideas” (2012:163). Whilst others argued it is necessary to distinguish between ethics (personal belief sets/right and wrong), and social responsibility (obligations to society), Fisher (2004) and Joyner and Payne (2002), argued that these are interchangeable. This is an important consideration within fair trade, highlighted within the German study by Schmitt and Renken (2012), who proposed that values were “the key motivator for businesses to start considering more societal needs within their value creation process” (2012:94). However, according to Ahmad and Ramayah:

“relatively little is known about SME founder-owners attitudes concerning ethics and social responsibility, particularly...how they perceive the importance of ethics and social responsibility as components of business” (2012:479).

Fair trade is a cornucopia of different business groups, with many moving away from the notion of charity to balance economic and social values. Saravathy et al., (1998) suggested as businesses bring personal values into the organisational picture, they in turn assume greater responsibility for outcomes generated. Consequently they act within their moral belief and value set. Gibb (2005) stated SMEs often have a greater interconnectedness with their community, but Goll and Rasheed (2004) suggested responsible behaviour could assist the gaining of support from external stakeholders during turbulent and unpredictable macro-economic environments. This is certainly relevant within the UK economy 2008-2013 because as early as 1997, Vyakarnam et al. made the link to ethical behaviour and the ability to remain longer in business.

### *2.6.1 Summary*

In summary, exploratory research within fair trade SMEs provides a useful lens in which to capture the business and human push pull factors within an evolving and important market segment. The research approach and rationale will be described further within chapter three (methodology). However, following the multitude of theories and contradictions around the measurement of success discussed earlier, the building block for this research will be grounded in Porter and Kramer's (2011) shared value concept because of the notion of integrating economic and societal value. For the data collection tool, it will refer to Porter's (1980) model for generic competitive strategies. Whilst the need to be competitive both within and beyond fair trade credentials has been well documented within this chapter, it has also emphasized the need to understand the nature and influence of the human intangible factors, such as values, beliefs and motivations. In other words, the human capital that shapes business strategy and operations. The objective is to provide a sufficiently robust framework to support the capture of the business narratives. In turn, this will support the aim to offer understanding into the business and human push-pull factors that ensure SMEs can secure their future, whilst being both competitive and 'fair'.

Much research to date has focussed on the tangible elements of success, but as this chapter has demonstrated, fair trade is a more complex integrated blend of FT© and fair trading SMEs, within a broader 'fair' landscape. In the longer term, evaluation of the push-pull factors for success may be restricted and limited if confined to single one-dimensional 'measures', because this neither illustrates the journey, nor indeed the potential strengths, areas for development, internal and external threats, or indeed the interconnectedness of these

elements. Therefore, this study proposes that to gain a full and realistic picture, it is necessary to acknowledge those factors (Ng and Hung Kee, 2012) that affect decisions and contribute to competitive advantage but are unable to be simply expressed in monetary terms. This research however recognises that indeed one-size does not fit all (Watson, 1998), because of the diversity and individuality within any SMEs, but also because of the values dimension, previously under-represented in fair trade SME research. However, there will be emergent themes pertinent for this sector and relevant to meet increasingly complex challenges from both the internal and external environment.

The UK is emerging from a challenging economic period, 2008-2013, and in consequence is beginning to question the potential for a ‘different way’ beyond pure self-interest and profit at any price. These lessons echo back in history, where Roosevelt himself commented:

“we have always known that heedless self-interest was bad morals; we now know that it is bad economics.....in the long run economic morality pays” (20 January 1937, Second Presidential Inaugural Address, cited in Burnes and Todnem By (2012:249).

This is why this exploratory research is of value, because fair trade offers a lens to view this ‘different way’ by exploring the push-pull factors for success. This will determine whether in the longer term, values based fair trade SMEs can present a viable blue print for the future of both economically and socially responsible/shared value business.

## **Chapter 3**

### **Methodology**

#### **3.1 Introduction**

This chapter will discuss the research philosophy and approach to support a flexible but robust research design and strategy that not only supports the aim of exploring the tangible and intangible push-pull factors for fair trade SME success, but also the impact of the beliefs, motivations and attitudes that shape values based business practice. Easterby-Smith stated “philosophers have debated this relationship between data and theory for many centuries” (2007:27), and certainly whilst there is no one ‘right way’, this chapter will provide a justification for the choices which are made specific to the needs of this research. A qualitative inductive approach was chosen to reflect the need for depth and deep understanding, however qualitative methods are not mutually exclusive, so, this chapter will also demonstrate how grounded theory will support the approach to data collection and analysis. Indeed both Charmaz (2006) and Clarke (2005) propose that constructivist grounded theory and post-modernist perspectives have relevance to suggest it is the ‘social situations’ that should form the unit of analysis. This enables the researcher to move from “all knowing analyst to acknowledged participant” (Cresswell, 2007:64), relevant to exploratory research within fair trade SMEs. Therefore this thesis opts for an inductive, iterative approach, in order to further understanding rather to aim for numerical equivalency or population representativeness via objectivist, survey style research. This is because this would not yield sufficient richness or subtlety around the business context or indeed the human values and beliefs that influence business decisions and direction.

The methodology chapter will begin by presenting the rationale for the philosophy, approach and strategies including the process for primary data collection, together with the rationale for the development of a coding framework to categorise the large volume of qualitative data. It will subsequently consider the analysis plan, with specific reference to the constant comparative method proposed by Corbin and Strauss (2008) and Prasad’s (1993) concept card approach. It will also consider how academic debate within case study methods have influenced and shaped the research and how they underpin the rationale for specific design choices; for example, around piloting, or differing notions of validity and reliability (Thomas, 2011; Simons, 2009; Yin, 2009; Lincoln and Guba, 1985). This chapter will also consider the role of the researcher in the process and indeed the need to address own values, beliefs and

assumptions to avoid confirmatory bias or ‘halo’ effects (Kahneman, 2011). There will be specific sections dedicated to significance, limitations, ethical issues, consent, power asymmetry (Kvale, 2006) and access challenges in order to justify the methods adopted. In summary, this chapter will demonstrate how through a systematic, process orientated approach to data collection and management, critical research issues will be addressed to mitigate and manage issues which would invalidate the research interpretations and conclusions.

### **3.2 Philosophy and Approach**

The decisions around epistemology and ontology were directly related to the research problem – to explore the interconnectedness between tangible and intangibles success factors within fair trade SMEs. Schultz’s states “social reality – has a specific meaning and relevance structure for the beings living, acting and thinking within it.” (1962:59). From a researcher perspective, a positivist, objectivist paradigm would have been a comfortable option due to a career based upon evidence led statistical analysis. However, research ‘best-fit’ suggested the selection of an interpretivist epistemology ‘because it is predicated “on the view that a strategy is required that respects the differences between people “(Bryman and Bell, 2007:19). For example, human values and motivations should not be assumed simply because the business happens to be ‘fair’. The ontological position therefore is social constructionist because “social phenomena and categories are not only produced through social interaction but are in a constant state of revision” (Bryman and Bell, 2007:23). It reflects not only an evolving fair trade sector, now subject to increased competition within both niche and mainstream markets, but also one in which both business and human intangible factors are difficult to quantify. This research necessitates interpretation of business decision maker’s views and experiences around business strengths, capabilities, issues and challenges, in other words it discretely positions the primary data collection in order to facilitate “an interpretation shared by their own experience and background (Cresswell, 2007:21).

Qualitative research does not necessarily conform to a rigid set of guiding principles and therefore is naturally an inductive and open ended approach, which is helpful as the critical factors for fair trade success may be contributed from a range of intangible elements that defy rigid, static classification on the balance sheet or scientific experimentation through the isolation of variables (Short et al., 2002, Sekaran, 2000). Indeed qualitative research:

“begins with assumptions, a world view, the possible use of theoretical lens and the study of research problems inquiring into the meanings individuals or groups ascribe to a social or human condition” (Cresswell, 2007:37).

Critical success factors may instead be interconnected and mutually symbiotic, so by allowing the research to evolve and flex during the process will facilitate outcomes where “theory and categorisation emerges out of the collection and analysis of data” (Bryman and Bell, 2007:404).

A summary of the approach is presented in Figure 2 based upon the Saunders et al. model (2007:142), which will be further elaborated within this chapter.

<b>TITLE: Securing the Future: Competitive but ‘Fair’.</b>	
<b>AIM: A critical exploration of the interconnectedness between business and human tangible and intangible success factors within UK fair trade SMEs.</b>	
<b>Category</b>	<b>Classification</b>
<b>Epistemology</b>	Interpretative
<b>Ontology</b>	Social Constructivist
<b>Approach</b>	Inductive
<b>Strategy</b>	Exploratory, case study, drawing upon grounded theory
<b>Choices</b>	Qualitative
<b>Time Horizon</b>	December 2012 – May 2014
<b>Techniques and Procedures</b>	Data collection and analysis: semi structured interviews/data collection framework based upon Porter’s (1980) generic competitive strategies; purposive, snowball sampling, content analysis (concept card approach). Secondary Data Collection: Books, Historical Documents, Journal Articles, Web-sites, Conferences.

Fig 2 – Research Approach

### 3.3 Strategy

Fair trade SMEs have to date been under-represented in academic research (Karjalainen and Moxham, 2013); so this has determined that this thesis would be by definition both exploratory and inductive. Furthermore, whilst Porter and Kramer discuss the concept of creating shared value and business benefit from creating economic and societal value, the role of personal values was not considered (2011:65). Yet, arguably as fair trade SMEs are values orientated, they may challenge this assumption, because firstly the concept of shared value has only been considered within a corporate context. Secondly, Schmitt and Renken (2012), used the concept of shared value within German fair trade apparel SMEs to conclude that personal values did shape business strategy and decisions. Nevertheless, there remains a need



for exploratory research to consider the reality within the UK fair trade SME, necessitating a strategy which neither aims for generalisation to the wider population, nor provides pre-set hypotheses.

Beyond fair trade, research has often focussed upon tangible business success factors such as profit and turnover, (Shivani et al., 2006; Nieuwenhuizen and Kroon , 2003); however, whilst intangible success factors (Demartini and Paolini, 2013; Machado et al., 2012; Ng and Hung Kee, 2012; Brooking, 2010; Steenkamp and Kashyap, 2010; Sveiby, 2010; Watson, 2010; Durst, 2008; Bones, 2007) have received increased attention, this has not been considered within the ‘ethical trading’ paradigm. Fair trade SMEs therefore provide a unique, flexible lens for exploratory research; in other words “empirical investigation of a particular contemporary phenomenon within its real life context” (Robson 2011:136). Indeed Platt presents this as:

“a logic of design, appropriate to what we want to find out, rather than an ideological commitment to be followed whatever the circumstances” (1992:46 cited in Yin 2009:5).

Although interviews will capture the experiences of business owners and decision makers, the design is not phenomenological, because firstly, it is not the phenomenon of fair trade itself that is specific to this inquiry and secondly because it is dangerous to assume as a pre-requisite that SMEs all share the same values base. They may simply be responding to opportunity from a perceived gap in the market. Furthermore an ethnographic dimension was also not feasible because of cost barriers and logistics and as Wolcott (1999) indicates “a good ethnography requires a prolonged stay at the research site”, reducing the distance or objective separateness between the researcher and the participants (Guba and Lincoln 1988). Therefore the research can be categorised as an inductive, exploratory, case study approach that will draw upon grounded theory (Corbin and Strauss, 2008; Glaser, 1992) to generate a conceptual model that illustrates the key push-pull factors for fair trade SME success. Furthermore, grounded theory is also useful to support the identification of the significant push-pull factors through concept cards (Prasad, 1993), and in the organisation and management of a significant volume of qualitative data from SMEs. Secondary concept cards or templates for analysis (King, 2004) are referred to as good research practice, because they enable a more robust, critical evaluation of the data and consideration of rival explanations. In summary, a case study approach was selected, because “case study is not a methodological

choice but a choice of what is to be studied” (Stake 2005:443), in other words “to illuminate a decision or set of decisions” (Schramm 1971, cited in Yin, 2009:17).

### **3.4 Multiple case study approach**

There are many perspectives around undertaking a case study (Thomas, 2011; Simons, 2009; Yin, 2009; Mitchell, 2006; de Vaus, 2001; Bassey, 1999; Stake 1995); however the uniting factor is the complexity involved in investigating real life situations. However, all emphasize the need for a systematic set of protocols and procedures within the research design to facilitate the collation and organisation of data in the development of theory or concepts because, as Maylor and Blackmon reflect, research can often be “disorderly and sometimes even chaotic” (2005:xxv). Case study is therefore not a flawed experimental design; it is fundamentally a different research strategy with its own design (Campbell and Cook, 1979 in Robson, 2011:137).

A case study approach offers flexibility to investigate UK fair trade SMEs, whilst engaging participants in the process and “signals a potential shift in the power base of who controls knowledge” (Simons 2009:23). This is useful because fair trade is not an ‘exclusive’ specimen or ‘special case’; reflecting Bassey’s (1999) model based upon theory seeking; storytelling; drawing a picture and finally evaluation. This is relevant because the SMEs selected may be FT© exclusive, or offer a combination of FT© and fairly traded products, to reflect a mixed economy competing not only in niche, but also in mainstream markets. Becker states: “people create culture continuously...adapt their understanding to the new situation in the light of what is different about it” (1982:521). Furthermore, Cresswell (2007) also underlines the challenges of case selection within case study design and therefore decisions to interview alternative SMEs simply reflects the business reality today; for example, larger competitors offer a combination of certified and non-certified products; so applying notions of fair trade ‘purism’ to SMEs will firstly not be appropriate and secondly will avoid the charge of double standards.

Whilst the research design acknowledges Simons (2009) around the avoidance of case boundaries at the start of the research, this reason is simply to respond to new information that may emerge during the pilot and main data collection. Nevertheless, the thesis considers that there is significant value derived from demonstrating a range of robust processes and procedures in accord with Yin (2009), for example; with respect to maintaining a chain of

evidence and piloting and testing the data collection framework tool. However, whilst Yin (2009) is fundamentally against the inclusion of pilot data within the main findings, this decision will be deferred until after the pilot, to avoid restrictive rigidity within the fieldwork. The thesis will also offer a systematic approach to document how reliability and validity of outcomes can be evidenced with reference to Yin (2009) in Appendix 11, despite Lincoln and Guba (1985) stating that reliability and validity do not apply in the same way as in positivist, objectivist designs. This view is useful to note because a DBA thesis needs to generate outcomes which are “practically useful in the course of daily events, not only to social scientists but also to laymen” (Locke 2001:59). Therefore, within the spirit of authenticity and honesty, final outcomes will also aim for ‘credibility, transferability, dependability and confirmability’ (Lincoln and Guba 1985).

Whilst this research broadly positions itself within the European SME definition<sup>1</sup>, it reserves the right to examine an alternative single case - the ‘square peg in a round hole’, for example, falling within the financial provisions, but being above employee numbers due to the strategy to teach and maintain traditional crafts and skills. This case (Company N) will be held in reserve to serve as an illustration of how a firm with an ethos of fair trading might eventually transition from a medium to large company, yet retain its value based orientations as a key differentiating success factor. The SME data collected will reflect their diversity, including legal framework (sole trade, partnership, private limited companies, cooperatives) and their product range (FT©, fairly traded and even some non-fair trade) to ensure authenticity and alignment with business reality.

### **3.5 Snowball, Purposive Sampling**

At the outset, initial work was undertaken to investigate the relevance of available information about fair trade, which Blumer describes as a ‘sensitizing’ exercise, which “provides a general sense of reference and guidance in approaching empirical instances” (1954:7). A preliminary contextual interview took place with the Fairtrade Foundation in January 2013 to understand joint strategic priorities and plans with the Fairtrade Labelling Organisation (FLO) 2015 and beyond. In addition, business support functions within the four district or local councils within Yorkshire, Cumbria, Lancashire were contacted because of their already established business networks that might support a purposive snowball sampling strategy. This was necessary because independent ‘cold calling’ was unsuccessful for the majority of SMEs selected. Small business networks were essential, especially to secure the

initial pilot SMEs via personalised e mail introductions by local councillors. This served to distinguish the researcher from other ‘selling activities’. The SME introductions were invaluable, enabling as Myer and Newman (2007) term entry at the correct level into an organisation. Business web sites were subsequently accessed and a baseline of information obtained; for example, to determine the types of fair trade products, brand identity and the positioning of the fair trade ethos within the business. Furthermore baseline information; for example, size and turnover (if disclosed) allowed opportunities to shortlist or deselect for the shortlist, but also to avoid the discourtesy of wasting the business owner’s time (Appendix 4). At this stage an introductory email was sent, copying in the council representative, together with a business briefing (Appendix 2). This stated the aims and objectives of the research and the way in which they could participate at a time, place and date to meet the diary commitments of those involved in the interviews. No discussion took place as to the names of others participating in the data collection, as confidentiality was critical to disclosure, particularly when these other SMEs were often competitors.

### **3.6 The Pilot**

Business research literature does not always refer to piloting within a case study approach; for example, see Thomas (2011) and Simons (2009), in contrast to Yin (2009). However, Robson (2011) draws a distinction between pilots and pre-testing, where on the one hand, he views a pilot as a means of refining the content and procedures of the data collection plan, but considers a pre-test nearer to the usual interpretation of a pilot – in other words a dress rehearsal for the main data collection. The latter is the approach adopted for this thesis (Yin 2009) because of the need to trial the use of a data collection tool based upon Porter’s (1980), generic competitive strategies (Appendix 3), to provide a framework for the business interviews. Yin states:

“the pilot study can be so important that more resources may be devoted to this phase of the research than to the collection of data from any of the actual cases” (2009:92).

A pilot is therefore considered as a useful tool to test data capture, analysis and coding methods and to learn lessons from initial case selection. Findings and coding will be initially presented separately from the main data collection in a separate concept card where “the scope of the inquiry for the pilot case can be much broader and less focussed than the ultimate data collection plan” (Yin 2009:93). However, whilst Yin (2009) envisaged a

permanent separation, as this model is more akin to a pre-test, the final decisions around whether to include pilot findings within the main data set will be made post pilot.

The pilot stage is useful to offer helpful insights on for example observed body language and behaviour, such as general physical signs of unease. Bryman and Bell (2007) suggest interviewer characteristics can influence respondent replies, including status, race, gender and culture, stating difficulty in assessing the impact of these factors or the

“impact of the social desirability effect by not becoming overly friendly with respondents and not being judgemental about their replies “(2007:236).

Examples of areas that might lead to business owner discomfort may include but are not limited, to pricing, quality and branding and personal values. This may potentially cause some discomfort or concern on the part of the interviewee and furthermore the interviewer themselves may attribute meaning inaccurately or perceive responses differently; in turn leading to some caution or dilution of the interview outcomes.

The pilot chapter will explicitly catalogue the lessons learned for both the research design and field procedures, with the outcomes from the first pilot case indicating the modifications and subsequent agenda for the second pilot (Yin 2009). The aim is to provide a useful prototype for the case study protocol and the main data collection and will provide information about approaches to questioning and the logistics for participation. In summary, the pilot will take place with two SMEs, referred simply to as Company A and Company B, but located geographically in the north of England for researcher convenience. Company A is a community interest company in its second year of trading whereas company B is a private limited company with over five years' experience. The pilot aims to evaluate what worked and what did not, for example, in the use of technology to record interviews and the effectiveness of the data collection tool and housekeeping, such as timing, because it is necessary to acknowledge the fact that SMEs give up valuable operational time to participate.

### **3.7 Data Collection**

The pilot was scheduled between December 2012 and January 2013 within two SMEs, each with a single key business leader, supported by a variety of either paid associates or volunteer workers. The main data collection took place between February and June 2013 with 11 SMEs and a further 39 interviews (Appendix 4 base line data information). In addition, there was

the opportunity to visit 10 businesses to observe business operations, followed by progress checks using social media and web sites. Virtual traders were tracked on-line only throughout the data collection phase. In total there were 41 formal SME interviews, plus a focus group comprising of 8 SMEs and Fairtrade stakeholders; 1 interview with the Fairtrade Foundation, and 8 contextual interviews across four local councils in Cumbria, Lancashire North and West Yorkshire.

### **3.8 Interviewing**

Qualitative interviews, whether structured, semi structured or unstructured are a useful tool in which to investigate the motives and actual behaviour of business leaders and managers. Furthermore, Kvale (2006) makes reference to democratic social, consensual research, including sharing interview transcripts with interviewees. He states:

“interviews are a sensitive and powerful method; they are, in themselves, neither ethical nor unethical, neither emancipating nor oppressing” (2006:497).

The interview represents a: “one-way dialogue; an instrumental and indirect conversation, where the interviewer upholds a monopoly of interpretation” (2006:484), however, the data collection is not simply confined to this activity, relying on observation of the business environment; documentation, web-sites and informal progress checks with owners and managers around current business activity and plans. Nevertheless, Glesne and Peshkin state: “trust is the foundation for acquiring the fullest, most accurate disclosure a respondent is able to make” (1992:87); so confidentiality is essential if disclosing potentially company sensitive information and to avoid perceptions of collusion if fair trade competitors are also interviewed. Simons (2009) and Patton (1980) suggest there is no single correct format for interviewing and no single way of wording questions that will produce a good result in all situations. This is a contributory factor for why fair trade SME interviews will be structured within a data collection tool (Appendix 3), rather than a rigid set of ordered questions, but it will serve to counteract any potential for egocentric, rambling unstructured stories. It will also provide the start for open coding and the first formulation of the concept card. Furthermore, it will not only support the identification of themes but also assist at later stages in the identification of theme saturation points.

The interviews are a “hierarchical and instrumental form of conversation” (Kvale 2006:486), but highlights how close emotional relationships between interviewer and interviewee can lead to research error, manipulation or bias. Therefore, no prior contact or meetings will take place ahead of the scheduled interview, except basic arrangements e.g. time, place date, consent etc. The conduit for the communications leading up to the interviews will also be through a third party, for example, local council representatives. In addition, post interview distanced relationships will be adopted to minimise bias or perceptions of collusion, as the role of the researcher is not to offer business advice.

Personal presentation, body language, both verbal and non-verbal, from both a researcher and respondent perspective may also potentially influence disclosure, especially in the consideration of human factors such as values, beliefs and motivations. For example, it was important for the interviewer to adopt a neutral stance around opinion into FT© or fairly traded goods. Furthermore, Mauthner et al. (2002) refers to a need for careful management of appearance to build rapport and trust with their interviewees; for example, to appear ‘researcher’, rather than within the comfort zone of ‘management consultant’. Therefore, careful choices will need to be made on a case by case basis around whether to wear a formal suit or be more casually dressed in an attempt to avoid pre-judgement or prejudice outcomes on either side. Interviews are planned to not exceed 60 minutes to facilitate the narrative and limit disruption to the business. The first ten minutes will therefore be unrecorded, unstructured and informal, followed by a reaffirmation of the general research objectives and the business briefing. The aim is to place the interviewee at ease before introducing the notion of, for example, technology and recording. In addition, Kivets (2005) suggests that creating:

“an accessible and understanding style can not only help to maintain momentum for many interviewees, but also bring some who have lost interest or forgotten to reply back into the research” (cited in Bryman and Bell 2007:675).

The decision to opt for face to face interviews was based upon Bryman and Bell (2007) and Mann and Stewart (2000), who presented benefits around for example, veracity, ability to probe, rapport building and context, with Curasi (2001) furthermore stating that there was often less detail acquired from online interviews. Face to face interviews therefore will facilitate a more holistic experience, enabling indirect observation of the interviewee within

the business environment. Kvale notes characteristics and personal competences of the interviewer:

“defines the situation, sets the agenda, shapes the direction of the conversation and ultimately through the analysis has the monopoly of the interpretative process” (2006:485).

Whilst the professional domain of the researcher is within both large international companies and SMEs, there is no specific allegiance to any particular fair trade stance, which reduces potential for any ‘halo effect’ (Kahneman 2011) during the interpretation and analysis stages. Indeed, Colazzi (1978) terms this as ‘bracketing’, where the researcher actually sets aside their own beliefs and perceptions in order to be true to discoveries.

### **3.9 Power Asymmetry**

Power asymmetry is a particular threat to the integrity of research into human values and motivations and critical to the integrity of the interviews because this thesis is not simply a management consultancy, but academic research. Therefore, as part of the preparation for primary data collection, there was a need to develop own reflexivity and learning (Simons, 2009), in order to challenge own values, beliefs and pre-assumptions in order to maintain the veracity of both the interpretation and final outcomes. This process was supported through the development of reflective skills (Revans, 1982), primarily through self- evaluation and action set learning (Yeadon-Lee, 2013) that culminated in the personal impact statement in parallel to the thesis (Volume 2).

Power asymmetry has the potential to distort the natural dialogue and alter the perceived balance of control, essential to a story-telling approach about business’ activities. It is critical, therefore that interviewees feel comfortable and sufficiently relaxed to issues that potentially have much personal and emotional investment. Indeed, Briggs (2002), Gubrium and Holstein (2002) and Burman (1997), examine the asymmetries of power that emerge, for example, controls over what is said and how it is said and the subsequent circulation of the interview knowledge (in Kvale 2006:483), even if the interviewer presents the allusion of being warm and caring. Kvale (2006) states that the “conception of research interviews as personal egalitarian dialogues masks the power asymmetry” (2006:496). It highlights why it remains important not to disclose the researcher’s own professional background in business development and strategic planning or engage in a sort of conspiratorial affirmation of



business owner motives and decisions. Indeed, whilst emotion provides information about how individuals evaluate ‘social reality’ (Ezzy, 2010; Nussbaum, 2001; Benjamin, 1988), it is still important to avoid what Mauthner et al. (2002) describe as “faking friendship”, as a means to disclosure; certainly option which would undermine the viability of access to these fair trade SMEs and to enable a longer term commitment in terms of reflection and cross checking of transcripts (Mann and Stewart 2000).

### **3.9 Social Desirability Bias (SDB)**

Minimising research error is a key concern; firstly social desirability bias (Dalton and Ortegran, 2011; Chung and Monroe, 2003; Randell and Fernandes, 1991) and secondly case selection bias, where individuals with ethical awareness/maturity are considered more likely to participate (Chung and Poon, 1994). SDB compromises fundamentally any research outcomes whether researcher or interviewee generated, but will also impact upon their credibility, diminishing the trustworthiness and authenticity of any conclusions and recommendations (Lincoln and Guba, 1985). This thesis recognises that fair trade or altruistic behaviour is emotive, especially as fair trade advocates the bridging inequalities of population, exploitation, deprivation and poverty. This presents a dilemma if interviews resulted in answers that simply reflect the individual’s perception of ‘what is the right thing to say’, rather than the business reality.

Whilst the aim of each interview is to gain insight into tangible and intangible success factors and the business impact of human values, there are key pitfalls to note in advance. Fair trade implicitly links business ethics with personal values and beliefs; therefore it is important to consider that espoused theory may not necessarily be representative of theory in action (Seale, 1999). Furthermore, interviewee perception of the researcher may influence how they judge potential reaction values based versus profit objectives; for example, if the desire is to simply address a gap in the market, which just happens to be fair trade or by reverse, if they view themselves as champions of social good. The criticality of recognising the need to minimise the effects are documented by Fischer and Katz (2000), and Fischer (1993), who discuss the practical implications in terms of the validity of conclusions and furthermore research opportunity costs.

It highlights how researcher neutrality on fair trade, sensitivity to dress and length of contact can mitigate these key research risks. However, whilst Jackson (2001) framed his questions

in a way which enabled respondents to distance themselves from their answers, these interviews will reflect personal journeys and individual values, making it is difficult to simply adopt this strategy. However, the use of the data framework tool to guide the story-telling may serve to further reduce this risk.

Another useful option may be Kahneman's (2011) 'Thinking Fast and Slow', which uses language to avoid the brain's desire for social correctness, in favour of a rational, honest response. Therefore, it is essential that no opinion is expressed by the researcher around the notion of fair trade and more practically any question/prompt used that includes the word success. As the interviewee relaxes, the narrative will communicate individual interpretation of success through attitudes to pricing, profit, family, values, satisfaction motivations etc. In effect the dialogue on the business operations is akin to a diversion, described by Kahneman (2011) in his system 1 and 2 thinking. The narrative is situated within the comfort zone of the participant to reduce barriers and to enable new insights to be shared naturally.

Nevertheless, despite all attempts to mitigate SDB, it is necessary to acknowledge that it could still potentially contribute to values and motivations being reported more positively than actual behaviour (King and Bruner, 2000). Therefore, the interviews in the main data collection will also consider the gender balance of interviewees because, according to Dalton and Ortegren (2011), it is critical to control SDB, especially ethical/gender domains.

### **3.11 Attribution Theory**

Further risks during the interviews may result from occasions where the interviewee perceives the need to justify their actions, for example, around a particular motive for a business decision or to attribute outcomes to internal or external factors. However, this risk is not confined to the interviewee, as the researcher could also potentially make explanatory attributions in terms of the understanding or interpretation of an aspect of the business. Heider (1958) believed that people observe, analyze, and explain behaviour by grouping explanations within two distinct categories: internal (personal) and external (situational) attributions. When an internal attribution is made, the behaviour or action is linked to individuals' characteristics, such as ability, personality, mood, efforts, attitudes, and disposition etc. When an external attribution is made, attributions are made to the situation, such as the task, other people, business associates, or perhaps more simply 'luck'. This was further developed into a theoretical framework by others including Jones et al. (1974) and

Weiner (1986). This is important and relevant to this research and interpretations of transcripts; for example, in placing a quotation and attributing this to a theme within the concept card. It also highlights the need to acknowledge one's own assumptions and avoid pre-judging the values, beliefs and motivations of business critical decision makers. There was a need to cross-check and undertake peer assessment of transcripts etc., to avoid research error through cognitive bias in relation to the interpretation of findings, analysis and subsequent conclusions. Self-serving bias could lead to attributing dispositional or internal factors to success and external, uncontrollable factors for failure. Alternatively they may be defensive to avoid feelings of vulnerability attributions. Attribution theory suggests people potentially attribute their successes to situational factors; for fear that others will disapprove of them looking overly vain if they should attribute successes to themselves or, furthermore, avoid feeling any responsibility for failure Miller and Ross (1975). However, it is essential to stress that this case study research methodologically does not seek to attribute causality, but seeks instead to further understanding and gain new insights into the tangible and intangible success factors for fair trade SMEs. This is one of the key reasons why questions around – “do you consider yourself successful” is avoided in favour of a more stealth like approach taken through natural conversation around business functions and views on for example, motivations to start up in business, whether they be for profit, people or work-life choices.

### **3.12 Ethical issues**

Brinkman and Kvale (2005) state ethics are critical within qualitative research due to the close nature of interaction within the interview process. Therefore, the study of ethical trading necessitates strict adherence to ethical codes because of the influence of human emotions connected with fair trade. This research adopts the stance of universalism, with all aspects of the research design constructed to minimize any potential perceived ethical risk. The three key principles identified by Diener and Crandell (1978) will be protected within this study, including informed consent, a respect for privacy and transparency. It will ensure that there is no harm to participants, in particular psychological, that may result from feelings of guilt whilst motives for conducting fair-trade business, are fully explored. The guiding principles of beneficence and non-maleficence will be applied and be maintained throughout. There will be full compliance with the Data Protection Act 1998 (<http://www.legislation.gov.uk/ukpga/1998/29/contents>), and in accordance with University of Huddersfield policy and guidelines. Up to date anti-virus software will be utilized to protect the data, but main storage will be within an additional portable hard drive to prevent

malicious spyware access when not in use. All data will be tagged and coded to maintain anonymity of the interview transcripts, or commercially sensitive material and disposed of after completion in accordance with University policy. The project plan will be submitted to the University of Huddersfield ethics committee (February 2013) for approval ahead of the main data collection phase to ensure adherence to their code of conduct. Although this project is not publically funded, adherence to the ERSC Research Ethics Framework will still be maintained.

### 3.13 Programme of Work

A Gantt chart (see Fig 3) describes the timeline for the research and builds in time for re design and adaptation in accordance with the inductive approach.

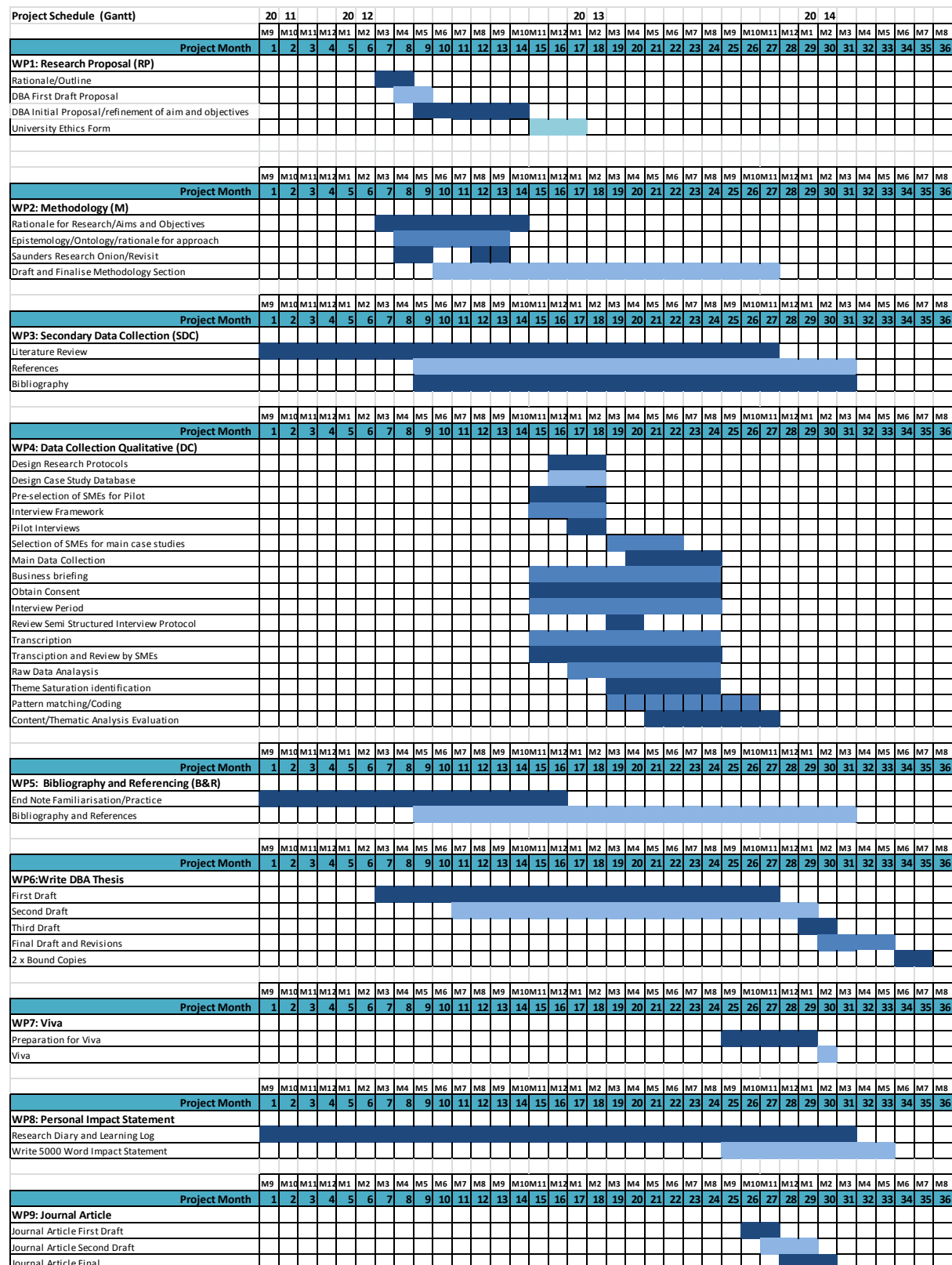


Fig 3, Gantt chart

Following the approval by the University Ethics Committee, the two pilot case studies were carried out in early 2013, piloting the data collection prompt framework, designed around Porter's generic strategies (Appendix 3). Lessons learned were captured and discussed in the Chapter 4 Pilot phase. A risk assessment will seek to highlight key activities and assign a RAG rating (Red, Amber, and Green) to each, along with contingencies (Appendix 7).

### 3.14 Fieldwork

Sutton (1993) proposed key challenges for the interpretivist, qualitative research which lie within the perception that data collection methods consist of unsystematic fieldwork.

However, this will be addressed through reflexive practice (Simons, 2009) and Yeadon-Lee's (2013), approach to action set learning, to manage incrementally stage problems and issues that, if left unchecked, might leave the research exposed to methodological challenge within the viva or prevent successful journal review and publication. Therefore, in order to demonstrate the logic of the research design (Yin, 2009), there will be:

- **A case study protocol** – overview of the project (project objectives, case study issues and relevant literature). See DBA on a Page Appendix 1.
- **Case selection** – search and refinement.
- **Field Procedures:** Business Briefing, Data collection framework using Porter's generic strategies, consent forms, generic business information format (Appendix 2 and 3). Coding will begin in field notes, by starting with the headers within the data collection tool.
- **Data Collection** – table shells using Porter (1980) generic strategies as the framework.
- **Data Presentation** – based upon Prasad's (1993) concept card approach and with reference to Miles and Huberman (1994) (Appendix 5 and 6).
- **Secondary concept cards** –guided by Corbin and Strauss (2008) and Strauss and Corbin (1990), constant comparative method whereby repeated comparison on the data collected and emerging theory/conceptual model (Appendix 6).
- **Case study database** – to maintain a chain of evidence, containing all reports, transcripts, documentation, business information, web sites, contacts (Appendix 4).

### 3.15 Coding

The development of the approach to coding was iterative, aiming not only to present a logical structure to support the analysis, but to be able view the raw data collected from different angles (King 2004). This section shows how the pilot concept card was developed and subsequently revised during the main data collection phase into a primary concept card. This eventually culminated in the design of a coding framework, presented in chapter 5, Findings and the secondary concept card (abridged version Appendix 6).

In order to arrive at a consistent and logical approach to thematically analyse the data, it was necessary to consider how both tangibles and intangibles would be captured, organised and filtered to present the significant thematic push-pull factors for success. Ahead of the pilot phase, the plan was simply to first focus upon preliminary reading and assessment of the accumulated raw data; identify some commonalities between the transcripts and populate a pilot concept card. This was done by using the headings derived from some broad themes identified in Fig 4.

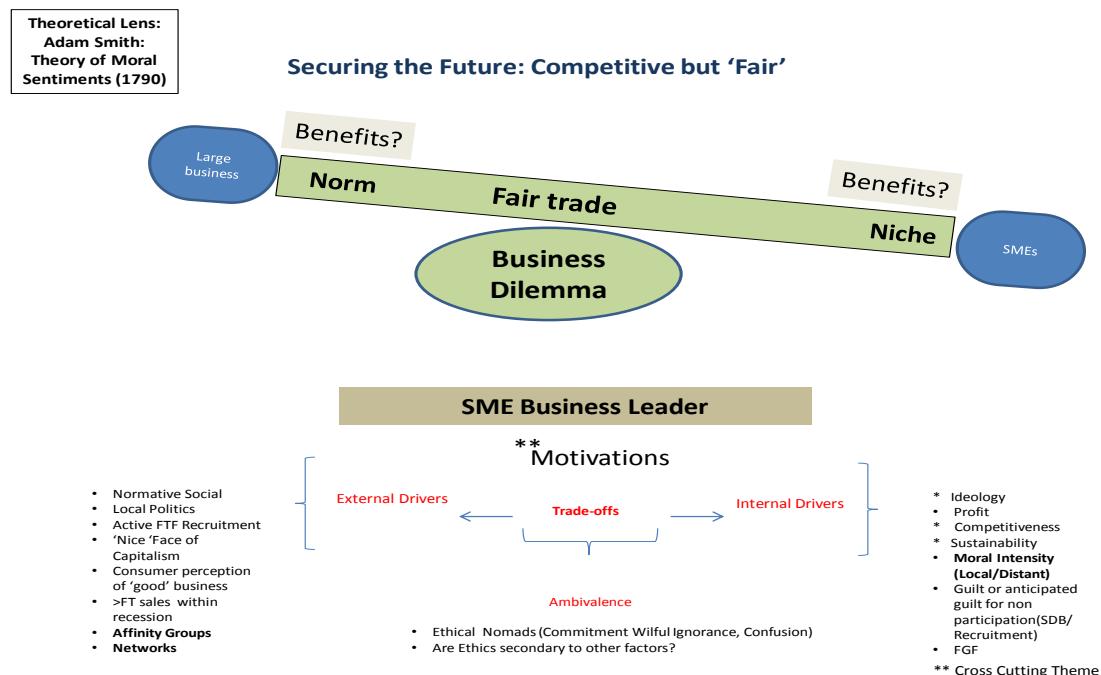


Fig 4 Conceptual diagram to support pilot concept card development

This starting point is supported by Dahlsrud (2008) who suggested grouping views and entries provided by the respondents under collective phrases as part of an iterative process of

analysis and coding. Indeed, the pilot concept card template was designed not only to capture information from the pilot interviews, but also to generate a “chain of evidence” (Yin, 2009). The template was based upon Prasad (1993), as follows: the left hand column was coded TA/TB/TC etc., which equates to Transcript from Business, TA/TB/TC etc., followed by the page number on the transcript and where the quotation could be located. A quotation column is followed by an additional memo/comments column transparently demonstrates the journey/rationale to the theme allocated. One criticism of grounded theory is that “data is broken down into too many fragmented chunks, where the context and meaning is lost” (Bryman and Bell 2007:593), therefore the concept cards feature extended quotations that provide greater depth and detail against a specific category. It will also ensure quotations are not simply devoid of context.

#### **Product Features**

Data Source	Quotation	Memos	Concept/Theme
TA:7	We don't just sell the product, we tell you about the product, which is a great USP.	Each product and each recipe has a unique story.	BIFI+ Uniqueness. Values driven.
TB:4	“What I do – its extreme and its deliberately extreme to demonstrate the difference between traditional business and Fairtrade®”.	Re: Educational workshops in schools.	BIFI+ Uniqueness.
TC:3	“All our products are FT, recycled or organic or a combination of the three”	Sustainability.	BIFI+ Uniqueness. Values driven
TD:1	“We have two main strands. There is Fairtrade® within the Fairtrade Foundation – the organisation responsible for labelling and so on; that being a joined up word and looking after the certified side of things and then fairly trading. ...It's the concept of working ethically, soundly within a certain framework with any producer of any size, on the you know agreed premise of price, quality and all those types of aspects”	Fairtrade® and fairly traded.	BIFI+ Distinctiveness Choice. Balancing business and values.

Fig 5 Pilot Concept Card

The approach to Fig 5 is supported by Charmaz (2006) who suggested that codes act as a shorthand device to label, separate and organise data, however, unlike in quantitative data collection, could be both fluid and in a constant state of revision. However, this approach was adapted during the main data collection as subsequent transcripts naturally aligned to the data collection tool based upon Porter's (1980), generic competitive strategies (Fig 6).



### **Product Features**

Data Source	Quotation	Memos	Concept/Theme
TA:7	We don't just sell the product, we tell you about the product, which is a great USP.	Each product and each recipe has a unique story.	BIFI+ Uniqueness. Values driven.
TB:4	"What I do – its extreme and its deliberately extreme to demonstrate the difference between traditional business and Fairtrade®".	Re: Educational workshops in schools.	BIFI+ Uniqueness.
TC:3	"All our products are FT, recycled or organic or a combination of the three"	Sustainability.	BIFI+ Uniqueness. Values driven
TD:1	"We have two main strands. There is Fairtrade® within the Fairtrade Foundation – the organisation responsible for labelling and so on; that being a joined up word and looking after the certified side of things and then fairly trading. ...It's the concept of working ethically, soundly within a certain framework with any producer of any size, on the you know agreed premise of price, quality and all those types of aspects"	Fairtrade® and fairly traded.	BIFI+ Distinctiveness Choice. Balancing business and values.

Fig 6 Primary Concept Card

The development and testing of the coding framework was applied to literal and theoretical case replication (Eisenhardt 1989) to ensure it was sufficiently robust and rigorous. The final model is described fully in chapter 5, Findings, and provides the key headings for the secondary concept card. The final coding framework synthesised and reduced the volume of rich data generated, however as Miles and Huberman (1994), highlight, coding did not replace analysis. Nevertheless, the coding framework evolved from a need to systematically and logically group data, which was then retrospectively tested on the primary concept card within the column concept/theme. This allowed not only exploration of the data from different angles, but also the identification of coding errors. This approach was in accordance with the principles of Corbin and Strauss's (2008) constant comparative method, to cross check symbiotic relationships between success factors identified within the transcripts. It also enabled the creation of a table to tabulate frequency and groups of themes (Tables 1-4), assessing the weighting of particular success factors and to determine their significance by the volume of cross case frequency. Nevertheless, comments connected to an identified theme were recorded only once per SME, to avoid repetition or skewing of the findings towards individuals who were more comfortable in expressing their views.

A decision was taken to manually code and analyse the data, rather than use NVivo for two key reasons, namely access to the software, but mainly because of the range and variety of descriptions, language and terms used by business interviewees. It also enabled the researcher to retain close proximity to the data set, to maximise the opportunities presented from the transcript text and to test and re-test the coding framework. Open and axial coding of business and human factors culminated in a diagrammatic model, adapted from Lewin's (1947) force-field concept.

In summary, the coding and analysis draws upon Strauss and Corbin (1990), who suggest general explanations can be achieved and shaped by the views of carefully selected participants, or indeed by Clarke (2005), who draws upon post- modernism to study turning points or problematic situations. Therefore, adopting this approach enabled new insight and depth of understanding into those values based business decisions that impact upon success and sustainability.

### **3.16 Analysis**

The method of analysis adopts the approach of leading experts both in case study research (Yin 2009) and within grounded theory (Strauss and Corbin, 2008). They consider a systematic approach is both necessary and appropriate in order to demonstrate the rigour and credibility of the research process and limit the potential for biased views to influence the direction of the analysis and conclusions. For the purpose of this study, whilst the approach is inductive and qualitative, it is intended to demonstrate a logical, systematic process supports data analysis, in order to ensure transparency, integrity and dependability of final outcomes. However, Appendix 2, 3, 5, 6 and 11 will demonstrate the sense of logic and authenticity; indeed as Thomas states:

“the quality of a case study depends less on ideas of sample, validity and reliability and more on the conception, construction and conduct of the study” (2011:71).

This will be achieved through a cross case synthesis presented in Chapter 6: Analysis and Discussion, but will retain focus upon the key objectives of the research, rather than detouring into other areas that may overlap; for example organic or local trade. These issues will be acknowledged, but information gathered will set aside for future studies. Furthermore the analysis will show how it used all available evidence to support interpretations to avoid

loose ends that might leave the thesis vulnerable to alternative explanations. In summary, the key analysis strategy will be “to follow the theoretical propositions that led to the case study” (Yin, 2009:130).

### **3.17 Credibility and Authenticity**

Case studies are often criticised for providing little basis for scientific generalisation (Yin, 2007:15). However, Thomas argues that reliability and validity are not the principal concern here (2011:62), supported by Smith and Deemer (2000). However, this view again is not without its opponents (Yin 2009) and acknowledged in Appendix 11. Nevertheless Silverman (2010) and Whitemore et al. (2001) instead propose a range of different criteria for assessing the validity of interpretative research: plausibility, relevance, credibility, comprehensiveness, significance, confirmability etc. Scientific facts are not based on a single experiment but on replication and multiple studies; so in a similar way, this principle is adopted through the careful selection of multiple fair trade SMEs. This will show the approach to data collection and tools and enable effective repetition between different fair trade SMES to be repeated under different conditions. Indeed “case studies like experiments are generalizable to theoretical propositions and not to populations or universes” (Yin, 2009:15). Bassey (1999) discusses the notion of a case study producing a generalisation that he calls ‘fuzzy’, or as Thomas (2011) more simply says, being pointed in the right direction by the research findings; evidenced in Chapter 7, conclusion and implications. The case studies presented within this thesis do not represent a representative sample because the aim is for analytic rather than statistical generalisation. However, reliability will be assured through the minimisation of errors and biases and the adherence to a case study protocol, including fieldwork procedures, data collection using concept cards and a case study database that maintains the chain of evidence (Appendix 4, 6 and 11).

### **3.18 Significance, limitations**

This case study approach will allow the complexity and experience within the SMEs to be explored in a way which has not been represented in fair trade research to date or indeed within wider studies in more traditional sectors. Indeed, it is a flexible tool which is not time-dependant or constrained by method to enable participants to democratically engage in the data collection, from pre-interview through to interview and transcription checks (Simons 2009). The range of fair trade SMEs, both in size and diversity will offer insights into business and human push-pull factors for success through a ‘business in action’ approach.

More fundamentally, as fair trade evolves and grows, the ethos and values are likely to be exposed to closer scrutiny. This is why through an investigation into both FT© and fairly trading SMEs, it will help to offer new insights into values based businesses and indeed if they represent a new era of socially responsible business, in which business and human success factors are subtly interconnected and symbiotic and indeed whether the concept of creating shared value (Porter and Kramer, 2011) is already realised in practice, irrespective of whether they compete in niche or mainstream markets.

Nevertheless questions may be raised around the issues of generalizability/external validity and how this study could be applied more generally to other cases, so it is worth restating the aim of the thesis to further understanding into the interconnectedness of tangible and intangible business and human success factors within fair trade SMEs. The aim is neither to generalise, nor to attribute causality, but rather through a revelatory approach to facilitate areas and concepts inaccessible through positivist, scientific approaches. Therefore the research represents a starting-point; in other words a research foot-print for quantitative or qualitative research into businesses, which aim to create shared value across their supply chain.

### **3.19 Conclusions and Recommendations**

The thesis structure will follow what Yin refers to as a standard “linear analytic procedure; (explanatory, descriptive, exploratory)” (2009:167). This thesis will further knowledge into the critical success factors applied within an SME context and offer new perspectives into the influence of business and human intangible factors within fair trade. It will also contribute to methods by the development of a coding framework to organise large volumes of qualitative data. It will suggest how others might use the findings pragmatically to support SMEs, for example the Fairtrade Foundation, as it pursues its joint strategy with its European partner, the Fairtrade Labelling Organisation (FLO) from 2015. At a local level, it may enable best practice to be shared among fair trade and business support networks to offer strategies to support growth, success and sustainability. Finally, in chapter 7, it will acknowledge the limitations of the research including lessons learned within an area potentially vulnerable to social desirability bias (SDB). It will conclude by offering a roadmap for further quantitative or qualitative research into fair trade SMEs, because these empirical findings will demonstrate how theoretical propositions were based upon real world perspectives.

### **3.20 Summary**

This chapter described the research design and approach and the data methods and tools to be adopted to ensure depth and credibility within the fieldwork, because this is academic research rather than business consultancy. It also recognised the unique challenges and pitfalls that must be addressed to ensure the authenticity of final outcomes. These include but are not limited to; for example, power asymmetry, SDB, access and interview techniques. It makes connections to the subsequent chapter on the pilot (chapter 4), main data collection findings (chapter 5) and analysis (chapter 6), ahead of the conclusions and recommendations (chapter 7).

## Chapter 4

### The Pilot Interviews

#### 4.1 Introduction

This chapter further develops ideas and approaches contained within Chapter 3, the methodology, based upon two fair trade SME pilots, so in essence will represent a “*small scale version of the real thing*” (Robson, 2011:141). This will determine the feasibility of the approach to data collection and analysis and enable any refinement to be made, whether in content or procedure. This chapter will discuss the key challenges; both expected and unexpected that emerged during the pilot phase; important as the design is both interpretivist and orientated to individual experience and perspectives. It will also consider researcher and respondent assumptions, actions or comments that could inadvertently lead ‘confirmatory bias’ (Kahneman, 2011). In other words, communicating views or making interpretations that ‘confirm’ any pre-existing assumptions/beliefs around fair trade, human values or success and shape how findings are presented. This awareness will assist the research design, by enabling these factors to be recognised and minimised to maintain the integrity and credibility of the research.

The chapter will include a brief company overview and base-line data (Appendix 4) that will build throughout subsequent business interviews and will discuss pilot outcomes using the sub-headings from chapter 3, simply for the purpose of consistency. It will include specific sections that focus on the lessons learned relative to the research design; field procedures; interview technique (Kvale, 2006); dress code; attribution theory (Weiner, 1986; Heider 1958); social desirability bias/ rush to please (Dalton and Ortegran, 2011; Chung and Monroe, 2003; Randell and Fernandes, 1991); power asymmetry (Kvale 2006) and the impact of technology on the interview process. It will highlight how SME expectations are managed, because there is a delicate balance, for example, during the researcher introduction, where previous business experience and age might subtly alter perception and the shape of the interview from academic research to management consultancy. This chapter will also show the process for obtaining interview feedback from participants, following proof reading of the transcripts. There will be a section on analyses of the initial data from the two pilots using template analysis based upon King (2004), and the concept card approach of Prasad (1993), that collates the field notes and offers an initial synthesis of this information into some broad themes. Finally a conclusion will provide a summary of the key points and lessons

learned in preparation for the main data collection, including any adjustments and modifications to the interview design.

## **4.2 Pilot Rationale**

This pilot was undertaken with two fair trade SMEs in two different UK regions, but according to Robson (2011), would be nearer to Yin's (2009) definition of a pre-test, because it is an opportunity to gain experience with the prompt framework based upon Porter's (1980) generic strategies. Pilots are not a pre-requisite in case studies (Thomas, 2011; Simons, 2009); however, in this case it is considered a valuable investment of time because it will assess how effectively the story-telling approach works in parallel to the data collection tool (Appendix 3), as well as to develop researcher confidence. SMEs themselves may be focussed upon business critical issues on the day; so the need to target information gathering and use time wisely is crucial to the integrity of the interview itself. Furthermore, it will evaluate whether the research instrument supports, intrudes or enriches the interview process and allow what might be termed 'ebb and flow' between theoretical reflection and each interview. It will aid decision making around whether emphasis/focus should be placed on the matrix, or whether it should be unobtrusively rotated around the natural flow of conversation to empower the interviewee to tell their story in their way. In this way, it is hoped to maintain the integrity of the interview through honest disclosure, particularly relevant when attributing success or barriers to success on external or internal factors and particularly in the management of more sensitive areas around personal values, beliefs and motivations. De Fina and Perrino view storytelling in interviews:

“as a fertile ground for theoretical and methodological reflection that is paramount for narrative analysis” (2011:2).

It is hoped, however, that the framework will support the interview by ensuring content, consistency and structure during the conversation and to serve as a checklist for the interviewer to ensure all areas are addressed, even if not necessarily in the same order within each interview. In addition, as the pilots will serve as a dress rehearsal for the main data collection phase, any issues can be addressed and modifications accommodated flexibly.

The basis for the research is essentially the business of business, because it may be argued that irrespective of whether a business is trading in ethical products, it still needs to compete

to survive explicitly or implicitly. However, as Ezzy suggests, the interviewer needs to acknowledge the emotional investments made by individuals as: “emotions provide important information about how people understand, experience and evaluate the world” (2010: 163). He suggests qualitative interviewers often focus upon the ‘cognitive’ rather than ‘emotions’ of the respondent, presenting the difference as either conquest or communion. Kahneman (2011) supports this and the individual conflict between intuition and logic and the risk and potential for mistakes resulting from confirmatory bias. Nevertheless, whilst relevant, the role of the researcher is to place sufficient strategies (Appendix 2, 3, 4, 5, 6) that promote transparency, precision and detail to demonstrate what Kvale (2006), would term ‘agnostic’ behaviour, limiting the opportunity for bias or moral sentiment to intrude.

### **4.3 Company Overviews**

The complete set of company overviews provided in Appendix 4, aim to provide a basic set of descriptive baseline information on each participant SME. Each business will be attributed a code: Transcript A (TA) and then the location of the page within the transcript where this can be located (TA:12). A quotation heading taken from each transcript in italics will aim to give a flavour about the very essence of each firm, with factual information, for example, length of time in business, products, number of employees mixed with selected quotations in italics to support and illustrate the descriptions. These will set the scene and offer some context to assist the reader in the creation of a mental image of the business behind the interview transcript. For example, in the pilot, TA is registered as a Community Interest Company and opened for business in November 2011. The business lead describes his business by stating “*we have something beautiful here, but it is tainted by the fact that we need money*’ (TA:9).

TB, by contrast, may be best described as its polar opposite - a private limited company that started in 2008 as a sole trader, which in 2010 became a limited company after over 5 years in business. In terms of the business rationale he comments: “*I saw a commercial opportunity*” (TB:9).

It is important to note, however, that the company overviews do not seek to pre-judge firms or to invite readers to make early assumptions about each firm, based on their personal opinions around, for example, free market economics or economic equality/fairness. The aim



is simply to set the scene, provide some contextual information as part of the case cataloguing process.

#### **4.4 Pilot Business Selection**

The pilots were conducted in December 2012 and late January 2013, although their selection was influenced by extreme weather conditions which lead to a need for greater flexibility and responsiveness, especially when the opportunity to travel presented itself. It would have been simpler to conduct interviews by telephone or Skype. However, Fontana and Frey (2002), refer to interviews as a construction of knowledge, rather than simply acting as a sponge to data already there. Buchanan, et al. (1988) also advocate the importance of obtaining the correct entry level, so each pilot resulted from preliminary contact initiated by two separate local councillors, who provided a degree of gravitas by providing brief e mail introductions of both the researcher and the topic to each SME participant.

##### *4.4.1 Access*

A key immediate challenge was trying to ensure appropriateness and willingness of any company pre-selected for interview. SMEs might typically be viewed as ‘hard to reach’, with for example, Cassells and Lewis (2011), and further emphasized by comments around their outlook being “non-strategic economic short-termism” (2011:187). Therefore, whilst the easier option might be to pursue a research strategy based on convenience, this might lead potentially to research errors; if for example, through snowball sampling, if it were simply easier to access firms with a leaning towards activism or affinity with the FT© message, than a commercial orientation or visa-versa. Indeed, this problem was initially exacerbated by the failure to achieve any business interview through independent company contacts. Indeed Myers and Newman (2007) discuss various pitfalls in qualitative interviews, extending from for example, level of entry to the business, to artificiality of the interview to timing and trust. However, the pilot interviews, although the result of snowball sampling and using networks, were also useful as they represented of two polar opposites in terms of philosophy and beliefs. TA was a community interest company, not VAT registered and 1 year old, whereas TB was a private limited company, VAT registered and more than 5 years old. This actually assisted the evaluation of its robustness and applicability in different situations. It also provided some early interview experience, for example multi-tasking, listening, processing, formulating and the compilation of field notes.

#### **4.5 Field Procedures/Protocols**

The business briefing (Appendix 2) was sent ahead of the interview and at the point of initial engagement to facilitate the process and ensure transparency. The consent form template was also forwarded in advance, but written consent was obtained on the actual date of interview (Appendix 11). The company interview tagging details and basic business information collection procedures were trialled during the pilot, in order to ensure a uniform set of baseline data (Appendix 4). It was important to acquire this information naturally rather than a formal Q and A, as often this was obtained in the ‘warm-up’ phase, rather than within the narrative. This basic information consisted of the interview tag number, interview date, the company name, business own/lead, and the company contact details including address, telephone numbers and address. In addition, the date the business was established, duration, annual turnover (although not mandatory), number of full and part time employees and product offer. Adjustments to the data collection sheet post pilot one included further consideration of the ‘type’ of company; for example sole trader, partnership, private limited company and community interest group and also whether the company was registered for VAT.

#### **4.6 Interviews**

There was a need to avoid researcher bias and “explore subjectivity in the process of research” (Simons, 2009:88) through pre-judgements based on own values, beliefs on fair trade and previous business experience, or by collusion with the interviewee (the concept of ‘faked friendship’ proposed by Mauthner et al., 2002). Therefore, from the company selection stage of the data collection process to the pre-interview ‘warm up’ phase (around 10-15 minutes), the aim was to actively avoid any suggestion that the interviewer was anything else but independent and objective. Interest in the age, background and work experience of the interviewer was also kept to a minimum to avoid power asymmetry (Kvale, 2006), or allow any deviation from research interview to management consultancy. Hermanowicz argued that “great interviewing is a romantic-like dialogue” (2002:482), but also reflected on “attentive openness as a technique to “embody detached concern” (2002:485). Kahneman (2011) discussed how the halo effect could shape our view of interviewees and situations. This could result in: “the tendency to like (or dislike) everything about a person, including the things you have not observed” (2011:82).

In effect though, first impressions were two-way experience irrespective of whether the interviewer or respondent. Indeed, Kahneman (2011) stated how the brain had the ability to jump to conclusions and subsequently confirmatory bias. This was something experienced within the second pilot interview, whereby a comment on business practice was in stark opposition to the researcher's belief set. Therefore the pilots were arguably as much about testing the data collection tool as learning to demonstrate reflexivity (Simons, 2009), in the research process, for example, consciously looking back at the decisions, interpretations or even how actions and beliefs might have shaped the process or outcomes. The aim was to enable early identification of potential bias and to manage them transparently and honestly.

Seidman suggests the "hardest work for most interviewers is to keep quiet and listen actively" (1991:56), and it certainly bears out when replaying these pilot recordings, where on occasions a point is not sufficiently capitalised upon, for example, in TA, when introducing the topic of technology, the inexperience of the interviewer is demonstrated by too eagerly moving on to another question without probing further around their simple yes/no type response. In addition, the self-imposed pressures and enthusiasm to carry out the pilots highlight other potential pitfalls, such as the emotional framing of the interviews, for example, presented by Ezzy "as conquest or communion" (2010:64). He suggests the best interviews are not dominated by the voice of the interviewer or the agenda of the interviewee, but rather:

"like communion, where the tension between the research question and the experience of the interviewee is explored" (2010:164).

Kahneman's (2011), discussion of cognitive ease certainly applied to the 'interview moment' and the range of thoughts being processed by the inexperienced researcher's brain such as: is this going well; should I redirect questioning; do I need to put more effort in to stimulate the interview and the strain of unmet demands. Certainly these pilot interviews required long focussed period of absolute attention on both sides and illustrated the need to reduce the time span to maximise concentration from both parties.

#### *4.6.1 Interview Structure/Technique*

The decision to adopt a 'story-telling' approach was based upon the aim to obtain naturally occurring information and in the hope that by adopting the style and manner of the

interviewee, that this would facilitate honest disclosure. To an extent, this worked but perhaps too much interviewee freedom was afforded and initially the interview reverted more to an unstructured approach. However, the data collection framework (Appendix 3) offered a safety net to the interviewer, by allowing the opportunity to re-group, identify the gaps and refocus the participant. This meant that although the first interview was 1.5 hours in length, when the data framework was more rigorously applied, this was condensed to no more than 45-50 minutes duration. This will be a critical matter as part of the interview contract, but also when firstly in negotiating the interviews to assure the individual of time; important in the resource poor SME (in terms of time and money).

#### *4.6.2 Social Desirability Bias (SDB)*

Dalton and Ortegren (2011) and Bryman and Bell (2007) both highlight significant challenges to the research process. This was relevant to avoid error in later concept formation due to the values based dimension contained within the subject of fair trade. A mitigating factor can be achieved by avoiding over-friendliness or indeed being judgemental about replies. It certainly supports the decision to use the data framework to unobtrusively support the interviewee narrative, but at the same time not restricting rapport building. Whilst anticipated, this did not emerge as a key issue within the pilot phase and there appeared no attempt to find specific affinity with the interviewer. However, this does not mean there is no future risk, so it remains an area for vigilance. The framework assisted the interviewer in trying to maintain objectivity, by avoiding appearing either overly judgemental (management consultancy mode) or alternatively appearing to collude on fair trade philosophies in an effort to bring about responses in line with interviewee perceptions of the interviewer's own values and beliefs.

There is a delicate balance to be achieved in any effort to enter into rapport with the businesses interviewed and in understanding the motivations of individuals and organisations. This is especially true where individuals have invested their life, time, passion and money, where overtly cool objectivity may be potentially misinterpreted. Trust, according to Gleshne and Peshkin (1992), is essential to accurate disclosure, or arguably any rapport or disclosure at all. However, in each pilot interview, each was either driven ethically by principle, or sufficiently assertive and confident in his own business knowledge and skills. This was highlighted in both cases by non-verbal body language i.e. posture, eye contact, facial expressions, with each different, but confident and comfortable within themselves. Therefore,

whether by ego or principle, the data collection around the tangible and intangible push-pull factors for success was paradoxically assisted by the fact, that many operated within a fair trade mixed economy.

#### 4.6.3 Power Relations

The dress of the interviewer was a crucial factor when meeting business owners and representatives because the objective was to enter into rapport with the participant in a bid to avoid power asymmetry (Kvale, 2006). Yet often it was difficult to know where to pitch and achieve a fine balance between appearing relaxed and objective from an academic research perspective to appearing professional, whilst at the same time not presenting as some quasi management consultant.

In TA the power dimension was not as Kvale (2006) suggested, but tended to seesaw, dependent on the topic. For example, when discussing FT©, activism and ethics, the interviewee tended to speak from an assertive position of authority: *“I passionately believe if you care about something you can change it”* (TA:1) to a more passive, apologetic position when discussing specifics about the business strategy : *“I am not a business person”* (TA:5/7) and *“we are constantly making mistakes”* (TA:8).

In the latter stages of the interview, there appeared to be a ‘search for a solution’ and at times a naivety around income generation and investment capital. Whilst there was the potential to place the interviewer in the role of a management consultant, this was largely avoided, not because of interview technique, but because of the strong beliefs of the interviewee:

*“this is what we stand for...we are trying our best to do the right thing. And we will not compromise our principles to make a little bit of extra money”* (TA:11).

#### 4.6.4 Attribution Theory

The two pilot interviews demonstrated some considerable challenges and potential pitfalls for the researcher. In TA, the lead projected himself more as a servant of the cause and the business, emphasising the power of the individual volunteer. By contrast in TB, the owner clearly internally attributed success to his personal capabilities, attitudes and internal motivations and in turn made external attributions when discussing the reasons for failure of a previous fair trade business or ‘luck’ in obtaining the resources to progress the embryonic

new business. On some occasions it appeared as bravado, but he also alluded to some collusion with the opportunity provider, when explaining his business start-up journey. The role of the researcher is not to judge the merit or character of an individual participant, but to focus on the research aim and objectives. Nevertheless, it did serve to highlight the importance of the consent form (signed prior to commencement of the interview), and the need to share any transcription with the interviewee for clarification and review purposes. Whilst no response, feedback or instruction was received from one SME, the experience served to illustrate potential dilemmas within the data collection phase around inappropriate disclosure. Advice was sought from the University Ethics Committee via the academic supervisor around the management of 'confidential' disclosure.

#### *4.6.5 Use of Technology to Support Interviews*

A handheld device was used to digitally record the interview in preparation or transcription. It was important to practice and to be confident in using such equipment, firstly to install confidence in the interviewee and demonstrate a level of competence. Positioning of the recorder was equally important to ensure that acoustics and background noise did not interfere with the play back. Interruptions appear inevitable within SMEs, however within the main data collection the aim will be to reduce this to a minimum. In TA, the interview was within the café/shop, where background white noise was generated from for example, the espresso coffee machines and 'chatter' from other customers, although it was not sufficiently intrusive to alert to a potential problem. The problem emerged fully within TB, which was recorded in an area where piped music, staff interactions etc., led to a level of noise that potentially could have compromised the recording. Repeat interviews were not an option. Therefore a key lesson learned was simply that what is heard by the ear, supported by lip reading, was not necessarily apparent during the cold transcription activity.

#### **4.7 Analysis of Pilot Interviews and Emergent Themes**

The structure of each interview was based upon a data collection framework (Appendix 3), using Porter's (1980) generic strategies as themes for exploration. Initially, the plan was logically that these would form the headings/identification themes, which could then be systematically addressed in terms of volume of references/importance. However, it quickly emerged that this was too rigid within the concept card (Prasad, 1993) and acted as a guide for the classification and organisation of the significant volume of rich data and text.

Conversation was grouped under an umbrella theme; for example business owner/lead's values and beliefs, or fair trade SMEs as strategic thinkers, competitive strategy etc. Then the source, field notes and concept were recorded adjacent to the quotation (Fig 4). Page four of the data collection template (Fig 5) was a useful tool to assist in both the selection of headings for each section, but also as a starting point for themes; for example, the labels 'nice face of capitalism', affinity groups, networks, intrinsic motivators all were utilised successfully. This ensured that all aspects of the transcript could be addressed, but equally categorised with reference to existing academic literature.

The pilot field notes highlighted 24 areas for consideration and 41 broad themes, some cross-cutting and not exclusive to a specific area. This had to be further refined (Cresswell, 2007), ahead of the main analysis phase, reflecting the iterative nature of the research process. Areas not pertinent to this research were collected but separated from the body of this research; for example, moral issues related to the use of organic, FT©, fairly traded, or local produce for future research. However, where there was a specific business strategy or decision that had the potential for impact upon the business model, this could be acknowledged and reported. The analysis draws upon grounded theory in terms of coding and the notion of constant comparison (Strauss and Corbin, 2008). However, on reflection, to facilitate a systematic approach after the first iteration of the concept card, an additional set of codes were applied (Appendix 5); for example, Business Tangible, Intangible, Internal External, Positive/Negative to arrive at a unique abbreviated code for each quotation within the concept card, for example (BTFI+ Business Tangible Factor Internal +) or HIFI+ (Human Intangible Factor +). This aimed to facilitate the compilation of a second order concept card within the main data analysis (Chapter 6 and Appendix 6) to ultimately arrive at a visual, diagrammatic representation of the push-pull factors for success (Appendix 8).

At this stage, it was unwise to attribute any weight to specific areas, for example, in relation to business owners' values and beliefs, because the two businesses were polar opposites in terms of their operating rationale. However, if these businesses represent opposite ends of the intrinsic motivators spectrum, then future interviews will no doubt align themselves to some degree, or potentially offer a new insights. This equally applied to the concept of activism and the category activism first, business second, which could be potentially challenged as the data collection progresses. Packaging and its linkage to the brand was not sufficiently covered by either business during the pilot business – one because they were delivering a

service and the other because it showed some naivety and a lack of financial resource, using other competitors' bags and branding! Within the pilots, there was reference to the concept of friendship:

*“our trading partners are not just people we trade with, they are our friends. And it makes a huge difference” (TA:7).*

However, it was less clear at this stage how this might impact upon the strategic direction, network management or more fundamentally the success potential of fair trade SMEs in general and thus it remained a line of enquiry.

Early convergent themes emerged around the way the pilot businesses thought about strategy; for example, an acknowledgement of *“I will just work it out as I go along” (TB:8)* or: *“I don't believe in strategy...they evolve, they are not something you plan to do” (TA:2)*. Another potential theme was around the understanding of the word 'strategy', for example: *“I am not sure you could call it strategy. I have a conundrum...I cannot actually fathom a strategy (TB:7)*. The issue of actual and perceived competition was another avenue of investigation, for example: *“I don't like to think of us competing” (TA:9)* or *“I couldn't right now name my competitors” (TB:5)*. Other aspects included business democracy, because of the divergent views: *“I have to say it's not getting thoughts – it's about getting too much” (TA:10)*, which contrasted with TB, whose owner was *“loathe to give the crown jewels away” (TB:6)*. The business mix of fair trade and local was also an area identified for further exploration, for example:

*“you know there is no conflict between supporting Fairtrade© and local....how can people see it as a conflict?” (TA:4).*

A strong area of each narrative focussed upon barriers to business, for example, in terms of business start-up, growth, investment, quality and resourcing. It was equally too early to comment upon fair trade SMEs unique selling points, yet some interesting data emerged, for example:

*“we don't just sell the product, we tell you about the product...we talk about the taste of the cocoa and the name of the person who grew the cocoa... that is a great selling point” (TA:7).*



Another aspect that was integral to the question of how fair trade SME success was situated in both attitudes to price and profit, together with the mechanisms for decision making in these areas. TA shares a poignant view *“I think you can make money and be ethical”* (TA:11), yet appeared to contradict in practice stating: *“we were not too bothered about the profit margin”* (TA:11). TB by contrast demonstrates price awareness relative to competitiveness: *“I tend to under-price”* (TB:5).

Marketing and branding was important to consider carefully, both in terms of strategy and market plans but also in terms of how these plans were realised. Whilst TB stated *“I spent time creating an identity”* (TB:6), TA highlighted how he distributed *“A5 leaflets that I had done on my computer. It was a bit amateurish.”* (TA:9).

Business strategy is arguably shaped by evolving customer demand, feedback and the need to defend its niche was surely central to both sustainability and profitability, yet pilot findings were diverse. TA stated: *“we are constantly analysing things because we are not business people”* (TB:8). This view contrasted with TB:

*“I have just stopped doing it.... This is going to sound arrogant and dangerous, but I don't know how I could improve”* (TB:9).

However, irrespective of the nature of the business, every company needs to manage costs both in terms of overheads and cost of sales. TB illustrated challenges linked to economies of scale *“I am not large enough to get any discounts”* (TB:6). However, whilst SMEs arguably still needed to balance price and principle, TA commented: *“we will not compromise on that and people trust us for that”* (TA: 11).

Product or service quality was arguably essential to many businesses, irrespective of being mainstream or niche. Whilst FT© historically perhaps placed more on principles, altruism and the feel good factor, rather than utility or fitness for purpose, there were different perspectives between the pilot retail and service business. TA suggested that *“we owe it to the farmer to make the coffee come out as best we can”* (TA:8). However, whilst TB also placed importance on this issue, it resulted from an alternative angle: *“the real dilemma is how do I grow my business”* (TB:8).

#### 4.8 Conclusion

The pilot interviews provided an essential opportunity to raise self-confidence and not to underestimate the complexity of conducting interviews or the importance of maintaining the focus on the interviewee. On reflection, whilst interview one presented difficulties in terms of interviewer experience, there were many lessons to learn, in particular the need to manage interviewees as they potentially had the tendency to deviate personal interest and emotions, for example, principles and ethics in the first interview and business presentation content in the second. This might arguably have led to a dilution and a failure to achieve the full potential of interviews in terms of the data collection framework.

Post-pilot, and with two diverse fair trade SMEs, there were still many emergent and convergent themes for investigation. The challenge now was to filter and focus these themes in subsequent SME interviews, to determine both their relevance, priority and the theme saturation point as data collection progressed. It would be important to constantly return to the principal aim of the thesis, namely to further understanding into the push-pull factors for fair trade SME success and to continue to set aside data and themes that were not directly relevant; for example, the moral debate between FT©, Organic or Local; except where it directly reflected a strategic business decision. In addition, it would be important to continue to review company selection to ensure a balance in terms of size, type, for example social enterprise, sole trade, partnership, co-operative, charity/social enterprise to maintain the integrity of the research and reflect the breadth of organisations who use in whole or part, FT© or fairly traded products within their business model.

Whilst the key emergent themes of strategy, marketing/branding, quality and individual motivations will continue to be targeted, there is also a need to clarify why innovation for example was largely ignored or under-stated in these early interviews and to determine if its absence was unintentional or demonstrated a wider emergent weakness.

Finally, Irigaray (2001) and Benjamin (1988) caution that emotional distancing makes it more difficult to 'hear' the real and true experiences of the participants and suggest that it *"turns research participants into passive objects and knowledge into a conquest"* (Ezzy, 2010:169). Therefore the next stage was to be mindful of this critical risk in terms of careful sourcing businesses for interview and to avoid temptations of convenience to achieve thesis submission. In addition, it also served as a prompt to not only continue to use the data

collection framework, but to ensure field notes were transcribed in a timely fashion and clarification quickly sourced. This approach should not only inform and shape future interviews with SMEs but also maximise each opportunity.

## **Chapter 5**

### **Findings**

#### **5.1 Introduction**

The chapter will identify the significant push-pull factors for fair trade SMEs, but begin by firstly revisiting the research aims and objectives; secondly explain the final coding framework, which acts as a theoretical map to categorise the outcomes from the data collection activities and finally describe the process for the main data collection phase. The coding framework will make a clear distinction between factors where monetary value or measurement criteria can be applied (tangible factors); to those intangible business assets, where it remains difficult to attach a financial value. Yet directly or indirectly, this research proposes that each is valid and may contribute to business success and sustainability. This chapter builds upon Chapter 3, the methodology, to show how the method of analysis provided a structure to organise and present not only the significant push-pull factors for fair trade SMEs, but supports further analysis and discussion within chapter 6 into factor interconnectedness. Furthermore, the coding framework will also assist the creation of a fair trade SME typology to addresses social responsibility within the context of Porter and Kramer's (2011), 'shared value' theory.

The coding framework evolved iteratively during the data collection period (December 2012 to June 2013), with the final format tested retrospectively on the available data contained within the primary concept card. The coding of data within a concept card facilitated the categorisation of the data under key thematic heading. The thematic analysis drew upon grounded theory (Glaser 1992) and the constant comparative method of Corbin and Strauss (2008), by using Prasad's (1993) concept card approach. The final abridged version is presented within Appendix 6. This ensured a systematic process for assessing the significance of comments, both in terms of impact and theme repetitions. This also showed why traditional methods to measure the interchangeable concepts of success and performance were insufficient to meet the needs of this increasingly complex and diverse fair trade sector. Indeed, profit may not necessarily be the primary motivator, if business decisions and choices result from both personal and organisational values and beliefs. This chapter also shows how lessons learned from the pilot were applied in the main data collection; for example, in terms of business selection, power asymmetry, attribution theory and confidentiality. The

presentation of the key fair trade push-pull factors is in the form of a visual diagram, adapted from Lewin's (1947) force-field analysis. In Chapter 5, it will present SME insights, but in Chapter 6 additional visual diagrams are constructed to show the interconnecting, hidden factors and implications for fair trade SMEs. In summary, this chapter provides the foundation on which to prepare for the analysis in Chapter 6 and the conclusions and recommendations in Chapter 7.

## 5.2 Overview of Research Focus

Ahead of the analysis and overview of the interview findings, it is perhaps useful to briefly return to review the research focus described in Fig 1 and in Appendix 1 (DBA on a page).

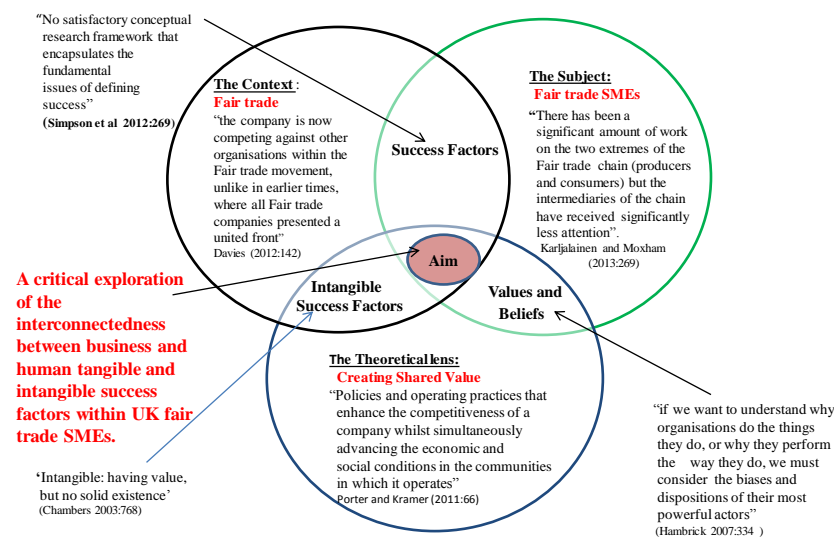


Fig 1 – The Research Focus

The first objective is to understand the concept of success from an SME perspective ahead of the interviews to provide a reference point during qualitative data analysis. The thesis will present the significant push pull factors diagrammatically and show the interconnectedness between those business and human tangible and intangible success factors within UK fair trade SMEs. It will further understanding into how human values shape the motivations and business decisions of fair trade businesses and finally it will consider whether fair trade SMEs practice social responsibility within the context of Porter and Kramer's (2011) shared value concept (CSV).

### 5.3 The Coding Framework

The final coding framework encompasses a range of business and human tangible and intangible factors, evolved from the literature review and from the transcripts. It was tested retrospectively on firstly the pilot, then the primary concept card to check both its applicability and stability. In Figure 7, the business external success factors are divided into two distinct categories, tangible and intangible.

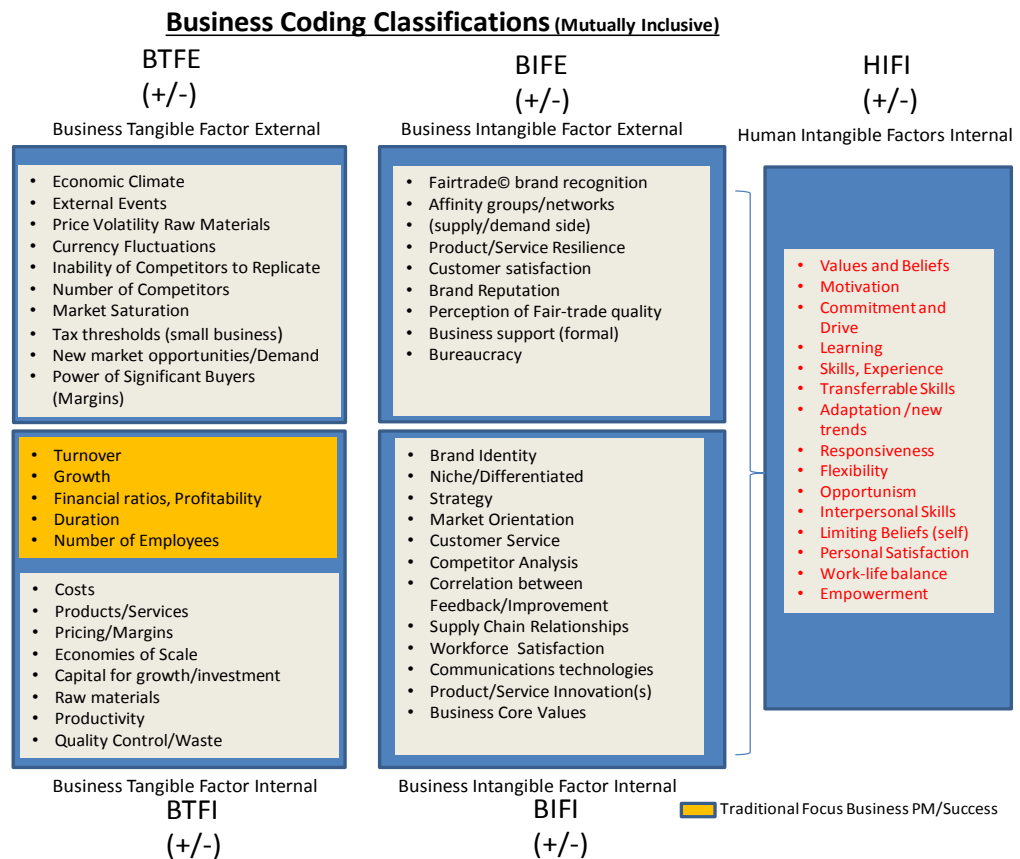


Fig 7 Business Coding Classifications

The tangible focusses on those conditions where it is possible to attach either a monetary value e.g. the price volatility of raw materials, or the reduced margins resulting from for example, the power of the significant buyer. It also enables the presentation of a specific condition; for example, the UK economic data around the economic climate or tax thresholds for SMEs. These may be coded a push or a pull factor (positive or negative) e.g. BTFE+/-.

The internal business factors are divided into tangible and intangible; positive and negative (BTFI+/- and BIFI+/-). Internally, tangible items are attributed to factors where a monetary value can be attributed; for example, costs, pricing, margins, capital, productivity etc. The intangible internal factors, for example, brand, service, supply chain relationships, social

networks, workforce satisfaction, where it is not possible to directly account for ‘the extra mile’ or measure the influence of customer relationships or even brand loyalty via social networks, including Twitter or Facebook. Yet these intangible, powerful, relational factors instead could be termed ‘stealth’ sales generation strategies, in other words, their employment is integral and essential to retain the business in the consciousness of increasingly nomadic ethical buyers and consumers.

The human factors were all classified only as intangible (HIFI+/-) because whilst the findings acknowledge that entrepreneurship or leadership capability do play a significant role in the development of the business, again a clear monetary value could not be attached to subjective judgement of their relative strength or weakness.

The findings also demonstrate the complexity and interconnectedness of the business and human factors; for example, a free market perspective, might consider missed opportunities detrimental. However, within the transcripts, it was clear that this was a willing compromise and instead cognitive resonance with personal values, beliefs, motivations and priorities, for example, in the achievement of work-life balance or personal empowerment goals.

The business external intangible factors are again attached to those issues that do not directly evidence monetary value; for example, the value of FT© brand recognition, which the Fairtrade Foundation research estimates at around 80% (TP:6 January 2013). Furthermore, whilst academic research considers there still to be a gap in knowledge between perceived and actual buyer behaviour (Shaw et al., 2012), this data does not explicitly consider fairly trading. Customer satisfaction might arguably translate into loyalty and repeat sales, however, a clear link cannot be made into whether it is because the business offers, FT©, fairly traded or due to business factors. Business external intangibles were coded BIFE+/-.

#### **5.4 Data Collection Phase**

The main data collection took place between February and June 2013. Businesses were selected using a purposive, snowball sampling approach (Bryman and Bell 2007:200); however, contact prior to interview was limited to avoid the concept of ‘faked friendship’ (Mauthner et al 2003), confining itself to logistics and supply of the research briefing (Appendix 2). This distance reduced the risks of power asymmetry (Kvale 2006) and pre-judgements from either a participant or researcher perspective (Kahneman 2011), discussed

in chapter 3 and built upon the experience gained from the pilot interviews discussed in chapter 4. The process for each interview was managed from initial contact through to transcript feedback, with a cooling off period allocated post interview. This enabled sufficient time for each business interview to be transcribed fully and to be shared with each interviewee for both feedback and reflection by both parties (Simons 2009). Any amendments or additional comments could be accommodated before a company pen profile was constructed, using base line data information (Appendix 4) and quotations taken directly from the transcripts, to assist the reader to construct a mental picture of each SME. The approach had been successfully piloted, but the level of response to transcripts did vary between businesses, from some who simply acknowledged receipt, to others who closely scrutinised and amended, focussing in particular upon brand protection. Each SME was alphabetically coded from TA-TN, as a means to ensure the anonymity offered ahead of consent to interview.

There were also opportunities for businesses to withdraw from the process pre and post interview or at transcript review; however, whilst some amendments were made, no business opted out following receipt of the transcript. A decision was taken to include the pilot interview findings within the main data collection, because the data collection framework tool did not require amendment and because each SME represented an opposite perspective within the fair trade spectrum.

## **5.5 Primary and Secondary Concept Card Population**

Beyond, the initial design described within Chapter 3 and following the pilot experiences and pilot concept card, the primary concept card was initially divided into three sections: section one focussed on the headings used within the data collection framework (Appendix 3), adapted using Porter's (1980) theory of generic competitive strategies. Section 2 focussed on the human elements such as values and beliefs, motivations, and interpretations of success or inhibitory factors. Findings were refined further through the use of the coding framework (Appendix 5) within the secondary concept card. The reason was to adopt a systematic, transparent process that could be reproduced at either individual or sector level. Appendix 6 presents the final 'abridged' version of the secondary concept card. It reflected the recommendations of King (2014), who proposed that additional value was achieved from changing the analysis angle of the raw data, for example, to cross check for researcher interpretative error and to gain new insights. This approach was helpful and introduced an



element of precision, detail and transparency into the process, reducing error and identifying inconsistencies.

Any research exploring the influence of human interaction could be exposed to social desirability bias or the rush to please (Dalton and Ortegran, 2011; Chung and Monroe, 2003; Randell and Fernandes 2001), previously explored within the pilot interviews (see Chapter 4). Therefore, the question ‘what success looks like’ was not directly asked of interviewees. Instead, by using the data prompt framework, they illustrated and articulated the external/internal SME strengths and challenges, without feeling under pressure to justify success or failure. It also helped to mitigate issues around internal and external attribution of success or problems, and enabled challenges to be discussed openly and acknowledged in the spirit of trust (Gleshne and Peshkin, 1992). As a result, in only one interview, were successes/failures overtly internally or externally attributed.

Whilst the findings agreed with those authors who placed relevance upon, for example, external factors (Watson et al., 1998; Porter, 1980), the transcripts highlighted that push or pull factors were neither isolated nor mutually exclusive because the business reality itself was fluid and changeable. Factors were on occasions inter-woven and thematically mirrored across the fair trade SMEs themselves. This confirmed that a natural science approach using interchangeable independent variables would not have been able to capitalise or further understanding into the nuances within this fair trade mixed-form economy. Simply isolating specific push pull factors would not have been authentic or indeed credible (Lincoln and Guba, 1985), when the inter-relationships were complex and multi-dimensional. Indeed, business success or failure derived in practice from a unique combination of cross factor influences, illustrated for example, through interconnections between customers, quality, brand, reputation and social media etc.

## **5.6 Base-line data**

This coding framework (Appendix 5) combined external, internal and human factors within one framework, but highlighted within the yellow segment, the traditional focus of business performance evaluation, for example, turnover, growth, financial ratios, profitability, length of time in business and the number of employees. This is collated simply within the baseline data table (Appendix 4). However, this immediately presented a challenge, as SMEs were understandably reluctant, or felt no obligation to disclose specific private financial

information, such as the balance sheet, irrespective of the assurance of confidentiality. It also reflected the delicate balance of ‘goodwill’ to even participate in the research and perhaps the reality of increasing competition within fair trade value chains (Doherty et al., 2013).

However, whilst it was relatively straightforward to request and obtain information on the length of time in business, number of employees and turnover, even these areas were sensitive, with one firm preferring that these were not shown in the table, even though they would have been anonymous. Whilst measurement is acknowledged as a useful tool, for the purpose of this thesis, simply acknowledging a position in time, would not have allowed a fuller exploration of other contributory push-pull factors; for example, where SMEs sacrifice the balance sheet in the short term to achieve new product innovation and longer term benefit (Tangen, 2003).

Furthermore, SMEs were under no legal obligation to share their balance sheet. However, even if this had been consistently possible, any forensic analysis upon profitability and financial leverage would only have blurred the line between academic research and management consultancy. Furthermore, the end result would only have served only to provide a one-dimensional picture of each business. Indeed, whether externally or internally motivated, it was clear that there were many more factors that influenced the shape, structure and direction of the business beyond financial measures. For example, whilst currency fluctuations were beyond SME control, understanding the volatility of this factor enabled the development of contingency strategies e.g. TL and TM in the purchase of their raw materials and management of stock levels of FT© chocolate and sugar. Therefore, whilst the thesis acknowledges traditional accounting based methods, for example, Nieuwenhuizen and Kroon (2003), Otley (2002), to measure financial performance, it also recognises changing trends (Sardana, 2008; Kennerley and Neely, 2003; Garcí’a-Ayuso, 2003) and the need to understand more fully those factors which contribute to success, even if they are deemed intangible or currently unrecorded within the balance sheet.

## **5.7 Findings Overview**

This chapter will now address each of the key significant findings in turn and aims to show that each is not independent, but often co-dependent upon a unique combination of internal, external, tangible and intangible success factors. It will begin with the key human factors because these fundamentally shape the direction and tone of the business, then progress to

discuss business intangibles and tangibles, because of their significance within the findings, concluding with the external business factors.

The chapter also acknowledges some less dominant themes simply because of the mutually inclusive nature of the external and internal tangibles and intangibles; for example, opportunism, isolation (micro-business), or family values to illustrate that today business reality is more complex and fluid. However, by adopting a story-telling approach within a data framework tool, this enabled the interviewees to demonstrate honesty in disclosure. This contrasted with Rogoff (2004) and illustrated by the fact that they did not simply cite external factors as an excuse/barrier to success:

*“we made a mistake there around our pricing” (TL:5)*

*“customers like that we are human and that we make mistakes. We went wrong, we will put it right” (TJ:14).*

#### *5.7.1 Significant Push-Pull Factors*

Fig 8 provides a diagrammatic picture of the significant tangible and intangible, business or human push-pull factors within the UK SME fair trade sector. Whilst this diagram illustrates the specific outcomes from participant SMEs, this methodology could also have been applied to each business at an individual level, to show individual push-pull orientations. The most significant positive push factors for success appear driven from within, in other words, business and human intangible factors, for example, values and beliefs, building value, customer focus, quality and social media. However, all recognised the importance of cost management, although there were differences in its effectiveness in practice. Significant negative pull factors emerged within the external environment, but were often confined to specific SME types; for example, product manufacturers. They all commented upon supply price volatility and the power of significant buyers within large retailers. Smaller SMEs experienced different challenges in, for example, the ability to achieve economies of scale or a reduction in demand in rural areas. Financial issues also tended to be reported more negatively within the small business, including access to capital, VAT thresholds, in conjunction with pressures on margins and profit, resulting from the recent economic downturn 2008-2013.

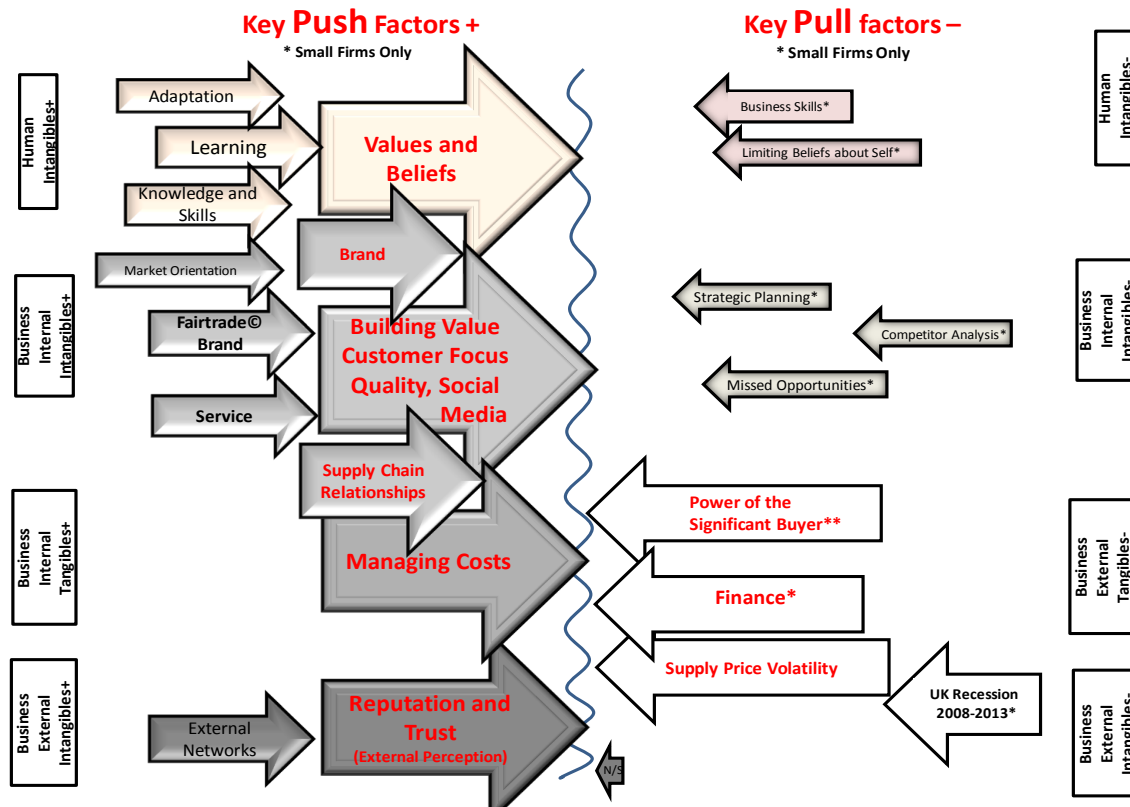


Fig 8 Significant Push-Pull Factors

The judgement of whether an item was deemed thematically significant related to whether at least three-quarters of SMEs placed emphasis within the narrative, or if items were specific to the business size, geographical area, or the manufacturing and retail environment. For example, in social media, all businesses had an on-line presence with 12/13 actively pursuing relationship management strategies with customers via Facebook or Twitter. However, if taken in isolation, this would not reflect the holistic, organic nature of business operations, so key themes will be presented individually to provide depth and clarity. The analysis will in Chapter 6, further explore their interconnectivity and the power to influence or compliment other aspects of the business, for example, around supply chain relationships – or purposeful business co-operation. Turnover is not presented within Fig 8 because some SMEs were content to be small (Storey 1994), but also to avoid attaching pre-judgement or researcher subjectivity into what constituted success. SME size varied considerably and secondly and perhaps more importantly values and beliefs shaped the business growth decisions; for example, to achieve work-life balance, where some were content to forgo opportunities to maintain their quality of life.

## 5.8 Human Intangible Factors Internal+/-

Human Intangible +												
Values and Beliefs	TK	TA	TC	TD	TE	TF	TG	TH	TL	TM	TN	TJ
Learning	TB	TG	TH	TK	TM	TF	TL	TE	TJ			
Adaptation/trends	TG	TH	TM	TK	TJ	TF	TL					
Knowledge and experience	TD	TH	TK	TM	TL	TN						
Transferrable skills	TA	TB	TC	TK	TM	TL						
Nice face of capitalism (Small Firms Only)	TA	TD	TC	TG								
Work-life balance (Small Firms Only)	TE	TF	TG	TH								
Human Intangible -												
Limiting beliefs. (Small Firms only)	TA	TB	TE	TL	TE	TF						
Skills (Small Firms only)	TA	TB	TC	TE								

Table 1 Human Intangible Factors Internal +/-

### 5.8.1 Overview

Table 1 presents the human intangible themes. Values, beliefs and learning emerged as significant themes, not only because of their singular importance, but also in the way they shaped, influenced and interconnected with other internal and external business factors; for example, opportunity costs/work life balance. These key human factors were deemed intangible because monetary value could not be directly attributed; however, they were fundamental to the ethos, identity and fabric of the business. Some themes were only significant in terms of their applicability to a specific group; for example in small firms with <1 million turnover, negative intangibles around limiting beliefs and business skills emerged.

### 5.8.2 Values and Beliefs

Human values certainly shaped organisational goals, although they were difficult to quantify or represent within traditional measures of business including profitability, financial ratios etc. Therefore, if the importance of intangible success factors is to be recognised, beyond the static review of performance, it is necessary to recognise that human intangibles represent the ‘catalyst for action’, or indeed even the very interpretation of success itself, for example: “*we judge the success of our business not on products sales and profit*” (TK:6).

This key influence cascades across into other areas of both strength (supply chain relationships), or weakness (strategy formation or business processes in some smaller companies). Indeed, any research into fair trade push pull factors which did not consider the power of human influence holistically upon business operations would be limited and one dimensional, particularly when values and motivations are intrinsic to business operations:

*“the company values – the six Ps – run through all its operations and practices including shaping its relationships with suppliers and ethical trade. It’s very much*

*the way the company does business” (TN:12).*

*“if you see the struggle some people have in life, then everyone should have a fair chance to try to keep the family together. Over the years, if at the end of the line, we can at least offer people Fairtrade©” (sic) (TE:5).*

Personal values, beliefs and motivations were highlighted by every fair trade SME, because they underpinned the foundations of the business agenda, acting as an informal ‘moral compass’ and *modus operandi*, for example:

*“I feel very strongly that Fairtrade© is a fundamental part of our strategy. If there is a Fairtrade© alternative, we would always buy it because we want to support those farmers overseas .....once you’ve taken that step there is no going back from it because you are committed if that is part of your ethics” (TH:1).*

SMEs offering fair trade products appear to balance personal, business and community values but the majority (11/13) could not be simply categorised as altruistic in focus. Indeed, competitiveness and profit were overtly pursued alongside integrity to their fair trade principles. However, this was not confined to those offering FT©, illustrated by the care and self-generated guiding principles in fairly traded business opportunities:

*“We have also felt strongly that the products that we are involved with now are in selling and promoting, do not necessarily have to have the certification (TK:2).*

However, even when a fair trade exclusive company identified fair trade only as a useful USP (TL), human values were again demonstrated by their own individual commitment by independently choosing to support community projects in Africa. Overall, there was a consistent message and often united front, where principles were not compromised for advantage, illustrated for example by:

*“the company who owns xxx, sold the brand onto another company which is owned by xxx. There is a very specific boycott against xxx products that has been going on since the 1970s and we have boycotted products in the past because of this boycott” (TJ:7).*

Nevertheless, SMEs also placed values in context, so whilst integral to the business ethos: *“we owe it to the farmer to make the coffee to come out as best we can” (TA:8)*, the majority recognised that simply being ‘fair’ may not guarantee a business future:

*“you have to have a great product, great new products and a great front end experience. Without that it is not going to work at all” (TM:4).*

### 5.8.2 Learning

TB and TL discussed experiential learning, in terms of pricing, or in the legal framework of the company, often learning from mistakes:

*“the ‘product’ has not been as strong as we would have hoped. We made a mistake there around our pricing .... we should have pitched that at £14.99, so what we have done is re- cost everything and we have slashed our costs on that, so we are now selling to retailers at a price point, which enables them to sell at £14.99” (TL:9).*

TB, TK and TJ used research as a tool to position themselves in the market, for example learning about customer needs or the culture of potential export markets. Others such as TE, had transferrable business skills, but little specific practical skills or competences. However, with drive and commitment, they demonstrated what was possible when business objectives align with personal goals. TJ referred to learning as a tool for both multi-skilling, but also in terms of the responsibilities and expectations required by co-workers. This ‘on the job ‘ learning did not have an academic/theoretical base, but was more a response to changing trends or problem solving related to business needs:

*“we were not the earliest adopters of social media but we are a social brand in the enterprise sense, so social media is perfect for us “(TM:8).*

However, whilst the commitment and drive are laudable, two thematic, but interconnected areas for improvement emerged in small companies with a turnover of <£500K; namely, limiting beliefs around personal perceptions of themselves a ‘business people’ for example: *“I am not a business person”*. (TA:5) or *“I am not really a business person as such, I just kind of fumble along (TE:7).* Hodges and Kent (2007) suggest success and knowledge of strategic planning processes are inter-linked; yet, despite 10/13 businesses being > 5 years duration, around 50% stated that they lacked skills or even the motivation to plan formally. However each had survived, despite the UK recession 2008-2013. That was certainly not a lack of commitment or drive but perhaps does reflect a small business issue around individual perception of self.

### 5.8.3 Knowledge, skills, experience and their transferability

It was clear from career histories that all had some experience of further or higher education beyond school, due to their skills or previous career pathways. Whilst there was often little prior experience of fair trade retail, manufacturing and service, many did emphasize the importance of transferrable skills, including those business skills such as marketing and sales in diverse sectors, ranging from food production to cosmetic surgery and medical practice:

*“I am a food marketer and I have directed some large companies” (TB:1),*

Specific knowledge and experience, although intangible, was also essential to develop the supply network that enabled access to high quality raw materials, for example; around business development. Certainly within these SMEs, whether formal or informal, this was clearly articulated, for example, international experience and/or market knowledge by eight of the businesses (TA, TC,TD,TE, TJ, TK, TM,TN) and deemed essential for future resilience and credibility, for example:

*“coffee is complex within the chains. The elements of whether its language, complexities of logistics, even remembering financing that is one of the most critical things with any industry” (TD:1)*

and essential to manage other elements such as supply price volatility or the power of significant buyers. Another important area was around learning needs recognition and a willingness to adapt to new trends; for example, mastering Twitter, online marketing and sales and customer relations/feedback. This learning though was not formalised, but often more pragmatic and related to a specific business issue: *“each member of the export team has their own specific area that they concentrate on and become an expert” (TJ:9).*

Nevertheless, business skill/planning deficits also emerged in the small business: *“we attempted to write a business plan and got so tangled up in the business plan and got so frustrated by it that we stopped. (TC:11);* an Achilles heel within a rapidly evolving fair trade market with implications for future flexibility, growth or sustainability in the medium to longer term.



## 5.9 Business Intangible Factors Internal +/-

BIFI+												
Building value	TE	TK	TL	TG	TM	TN	TA	TD	TJ	TC	TF	
Quality	TD	TG	TH	TJ	TK	TL	TM	TE	TN	TL	TC	
Social Media	TA	TB	TC	TD	TF	TG	TH	TJ	TK	TL	TM	
Customer Focus	TD	TG	TH	TJ	TM	TN	TB	TH	TJ	TC	TE	
Brand	TN	TF	TD	TJ	TB	TM	TC	TE	TK	TG	TL	
Supply chain relationships (All Retail/Manufacturing SMEs)	TD	TL	TN	TA	TC	TB	TJ	TK	TM	TG		
Fairtrade® brand	TD	TF	TG	TH	TM	TL	TK	TC				
Service	TE	TD	TE	TG	TH	TJ	TN	TB				
Market Orientation	TD	TG	TH	TJ	TL	TM	TF					
Reputation, trust and loyalty	TM	TN	TA	TD	TH	TJ	TC					
Business Creativity and Solutions	TM	TN	TK	TF	TJ	TB						
Competitors Informal (Small Firms Only)	TD	TE	TG	TK	TL							
Product/Service Innovation	TN	TL	TH	TM	TC							
Workforce Loyalty	TL	TM	TN	TD	TJ							
Competitor Analysis (Formal Medium Sized Firms Only)	TJ	TN	TM									
Inability to replicate	TN	TD	TK									
BIFI-												
Strategic/business planning (Small Firms Only)	TA	TB	TC	TE	TG	TH	TL					
Missed Opportunities (Small Firms only)	TA	TC	TL	TE	TH							
Competitors awareness/analysis	TB	TC	TL									
Internal finance for Capex	TE	TA	TL									
Process Issue (Individual to SME)	TL	TC	TJ									
Target Market ID	TA	TC	TL									
Activism first. Business second.	TA	TC										

Table 2 Business Intangible Internal Factors

### 5.9.1 Overview

Themes derived from ‘Business Internal Intangible’ factors are indicated in Table 2. Whilst the top four themes listed alphabetically consisted of building value, quality, social media and customer focus, highlighted by every SME, these should not be viewed in isolation, due to factor interconnectivity/synergy. In addition within the supply chain relationships and brand, the cumulative turnover deemed these significant but specific; for example, to retail and manufacturing SMEs. The table also reflects that TE was up for sale; so they placed less priority on for example, market orientation or supply chain relationships. Furthermore, the table reflects only explicit comments from SMEs, so where a company only implicitly and indirectly referred to for example brand, this was not reflected in the table.

### 5.9.2 Hierarchy of pull-push factors

Supply chain relationships were crucial to all those retail and manufacturing SMEs, irrespective of size, but did not feature within eco-tourism SMEs, hence, whilst important, the features are lower within Table 2. Furthermore, only 8 of the 13 cases expressed opinions around the importance of the Fairtrade certified brand to their business operations, although the reasons differed, for example, two cultivated fairly traded relationships as a means to either add value or secure their supply chain. There were also differences though by business size, for example, strategy, which was a strength in medium sized business (>50 employees),

but an area for development in small businesses. This divide was repeated again in terms of competitor analysis, from the formal:

*“we do in our marketing department” (TN:6) to, informal: “we are terrible for that and we have had business mentors in the past. I think because we are at the level we are at, it is in our head” (TL:6) or, “we just haven’t got round to it” (TC:6).*

Only two companies who appeared rigid in attitudes towards either attracting customers beyond altruistic origins or remained rooted in more altruistic consequentialist perspectives (Thiroux and Krasemann, 2007):

*“if someone is not interested, they are not our target customer and we haven’t got time or money to waste on someone who is not interested” (TC:12)*

*“we have something beautiful here but it is tainted by the fact that we need money” (TA:12).*

Certainly, fair trade SMEs aiming to entice customers to purchase beyond altruistic, feel good factors recognised they had to offer product or service quality (Mizik and Jacobson, 2003), and to stay ahead of both fair trade and non-fair trade competitors. Whilst SMEs were not always exclusively fair trade, it was a key USP. Certainly there was evidence of the need to mix and match Fairtrade©, fairly traded and even non-fair trade to be competitive; little different to larger businesses. The most significant business intangibles will now be discussed in order of precedence, then alphabetical order.

### *5.9.3 Building Value*

In a competitive market, 12/13 SMEs explicitly stated it was not sufficient to present their fair trade credentials alone, because customers were increasingly nomadic and demanding superior value in terms of price, quality and the buying experience itself. 12/13 SMEs did not compete on price alone; some because raw material costs were higher than non-fair trade alternatives. They focussed upon building value through a combination of options, for example, new product innovations or personalised customer services. These specialised and personalised activities ensured either that the product: *“is as good as it can be when it hits the customer’s shelves. People will notice” (TD:5).* Furthermore, they also incorporated human values into the purchasing experience: *“it’s a family business and we look after our*

*customers*” (TG:2). 11/13 SMEs did not create competitive advantage, but instead focussed upon a competitive strategy based upon ‘doing things right’ (Thompson and Martin, 2005). The proposition was based upon ‘going the extra mile’, through proximity and knowledge of customers and responding flexibly and swiftly to demand:

*“our drivers give impeccable customer service and are our unofficial sales reps and are a wonderful force for good and create a positive image of the business and do a lot for PR” (TJ:3).*

TJ, TN, TD and TM demonstrated how this had enhanced competitiveness and in two cases achieved competitive advantage. They often added value by integrating marginalised communities into their message, but interestingly this was also not exclusive to certified products: *“we just think there is much more to ethical trading than badging and certification”* (TK:4). Others added elements of discovery (TM) and storytelling around product origins (TA, TB, TD, TK, TM, TN). However, this was not exclusive to developing countries, for example, in the inclusion and importance placed upon ‘locally sourced’: *“we felt it was it was important to support local farmers”*(TA:2).

Indeed, within a highly competitive and increasingly technologically orientated retail space, all firms demonstrated a range of strategies that continuously added new value, for example TJ deliberately used market intelligence to increase sales by tracking the stock levels of competitors to meet shortfalls. Others demonstrated how factors integrated and subtly combined; for example, brand, customers and building value:

*“we have a very good relationship with our customers and are fresh in terms of the way we deliver and we have developed ..... a very distinctive personality and nobody else has this” (TM5).*

#### *5.9.4 Customer Focus and Service (combined)*

Customer focus and exemplary service and was deemed an integral aspect to quality management, with particular attention to business responsiveness to any negative feedback; for example: *“if there is course for complaint, we will put things right”* (TN:6).

Customer relations were fundamentally linked to building value, expressed through continuous commitment and appreciation of their customers , however, this key factor was

not in isolation, interconnecting, for example, with value creation, defending market space, promoting brand loyalty and reputation management:

*“we put the customer first and it’s all about looking after the customer. We walk the talk” (TG:4)*

*“we defend our space by providing good service levels” (TJ:9)*

These SMEs recognised the imperative of forming relationships with customers on multiple media levels, replacing separation with connectivity; for example, ‘real time’ tweeting or instant high impact customer feedback:

*“customer service is so important and not only about just delivering the coffee on time, but also about how it should be, its consistency and how your staff deal with people” (TD:5).*

#### 5.9.5 Quality

The findings focussed upon quality from a management perspective rather than the tangible aspects of quality control, such as productivity and waste reduction. However, again this cannot be considered singularly as, for example, it was often linked with customer feedback, social network activity, brand reputation and responsiveness to negative feedback. Indeed it offers a potential source of future advantage over their larger competitors, due to the close proximity and knowledge of their customers, together with an ability to respond quickly:

*“if we make a mistake, people like us because we are honest and own up to it. And put processes in it to stop it happening again in the future” (TJ:14).*

Indeed this commitment appears a business critical success factor to ensure the maintenance of a hard won reputation: *“if there is cause for complaint, we will put things right” (TN:6).* Furthermore, 12/13 SMEs regarded quality, customer focus and social media as a key priority because:

*“you are wide open now with reviews on the internet. If somebody doesn’t like what you do, they will put it there....There is absolutely nowhere to hide” (TH:4).*

Quality was interconnected with other intangible factors; for example, in the flexibility to adapt and respond to new product demands and value for money/best price buying decisions:

*“it’s market forces which are orientating us and that kind of decision. But sometimes a supplier will come along with a nice story and a nice product and we can look at developing its’ own label” (sic). (TJ:8).*

The majority of SMEs certainly distanced themselves from the notion of charity and altruism preferring now to integrate fairness choices with the quality premium:

*“it’s usually people who are not interested who say its poor quality and it’s this image of fair trade from 20 years ago... but we are 20 years on now” (TC:3).*

Indeed, to meet increasingly ethically nomadic consumers, simply providing a message based upon altruism and poverty alleviation would be deemed insufficient within a highly competitive environment. All firms agreed that quality was an integral selling point irrespective of whether targeting niche or mainstream markets and attributed retail success to competitive pricing and quality, but also to understanding the market they operated within:

*“we know we are not super fine or super super premium, but we are at the premium and luxurious end of the ‘every day is a treat market’ and so we know where we sit and that determines the price level as well” (sic) (TM:4).*

*“It’s about quality and comfort and people will pay a premium.....Quality and service, empathy, respect and everything... it goes right across everything” (sic) (TH:4).*

Furthermore, whilst quality and consistency were critical success risks, positive supporting evidence emerged in both small and medium organisations of constant re- evaluation of products, service and performance: *“we have got a proven model now. It works, we have tested it; we have evaluated it.” (TK:11).*

#### 5.9.6 Social Media

One of the most significant and interconnected success factors was the influence of social media to support many areas of the business, for example, in brand promotion/loyalty, marketing, supply chain relationships, customer feedback or even to reduce office costs:

*“when they like a product, will find the website” (TM:6) or for supplier sourcing: “we use Twitter and Facebook to source our products” (TC:3).*

However, this also extended beyond their direct customers and aided the maintenance of business reputation across the supply chain: *“Facebook is about making contact with a lot of our end users, not our direct customers”* (TJ:12). From the small start-up, this key priority was a basic necessity within business operations and a financial priority, even when limits resulted from lack of cash-flow: *“we have just paid for the website – that was our priority to do that”* (TC:7). Websites and social media were firmly established and identified by businesses as an essential intangible component to contribute to growth, success and sustainability, through raising awareness, income generation and repeat business. The importance is recognised and clearly articulated, for example; the need to be adaptable even if outside of personal comfort zones:

*“I have just gone onto Facebook because everyone says you should but I still can’t really grasp how that is going to really benefit my business, but I am doing it”* (TH:2).

Viral conversations played a critical aspect to business success; for example, in the immediacy of Twitter or customer reviews/feedback previously described. Certainly, there was a sense of needing to ‘do this right’ by using social media as a tool for competitiveness through the engagement of customers with the unique business stories:

*“Our social media takes you on a journey and we are a real mix of things; chocolate tasting, chocolate demos and we want people to really enjoy chocolate and then enhance it by ‘did you know the story’ and then the imagery and getting to know about cocoa farming behind it”* (TM:6).

#### 5.9.7 Brand

Branding and identity was considered business critical to compete with other fair trade, as well as non fair trade competitors, especially as products were sold at premium prices to offset, for example, higher raw material costs. Furthermore, human values were fundamentally embedded within the brand proposition: *there are no other business goals really, just to be an honourable brand”* (TL:9). SMEs articulated the importance and interconnectivity of a strong brand on all elements of their business; especially relevant within retail contexts:

*“We wanted to have a brand which actually encompassed a lot of our values because we were going down the route of sourcing ..... whether it was Fairtrade© coffee or directly sourcing coffee or rain forest sourcing... These were the credential*

*which we needed to work back into our business as well as sourcing and quality” (TD:2).*

All of the firms interviewed had invested considerable thought into the brand identity: *“I spent time creating an identity” (TB:6)*, with at least three driving the process of rebranding to turn up the volume of their product or service offer: *“you can’t just be a product with a Fairtrade© mark on; it has to be a brand” (TM:2).*

The majority placed primary importance on maintaining and protecting the brand and its reputation: *“We are precious about our brand” (TL:5)* or *“it is an iconic brand and people associate with it” (TN:2)*. Fair trade SMEs displayed some special characteristics, placing the significance of values and ethics, as much as potentially the customers: *“our customers recognise that this is the brand and identity of the company” (TG:6)*. Some cleverly intertwined buying decisions with indulgence and altruism. Even the smallest fair trade SME recognised the importance of being on message, even if there was not the finance to support brand investment:

*“we handwrite out logo because our logo is my handwriting and we did that intentionally so that we can always be on brand” (TC:8).*

Furthermore, the findings support the importance of building added value relationships, learning and adaptability to meet customer needs and secure loyalty; for example, O’Cass and Weerawardena (2010) and McCracken (1993) and indeed in medium sized firms, to use identity as a source of competitive advantage, supporting Laukkanen et al. (2013) around the importance of brand orientation:

Nevertheless in smaller firms, brand was not always sacrificed to personal or organisational values:

*“the one thing we have always disliked is the brand brand, brand and that brand matters and we don’t want to push this on people” (sic) (TK:3).*

### 5.9.8 Supply Chain Relationships

SMEs viewed supply chain relationships as a key tool to enhance business competitiveness, with findings reporting that 12/13 of fair trade SMEs grounded relationships in operational effectiveness and efficiency gains, well beyond simply a sense of shared values:

*“we are very good as a small organisation, you learn to be good at partnering and collaborating with people. That is how you get a lot done and we try to try to collaborate as we grow” (TK:5).*

This critical success factor also cross references to other tangible and intangible factors, including managing costs, loyalty, quality and consistency. It also links to the maintenance of a reputation built upon trust, arguably assisted through the convergence in terms of values and beliefs, but perhaps also a relevant future selling point in the light of recent supply chain scandals:

*“we have direct contact with the people who are making the products for us, so the supply chain is very small unlike the horsemeat issue, which tends to be from large supply chains” (TJ:5).*

There was an openness in these relationships and willingness to support, irrespective of size, which supported the small business, especially through the start-up years, to reduce, for example, warehousing costs: *“if it’s a very big order, we were able to get the manufacturer to produce it to order and ship it straight out” (TK:7).* The findings illustrated the successful element of trusting relationships, in which the impetus is directly or indirectly customer focussed and further illustrated by the ‘mutual support for mutual benefit’ concept in order to generate mutually increased turnover: *“we have to show people how to get the best out of their coffee so they can just sell more” (TD:4).* This cross references with external networks more generally explored later in this chapter and furthermore the shared benefit of increasing revenue (Porter and Kramer, 2011). Furthermore, supply chain relationships provided a resource for resilience and survival:

*“they were just a joy in the help they provided me with and the mistakes we made. They would talk it through with us – have you tried this or have you tried that. When I was struggling financially back in the early days, they would say ‘hey just pay when you can – that’s fine.’ So they are just there – they are just centre court and we give them our loyalty back” (sic) (TL:7).*



Fair trade SMEs were proud and took particular care of their international relationships, largely because the imperative was often based upon the need to consistently source high quality raw materials or to add value and narrative to finished products as part of the retail message. The strength and criticality of these relationships was particularly evident within fairly trading activities:

*“We trade fairly with larger families and estates, where we might have a direct relationship. In Panama for instance, buying coffee directly, agreeing prices and coffee quality, but with producers who are not Fairtrade certified. So they couldn’t be part of that system and we couldn’t put a Fairtrade badge logo on that packaging but that is not to say in my mind that that is not fair trading (TD:1).*

However, it also served to illustrate the interconnectedness with values and beliefs, highlighting the fair trade business ecosystem for example:

*“We don’t just sell the product, we tell you about the product, which is a great USP. We can talk about the taste of the cocoa and the name of the person who grew the cocoa that might have gone into that Chocolate. That is an incredible selling point” (TA:7).*

It also further highlights how benefits can be utilised throughout the supply chain through collaboration, co-operation and mutual responsibility to reduce both costs and leverage core competences, for example:

*“if we can sell our own brand, we can get a better margin because we are buying in bulk and will have more buying power.... And then we can pass the savings from buying in bulk onto the customer, which is always a good thing. So we use our market knowledge and are responsible about it” (TJ:8).*

*“there are a lot of big brands who have wanted to do things with us so we have over the years done some really nice co-branded productions, which gives them a nice association and added value to what they are doing. It gives us a fantastic extra reach, without doing the big spends and extra advertising” (sic) (TM:6).*

Overall these fair trade SMEs propose collectively that without their ‘business friends’, the external and internal challenges faced would be potentially more difficult to resolve, whether the competitive strategy extends from niche, differentiated into mainstream markets. As a result, supply chain relationships were a fundamental part of the business strategy for resilience and competitiveness.

### 5.9.9 Market Orientation

This section serves to illustrate how no one tangible or intangible can simply be viewed in isolation; for example, market orientation and customer needs identification. Values are one way of adding value; however today simply being fair trade was not considered sufficient to survive in a growing but highly competitive market. Therefore, sensitivity to market changes was a key factor for business success and performance.

The majority of SMEs appeared reasonably clear about their altruistic target market. However, only half of the SMEs communicated specifics around the ‘how, where and to whom’ activities were targeted. Nonetheless, the findings interconnected with other human and intellectual capital factors, including lessons learned:

*“we don’t do many of those things where we are directly selling to people, because we haven’t found that particularly successful for us” (TL:8).*

Whilst, medium sized firms better communicated their target sales/markets, the majority of SMEs communicated that a strategy of selling products based upon altruism alone did not generate repeat or loyal sales. Furthermore, within the mainstream, there were further pressures from increasing levels of competition and price sensitivity:

*“if you imagine yourself going down a shopping aisle, there are two parts of the brain that might be working. One side is saying I want an indulgent treat and the other is I like to make ethical or altruistic choices in my shopping. So you want that promise of an excellent indulgence on the shelf as you are competing promises on the shelf” (TM:5).*

Overall, the findings showed how fair trade has largely moved away from its charitable origins, to become ‘smarter’, combining values with quality and service, within a fluid competitive strategy. Furthermore, many even capitalised on the integration of fair trade with mutual local business support, again linking to the notion of business purpose and shared value. This strengthened both SME reputation and brand loyalty.

Whilst the smaller business marketing capability was often intuitive and potentially an area for learning and capability development, there was evidence that entrepreneurs transferred skills and experience creatively, to counter small marketing budgets; for example, TA, TB, TC, TE, TF, TL. However, the findings also suggested that FT© may not be fully realising

demand opportunities within SMEs who use FT© to add value to their business. For example, the hotel and catering sector source products through wholesale, rather than retail markets; yet:

*“Fairtrade© at the moment is selling to the end consumer not to the wholesaler and business so much. Fairtrade© is very much selling to the customer – it’s selling at a premium price, not a wholesale price” (TH:5).*

This is perhaps an opportunity for suppliers of Fairtrade© products, indeed in response to regional lobbying by SMEs, one mainstream wholesale provider beyond the scope of this research indicated a plan to respond to this gap in the market.

#### *5.9.10 Other Contributory Intangible pull factors*

These are reported because of the way these have potential to ripple and influence other significant factors, but are confined to the smaller firm and illustrate that although SMEs are grouped together, there are differences in approach and tactics.

#### *5.9.11 Strategy (Small Firms Only)*

The findings served mainly to highlight differences between small and medium sized firms. Nevertheless, whilst the findings only consider this within a fair trade SME context, it agrees with Simpson et al. (2012), in terms of small business capability to assess the external and internal environment, or even having the resources to create a meaningful plan. In small businesses with <50 employees, strategy formation was more fluid, informal and ad hoc: *“what value would I gain out of sitting down and thinking about strategy”* (TB:8), or undertaken out of perceived necessity to secure a loan. This contrasted with medium sized firms, where formalised procedures were evident and soundly articulated:

*“We started a project which is called ‘future pictures’ .... thinking about how the business would look in eight to ten years’ time.”(TN:3).*

However, smaller SMEs considered themselves more reactive than proactive overall, although arguably this could be viewed as being responsive to new opportunities or threats.

### 5.9.12 Competitor Analysis

There was universal agreement from fair trade SMEs of increasing pressure from competition: “*there is just so much competition going on now*” (TE:6) plus the need to continuously add value to stay ahead: “*creating a new talking point and a new selling point for our customers*” (TH:4), the findings mainly illustrated differences between for example, the small business: “*I couldn’t right now name my competitors*” (TB:5) and medium sized companies, who adopted a more formalised approach to collecting and responding to competitors (TN, TM, TJ, TD): “*our competitors are the people who we share shelf space with. It is the criteria rather than whether they are in the fair trade market*” (TM:3).

## 5.10 Business Tangible Factors Internal+/-

BTFI-													
Managing costs - cash flow to grow ( <i>Small Firms Only</i> )	TC	TF	TG	TL	TK	TA	TE*						
Principles V Pricing competitiveness	TA	TK	TC	TF	TM	TG							
Internal processes ( <i>Small Firms Only</i> )	TB(invoicing)	TK(pricing)	TG (stock)	TL(PI)									
BTFI+													
Managing Costs Internal	TK	TJ	TB	TD	TF	TG	TA	TN	TC	TM	TL	TH	

Table 3 Business Intangible Factors internal +/-

### 5.10.1 Overview

These themes often cascaded across the business; for example, other external tangible pressures resulting from reduced margins resulting from the power of significant buyers, supply price/raw materials, or human factors of adaptation and problem solving in response. However, despite pressures, the findings also illustrated how human values still exerted considerable influence on the choices and decisions made around the cost base:

*“we badge sourced some mugs ...but it costs about £3 for a mug. But we can get them for 60p. Right so you are going to buy this ethical tea and put it in a 60p mug. If you are buying that mug for 60p, think about where it is made – it is made in a sweat shop somewhere... and kind of undermines everything we are trying to achieve” (sic) (TK:4)*

### 5.10.2 Managing Costs

The findings demonstrate clearly the criticality of cash flow with businesses managing their cost base, irrespective of values, beliefs and views on ‘friendship’ with rival competitors. This key tangible success factor alongside the importance of cost management was expressed by all SMEs, although the emphasis varied in relation to firm size; for example, economies of scale within the smaller firm:

*“we would have to buy a huge amount to get discount and we are not in that position yet because we want to minimise risks” (TC:4).*

*“the larger you become, the more negotiating power you have” (TD:8).*

However, it also demonstrated how factors interconnect with creativity, problem solving and human factors including adaptation and learning; for example, TF groups with other small businesses to ensure that minimum order levels were reached, thus avoiding delivery charges. Furthermore, the internet and social media also offered opportunities for creative cost reduction, whether to keep in touch with repeat customers or to reduce office and travel costs: *“it is a virtual business. I don’t have a need for premises or an office” (TB:5)*, or through the use of Skype, Huddle etc. in real time for meetings and pop up shops to increase accessibility for face to face customers.

In many cases, marketing budgets were restricted due to cash flow or simply because of the size of competitor budgets in mainstream markets:

*“we have had microscopic marketing budgets in comparison to our major competitors, so we just had to be cleverer with lots of ‘chutzpa’ and blagging about the fantastic thing of who we are and what we represent etc.” (sic) (TM:6).*

Furthermore, this interconnected business eco-system was further illustrated, for example, in motivations to developing brand loyalty, reduce costs and repeat sales because:

*“there are no marketing costs involved in keeping your returning guests. The more and more returning guests you have, the less expenses you have in getting to them. So that is core” (sic). (TH:2).*

As well as marketing, further costs were linked to product innovation and finance to grow: *“development costs are incredibly expensive” (TL:2)* as there was little margin for error either from prototype development to achieving target sales and margins: *“you know now any mistakes that we make are costly and the need for volume business is far greater” (TL:3).*

The attitudes between ‘fairness’ for developing country as well as local farmers also impacted upon the cost base: *“we will not compromise on that and people trust us for that” (TA:11).* However, whilst laudable, some SMEs paradoxically relied on employee

‘goodwill’ to survive by paying minimum wages, despite loyalty or even resorting to volunteers. This perhaps illustrates that however selectively, small business can if necessary move theoretically beyond moral sentiment (Smith, 1790), to survive in competitive markets, whether through a reliance upon volunteers, associates or wages.

## 5.11 Business Tangible and Intangible External Factors +/-

<b>BTFE+</b>												
Growth/Demand	TJ	TM	TL	TN	TK	TD						
<b>BTFE-</b>												
Finance ( <i>Small Firms Only</i> )	TC	TF	TG	TL	TK	TA	TB					
UK Recession 2008-2013 (Rural SMEs)	TE*	TF	TG	TH								
Raw Material Price Volatility (FT© Manufacturers)	TD	TM	TL									
Power of the Significant Buyer (FT© Manufacturers)	TM	TD	TL									
<b>BIFE+</b>												
Reputation and Trust	TJ	TN	TM	TD	TL	TK	TH	TE	TF	TA	TG	
Business Advantage from External Networks	TL	TK	TM	TJ	TN	TG	TA					

Table 4 Business Tangible and Intangible External Factors +/-

### 5.11.1 Overview

The key external tangible and intangible themes from the findings will be discussed in turn, beginning with the universally acknowledged intangible ones around reputation and trust, very relevant within the ethical trading domain. It will then progress to discuss other significant pull factors, although largely divided between product manufacturing or small firms.

The most significant aspect to the external tangible factors were polarised around finance, the recession, raw material volatility and the power of the significant buyers for fair trade product manufacturers. External intangibles related to their universal sensitivity to how others perceived the business and the importance of reputation and trust. This linked to other interconnecting internal intangibles around supply chain relationships, values and beliefs. Interestingly the majority of SMEs did not explicitly discuss, for example, the impact of mainstream markets and their larger competitors with lower priced fair trade products. Neither was there reference to ‘fair-washing’, within mainstream large licensee or product retailers referred to in Doherty et al. (2013) as the Fairtrade© value chain. There was also no negative reference to bad experiences around buyers changing to alternative second tier fair trade product manufacturers to supply own branded ‘fair’ products (Doherty et al., 2013), although one actually identified a market opportunity at the expense of another mainstream Fairtrade© rival. Whilst, on the one hand, this may illustrate how this interconnects to the ad-hoc competitor analysis in smaller firms, however, in others, the opportunity or threat was

not perceived simply due to the business model itself (TB, TN). Some rural quasi- business consumers within the hotel and catering sector perceived benefits directly derived from mainstreaming, although potentially at the expense of other niche fair trade SMEs:

*“we did try to launch Fairtrade© hot chocolate, but because of the price issue, it was a lot more expensive. When Cadburys went along that line, it was great because that meant automatically that our customers were getting a Fairtrade© product without any prompting really” (TG:2).*

#### 5.11.2 Reputation and Trust

Commitment and trust are critical when business operations face increased competition and relentless pressure on margins, because they encourage mutually beneficial long term relationships rather than quick-fix short-term alternatives. Indeed, for fair trade SMEs, this extended even in the areas of non-FT© sales as a fundamental part of the business proposition:

*“it is very important to support the local farmers because they have the same problem of getting a fair price for their produce just as the farmers in developing countries.” (TA:2)*

This is illustrated with the interconnection between brand protection and reputation, yet mutually symbiotic with intangibles including human values, supply chain relationships and external networks etc., discussed further within Chapter 6, Analysis and Discussion:

*“We want to see increased sales and increased market presence, but without contradicting our values and ways of working” (TD:7).*

#### 5.11.3 Access to Finance (Small Firms Only)

Although, the external issues interconnected with internal tangible factors, such as cash flow, access to information or indeed the difficulty in directly accessing external capital for investment was illustrated within the smaller firm:

*“it is probably harder in a rural area like this. There is not much financially in the way of grants or whatever to help” (TG:5).*

However, the issues were less about start-up capital and more about entrepreneurial intent, business development and perceptions of risk within the recessionary period: *“we are looking*

*into replacing the lights in the warehouse...but it costs an absolute fortune for those lights – a massive outlay” (TG:6), or:*

*“it is just about trying to think out of the box.” (TL:4) and “if we could afford a wrapping machine, it would enable us to be much more competitive.... But that is £200K of investment..... But we hope to be there within the next five years” (TL:9).*

In addition, some cases reported how current VAT and tax thresholds for the micro business shaped decisions of how and whether to grow, for example: *“constraints to growth in this business re turnover being ‘bound’ by current flat-rate VAT thresholds” (TH:8).*

#### *5.11.4 Power of the Significant Buyer*

A key threat to competitiveness and indeed survival emerged through ‘the power of the significant buyer’ to drive down margins and profit. Whether major supermarket or retail chains, it is today strategically pertinent as the Fairtrade Foundation continue to build alliances that may bring convenience and accessibility to the ethical ‘shopper’, in an effort increase FT© penetration and sales:

*“big retailers who we have big volume can make sudden decisions, which affect us enormously and then we are clawing back for over a year following this decision. And then sure enough they might have us back in again. It is a swings and roundabouts and bit like a rollercoaster sometimes” (sic) (TM:7).*

This success factor has the power to exert both positive and negative impact upon any SME subject to market trends; however, this powerful influence does not exist in isolation, but is interconnected and at times diluted or compounded by other mitigating factors. These may vary between individual SMEs, for example; margins, supply price volatility, supply chain relationships, value creation, market orientation and brand identity, but strategically will present a fundamental issue for all fair trade product manufacturers, including decisions of how and where to compete, or indeed even whether to attempt to enter mainstream markets:

*“if we wanted to spread the message and make sure our coffee is available to the majority of people, then supermarkets are the way forward to be able to do that. But at the moment this is not the route to market for us. We could potentially, but there is a danger it would undermine what we are currently trying to achieve” (TD:8).*



#### 5.11.5 Supply Price Volatility (SPV)

SPV results from variations in currency and market price for raw materials, so is therefore connected to internal tangibles around pricing and production costs. The findings demonstrate how this fundamentally impacts upon competitiveness, highlighted by the challenges presented in timing the actual purchase of raw materials:

*“The market is rather like oil. So you might be buying at this price today but if you want to buy quality, you might be buying at an additional premium... We buy seasonally, so we are at the whim and mercy of the market conditions” (TD:4).*

*“What is challenging for us all the time is currency fluctuation, because we buy chocolate in Euros and sell in Dollars and Pounds, so we have become expert in forecasting”(sic) (TM:7).*

Nonetheless whilst this often impacts on margins and profitability, business pragmatism means that whilst: *“the cost of our raw ingredients has gone up; we don’t pass that on”* (TF:6). Yet, it serves also to highlight interconnections for example to supply chain relationships and trust and mutual loyalty, where for example, TL’s supplier advises upon stock control and management and the best time to buy raw materials versus orders within their sales pipeline. However, businesses are constructed of a subtle mosaic of factors, so despite the pressures, for some SMEs it was still possible to create competitive advantage and enjoy superior margins (TD, TJ or TN), however, in turn, this illustrated another co-dependency in terms of product positioning and market knowledge.

#### 5.11.6 The UK Recession 2008-2013

SMEs with the greatest resilience and adaptability and flexibility have been most successful, particularly growth within fair trade manufacturing and processing: *“since we started, we have had year upon year of fantastic growth”* (TL:9). Others diversified to new export markets, relying upon intangibles such as trust and reputation as a key USP: *“their growing Middle class want European processing standards, quality standards, safety and trustworthiness”* (TJ:5). Therefore, negative impacts of the UK recession were often isolated and more intense within those rural, service fair trade SMEs, or where FT© was used to add value for customers and differentiate from competitors: *the economy, recession, interest rates”* (TH:2) and *“I think this year will be another really tough year”* (TG:4).

Nonetheless, irrespective of their values based orientation, 11/13 businesses had operated for > 5 years, with a range of alliances and strategies to build resilience to manage a predictably

‘unpredictable’ external environment. The findings also served to illustrate how these issues pervaded across other tangible and intangible factors for competitiveness including the ongoing drive to create and build new value within the buying experience:

*“one of the main challenges is to keep things fresh.... So we must keep on delivering our customer service, traceability etc.” (TN:10).*

## **5.12 Conclusion**

In summary, this chapter has presented the key findings from 13 fair trade SMEs, drawing upon grounded theory by adopting Corbin and Strauss’ (2008) constant comparative method and using open and axial coding within Prasad’s concept card technique. It used the coding framework as a map to identify themes that contribute to success, presenting them as external/internal, tangible or intangible business and human factors. The significant push-pull factors were presented using an adapted force-field approach, which also served to illustrate a potential red flag where many SMEs failed to connect external fair trade developments as either opportunities or risk by the fact barely any reference was made to Business External Intangibles (BIFE+/-). Within chapter 6, further analysis will be situated around the symbiotic nature of these business critical push pull factors, but will also incorporate these ‘hidden’ factors to highlight the challenges for SME success within the wider fair trade environment.

The findings represent an exploratory purposive sample of fair trade SMEs within an area that has received much less attention to date within academic journals (Karjalainen and Moxham, 2013). It not only illustrates that fair trade is not black or white, but instead is a complex, interconnected and dynamic market. The findings demonstrate that single static measurements of success could not convey the unique business and human push-pull factors, critical to any recipe for success. Finally, this chapter not only further contributes to knowledge by discussing how personal values and beliefs impact upon the business direction and choices of fair trade SMEs, but it furthermore offers a unique insight into Porter and Kramer’s (2011) ‘creating shared value’ theory in practice. The findings therefore provide the foundation for Chapter 6: Analysis and Discussion, but also emphasize that business activities and human values in fair trade SMEs do not exist in isolation: *“walking the talk... you can say it all you like but you have to demonstrate it” (TC:13).*

## **Chapter 6**

### **Analysis and Discussion**

#### **6.1 Introduction**

This chapter will develop further the preliminary thematic analysis of push-pull factors within the previous chapter. It will present a new paradigm in which fair trade SMEs can share in the benefits and opportunities presented from the increasing UK demand for fair trade products, respond to new opportunities within new international markets and mitigate risk. The internal and external business environment is fluid, presenting increasing challenges and pressures; for example, through a changing retail landscape (Portas, 2011; Department for Business Innovation and Skills/Genecon and Partners, 2011) and use of technology (de Kare Silver, 2011). However, this chapter builds upon the findings to show how the unique strengths of human values, resilience, relationships and technology can be harnessed to demonstrate not only a “nice face of capitalism”, but also a perspective which contrasts with Smith (1790) and his views around authority and conscience within the theory of moral sentiments. This chapter will demonstrate that whilst the majority of fair trade SMEs practice a socially responsible style of entrepreneurship, it is not necessarily ‘new’ and actually shares common features that accord with 19<sup>th</sup> Century Quaker business practice, for example, Joseph Rowntree around workforce welfare and local community engagement. However, looking forward, there is also exciting new evidence whereby pioneering fair trade SMEs already adopt a hybrid model of ‘shared value’ (Porter and Kramer, 2011) within their business ecosystem. Furthermore, in contrast to their corporate focussed value free model, this chapter will highlight that values and beliefs are instead a key motivating force within fair trade SMEs, integral to their success and sustainability; shaping decisions, choices and balancing personal ethics with business pragmatism.

This chapter will be divided into key sub-sections to facilitate the analysis and discussion, beginning firstly by revisiting the significant push-pull factors and progressing to discuss their interconnectivity and ability to mitigate the effects of other negative pull factors. It will highlight where there is convergence or divergence to existing literature and research into tangible and intangible success factors. Furthermore, it will progress to place this research in context within the current fair trade debate, to emphasize how this exploratory research acknowledges those potentially hidden factors, often under-perceived by these SMEs, for

example, mainstreaming and FT© brand perception, or the challenges within the fair trade value chain (Doherty et al., 2013). However, it will not seek to determine a position within the debate around ‘fairness’ or certification, because it is simply beyond the parameters of this thesis. It will though discuss the notion of ‘creating shared value’ (Porter and Kramer, 2011) within an SME context, to challenge that personal values in business should be recognised for their intangible impact upon strategy and operations and that furthermore have a rightful place within socially responsible business. In summary this chapter will provide a roadmap to support Chapter 7, conclusion, recommendations and opportunities for further research within a dynamic, growing and increasingly mature fair trade market.

## **6.2 Significant Push-Pull Factors**

Figure 8 presents the ‘perceived’ push-pull factors gathered from fair trade SMEs. Some SMEs were FT© exclusive; others offering a combination of FT© and fairly traded; or indeed quasi- business consumers of fair trade, using it as a means to add value or differentiate their business. There were key significant push factors that applied universally to every business, including values and beliefs (HIFI+), building value, customer focus, quality, social media (BIFI+), managing costs (BTFI+) and reputation and trust (BIFE+) as reflected in Chapter 5, Findings. This thesis, however, concurs with Pansiri and Temtime (2010), as differences that emerged in critical success factors sometimes depended on size, age, profile etc; particularly notable between small and medium sized firms. However, it also confirms that it is human intangibles which are the key drivers of the future business potential (Chareonsuk and Chansa-ngavej, 2010), Sussland 2001), or indeed potentially their liability (Garcia-Parra et al., 2009).

The thesis concurs with Simpson et al. (2012) that success is a matter of opinion. However, these findings also support Martin and Hartley (2006) and Garcí’a-Ayuso (2003), that intangible factors/assets can be a source of competitive advantage, alongside Ng and Hung Kee (2012), Steenkamp and Kashyap (2010), Brooking (2010), Watson (2010), Bones (2007), and Sussland (2001), because in reality the exploration of intangible factors yields a more realistic perspective about future business potential. Nevertheless, it is also important to contextualise these findings in relation to pre-2000 research, where the impact of intangibles such as social media and technology had not yet impacted upon key marketing or customer relationship tools:

*“Facebook, Twitter, Linked-In. We have a web site, we have blogs. We use various on line stores to promote some of the products. We also as a team all work remotely, so we depend on Skype and drop box and Huddle, Doodle...” (TK:12).*

### Building Value

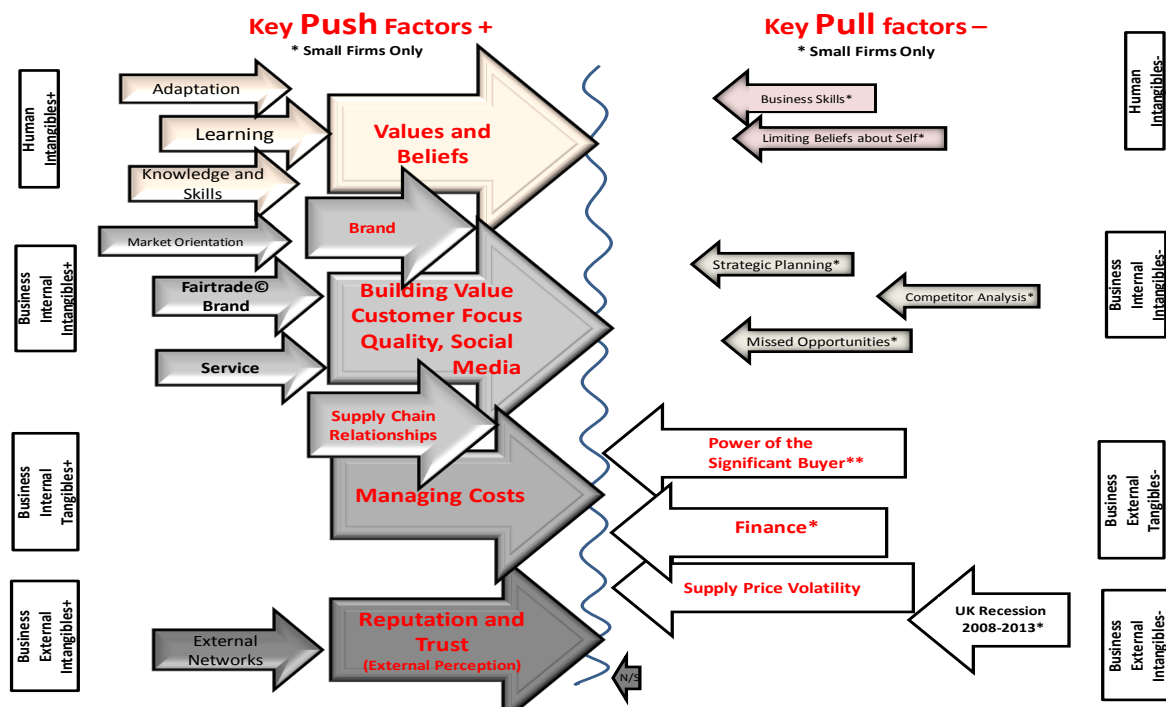
“That gives an incredible strength to have a story behind the item and people pay a fortune to have that in marketing. We have that for real”.

### Reputation and Trust

“We have direct contact with the people who are making the products for us, so the supply chain is very small.”

### Fairtrade© Values

“Fairtrade is a fundamental part of our strategy. If there is a Fairtrade alternative, we would always buy it because we want to support those farmers overseas...Once you have taken that step, there is no going back from it



### Quality

“The market is rather like oil. So if the market is high, the Fairtrade© price is higher. So you might be buying at this price today, but if you want to buy quality, you might be buying at an additional premium here. We buy on quality premiums as well as FT premiums, which means we are a little more expensive”.

### Power of the Significant Buyer

“Big retailers who have big volumes can make sudden decisions which affect us enormously and then we are clawing back for over a year following this decision. And then sure enough they might have us back in again. Its swings and roundabouts and a bit like a rollercoaster sometimes”.

Fig 8. Significant Push-Pull Factors

The analysis of the transcripts moves beyond simple statements around possession of a web page or packaging to reflect instead the extent and priorities placed upon for example, brand identity and protection. The outcomes also reflect that one business was up for sale and another deeply rooted in altruistic business objectives, relying significantly on Fairtrade© as the brand differentiator. Furthermore, whilst supply chain relationships may have initially appeared a lesser priority than other factors, this merely reflected the lesser importance placed upon this by hospitality and catering fair trade SMEs. However, this factor remained business critical in conjunction with others, including fair trade SME manufacturers of finished products (also significant due to the turnover and revenue yielded by these firms) and necessary to build resilience and contingency to respond to other strong significant

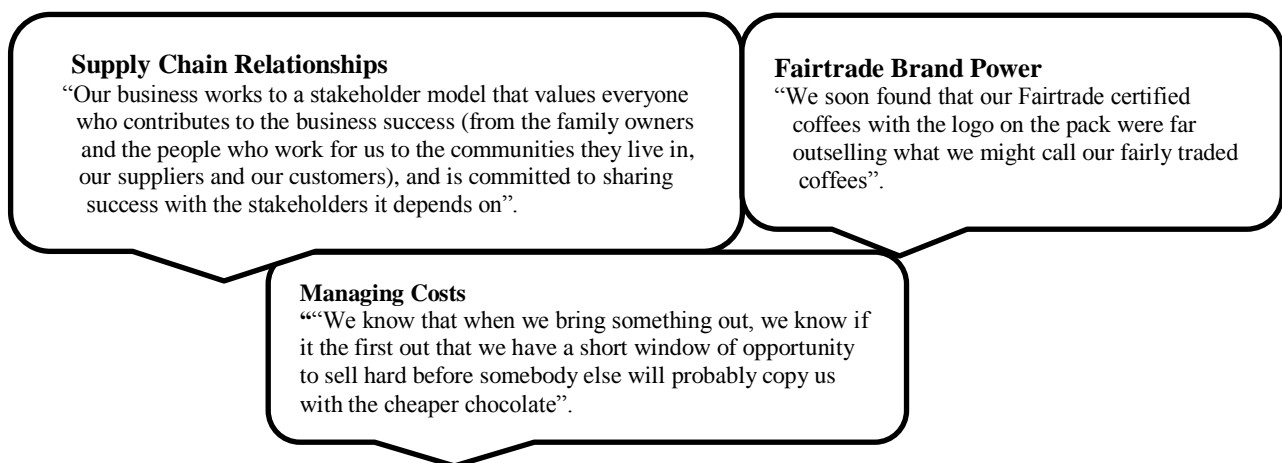


Fig 9. Characteristics of fair trade SMEs

‘pull’ factors, for example, the power of the significant buyer of large firms and supply price volatility of raw materials; each with the ability to squeeze tenaciously at profit and margins (BTFE-). However, the importance of the inter-connectedness of factors will be discussed and diagrammatically represented within the separate sub-sections of this chapter.

## 6.3 Human Intangible Factors

### 6.3.1 Values and Beliefs

The findings align with Crossan et al. (2013) Sosik et al. (2009) Cohen and Keren (2008), Thiroux and Krasemann (2007) and Hambrick (2007) in terms of the way ethical values influence behaviour and decisions and indeed why organisations conduct their business in a specific way. More fundamentally, it also appears to contradict Adam Smith’s (1790) Theory of Moral Sentiment, where moral philosophy was considered separate from business

economics, because in fair trade SMEs, values and beliefs are fundamental and intrinsic to the very fabric of their existence: “*we will not compromise our principles to make a little bit extra money*” (TA:11). This is further underlined during the recent 2008-2013 UK economic downturn, where not to be compromised for cheaper alternatives in an effort to reduce costs or increase competitiveness:

*“We are bound to buy our ingredients Fairtrade©...it’s more challenging if that is what you are committed to, but that is what we are committed to.”* (TM:9).

This research concurs with Bates (2005) and Bardi and Schwartz (2003), because human values and beliefs serve as the moral compass for business operations and development (de Dreu and Nauta, 2009; Schwartz (2009, 2005), Schwartz and Bardi (2001), for example:

*“trading ethically is what we do because it’s rooted in our business values, rather than about generating sales”* (TN:12).

Furthermore, universalism values (Schwartz, 2009) offer a way to show how business success factors related to the human values, beliefs and motivations in accord with Fassin et al. (2010):

*“that is our whole philosophy of life and it is simply an additional thing that you take into consideration. If it is there, then it is what you want to do. It is intrinsic”* (TF:1).

Porter and Kramer (2011) exclude personal values from their theory of shared value within a corporate context, however, this research agrees with Schmitt and Renken (2012) and Hayward et al. (2006) to suggest that personal values not only impact upon the way that the businesses operate, but recognises that these are passionate individuals with a desire to make the world better and further illustrated by their specific attention to unique value creation (Simon-Moya et al., 2012; Santos, 2009):

*“We have always been about trying to do our best to work with marginalised people. They want to have a sustainable livelihood and for the system to be fairer – not necessarily equal even – just to be fairer”* (TK:2).

The findings agree with Wijardena et al. (2008) that for owners and employees, the prioritisation and importance placed on these values and attitudes were a fundamental aspect of organisational culture. However, ‘fairness’ principles also extended to local issues and an individual vision of both right and wrong: “*locally they should be paid fairly too*” (TC:12).

Interestingly however, the degree of commitment to Fairtrade© though varied between SMEs, for example:

*“we don’t just look at Fairtrade©; we look at Fairtrade© being one of the ways you can change the world” (TC:2)*

to more pragmatic, business opportunity based choices:

*“Fairtrade© is secondary for our customers, yet I know we identify it as a unique selling point. It ticks a box really” (TL:9).*

All SMEs recognised the need to survive, but the findings agreed largely with Walker et al. (1999) about the key role of non-financial elements, in particular human values (Horley 2012) and their complex interconnection. Indeed, for the fair trade SME, there would be little satisfaction in achieving only economic success without human or social value. However, whilst the findings agreed that the owners and managers do indeed shape and influence decisions, it was not confined to the owner, illustrated by employee contributions, offering loyalty, commitment and in some cases the sacrifice of higher wages: *“its minimum wage for most of our team and yet we are so blessed with their loyalty” (TL:8).*

### *6.3.2 Knowledge, skills, experience and their transferability*

Simon-Moya et al. (2012) discussed education and experience related to start-up, however, these findings suggest that their role had been more influential in terms of sustaining and developing the business. Unlike Sheperd (1999), these findings did not make direct links between success and sector experience, however, this would be an area for future exploration because of the decision not to ask questions around level of education and experience to avoid the introduction of barriers to open disclosure. This was despite West and Noel (2009) suggesting knowledge was key factor in improving management abilities. However, through the storytelling approach to interviews, it was evident that experience facilitated the exploitation and acquisition of resources in accord with Ribeiro-Soriano and Castrogiovanni (2012). The challenge moving forward will be little different to other SMEs, particularly within the areas of knowledge management or utilisation of their human and intellectual capital (Durst and Edvardsspm, 2012); a critical intangible asset or potential liability.



#### 6.4 Business Intangible Internal Factors

The findings support Laukkanen et al. (2013) that entrepreneurial, market and brand orientations positively affected business growth, for example; Vorhies et al. (1999) around marketing capabilities and Wiklund et al. (2009) around entrepreneurial orientation and growth. Whilst the findings broadly agree with Kelly and Scott (2011) and Porter (1980), around carefully defended niches and premium prices, many SMEs did not necessarily create competitive advantage, but instead had a competitive strategy focussed upon ‘doing what was right’. However, whilst Porter’s (1980) theory of competitive strategies worked well for all the businesses interviewed, his later theory on competitive advantage (1985) appeared to align more to the medium sized firms and their high premium niche competitive strategy:

*“everything from us is handmade. It is not rolled off a production line, like a lot of these other places” (TN:5).*

in comparison to, for example, the small social enterprise or family firm:

*“we knew some people wanted it and some were willing to pay the premium for it but we didn’t mark it up on that basis” (TG:7).*

Nonetheless, the findings concurred with Gadenne (1998) because retail success was attributed not only to competitive pricing and quality, but also to understanding the market in which they operated. The findings concurred with Jennings and Beaver (1997), because interpretations of success were not necessarily in tandem with optimal performance and furthermore resonated with Joyner and Payne (2002), in terms of the interchangeability between ethics and social responsibility. The findings aligned to Simpson et al. (2004a) linking societal, organisational and individual benefits, supporting Walker et al. (1999) who suggested that although making money was a necessity, it was not necessarily the primary focus. Indeed irrespective of cost, ‘feelings’ of social responsibility and community engagement were equally important:

*“all the milk we use on site is from a local producer.....we would rather see it, that we buy from a more local business” (TD:8)*

#### 6.4.1 Social Media

At a time of high street decline (Portas, 2011; Department for Business, Innovation and Skills/Genecon and Partners, 2011; de Kare Silver 2011), probably the most significant success factor was how social media increasingly supported many areas of the business, for example, in brand promotion/loyalty, marketing, supply chain relationships, customer feedback or even to reduce office costs (Thompson et al., 2013; Brodie et al., 2007). Furthermore, the findings conflicted with Kitching and Blackburn (1999) around SME isolation, although, this may be attributed largely to more recent technological advancement and the impact of social media since 2000. Certainly business dynamics have changed since, for example, the research of the 1990s, with a greater need for proximity and engagement with the nomadic customer. Websites and social media were firmly established and identified by businesses as an essential intangible component to contribute to growth, success and sustainability, through raising awareness, income generation and repeat business in agreement with Thompson et al. (2013). Indeed, SMEs today are ‘connected’, rather than the ‘fortress enterprise’ described by Curren and Blackburn (1994), with all businesses in possession of web-sites and responding intuitively beyond their ‘comfort zones’ because of the view that it was fundamental to any strategy for growth and survival.

The findings support Harris and Rae (2009), Harris et al. (2008) in the power of on-line communities, with a distinct sense of needing to ‘do this right’, for example, by using social media as a tool for competitiveness through the engagement of customers and unique business stories (Harris and Misner, 2012). However, whilst de Kare Silver (2011), argues that by 2020, this will be the ‘norm’; today, sales are still a combination of both face to face and online, therefore emphasizing the need to ensure the provision of content that is directly relevant to their customers (Kim et al., 2011; Ansari and Mela 2003).

#### 6.4.2 Customers

Universally, SME comments support Reijonen and Komppula (2010) and Watson et al. (1998), as customer focus played an active role in determining success and performance. It also supports Pelham (2000), who placed importance on business responsiveness to negative feedback, for example: “*if there is course for complaint, we will put things right*” (TN:6). Fair trade SMEs regarded customers as integral to their business operations and competitive strategy, rather than as Gorgievski et al (2011) who simply viewed customer focus as a means to an end. Furthermore, this supports Jarvis et al. (2006), who proposed that it generates

income, repeat business and is an integral aspect to quality management. Fair trade SMEs contrasted with the findings of Eggers et al. (2013) who suggest a customer orientation is negatively associated with growth. Instead, SMEs placed good customer orientation within their top key success factors in accord with Ghosh et al. (2001) and Narver and Slater (1990), for example:

*“our USP is empathy.... anticipating their needs and respecting the fact that they are spending their money here” (TH:2).*

#### *6.4.3 Quality*

The findings focussed upon quality from a management perspective rather than more tangible aspects around quality control linked to productivity and waste reduction, but again, this cannot be considered singularly as, for example; they were linked to social network activity (Godin 2008), brand reputation (Mitchell et al., 2012; Reijonen et al., 2012; Horan 2011; Jarvis et al., 2006), customer focus (Kirca, 2005) and responsiveness to negative feedback (Pelham, 2000). SMEs also illustrated how quality influenced loyalty, concurring with Kirca et al (2005).

#### *6.4.4 Branding*

The findings accord with Abimbola and Kocak (2007), and Inskip (2004) around the importance of nurturing a strong brand. All of the SMEs had invested considerable thought into the brand identity: *“I spent time creating an identity”* (TB:6), in accord with Krake (2005), and Gilmore et al. (2001) with at least three driving the process of rebranding to turn up the volume of their product or service offer (Mitchell et al., 2012). This was considered business critical (Urde et al., 2013; Gromark and Melin, 2011; Wong and Merrilees, 2008; Urde 1999), but also because fair trade SMEs had special characteristics in which they placed significance of values and ethics in relation to their organisational goals and the effort they invested to align these to the product proposition, Sosik et al. (2009).

Furthermore, the importance of building added value relationships, learning and adaptability to meet customer needs and secure loyalty was also evident, supporting for example; O’Cass and Weerawardena (2010) and McCracken (1993). Medium sized firms used brand identity to underpin their competitive strategy, supporting Laukkanen et al. (2013) around the

importance of brand orientation. Indeed, many valued the Fairtrade© brand label connecting it to the business identity, values and modus operandi.

#### 6.4.5 Supply Chain Alliances

Whilst this thesis appreciates that context is critical (Ulaga and Eggerts, 2005) and that supply chain relationships vary in emphasis between industrial sectors, this still remained an important push factor for fair trade SMEs, concurring with BarNir and Smith (2002), Koka and Prescott (2002) and Gomes-Casseres (1996); in terms of co-operation (Fukuyama, 1993; Putnam, 1993) and trust (Uzzi, 1996), but more crucially with Davies (2009), in terms of the importance and benefits of alliances and networks specific to the fair trade sector. Supply chain relationships were a fundamental part of the business strategy for resilience and competitiveness (De Jorge Moreno et al., 2007). Certainly, fair trade SMEs appeared ‘smart’ in terms of their approach to collaboration, especially where there was explicit interconnectedness to their own values and beliefs, supporting Crossan et al. (2013) in terms of a values based decision orientation:

*“our business works to a stakeholder model that values everyone who contributes to the business’s success (from the family owners and the people who work for us to the communities they live in, our suppliers, and our customers) and is committed to sharing success with the stakeholders it depends upon.” (TN:12).*

Mentzner (2000) and Varadarajan and Cunningham (1985) discussed pooling of skills or resources to create strategic partnerships to assist cost or differentiation, which was illustrated by the way all SME alliances were both purposeful and proximal to the business (Woodruff 1997, Senge 1990):

*“one of the key things we are doing with our direct customers is doing big discounts on big volumes of our brand products. We try to help our key retailers and give our retailers’ supermarket competitive prices” (TJ:7).*

Trusting relationships were essential to the maintenance of a reputation (Fukuyama, 1995; Putnam, 1993), therefore, the findings contradict the notion of SMEs as “fortress enterprises” (Curren and Blackburn, 1994:113; Kitching and Blackburn, 1999), because more often, these networks had a business critical purpose, with the benefit rippling across the supply chain. Pragmatically, *“looking after your suppliers will give you in return a superior product”*

(TN:2) and so were an essential tool for resilience and survival (BarNir Smith 2002; Sweeney 1996).

This interconnectedness with values and beliefs, also served to highlight the fair trade business ecosystem and the importance and care taken to maintain international relationships, in contrast to Swoboda et al. (2011). Indeed, the findings further support Basu (2001), Rackham (1996) and Morgan and Hunt (1994), to illustrate how benefits can be utilised throughout the supply chain, for example; from a reduction in costs, favourable payment terms or leveraging core competences.

#### *6.4.6 Strategy*

A negative intangible pull factor label related to the fact they were difficult to quantify in monetary terms (BIFI-, HIFI-), although again they largely affected smaller business' for example, in business planning or competitor analysis. Strategy has often been considered weak within SMEs; for example, Ates et al. (2013); Tallon et al. (2000) and Gray (2002), in terms of control and of lifestyle considerations or by Hudson et al. (2001) in terms of firefighting. Ghobadian et al. (2008) suggest the link between strategy and performance is often tenuous at best, which appears to be supported by the fact that whilst it emerged as a weakness, the majority of SMEs had operated for over 5 years and within the period of the UK economic recession 2008-2013.

Nevertheless, fair trade SMEs still appear to reflect current academic debate, for example; there was some convergence with Mintzberg and Water's (1985), views on declared strategy for medium sized business (stated goals and plans) and also within the smaller firms, aspects of the emergent strategy (Covin et al., 2006). More importantly in medium sized business', there was evidence of the inter-relationship between planned and emergent strategies as opportunities presented themselves to generate growth (Covin et al., 2011 and Mintzberg., 1994).

### **6.5 Tangible and Intangible External Factors**

Although, the external issues interconnected with internal tangible factors, such as cash flow (Paul and Boden., 2011), the difficulty in accessing external capital for investment supports Gorgievski et al. (2011) on how this can slow growth and development. However, the issues were less about start-up capital (Atherton, 2010; Reid, 2003), but about entrepreneurial intent,

business development and perceptions of risk within the recessionary period (Nabi and Linian, 2013). Nevertheless, it was also clear that the smaller business was potentially more vulnerable, facing specific difficulties within the early start-up phase, such as finance, payment, generating viable turnover etc. It was interesting to note some negative pull factors were specific to a '*growing and developing business*', especially those with <£500K annual turnover, for example, finance including access to capital for growth, who could not rely on internal cash flow or assets to create leverage (BTFE-).

Despite data (Co-operative Bank 2012), showing the resilience of Fairtrade© to the impacts of the UK recession 2008-2013, smaller rural firms found the business environment 'testing' (particularly those which used Fairtrade only to add value and features to their core business, for example, eco-style tourism or catering in rural areas). These were basically affected by a reduction in core business demand that rippled across into their Fairtrade© activity. Nevertheless, they demonstrated resilience, adaptability and flexibility, in accord with Anderson and Russell (2009); De Jorge Moreno et al. (2007) and Sweeney (1996), building strategies to build resilience to manage external conditions in tandem with Curren and Blackburn (2001).

They were presented because to gain a deeper understanding into the critical success factors for fair trade SMEs, it was importance to demonstrate their relevance and their interconnectivity to other contributory/ influencing factors; for example, business skills and self-limiting beliefs.

Whilst businesses do not exist in isolation, views around for example, the challenge of mainstreaming and larger competition were largely muted. This is why external intangible factors (BIFE-) show this minority perspective within Fig 8. Yet, TM was already competing in the mainstream, with TD and TL, tentatively entering areas of this market. Nevertheless, it was not within the remit of the research to attribute causality; for example, whether pull factors including planning and competitor analysis resulted in 'hidden' or under-perceived factors. However, whether explicit or implicit, these under-perceived or hidden factors have power to exert potential influence over the business model; for example, if retailers were one day expected to be licensed along with product providers or dual licensing both activities Furthermore within ICT innovations and social media, threats to FT© consumer perception may be impacted by less favourable FT© views, highlighted by, for example, Valiente-Riedl

(2013), Gibbon and Sliwa (2012), Griffiths (2012), Henderson (2008) and Moore et al. (2006) around the ‘fairness of FT©. These hidden factors do not feature within the horizon of these SMEs, but need to be considered and discussed separately within this chapter.

## 6.6 Factor Interconnectivity

Antoldi et al. present SMEs as “unique bundles of resources” (2013:569); however, more crucially this research concurs with their view that, not only can tangible resources be imitated or replaced, but place importance upon intangible resources such as: “knowledge, reputation, organisational culture and marketing skills (2013:569). Cash flow and cost management are business critical to all SMEs, however, the findings demonstrated that factors should not be viewed in isolation, but rather as an interconnected web of push and pull features that influence and mould business outcomes. Indeed success factors also blended and interconnected with other human and intellectual capital factors, which extended to lessons learned (Chareonsuk and Chansa-ngavej, 2010, Propopeak, 2008)

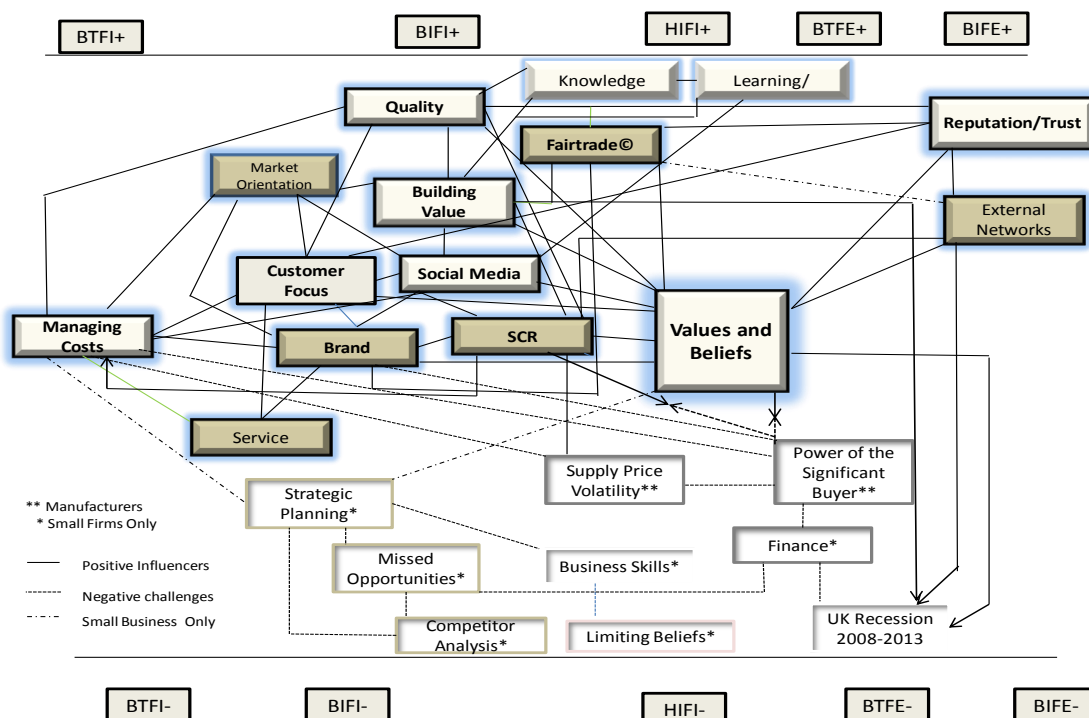


Fig 10. Interconnecting Factors

Some factors were pivotal to the business culture and identity; for example, values and beliefs, yet impacted upon, for example, decisions to offer FT© or fairly traded, quality, cost

management, brand identity and communication via social media. Furthermore, Sosik et al. (2009) assert that ethical values influence behaviour, organisational goals and the effort to pursue those goals. Indeed, others refer to this alignment between values, behaviour, employee commitment and the achievement of business goals; for example, Cohen and Keren (2008), Dubin et al. (1975) Rokeach (1973). Fig 10 therefore presents a diagrammatic representation to show the interconnectivity of key significant factors within the findings, whether positive influencers (green), challenging influencers (red) and amber to reflect differences of experience between the small and medium sized firm.

The findings concur therefore with Crossan et al., who suggest that within a ‘values based orientation’ “individuals are better equipped to cope with situational pressures” (2013:575), and reflected in the resilience, tenacity to uphold principles despite pressures upon margins from significant buyers, the price of raw materials or the UK recession 2008-2013. De Jorge Moreno et al. (2007) describe this as adaptation in the face of adversity. Indeed, the emphasis on building value and other symbiotic factors within these SMEs reflects Kitching et al. (2011) and their research into the start of the recession 2008-2009, illustrating how SMEs responded through increases in market and product diversification. The interconnectivity of supply chain relationships with values, reputation and trust enabled firms to resist short-term alternatives (Darabi and Clark, 2012) and indeed withstand what Wyld et al. (2012) describe as the ability of powerful buyers’ ability to control and exploit SME suppliers.

More recently, there has been a growing consensus around the importance of managing external networks to ensure business success and sustainability (Ngugi et al., 2010; Jones and Holt, 2008; Street and Cameron, 2007), with Figure 10 illustrating how these factors are inter-dependent both internally and externally, to build resilience to external factors beyond their control; for example, supplier networks, payment schedules, cash flow and the UK recession 2008-2013. These networks were both specific to the business purpose and adjacent to the business, for example, reflected in the Fairtrade Town movement (579 towns listed March 2014), mixing business and community objectives. Furthermore it supports Durkin et al. (2013) that long term, networked relationships facilitate competitive advantage, with this interconnection with social media enabling the development of more sustained stakeholder relationships (Brodie et al., 2007) or relevant engagement with customers (Kim et al., 2011; Ansari and Mela, 2003).



These fair trade SMEs reflect what Drury (2008) describes as fear of missing out upon opportunity creation if they do not embrace social media and new technologies (de Kare Silver, 2011); perhaps a viable but still intangible risk. Indeed whilst social media currently works positively for these fair trade SMEs, that is not to say that it is without inherent risk as “it enables customers to talk directly to one another” (Mangold and Faulds, 2009:357). However, Harris et al. (2012) suggest if people use their skills, confidence and time to develop their on-line foot print; in turn they will increase opportunities and grow their business. This is certainly an important feature within these fair trade SMEs, with all asserting its importance and relevance to their businesses, their customer focus and service, integral to their quality management strategies.

Indeed fair trade SMEs concur with the current view that power has shifted towards consumers (Barwise and Meehan, 2010), reflecting the interconnections between for example, brand, reputation, trust, market orientation etc. Sensitivity to market changes was a key factor for business success and performance, agreeing with, for example; Laukkanen et al. (2013), Reijonen et al. (2012) and Tzokas et al. (2001). Furthermore, it has implications for growth if, for example, Fairtrade® consumers increasingly move from planned to actual buyer behaviour in response to mainstreaming, convenience and accessibility. They reflect the views of Durkin et al. (2013) that customers will potentially move from a position of product recipients to “co-producers and influencers of the relationship that the company has with them” (2013:729). The findings therefore support Abimbola and Vallester (2007), Jarvis et al. (2006) and Rode and Vallaster (2005), but also Fombrun and Rindova (2000), around the business value of reputation; mutual trust (Goll and Rasheed, 2004; Uzzi, 1996) and co-operation (Fukuyama, 1995; Putnam, 1993). Furthermore, in the wake of mainstreaming and increased competitiveness, these SMEs concur with Abimbola and Kocak (2007), and Inskip (2004), placing importance on the intangible role of brand, but also on how human intangible factors symbiotically interconnect to drive brand identity and management (Krake, 2005; Gilmore et al., 2001). The majority of these SMEs had been in business >5 years, reflecting Reijonen et al. (2012) and the interconnections between brand, customer orientation and growth.

Intangible assets within SMEs are crucial, including its human capital (Becker 1993), and described by Roos et al., as “not replaced by machines, nor written down on a piece of paper (2005:19), supporting the findings to acknowledge the role of knowledge, commitment,

adaptation, motivation and experience. These interconnect and influence the response to the power of significant push factors including quality, supply chain relationships, managing costs, service, customer focus etc., but also provide an intangible human and intellectual capital to build resilience to those challenging external pull factors, including, for example, the power of significant buyers or the UK recession 2008-13.

## **6.7 Hidden Factors and Business Impact**

This research has furthered understanding into the tangible, intangible; business and human push pull factors which are necessary for fair trade SME success and competitiveness, together with their naturally symbiotic, interconnected and dynamic nature. However, it remains necessary to place this research within a wider environmental context to consider those 'hidden' or under perceived factors that may bring both opportunities and threats to their current business model and competitiveness. Whilst some of this debate is currently confined to academic journals and conferences, it would be too static to simply present push pull factors without considering implications for business practice. Furthermore, due to a complex, mature, mixed economy fair trade market (Becchetti and Huybrechts, 2008), one size or scenario would not be attributable to all. Therefore, figure 11 situates firstly the research outcomes, in terms of the significant business and human push-pull factors, but makes reference to those business intangible factors (BIFE+/-) or hidden/under-perceived factors that include, for example, mainstreaming, fair trade perceptions and consumer buying behaviour, especially if own brand, best price fair trade is available and easily accessible within supermarkets for example. It has divided the fair trade SMEs to create a typology of six different groups to show how some may indeed survive/grow and continue to compete, relatively immune to any realised impact, in contrast to others, for whom effects could have a significant, but as yet, unrealised impact.

### Are 'unperceived factors a threat to fair trade SMEs?'

- **Type 1:** Yes to those operating within old altruistic vision (TA, TC)
- **Type 2:** Yes to those competing within a fair trade model with the majority of business or key USP) (TD, TK, TL)
- **Type 3:** Yes when competing in mainstream (TM)
- **Type 4:** No for those Fairtrade© independent business models (CSV a high priority) (TJ, TN)
- **Type 5:** No where the business is a quasi-consumer itself of FT© (TE, TF, TG, TH)
- **Type 6:** No where fair trade is only a part of their identity with an offer beyond FT© or fairly traded TB, TG)

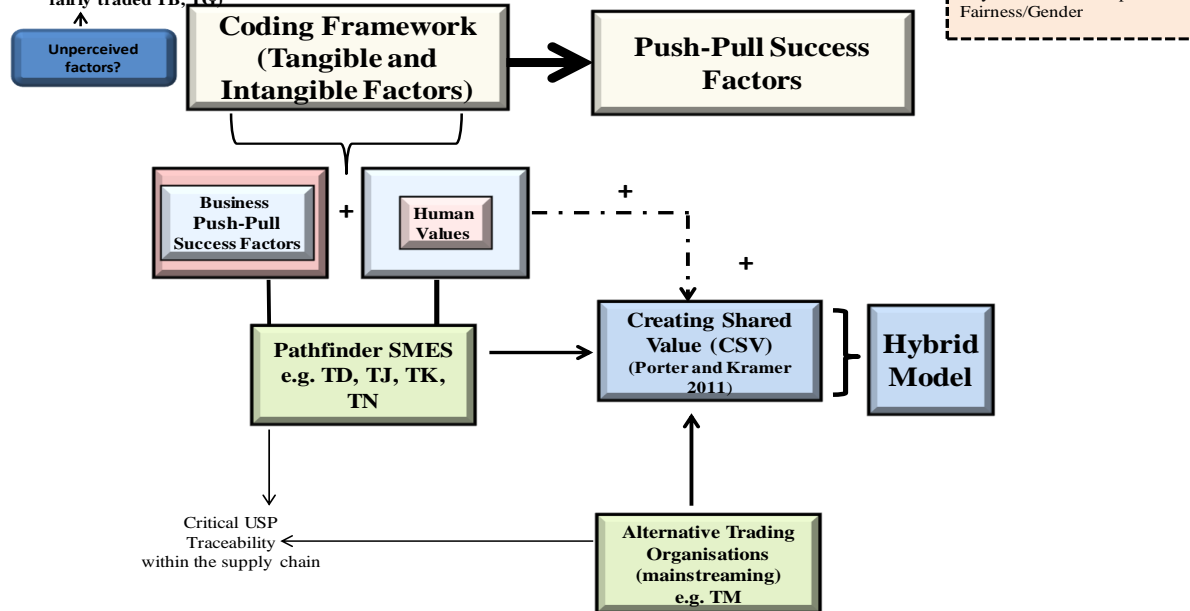


Fig 11. Fair trade SME typology.

Indeed whilst this research is exploratory, it does identify those potentially vulnerable SMEs by labelling them as Type 1-6 SMEs and acts as an early indicator for the targeting of future research. It will consider each in turn and the implications for different fair trade revenue streams, retaining their company codes to ensure anonymity and confidentiality.

#### 6.7.1 Type 1

Type 1 SMEs continue to operate within the more traditional altruistic vision of fair trade with a narrow distinction between either a charity or social agenda, for example, TA or TC. Those operating with the ethical notion of altruistic consequentialism may be at risk from the ripple effect of mainstreaming and changes in buyer behaviour – in other words, where convenience, accessibility and competitive pricing increasingly attracts the ethical nomad, especially as ‘virtual’ retail increases (de Kare Silver, 2011). Their challenge may be to retain the stalwart altruistic ethical consumer who will prefer to enjoy the process of buying individual Fairtrade© products with unique product provenance. These firms may be limited in terms of either potential or desire for growth, but still have a unique role to play in

maintaining the fair trade heritage by the way they integrate and share business benefits within their local communities, participating within the Fairtrade town movement. Going forward, they may need to evolve and re consider new ways to build and offer value to ensure future sustainability and indeed survival.

#### 6.7.2 *Type 2*

Type 2 SMEs represent those for whom Fairtrade© is the significant or major element of the business (TD, TK, TL), irrespective of whether ideologically they are committed to fair trade principles. Changes in fair trade perception could work to their advantage or indeed disadvantage, depending upon the focus of debate; for example, if the notion of ‘unequal exchange’ (Valiente-Riedl, 2013; Gibbon and Sliwa, 2012; Griffiths, 2012) gathered momentum and negatively impacted on Fairtrade© perception and sales. Furthermore, they may face significant opportunities and challenges in terms of trading with large retailers, for example, if they form a second tier of FT© providers, supplying products to mainstream retailers, but not under their own label (Doherty et al., 2013). Indeed, whether supplying own brand or supermarket brand products, they may find themselves pressed hard on margins, squeezed in terms of their own profitability to participate in mainstream markets and hostage to significant buyers. In addition, conceptually, if licensing of Fairtrade© retailers extended beyond product manufacturers, it may present potential dilemmas in terms of dual registration with costs impacting upon at the very least, short term competitiveness and product range.

This though is not a time for despondency, but more of management, for example, whilst, charges of ‘fair-washing’ may challenge their larger retail cousins, more positively, Type 2 SMEs may source new business opportunities derived from their unique brand identity, differentiation in terms of service, quality, reputation, loyalty and supplier networks. Indeed their values orientation may be especially attractive within international markets, as the demand for Fairtrade© increases globally. Furthermore, there may be complementary benefits to those with fairly traded product ranges.

In summary, these firms integrate not only values based business practice with developing countries, but also, in terms of the local communities they serve through employment, local supply and community purpose. This thesis suggests that Type 2 fair trade SMEs are unassuming champions of socially responsible business, pioneering and creating shared value

(CSV) (Porter and Kramer, 2011), but within a hybrid model that acknowledges the special role of values and beliefs upon business direction and decisions.

### *6.7.3 Type 3*

Type 3 company's strategic position situates them already with a strategic priority to compete within mainstream markets, alongside other Fairtrade©, fairly traded and non- Fairtrade© rivals (TM). These companies may sensitive to the impact of fair trade value chains 3-6, described by Doherty et al. (2013) and they certainly describe specific challenges, where major retail brands abandon their specific brand of fair trade in favour of cheaper alternatives, arguably using the notion of fair trade to fair wash their corporate 'responsibility credentials'. These SMEs are sensitive to supply price volatility, exchange rate fluctuations which impact upon fair trade price before the Fairtrade© premium is added. Yet, like Type 2 SMEs, they also advance the notion of CSV (Porter and Kramer, 2011), through a supply chain based upon socially responsible core values and beliefs. Indeed they certainly make a significant and tangible difference to those developing country communities who supply their raw materials. These firms also possess a unique selling point around supply side transparency and traceability, relevant in response to recent supply chain controversies beyond fair trade that recently attracted negative press to the larger supermarket chains, they supply to. Whilst, the brand may be challenged by the 'best price' supermarket own label fair trade products, they can demonstrate integrity, consistency and quality. Furthermore it can be enhanced through social media, customer and supplier relationships that add value and narrative to the buying experience.

Their challenges will be to continue to build new value and new UK and international markets, whilst engaging and exciting customers to maintain brand loyalty and reputation. This can only be achieved through a matrix of quality, service and cost management that not only remains true to Fairtrade principles and practices, but enables them to maintain their position within the mainstream against other Fairtrade© and indeed non-Fairtrade© rivals.

### *6.7.4 Type 4*

Type 4 companies (TJ, TN) are independent and unique and integrate ethical values across their supply chains to create an SME orientated approach to 'shared value' (CSV), (Porter and Kramer, 2011). However, they are neither ideologically nor practically bound to Fairtrade©, because of for example, product independence or the range and variety of

products offered. They may pursue their own fairly traded, ethical relationships across their supplier network, operating within their own ‘fairness’ criteria and indeed Fairtrade© or indeed fairly traded may play a contributory role to their organisational identity.

#### *6.7.5 Type 5*

Type 5 SMEs are in effect quasi-consumers of Fairtrade©, more often from service sectors, including tourism, hospitality and catering, often using Fairtrade© to add value and to differentiate their service offer (TE, TF, TH). Indeed these companies may well benefit from the impact of mainstreaming and economies of scale. Indeed during the research there was evidence of lobbying a major supplier to buy their Fairtrade© sugar wholesale and whilst some progress was made, they continued to express frustration and their perception that Fairtrade© was retail rather than wholesale orientated. Nevertheless, they equally reported cost benefits from recent Fairtrade© conversions such as Cadburys, for example, although this by default could impact upon Type 2 and 3 businesses.

#### *6.7.6 Type 6*

Type 6 SMEs (TB, TG) are similar to Type 4, in that their identity and product offer encompasses Fairtrade©, but does not totally rely upon Fairtrade© and arguably adopts a more egoistic consequentialist approach (Thiroux and Krasemann, 2007). Furthermore, if a change to the Fairtrade© price impacted upon profit and margins, it would potentially prompt a review or search for other ethical alternatives, for example, Rainforest Alliance, UTZ etc., or even a non-fair trade alternatives. Human values and beliefs still shape the strategic direction and decisions of these SMEs; however these values are driven by pragmatism and survival; the polar opposite of Type 1 SMEs.

### **6.8 Creating Shared Value**

Porter and Kramer (2011) suggest that businesses can succeed and achieve sustained long term competitiveness by understanding the interconnections between business and society. They suggest creating economic value via societal value is a powerful force for productivity, innovation, growth and can be defined as:

“policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (2011:66).

Shared value “offers an alternative approach to economic value creation by integrating wider society in the business success” (Schmitt and Renken, 2012:82). Certainly UK SMEs share some similarities with their German counterparts within the fair trade apparel industry, in contrast with Porter and Kramer’s hypothesis that shared value is not linked to personal values (2011:65). Indeed, these findings totally concur with Schmitt and Renken that values and beliefs are an intrinsic motivator and implicit within the business philosophy, direction and decisions: “values are central to the willingness of managers to stick to creating shared value even in headwind situations” (2012:94).

Furthermore, this thesis suggests that CSV in its current corporate focus fails to offer insights into not only SMEs, but also its wider practical use. Porter and Kramer (2011) make specific reference to fair trade within their theoretical conceptual presentation stating that shared value is not simply limited to a redistribution of value within the supply chain, but instead is about “expanding the total pool of economic and social value” (2011:65). They present fair trade as simply about increasing revenue for crops within developing countries, suggesting that:

“this may be a noble sentiment; fair trade is mostly about redistribution rather than expanding the amount of overall value shared” (2011:65).

They propose a shared value perspective which would involve improving growing techniques, strengthening supplier clusters to improve efficiency and yields, product quality and sustainability (2011:65). Fairtrade lead organisations may indeed argue that they already undertake such activities; or that this view does not convey sufficiently the Fairtrade© strengths or indeed the mainstreaming which might ripple across the supply chain to create “a bigger pie of revenue” (2011:65). The purpose of this thesis is not to enter debate around the realities and operations of Fairtrade© (Valiente-Riedl, 2013; Gibbon and Sliwa, 2012; Griffiths, 2012; Smith, 2009; Henderson, 2008), mainstreaming (Raynolds, 2009; Hira and Ferrie, 2006) or value chain research (Doherty et al., 2013). This is beyond the parameters of this thesis. However, it does challenge Porter and Kramer’s (2011) assumptions because through empirical evidence into fair trade SMEs, it shows that shared value can be realised through both certified and non-certified routes. For example, TD, TK, TM and TN and their work with farmers in Panama, Peru and Bolivia and Kenya and beyond, support the production of high quality raw materials and products, but are supported by exemplary

service, brand, reputation and trust, all the way through to the customer experience. Indeed even on a much smaller scale, this is also evident within for example, TA and TL.

Furthermore, this shared value extends not just to the developing country farmer in for example, South America or Africa, but also within local communities via employment opportunities and welfare, to support for local farmer producers; for example, from rural Cumbria to Lancashire and Yorkshire, who complement fair trade by supplying the local organic milk, that for example, forms part of that fair trade latte or cappuccino. Therefore shared value is triangulated across a whole supply network for mutual benefit; a purposeful business alliance that increases efficiency, quality and production effectiveness. For indeed increased demand and satisfied consumers ripples positively to increase the very 'revenue pie' which Porter and Kramer (2011) describe. Therefore it is possible to suggest that Type 2, 3 and 4 fair trade SMEs could indeed be described as unassuming champions of socially responsible business, because those practising shared value live and breathe a business reality that their larger competitors would find difficult to replicate. This is their unique value, the 'je ne c'est quoi' of the competitive strategy where supply networks and business cannot simply be replicated, but one which is inherently sustainable with the ability to flex and respond swiftly to new market developments. This may even be the difference between success and survival within an increasingly savvy consumer society. This is mutually beneficial trade, not aid, in 'real time'; making an on-going sustainable difference to local and overseas suppliers across their entire supply chain and without doubt is not simply representative of fair trade markets 'redistributing value' (Porter and Kramer, 2011).

## **6.9 Conclusion**

In summary in 2012, SMEs formed 99.8 per cent of EU enterprises and are acknowledged as being economically and socially critical (Annual Report EU SMEs, 2013). Fair trade SMEs contribute to this figure, yet according to Karjalainen and Moxham (2013), that there is insufficient research on fair trade intermediaries. It is therefore appropriate that the SME, which creates 'shared value' across its supply chain, must be acknowledged as part of the wider fair trade narrative. This chapter therefore has furthered understanding of the significant pull factors within a mixed fair trade economy, comprising of businesses with a total or partial fair trade commitment within their business portfolio. Each has value and each contributes to raising awareness and demand both directly and indirectly in their own unique way, whether as manufacturer, retailer or quasi-consumer of fair trade. They are a



fundamental part of the fair trade story and their contributions should be acknowledged within an evolving fair trade heritage.

This exploratory research has also shown how business and human intangible push pull factors for success are inextricably connected, shaping the strategic direction and decisions of the business. This chapter has presented the ‘hidden external factors’ that may be the consequence of lead fair trade organisation strategic direction or risks resulting from consumer perceptions of Fairtrade© and opinion around ‘fairness’ or benefits of certification. This thesis acknowledges their presence but the parameters of the research do not necessitate the formation of a position within this debate. Finally, through the coding framework and analysis, it has shown that by a combination of solidarity and social responsibility, successful fair trade SMEs are quiet pioneers, integrating personal values and beliefs into a model of shared value, where the benefits of business growth, profitability and success are realised within both local and developing country economies. Indeed, SME shared value is realised through an integrated set of push factors that may open new opportunities and build continued resilience to market forces, but critically at a time when increased transparency with supply chains is more widely demanded of their larger mainstream competitors and significant buyers.

## **Chapter 7**

### **Conclusions**

#### **7.1 Introduction**

This chapter will present a series of conclusions drawn from the insights achieved within both Chapter 5, Findings; Chapter 6, Analysis and Discussion. It will demonstrate how the aims and objectives of the thesis have been fulfilled. It will share perspectives on, not only the limitations of the research, but will also provide insight into the challenges ahead and how these shape potential areas for future investigation. However, it will also conclude that as technology advances and the business environment becomes increasingly complex and fluid, business research more generally needs to adjust and move forward its thinking around the measurement of success or performance. In the meantime, this thesis recognises that these conclusions are not without the potential for challenge because, to date, there remains a lack of convergence between the positivist, objectivist philosophy, which focuses upon isolating independent variables around success and strong performance, and alternative research design based upon an interpretivist, social constructivist position. This thesis adopts the former approach, which places emphasis and value on the ‘real world’ experiences and views presented by SMEs themselves. Nevertheless, a systematic method was still adopted to code and organise the tangible and intangible push-pull factors in order to demonstrate transparency, precision and attention to detail within a potentially subjective process. It is also worth re-emphasising both the exploratory nature of this thesis and more importantly that it considers that business and human values cannot be considered in a static single state. This is underlined by the results, which demonstrate not only both commitment and freedom of UK fair trade SMEs to balance conscience with profit, but their ability to ‘square’ success when balancing personal and business agendas. Indeed, this thesis proposes that only by listening to business and increasing insight into the human factors that contribute to success will academic research advance knowledge and understanding.

## **7.2 Research Outcomes**

This chapter will begin by presenting the originality and key contributions to knowledge, subsequently followed by the implications for business research and practice. It will also discuss those external push pull factors within the macro business environment, to highlight considerations for policy makers at both national and local Government level; if there is a desire beyond the rhetoric to support a new style of entrepreneurship which encompasses and balances social and community objectives. It will finally consider the limitations of the research; however, these serve as a pathfinder for the identification of new areas of study, rather than implying any devaluation of the final outcomes.

### *7.2.1 Originality*

This thesis reflected the business reality of a mixed form and product market, rather than simply placing an emphasis on purist fair trade ideology. It presented the significant tangible and intangible factors; their interconnectivity, plus the hidden factors. This enabled a typology of fair trade SMEs to be constructed that provides the foundation for future targeted research. The thesis not only demonstrated the importance of human intangibles within the business DNA, but philosophically contextualised the fair trade SME position using the deconstructed consequentialist framework proposed by Thiroux and Krasemann (2007). Therefore this thesis moves fair trade beyond any one dimensional historical perspective around charity or altruism, to introduce fair trade SMEs into the wider academic debate around competitiveness and success. Finally, it introduces the potential for a hybrid model of ‘shared value’, but from an SME rather than corporate perspective. Furthermore, it illustrates how it is possible for values based business to pioneer a new model of socially responsible business.

## **7.3 Contribution to Knowledge**

There are two main contributions to knowledge which result from this thesis because fair trade SMEs have not been sufficiently investigated to date in comparison for example; ethical consumerism or even the wider political debate into the merits of fair trade more generally. Therefore, it has firstly furthered knowledge into the interconnectedness of business and human tangible and intangible success factors within fair trade SMEs. Secondly, it has presented the critical push-pull factors that are specific to those businesses which operate in both highly competitive niche and mainstream UK fair trade markets. Whilst this research is exploratory, this thesis has also illustrated the tension between differing philosophical

approaches to show how human values fundamentally shape the direction and decisions of fair trade SMEs. It concludes that whilst there is no such thing as a secure, successful altruistic business, it is possible to balance profit with principle to yield mutual, positive benefits across the supply chain. The push factors of success are often influenced by things which cannot necessarily be quantified in monetary terms, yet are implicit and business critical to secure the future. Indeed, one of the key factors was the 'will to succeed; driven by intangible human values, beliefs and personal accountability.

### *7.3.1 Push-Pull Factors and their Interconnectivity*

The research concludes that the internal intangible business and human factors exert the most significant influence on potential for success, also illustrating why traditional static measurement of business on the basis of turnover, profitability or financial ratios are not sufficient to obtain a holistic picture of success. These static measures only yield a single position in time and do not provide context/background or accommodate the subtle interconnectedness of factors; for example, highlighted between social networking, market orientation, learning and adaptability. Profit and profitability is simply an outcome from a myriad of interconnected push-pull factors for success, influenced by business owner and workforce values, beliefs and motivations. Humans are indeed versatile and whilst their actions are difficult to consistently quantify, this thesis concludes that collectively, there is a unique set of knowledge, skills and competences that impact on business outcomes. This interconnectivity is illustrated by the most significant success factors, including building new, quality, reputation, supply chain relationship, social media and brand power, which were underpinned by key human success factors such as values, beliefs, motivations, adaptability, knowledge and learning.

This research acknowledges in particular the growing importance of social media and technology as critical success factors, irrespective of size or motivations. The advent of this new technology has woven itself into the very fabric of each business, essential to extend the reach of the product offer, but also in the management of the customer interface, as a means to build brand loyalty, or offer service flexibility and quality. However, whilst reputation and trust is hard won, through virtual interfaces, the benefits can be quickly eradicated by the power of negative comment, irrespective of whether it is justified. For example, via Twitter or Facebook, feedback is both instant and viral. This can hold both tangible and intangible consequences for businesses, but is impossible to control. That said, virtual reality represents

the future for all businesses and is fundamentally interconnected with other success factors, as it evolves. It also serves to explain why this does not significantly feature in journal articles pre-2008.

### *7.3.2 Size Matters*

There was a significant difference between small and medium sized businesses within the SME category, however, irrespective of size, themes largely applied to all, with the exception of strategy formation and competitor analysis. Fundamentally, medium sized businesses were more sophisticated and mature in terms of their strategic and operational practice and crucially in the management, communications and PR of being both a fair and premium product. However, whilst small companies were more limited in terms of resources, all underpinned their business by added value activities, such as service and flexibility and technology supported customer interfaces. Therefore, it is possible to conclude that although the notion of 'Fair' is a key USP, it is quality, service and value added, which will enable businesses to endure and enjoy success in the longer term and to retain increasingly nomadic customers.

### *7.3.3 Human Values*

A key element of this research was to conclude that whilst owners are important, success is not something which can be achieved alone. A workforce with shared values and beliefs, or even a stake in the success and sustainability of a firm is a positive push factor for success. The interviews showed how a committed workforce 'goes the extra mile' in terms of effort and creativity; often adding intangible value to the business. However, it is worth re stating that as each business is unique, it also shows how intangible human elements defy classification or categorisation by traditional positivist methods. Whilst the bottom line is important, the businesses appear to bring out the best in individuals through shared core values that are both fulfilling and satisfying. Perhaps, these inter-connecting elements in fair trade SMEs reflect what Frankl (1946) referred to as a search for meaning; to change and stand by one's own practices, despite the challenges and pressures from external factors that alone cannot be changed.

## **7.4 Contribution to Methods/Coding Framework**

This thesis developed a coding tool to organise complex qualitative data that enabled the complex and multi-dimensional nature of push-pull factors to be presented simply, using an adapted force-field analysis (Lewin, 1947). Fair trade SMEs provided a unique cameo opportunity to apply this tool, because this area had been previously under reported in academic journals (Karjalainen and Moxham, 2013).

The development of a business/human coding framework to understand tangible and intangible success factors, enabled a straightforward, but effective, way of communicating information quickly and in a way which was both palatable to busy stakeholder organisations and individual businesses. It has also diagrammatically presented factor interconnectivity (Fig 10) and the impact/challenges of hidden factors by creating a typology of fair trade SMEs within six groups (Fig 11), contextualising and placing a theoretical boundary around this thesis in relation to other contentious, politicised fair trade debate around equality and mainstreaming. However, whilst this coding framework could be refined further through future research across other sectors, it might also be simply replicated and transferred to different contexts. It could also be applied within business consultancy activities, particularly relevant for SME businesses moving beyond the start-up phase, to offer a visual aid that improves planning and the maximisation of effort/time, allocated budget and priority.

## **7.5 Implications**

### *7.5.1 Contribution to Practice*

There are four key contributions to practice within the thesis which will be discussed within this chapter. Firstly, the thesis developed a typology of fair trade SMEs with a mixed-form/product market, to highlight potential risks to competitiveness and security that may paradoxically result from certified fair trade success. Indeed, it has been possible to consider SME vulnerability within a growing mainstream market and secondly offer insight into the ‘ethical’ utilitarian trade-offs that could potentially impact upon UK fair trade SMEs if large business maximises success at the expense of its smaller competitors. This is important because Fairtrade© sales continue to increase (Ethical Consumer Report 2012), despite the economic challenges between 2008 and 2013. There is little doubt that fair trade has evolved from its charity origins of the 1990s, where purchasing decisions were made more upon altruistic notions than on quality, value-added or brand loyalty. Indeed, with the current structure of FT© licensing, businesses have a freedom of choice in terms of how fair trade is

incorporated into their business model. Retailers are not limited by stringent requirements of the certification process for manufactured goods, in much the same way as their larger retail competitors. Indeed, the remit of this thesis was focussed upon the business of business, rather than to establish a position within the political economy debate. However, through the examination of tangible and intangible factors for success, this research demonstrates fair trade's unique strength, resilience and potential for both growth and sustainability.

Thirdly, the thesis also offers a methodology for business consultancy activities, replicable within other 'ethical' retail environments beyond fair trade. Finally, through the use of the fair trade typology, it has also considered how some fair trade SMEs are actually unassuming champions of a more socially responsible business model through a shared value and identified a focus for future targeted research within this area.

#### *7.5.2 The 'nice face of capitalism'*

Overall, this thesis concludes that it is possible to achieve business sustainability and survive in a highly competitive market, by creating and promoting a strategy and brand identity that respects human and organisational beliefs, avoids the commoditisation of the workforce and provides the ingredients for growth profit and personal satisfaction; in effect an 'unsung hero' of the local economy. However, this thesis suggests that this is not a time for complacency or ideology, because the business environment is fluid and changeable; highlighted by new virtual technologies and retail practices which will fundamentally impact on both businesses and consumers going forward. Nevertheless, whilst it is important to look forward, it is arguably also relevant to reflect back and learn lessons from the past; for example, how the values led businesses of the 19<sup>th</sup> Century balanced human value with extraordinary business success and profitability (Vernon, 1987). In other words, this thesis concludes that this style and business practice philosophy is neither revolutionary, nor indeed that 'new', but perhaps in the past was not sufficiently acknowledged or given the recognition it deserved.

Therefore, in the search for success and competitiveness, akin to Darwinian style survival, perhaps fair trade SMEs represent a beacon for future business practice, which should neither be ignored, nor demeaned as a soft option. The fair trade sector demonstrates that it is indeed possible to present the 'nice face of capitalism, with co-operative values that perhaps achieve more than any 20th/21st Century political ideology. However, fair trade is therefore not presented as a 'hippy', quasi alternative, but a sector which has the drive, irrepressibility and ability to achieve profit. Indeed, in some cases, it extends Porter and Kramer's (2011) theory

of shared value into an SME context, to one which also attaches importance to the role of personal values in business decision making. The result is the provision of a secure, sustained opportunity for economic stability for not only its own business community, but other local firms and third world communities.

Whilst the focus of this research was to determine the push-pull factors for fair trade success, this has never been more relevant, especially if the lead Fairtrade© organisations strategically succeed in 2015 and beyond, to advance Fairtrade© from a niche market position into the mainstream – effectively positioning it as a new market ‘norm’. However, there is a caveat to success for any SME trading on altruistic principles alone, if this current value-added activity becomes a ‘so what’ factor in the future. However, this research also suggests that the majority of the UK fair trade SMEs appeared to have grasped the metaphorical ‘nettle’, recognising that to trade upon fair trade credentials alone is simply not enough to secure a competitive future. Instead, they constantly search to add new value and new service dimensions to keep the business fresh, interesting and engaging, even if they may not all aspire or indeed achieve competitive advantage as defined by Porter (1985).

### *7.5.3 Challenges and Considerations*

This thesis offers an important message for the Fairtrade Foundation within its joint strategy with the Fairtrade Labelling Organisation for 2015 and beyond as it drives forward its strategic vision to both reduce third world poverty and transform consumer perceptions into actual buyer behaviour. That message is around the importance of not losing sight or connectivity with their key fair trade champions – the UK fair trade SMEs. This thesis highlights a potential irony/ paradox in the relationship between the lead Fairtrade organisations and larger retailers as they raise the level of awareness and availability of Fairtrade© products. This may even be potentially at the expense of those ‘Type 1 – 3’ SMEs, due to the power of their significant buyers in driving down margins and profitability or if they compete on altruistic principles alone. It may also provide a mixed message that implicitly affirms that the notion of ‘fair’ may only be applied for those in the third world, or asserts an assumption that UK fair trade SMEs are sufficiently mature and able to compete and survive, irrespective of any support. The thesis suggests that it is useful for Fairtrade© organisations to recognise and promote a key notable USP - the fair trade SME – to show how business orientated alliances and relationships, forged on trust and co-operation can exist



to build success throughout the supply chain – a silent champion of socially responsible/shared value business. In addition, SMEs themselves might further capitalise on this strength and develop further models of ‘co-operative grouping’, to increase leverage in the negotiation of better prices and margins for their products with the powerful significant buyers, or for mutual benefit in the achievement of purchasing power or economies of scale.

#### *7.5.4 Business Support Policy*

The external tangible pull factors also illustrated some red flags for those shaping business policy and support, notably actions to support businesses to reduce the volatility of currency exchange rates, access to capital for investment and meaningful business mentoring. These are relevant, despite the unique business needs/issues facing each business, but more crucially, there is a need to respond to a void at small business level in terms of business skills knowledge; for example, strategic planning or competitor analysis. These small businesses need help to build up their strategic management skills including planning and competitor analysis, however, whilst in some cases there appeared a more ‘symbiotic’/ambivalent approach to competition, it was not possible to comment within this study whether this positively or negatively impacted on the bottom line. Nevertheless there is a gap in thorough meaningful and well-informed business mentoring which support leadership and process for business management decisions, for example, in terms of strategy development, competitor analysis but on a more practical level there is perhaps scope to support in particular evolving businesses to respond to the new challenges resulting from technology or changing retail practices.

At a national level, there has been much debate and discussion around how to stimulate growth and investment and certainly this research reaffirms an important message for those policy makers and advisors. A key barrier to growth and development was articulated during the business interviews and resulted from the external pull factor; access to capital for investment. Conservative Policy articulates a commitment to stimulate business activity: ([http://www.conservatives.com/Policy/Where\\_we\\_stand/Business.aspx](http://www.conservatives.com/Policy/Where_we_stand/Business.aspx)), yet it was clear that some businesses were limited in their ability to grow and enhance their competitiveness due to these issues, or actively limited their growth due to tax thresholds. Each business was unique, but collectively their frustration was significant and indeed manifested itself in a lack of confidence, or in some cases and a hesitancy to financially commit internal contingency funds or risk cash-flow. Government frequently talk about the need to support SME growth

and competitiveness, but as far back as Storey (1994), there was also a group of businesses that did not necessarily wish to grow in turnover. However, as this research demonstrates, there are SMEs which have grown in ‘ethical’ maturity and apply shared value across their supply chain, which currently is unrecognised and or rewarded in for example, favourable financing, despite their impact locally or through their alliance networks. Therefore, as the UK emerges from its economic recession in 2013, it might be useful to remember the lessons of the last decade’s ‘greed is good’ mind set, to suggest Government policy might reward SMEs who actively walk the talk and commit to ethical/shared value business. This might be through business friendly stimulus packages, in recognition of the balance between success, profit and values. Policy needs to be shaped around helping fair trade SMEs to achieve their full potential by reducing barriers and championing not just fair trade business, but all ethical, responsible SMEs to publically and tangibly support their unassuming contribution that arguably is the very fabric of civilised society.

#### *7.5.5 Creating Shared Value*

The fair trade SME is special because it provides a liberating bridge between conceptual notions of socially responsible business and the viable reality, but also demonstrates that Porter and Kramer’s theory of shared value is a reality for Type 2 and 3 fair trade SMEs who move beyond simply a redistribution of value, to create a mutually beneficial increase in the “revenue pie” (2011:65). However, by contrast, it is the integration of personal values that influence the very choices and decisions which shape the fabric of the business. There is a strong incentive to work together and in alliance with international suppliers to build grow and wealth, far beyond charity or superficial notions around socially responsible business. Whilst it would be relatively easy to be overly ideological within this chapter, it is important to state that wealth generation is important, but more crucially that fair trade SMEs have advanced to offer a success model which achieves the delicate balance between finance, values and personal satisfaction. Keeping the businesses successful was an over-riding concern, but fundamentally they move beyond traditional definitions of success to be potentially more abstract and dynamic. Power was filtered within many organisations to offer a voice to employees and their third world suppliers, supported by practical mutual co-operation between alliance partners. However, whilst devolved accountability takes courage, it also demonstrates that principles can count in a highly competitive and uncompromising ‘real world’ context. Fair trade is not simply linked to the virtuousness of firms, because they compete for survival within increasingly challenging markets. However, these pathfinder

SMEs may offer fresh perspective to Government advisors, because the relationship between the success of responsible firms and policy is not isolated, but interconnected with other internal and external tangible and intangible success factors. It is therefore important to consider whether ethically trading firms can be supported by measures that enable them compete with, for example, their less virtuous competitors.

## **7.6 Research Limitations**

A key issue that emerged during the study was the unique differences between micro, small and medium sized firms whose structures, needs and practices demonstrated different working practices. However, this thesis represents an exploratory study, which aimed only to extend knowledge and understanding of the push-pull human and business success factors for the SME fair trade sector generally. It therefore offers a starting-point to guide future research decisions by presenting a holistic perspective to assist with the structure and orientation of future research studies at a time when pound for pound, return on research investment has to be justified by both individuals and organisations. As an exploratory study, it does not aim for statistical generalisation, but instead simply offers a new perspective and extends knowledge of UK fair trade small and medium sized firms and their business practice and priorities.

Another key challenge was the time and cost limitations, resulting from face to face interviewing. This has many positives because immersion in the company context adds value and understanding of the business, however, the research budget had to be managed, hence why interviews were in only four key regions: Cumbria, Kirklees, Yorkshire and London. This thesis does not reflect the views of fair trade SMEs in Wales, Scotland or Northern Ireland and does not offer coverage across each English region. However, it did try to offer a balance between the rural and urban business experience, despite travel and accommodation costs being significant. Another problem was managing the unexpected weather events of the winter of 2012/13, as this did provide additional challenges to sequencing business interviews, especially during both the pilot stage and the start of the main data collection phase in terms of travel to interviews and managing snow, ice and localised flooding. This again led to research decisions around case selection in order to place safety first.

This research was time bound, so it was beyond the remit of this thesis to show if or how, motivations changed over time or indeed if they were affected/altered by external macro

environment events. Nevertheless, this was certainly mitigated by the fact that 10/13 businesses had been in business for more than five years and had demonstrated how values and principles were not compromised for short term profit. The aim, however, was not however for scientific generalisation, reflected by the fact that a positivist, objectivist approach could not have provided sufficient depth or even reflected the unique personality of every SME with this research. However, whilst the conclusions acknowledge that one size does not fit all, it was still possible to determine business critical cross cutting themes, strengths and areas for development. Indeed, although the research was exploratory in nature, the interviews, codes and themes were grounded in a systematic process, that enabled the presentation of a unique, but realistic perspective of an evolving, previously under-reported fair trade participant.

## **7.7 Areas for Future Research**

This thesis provides a blueprint for a range of future areas for investigation, which is important in order to know where to target energy and resources to maximise the return on investment, especially, if in receipt of public or University funding. This section will now present suggestions and a rationale for these specific choices.

It may be suggested that fair trade is simply another ‘in vogue’ trend that has experienced exponential growth in the 1990s and the early part of the 21<sup>st</sup> Century. However, it is important to re-state that despite recent challenging economic times, this area has survived and indeed expanded. It is therefore now well-placed potentially to take advantage of the ‘better times ahead perception’ or the fair trade ‘feel good factor’, indulged by increased disposable income post-recession. It would be useful to track fair trade SMEs by undertaking a longitudinal study to extend further empirically based knowledge into both competitiveness and the longer term impact of human values on business decisions. This could be important as Fairtrade© increases its presence in mainstream markets, but also to determine if current fair trade push-pull factors change in significance or priority over time and to determine the relevance and contribution of SMEs within the fair trade value chain. In addition, ethnographic studies may further extend insights into the inter-relatedness of human and business success factors. This could be developed to extend knowledge and understanding of organisational culture and behaviour by for example, contrasting an ethical growth sector, with perhaps another in decline. Furthermore, the John Lewis co-operative model has been referred to as a beacon for good business practice by politicians

(<http://www.theguardian.com/education/shortcuts/2012/feb/22/what-is-john-lewis-model>), and certainly appears to be ‘trending’ by those seeking a new way forward for business. Two of the fair trade businesses interviewed were themselves co-operatives and others were organised and worked with co-operative values at the forefront of their business decisions. This would therefore be a worthy area for further investigation, not only due to interest by policy makers, but to further knowledge into the impact of co-operative values upon business competitiveness.

The coding framework could be adapted to other sectors as a means of establishing a baseline for further quantitative or qualitative research. Alternatively, it could be applied within other ethical trading areas, or indeed could be specially applied to social enterprise or charity, which irrespective of ‘giving’ has a need for management as any other business. In addition, the framework could also provide a tool to shape survey design/comparative analysis into specific key fair trade success factors; for example, human values, reputation, supply chain relationships, quality, social media and brand identity, or the impact of pull factors such as the power of significant buyers.

Another complementary area for investigation may be to capture lessons learned by SMEs from different sectors over the last decade, using the coding framework as a starting point. This could be useful for policy makers as the UK emerges from the 2008-2013 economic downturn, to guard against the short-termist tendencies of Governments to encourage the same cyclical boom to bust practices that in 2008 compromised business growth and sustainability. Socially responsible business is not a ‘soft option’ and SMEs have a key role as arguably the engine of the national economy. Therefore by increasing the research interest into values based business models, it may serve to generate tangible benefits for those SMEs who have moved beyond purely free market practice to one which balances profit with values and beliefs.

## 7.8 Summary

The conclusion to this research represents the end result of a considerable personal journey that has shaped my career path away from traditional business practices and structures of large companies, towards a new value led approach that may potentially yield less financially but will be rewarded through the achievement of personal satisfaction and learning goals. It was clear that the spirit of these fair trade SMEs with a solid core values and interest in socially responsible business, will continue to demonstrate a refreshing new style of entrepreneurship where principles will not be compromised to a hollow philosophy based simply on profit or margin alone. The research also has provided scope for considerable reflection around decisions and the responsibilities towards the local community during business start-up and development, but also resulting from this psychological contract, the pressure on entrepreneurs to secure the future. My DBA journey is considered within the personal impact statement, but overall this research has fundamentally enabled me to further my own understanding, knowledge and insight into values orientated business. However, this is not grounded in fuzzy ideology around conscience but actual, tangible business practices. More simply, it signals a significant step change towards business practice which actually increases productivity, value creation and potential for success. Certainly, the intangible human factors found within these fair trade SMEs is something for policy makers and business and management schools to acknowledge and reflect upon; for after all in the final analysis:

“it is reason, principle, conscience..... (that are) the great arbiter of our conduct” (Smith 1790 cited in Smith 2011:133).

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## Appendix 1

### **DBA on a Page**

**Formal Title:** Securing the Future: Competitive but ‘Fair’.

**Aim:** A critical exploration of the tangible and intangible push-pull factors for fair trade SME business success.

**Objectives:**

1. What is success as defined within an SME context?

Use selected fair trade SME cases to:

2. Critically evaluate the critical business and human tangible or intangible push-pull success factors.
3. Present the significant business and human push-pull factors using an adapted force-field analysis approach, together with their interconnectivity.
4. Further understanding into how human values and beliefs shape business direction and decisions.
5. Construct a typology to consider how fair trade SMEs create ‘shared value’ within their supply chain.

**Key Contribution to Knowledge and Methods:**

1. To enhance understanding of the tangible and intangible, business and human push-pull factors for success within fair trade SME business at a time when a philosophical fault line has emerged between Fairtrade International (Fairtrade Foundation – UK) and Fairtrade USA. Academic journals have focussed more upon the perceived consumer attitude behaviour gap in developed countries or third world business models/ethics/market for virtue.
2. Further understanding into how human values and beliefs influence not only shape business decisions but also the interpretation of ‘success’ itself.
3. Development of a coding framework that enables the organisation of complex qualitative data around business and human, tangible or intangible success factors. This allows the construction of diagrams that present the significant push-pull and interconnected factors for fair trade SMEs, which could be applied at sector or individual business level.

To reflect the fact that this is a DBA rather than a PHD, it is also important to consider and be clear about the following non-academic research aims:

## **Key Contribution to Practice**

1. Create a typology of fair trade SMEs within a mixed-form market, to highlight potential risks to competitiveness and security that may paradoxically result from increased growth and sales within mainstream markets.
2. Consideration of whether fair trade SMEs are unassuming champions of socially responsible business, blending economic, local and global value within their business model.
3. The broader findings may be shared throughout the supply chain to find new ways of working, that together build future business resilience to those external and internal challenges. This may enable them to be competitive and resilient.
4. Share findings and emergent themes with the Fairtrade organisations through both formal academic and fair trade business conferences and journals.
5. Undertake post-doctoral research into business ‘success’ to enhance, replicate and adapt this prototype model to Universities with a specific research interest in this area.

## **Methodology:**

The research is inductive from the epistemological perspective of **interpretivism** and an ontological position of **social constructivism**. Empirical research is undertaken using an inductive **case study** approach within SME fair trade business. Using a case study approach for this exploratory study will serve to *“illuminate a set of decisions, why they were taken, how they were interpreted and with what results”* (Schramm 1971 in Yin 2009:17). A sampling logic is therefore not appropriate. The number of case replications, both literal and theoretical will depend upon the number of emergent rival explanations and theme saturation. Contextual interviews with the Fairtrade Foundation and local councils will be used to source access to potential business interviewees (**snowball purposive sampling**). Theory development into the tangible and intangible factors for success will be iterative, but outcomes will be supported by a literature review that demonstrates the contradictory elements of research to date, with the analysis and coding drawing upon **Grounded Theory** (Glaser and Strauss 1968 and Corbin and Strauss 2008). The interview prompt framework will be based and designed around Porter’s (1980) generic competitive strategies, because within the literature review, this theory is both a secure foundation pillar, but also widely accepted by academics, whereas research into business success, performance is contradictory across the last 30 years. This will be piloted with 2 x SMEs. The key objective within the data collection phase is to allow the SME business owner (the respondent) the narrative ‘freedom’ to tell their story in their way, yet allowing the researcher to monitor topic coverage and output achievement. Content, thematic coding and analysis will support conclusions and in particular, the construction of two conceptual diagrams; one, which will provide a framework for the classification of the business and human tangible and intangible push-pull factors for success and the second, which will apply this methodology specifically to the fair trade SME mixed economy.

**Research Methods:** Qualitative, Empirical, Case Study using multiple focussed interviews and drawing upon grounded theory for coding and analysis and the formation of the two conceptual diagrams.

- Meetings with the Fairtrade Foundation and 3 x local councils to source potential business interviewees.
- 2 x SME Business pilots.
- Multiple fair trade business case studies. The number of cases will be dependent on the volume of rival explanations
- Manual Coding and thematic identification using a framework based upon King's (2004) template analysis and Prasad's (1993) concept card approach and drawing upon Corbin and Strauss (2008), constant comparative method. This will demonstrate through primary, secondary concept cards, thematic grouping and cross card analysis, the iterative nature of the research findings and conclusions drawn.

**Personal Impact:** Hertzberg et al (1959) in his two factor motivational theory stated that factors that motivate people change over time but '*respect for oneself as a person*' was one of the top motivating factors, irrespective of stage of life. My DBA is now less about 'escape seeking' from a job focussed upon the maximisation of shareholder returns; different countries, hotels 4 x nights each week, together with an average of six flights each week. For the first time in my life, this DBA allows me the freedom to think and reflect, using a new experience of co-operative working and peer review through action set learning. This has created the space to challenge and realign both theoretical knowledge and practical research skills. By gaining a greater understanding of my own intrinsic drivers and inhibitors, it affirms that this DBA is **by me** and **for me**.

## Research Questions:

1	What is success as defined within an SME context?	<p>"No satisfactory conceptual research framework that encapsulates the fundamental issues of defining success" (Simpson et al 2012:269)</p> <p><b>The Context: Fair trade</b> "the company is now competing against other organisations within the Fair trade movement, unlike in earlier times, where all Fair trade companies presented a united front" Davies (2012:142)</p> <p><b>The Subject: Fair trade SMEs</b> "There has been a significant amount of work on the two extremes of the Fair trade chain (producers and consumers) but the intermediaries of the chain have received significantly less attention". Karjalainen and Moxham (2013:269)</p> <p><b>The Theoretical lens: Creating Shared Value</b> "Policies and operating practices that enhance the competitiveness of a company whilst simultaneously advancing the economic and social conditions in the communities in which it operates" Porter and Kramer (2011:66)</p> <p><b>A critical exploration of the interconnectedness between business and human tangible and intangible success factors within UK fair trade SMEs.</b></p> <p>'Intangible: having value, but no solid existence' (Chambers 2003:768)</p> <p>"if we want to understand why organisations do the things they do, or why they perform the way they do, we must consider the biases and dispositions of their most powerful actors" (Hambrick 2007:334)</p> <p><b>Fig 1 – The Research Focus</b></p>
2	Critically evaluate the critical internal, external, business and human tangible or intangible push-pull success factors.	
3	Present the significant and interconnected business and human push-pull factors within fair trade SMEs using an adapted force-field analysis approach.	
4	Further understanding into how human values and beliefs shape business direction and decisions.	
5	Construct a typology to consider how fair trade SMEs create 'shared value' within their supply chain.	

## Appendix 2

### **Business Briefing**

**Formal Title:**            **Securing the Future: Competitive but ‘Fair’.**

**Aim:**                      **A critical exploration of the interconnectedness between business and human tangible and intangible success factors within UK fair trade SMEs.**

### **Background**

The 21st Century phenomenon of responsible business continues to assert its position within mainstream markets (Peattie and Peattie 2009, Moore et al 2006). Fairtrade (FT) is simply one outlet for this ‘market for virtue’, whose vision is to transform *‘trading structures and practices in favour of the poor and disadvantaged, by facilitating trading partnerships based on equity and transparency’* ([www.fairtrade.org.uk](http://www.fairtrade.org.uk)). The purpose of this study is to critically explore how UK Fairtrade SMEs pursue strategic success but also whether they are ready and able to adapt if Fairtrade accelerates growth from its niche market position to become the norm. How will UK Fairtrade SMEs then innovate to create and build new value for their customers? Or will the paradox of Fairtrade success be to the detriment of the UK SME, whose many roles, including for example, entrepreneur, pioneer or activist be simply overshadowed by business reality and market forces?

### **Fair trade**

Estimated retail sales of FT© in 2011 reached £1.32bn in the UK – a 12% increase on sales reported at £1.176bn in 2010. Between 2006 and 2008 FT year on year growth was 47, 72 and 45%, and although this has slowed to 18, 39 and 12% respectively in 2009-11 ([www.fairtrade.org.uk](http://www.fairtrade.org.uk)). The Fairtrade Foundation stated that world-wide FT sales rose 47% between 2006 and 2007 to £1.6 billion (Fair Trade Foundation 2008) and appears to contradict the perception that individuals are merely self-interested (Shaw and Shui 2002, Varul and Wilson-Kovacs 2008). Nicholls (2002) presented the movement from self-centric consumption to values centric consumption, further supported in 2010 by the fact that 55% of UK consumers purchased a product attaching additional consideration to the responsible reputation of a company. (Co-operative Society 2011:2). By the fact that for every £1 spent

in our shops, nearly 50 pence is spent on food and grocery sales (Office for National Statistics 2011), it is reasonable to suggest that Fairtrade businesses aim to compete in a crucial and important UK food market, irrespective of the wider economic downturn or individual budget constraint. Nicholls (2010) suggests Fairtrade has implications for market economics by its role as a ‘cause celebre’ for institutional entrepreneurship and supply chain modelling. He comments “*Fairtrade has challenged the co-option and economic capture of the growing ethical consumption market by multi-national corporations (MNCs), recasting it instead as a potential catalyst of wider economic alignment around values as well as value*”. (Nicholls 2010:242).

## The Research Focus

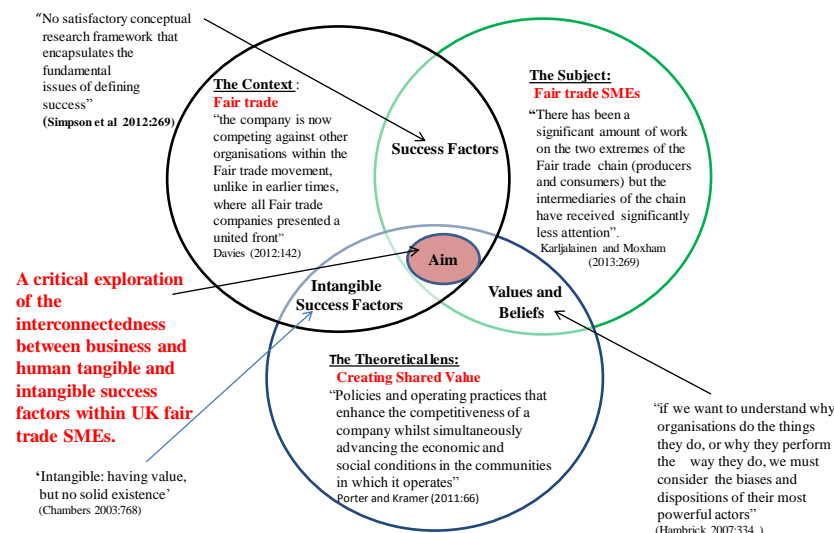


Fig 1 – The Research Focus

**Aim:** A critical exploration of the interconnectedness between business and human tangible and intangible success factors within UK fair trade SMEs.

## **Objectives:**

1. What is ‘success’, as defined within an SME context?

Undertake selected case studies of fair trade SMEs to:

2. Explore and critically evaluate the tangible and intangible critical success factors within the fair trade business sector.

3. Construct a diagram that visually presents the significant push-pull business success factors within the fair trade sector, using an adapted force-field analysis approach.
4. Further understanding into how personal and organisational values and beliefs shape the motivations and business decisions of fair trade businesses?
5. Construct a typology to consider how fair trade SMEs create 'shared value' within their supply chain.

The research approach is based upon compiling a series of cases studies that reflect the specific challenges and issues of Fairtrade SMEs and will offer insight into Fairtrade SMEs as Fairtrade attempts to migrate from niche to norm. "*Intervention by enlightened business, together with regulatory intervention, is now driving ethical sales growth*" Co-operative Bank (2011:2). However, if the majority of business adopted the Fairtrade ethos, then how well is the pioneer SME business able to innovate and to do things differently to retain their customers? Indeed, with new business opportunities in emerging markets, decisions about investment, risk, products, packing, branding need to be well informed, therefore perhaps more pertinently, is the Fairtrade SME actually thinking explicitly about business competitiveness in this era of economic stagnation, or is the ethos still fundamentally grounded in 'doing the right thing, rather than doing things right?' (Thomson and Martin 2005).

### **Next Steps**

The plan therefore is to undertake a number of 'rich' qualitative interviews to understand the 'real lived' experience of UK SME Business owners who participate in the sale of Fair trade/ethical products, to provide an opportunity to tell their own unique stories about their business journey, their aspirations and lessons learned. A content analysis will then be undertaken of each interview to search for common themes in order to draw conclusions and share lessons learned. Business interviews can be anonymous but will operate within the Data Protection Act and in accordance with the guiding principles of the University of Huddersfield Ethics Policy.

### **Your Help:**

*Data collection will aim to be unobtrusive, but **'Your' Participation** is critical to the success of the research study. It will involve:*

- Agree and consent to be interviewed.
- Complete a short initial questionnaire. (At time of interview 5 minutes maximum).
- Participation in a face to face or telephone discussion – 40 -50 minutes duration maximum.

Data collection will be in line with the University of Huddersfield Ethics Committee guidelines and also in accordance with the Data Protection Act 1998.

*In return, I will share the results without prejudice, provide an acknowledgement of your business in the final thesis or respect your desire for complete anonymity. Companies will not be named individually within the analysis or conclusions, without prior consent and signed permissions being obtained in advance.*

### **Timescales:**

- Data Collection: Semi-structured Interviews with UK SMEs: 01/2013 - 06/2013.
- Data and thematic Analysis by 31/09/2013
- Final Report 30/11/13.

**Thank you in advance for your support. If you require further information in the first instance or a further preliminary face to face or telephone conversation, my contact details are as follows:**

**Jacqueline Hall@ University of Huddersfield Business School**

**Mobile: 07771917272**

**E Mail: Jacqueline.hal@googlemail.com**



## Appendix 3 Data Collection Tool/Business Interview Map

Page 1

### Business Interview Map

Semi-structured Interviews of  
Fair trade SMEs

Page 2

Without Prejudice

#### CONSENT TO INTERVIEW

I *(Insert Name)* of *(Insert Name of Business)* do hereby consent to participate in a research study into the push-pull factors for fair trade SMEs by completing a short initial baseline questionnaire and participating in either a face to face or telephone interview on (insert date).....

I understand that all results can be anonymous as far as possible and that data will be presented and reported in the final publication as themes rather than individual case studies.

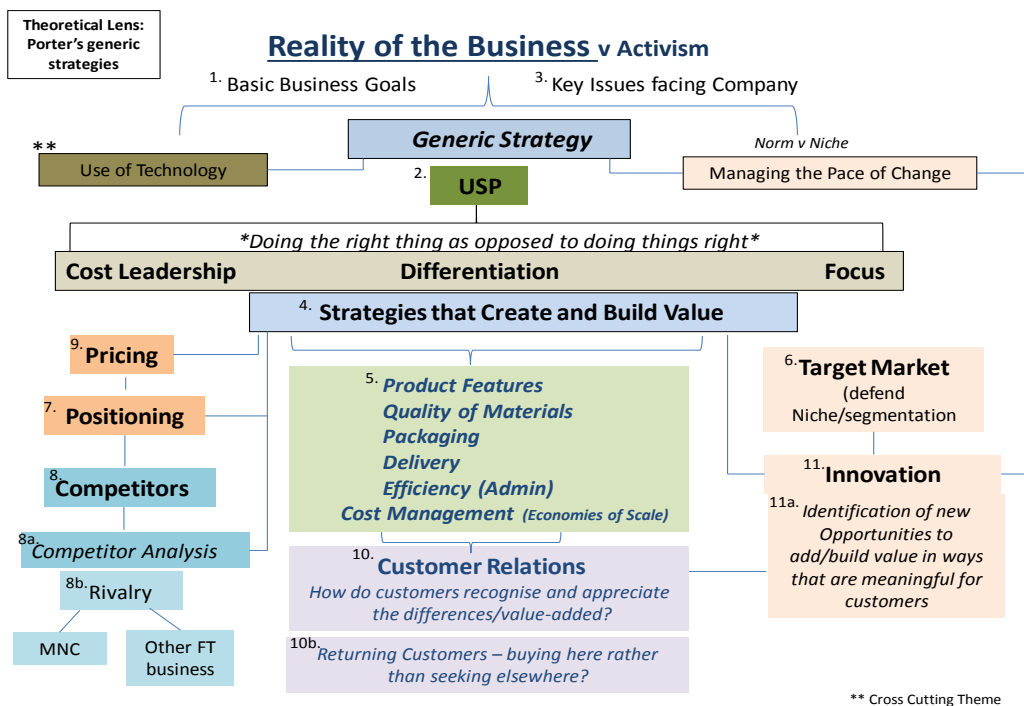
Signed:

Print Name:

Interview Tag No:

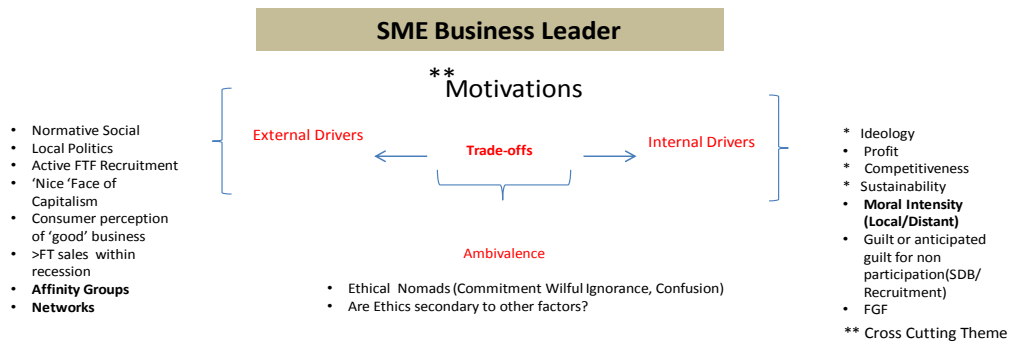
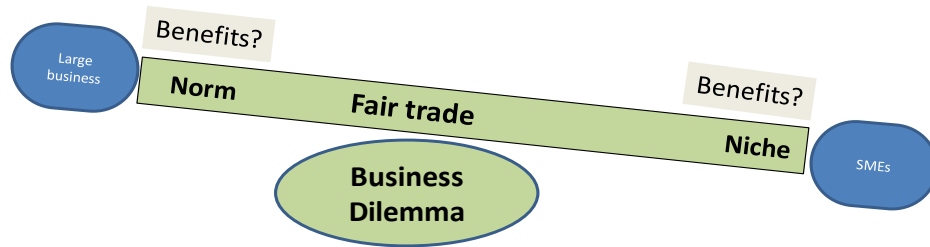
<b>Business Information Sheet</b> <b><u>CONFIDENTIAL</u></b>	
<b>Business Leader:</b>	<b>Interview Date:</b>
<b>Name of Business:</b>	
<b>Address:</b>	
<b>Contact Details:</b>	
<b>Web Site:</b>	
<div style="display: flex; justify-content: space-between;"> <span>&lt; 1yr</span> <span>&gt;1-2yr</span> <span>&gt;2--5yr</span> <span>&gt;5yrs</span> </div>	<b>Date Started:</b>
<b>Annual Turnover</b> <i>(optional)</i>	
<b>Number of Employees:</b> FT:      PT:	
<b>Product Offer:</b>	

Interview Tag No:



Theoretical Lens:  
Adam Smith:  
Theory of Moral  
Sentiments (1790)

## Securing the Future: Competitive but 'Fair'



## Appendix 4 Baseline Data Table and Company Overviews

### Company Base-line Data Table

SME	Date Started	Duration	Annual Turnover	Product Offer	Number of FT Employees	Number of Part time Employees	BE	Work place
A	2011	>2-5years	N/P Not VAT Registered	Fairtrade Local Retail and Café Products	1	Volunteers	1	Yes + Progress Check
B	2008	>5years	£100K	Fairtrade chocolate workshops	1	Associates (flexible)	1	No (SME business model)
C	2012	<1year	N/P Not VAT Registered	Fairtrade Workshops/ retail	2	-	2	No (SME business model)
D	1980	>5years	>£5m	Coffee	35	3	3	Yes + Progress Check
E	1996	>5years	>£250K	Wholefood Café	-	6-8 12 holiday staff	2	Yes + Progress Check
F	2004	>5years	>£60K Not VAT Registered	Eco/ historical B&B	2	3 7 casual	2	Yes + Progress Check
G	1970	>5years	>£5m	Wholesaler	25	7	4	Yes + Progress Check
H	2007	>5 years	>£230K	Hotel	4	1 x .5 occasional	3	Yes + Progress Check
J	1973	>5 years	>£32m	Wholefoods/ Fairtrade wholesale/ distributor	120	15 + 26 casual	8	Yes + Progress Checks
K	2011	>1-2years	N/P VAT Registered	Community Enterprise Fairtrade and fairly traded products distributor	2	5	2	No (SME business model) + Progress Checks
L	2006	>5years	>£500K	Hand-made chocolate products	3	12	3	Yes + Progress Checks
M	1998	>5years	>£7.5m	Chocolate	14	4	3	Yes (Head office only) E contact
N	1919	>5years	>£20<£30m	Bakers, Confectioner Chocolatier Tea Rooms	700	Seasonal only	7	Yes (10 days/ sections) + Progress Checks

N/P – Not provided

FI – Formal Interviews

BE – Business Environment Observation/Informal Interaction with other staff/stakeholders.

## Appendix 4 SME Overviews

### Company A

*‘We have something beautiful here, but it is tainted by the fact that we need money’*

(TA:12).

Company A is registered as a Community Interest Company and opened for business in November 2011, following an eight month delay linked to the local Borough Council and the lease of the building. The business start-up was funded by £20,000 of international sponsorship from Fairtrade USA, Japan, Korea and Germany. In addition the CIC has received £33,000 of Heritage Lottery Funding. Initial company objectives were to establish an educational resource centre; however, further developments have shifted focus from visitor centre to the desire to become an accredited museum. The café and shop were designed to support the museum, as there was no intention to charge entry. Current business focuses upon a café and shop, selling both local and Fairtrade© products. *‘There is no conflict between supporting local and Fairtrade©. You know for the life of me, how can people see it as a conflict?’*(TA:1) Emergent business opportunities for 2013 include, package tours and corporate workshops, all supported by a team of volunteers. Turnover was not disclosed but the CIC is not registered for VAT – the threshold currently stands at £77,000 per annum for 2012/13. The business lead views Fairtrade© from an active campaigning perspective that dates back to 1984 – *‘never underestimate what can happen from small beginnings – ‘it is not about the numbers of people, but committed people’*. (TA:1) His Quaker values uphold a fair days pay for a fair days work, but states *‘not as a political point, but as a socialist point in the non-traditional sense’* (TA:1). He views this social enterprise as offering something unique and with a responsibility to uphold the principles and capture the story and journey that led to the establishment of a people’s movement called Fairtrade Towns©. He further suggested that the Fairtrade Foundation in London don’t own the Fairtrade Town© movement but *‘have the great privilege of facilitating it’* (TA:4).

The interview took place on 13<sup>th</sup> December 2012 on the business premises.

## **Company B**

***“I cannot think of anything worse than spending two hours with Fairtrade© activists to be honest with you” (TB:9).***

Company B is a private limited company that started in 2008 as a sole trader and in 2010 became a limited company, so is categorised as >5 years in business. There is one full time employee and two part-time, although additional associates are employed for corporate events on an as and when basis only. Turnover is recorded at £100K in 2012 and the company is registered for VAT. The business owner holds an MBA from a notable UK University and has enjoyed a career in senior management and marketing within the food industry, plus as an entrepreneur, he has established two previous companies, although both ventures were unsuccessful. This company was established when the business owner cited his liquid assets at 87p, following the failure of the previous company (also using Fairtrade© products) and following the repossession of his home and near personal bankruptcy. This company case study focusses on three key business streams –education workshops (60-70%), social (20%) and corporate events (10%). Educational workshops use Fairtrade© chocolate and the Fairtrade© history to link to map to current national curriculum and are delivered to Key stage 2 and 3 pupils within schools in England. To date there have been no workshops in Wales, Scotland or Northern Ireland. There are no company premises as the purpose is to take the workshops and events to specific venues and to be both mobile and flexible. There is a website with company branding, including logos, colours and format. From a personal perspective, the business owner views national Fairtrade© organisations are overly bureaucratic and complex, who fail to effectively communicate the concept of Fairtrade to the population. The inclusion of Fairtrade© is viewed as for commercial rather than community benefit (TB:9) and is the polar opposite of the stereotypical perception of the Fairtrade© activist.

The interview took place on 31<sup>st</sup> January 2013 in a hotel lobby due to the mobile nature of the business and limitations on access.

## Company C.

*“I don’t like the scare tactics – if you don’t buy Fairtrade©, then these people will live in poverty, as I don’t like people being made to feel guilty about the comfort they live in. It’s just about accepting the comfort we live in and making sure other people could have that equivalence” (TC:2).*

Company C is a new business and registered as a community interest company (CIC) and has been operational for 10 months offering creative workshops to schools and the community on Fairtrade©, recycling and the environment, in combination with Fairtrade retail through on-line or a pop-up shop. The business is not yet registered for VAT. There are two female co-owners who currently are not drawing a salary from the business, but are aiming to do so in the coming six months for at least a part-time rate at a minimum wage level, until the business is sufficiently established and they can dedicate themselves full-time on a salaried basis.

Personal values and attitudes are central to the business direction: *“We don’t just look at Fairtrade©, we look at Fairtrade© being one of the ways you can change the world and we sit it with recycling and sustainability..... why shouldn’t people be treated fairly?” (TC:2).* This is further supported by personal experience working within the third world and is translated to the ethos and vision of this new business:

*“I learned that it was the little things that made a really big difference, not a big tsunami of cause and effect. It is important to empower people to know that little things do make such a huge difference” (TC:1).*

The mission statement is concisely summed up in *“preparing people to take steps to change the world” (TC:3)* and they consider in whichever strand of this business that the customer buys into, that are achieving that goal. However, they equally state:

*“if someone is not interested they are not our target customer and we haven’t got time or money to waste on someone who is not interested and we would rather at the moment spend time and money with people who have that incline” (TC:12).*

The interviews took place on 7<sup>th</sup> February 2013 at their local meeting venue as business is based both virtual and within schools.

## Company D

***“That is the great danger nowadays that we only associate Fairtrade and fair trading with the Fairtrade Foundation..... But it can be a mix of Fairtrade© certified and non-Fairtrade certified” (TD:12).***

Company D was established in 1998 and is a private limited company. It specialises in premium coffee manufacture and distribution for both the wholesale and individual retail markets, including internet sales. Turnover is in excess of £5m per annum and has 35 full time employees and 3 part time, with the decision to incorporate Fairtrade© and fairly traded into the business model, a combination of both commercial and personal beliefs: *“I have to say for the business that it was a combination and a happy medium, but the commercial value was an advantage.”*(TD:9). The majority of coffee sold is Fairtrade© certified (70%), rather than fairly traded or non-Fairtrade©, with the business rationale centred on the customer because: *“consumers are being to some extent taught that if you don’t see the Fairtrade© logo it must not be fair trade. It’s a balancing act and a challenge.”* (TD:1). The decision to build individual relationships with farmers (fairly traded products) in for example Panama is a much valued and reflects the inclusive values of this company:

*“Coffee as you well know, most of the Fairtrade© produced within co-operative systems – it doesn’t encompass all farmers. We buy from larger family estates and farms that actually as far as I am aware, could not be part of the Fairtrade© system. That system is not designed to look after them. It was brought in to look after disenfranchised small producers”* (TD:1).

The company’s operations are fundamentally based upon a *“combination of quality, ethics in terms of trading and business operation and service”* (TD:5). Transparency is a key factor especially as they compete on quality and added value, especially in the food services environment. Yet again the business dilemmas are illustrated by the fact that whilst they offer unique coffees other competitors don’t have, there remains a tension in how to:

*“persuade people to buy Fairtrade© products or fairly traded products, which may be a higher price premium, if the most important factor to them is spending their money wisely?”* (TD:7).

*“We want to pay more for coffees to ensure farmers benefit – we don’t want to see them making just enough money to cover their production costs, but if market prices go so high, we then struggle to sell them on to our customers or they question the value of that”. (TD:6).*



The interviews took place on 7<sup>th</sup> February 2013 at the company's coffee production and distribution factory.

### **Company E**

***“Fairtrade is just a natural, a completely natural choice”*** (TE:1).

Company E is a sole trader, registered for VAT, who runs a ‘wholefood café’ produced and sold on the premises, whose business was started to complement her partners business within the same building – both reliant on the tourist market within a national park area. The owner describes herself as *“not really a business person as such, I just kind of fumble along”*. (TE:3). However, she is deeply committed to core values of fairness and equity and within the vegan/vegetarian wholefood environment, considers Fairtrade© to be consequently embedded within the business identity:

*“I have done a lot of travelling and if you see the struggle some people have in life, then everyone should have a fair chance to try to keep the family together.....we can at least offer people Fairtrade©. Well I mean here, they haven’t got choice, its Fairtrade© or nothing, as far as hot drinks, cola and wine are concerned.”* (TE:6).

All 7 staff are part time with 12 additional workers during busy holiday periods, however the business is in transition as the partner business is moving to new premises. Consequently the owner is looking to sell on this going concern, recognising the wholefood/Fairtrade© niche makes this a key selling point within a crowded market space, but also that ethics are often challenged by the need to sustain and survive:

*“We do put a lot of effort into things, but as far as profitability it is probably not the best example of a business. But then if you try to do it right, it’s quite hard”*. (TE:1).

Indeed the owner illustrates how the business is constantly challenged by external and environmental factors:

*“there is just so much competition going on now. You have the recession, you have an increase in VAT, human capital, a decrease in day trippers and we have had some really bad weather events – flooding and last year we had really bad snow for months. These are the factors you are battling against”*. (TE:4).

The interviews took place on 18<sup>th</sup> March 2013 at the premises during trading hours.

## Company F

***“Fairtrade© just doesn’t just apply to workers in Africa, the Caribbean or South America it applies to workers here and I need to be sure that farm workers in the UK are being paid an appropriate way” (TF:6).***

Company F is a unique ‘eco’ bed and breakfast whose historical artistic credentials place it in a unique irreplaceable niche in the market. Nevertheless with this comes great responsibility and challenges in for example the maintenance of the building and the need to balance the eco-friendly aspects with the other arts based USP. Turnover is £60-65K per annum with the business facing the challenges of potentially moving towards the VAT threshold through its offer of self-catered accommodation, bed and breakfast and art and literary events. There are 2 full time and 3 part time staff, with around 7 casual staff at peak season times.

Personal values and attitudes are deep rooted and fundamentally shape this business strategy. These will not be compromised because the owner views this core values as a key motivator and as part of the unique selling point of the business:

*“I can’t say that my journey for Fairtrade© started at any one point – probably started with my mum and my mum’s attitude and we probably have always made things; had animals, reared animals. And I suppose that is our whole philosophy of life and it (Fairtrade©) is simply an additional thing that you take into consideration. If it is there, then it is what you want to do. It is intrinsic”.* (TF:1).

However, it does serve to illustrate that fair/fairly traded is also open to individual perceptions and perspectives:

*“my interpretation of fair trade is not exactly the same, for example, these curtains; the fabric comes from China.... the furniture – this is a reconditioned unit which I bought in rack and ruin in China and I then found this fantastic group of men with a ramshackle workshop”.* (TF:6).

*“I prefer that intrinsic relationship and if I can’t get it personally by working with the craftsmen – you know, have been made by people I have met and created a relationship with; then I want to know that by a label, whether that is Fairtrade© or if it is grown in the UK”* (TF:6)

The interviews took place on 19<sup>th</sup> March 2013 at the premises.

## Company G

*“Morally we should try to do what we can. I think it is not one of perhaps the businesses main concerns, but we do if we can. I do if I think it will help us” (TG:5).*

Company G is a private limited company established in the 1970s focussed mainly upon wholesale supply to the tourist industry within a specific UK region, including hotels, bed and breakfast, youth centres and private schools:

*“I think everybody now is more Fairtrade aware, but I might be wrong... I think we go that little bit further, simply because of the locality” (TG:3).*

It highlights the dilemma facing local business as it seeks to be competitive and sustain within a challenging market whose customers have been severely impacted by both poor English summers and the UK recession on tourism:

*“Although we would love to do as many Fairtrade© products as possible, business wise that is sometimes quite difficult, because you do end up paying more for Fairtrade©.... I have to be accountable..... so sometimes my hands are tied simply because of the cost really of the product. If it is going to be too expensive, we know we are not going to be competitive” (TG:2).*

Turnover is currently £>5m with the primary objective to survive this difficult trading period as many of their customers simply want a “decent product at a decent price” (TG:7).

*“We did try to launch Fairtrade© hot chocolate, but because of the price issue, it was a lot more expensive. When Cadburys went along that line, it was great because that meant automatically that our customers were getting a Fairtrade product without any prompting” (TG:2).*

The business has 25 full time and 7 part-time employees, building loyalty and a family orientation into its culture and values. *“It’s a good firm to be part of... employed people have been here a long time. That does speak volumes about the firm” (TG:7).*

Aside from the economic challenges faced, it also highlights some specific to the Fairtrade©, for example at the time of interview, it illustrated some frustrations in the scaling of Fairtrade, for example:

*“we do a huge amount in castor sugar but the sizes we do are 2Kg or 25Kgs and they are not Fairtrade products. ...something I cannot quite understand, where the retail side is all Fairtrade, but the catering side is not” (TG:1).*

The interviews took place on 18<sup>th</sup> March 2013 at the company’s premises.

## **Company H**

***“I am a business manager and interested in developing, making some money and making a nice life for the family. But I don’t want to do it at anybody else’s expense and I don’t want to exploit anybody else in the process, so I feel very strongly with not only buying Fairtrade© but that Fairtrade© is a fundamental part of our strategy” (TH:1).***

Company H is a superior quality hotel in a popular tourist area within the UK that potentially benefits from all year round trade that has been in operation for six years. The owner recognises challenges that have resulted from the UK economic downturn and changes to consumer behaviour. *“The recession means that people are cost aware so you have to work really hard to not have to discount” (TH:3).* Nevertheless Fairtrade© remains a fundamental part of their USP which is based upon:

*“empathy with the guests, anticipating their needs and respecting the fact that they are spending their money here. Fairtrade© is part of our USP” (TH:1).*

Personal attitudes and motivations are:

*“from the heart and where I am and once you’ve taken that step there is no going back from it because you are committed if that is part of your ethics” (TH:1).*

*“If there is a Fairtrade© alternative, we would always buy it because we want to support those farmers overseas” (TH:1).*

Annual turnover is >£230K per annum, employing four full time staff plus one occasional 0.5 with the aim of providing a superior experience and attention to detail. Yet, maintaining principles is not without its challenges whilst trying to balance competitiveness, volume and service.

*“All the guests get a homemade chocolate. It is not Fairtrade© logo chocolate because I cannot get it in big enough processed bags..... I couldn’t find Fairtrade, but I did try” (TH:5).*

*“Fairtrade© at the moment is selling to the end consumer not to the wholesaler and business so much. I was desperate to do Fairtrade© –really I was but I just couldn’t get the products”. (TH:5).*

*“We are buying Fairtrade© and we are buying locally. That is not competing against each other, that is in parallel, so you are not choosing one or the other – it is natural to do both. You can support the local farmers and support the farmers overseas”. (TH:8).*

The interview took place on 19<sup>th</sup> March 2013 at the hotel premises.

## **Company J**

*“We always try to balance profit and people” (TJ:6).*

Company J is a co-operative but registered as a private company with limited liability to protect the members of the co-operative. It started in 1970 but officially became a co-operative in 1973, with currently 120 members, 15 contracted workers and 26 casual workers. All workers irrespective of the role within the company receive the same pay for a day’s work, with bonuses reflective of the amount of hours worked rather than traditional hierarchical models:

*“When you ask people what is the most important part of their employment, the number one hierarchy of needs is security, so we want to make sure the business is secure for going on for the future, which means investing in the business and making sure the business is profitable and is turning over a good amount” (TJ:6 ).*

The business operates via a management committee for day to day operations, supported by quarterly meetings where each member has both a voice and a vote. *“We tend to have more politics than a hierarchy” (TJ:14).*

Turnover is currently in excess of £32 million and the expansion into international markets from Europe to Scandinavia, Middle East and China is provide a new set of unique challenges including managing growth whilst maintaining customer service and expectations. *“We defend our space by providing good service levels”. (TJ:11).*

The product line extends to 6800 wholefood products including Fairtrade© suppliers: *“We always try to source from people with a relationship with ethics similar to our own wherever possible” (TJ:8).*

*“There are fairly traded products within fair trade, so there is a little bit of controversy whether the Fairtrade© mark actually means anything to ethics and sourcing anymore. So although we support Fairtrade© where possible, you have to be a bit careful as to which suppliers you work with”. (TJ: 5).*

The interviews took place on 1<sup>st</sup> May 2013 at the company premises.

### **Company K**

*“There is a balance to strike here between the kind of ethics we are trying to promote and we don’t preach it or insist upon it, but we do try to promote it and to make some money. That is part of life.” (TK:5).*

*“We are about educating people through our conversation rather than slapping a badge of something and saying you can sleep easy mate. We just think there is much more to ethical trading than badging and certification” (TK:4).*

Company K is between 1 and 2 years old and a private limited company which evolved as a result of a unique legacy that resulted from a UK Fair trade Foundation. It benefits from unique expertise in terms of governance and trustee arrangements which include ex CEOs of pioneering Fairtrade© companies. The aim of the business is to promote social enterprise and entrepreneurship at both ends of the supply chain with the trading arm there to support business activity rather than being the key driver:

*“Everybody can benefit and the more you squeeze the middle of the supply chain, the more you can benefit both ends of the supply chain, in terms of actual value, but also in terms of the softer side, which is about empathy, about global interdependence, about communities understanding each other and connecting”. (TK:1).*

The aim is to grow the business to encompass 500 user groups from its current position of around 10 groups to 500-100 groups. The target of 100 groups is particularly significant in terms of its growth and development plans.

The individual attitudes of the two co-owners is both pragmatic and direct, recognising tensions in society and different consumer groups:

*“we have always been about trying to do our best to work with marginalised people and I think we both strongly believe that people on the margins of society don’t want to be ‘benefit’ dependent. They don’t want hand outs. They don’t want aid in particular. They want to have a sustainable livelihood and for the system to be*

*fairer – not necessarily equal even – just to be fairer”. (TK:2).*

Social responsibility and education are at the core of the company values:

*“we don’t all have this fantastic shopping basket of ethical stuff but we need to be informed about what we can and can’t change. Don’t feel bad if you have a 60p mug at home but understand why our mugs are not 60p”. (TK:4).*

The interviews took place on 12<sup>th</sup> April 2013 using company preference for internet technologies but was also subsequently followed up by a face to face meeting.

### **Company L**

***“The Fairtrade© thing wasn’t the key thing in my heart at the start-up. It was just a business niche, but now it is fundamental to who we are, but I am not a Fairtrade© shopper” (TL:6).***

Company L is a private limited company that began as a sole trade in 2006 with the making of small chocolate products in a home kitchen aimed at farmer’s market and garden centres. The original chocolate products were made in response to an allergy to dairy products, however as the business has evolved, this is now not the primary consideration for business development activities:

*“I had gone to see somebody about the business and he said why not to make yourself stand out consider Fairtrade©. Hence why.....until then I had not even thought about the possibility of Fairtrade, but as soon as he had said it, I knew it was right and since then we do not use anything under our name which is not Fairtrade©. It’s part of who we are as a company”(TL:1).*

The company has since developed to occupy a small production and office area that manufactures, packages, sells and distributes handmade chocolate products within the UK. It has since extended its reach to include the sales of its niche products to the gift market centre including department stores, independents and food halls. The company is registered for VAT with an annual turnover of over 500K and an aspiration to grow the business to achieve £2m in five years. Current business issues include cash flow and the need to move into new premises to continue meet demand and grow.

The USP is focussed around being Fairtrade and quirky, however this contrasts with their chocolate supplier’s views on their potential competitiveness to the point of suggesting: “get

away from Fairtrade©; stop using Fairtrade© – you are mad.’ (TL:7). Indeed, even the owner concedes:

*“Fairtrade© is secondary for our customers, yet I know we identify it as a unique selling point....I think a lot of people out there would like to think that they care, but the buyers we deal with don’t. It means they can tick a box and can say: ‘we stock a Fairtrade chocolate’. But they choose the quirkiness and the products they like – it is not about the Fairtrade© for them.”* (TL:6).

Company L has 3 full time employees and 12 part-time employees, but embedded within its values is a deep rooted commitment to being socially responsible locally, in the way it supports its workforce and even offers a chance and emotional support to a small number of ex-offenders. *“It is just like a family. That is key for us. No matter how big we get, we need to maintain that.”* (TL:9). They also set up a charity in Uganda for child sponsorship: *“the children matter, which is why we set up our own charity over there, but it is not cocoa or chocolate related”* (TL:9).

The interviews took place on 6<sup>th</sup> June 2013 at the company premises.

## **Company M**

***“We are part of Fairtrade©, because we think that Fairtrade© was set up in its original vision, not to be an end in itself but to be a means to an end – our ambition is that the terms of trade should change forever, so small holder farmers should get a better deal full top. And until that happens, Fairtrade© hasn’t done its job”*** (TM:10).

Company M is a private company established in 1998 with three key owners including a micro-financing company, plus with two key charities holding preference shares. Turnover is >£7.5 million per annum and the company employs 14 full time and 4 part-time staff, including a senior management team of four. The ethos of the company was clear and well established with Fairtrade *“at the heart of that, in that it as it not only had a set of standards that people could adhere to, but was independently audited”*(TM:2). In terms of their business proposition *“what we were very clear about was that you can’t just be a product with a Fairtrade© mark on; it has to be a brand”*. (TM:2), but crucially *“this concept is geared towards volume; we don’t want to be a niche, we want to be mainstream”*. (TM:3).

The company view the brand as unique with *“a very distinctive personality - nobody else has this”* (TM:3), but equally seeks to distance themselves from the concept of the business as a



‘charity’, leading to re-brands and re-launch in both 1997 and in 2013. They refer to the early Fairtrade© days where the product “*felt like a charity bar*” (TM:5):

*“also in the early days of Fairtrade©, there was an issue over quality and people as a concept had to get over this idea – you know: I want to buy Fairtrade© but I am conscious it is not the nicest”* (TM:5).

Indeed the business strategy reflects this key focus upon quality, innovation and experience:

*“the front is that you have to have a great product, great new products and a great front end experience. Without that it is not going to work at all”*. (TM:4).

In a competitive market the company constantly track developments in supermarkets and the trade press and critically “*don’t distinguish between Fairtrade© and non-Fairtrade© products*” in their market analysis (TM:3). Currency fluctuations, however, are an issue as they buy in Euros and sell in Dollars and GB Pounds. Nevertheless:

*“we are bound to buy our ingredients Fairtrade© where we can, so every time we include an ingredient that can be Fairtrade©, we get all the same issues with that ingredient too. So it’s more challenging, if that is what you are committed to, but that is what we are committed to”* (TM:9).

The interviews took place on the 27<sup>th</sup> June 2013 at the Company’s Headquarters.

## **Company N**

***“We have never made the effort to put any Fairtrade© emblems on our packaging, but we have always always shouted about the fact that we have always paid fair prices and traded fairly”*** (TN:2).

Company N is a family business, which was established in the early part of the twentieth century, with a clear focus on superior products and consistent quality, coupled with outstanding customer service and attention to detail.

*“It is impossible to get the best out of something or someone without investment and so we have always paid higher than average prices for our produce, whether that be chocolate, tea, coffee etc.”* (TN:1).

In order to achieve this, there is a core belief that by “*looking after your suppliers, they will give you in return a superior product.*” (TN:2). The company primarily identifies itself as

bakers, chocolatiers and confectioners who have” *always, always traded fairly, all the way back to the founding days*” (TN:1). However in terms of fair trade, do not feel the need “*to be part of any other networks to do a good job or have a clear conscience on how we trade*” (TN:9).

Turnover ranges between £20m and £30m per annum, but strategically, it has effectively reverse engineered operations, to retain the undiluted traditional values of service and craft and achieve its current level of success. It employs a highly skilled and specialised workforce, who often remain loyal for the greater part of their working life.

Company values are at the heart of the business activities, with recognition that:

*“in a world where there is such demand on natural resources, business needs to take a responsibility for the impact of its activities on society”* (TN:3).

However, whilst engaged in a range of socially responsible planet focussed projects, in terms of trading fairly, they are less clear if: “*our customers are completely aware that we have always paid fair prices for our ingredients*” (TN:6).

The interviews took place on 28<sup>th</sup> June 2013 at the company’s production premises and also followed up through e mail collaboration and a two week learning experience.

## **Organisation P**

***“Talking about branding and what the Fairtrade© mark brings to your brand is an important one because Fairtrade© lends trust to a brand”*** (TP:7).

The vision and mission of the Fairtrade Foundation is to ensure impact for the poorest producers of the world without the safety net of producers from first world countries. Whilst there is some recognition that there are issues for UK farmers:

*“we don’t believe that there is a like for like comparison between the challenges facing farmers in the UK and overseas”* (TP:2).

and that other organisations are better placed to address this as potentially it “*would cause too much confusion for the Fairtrade© mark*”. (TP:2). The Foundation view one of the key business benefits in the UK is Fairtrade brand recognition, commenting that:

*“the number of people who recognise what it stands for, was at 10% in the UK in 1999 and now at 80% for 2012” (TP:6). However there is “a feeling that that is saturation point” (TP:6),*

with the focus now on consolidation. They also comment however, that *“there are so many different interpretations of what Fairtrade is” (TP:4)*. The new strategy is called ‘Unlocking the Power of the Many’ and:

*“it comes from this growing realisation that the campaigns movement – the grass roots network, has been so crucial to the success of Fairtrade©” (TP:1).*

In terms of business, *“it is individuals whose commitment to Fairtrade© is a driver in turning their business over to Fairtrade©”*. (TP:6). They propose that:

*“the increase in costs as a result of going Fairtrade© are more than recouped in the value to your brand and people’s loyalty to buying products and therefore sales”*. (TP:8).

*“we want to sell Fairtrade© to business as being a win win for businesses in the UK and good for producers, without perhaps just going in and saying it will increase your profits” (TP:8).*

*“we want them to come on board for values reasons, so improving your profits or your bottom line is not something we would sell” (TP:8).*

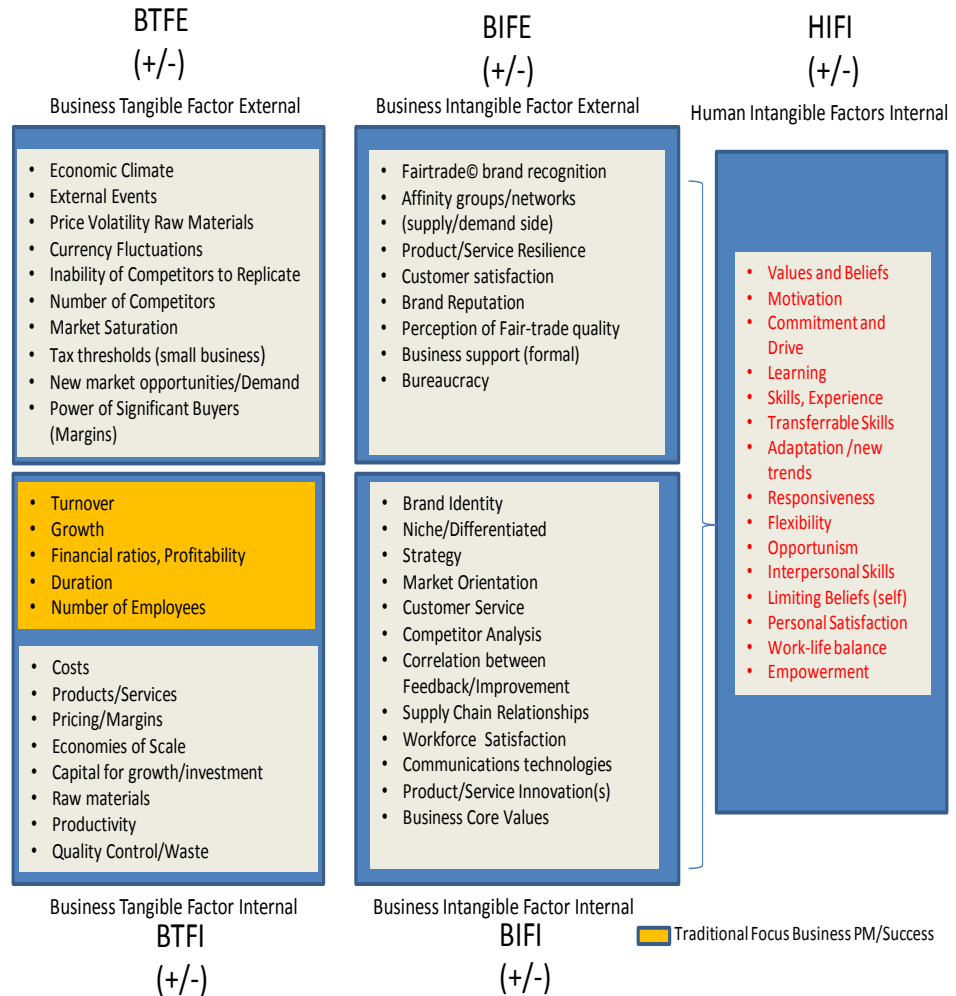
The organisation comments that they undertake and analyse a significant volume of consumer research, in which questions around ‘why don’t you buy more Fairtrade©?’ features the issue of ‘availability’. Consequently they state:

*“we are unapologetic about the fact that we want to get as many Fairtrade© products sold in supermarkets as possible, where consumers can buy it” (TP:9).*

The interview took place on 9<sup>th</sup> January 2013 at the London Office.

## Appendix 5 Coding Framework

### Business Coding Classifications (Mutually Inclusive)



## Appendix 6 Data Analysis (Abridged Version Secondary Concept Card)

### Significant Themes

#### Main Data Collection Phase (Prasad 1993)

Code Key: B = Business TF = Tangible Factor IF = Intangible Factor I = Internal E = External

#### HUMAN INTANGIBLE FACTOR EXTERNAL+

#### Values and Beliefs

##### Literature:

##### Values and Beliefs:

Crossan et al (2013), Alzola (2012), Burnes and Todnem By (2012), Horley (2012), Elm and Radin (2012), Sosik et al (2009), Cohen ad Kerren (2008), Thiroux and Krasemann (2007), Hambrick (2007), Massetti (2008), Fassen et al (2010), Bardi and Schwartz (2003), Bates (2005), Dreu and Nauta (2009), Schwartz (2009, 2005), Simon-Moya (2012), Santos (2009), Nanayakkara and De Zoysa (2008), Smith (1790), Kotey and Meredith, (1997), Thompson and Strickland, (1986), Bamberger (1983), Quinn (1997), Goffee and Scase (1995), Morris et al. (2002), Adam and Moore (2004), Davidson and Griffin (2000), Hatten (2006), Maister (2007), Belak and Rozen (2012), De Colle and Werhane (2008), Beauchamp and Bowie, 2001, Timmons (2002), Trevino et al. (2000), Baden, Harwood and Woodward (2009), Perry and Towers (2009), Saravathy et al (1998), Vyakarnam (1997). Schwartz (1996), Jones (1991), Rokeach (1973), Scheibe (1970), Kelly (1955), Roosevelt 1937), Comte (1875), Smith (1790).

Data Source	Quotation	Memos	Theme
TA:10	"Fairtrade® is absolutely vital and local produce is vital so these are the things we insist upon 100%".	Transparency, Trust.	Values and Beliefs.
TA:11	"You know xxxx could mark it up and make a really good profit margin on it – they have the turnover. But we cannot really compete with that sort of thing. We try to do things by doing things honestly, doing things well and the quality. Errm and sticking by our principles and what we would like to show and we have got through the first year, so hopefully we are going to show is that you can survive".	'Nice face of capitalism' Profit margins. Naivety. Principles v Competitiveness	Values and beliefs: Nice face of capitalism.
TA:12	"We have something beautiful here but is tainted by the fact that we need money –	Altruism first, business second.	Values and Beliefs: Nice face of Capitalism: Activism first, business second.
TB:9	"I cannot think of anything worse than spending two hours with Fairtrade® activists to be honest with you. They would drive me nuts. They are lovely people and all that but I only want to do	Polar opposite of activism – Making money/survival the	Values and Beliefs: Business first.

	meetings that are productive to the business”.	key motivation. FT is a vehicle to generate sales/business.	
TC:2	“We don’t just look at Fairtrade®, we look at Fairtrade® being one of the ways you can change the world - why shouldn’t people be treated fairly?”	Values shaping business. Morality: Equality and fairness. Motivations.	Values and Beliefs: Nice face of capitalism.
TC:13	“It’s demonstrating that it is possible as well...it’s about walking the talk; you can say it all you like but you have to demonstrate it and its really really important”	Reputation, Transparency.	Values and Beliefs.
TD:2	“We wanted to have a brand which actually encompassed a lot of our values because we were going down the route of sourcing ..... Whether it was Fairtrade® coffee or directly sourcing coffee or rain forest sourcing... These were the credential which we needed to work back into our business as well as sourcing and quality as well.....It was kind of a fun angle but it was also saying we can link this in with what we do around here. An understanding of hard work and heritage and it is meant to represent the hard work that also goes on at origin.”	Brand rationale and development. Brand Identity. Values and building brand loyalty.	Values and Beliefs (into brand).
TE:5	“If you see the struggle some people have in life, then everyone should have a fair chance to try to keep the family together. Over the years, if at the end of the line we can at least offer people Fairtrade®”.	Values and beliefs shaping business.	Values and Beliefs.
TE:6	“I guess a lot of people want dietary health but ethically a lot of people want vegetarian because of the horrendous state the world is in at the moment. I think these horror stories that are coming out at the moment –.....there is so much hypocrisy”	Values and beliefs shaping business.	Values and Beliefs.
TF:1	“I can’t say that my journey for Fairtrade started at any one point – probably started with my mum and my mum’s attitude. And I suppose that is our whole philosophy of life and it is simply an additional thing that you take into consideration. If it is there, then it is what you want to do. It is intrinsic”.	Values and beliefs shaping business.	Values and Beliefs.
TF:1	“In terms of the business going forward ...it simply embodied the way that we want to live”	Motivations/business and the way to trade.	Values and Beliefs.
TG:7	“We knew some people wanted it and some were	Principles first,	Values and

	willing to pay the premium for it but we didn't mark it up on that basis. No not at all".	business second.	Beliefs: Principles v Competitiveness.
TH:8	"I am interested in developing, making some money and making a nice life for the family. But I don't want to do it at anybody else's expense and I don't want to exploit anybody else in the process"	Motivations – work-life balance. Potential for missed opportunities.	Values and Beliefs. Missed Opportunities but note happy compromise.
TJ:6	"We do try for example, to offset our carbon emissions by tree planting... there is an appetite for change, for us to have a bit more ethical approach and to give things back in a bigger way."	Values shaping business. Socially responsible business – reputation and trust perception.	Values and Beliefs.
TK:2	"We have always been about trying to do our best to work with marginalised people and I think we both strongly believe that people on the margins of society don't want to be benefiting dependent. They don't want hand outs. They don't want aid in particular. They want to have a sustainable livelihood and for the system to be fairer – not necessarily equal even – just to be fairer".	Values shaping business.	Values and Beliefs.
TK:4	"We have to lead by example – you know; we don't all have this fantastic shopping basket of ethical stuff but we need to be informed about what we can and can't change. Don't feel bad if you have a 60p mug at home but understand why our mugs are not 60p".	Values shaping business. Avoidance of consumer guilt.	Values and Beliefs.
TK:5	"It is a case of trial and error.....We then split that with our groups and tend to make sure that it goes about 60/40 in their favour. So it is not the way a typical business would...a typical retailer for example would just slap 100% onto something because they need to. We don't do it that way, so some of the products we make virtually nothing and others we do better and it balances out. So we tend to make about 25/30% and the groups will make about 65/70% of whatever the margin is... you know whatever we think it needs to be sold at. At the moment that is clearly not enough for us to sustain the business on but over time when we get to 100/200/300 groups all selling stuff, that will pay for a couple of staff members to do more project work".	Setting prices and deciding margins. Pricing and experience. Risk: error margin.	Values and beliefs: Nice face of capitalism.
TK:6	"We don't measure the success of our business by how many jars of coffee we sell".	Values orientated measures of success	Values and Beliefs.

TL:9	There are no other business goals really, just to be an honourable brand.	Business and brand linked to 'honour' and personal values. Trust.	Values and Beliefs.
TM:9	"We are bound to buy our ingredients Fairtrade® where we can, so every time we include an ingredient that can be Fairtrade®, we get all the same issues with that ingredient too. So it's more challenging if that is what you are committed to, but that is what we are committed to."	Potential cost of raw materials if principles are not compromised. Values shaping strategy.	Values and Beliefs: Principles v Competitiveness.
TN:12	The company values – the six Ps – run through all its operations and practices including shaping its relationships with suppliers and ethical trade. It's very much the way the company does business. The company has an ethical purchasing policy which has two over-arching priorities – the welfare of workers in our supply chain and ensuring a sustainable environmental impact. To support this buyers regularly visit our tea and coffee suppliers and work with certification schemes such as Rainforest Alliance, Utz Certified and Fairtrade	Values and beliefs shaping choices in terms of suppliers. Reputation and Trust.	Values and Beliefs  Supply chain relationships (Interconnecting).

## Knowledge and Skills, Transferrable Skills, Adaptation and Learning+.

<p><b>Literature: Knowledge, Skills, Learning:</b> Galabova and McKie (2013), Simon-Moya (2012), West and Noel (2009), Alstete (2008), Agarwal et al. (2004), Van Praag (2003), Brunderl et al. (1992), Mitchell (1989), Headd (2003) and Van Praag (2003), Ribeiro and Castrogiovanni (2012), Aldrich and Martinez (2001).</p> <p><b>Transferrable Skills:</b> Alstete (2008), Agarwal et al. (2004), Van Praag (2003), Brunderl et al. (1992). <b>Intellectual Capital:</b> Henry (2013), Bontis et al 2000, Steenkamp and Kashyap (2010), Chareonsuk and Chansa-ngavej (2010)</p>			
Data Source	Quotation	Memos	Theme
TB:1	"I am a food marketer and I have directed some large companies and I have always been involved in marketing and have nothing else, but that and my career path was not as planned as perhaps it should have been.... I was an interim manager and made a lot of money and because of that I was able to invest and set up another business which was my first entre into Fairtrade".	Transferrable skills. Business experience and entrepreneurship.	Knowledge and Skills. Transferrable skills.
TC:1	I was a primary teacher and had taught in Kenya with VSO for 2 years.	Transferrable skills specific to business delivery needs.	Knowledge and Skills and Transferrable skills.
TD:1	Coffee is complex with the chains. The elements of whether its language, complexities of logistics,	Depth and understanding of	Knowledge and Skills.



	even remembering financing that is one of the most critical things with any industry.	the industry and market. Experience.	
TE:1	I was a full time languages teacher in XX and had come from a commercial background in XX before that. I worked in advertising and marketing before I went into teaching. I had absolutely no catering experience.	Skills and Competencies at the start-up stage. Transferrable skills but also inexperience in direct aspect of the business.	Transferrable skills (x ref).
TE:1	"I had absolutely no catering experience but know the food I like ... I just threw myself into it really"	Personal experience of industry. On the 'business' learning.	Learning (through experience).
TJ:9	"Each member of the export team has their own specific area that they concentrate on and become an expert".	Personal satisfaction and development.	Learning (through experience).
TK:2	"We both share a strong background in social housing....working with people at the margins of society. We have both had international experience, working in Southern Africa".	Joint owner's experience and career backgrounds.	Knowledge and experience. Transferrable skills.
TJ:2	"Multi-skilling is an essential part of this and it's to make sure you can multi-skill and because some people can and some people can't and also to make sure you understand how the business works."	Co-operative worker. Up-skilling.	Learning.
TJ:5	"Transparency of information is essential – we are all expected to understand the essentials of financial accounting as well, though we all don't understand the details. It is something you are expected to pick up".	Co-operative worker and expectations. Self-discipline, personal responsibility. Up-skilling.	Knowledge and skills.
TL:1	"I started out in catering when I was 16. I then had a restaurant, so I was a foody from back then. But when I had my first child, I stopped the restaurant and then went into cosmetic surgery. And I sold cosmetic surgery for 12 years, so when I set this up on this I kept this on as I was fearful if this didn't go anywhere, I couldn't afford to lose my job".	Experience both relevant and transferrable skills e.g. sales.	Knowledge and skills/experience Transferrable skills.
TL:1	"I came up with the idea of a hot chocolate on a stick and the intention was that I would go out and sell it – you know as sales and somebody else would manufacture it for us. At the time of the launch, there was a hiccup with samples, so I realised I needed to buy a tiny machine to get us up and started and have a go. So it progressed from there, a tiny machine, then a slightly bigger machine and lots of mistakes and a manual on how	Problem solving and creativity. 'Out of the box thinking.	Learning. Creativity.

	to make chocolate. And here we are now...."		
TM:10	<p>"very influential, not just in the fair-trade world but in enterprise world and general business world."</p> <p>"One of my key roles has always been PR."</p>	Skills and competences/experience of the key Directors.	Knowledge, skills and Experience.
TN:1	"expert chocolatier."	Founder of the business (now deceased).	Knowledge and skills. Note: (passed through generations and maintenance of craft).
TF:2	"I am not really good at Facebook. I am just getting into Twitter because I am being told that this is the way I need to go and it's the easiest thing for me because you can just do it when you are sitting there, whereas Facebook – ahh well I just cannot be doing with it."	Communication and Social Networking. Recognition of changing trends and personal adaptation.	Learning Adaptation. Social media.
TH:2	"I have just gone onto Facebook because everyone says you should but I still can't really grasp how that is going to really benefit my business, but I am doing it".	Communications and marketing the business. Recognition of changing trends and personal adaptation.	Learning Adaptation/ trends:  Social media. Marketing.
TL:5	The XX (product) has not been as strong as we would have hoped. We made a mistake there around our pricing as we went for a retail price point on that of £20, the XX easily sells at that but the XX doesn't. It is just experience really, but we should have pitched that at £14.99, so what we have done is re-cost everything and we have slashed our costs on that so we are now selling to retailers at a price point, which enables them to sell at £14.99.	Price and margins – learning from experience but also in the management of relationships with the retailers. Managing risk and exposure for new product launch relative to the size of the company.	Learning: Pricing Risk.
TM:8	"We were not the earliest adopters of social media but we are a social brand in the enterprise sense so social media"	Social media to enhance product awareness and brand loyalty.	Learning. Adaptation. Social media.

## HUMAN INTANGIBLE FACTOR EXTERNAL-

### Business Skills and Limiting Beliefs-

<b>Literature:</b> <b>Business Skills:</b> Hodges and Kent (2007), Harada (2003). <b>Limiting Beliefs:</b> X ref to knowledge and experience.			
Data Source	Quotation	Memos	Theme
TA:5	"I am not a business person".	Perception of self and skills. Excuse for not planning.	Business Skills. Limiting Beliefs.
TB:7	"I have a conundrum and my conundrum is that I cannot actually fathom a strategy. The business really does have legs you know and I am limiting it."	Business lead only/isolation.	Business Skills. (Isolation). Limiting Beliefs.
TC:11	"We attempted to write a business plan and go so tangled up in the business plan and got so frustrated by it that we stopped.	Business Planning/Priorities. Business Planning skills and experience.	Business Skills.
TE:3	"We have managed to keep going for over 17 years. I am not really a business person as such, I just kind of fumble along.	Business Planning skills and experience Lack of strategic planning but business sustained day to day.	Business skills.
TE:4	"If I was a bit younger, I would have taken on the challenge of doing something myself, upstairs, but I just know that deep down I don't really have it in me".	Personal Limiting factors. Self -Belief/ Motivations Attitudes.	Limiting Beliefs.
TF:6	"We are only limited by my expertise".	Perception of impact of skills and competencies on developing the business.	Limiting Beliefs. Business Skills.

## BUSINESS INTANGIBLE FACTOR EXTERNAL+

### Building Value+

<b>Literature:</b> <b>Building Value:</b> Porter (1980, 1985), Narver and Slater (1990), Payne and Holt 1998). Zeithaml (1988), Woodruff (1997), Senge (1990), Anderson and Narus (1998), Mizik and Jacobson (2003), Raval and Gronroos (1996), Kelly and Scott (2011), Simpson et al (2004), Wilson and Janatrania (1994).			
Data Source	Quotation	Memos	Theme
TA:7	“We don’t just sell the product, we tell you about the product, which is a great USP.....And we can talk about the taste of the cocoa and the name of the person who grew the cocoa that might have gone into that Chocolate. That is an incredible selling point, but it also means that we have to pay more”.	Nice face of capitalism. Story telling as a means to promote activism and Feel Good Factor Guilt or anticipated guilt for non-participation. Niche/ specialisation.	Building Value.
TC:8	“Our pop-up shops are very basic ....I put a pop of shop wherever you are doing something or selling something and that is your pop up shop”.	Operational Innovation. Business creativity. Accessibility of products.	Building value.
TD:2	“The education comes from explaining little bits of information on the packaging, on the web site and obviously we have links between the packaging and more information on the web site”.	Customer education to promote Fairtrade© brand loyalty.	Building value.
TD:4	“We cannot compete on price. We are paying more for our coffee”.	Competitive strategy and adding value (X ref to creating and building value). Niche Focus: Quality, Premium brand	Building Value.
TD:5	“We have guys operating the roaster and a specialised roast once a week, so we can be very hands on and quite flexible. Even in ensuring the freshness of coffee and that comes down to packaging, when we offer ground coffee we have a grinder that lives and sits on top of the packaging	Creating and building new value through quality and service. Customer relationships.	Building Value.

	machine, so you are grinding and putting straight into the bags. It is trying to make sure that the coffee is as good as it can be when it hits the customer's shelves. People will notice".		
TE:1	"We have always tried to be a little bit different – you know from a business point of view. We do put a lot of effort into things, but as far as profitability it is probably not the best example of a business. But then if you try to do it right, it's quite hard".	Niche strategy. Niche Focus: Service, Uniqueness	Building Value.
TF:2	"If you are writing about Coleridge or you are a writer – you know we have people who are just well general writers about climbing or something, but to actually come and stay in the house of an actual writer and poets. They latch onto that ambience and of course they are looking at the view. And, also our location".	Niche Strategy – fair-trade complementing the USP re: history and eco-tourism. Niche Focus: Quality, Uniqueness within the area.	Building value (Eco/Fairtrade tourism).
TG:2	Nationally you have the likes of XXX and that is quite tough being up against them. Their buying power is massive compared to independents such as ourselves. However, they lack the customer service, which is what XXX prides itself on. It's a family business and we look after our customers".	Creating and building new value through quality and service. Customer relationships	Building Value (personalisation).
TH:7	"There will be something and that's the thing that gives you the edge. You need to be that one step ahead".	Creating and building new value through quality and service. Added value activities.	Building Value.
TJ:11	"We also pride our self on good stock levels, which is one of our key selling points – that some of our competitors are not good at keeping key products in stock, whereas we have got quite a good handle on that sort of thing".	Being one step ahead of competitors. Competitor awareness/ Analysis. Responsiveness to secure advantage.	Building Value (through competitiveness).
TK:3	"Everything is branded through the 'XXX' brand, so the products are 'XXX Bar of Chocolate, XXX Jar of Coffee etc. And there is an ethical principle behind every product. We either source directly from producers that we have a relationship with or if we can't, because of the nature of the product, from the most ethical source we can.	Branding and ethical principles. Creating a story that customers can 'buy' into. Brand Identity. Trust Values integrated into the product offer and presentation.	Building value (through ethical label).

TL:9	<p>"I anticipate that we will see quite a leap in sales because we can go aggressively out against XXX. It will tick a box, so for the first time, we will be able to approach XXX, XXX and say we want you to take this instead of XXX. We are a small UK producer; all made in the UK; with UK people and we will go out aggressively for it around that".</p>	<p>Fairtrade as a tool to develop the business and compete in mainstream markets against other Fairtrade© certified competitor products.</p>	<p>Building value.</p>
TM:3	<p>"We really wanted to get people who bought into the Fairtrade© aspect but I mean increasingly and from very early on...the creation of this product and the recipe we created right from the start was geared to the British palate for chocolate. So it was matched against leading chocolate, but the overall taste profile and recipe was designed for the mainstream people who liked chocolate. It was designed and created for chocolate lovers".</p>	<p>Creating and building value for customers based upon a quality product that is also Fairtrade©. Responsiveness to customer demand.</p>	<p>Building value.</p>
TM:3	<p>"The whole consumer climate has really changed. There has been a flux and period and we have ended up having two volume buttons and over time as we have created very different communications....it used to be very strongly Fairtrade© and then over time we have tried to bring together the idea that we were fantastic chocolate owned by farmers. The indulgence and the ethics really meshed together".</p>	<p>Market Orientation/ Communication with customers. Responsiveness. Achieving balance between ethics and product quality.</p>	<p>Fairtrade© Building Value.</p>
TN:5	<p>"What we do is always try to be one step ahead of our competitors, by coming up with new ideas. Looking at trends definitely, but not following trends. We try to create the trends ourselves and people do copy us quite a lot".</p>	<p>Creating new value and building additional value but also uniqueness and individuality that make it difficult for competitors to exactly replicate – poorer substitutes etc.</p>	<p>Building value.</p>

## Customer Focus+

<b>Literature:</b> <b>Customer Focus/Customer Service</b> Eggers et al (2013), Egan (2008), Aldrich and Cliff (2003), Ghosh (2001), Slater (1990), Woodruff (1997), Gronroos (1997), Gorgievski et al (2011), Kitching and Blackburn (1999), Reijonen and Kompula (2010) Hogarth-Scott (1996), Jarvis et al (2006), Strong and Harris (2004), Pelham (2000), Storbacka et al (1994).			
Data Source	Quotation	Memos	Theme
TA:7	"I think we have a very special customer base, which is a strength. But it is also a problem and challenge"	Factor impacting upon success: ethically nomadic customers.	Customer Focus.
TB:3	"I found out that chocolate is on the national primary curriculum and a topic area. ..So I immersed myself and analysed the school curricular. I now have a master presentation which I use in schools.	Discovering a niche/business opportunity. Anticipating consumer needs.	Customer Focus.
TC:2	"XX happens everywhere .....We could go to our customers which is really important to us".	Proximity to customers. Building value. Accessibility.	Customer Focus.
TD:8	"We are also roasting these types of products on there – very much roast to order..... Whatever independents are doing tends to be the taken up by the bigger people. Costa adapts and evolves to encompass that".	Proximity to customers/ responsiveness. Positioning Responsiveness to market forces. Target market identification.	Customer Focus.
TE:2	"We have always tried to be inclusive... We just try to produce good food but not too expensive.	Customer orientation	Customer Focus.
TF:2	"They are go away happy, although that is not measurable, they will say almost before they have left, they are rebooking. And also it is also just your whole relationship with them"	Customer feedback	Customer Focus.
TG:3	"We go that little bit further, so you won't get your nationals doing that, so you look after your customers".	Differentiating the business through service. Differentiating through service. Adding value. Recognising value of customer.	Customer Focus.
TG:3	"If we make a mistake, sometimes the customer will say its ok tomorrow will do, but if they need	Correlation between feedback,	Customer Focus.

	something, we will go back out whether it be a long way"	problem resolution and service improvement.	
TH:4	It's about quality and comfort and people will pay a premium..... "Quality and service, empathy, respect and everything... it goes right across everything".	Competitive strategy. Price premiums through quality and service differentiation.	Customer Focus.
TH:2	"Our USP is empathy with the guests and anticipating their needs and respecting the fact that they are spending their money here. Fair trade is part of our USP".	USP based on customer service and Fairtrade®. Customer relationships Adding value.	Customer Focus.
TJ:3	"Our drivers give impeccable customer service and are our unofficial sales reps and are a wonderful force for good and create a positive image of the business and do a lot for PR".	Building additional value through service. Customer relationships.	Customer Focus.
TJ:8	"Building good relationships with our customers and helping them to help you".	Competitive strategy. (customer relationships)	Customer Focus.
TJ:11	"We also pride our self on good stock levels, which is one of our key selling points – that some of our competitors are not good at keeping key products in stock, whereas we have got quite a good handle on that sort of thing".	Being one step ahead of competitors. Competitor awareness/ Analysis. Responsiveness to secure advantage.	Customer Focus.
TJ:11	"It's basically about service as we don't have bosses at the top telling us we can't give people credit notes for things which might not be our fault. Because we are all co-op members who self-manage, whoever picks the phone up to a customer can make a judgement call in an appropriate way. So we don't have draconian rules saying 'computer says no' or we have to check with someone".	Pricing and giving discounts to ensure loyalty/mutual benefit and > sales. individual worker democracy.	Customer Focus.
TK:10	"We don't insist they buy our stock. What we have had is groups – well the early groups could only do that because we didn't have the products. The reason why we created the products was because they said we want to have stuff to go and sell".	Mutual benefit of support for the distributor network.	Customer Focus (interconnected with supply chain relationships).
TL:7	"If it was our key accounts and they said have you thought of this or done that, we would if we could and do our best for them. Or they might say are	Creating and building new value through	Customer Focus (interconnecting with supply chain



	you bringing out....and we will look into it for them and if we can commercially say yeah we will bring it out. If they say we need a quick order of such and such, we will deliver a quick order”	responsiveness to customer demand. Value of customer relationships.	relationships).
TM:2	“Giving consumers an opportunity to make a choice between products – some of which would have this independent certification”.	Distinctiveness. Choice Balancing business and values.	Customer Focus.
TM:3	“We have a very good relationship with our customers and are fresh in terms of the way we deliver and we have developed over all the different ways in which we communicate in terms of the design and the way we talk and do our PR – a very distinctive personality and nobody else has this.”	Creating and building value through the personality and message conveyed by the company.	Customer Focus.
TM:5	“If you imagine yourself going down a shopping aisle, there are two parts of the brain that might be working. One side is saying I want an indulgent treat and the other is I like to make ethical or altruistic choices in my shopping. So you want that promise of an excellent indulgence on the shelf as you are competing promises on the shelf”.	Understanding the customer psyche in balancing product quality with the ‘feel good factor’ of buying a Fairtrade© product.	Customer Focus.
TN:6	“If there is course for complaint, we will put things right”.	Customer relationship management.	Customer Focus.

## Quality+

<b>Literature:</b> <b>Quality:</b> (see also Fairtrade brand re Fairtrade debate on quality). Gadenne (1998), Jarvis et al (2006), Pelham (2000), Kirca et al (2005).			
Data Source	Quotation	Memos	Theme
TA:8	“When they tell us the tips of what makes a good cup of coffee, we stick to it because of the quality. We owe it to the farmer to make the coffee to come out as best we can”.	Commitment to a quality product and maintaining standards.	Quality.
TB:8	“My real dilemma is how do I grow my business and allow others to get involved, without the risk of damaging quality?”	Maintaining Standards	Quality.
TC:3	“Nicely made: quality and affordable”.	Values and quality inter-linked.	Quality.
TD:4	“We primarily compete on quality and added	Competitive	Quality.

	value, especially in the food services environment.”	strategy. Niche, Clarity, Focus on added value: quality and service.	
TE:5	“We try to keep to keep the quality and try to get the staff to be lovely to people.”	Maintaining standards	Quality.
TF:5	“Your client’s expectations of quality are increasing.... we have to keep up with that”	Maintaining standards	Quality.
TG:4	“A family run business, which look after not only the customers but the staff as well. That we put the customer first and it’s all about looking after the customer. We walk the talk”.	Competitive strategy based upon service and valuing employees. through service. Adding value.	Quality.
TH:2	“Our business goals are to maintain the quality to keep our returning guests”.	Business goals linked to quality.	Quality.
TJ:5	“Their growing Middle class want European processing standards, quality standards, safety and trustworthiness”.	Growth and quality =trust in export markets. Trust and Reputation generating growth.	Quality. (growing export markets)
TK:11	“We have got a proven model now. It works, we have tested it; we have evaluated it.”	Pilot Testing and evaluation of business model before scale up.	Quality: Improvement.
TM:4	“So that pressure to have good quality is there, but also over the years and the experience of being cocoa farmers that belong to a group who own their own chocolate company, there is a lot more pride. You know why bother...well because we have our own company and the chocolate has to taste fantastic.”	Supply quality controls but also integration and relationship with suppliers who co-own the company and pride in the final product.	Quality.
TM:9	The reason we don’t do organic is because there is no large source of organic cocoa coming out of Ghana yet. That is because there is no point of having a bit of organic and it’s difficult in Ghana as they are so dependent culturally on the crop. Cocoa is disease prone so if you get one farm with disease it could spread across all of the cocoa farms, losing your entire crop.”	Decisions on where to focus the creation of brand and value – not organic. Linked to values of supporting the local farmers/social responsibility. Brand Identity. Understanding limitations both in terms of values and the business	Quality.

TN:5	“They don’t have the same product offering. Everything from us is handmade. It is not rolled off a production line, like a lot of these other places”.	Creating competitive advantage through uniqueness and inability to replicate exactly.	Quality.
TN:5	“If we start supplying Selfridges®, and Harrods® and then it would be Marks and Spencer’s® and Waitrose® etc., how could we guarantee that personal input. We would have to diversify and lower quality standards. It would be inevitable or have a two tier approach, which doesn’t sit with us. No”.	Competitive strategy based on niche to maintain quality, service and consistency. Clarity, Decision making.	Quality.
TN:12	“It has grown organically out of our desire to source the highest quality ingredients and the supplier relationships that have resulted. The values that have grown within the family business have more recently been defined as the 6ps. These underpin the way our business operates – including our commitment to quality, our commitment to relationships and our commitment to sharing our success with all our stakeholders.	Commitment to stakeholders and supplier relationships.  Motivations in terms of quality rather than principles.	Quality. (interconnecting with Supply chain relationships).
TN:2	“Looking after your suppliers will give you in return a superior product”	Values shaping business – quality and product consistency.	Quality.

## Social Media+

<b>Literature</b> <b>Social Media:</b> Durkin et al (2013), Thompson et al (2013), de Kare Silver (2011), Kim et al (2011), Barwise and Meehan (2010), Harris and Rae (2009), Harris and Grewal (2008), Mangold and Faulds (2009), Timmons and Spinelli (2009), Godin (2008), Drury (2008), Brodie et al (2007), Ansari and Mela (2003). <b>Face to face and virtual networks:</b> Hardwick et al (2012), Harris and Misner (2012).			
Data Source	Quotation	Memos	Theme
TA:8	“we spent all of our marketing money on the web site”.	Factor impacting on success: Marketing/ Business Promotion/ Barriers.	Social Media (early stages).
TB:6	We have T shirts with the logo on it and the identity transfers over to the website.	Brand linking to website	Social Media. (early stages).
TC:4	“The website – hopefully the things that people	Communications/	Social media.

	comment on will guide us into the products people do like”.	Social Networking. Social Network Importance.	
TD:5	“The internet business has been going since we have had the retail – 6 years now. We have a Twitter account and on Facebook we have an informal account although it’s kind of not strictly the company behind it. Personally I hate Facebook so for right or wrong, I decided we wouldn’t have a strong business presence on there. Twitter yes, but we primarily wanted to go direct to origin and want to go direct to our customers and it’s nice to have that relationship”.	Communications and Social Networking.	Social media.
TE:5	I do use Facebook, not Twitter. I mean we don’t do too much. I mean you can over do things and you have to be really careful. I have a website which I can update with special events and offers”.	Communications	Social media.
TF:2	“I am not really good at Facebook. I am just getting into Twitter because I am being told that this is the way I need to go and it’s the easiest thing for me because you can just do it when you are sitting there, whereas Facebook – ahh well I just cannot be doing with it.”	Communication and Social Networking. Recognition of changing trends and personal adaptation.	Social media.
TH:2	“I have just gone onto Facebook because everyone says you should but I still can’t really grasp how that is going to really benefit my business, but I am doing it”.	Communications and marketing the business. Recognition of changing trends and personal adaptation.	Social media.
TJ:12	“We have a good face book presence and good Twitter and website presence. There are different things – there is a wholesale website for our customers to find out about different things we sell and place orders etc. and then we have the XXX.co.uk website, which is very much a community based website. It tells people about XXX and has recipes using our products and that kind of thing. Facebook is about making contact with a lot of our end users, not our direct customers and they generally are a core of ethical, usually vegan followers who are after a very specific thing.	Recognition of changing trends and social networking as a two-way issue.	Social media.
TK:12	“Facebook, Twitter, Linked in. We have a web site, we have blogs. We use various on line stores to promote some of the products. We also as a team all work remotely, so we depend on Skype and drop box and Huddle, Doodle and all of that..... We Skype with our board quite a lot too as well as meeting.”	Social media and technology to support the business. Technology to reduce organisational core costs.	Social media. Technology/ Communications.

TL:7	“We use Facebook and Twitter – not ebay. But we have somebody outsourced who does twitter and social networking etc. “	Recognises the need, but does not exploit opportunity	Social media.
TM:6	“We have all the different touch points and in all sorts of spaces and we hope each touch point will enhance what is special about the brand. The website will definitely take you on a journey, even if you are just interested in the recipes we give out. Our social media takes you on a journey and we are a real mix of things; chocolate tasting, chocolate demos and we want people to really enjoy chocolate and then enhance it by ‘did you know the story’ and then the imagery and getting to know about cocoa farming behind it. It is about getting people to respect and getting the excitement about these people making a product that we absolutely love”.	Using website and social media to build value and brand loyalty. Building a sustained interaction and relationship with their customers.	Social media.
TM:8	“We were not the earliest adopters of social media but we are a social brand in the enterprise sense so social media is perfect for us as engaging people is important for us.”	The use of social media to enhance product awareness and brand loyalty with customers	Social media.
TN:3	“We have brought in new people with an understanding of how mail order companies like Amazon works and we are focussing on expanding that area of the business because it is something we can grow more easily... if we don’t fully understand it we will need to investigate fully and be established fully before we look into it. Our founder, once said if you want to do something well, you do it yourself. So with that attitude that has not really delayed us, but it has stopped us from jumping on bandwagons.”	By post business development. Using experience and expertise but not being controlled by it. Using Business support to add value.	Creativity and Problem solving. Innovation Technology Social Media.

## Supply Chain relationships+

### Literature:

### Supply Chain Relationships:

Porter and Kramer (2011), Peltier and Naidu (2012), Ngugi et al (2010), Harris and Rae (2009), Godin (2008), Jones and Holt (2008), Street and Cameron (2007), Spence (1999), Kitching and Blackburn (1999), Porter (1980), Burt (2000), Putnam (2000, 1993), Habisch (1999), Ulaga and Eggerts (2005), Woodruff (1997), Senge (1990), Davies (2009), BarNir Smith (2002), Sweeney (1996), Mentzner (2000), Varadarajan and Cunningham (1985), Swoboda et al (2011)\*, Sawhney and Zabin (2002), Basu (2001) Rackham (1996), Morgan and Hunt (1994), Ahuja (2000), Burt (1992, 1997), Dyer (1997), Baum et al (2000), Gomes-Casseres (1996), Koka and Prescott (2002), Kelly and Scott (2011), Dyer and Singh (1998), Dyer (1996), Hamel (1991).

Data Source	Quotation	Memos	Theme
TA:2	“We felt it was it was important to support local farmers, particularly today. We only sell British bacon today, despite the cost of it – local crisps and everything else. It is very important to support the local farmers because they have the same problem of getting a fair price for their produce just as the farmers in developing countries.”	Business as an agent/guardian for social responsibility and equity.  Reputation, Trust, Values shaping business.	Supply Chain Relationships.
TD:1	“We buy from larger family estates and farms that actually as far as I am aware could not be part of the FT system. That system is not designed to look after them. It was brought in to look after disenfranchised small producers.....we Trade Fairly with larger families and estates, where we might have a direct relationship. In Panama for instance, I will be spending a week there buying coffee directly, agreeing prices and coffee quality, but with producers who are not FT certified. So they couldn't be part of that system and we couldn't put a Fairtrade badge logo on that packaging but that is not to say in my mind that that is not fair-trading either”	Fairly traded and Fairtrade©. Principles v business opportunities. Distinctiveness Choice. Balancing business and values.	Supply Chain Relationships.
TD:4	“We have to show people how to get the best out their coffee so they can just sell more”.	Competitive strategy and adding value (X ref to creating and building value). Niche but adding value to buyers/mutual benefit.	Supply Chain Relationships.
TD:8	“All the milk we use on site is from a local producer.....we would rather see it, that we buy from a more local business”.	Business as an agent for social responsibility and	Supply Chain Relationships.

		equity. Local versus national Reputation, Trust.	
TG:2	“We are members of the xxxx Buying Group, who we have quite a good relationship with actually. Nationally you have the likes of XXX and that is quite tough being up against them. Their buying power is massive compared to independents such as ourselves.”.	Buying groups to achieve economies of scale.	Supply Chain Relationships.
TJ:5	We have direct contact with the people who are making the products for us, so the supply chain is very small unlike the horsemeat issue, which tends to be from large supply chains”.	Quality and traceability and building trust with both suppliers and customers.	Supply Chain Relationships.
TJ:8	If we can sell our own brand, we can get a better margin because we are buying in bulk and will have more buying power.... And then we can pass the savings from buying in bulk onto the customer, which is always a good thing. So we use our market knowledge and be responsible about it”	Profit and Customers (ethos of working together in a sustainable relationship). Reputation.	Supply Chain Relationships.
TK:4	Some of our products are Fairtrade© certified....If one of the organisations we are working with isn't, we don't push them down that route. So our tea – we have our own blend of tea and one of our teas that goes into it is from Just Change India, which is an amazing farmer organisation in India and we buy it directly from them. They are not FT certified and they don't want to be and because we put some of their tea into our blend and although all the other tea in it is FT certified, we can't certify the product and we have said that's fine. It is more important to us to buy their tea and support them than to have a badge on the packet....it starts a conversation.	Fairtrade© and fairly trading alongside each other in terms of product offer. Distinctiveness. Uniqueness. Balancing business and values.	Supply Chain Relationships.
TK:7	“We have a little bit of a great big warehouse in XXX. If it's a very big order, we were able to get the manufacturer to produce it to order and ship it straight out. And when we get a great big order, we can do that, but for a small order, we stock it in the warehouse”.	Managing warehousing costs but also good supplier relationships to keep costs down on large orders.	Supply chain Relationships.
TL:7	“Relationship is so important. We won't go direct to XX, we will go to xxxx in XX. They buy chocolate from xxxx and then we buy from them. The benefits for us relate back to when I first started out as they were just a joy in the help they provided me with and the mistakes we made. They would talk it through with us – have you tried this	Tangible success in terms of growth and turnover secured through intangible methods – the power of the supplier network.	Supply Chain Relationships.

	or have you tried that. When I was struggling financially back in the early days, they would say 'hey just pay when you can – that's fine.' So they are just there – they are just centre court and we give them our loyalty back"	Reciprocal loyalty.	
TM:6	"There are a lot of big brands who have wanted to do things with us so we have over the years done some really nice co-branded productions, which gives them a nice association and added value to what they are doing. It gives us a fantastic extra reach, without doing the big spends and extra advertising".	Adding value through co-branded associations. Problems solving re: marketing costs. X ref to BTFI+	Supply Chain Relationships.
TN:2	"We believe strongly that our business can exist to the wider benefit of society or our stakeholders. Stakeholders, being the staff, customers and suppliers".	Values and beliefs shaping business positively/ socially responsible business.	Supply Chain Relationships.
TN:12	"It has grown organically out of our desire to source the highest quality ingredients and the supplier relationships that have resulted. The values that have grown within the family business have more recently been defined as the 6ps. These underpin the way our business operates – including our commitment to quality, our commitment to relationships and our commitment to sharing our success with all our stakeholders.	Commitment to stakeholders and supplier relationships.  Motivations in terms of quality rather than principles.	Supply Chain Relationships.

## Brand+

<b>Literature:</b> <b>Brand:</b> Laukkanen et al (2013), Urde et al (2013), Mitchell et al (2012), Reijonen et al (2012), Gromark and Melin (2011), Baumgarth (2010), O'Cass and Weerwardena (2010), Wong and Merrilees (2008), Abimbola and Kocak (2007), Krake (2005), Inskip (2004), Urde (1999), McCracken (1993), Abimbola (2001), Horan (2011), Portas (2011). Fombrun and Rindova (2005), Abimbola and Vallester (2007)			
Data Source	Quotation	Memos	Theme
TB:6	"I spent time creating an identity. That logo for example is always recreated in the same way – colours and proportions"	Brand Identity. Business Promotion.	Brand Identity.
TB:6	I would really like to do is to find a way of licensing the XXX brand.		Brand identity.
TC:8	"We handwrite out logo because our logo is my handwriting and we did that intentionally so that we can always be on brand".	Brand identity as a long term solution.	Target Market ID (Brand ID short-termism).



TD:2	“We wanted to have a brand which actually encompassed a lot of our values because we were going down the route of sourcing ..... Whether it was Fairtrade© coffee or directly sourcing coffee or rain forest sourcing... These were the credential which we needed to work back into our business as well as sourcing and quality as well.....It was kind of a fun angle but it was also saying we can link this in with what we do around here. An understanding of hard work and heritage and it is meant to represent the hard work that also goes on at origin.”	Brand rationale and development. Brand Identity. Values and building brand loyalty.	Brand Identity.
TD:7	“From the start of the business, we are still XX Limited – that is the name given to the company – that is the one which has the family background behind it. But people wouldn’t necessarily recognise the name. People know us within the industry, but XX didn’t mean that much to a customer/a consumer and people are very brand savvy these days. It helps market what you do but also what you do for your customers and when XX was launched and for right or wrong we were very lucky that the design ideas and the colours and the objectives behind it worked. We are recognised more by that design and by that branding.”	Brand Identity. Values and building brand loyalty.	Brand Identity.
TF:4	“We are actually in the process of re branding” .	Creating Identity and rebranding.	Brand Identity.
TG:6	“Our customers recognise that this is the brand and identity of the company”.	Brand identity.	Brand identity.
TJ:4	“Commodities are the most expensive thing we deal with and you want them to be right. We bag them into our own packaging and then into our own brand”	Brand identity.	Brand identity.
TJ:7	“The XXX brand is a very ephemeral thing, as all brands are and means different things to different people”.	Brand identity.	Brand identity.
TJ:8	“In terms of deciding what to list, that’s down to the brand team. When we are looking at XXX branded products, the buyers and the brand team work close together and identify a gap in the market”	Market forces. Brand Identity. Market Orientation. Responsiveness.	Brand Identity.
TK:3	“The one thing we have always disliked is the brand brand, brand and that brand matters and we don’t want to push this on people” .	Values shaping brand management.	Brand identity.
TK:3	“Everything is branded through the ‘XXX’ brand, so the products are ‘XXX Bar of Chocolate, XXX Jar of Coffee etc. And there is an ethical principle behind every product. We either source directly from producers that we have a relationship with or if we	Branding and ethical principles. Creating a story that customers can ‘buy’ into.	Brand identity.

	can't, because of the nature of the product, from the most ethical source we can.	Brand Identity. Trust Values integrated into the product offer and presentation.	
TL:2	"It is only about two years ago that we were at a trade show and spotty Lego had come out. Before then our logo was on a brown background and a bit more 'earthy' really for the farm shop market. But as we have evolved – it's like watching a baby or a toddler grow – and sometimes you don't know how they are going to change and grow. And the personality of the business is a bit like a toddler is how I would describe it really".	Brand creation and evolution.	Brand identity.
TL:5	We are precious about our brand but we are realistic to think that something else will come out quite quickly, so if we do it in their own branding, we can still have that".	Protecting the brand or at the least achieving compromise to survive. Brand Identity. Business realism to survive.	Brand identity.
TM:2	"What we were very clear about was that you can't just be a product with a Fairtrade® mark on; it had to be a brand. The hope and the aim of the Fairtrade organisation from the start was to have many products". Fairtrade® certified, so we were never going to be the only Fairtrade® chocolate in the market, so the development of our brand with the Fairtrade® endorsement was fundamental from the start."	Competitive strategy – based on brand identity and differentiation within mainstream market. Differentiation. Brand Identity, independent of whether Fairtrade®	Brand Identity.
TM:4	The indulgence and the ethics really meshed together....We are very much the first encounter with XX as you are going to have a fantastic chocolate experience and then as you engage you possibly find out a lot more about it. You get immersed in our story and that is where you build the brand loyalty. But the front is that you have to have a great product, great new products and a great front end experience. Without that it is not going to work at all.	Competitive strategy within a mainstream. Quality of product and experience first. Differentiation. Brand Identity, independent of whether Fairtrade®	Brand Identity.
TN:2	It is an iconic brand and people associate with it....You know a sense of quality, so we are quite proud and protective of our brand.	Brand Identity. Brand values. Brand protection.	Brand identity.

**Literature:**

Doherty et al (2013), Karjalainen and Moxham (2013), Valiente-Riedl (2013), Schmitt and Renken (2012), Gibbon and Sliwa (2012), Griffiths 2012, Belluci et al (2012), Bondy and Talwar (2011), Jaffe (2010), Joo et al (2010), Reed et al (2010), Smith 2010, Henderson (2008), Davies et al (2010), Becchetti and Huybrechts (2008), Davies (2009), Smith (2009), Golding and Peattie (2005), Randell (2005), Davies (2007), Doherty and Tranchell (2007, 2005), Barrientos and Smith 2007, Nicholls (2010). Wilkinson (2007), Crane and Davies (2010), Kruger and DU Toit (2007), Grodnik and Conroy (2007), Hira and Ferrie 2006. Tallontire (2009, 2000), Randall 2005.

Data Source	Quotation	Memos	Theme
TA:4	"You know there is not conflict between supporting local and Fairtrade©. You know for the life of me, how can people see it is a conflict?"	Business as an agent/guardian for social responsibility and equity. Reputation, Trust, values shaping business.	Fairtrade© (and local).
TB:8	"Not once when I have done the team building events have they ever said are you using Fairtrade© Chocolate. Nobody has ever asked me. I have not had one company ask me. You can run a team building event, but it doesn't have to be Fairtrade© chocolate. Let's be honest there are a lot of companies who would like to associate themselves with Fairtrade©.	Creating new value through Fairtrade© promise considered irrelevant in corporate markets.	Fairtrade©.
TB:9	"I cannot think of anything worse than spending two hours with Fairtrade© activists to be honest with you. They would drive me nuts. They are lovely people and all that but I only want to do meetings that are productive to the business".	Polar opposite of activism – Making money/survival the key motivation. FT is a vehicle to generate sales/business.	Fairtrade©.
TC:3	"People have worked really hard to improve the quality – so I am just challenging people to try"	On fair-trade products. Values and quality inter-linked.	Fairtrade©. (quality).
TD:1	"We have two main strands. There is Fairtrade© within the Fairtrade Foundation – the organisation responsible for labelling and so on; that being a joined up word and looking after the certified side of things and then fairly trading. ...It's the concept of working ethically, soundly within a certain framework with any producer of any size, on the you know agreed premise of price, quality and all those types of aspects"	Fairtrade© and fairly traded. Distinctiveness Choice. Balancing business and values.	Fairtrade© and fairly trading.
TD:3	"We soon found that our Fairtrade© certified	Creating and	Fairtrade©.

	<p>coffees with the logo on the pack were far outselling the what we might call our fairly traded coffees, even though these were some of our favourite coffees internally – some that we thought had the best flavours and tastes but didn't have the FT mark on them. We didn't want to be solely encompassed by one because we are here to represent our own feeling on how we deal with producer farmers – you know coffee quality is important to us".</p>	<p>building new value through fairly traded. Emphasis on sourcing quality product.</p>	
TD:6	<p>"Clearly the Fairtrade mark makes sense at the moment".</p>	<p>Fairtrade© and large retailers. Niche Focus: Quality, Fairtrade©</p>	Fairtrade©.
TE:6	<p>"If at the end of the line we can at least offer people Fairtrade. Well I mean here, they haven't got choice, its Fairtrade or nothing as far as hot drinks, cola and wine are concerned".</p>		Fairtrade©.
TG:1	<p>"The majority of our business is wholesale, so some of the larger packs, for instance castor sugar. We do a huge amount in castor sugar but the sizes we do are 2Kg or 25Kgs and they are not Fairtrade© products. I have been in touch with Tate and Lyle..... because this is something I cannot quite understand, where the retail side is all Fairtrade©, but the catering side is not".</p>	<p>Fairtrade© accessibility and how the market is geared to retail rather than catering size packs of products. &gt;cost to the business to follow values.</p>	Fairtrade©. Focus retail rather than catering Managing Costs
TG:2	<p>"Although we would love to do as many Fairtrade© products as possible, business wise that is sometimes quite difficult, because you do end up paying more for Fairtrade© and whilst some of our customers don't mind that – those who are particularly committed, a lot don't like that, who are just after a decent product at a decent price".</p>	<p>Price barriers and Fairtrade© depending on market space business competing in.</p>	Fairtrade©. Focus retail rather than catering.
TH:2	<p>"Fairtrade© is part of our USP".</p>	<p>USP based on customer service and Fairtrade©. Customer relationships Adding value.</p>	Fairtrade©
TH:5	<p>"Fairtrade© at the moment is selling to the end consumer not to the wholesaler and business so much. Fairtrade© is very much selling to the customer – it's selling at a premium price, not a wholesale price. Talking to the suppliers, we gave them quite a grilling about it and there will be other people like me doing this. I was desperate to do Fairtrade© –really I was but I just couldn't get the products".</p>	<p>Supply of base product for wholesale. Focus on retail.</p>	Fairtrade©.

TJ:5	Fairtrade is one of those strange things, whereas some aspects of Fairtrade have a bit of a bad press recently because FT certification and authorisation is not quite as some people would like it to be because there are minimum standards for FT ingredients that can be Fairtrade© within products. There are fairly traded products within Fairtrade©, so there is a little bit of controversy whether the Fairtrade© mark actually means anything to ethics and sourcing anymore. So although we support Fairtrade© where possible, you have to be a bit careful as to which suppliers you work with.	Fairtrade and perceptions and reputation and managing bad press and own product offer. Fairtrade© product suppliers.	Fairtrade©.
TJ:6	"We launched a Fairtrade© brand of peanut butter this year, so we pay the standard licensing fee for our Fairtrade© products, but most of the Fairtrade© products we sell are under other people's brands; so we sell Divine chocolate, Green and Blacks, Tropical Wholefoods and Equal Exchange who are big Fairtrade© brands and they pay the license fees and then we buy the products straight form them in a normal buying selling relationship.	Blending the portfolio mix of own fair-trade for business 'best fit'.	Fairtrade©.
TK:1	"How we got started was...we sensed there was a huge gap in fair-trade products per say in terms of Fairtrade© certified products we mean and the ethos of the xxx Foundation.	Market gap identification. Responsiveness.	Fairtrade©.
TK:4	"Some of our products are Fairtrade© certified. So our instant coffee is FT certified and our chocolate is FT certified because we source them through suppliers who are already FT certified. And the same with XXX and because of that it just makes sense to have it. If one of the organisations we are working with isn't, we don't push them down that route... We just think there is much more to ethical trading than badging and certification".	Adding value through a choice of both Fairtrade certified and fairly-traded. Creating and building new value through quality and service. Business flexibility – not tied to certification and logo (Fairtrade©), but still values driven.	Fairtrade© and fairly traded.
TL:1	"We got involved with Fairtrade from the outset and it actually wasn't my idea. I had gone to see somebody about the business and he said why not to make yourself stand out consider Fairtrade".		Fairtrade©.
TL:6	"Fairtrade is secondary for our customers, yet I know we identify it as a unique selling point. It	Fair trade drive by business	Fairtrade©.

	ticks a box really. I think a lot of people out there would like to think that they care but the buyers we deal with don't. It means they can tick a box and can say yeah we stock a Fairtrade chocolate. But they choose the quirkiness and the products they like – it is not about the Fairtrade for them.	pragmatism	
TM:8	“Cadburys dairy milk becoming Fairtrade® was not direct competition as such, because it was not so much about the people who buy it, but retailers who may think they have ticked off their Fairtrade® retail things as Cadburys dairy milk now stock by default may tick their Fairtrade® box and they might not need to look at anything else. It's definitely the premium area in which the competition is there for us and they are big companies and can do things bigger and with more money and economies of scale that we can ever do”.	Success factor – competing with the giants of a sector. On mainstream competitors who adopt Fairtrade® certified chocolate (in line with strategy aims of FT Foundation, but squeezing smaller FT brands. Introduction of new but significant competitors who will by brand, history and volume absorb market share.	Fairtrade®.
TM:9	“Our sugar is Fairtrade®, so we have the same issues with that. We are bound to buy our ingredients Fairtrade® where we can, so every time we include an ingredient that can be Fairtrade®, we get all the same issues with that ingredient too. So it's more challenging if that is what you are committed to, but that is what we are committed to.”	Currency fluctuations. Cost of raw ingredients	Fairtrade®.
TM:10	“We are part of Fairtrade®, because we think that Fairtrade® was set up in its original vision, not to be an end in itself but to be a means to an end – our ambition is that the terms of trade should change forever, so small holder farmers should get a better deal full top. And until that happens, Fairtrade® hasn't done its job and we are still completely committed to that and so we want Fairtrade® to keep that vision in mind and we want to represent a good example. That is still very important to us and so it should be and if we felt Fairtrade® had really deviated from that, that would raise a serious question for us. But our preference would always be to keep Fairtrade® certified and the Fairtrade® certification what it meant at the outset. The symbol recognition is huge and it should continue to be something,	Fairtrade Foundation. The power of the Fairtrade® brand when competing in mainstream markets. The Fairtrade® Brand to tick significant buyers' requirements.	Fairtrade®. (Mainstream).

	people can get behind and that it carries out meaning what it intended to mean.		
TN:6	I am not sure our customers are completely aware that we have always paid fair prices for our ingredients because we have not shouted about it. We have never really used it as a marketing tool. We have never said come to XXX because we treat our suppliers fairly."	Brand Identity. Market Orientation. Consumer Engagement. Balancing ethics and the business values.	Fairtrade®.
TN:12	"The business does not talk that much about Fair-trade; we talk about trading ethically. They are very different."	Values shaping business and perspectives on fair-trade. Reputation. Brand values.	Fairtrade®.

## Market Orientation+

<b>Literature:</b> <b>Market Orientation:</b> Laukkanen et al (2013), Reijonen et al (2012), Ghosh et al (2001), Lafferty and Hult (2001), Mentzner and Ozsomer (2002), Tzokas et al (2001), Narver and Slater (1998), Pelham (2000), Vorhies et al (1999), Appiah-Adu Singh (1998).			
Data Source	Quotation	Memos	Theme
TA:9	"We do get loads of people from the international market but we do need to get more local people".	Target Market identification Ad hoc.	Market Orientation: (Target Market ID).
TD:4	"The market is moving more towards beans again."	Responsiveness to market forces and competition.	Market Orientation.
TD:5	"I genuinely think there is a group that want to buy ethically sourced coffee. Some people want to buy locally, so the knowledge that it is based in xxx where it is roasted, that does help as well. I think people who are interested in Fairtrade® certification and the Fairtrade® movement. People do buy for that and also for quality as well".	Target Market identification. Positioning Responsiveness to market forces.	Market Orientation.
TG:6	"I input if we are selling something and I think it's too high and our Gross Profit is too high on that. If we are going to be competitive we might need to lower it".	Judging market sensitivity. Market orientation.	Market Orientation for competitiveness.
TJ:5	"Their growing Middle class want European processing standards, quality standards, safety and trustworthiness".	Market orientation. Responsiveness.	Market Orientation: Responsiveness.



TJ:8	“It’s market forces which are orientating us and that kind of decision. But sometimes a supplier will come along with a nice story and a nice product and we can look at develop its own label”.	Market forces and product development (niche). Brand Identity. Market Orientation.	Market Orientation: Responsiveness.
TL:3	“We don’t do many of those things where we are directly selling to people, because we haven’t found that particularly successful for us... We are starting to build a corporate business, where they will come and order 500 or 1000 bars with their logo on their gifts – you know what they want to give. So that is coming – and it is a lovely market place which we do need to tap into – we are not clever enough and haven’t done it yet in a really strong way but it is just coming our way at the moment and we need to target it very carefully.”	Market orientation and vision for future development.	Market Orientation.
TM:3	“The whole consumer climate has really changed.”	Market Orientation/ Communication with customers.	Market Orientation.
TM:4	“We know we are not super fine or super super premium, but we are at the premium and luxurious end of the ‘every day is a treat market’ and so we know where we sit and that determines the price level as well. But we are very careful to ensure that the product is not anything below what we have set as a benchmark”.	Brand Identity. Market Orientation. Positioning.	Market Orientation.

## Service+

### Literature:

#### Customer Service:

Aldrich and Cliff (2003), Ghosh (2001), Slater (1990), Woodruff (1997), Gronroos (1997), Gorgievski et al (2011), Kitching and Blackburn (1999), Reijonen and Kompula (2010) Hogarth-Scott (1996) Jarvis et al (2006), Pelham (2000), Strong and Harris (2004).

#### Brand and Service:

Gilmore (2003), De Chernatony and Segal-Horn (2002), McDonald et al (2001).

Data Source	Quotation	Memos	Theme
TD:8	“We are also roasting these types of products on there – very much roast to order..... Whatever independents are doing tends to be the taken up by the bigger people. Costa adapts and evolves to encompass that”.	Proximity to customers/ responsiveness. Positioning Responsiveness to market forces.	Service.



		Target market identification.	
TG:3	"If we make a mistake, sometimes the customer will say its ok tomorrow will do, but if they need something, we will go back out whether it be a long way"	Correlation between feedback, problem resolution and service improvement.	Service.
TG:3	"We go that little bit further, so you won't get your nationals doing that, so you look after your customers".	Differentiating the business through service. Differentiating through service. Adding value. Recognising value of customer.	Service.
TH:4	It's about quality and comfort and people will pay a premium..... "Quality and service, empathy, respect and everything... it goes right across everything".	Competitive strategy. Price premiums through quality and service differentiation.	Service .
TH:4	"That is about creating a new talking point and a new selling point for our customers and the wider XX community".	Adding value and complementary diversification.	Service.
TJ:3	"There are a lot of people selling the same stuff as us in the country, but we try to differentiate on service and on cooperative values. So we are not the cheapest, but through our drivers and our sales team, we tend to provide better service than a lot of our competitors".	Differentiation as a competitive strategy on products, service and co-operative values. Differentiation. Incorporating Fairtrade© into the overall offer. Adding value	Service.
TJ:11	"We defend our space by providing good service levels".	Competitive strategy – defending market space. Customer Service.	Service.
TJ:11	"It's basically about service as we don't have bosses at the top telling us we can't give people credit notes for things which might not be our fault. Because we are all co-op members who self-manage, whoever picks the phone up to a customer can make a judgement call in an appropriate way. So we don't have draconian rules saying 'computer says no' or we have to check with someone".	Pricing and giving discounts to ensure loyalty/mutual benefit and > sales.	Service.

TK:5	<p>“We then split that with our groups and tend to make sure that it goes about 60/40 in their favour. So it is not the way a typical business would...a typical retailer for example would just slap 100% onto something because they need to. We don’t do it that way, so some of the products we make virtually nothing and others we do better and it balances out. So we tend to make about 25/30% and the groups will make about 65/70% of whatever the margin is... you know whatever we think it needs to be sold at. At the moment that is clearly not enough for us to sustain the business on but over time when we get to 100/200/300 groups all selling stuff, that will pay for a couple of staff members to do more project work”.</p>	<p>Setting prices and deciding margins. Pricing and experience. Risk: error margin.</p>	<p>Service. (supporting supplier groups through supply and pricing).</p>
TL:7	<p>“If it was our key accounts and they said have you thought of this or done that, we would if we could and do our best for them. Or they might say are you bringing out....and we will look into it for them and if we can commercially say yeah we will bring it out. If they say we need a quick order of such and such, we will deliver a quick order or if they say ‘can you come in and do a tasting day or a lolly day for the children?’</p>	<p>Creating and building new value through responsiveness to customer demand. Value of customer relationships.</p>	<p>Service.</p>
TM:4	<p>“But the front is that you have to have a great product, great new products and a great front end experience. Without that it is not going to work at all”.</p>	<p>Competitive strategy within a mainstream market. Quality of product and experience first and ethics second. Differentiation. Brand Identity, independent of whether Fairtrade©</p>	<p>Service.</p>

## BUSINESS TANGIBLE FACTOR INTERNAL+

### Managing Costs+

#### Literature:

**General:** Porter (1980, 1985). **R&D:** Tangen 2003, Hitt (2001), Lechler (2001). **Marketing:** Hung and Brown (1999).

**Cash flow:** Gorgievski, Ascalon and Stephan (2011), Cunningham (1998), Brunderl et al. (1992), Cooper et al. (1994), Schutjens and Wever (2000), Headd (2003), Simon-Moya (2012), Austin et al. (2006)

**Creativity and Problem Solving:** Headd (2003), Hodgetts and Kuratko (1992).

**Replication by competitors:** Porter (1980, 1985), Thompson and Martin (2005), Ansoff (1965), Porter, (1980 1985), Davidson 1987, Buzzell and Gale 1987, Barney (1991).

Data Source	Quotation	Memos	Theme
TA:8	"We have no money to do it so we have to beg and get it for free".	Investment in Marketing.	Managing Costs: Marketing.
TB:9	"I only want to do meetings that are productive to the business".	Business benefit focus.	Managing Costs (Opportunity and time).
TC:3	"We need to live within our means and the shelf life of food products. We can't afford to have products that are not going to sell".	Managing risk/costs. Cash-flow limiting factor to growth.	Managing Costs.
TC:9	We are looking at finding some ways at funding some things we want to pilot/ ideas so we can see if they are successful and just to pay rent really for when we are running a workshop – that is where the costs are	Finance – fire-fighting.	Managing Costs: cash-flow.
TD:8	"The larger you become, the more negotiating power you have. I guess that's a reality of business. But everybody has the ability to shop around at the same time".	Size of Business as a limiting factor. Achieving economies of scale from suppliers.	Managing Costs: Economies of scale.
TE:4	"Last year, we had a full blown VAT and tax inspection and the woman said I can see your turnover is down from last year, can you explain this. Well actually a triple dip recession, staffing, everything is going up – massively increased competitors -there is just so much competition going on now. You have the recession, you have an increase in VAT, human capital, a decrease in day trippers and we have some really really bad weather events – flooding and last year we had really bad snow for months actually. These are the factors you are battling against really".	Barriers to Success. Recession – decrease in sales volume. VAT increases Environment: weather disasters. Competitors in increasingly crowded market space.	Managing Costs (In business for 17 years).
TF:6	The cost of our raw ingredients has gone up but we	Cost of raw	Managing Costs:

	don't pass that on— I don't think people are going to pay more than that.”	materials.	Raw materials.
TG:2	“Although we would love to do as many Fairtrade© products as possible, business wise that is sometimes quite difficult, because you do end up paying more for Fairtrade© and whilst some of our customers don't mind that – those who are particularly committed, a lot don't like that, who are just after a decent product at a decent price”.	Price barriers and Fairtrade© depending on market space business competing in.	Managing Costs.
TG:5	”I try to find out from suppliers – do they have any Fairtrade©.... But we have to buy this at a premium”.	Cost of Fairtrade© products and materials.	Managing Costs: Raw materials.
TH:2	“Our returning guests are much cheaper to get to – there are no marketing costs involved in keeping on getting your returning guests. The more and more returning guests you have, the less expenses you have in getting to them. So that is a core”.	Market maintenance to reduce advertising and marketing, third party costs. Market orientation.	Managing costs.
TJ:6	“We launched a Fairtrade© brand of peanut butter this year, so we pay the standard licensing fee for our Fairtrade© products, but most of the Fairtrade© products we sell are under other people's brands; so we sell Divine chocolate, Green and Blacks, Tropical Wholefoods and Equal Exchange who are big Fairtrade© brands and they pay the license fees and then we buy the products straight form them in a normal buying selling relationship.	Blending the portfolio mix of own fair-trade for business 'best fit'.	Managing Costs (licensing).
TK:7	“We have a little bit of a great big warehouse in XXX. If it's a very big order, we were able to get the manufacturer to produce it to order and ship it straight out. And when we get a great big order, we can do that, but for a small order, we stock it in the warehouse”.	Managing warehousing costs but also good supplier relationships to keep costs down on large orders. Stock Control/Cash-flow	Managing Costs. (interconnecting with Supply chain relationships.
TL:2	“We try to source the mould as the development costs are incredible expensive”	Managing costs of R&D.	Managing Costs: R&D.
TL:3	“You know now any mistakes that we make are costly and the need for volume business is far greater”.	Cost of error and impact on the business. R&D costs. Managing risk.	Managing Costs: New Product Risks.
TL:6	“We know that when we bring something out, we know if it the first out that we have a short window of opportunity to sell hard before somebody else will probably copy us with the cheaper chocolate”.	Competitive strategy.	Managing costs. (Replication by competitors in non-Fairtrade©

			raw materials).
TM:6	“Creatively, we have had microscopic marketing budgets in comparison to our major competitors, so we just had to be cleverer with lots of ‘chutzpa’ and blagging about the fantastic thing of who we are and what we represent etc.”	Workforce creativity.	Managing Costs. (Marketing).
TN:6	“We want people to understand that when they come to XXX, they will get value for money first of all.	Value for money	Managing costs.

## BUSINESS TANGIBLE FACTOR EXTERNAL-

### The Power of the Significant Buyer and Supply Price Volatility-

<b>Literature:</b> Wylde et al (2012), Porter (1980, 1985), Ansoff (1965), Porter, (1980 1985), Davidson 1987, Buzzell and Gale 1987, Barney (1991), Porter and Kramer (2006).			
Data Source	Quotation	Memos	Theme
TD:6	“If Coffee prices are exceptionally high, that is not sustainable. We want to pay more for coffees to ensure farmers benefit – we don’t want to see them making just enough money to cover their production costs, but if market prices go so high, we then struggle to sell them on to our customers or they question the value of that. That is difficult. We buy seasonally, so we are at the whim and mercy of the market conditions”.	Raw material and production costs.	Supply Price Volatility.
TD:6	“Raw material costs are always a challenge for coffee or indeed for any business at the moment. We have seen a rise in the costs of fuel – that links into transport, as coffee has to be moved around from the tropics to here and then back to our customers. We are at the whim of the coffee market”.	Raw material and production costs. Price volatility on Supply.	Supply Price Volatility: Raw material Costs.
TD:8	“Working with supermarkets from my understanding working in a retail environment is that it is difficult, because you will always be squeezed. They have to make their margin and they have to sell the product. The bigger you are the more advantage you have. You pay for the best shelf space – you can pay to promote the supermarket – you can have promotions..... Somebody pays for that and it isn’t the	Pricing/margins and supermarkets.	Power of the Significant Buyer. (Pricing/margins).

	supermarket.”		
TD:8	“If we wanted to spread the message and make sure our coffee is available to the majority of people, then supermarkets are the way forward to be able to do that. But at the moment this is not the route to market for us. We could potentially but there is a danger it would undermine what we are currently trying to achieve”.	Competitive strategy – product differentiation. Niche Understanding market limitations and impact on their brand.	Power of the Significant Buyers. (Competitive Strategy).
TL:5	“We are having to push the retailers on their margins for this, so again this is a slightly risky strategy and hence why we are waiting for firm orders before we launch it. Because they are going to have to take a lower cut on their margins if they want to sell this at £20 and not £24.99”.	Managing margins with larger retailers who form the customer base. The Power of the Significant Buyer.	Power of the Significant Buyer /margins.
TL:9	XX have pushed us down so far and they take our small bars and they maybe cost us to produce each one, but it is a political account in the sense of its kudos. And that is ok, we can live with that”.	Pricing for Competitiveness. But seen as necessary for brand and reputation building. Power of significant buyers.	Pricing, Power of Significant Buyers.
TM:7	It is really hard, really really hard. We are often pressured into tough margins and it’s really tough. Retailers are key in this – making it work or killing it off so to speak”.	Power of the significant buyer on profit margins.	Power of the Significant Buyer /margins.
TM:7	“Big retailers who we have big volume can make sudden decisions, which affect us enormously and then we are clawing back for over a year following this decision. And then sure enough they might have us back in again. It is a swings and roundabouts and bit like a rollercoaster sometimes.	The power of the significant buyer in terms of awarding contracts	Power of the significant Buyer.
TM:7	“What is challenging for us all the time is currency fluctuation, because we buy chocolate in Euros and sell in Dollars and Pounds, so we have become expert in forecasting and there are fluctuations in retail decisions”.	Managing costs – currency fluctuation. Cost of raw ingredients.	Supply Price Volatility.

## Finance and Recession (Small Firms Only)-

### Literature:

### Finance:

Paul and Boden (2011), Gorgievski, Ascalon and Stephan (2011), Cunningham (1998), Brunderl et al. (1992), Cooper et al. (1994) Schutjens and Wever (2000) Headd (2003), Simon-Moya (2012), Austin et al (2006)

### Resilience/recession:

Price et al (2013), Sahin et al (2011), Anderson and Russell (2009), Eslake (2009), Kitching et al (2011), Sweeney (1996), Reid and Smith (2000), Curren and Blackburn (2001), Dawson (2001).

Data Source	Quotation	Memos	Theme
TA:12	"You need to invest to make money. Yeah I understand that. If you are a millionaire and you have money to invest, you can become wealthier, but if you are starting off like this – you know for a social enterprise where you want to do something good socially, you haven't got the money to invest".	Access to Finance. Is Social enterprise a 'special case? – or no different to other start-ups, except perhaps morals and principles perspective.	External Environment Disabler: (Access to Funding to invest and grow).
TA:13	"If we didn't have all these overheads, business rates, and when we get VAT registered that is going to take another big chunk out of us and we just don't know how we are going to cope with that. We toyed with it last month and it's horrendous really because we need to get to a position where we are buying stuff where there is not VAT on and selling stuff with VAT on it. Things like coffee. It will be great when we have the turnover to be VAT registered, but I really don't know how we are going to cope with it.	Growth limitations. VAT registration and implications.	External Environment Disabler (VAT thresholds).
TB:6	I am not large enough to get any discounts as I am buying 30Kgs, not tonnes of chocolate.	Economies of Scale. Managing Costs.	Managing costs. Economies of scale.
TB:10	"I am sure there are invoices that I haven't followed up. You know that invoice from 6 months ago etc. The accountant doesn't know which events I run. For example at the end of every year, I should send out an e mail or a card or whatever to everyone I work with to say thank you and also as a reminder to 'get us booked'. I don't – why? – Because I don't have a database. I am missing a trick really".	Barriers: Lack of systematic processes: Opportunity cost Income Follow up on bad debtors etc.	Process (Financial/Sales).
TC:4	"The difficulty for us is that we would have to buy a huge amount to get discount and we are not in that position yet because we want and to minimise risks".	Managing costs. Achieving economies of scale from suppliers.	Managing Costs Economies of Scale.

TE:2	"I didn't have the vision to and the money to invest".	Strategic/ Business Planning Ad hoc. Investment. On potential to re-open the business in new premises.	Internal finance for Capex (interconnected with Strategy).
TE:2	"The recession has started to bite. The business is up for sale"	External economic climate.	Recession.
TF:5	"For the last financial year our self-catering returns have been down because of the economic climate"	Barriers to Success (External).	Recession.
TG:4	"We are in the midst of a recession and it does impact here because obviously people if they don't have the money to come away on holiday, you know our customers don't have the trade. And in the last 2 years that has shown. I think this year will be another really tough year"	Economic environment and impact across the supply chain – domino effect.	Recession.
TH:2	"The economy, recession, interest rates for our returning customers".	Recession = decrease in sales volume due to factors beyond their control.	Recession.
TH:8	"I wanted to add something about constraints to growth in this business re turnover being 'bound' by current flat-rate VAT thresholds as I think this is significant if you are creating a model based on small businesses".	VAT thresholds.	Finance.
TK:11	"How do we now get the investment to go to scale? We either grow organically, one group at a time, and that would take years and we can't afford to spend that time as we have to get to scale pretty rapidly."	Factor impacting on potential success. Balancing growth and investment to scale up.	External Environment Disabler. (Access to Funding to invest and grow).
TL:4	"Cash-flow is difficult"	Cash-flow management.	Finance (Cash flow).
TL:8	"We have a certain amount of storage... we need bigger premises.....we cannot hold large stocks of things because of our cash-flow. We just don't have the cash and are not big enough to cope with such an amount of stock.	Warehouse space. Capacity to grow and respond. Cash-flow	Internal Disabler (Space. Cash-flow for capex).
TL:9	"Our next level would be a packing machine to do that – a bar wrapping machine. So ideally if we could afford a wrapping machine, it would enable us to be much more competitive....it would certainly slash our costs. But that is £200K of investment, so that is way beyond where we are at now. But we hope to be there within the next five years".	Factor impacting on success and future growth. Finance: Investment for new equipment.	Finance Internal Disabler (Space. Cash-flow for capex).



## BUSINESS INTANGIBLE FACTOR EXTERNAL+/-

### Reputation and Trust+

<b>Literature:</b> <b>Reputation and Trust:</b> Darabi and Clark (2012), Vangen and Huxham (2003), Abimbola and Vallester (2007), Rode and Vallester (2005), Fombrun and Rindova (2000), Fukuyama (1995), Putnam (1993), Jarvis et al (2006), Horan (2011), Powell (1990), Larson et al (1991), Kirca et al (2005), Jones (2000), Uzzi (1996), Ahmed and Ramayah (2012), Goll and Rasheed (2004).			
Data Source	Quotation	Memos	Theme
TA:2	“We felt it was it was important to support local farmers, particularly today. We only sell British bacon today, despite the cost of it – local crisps and everything else. It is very important to support the local farmers because they have the same problem of getting a fair price for their produce just as the farmers in developing countries.”	Business as an agent/guardian for social responsibility and equity.  Reputation, Trust, Values shaping business.	Reputation and Trust.
TB:8	“If I delegate to others, I would expect it to be my standard, not their standard. I am the business”.	Devolving power without compromising Quality. Risk.	Reputation and Trust (growing the business).
TC:13	“It’s about walking the talk; you can say it all you like but you have to demonstrate it and it’s really really important” It’s about being XX all the time”.	Reputation, Transparency.	Reputation and Trust.
TD:7	“We want to see increased sales and increased market presence, but without contradicting our values and ways of working.	Reputation, Transparency.	Reputation and Trust.
TE:6	“I guess a lot of people want dietary health but ethically a lot of people want vegetarian because of the horrendous state the world is in at the moment. I think these horror stories that are coming out at the moment .....there is so much hypocrisy”	Values and beliefs shaping business.	Reputation and Trust. (whole foods ethically sourced).
TF:1	“In terms of the business going forward as it had. It simply embodied the way that we want to live so we offer guests part of ... that is part and parcel of why they come here”.	Motivations/business and the way to trade.	Reputation and Trust.
TG:3	“If we make a mistake, sometimes the customer will say its ok tomorrow will do, but if they need something, we will go back out whether it be a long way”	Correlation between feedback, problem resolution and service	Reputation and Trust.

		improvement.	
TG:7	"We knew some people wanted it and some were willing to pay the premium for it but we didn't mark it up on that basis. No not at all".	Principles first, business second.	Reputation and Trust.
TH:3	"We still have to work really hard to get people in and it may be getting a bit of PR for example; entering for an award and the PR you get if you win the award and to keep awareness raising".	Market orientation. The value of customers and loyalty.	Reputation and Trust.
TH:5	"We are part of the Green Tourism Business Scheme and we do take as many environmental steps as it is possible for us to take cost effectively".	Adding value. Building value through quality and service.	Reputation and Trust.
TJ:5	" In terms of traceability, we only concern ourselves with those which have our XXX brand n"	Traceability and brand.	Reputation and Trust.
TJ:5	There is a crazy situation in that most commodities come from China and we will buy in commodities from China, clean them and process them and send them back as their growing Middle class want European processing standards, quality standards, safety and trustworthiness.	Market orientation. Responsiveness. Reputation/ products	Reputation and Trust.
TK:4	"We have to lead by example – you know; we don't all have this fantastic shopping basket of ethical stuff but we need to be informed about what we can and can't change. Don't feel bad if you have a 60p mug at home but understand why our mugs are not 60p".	Values shaping business. Avoidance of consumer guilt.	Reputation and Trust.
TL:8	"To be a really good employer and ethical.	Reputation as employer.	Reputation and Trust.
TM:9	"We are bound to buy our ingredients Fairtrade® where we can, so every time we include an ingredient that can be Fairtrade®, we get all the same issues with that ingredient too. So it's more challenging if that is what you are committed to, but that is what we are committed to."	Values shaping strategy. Reputation, Trust.	Reputation and Trust.
TN:12	The company values – the six Ps – run through all its operations and practices including shaping its relationships with suppliers and ethical trade. It's very much the way the company does business. The company has an ethical purchasing policy which has two over-arching priorities – the welfare of workers in our supply chain and ensuring a sustainable environmental impact. To support this buyers regularly visit our tea and coffee suppliers and work with certification schemes such as Rainforest Alliance, Utz Certified and Fairtrade	Values and beliefs shaping choices in terms of suppliers. Reputation and Trust.	Reputation and Trust.

## External Networks+

### Literature:

Schoonjans et al (2013), Peltier and Naidu (2012), Kianto et al (2010), Ngugi et al (2010), Harris and Rae (2009), Godin (2008), Jones and Holt (2008), Street and Cameron (2007), Watson (2007), Pittaway et al (2004), Neergaard et al (2005), Dennis (2000), Spence (1999), Kitching and Blackburn (1999), Porter (1980), Burt (2000), Putnam (2000, 1993), Habisch (1999), Ulaga and Eggerts (2005), Woodruff (1997), Senge (1990), Davies (2009), BarNir Smith (2002), Sweeney (1996), Mentzner (2000), Varadarajan and Cunningham (1985), Swoboda et al (2011)\*, Sawhney and Zabin (2002), Basu (2001) Rackham (1996), Morgan and Hunt (1994), Ahuja 2000, Burt (1992, 1997), Dyer 1997, Baum et al 2000), Gomes-Casseres (1996), Koka and Prescott (2002), Kelly and Scott (2011), Dyer and Singh (1998), Dyer (1996), Hamel (1991).

**Face to face and virtual:** Hardwick et al (2012), Harris and Misner (2012).

Data Source	Quotation	Memos	Theme
TC:3	"While we are building our business it makes fair more sense to use networks that are already there. You know, rather than building them ourselves".	Using Existing Networks. Business benefit. Use of existing network to support business development.	External Networks.
TC:11	"Really important to make friends with people and to keep up those links and keep conversations going when there is nothing to say because it's really important".	Importance of Informally Networking.	External Networks.
TD:7	"We would have liked to have interaction with a wide variety of people, whether that be from a charitable background or a grass roots level, small business level, but also the opportunity to network with other businesses who are potential customers. It's not closed shop – you can't be all about businesses that exclude people from that market place and that is the danger from what I have personally seen".	Networks and limitations re Fairtrade Business benefit. Informally network to support business development.	External Networks.
TF:7	"XX for example has a minimum order of £350, so if we need to put in an interim order, we will just phone up a few people and ask them and usually get the order up to £350. So it's an informal network".	Networks to achieve economies of scale	External Networks.
TK:6	"The nearest competitor if you think of it is XXX which were our inspiration and we said to them we are not in competition here, can we partner on this? Can we help you sell your teas? ...so you don't have to consider yourself competitors really".	Competitors but still adhering to own values and principles in terms of shaping business operations and decisions. Competitor perception.	External Networks.

		Values driven. (Judgement dependent on theoretical perspective re market economics.)	
TK:7	"We are very good as a small organisation, you learn to be good at partnering and collaborating with people. That is how you get a lot done and we try to try to collaborate as we grow".	Networks and mutual support to facilitate success (intangible). Collaboration and partnerships for business benefit.	External Networks.

## Mainstreaming +/-

<b>Literature:</b> Cross reference to Fairtrade© brand and also: Raynolds (2009), Smith (2009), Hira and Ferrie (2006).			
<b>Data Source</b>	<b>Quotation</b>	<b>Memos</b>	<b>Theme</b>
TG:3	"I think we were probably one of the first here to do that. XXX don't do as much as us and they are a lot bigger than us. They all stock the Cadburys, which is automatically Fairtrade©...we are all aware of what is going on locally, so we try to buy Fairtrade© where we can. I think everybody now is more Fairtrade© aware but I might be wrong, but perhaps I think we go that little bit further, simply because of the locality".	Niche strategy – mixing ethics of Fair-trade with broader competitive strategy based on family business and customer service.	Mainstreaming v Niche.
TJ:6	"We launched a Fairtrade© brand of peanut butter this year, so we pay the standard licensing fee for our Fairtrade© products, but most of the Fairtrade© products we sell are under other people's brands; so we sell Divine chocolate, Green and Blacks, Tropical Wholefoods and Equal Exchange who are big Fairtrade© brands and they pay the license fees and then we buy the products straight from them in a normal buying selling relationship.	Blending the portfolio mix of own fair-trade for business 'best fit'.	Mainstreaming (Licensing).
TM:8	"Cadburys dairy milk becoming Fairtrade© was not direct competition as such, because it was not so much about the people who buy it, but retailers who may think they have ticked off their Fairtrade© retail things as Cadburys dairy milk now stock by default may tick their Fairtrade© box and they might not need to look at anything else. It's definitely the premium area in which the competition is there for us and they are big	Success factor – competing with the giants of a sector. On mainstream competitors who adopt Fairtrade© certified chocolate (in line with strategy aims of FT	Mainstreaming.

	companies and can do things bigger and with more money and economies of scale that we can ever do”.	Foundation, but squeezing smaller FT brands. Introduction of new but significant competitors who will by brand, history and volume absorb market share.	
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## BUSINESS INTANGIBLE FACTOR EXTERNAL-

### Strategic Planning, Competitor Analysis, Missed Opportunities-

<b>Literature:</b> <b>Strategy:</b> Garengo and Biazzo (2012), Meers and Robertson (2007), Beaver (2007), Ghobadian et al (2008), Hudson (2001), Simpson et al (2012), Curren and Blackburn (2001), Banham (2010), Ascalon and Stephen (2011)*, Van der Ven (1992), Mintzberg and Waters (1985), Jarvis, Curren, Kitchen and Lightfoot 2000, Jennings and Beaver 1997, Perren, Berry and Partridge (1999), Mintzberg et al (1994), Hamel (1996), Grant (2003), Collins and Rukstad (2008), Hodges and Kent (2007). <b>Competitors:</b> Porter (1980, 1985), Thompson and Martin (2005).			
Data Source	Quotation	Memos	Theme
TA:9	“This is where my business side falls down. We have lots of USPs so I don’t see ourselves as competing as such”.	Competitor Awareness	Competitor Analysis: (nice face of capitalism).
TB:5	“I couldn’t right now name my competitors.”	Competitor awareness/ Analysis informal.	Competitor analysis: awareness.
TC:6	“We just haven’t got round to it”.	On competitor analysis/awareness	Competitor analysis: awareness.
TG:3	“We have to see what is going on, but it’s informal”.	On competitor analysis/awareness	Competitor analysis: awareness.
TL:6	“Yes we do but we don’t write it down. We are terrible for that and we have had business mentors in the past. I think because we are at the level we are at, it is in our head.	On competitor analysis. Competitor awareness. (Informal only).	Competitor Analysis (informal).
TA:2	“People have said to me you must have had a strategy, but I don’t believe in strategy, as they are	Attitudes towards giving time for	Strategy: business planning.

	not the way I work and they are not the way some other people work. ..They evolve. They are not something you plan to do.”	strategic thinking.	
TB:9	“I haven’t got a clear plan of action. I know it will come. It will come. It is a failure on my part, as a business owner, as a managing director; that I do not have a contingency plan....There is some things – yeah we don’t have a business plan, I don’t have a contingency plan.”	Factors limiting success potential. Ad hoc – poor planning and operationalization. Internally attributes success to own drive.	Strategy: business planning.
TC:11	“We attempted to write a business plan and got so tangled up in the business plan and got so frustrated by it that we stopped. We will come back to it as there are these strands and perhaps we need a plan for each aspect. ....Not really a plan but a vision and where we want to see ourselves. I mean really in 2 years, we want this or this to happen, so what are all the bits to make this happen etc.” .... we don’t need it written now, yet it’s when we do start to move forward we will”.	Strategic/ Business Planning Ad hoc. Business Planning/Priorities.	Strategy: business planning.
TG:3	There is a plan...there isn’t a formal strategic planning process	Strategic/ Business Planning Ad hoc. Business Planning/Priorities.	Strategy: business planning.
TL:4	“That is something we should do.”	Strategic/ Business Planning Ad hoc. Business	Strategy: business planning.

## Appendix 7 Risk Assessment

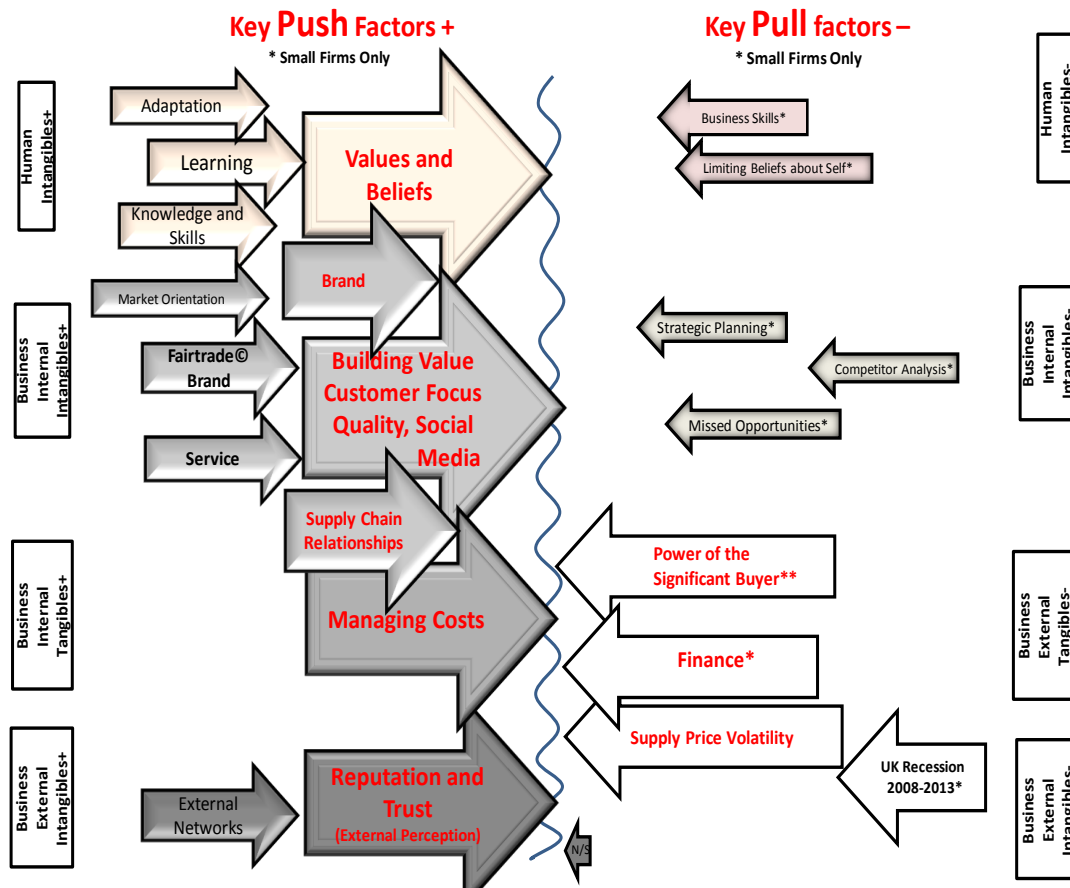
	Risk	Probability (Low = 1 High = 5)	Impact (Low = 1 High = 5)	Score (PxL) Red – High Amber – Medium Green – Low	Risk Mitigation
1.	Changing personal work environment results in additional demands and responsibilities that inhibit completion and achievement of research milestones.	3	5	15	<ul style="list-style-type: none"> <li>Use time early 2012 to set out project plan and milestones.</li> <li>Change lifestyle and job and repatriate to UK during the final two years of DBA.</li> <li>Incremental approach to gathering data and setting of short terms micro targets.</li> <li>Review Gantt and risk schedule monthly and escalate any early warning issues to academic supervisor.</li> <li>Personal budget review – costs travelling to interviews.</li> </ul>
2.	Insufficiently robust methodology leading to fundamental weaknesses (validity, credibility, replicability)	4	5	20	<ul style="list-style-type: none"> <li>Case study approach reflects the exploratory, inductive nature of the research</li> <li>Systematic processes e.g. protocols and case study database in line with Yin's recommendations.</li> <li>Case study aide memoire prepared for Viva.</li> <li>Keep research journey diary for reference.</li> <li>Establish a clear methodology for data collection and for analysis and presentation.</li> <li>Time allocation for regular consultation with academic supervisor re draft chapters on methodology and pilots.</li> <li>Pilot testing using 2 x cases and separate chapter to reflect lessons learned.</li> </ul>
3.	Academic rejection of the Case Study Approach	4	3	12	<ul style="list-style-type: none"> <li>Clear rationale for case study approach.</li> <li>Clear aim and objectives demonstrating the 'how and why' aspects and its complementarity to in depth qualitative study.</li> <li>Case study aide memoire.</li> <li>Use of Revans/Socratic questioning techniques.</li> </ul>
4.	Social Desirability Bias	4	5	20	<ul style="list-style-type: none"> <li>Interview design design – narrative, conversational approach using a prompt framework only if key topic areas are insufficiently addressed naturally</li> <li>Democratic, consensual approach – sharing transcript with interviewees to check for accuracy.</li> <li>Data cleansing of raw data.</li> <li>Offer confidentiality, anonymity to ensure responses are truthful, fair and compliant with the integrity of the research.</li> </ul>
5.	SME's traditionally a hard to reach group	4	5	20	<ul style="list-style-type: none"> <li>Snowball sampling using the local councillors and Fairtrade Town Movement as gatekeepers to Fairtrade SMEs</li> <li>No cold calling, all interviews via formal contact.</li> <li>Build up a rapport with the businesses and supply business briefing papers to explain the reason for the research and how they can help.</li> </ul>
6.	Businesses are insufficiently prepared for the interview stage.	3	5	10	<ul style="list-style-type: none"> <li>Provide a briefing paper on the nature of the research</li> <li>Assure confidentiality through provision of non-disclosure agreements and company coding.</li> <li>Offer business benefit for participation – access to initial results.</li> </ul>
7.	Individual semi structured interviews do not yield sufficient data for qualitative analysis and identification on themes	3	4	12	<ul style="list-style-type: none"> <li>Examine raw data on a going basis to refine interviews and look for thematic saturation points</li> <li>Content analysis using Nvivo or manual coding methods.</li> <li>Attend learning sets to discuss research methodology and progress.</li> <li>Review each stage of data collection, raw analysis and thematic analysis with academic supervisor</li> </ul>

8.	Computer virus wipes primary and secondary data collected and draft dissertation	2	5	10	<ul style="list-style-type: none"> <li>• Back up x 2</li> <li>• Use google mail virtual facility as draft storage.</li> <li>• Additional hard drive for all end note, literature review database and stored separately on additional PC/lap top.</li> <li>• Ensure robust anti-virus software on lap top.</li> </ul>
9.	Project Plan drift in terms of time or methodology	3	5	15	<ul style="list-style-type: none"> <li>• Revisit project milestones and outputs monthly and check for diversionary activity</li> <li>• Use Revans framework with action learning and review</li> <li>• Work transparently with academic supervisor</li> <li>• Keep a diary of key events and rationale for reference in Viva</li> </ul>
10.	Journal article does not meet the required standard for publication	4	5	20	<ul style="list-style-type: none"> <li>• Share early drafts with academic supervisor</li> <li>• Ensure methodological rigour of data collection methods</li> <li>• Use bibliography and referencing that meet the standard and layout required by each journal publication</li> <li>• Research relevant journals that may be receptive to qualitative studies in the area of business responsibility and ethics.</li> </ul>
10.	Ethical issues are insufficiently addressed	3	4	12	<ul style="list-style-type: none"> <li>• Clarity on the way participants are managed during the study.</li> <li>• Data Protection and University policy adhered to</li> <li>• Completion of ethics form for University Ethics Committee</li> </ul>
11.	The study does not contribute to original knowledge	2	5	10	<ul style="list-style-type: none"> <li>• Ensure thorough exploration of journal articles to justify rational for the study.</li> <li>• Discuss proposed study with academic supervisor</li> <li>• Use Action Learning Review (Revan's) and Pedler's (1996) learner questions.</li> <li>• Maintain diary and rationale for each decision event as the thesis progresses to justify position at the viva.</li> </ul>
12.	The literature review lacks sufficient detail and context to support the rationale for the study	3	5	15	<ul style="list-style-type: none"> <li>• Create a data base of all relevant literature to support the literature review</li> <li>• Use End Note as preferred method of citation.</li> <li>• Present chapter reviewing the literature to academic supervisor for feedback.</li> </ul>
13.	The Viva does not progress to plan and fundamental problems exposed with the research, leading to major rewrite	4	5	20	<ul style="list-style-type: none"> <li>• Preparation and forward practice for the Viva including case study aide memoire and research diary for key decisions rationale.</li> <li>• Knowledge of those on the panel and their specific research expertise</li> <li>• Draft and re drafting thesis using action learning tools and peer review mechanisms.</li> <li>• Draft and submit chapters when writing to highlight areas for improvement or deletion.</li> </ul>
14.	Personal Impact Statement does not meet the required criteria/standard	4	5	20	<ul style="list-style-type: none"> <li>• Understanding of the specific requirements to construct the Impact statement</li> <li>• Practice reflection within a working journal, using Rolfe's reflective framework.</li> <li>• Do not leave this until the end of the thesis but as a 'work in progress tool'.</li> </ul>

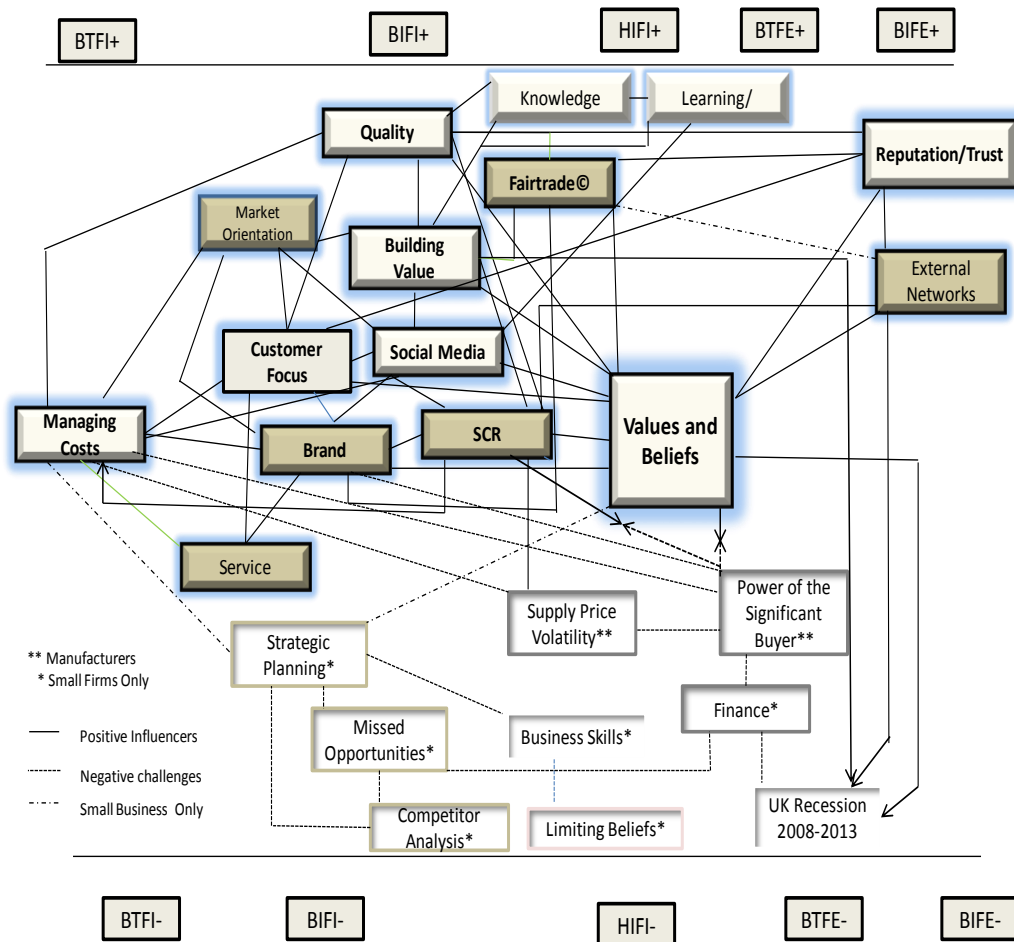


15.	Insufficient experience and competence using technology including SPSS and Nvivo.	5	5	25	<ul style="list-style-type: none"> <li>• Attend training sessions at the University and know where to access additional support and actual access to this computer software.</li> <li>• Familiarise with manual content analysis methods.</li> <li>• Maintain University SPSS license (laptop).</li> <li>• Practice data analysis techniques ahead of both quantitative analysis and content analysis of business interviews.</li> <li>• Find NVivo buddy. Learn new techniques. Use manual coding techniques if Nvivo not an option</li> <li>• Allocate sufficient time (Gantt for data analysis and review of data)</li> </ul>
16.	Academic Research Advances during data collection and analysis period	2	4	8	<ul style="list-style-type: none"> <li>• Attend annual International Conference on CSR at the University of Nottingham.</li> <li>• Establish links with leading academics in this area of research.</li> <li>• Constant updating of literature review</li> <li>• Read relevant marketing, ethical reviews/journals.</li> <li>• Keep learning log.</li> <li>• Developing country research embryonic.</li> </ul>

## Appendix 8 Significant Push-Pull Factors



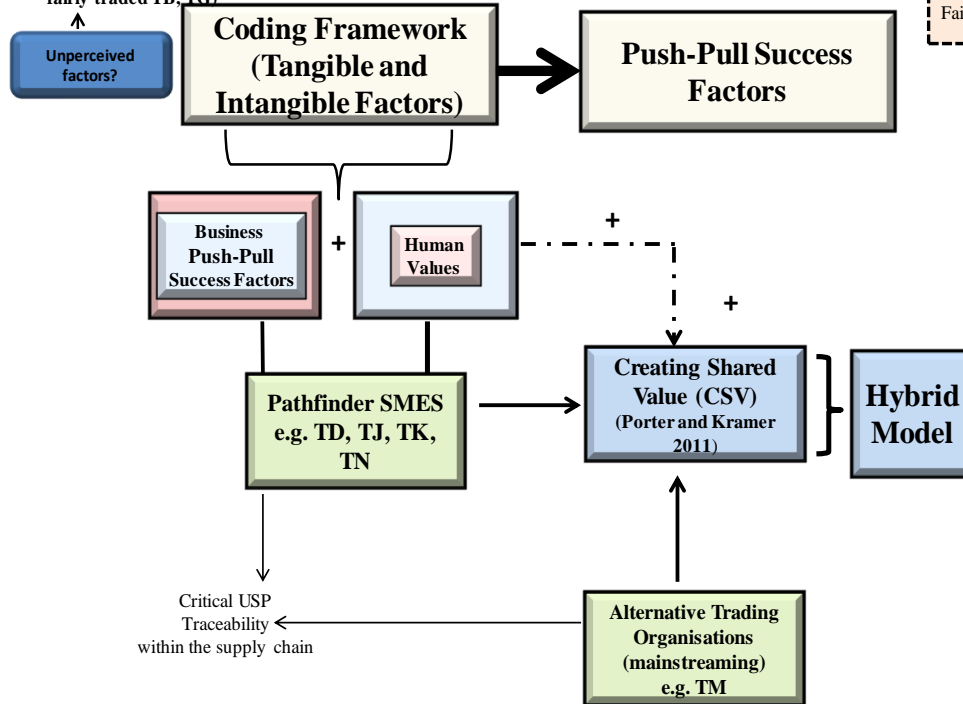
## Appendix 9 Interconnecting Factors



## Appendix 10 Hidden Factors

### Are 'unperceived factors a threat to fair trade SMEs?'

- **Type 1:** Yes to those operating within old altruistic vision (TA, TC)
- **Type 2:** Yes to those competing within a fair trade model with the majority of business or key USP) (TD, TK, TL)
- **Type 3:** Yes when competing in mainstream (TM)
- **Type 4:** No for those Fairtrade© independent business models (CSV a high priority) (TJ, TN)
- **Type 5:** No where the business is a quasi-consumer itself of FT© (TE, TF, TG, TH)
- **Type 6:** No where fair trade is only a part of their identity with an offer beyond FT© or fairly traded TB, TG)



## Appendix 11 Methodology Aide Memoire

<b><u>Methodology Aide Memoire</u></b>	
<b>Case Study - Why? Analytic/Theoretical generalisation</b>	<ul style="list-style-type: none"> <li>• Fair trade SMEs are contemporary, complex and modern phenomena.</li> <li>• Fairness is not merely and abstract principle, it is a felt experience (Harris 2010)</li> <li>• Fairtrade: the concept of niche to norm; altruism/activism v business reality.</li> <li>• Yin (2009) a case study's design can be modified by new information or discovery during the data collection.</li> <li>• Success derived from business competitiveness, sustainability; ability to build and add value but how to balance with business pragmatics?</li> <li>• Exploratory – unrepresented in research to date.</li> <li>• Legitimate alternative to experimentation (Campbell and Cook 1979)</li> <li>• Number of cases – diminishing returns until theme saturation.</li> </ul>
<b>Draws upon Grounded Theory - Why?</b>	<ul style="list-style-type: none"> <li>• GT gives a broad method with distinct procedures (Hallburg 2006)</li> <li>• Explicit procedures for generating new perspectives in research.</li> <li>• Flexible but systematic strategy.</li> <li>• Explicit procedures to analyse qualitative data.</li> <li>• Conclusions grounded in the views of the participants.</li> <li>• Disagreements within GT around the positivist, objectivist direction early iterations of GT that could be viewed as positivist realism e.g. Glaser</li> <li>• Opt for a more constructivist way of conducting GT, hence Corbin and Strauss 2008 although acknowledge some positivist language and thought (Annells 2006). Why? – interview/coding framework and concept cards to demonstrate transparency, replicability, transferability within the thesis.</li> <li>• Open, Axial and Selective coding to derive 'real meaning'.</li> <li>• Miles and Huberman 1994 suggest other colleagues looks at the data and your conclusions: Action set learning – challenges from peers and supervisor Colleague – external examiner to try to find evidence that disconfirmed my conclusions.</li> </ul>
<b>Pilots (Pre-test)</b>	<ul style="list-style-type: none"> <li>• 2 x SMEs (polar opposite) – highlight the spectrum</li> </ul>

	<p>irrespective of position within consequentialism or moral judgement about ideology</p> <ul style="list-style-type: none"> <li>• Separate to the main data collection (Yin 2009) or inclusive (Simons 2009/Thomas 2011)</li> <li>• Reported in separate chapter with explicit reporting of the lessons learned for the research design, field procedures and main data collection.</li> <li>• Present lessons learned from pilot one</li> <li>• Kvale (2005) – Interview Technique /power asymmetry.</li> <li>• Attribution theory (Heider 1958)</li> <li>• Power relations – feminist epistemology, SDB/‘the rush to please’.(Dalton and Ortegran 2011)</li> <li>• ‘Halo Effect’ – Kahneman 2011</li> <li>• Use of Technology in interviews and impact on researcher/respondent.</li> </ul>
<b>Interviews (Pilot and Main)</b>	<ul style="list-style-type: none"> <li>• Focused – conversational style</li> <li>• Level 1 questions (covered by the narrative/story telling approach by the business owner).</li> <li>• Level 2 questions (use the data collection framework as an aide memoire to ensure sufficiency of information for the case study).</li> <li>• Identify and evidence ‘Theme saturation points’. (diagrammatic representation).</li> <li>• Triangulation – within SMEs, monitor web-sites and progress, access to documents.</li> <li>• X ref to Interview Conceptual diagram Vol 2, p31</li> </ul>
<b>Analysing the Data</b>	<ul style="list-style-type: none"> <li>• Establish a general analytic strategy - Use the theoretical propositions that led to the FT SME study.</li> <li>• Examine rival explanations to avoid alternative interpretations based on transcript evidence that had not been fully explored. No loose ends.</li> <li>• Avoid getting lost on lesser issues and stick to the findings that relate to the objectives.</li> <li>• Manage the unexpected e.g. hidden factors, ethical stance, CSV etc.</li> <li>• Addressing assumptions e.g. not all FT SMEs are ideologically ‘pure’, but that does not mean they are less worthy or of less research interest within the wider context of growing FT sales (x ref to JS Mill, Jonathan Haidt – moral reasoning)</li> </ul> <p><b>Techniques Applied:</b></p> <ul style="list-style-type: none"> <li>• Open (interpretative), Axial Coding (theoretical coding), development of a coding framework</li> <li>• Cross case synthesis</li> <li>• Corbin and Strauss cross comparative method another form of triangulation. Worked within an interactionist paradigm where it was viewed as leading to understanding.</li> <li>• Weighting – tables/repetitions, but also other factors e.g. turnover/cumulative effect of PSB</li> </ul>

	<ul style="list-style-type: none"> <li>Diagrams – text/box size to denote importance</li> </ul>
<b>Compositional Structure</b>	<ul style="list-style-type: none"> <li>Linear Analytic</li> </ul>
<b>Methodological Challenges (applying Yin 2009)</b>	
<b>Construct Validity</b> (identifying correct operational procedures for the concepts being studied) <i>Criticism: if the study fails to establish a sufficiently operational set of measures and that subjective judgements are used to collect the data.</i>	<p>a) <i>Define the study in terms of specific concepts and relate to the original objectives of the study</i></p> <p><b>My research</b></p> <ul style="list-style-type: none"> <li>Boundary the research in terms of fair trade SME and EU Definition of SME</li> <li>Porter (1980) generic competitive strategies (framework for data collection).</li> <li>Theory of Moral Sentiments (Smith 1790)</li> <li>Creating Shared Value (Porter and Kramer 2011)</li> <li>Simpson (2012) – no universally agreed set of success measures – (rationale for coding framework)</li> </ul> <p>b) <i>Identify operational measures that match the concepts</i></p> <p><b>My Research</b></p> <ul style="list-style-type: none"> <li>Cite published academic studies.</li> <li>European Union statistics on competitiveness.</li> <li>Fairtrade data, Co-operative Ethical Consumer Reports 2007-2012</li> <li>Methodology (theoretical framework and rationale)</li> </ul>
<b>Internal Validity</b> (For explanatory or causal studies only)	Not applicable for this exploratory study.
<b>External Validity</b> (Defining the domain to which a study's findings can be generalised) <i>Criticism: the major barrier in case studies as single cases offer a poor base for generalisation.</i>	<p><b>General Points:</b></p> <ul style="list-style-type: none"> <li>"The analogy of sample and universes are incorrect when dealing with case studies" (Yin 2009:43).</li> <li>This is about analytical/theoretical generalisation not statistical generalisation.</li> <li>Aim is for credibility, replicability, dependability, confirmability (Lincoln and Guba 1985).</li> <li>Transparency, precision, detail.</li> </ul> <p><b>My research:</b></p> <ul style="list-style-type: none"> <li>Multiple cases and replication logic until theme saturation.</li> <li>Data collection tools and techniques replicable at micro and sector level. Framework for a flexible design.</li> <li>Triangulation within the data collection and analysis stages (Constant Comparative Method of Corbin and Strauss 2008)</li> </ul>
<b>Reliability</b> (Demonstrating that the operations of the study – such as data collection procedures can be repeated with the same results). <i>Criticism: too long and result</i>	<p><b>General Points:</b></p> <ul style="list-style-type: none"> <li>Minimise errors and biases in the study (Kvale 2005 – power asymmetry; Kahneman 2011 – Halo effect; Heider 1958 attribution; SDB Dalton and Ortegran 2011).</li> <li>Conduct research so another independent researcher in principle could repeat and arrive at the same results.</li> <li>Chain of Evidence.</li> </ul>

<p><i>in massive unreadable documents; sloppy and not followed systematic procedures and allowed biased views to influence the direction of the findings or conclusions.</i></p>	<p><b>My research:</b></p> <ul style="list-style-type: none"> <li>• <b>Case study Protocol</b> – overview of the project (project objectives, case study issues and relevant literature). <i>See Discussion document and DBA on a Page</i></li> <li>• <b>Field Procedures:</b> <i>Business Briefing, Data collection framework using Porter’s generic strategies, consent forms, generic business information format.</i></li> <li>• <b>Data Collection</b> – <i>table shells using Prasad’s concept card approach</i></li> <li>• <b>Thesis rationale</b>– <i>DBA short document to explain rationale, aims and objectives.</i></li> <li>• <b>Case study database</b> – to maintain a chain of evidence, containing all reports, transcripts, documentation, business information, web sites, contacts.</li> <li>• <b>Case selection</b> – search and refinement. Purposive sampling.</li> </ul>
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# PERSONAL IMPACT STATEMENT

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A personal impact statement submitted to the University of Huddersfield  
in partial fulfilment of the requirements for  
the degree of Doctor in Business Administration

The University of Huddersfield

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Volume 2 of 3

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## **1.0 Prologue**

Smith (1992) argues that whilst reflection can have different meaning and interpretations between individuals, McKay (2008), suggests today it is a professional imperative and indeed within the context of this DBA may perhaps be considered as significant as the research outcome itself. Four years of study, research and commitment is not undertaken within an intellectual vacuum, but is continuously bombarded by life events and new experiences, each internally assimilated to shape the approach and strategies, which Habermas (1981), referred to as ‘aesthetic discourses’. Schon (1993), distinguished between reflection on action (after the event) and reflection in action (during the event). The following personal impact statement represents the former, in which experiences, events, new ways of learning and reflection have fundamentally impacted the shape and direction of the thesis and journal article. It has also details the personal discovery and new career aspirations based upon new knowledge and understanding, together with systematic methods and tools that beyond the DBA, will enable me to continue to “work competently and ethically at the edge of order and chaos (Ghaye, 2000:7).

## **2.0 Introduction**

I would not consider myself an academic – indeed I am rather in awe of individuals who have made a professional career out of research and study. Equally, there is nothing particularly notable about me, except perhaps I juggled work and family commitments with the efficiency of one continually appearing to loose balance on a tight rope, whilst somehow managing not to fall off! My education could be divided into two clear sections – that which achieved, without appreciating the true value of education, followed by ‘enlightenment’ at the age of 36 years and culmination in the attainment of a Master in Business Administration (MBA). I am the accidental life-long learner, however, even the term perhaps does not reflect the emotional intelligence (Goleman, 1996), and resilience, or more accurately, the selfishness, effort, financial commitment, time management and pragmatism that has ran parallel to the ideological aspiration. I do not use the term ‘selfishness’ lightly, as family demands were sometimes forsaken for the next assignment deadline, because “nothing will ever be attempted if all possible objections must first be overcome” Johnson (2009:19). My Scottish ancestors, in Victorian times, believed in the value of education and as skilled lower middle class paid for their children to receive and education in the 1840s and 50s ahead of any Act of Parliament. This opportunity, like the past, is invaluable because I have been able to attempt

the summit of the qualifications hierarchy because of a financial cushion which resulted from my career choices. It also reflects how fortunate I am to live in a society and generation that gives second chances and despite all the turmoil and hardship, in turn, may yet result in being the first female Doctor 'by Research' within the family.

### **3.0 Personal Learning and Development**

“When we are no longer able to change a situation,  
we are challenged to change ourselves.”  
Viktor E. Frankl (1946:135),

My DBA motivation paralleled aspects of Hertzberg et al 'Two-Factor Theory' and King's (1970), 'Critical Incident Technique' where motivations were grounded less in salary and security and instead upon personal satisfaction derived from intellectual challenge and an opportunity for personal recognition through research. This was far removed from my job role, which was closer to being a diplomat on the ground and a gladiator in the board room. Ryan and Deci's (2000), self-determination theory best contextualised my basic needs at the start of the journey - the need for encouragement from the environment and the primary motivational factors – autonomy (research), competence feedback (from tutors) and relatedness (to me at my life stage). This impact statement will demonstrate how I have achieved a personal, as well as an academic transformation, to enable me at fifty to reach not only the summit of academia, but more importantly through emotional intelligence (Goleman, 1996), and experiential learning (Kolb 1983), to transform my approach to peer communication and interaction, by setting aside old defensive behaviours and embracing constructive feedback within action learning sets. The real DBA outcome has been to determine not only what is important at this stage in my life, but also enabled me to pursue alternative new career pathways that build upon existing skills and competences. In other words, it developed the skills to critique and understand my personal own 'push-pull factors for success.

I was not sure that I possessed the capacity or indeed the 'intelligence' to undertake the DBA, possibly because I moved into adulthood without the inner self-belief or confidence or more pertinently the awareness of my true potential, let alone the ability to achieve it (Clance and Imes, 1978). On reflection, some viewed my enrolment on the programme as a 'temporary rush of blood to the head', or indeed my mid-life crisis! However, whilst self-confidence might not have been in abundance, my great quality and strength could be defined by my

resilience and tenacity, whereby irrespective of obstacles, I could always dig deep, focus, invest and achieve objectives – I never quit! Indeed, the first two years could be summarised in Darwinian terms – ‘survivor’, but rather than being lulled into a false sense of security, there was the certain knowledge that greater challenges were nearby, both academic and emotional. As the DBA progressed, I appreciated the educational chasm between Masters and Doctorate level, and certainly experienced imposter syndrome (Clance and Imes, 1978), especially in basic areas, notably academic thinking, reading and reflection. This world is far removed from my expertise in strategic selling, sales pipelines, profit and loss, or business development. Response to constructive criticism was another area that tested me to my limits, as feedback had never been so in depth or detailed. Yet, on reflection, I can hardly comprehend my fears and instead now value that there are individuals, who are interested to talk about my research. I can now respond positively, probably because I appreciate those providing feedback do this without a hidden agenda; in contrast to organisational or geographic culture. Overcoming, this fundamental tendency towards mistrust has opened up new opportunities in terms of my personal learning and development and encouraged me not to be afraid of ‘uncertainty’ during the conceptualisation stage of any research design.

### *3.1 DBA challenges*

One of the most challenging aspects of study is perhaps the actual process of thinking – not just thinking in a different way, but also allowing time to assimilate and reflect upon a myriad of new perspectives and academic critiques. This was illustrated by my initial exploration around corporate social responsibility, which by August 2012, was abandoned, but not totally disregarded, to focus instead on the tangible and intangible push-pull factors for ‘business success’ within fair trade. Nevertheless, no information was totally discarded, no time was wasted or lost – just a vast amount of lessons were learned and catalogued mentally. Examples include understanding the need for clarity of aims and objectives; attending a conference at the University of Nottingham in 2012 and importantly grasping the political sensitivities around ‘Fairtrade Towns’ at both national and local levels and to set this line of enquiry aside. It is impossible to learn without some trial and error; indeed I believe that where my own learning has been most challenging, it was probably the point, where the deepest fundamental personal development was greatest – beyond the comfort zone. On reflection, if offering advice to future students, I would say to trust that some of the DBA journey will be in darkness, especially during the decision making around proposal development. However, this was critically the point I changed old patterns of behaviour to

rethink rather than re-enforce my traditional approach to challenge, for example, an openness and motivation to re conceptualise the research topic. It takes courage and a degree of support, but it is important to realise that neither are we the first or indeed the last to study at this level. Bjorn Borg, famous 1980s tennis player, when interviewed about success said initially, he was not the best, there were others more talented, but that he was determined and wanted it; secondly he sacrificed parts of his life to dedicate himself to the task and thirdly and most importantly, he started listening to critical feedback, as a means to improve (Owen, 2001). That sums up my change – yes, I always wanted this DBA, yes, I was determined, but crucially, by letting go of old defensive habits and embracing a new and more receptive way of working, supported through the action learning sets, I have moved forward more positively and productively towards achieving this DBA ambition.

#### **4.0 Personal Leadership and Management Development**

In 2010, I was the Regional Director based in the Middle East for a UK plc, having been motivated primarily by money and career since 1997 - out of necessity rather than ambition. Yet, deep down, I had always wanted to do something that made a difference, so I naively thought a strategic role in the ME, working with Ministries and key stakeholders would not only balance my needs for money versus idealism, but give the job and inner satisfaction I craved. This assumption was fundamentally incorrect. This was an increasingly sophisticated market and any perceived sales/profit ‘gold rush’ was more aligned with City/shareholder expectations, than making a difference. Furthermore, career satisfaction needs were also relegated into ‘minor priorities’. In addition, tenders and contracts were awarded in country by ‘best price’ criteria, rather than quality or organisational values (Bardi and Schwartz, (2001), and moreover, the ethos of ‘doing nothing’ for officials was a better option than ‘risking failure’ during the Arab spring (2010). My decision to apply for the DBA was therefore motivated by some cognitive dissonance (Festinger, 1957), around the balance between making a tangible difference, versus share price and profit maximisation.

My employer certainly engaged in some philanthropic CSR activities, which were advertised to shareholders, investors and anyone else who might peruse their web site. But I questioned whether this was this philanthropy with meaning, or instead a ‘good to have’ for shareholders. It appears standard practice today for PLCs to showcase themselves as ‘morally responsible’ by having such websites, foundations, yet, often there are cavernous differences between the veneer and the reality. Others promote their socially responsible credentials as

part of their bid to sell on the company or win business in international markets, but the emphasis behind the scene is still profit maximisation and indeed dual values, for example, local versus expatriate pay and conditions. Whilst Visser (2010), discuss shareholder value theory within the concept of corporate social responsibility, Porter and Kramer (2011) however, present their 'Creating Shared Value' theory (CSV) as the new CSR. This was of particular interest within the context of values based business because arguably it could:

“enhance competitiveness of a company whilst simultaneously advancing the economic and social conditions in the communities in which it operates”  
(2011:66).

#### *4.1 Assimilating experiences*

The DBA journey does not exist in a 'bubble', with reading, discussion and understanding insidiously influencing my research and practice. I was based in the Middle East during 'the Arab Spring' where I witnessed protests first hand. Yet, some duplicity existed where Governments finalised armaments deals at a time when human rights and free speech was suppressed. Within the context of values based business practice, I questioned if the subjugation of the individual was acceptable, if advocated from a utilitarian consequentialism - the 'greatest good for the greatest number', (Mill, 2002), however, the paradox is arguably in business, that it is the shareholders themselves, who are arguably the minority.

Political upheaval can indeed bring business opportunity within the inequality. However, does this result from good leadership, or from the relentless pressure to respond to the Machiavellian demands of a turbulent stock market and to meet expected increases in shareholder return? Indeed many economists and supporters of Milton Friedman (1970), and schools of business may support this 'Darwinian' approach to business development and opportunity conversion. In terms of fair trade, there is little doubt its origins are within activism, charity and a desire for equality and fairness, but as it matures and mainstreams, it is worth considering how profit and values can be mutually symbiotic to create shared value across the supply chain. Furthermore, a radical preacher delivering a business seminar focussed around activism glorified the act of protest, referencing 'The Shock Doctrine' (Klein, 2008), as justification for action. Whilst I am hardly likely to lean towards activism, it has been relevant to think about my own attitudes towards fair trade and to suspend any personal subjectivity in order to maintain the integrity of the research (Kahneman, 2011).



#### *4.2 Core values*

The DBA caused me to question my own core values, leadership and management style, perhaps best illustrated by an experience driving to Bahrain airport in 46 degree heat, en route to meet a key Minister in Kuwait. I noticed a dog, barely alive and lying on the carriageway; however, culturally, dogs are not revered as in the UK, but are feared, so without intervention it would have been run over again and again. I experienced a real and tangible clash of cultures, with my English values out of place in this country 4000 miles from home.

However, what is this to do with leadership and management and my evolving thought processes around values based business? Essentially, I could have driven on for sure and sat in the airport lounge eating breakfast, but I chose to stop and show some humanity. But ....the real moral of the story is this.....in our busy working lives with demanding employers, sometimes we lose sight of what is important, rushing here and there and jumping to increasing demands as if life and death itself. There are no medals for this little act, but it is worth reflecting back to the times of Joseph Rowntree and personal responsibility. We should do things that make us feel good about ourselves and attempt to do what we perceive is right in life..... In my Middle East period, I thought, within my relentless responses to head office with strategic and operational plans, sales pipelines, profit and loss analyses, that I had lost the essence of my character and the real Jacqueline Hall. I can openly admit that in that split second I did wonder whether to drive on. My inner voice already said what difference could I make? Had my humanity disappeared in some corporate abyss? No, I stopped firstly to show courage by stopping traffic and lifting the injured dog into the car and secondly by leadership, in changing the attitude and behaviours of the police and gaining respect from the strategic partner in Kuwait. I led by example, acting as a role model – I did not turn away or take the easy option but faced up to the situation, solved problems, made decisions and took risks. Indeed, standing alone with your convictions is not easy and harder still in a foreign country with different cultural values. But being a leader is to inspire others; be creative; change thinking from established norms, embrace new ways of working and in times of difficulty, maintain beliefs and professionalism to achieve success. Reflecting back to the business of Fair trade, perhaps without inner courage, steadfastness and belief of owners/managers and their own core values, fair trade success also would not have been so dynamic and transformative.

### *4.3 Socially responsible?*

The end of year two presented a crossroad, in terms of thinking about the human value within an organisation and indeed how this related to socially responsible business. Chomsky (cited in Baken, 2005:69), commented that within shareholder capitalism, for a corporate business to function in an ideal context, then, it was necessary to reduce the human resource to a component part; a commodity that can be thrown away when its use is finished - without any moral impediment. Companies whether large or small often discuss their mission and values in terms of their moral compass, yet does this really turn out to be the case in practice? I worked for a plc, that had little patience for international business earned through trust and long term culturally orientated relationships. However, the Middle East was now a far more discerning customer, having experienced more exploitative pricing and services by many early market entrants. The Company's statement of valuing people and recruiting the best professionals in this service sector was increasingly hollow, following three restructures, and hundreds of redundancies. The new CEO was not interested in the quality of education or services, but acted as an agent for the business, focussing on investors, dissection and partitioning of the company. It was effectively a casualty of the UK public sector cutbacks, with impacts extending to both national and international business units in order to satisfy shareholders and maintain the share price. Sadly a company that built its business on reputation and upon its value base was now deficient, with a clear division between 'values' and practice. Employees, including myself, had to adapt to a new culture based not upon stewardship, but rather short term profit maximisation – to discard or be discarded. New business generation was critical, but, at the same time, it was important to remember the values that also contributed to the bottom line. In summary, it is important as a leader to 'know oneself'; what motivates and understand your personal boundaries in terms of reconciling business needs with values based decisions. However, whether it is acceptable to justify, even in times of recession, the dilution of those values to manage shareholder expectations is debateable. These thoughts are encapsulated in a quotation by Charles Handy, cited in Visser (2011:347), whereby he concisely states:

“we seem to be saying life is about economies, that money is the measure of things. My hunch is that most of us don't believe any of this and it won't work, but we are trapped in our own rhetoric and have nothing else to offer, not even a different way to talk about it”.

## **5.0 Action Set Learning – Mental Attitude and Reflections**

“Nothing can stop the man with the right mental attitude from achieving his goal; nothing on earth can help the man with the wrong mental attitude”.

Thomas Jefferson (1743-1826).

The individuality of doctoral research, the commitment and length of time involved means that it is inevitable that events shape and influence the way forward. However, every experience or piece of knowledge, direct or indirect can contribute, even if it does not appear ‘helpful’ at the time, during those particularly testing and demoralising periods. This is where the true value of action set learning is realised, because it maintains a connection, when the line of least resistance is contrary to continuance. However, alone, action sets are not necessarily the panacea to resolve all study related issues, but in combination with a positive mental attitude from the whole group, it does have the power to transform and make a tangible and lasting difference. At times, it was difficult to convey to the action set, the unusual aspects and pressures of living and working in the Middle East during the Arab Spring, whilst trying to shape both the research aims and objectives, plus consider carefully the design. However, monthly face to face contact and my feelings of commitment to the group were critical because it provided a continuous ‘psychological nudge’ (Deci and Flaste, 1996), to motivate and focus. The self-imposed pressure to avoid failure to complete had made me feel quite desperate at times, due to my workload and whilst achieving a 78 and 66 in for example, in the Qualitative and Quantitative assignments, I felt drained, demotivated and much further from achieving my dream. In 2012, my DBA motivation was less relevant, because I now had a myriad of life choices before me and an appreciation of quality of life. I questioned the purpose of the endeavour – whether there was indeed a void I even needed to fill anymore. However, the decision to leave the Middle East and return to the UK to focus upon the DBA facilitated a change in mental attitude and signalled a turning point, with a new renewed sense of purpose and direction. However, this would not have been achieved without peer support. Hertzberg et al., (1959), in his two factor motivational theory states that factors that motivate people change over time but ‘respect for me as a person’ was one of my top motivating factors. That was the reason I carried on – this was by me, for me, however, without support of colleagues, both face to face through the action set and through our virtual social network, the outcome could have been quite different. I now looked forward to the action learning sets each month and critically my contribution to others work, rather than simply an egocentric need. It is something I will miss after the four years are completed,

because, the mental stimulation and discussion was inspirational, whether as a participant or recipient of feedback. Our meetings each month, in combination with self-imposed monthly targets, enabled momentum to be maintained. The luxury of time and space to think in different ways may appear rather ‘chintzy’, but would be top of my own DBA force-field analysis of critical success factors.

### *5.1 A different way*

Nevertheless, I confess to initially finding action learning sets difficult and different from anything I have experienced to date. Indeed I spent the first two years trying to duck this mental ‘obstacle’, using travel, other commitments to practice ‘avoidance’ where possible. The concept of friendly/ supportive challenge was alien and paradoxical from my world of work and one which I really began to dread. I felt humiliated that this process actually reduced me to tears of personal frustration on one occasion; something which would only have been perceived a severe weakness in my business environment. I have never lost control emotionally and consequently was angry with myself for the subsequent three months and moreover that I allowed this to happen in an academic forum! The summer of 2012 therefore was one of DBA despair, but equally one in which I recognised that when the journey was difficult, potentially you were learning most. So I returned and dug deep to overcome these self-imposed mental barriers and crucially adapted my naturally defensive behaviour and need for control and process. Following a post proposal supervision in July 2012, I completely redesigned my research, because it was too PhD, rather than DBA orientated. Overcoming personal barriers enabled me to be open-minded during a long summer of reappraisal and reflection, in which I painstakingly re-considered the research aims and objectives and finally arrived at ‘DBA’, rather than PhD on a page (Appendix 2).

## **6.0 Proposal Development and Research Feasibility**

History paints an unequal picture of Victorian England during the industrial revolution that could be arguably paralleled with third world development today. In economic recession and uncertainty, business still had to make a profit to grow and survive, but without the worker protection within today’s UK legislation. Job loss equalled starvation, destitution or the workhouse. However, there are still pertinent lessons to learn from key industrial pioneers; some motivated by religious beliefs e.g. Cadbury or Rowntree, Reckitt and Colman, but others including The Leeds Forge Company, Wedgewood and Courtaulds. Rowntree practised what is often referred to as philanthropy, but it was more akin to the Double of the

Triple Bottom line proposed by Elkington (2006), in terms of 'Profit and People'. These businesses continued to be competitive through innovations that ensured new product development and manufacturing for growth and expansion, but not at the expense of the individual. Workers within these companies were valued, knew each of the component parts of the business and understood the true meaning of team work. Social housing projects, working conditions etc. were all key considerations that were achieved alongside profit and expansion which in turn contributed to Britain's industrial health. This surely is relevant to Fair trade today.

### *6.1 The research problem*

In the beginning, the thought had been to pursue a route traditionally aligned to corporate social responsibility. Therefore, I read literature on shareholder value theory, stakeholder theory, corporate citizenship, corporate social performance and the triple bottom line etc. I attended the UN in Kuwait on their agenda for socially responsible business and investigated the quality standards such as SA8000. And consequently was 'in turmoil!!!' The subject was immense, the debate fierce and frankly it rather depended where you wanted to position yourself theoretically and conceptually. Which is right....is there a right way.... the first key lesson that I missed was that whilst all academics seem to propose a variety of different opinions, these critiques are acceptable, if they can be supported by theoretical knowledge or empirical evidence! Although, this was well ahead of the time-frame for proposal submission, I lost confidence in my ability to construct relevant aim and objectives and instead, I naively thought the action learning sets simply reinforced my feelings of inadequacy (something unfamiliar within my professional career). This was despite the fact that my new found basic research skills enabled me to recognise that within the journal articles, the debate, the focus and even the EU funded projects were often imperfect. However, this served to increase my concern, for I am but one person and I thought that any miniscule contribution on my part might even be considered derisory, against the mighty giants of academic CSR debate. It all proved rather daunting, yet at the same time a challenge, but understanding the difference between a PhD and a DBA was probably not in capital letters as it should have been at this stage and my immersion in concepts blinkered me to thinking about application. Whilst, focussing purely on the academic, I forgot the potential within my own unique contribution personally....real life and career experience, both nationally and internationally. However, finally, it led me to consider that whilst business

profitability and survival were key performance indicators, the influence of human values and beliefs also had the potential to offer veracity to business operations.

## *6.2 Past and Present – learning from different perspectives*

‘A Quaker Business Man’ (Vernon, 1958), detailing the life of Joseph Rowntree, together with the Cadbury’s story ‘A Purple Reign’ (Sutherland and Bradley, 2008) , – demonstrated the possibility for business success blended with a respect and value of human capital. This significantly influenced my decision around my research aim and objectives. Building upon earlier reading was a cross cutting theme around, values and ethically orientated business, for example, Sauser (2005), and Joyner and Payne (2002), who discussed ethics, but also in relation to social responsibility. The tsunami of ethical theories applicable to business decision making added to this mix, whether ethical egoism, virtue ethics, or, rights and justice based ethics, cultural relativism or post-modern ethics. However, Smith (1790), in his theory of moral sentiment suggested when the fine philosophy and conscience was expressed, that businesses would still pursue profit as if nothing had happened. Therefore initial research on social responsibility, values and fair trade serendipitously combined with reading around tangible and intangible business success factors. Investigation is, by its very nature a gradual process, so my journey then looked towards ‘Fairtrade towns’, however, although local councils were helpful, ultimately they merely served to provide context, rather than focus for the research. An interview with the Fairtrade Foundation in January 2013 explaining their strategic direction to 2015 and beyond caused me to think further about the small or medium sized business – ‘why would they’ and ‘how did they’ engage with ‘fair trade’ to build business success? What was in it for them, when they had to compete alongside the giants of UK retail for example? These SMEs were essentially offering premium cost products at a time of a national economic downturn ([www.ons.gov.uk](http://www.ons.gov.uk)), reduced margins and increased competition? Such basic questions were perplexing, but also largely unanswered in academic journals, which crucially pigeon holed fair trade into Fairtrade© and did not appear to fully consider fairly trading or that more fundamentally that the business environment was no longer black and white, but full of subtle variances. Furthermore, books and journals tended to focus on the Fairtrade©, either through third world lens, or via consumer research in the developed world, with fewer case studies on Fairtrade© companies such as Café Direct or Equal Exchange.

### *6.3 Measuring success*

Success both the objective and subjective interpretations were perplexing, as there appeared a myriad of divergent views around what to measure, and how or, who to measure. In addition, it was clear that research to date in this area was focussed more upon traditional business areas, such as manufacturing. Journal articles could not agree universally on a definition of success, let alone how to ‘measure’ it, therefore an opportunity arose to investigate those tangible or intangible factors that contributed to success, of which arguably values could be significant feature. In addition success did not sufficiently address fair trade or even ethical trading dimensions at a time of dynamic growth. Indeed, Fairtrade certified could safeguard the poor disenfranchised farmer, but the UK SME needed to think differently and could not rely on its fair trade credentials alone. Furthermore, could a successful fair trade SME be the ‘true’ pioneer of a new alternate values led model for responsible business, led not by large corporate companies, but by a tsunami of smaller interconnected firms? This provided the foundation for the aim and objectives within the research plan and decisions on methodology and approach.

### *6.4 Applying knowledge and experience to the research process*

One of the best investments of research time was to develop a data collection structure to support the interview process. Porter’s generic competitive strategy (1980), and Porter and Kramer’s ‘Shared Value’ concept were chosen, because although sometimes criticised for being corporate business orientated, they provided a robust starting point to consistently apply to each business interview. The coding framework was designed in response to academics including Simpson et al (2012), who proposed that there was no satisfactory conceptual framework for measuring success. These tools enabled me to firstly keep interviews on track, especially in the early days when I lacked finesse or researcher experience (Appendix 3) and secondly manage a significant volume of data. Another positive approach was adapted from my own sales background around strategic selling, designed by Miller Heiman (2011). This was used when selecting and targeting businesses for interview. It had two key elements: firstly tracking my interviews from initial contact to completion and rather like converting a sale, it provided early alerts to follow up and maintain contact; not just pre-interview, but post interview, when the transcript was sent to the interviewee for review. I then, however, inverted the ‘sales cone’ from a data perspective, looking widely at emergent themes and narrowed these in tandem with the interview schedule until theme saturation was achieved. Understanding that qualitative methods do not necessarily sit in

isolation also enabled me to draw upon grounded theory (Glaser, 1992), and the Corbin and Strauss (1998, 2008), ‘constant comparative method’, in conjunction with Prasad’s (1993), data concept card approach. This enabled me to filter and analyse transcripts, to construct primary and secondary concept cards, latterly linked to literature for quality control and checking purposes (Appendix 3). Other elements such as version control, editing and listening and acting upon constructive feedback have enabled each chapter to piece together to present the thesis and the DBA component parts.

## **7.0 Epilogue**

There is arguably a cliché in the statement: “it’s not where you start, it’s where you finish” (<http://lyricsplayground.com/alpha/songs/i/itsnotwhereyoustart.shtml>), yet as the DBA approaches its conclusion, it is useful to reflect on three key levels of impact, namely personal, professional and in business practice. The journey signals a ‘quiet’ revolution in the metamorphosis from Plc Director to post-doctoral researcher and as a result of meetings around the research itself, to co-deliver a research inquiry module with 115 MSc students at the University of Sheffield from February - June 2014. More recently, it has enabled me to participate in the expert review of European research projects under Horizon 2020 in the area of SME competitiveness.

The research has enabled me to develop a coding framework which can be applied at individual business or sector level to supply an easily digestible analysis of the significant push pull factors. It has already been applied within business consulting activities for a lead heritage sector SME. It is also intended to offer the research findings and recommendations to the Fairtrade Foundation post viva, however, papers will also be submitted for journal article publication, a political party think tank and the Co-operative Bank, with ideas around how to support those values based businesses as the UK recovers from a challenging economic period 2008-2013. In summary, the paradox of DBA completion is that it is not an end in itself, but a gateway to new horizons. The critical difference is that it moves the debate beyond the intellectualisation of ‘making a difference’ to practice and tangible business reality.



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## 9.0 Appendices

### Appendix 1

#### **CURRICULUM VITAE**

**Name:** Hall  
**First names:** Jacqueline Anne  
**Date of birth:** 02/04/63  
**Nationality:** British

#### **Education:**

<b>Date</b>	<b>Place</b>	<b>Award</b>
2010 - 2014	University of Huddersfield	Doctor in Business Administration
2007 - 2009	University of Huddersfield	Master's in Business Administration (MBA)
2007 - 2008	University of Huddersfield	Post Graduate Diploma in Business
2000 - 2001	University of Huddersfield	BA (Hons) Education and Training 2:1
1999 - 2000	University of Huddersfield	Certificate in Post Compulsory Education
1986 - 1987	Basingstoke Technical College	Diploma in Business (DPA)
1982 - 1985	Queen Alexandra's Royal Army Nursing Corps	Registered General Nurse 81KO954E
1979 - 1981	Malet Lambert High School, Hull	A Levels: English, History, General Studies
1977 - 1979	Malet Lambert High School, Hull	9 GCSEs English Language A, General Studies A, English Literature, B, Mathematics B, Biology B, Geography B, History B, French C, German C

### **Other Qualifications:**

- Prince 2 Project Management 2006.
- ROI Institute (Return on Investment Practitioner) 2006/7.
- City and Guilds Assessor and Internal Verifier – D32/33/34 and External Verifier, NVQ Management Level 4 1997/8.
- First Aid at Work (4 days).

### **Registered Consultant:**

- European Commission Reviewer and Evaluation for Research Framework 7, Theme 7 and CT Policy Support Programmes 2006-2012 on-going. (Ageing, Learning Disabilities SMEs/Education and Learning Disabilities)
- Associate Inspector Education – Ofsted/Adult learning Inspectorate 2001 – 2006. (Health and Social Care, Child care)
- Tribal IAS (Improvement Advisor Service)/ UK Government to 2009.
- Expert Advisor Health and Social Care/Child Care – Adult Learning Inspectorate/Ofsted
- ROI Institute (Return on Investment) Level 1 to 5 Business Evaluations in relation to Learning and Development programmes.
- Further Education National Consortium - 7 Interactive Distance Learning packages in Vocational Education (*Child Care*) 1999/2000.
- Governor of Primary School, Bahrain

### **Employment History**

#### **University of Sheffield – February 2014 to present day.**

MSc and MBA Module (Research Inquiry Methods). 115 students including proposal development and examination papers and marking.

#### **Tribal Group plc (Middle East) – Sept 2009 to April 2012. Office Base: Bahrain and Abu Dhabi. (Education, Health Company).**

A pioneering leadership and management mandate to establish a new business footprint in the Middle East region including strategy formation, target setting, stakeholder alliances, country business intelligence and cultural awareness. This was against the backdrop of a challenging UK market place and a highly competitive external environment. Activities included the management of the sales pipeline, scenario and revenue modelling and establishment of a knowledge management system, KPI alignment with the parent company, primary and organic actions for strategic implementation, assessment of corporate risk, target setting, budget revenue/profit and loss monitoring, legal frameworks and labour law compliance per individual country. Power of Attorney held for the Middle East, reporting only to the Tribal Board via virtual meetings. Represented Tribal in key target countries including UAE, Bahrain, Qatar, Kuwait, KSA, Jordan, Egypt, working with Foreign and Commonwealth Office (FCO)/UK Trade and Industry (UKTI), approaching Government leaders independently and via Ambassadors. Acted as a business advocate for Tribal where connections, networks and the need to source the appropriate in country Arabic partners was business critical. This was challenging on occasions due to the unrest following the Arab Spring and also required immediate problem solving skills to ensure staff safety.

Co-ordination with Multi-national and Government organisations (MNCs) aiming to align activity to Corporate Social Responsibility Agendas e.g. assistance to create a business

footprint for a new Primary school for children 4-11 with physical and learning disabilities, Vodafone Egypt linked to females and education/life chances. Human resource management of disparate in-country teams. Performance management. including redundancy and repatriation. Cultural awareness to ensure country protocols was respected to maintain Tribal's positive image across the Middle East. Transferred and adapted UK projects, e.g. teacher professional development, inspection, action research, science and mathematics into a bespoke international context.

### **Vice Principal Business and Enterprise – Doncaster College 2007- 2009**

Strategic Management of Business and Workforce Development, tendering and director of EU funded Projects, franchise provision, work based contract management, the Business School (under and post graduate programmes, professional studies, International (in particular Eastern Europe, China, Russia and the UAE), Marketing, Quality Improvement, ICT Academy. Financial and cash flow analysis, budget and performance review and restructuring. Enterprise College: working including establishment of not for profit schemes within all curriculum areas, irrespective of academic ability or additional learning need with the aim to build self-belief, motivation and confidence. Profits reinvested into the specific curriculum area for the benefits of students to enhance learning experiences.

### **Executive Director Projects/learnirect and Management 2005 - August 2006**

All strategic and operational Management for Government Funded Contracts and EQUAL/ESF Projects included learnirect for Yorkshire and Humber region.

### **National Quality Manager 2004-5 University for Industry (UFI)/learnirect**

Value chain Analysis/Activity Based Costing Project, Self-assessment Framework for Internal Ufi.

### **Head of Department (Health and Social Care, Learning Disabilities/Special Needs, Uniformed Public Services) - York College 2002 – 2004**

Curriculum Management, budgetary profiling and control, timetabling, assessment, moderation, business development, distance learning curriculum management, NVQs, Apprenticeships.

### **Yorkshire Coast College 1997 – 2002.**

Head of Department Health and Social Care: HND/HNC Tutor Health and Social Care. Advanced, Intermediate and Foundation GNVQs, NVQ Underpinning Knowledge and Internal Verification.

### **Relevant Experience as Self Employed Consultant, Evaluator and Reviewer:**

#### **European Commission, Brussels – Review and Evaluation of 7<sup>th</sup> Framework ICT Challenge and ICT Policy Support Programme 2006-2012.**

Evaluator of Integrated Projects, STREPS and Collaborative and Support Actions cross Europe to determine criteria for acceptance and ranking for funding. (Average per call 60 million Euro).

**Brooksby Melton College January 2008 to May 2008.**

Worked with Interim Principal to construct a strategic recovery plan for a College, with an operating deficit of £1 million. The aim was to secure LSC recovery funding of circa 875K. Restructuring of teams to resolve span of control problems and set specific targets with pods related to student staff ratio, growth, income, quality etc. Introduced the concept of a 'Corporate College', utilising technology to facilitate 'real time' management and streamline business and education processes. Assisted Governors on strategic planning and modelling. (£21m College).

**Doncaster College of Further and Higher Education: November 2006 ahead of post take up as Vice Principal Business and Enterprise.**

Management troubleshooting and support for the Principal and Vice Principal Curriculum. Examples include: resolving disputes, overcoming ICT infrastructure problems, quality assurance, inspection preparation, Equality and Diversity strategy and compliance, improving teaching and learning and composition of a recovery plan, setting targets and projecting benchmarks to 2010. Evaluation of the effectiveness of the curriculum management structure: recommendations for change and subsequent implementation. Curriculum review of 6<sup>th</sup> Form, restructure and HR issues.

Post inspection support in terms of self-assessment, action planning, overall quality assurance and design of a business performance management review mode on macro and micro levels. Establishment of Service level agreements for business support areas, including quantitative and qualitative business metrics that support review and improvement planning. Organised external peer review system and submission of bid via QIA to develop peer review between colleges and schools. (£40m College).

**Inspection/review at Canterbury College October 2007.**

Health Social Care, Child Care, Uniformed Public Services, with identification of areas for development.

**Development of a Corporate Manual for Major FE College in South of England October 2007.**

This piece of work is linked to a quality improvement agenda/business performance review and the need to link business processes to the learner journey.

**Woodleigh School, Langton – Independent Preparatory School Age 3 – 13 years October 2007.**

Inspection Preparation for Independent Schools Inspectorate review of provision and accredited status. Curriculum and business process review, teaching observations, resources review, learner journey mapping.

**Sheffield United Football Club/Knowledge Based Learning (KBL) 2006.**

Partnership work with Tribal, SUFC, the Young Foundation and the Department for Education and Skills to gain funding for the development of a Studio School Academy for 14-19 year olds on a blended (real time and virtual) learning experience. (£5m project).

**Elearn2work/EQUAL Project for Development Partnership led by KBL Limited Aug 2006 – February 2007.**

Write Development Partnership Agreements. Mainstreaming and Partnership Agreements, Budgets, Intellectual Property Rights Agreements for Project and for Joint Venture



Sustainability Project. Write European Social Fund Bids. Trans-national Project Issues e.g. Italy and investigation of Social Enterprise Incubator Unit. Self-assessment reviews for submission to Managing Authorities, teaching and learning strategy, Stakeholder relationships. (£7.2m Project).

### **UK Software Company- Confidential Disclosure Agreement at July - Dec 2006.**

Investigation into competency models and competitors within the UK and Europe. Analysis and evaluation of products/software prior to advise Board ahead of decisions whether to float the company on the stock market. Market analysis prepared for UK and Europe. (Value: confidential).

### **Associated International Experience**

<b>Country</b>	<b>Date</b>
UAE	Partnership and collaborative agreement with Abu Dhabi Men's College as part of the Higher Colleges of Technology. Focus on Quality/Peer review system, Business Programmes and Apple iTunesU project. March 2008-9.
Hungary/Finland	Leonardo Bid project evaluation for 3D/4D technologies March 2008-10.
European Union, Brussels, Luxembourg	Registered consultant for 6 <sup>th</sup> and 7 <sup>th</sup> Framework, Horizon 2020, ICT Policy Support Programme, Erasmus. 2006 - Present day.
Berlin	Speaker at EDUCA e-learning Conference Informal learning in SMEs/SMFs, Berlin November 2006.
Italy	Project Management Progress Evaluation within commissioned social enterprise research. Investigation into the social enterprise incubator model November 2006. Speaker: GUIDE Rome 2006 Bridging the Gap between FE and HE.
Trans-national partnerships	June 2005 to February 2007. Linked to EU elearn2work Project with Spain, Belgium, Poland, Finland, Italy
USA	August 2005 to July 2006. Partnership work with GES Incorporated, Fort Worth, Texas to establish an e-learning centre in the UK.

## **Appendix 2**

### **DBA On A Page – Jacqueline Hall**

#### **About the Researcher:**

I am 51 (born April 1963) years old and married with 2 children. I was born and had a base in Yorkshire for the majority of my life. However my professional career is both UK and International, focussed particularly in Europe and the Middle East. It began as a student nurse in Queen Alexandra's Nursing Corp in 1981 and developed sufficiently to enable me to be the Regional Director for a UK plc based in the Middle East (Bahrain and Abu Dhabi), alongside freelance associate work for both OFSTED (UK) and the European Commission (EU Research FP7 and ICT PSP).

#### **Background:**

I began my career as a nurse in HM Forces, in part because of poor career advice at school, glossy brochures and a lack of imagination on my part regarding HE opportunities. My career developed in the 1990s out of necessity rather than ambition, moving towards Further Education to obtain a 'day job'. Ultimately I diversified into inspection, strategic recovery management and ROI. I would describe myself to date as intrapreneurial, but with designs to establish a business after the doctorate. I have always worked full time whilst studying, whether that be through my nursing, degree, post graduate degrees and MBA, so half way into the DBA, I have taken the decision to '*indulge*' and invest time to complete this award. The time to really '*enjoy*' study rather than it being a pragmatic investment of time is something I value and whilst the wider family are 'disturbed' by this enlightened rather than fiduciary approach, I have a new quality of life and real purpose. I am doing something that interests and challenges my values, beliefs and attitudes, especially via the experience of action learning. It is about personal rather than career development!

#### **Key Achievements:**

2 x children in whom I always tried to promote independence and raised as a single-parent, due to unforeseen circumstances. One is now 24 years and working in the City of London as an investment banker collateral trading. The other is 22 years; studying International Relations at the University of Nottingham and aims for a lobbying career. With my support, she has recently visited India, Costa Rica, and Tanzania, climbing Kilimanjaro to support education development in the area. In essence, all my education and career decisions have revolved around their needs, so I see MBAs and promotions as mere objectives to achieve the overarching aim of their security and success. This is why the DBA is important. It will represent my very own personal achievement and a lifetime ambition.

**Formal Title:**           Securing the Future: Competitive but ‘Fair’.

**Aim:**                    A critical exploration of the tangible and intangible push-pull factors for fair trade SME business success.

**Objectives:**

1. What is success as defined within an SME context?
2. Develop a coding framework to identify business and human tangible and intangible critical success factors for fair trade SMEs.

Use selected fair trade SME cases to:

3. Critically evaluate the critical business and human tangible or intangible push-pull success factors.
4. Present the significant business and human push-pull factors using an adapted force-field analysis approach, together with their interconnectivity.
5. Further understanding into how human values and beliefs shape business direction and decisions.
6. Construct a typology to consider how fair trade SMEs create ‘shared value’ within their supply chain.

**Key Contribution to Knowledge and Methods:**

1. To enhance understanding of the tangible and intangible, business and human push-pull factors for success within fair trade SME business at a time when the Fairtrade Foundation’s (UK) and Fairtrade Labelling Organisation’s (EU) strategic priority is to advance Fairtrade certified from a ‘niche to mainstream market position. Academic journals have focussed more upon the perceived consumer attitude behaviour gap in developed countries or third world business models/ethics/market for virtue.
2. Further understanding into how human values and beliefs influence not only shape business decisions but also the interpretation of ‘success’ itself.
3. Development of a coding framework that enables the organisation of complex qualitative data around business and human, tangible or intangible success factors. This allows the construction of diagrams that present the significant push-pull and interconnected factors for fair trade SMEs, which could be applied at sector or individual business level.

To reflect the fact that this is a DBA rather than a PHD, it is also important to consider and be clear about the following non-academic research aims:

### **Key Contribution to Practice**

1. Create a typology of fair trade SMEs within a mixed-form market, to highlight potential risks to competitiveness and security that may paradoxically result from increased growth and sales within mainstream markets.
2. Consideration of whether fair trade SMEs are unassuming champions of socially responsible business, blending economic, local and global value within their business model.
3. The broader findings may be shared throughout the supply chain to find new ways of working, that together build future business resilience to those external and internal challenges. This may enable them to be competitive and resilient.
4. Share findings and emergent themes with the Fairtrade Foundation, local councils and respondents through both formal academic and fair trade business conferences and journals.
5. Undertake post-doctoral research into business ‘success’ to enhance, replicate and adapt this prototype model to Universities with a specific research interest in this area.

### **Methodology:**

The research is inductive from the epistemological perspective of **interpretivism** and an ontological position of **social constructivism**. Empirical research is undertaken using an inductive **case study** approach within SME fair trade business. Using a case study approach for this exploratory study will serve to *“illuminate a set of decisions, why they were taken, how they were interpreted and with what results”* (Schramm 1971 in Yin 2009:17). A sampling logic is therefore not appropriate. The number of case replications, both literal and theoretical will depend upon the number of emergent rival explanations and theme saturation. Contextual interviews with the Fairtrade Foundation and local councils will be used to source access to potential business interviewees (**snowball purposive sampling**). Theory development into the tangible and intangible factors for success will be iterative, but outcomes will be supported by a literature review that demonstrates the contradictory elements of research to date, with the analysis and coding drawing upon **Grounded Theory** (Glaser and Strauss 1968 and Corbin and Strauss 2008). The interview prompt framework will be based and designed around Porter’s (1980) generic competitive strategies, because within the literature review, this theory is both a secure foundation pillar, but also widely accepted by academics, whereas research into business success, performance is contradictory across the last 30 years. This will be piloted with 2 x SMEs. The key objective within the data collection phase is to allow the SME business owner (the respondent) the narrative ‘freedom’ to tell their story in their way, yet allowing the researcher to monitor topic coverage and output achievement. Content, thematic coding and analysis will support conclusions and in particular, the construction of two conceptual diagrams; one, which will provide a framework for the classification of the business and human tangible and intangible push-pull factors for success and the second, which will apply this methodology specifically to the fair trade SME mixed economy.

**Research Methods:** Qualitative, Empirical, Case Study using multiple focussed interviews and drawing upon grounded theory for coding and analysis and the formation of the two conceptual diagrams.

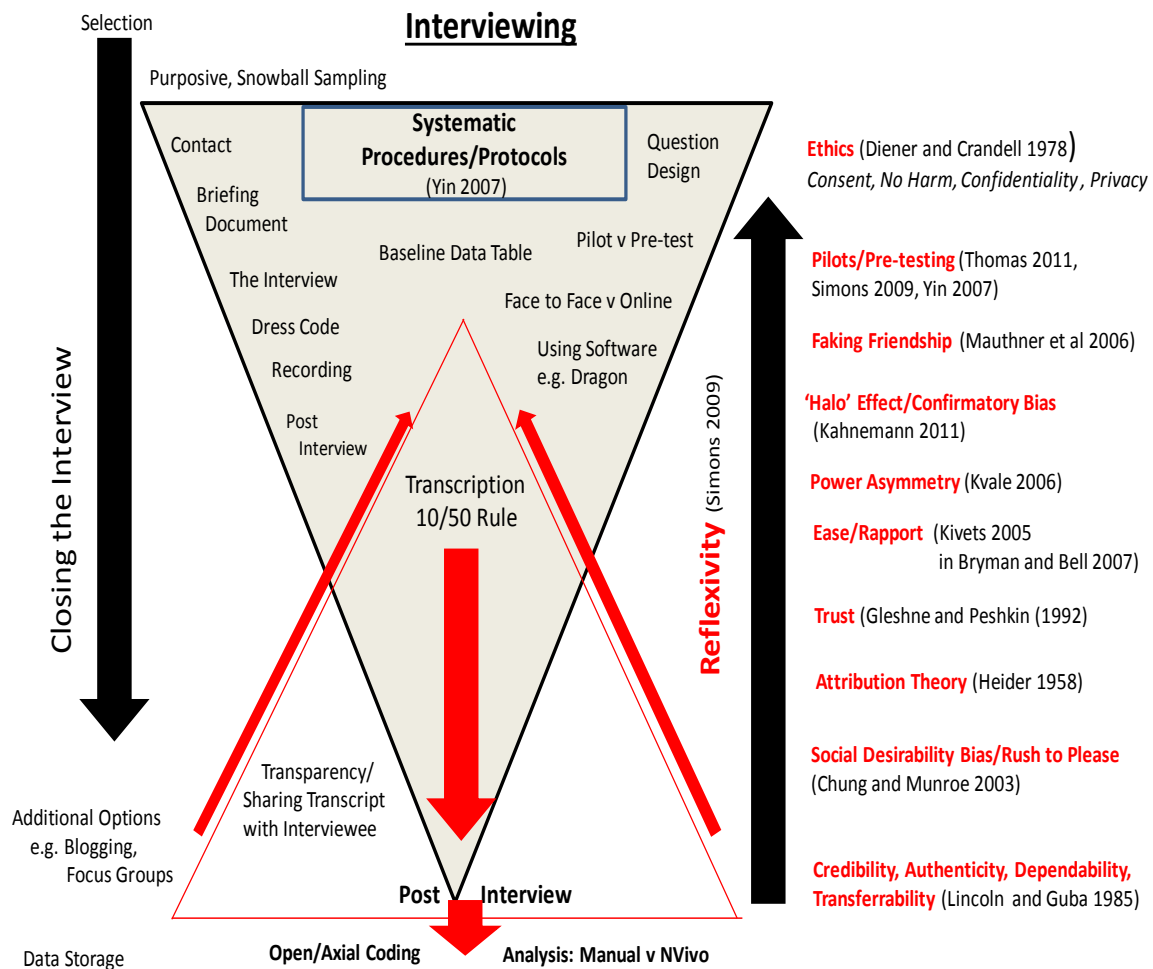
- Meetings with the Fairtrade Foundation and 3 x local councils to source potential business interviewees.
- 2 x SME Business pilots.
- Multiple fair trade business case studies. The number of cases will be dependent on the volume of rival explanations
- Manual Coding and thematic identification using a framework based upon King's (2004) template analysis and Prasad's (1993) concept card approach and drawing upon Corbin and Strauss (2008), constant comparative method. This will demonstrate through primary, secondary concept cards, thematic grouping and cross card analysis, the iterative nature of the research findings and conclusions drawn.

**Personal Impact:** Hertzberg et al (1959) in his two factor motivational theory stated that factors that motivate people change over time but '*respect for oneself as a person*' was one of the top motivating factors, irrespective of stage of life. My DBA is now less about 'escape seeking' from a job focussed upon the maximisation of shareholder returns; different countries, hotels 4 x nights each week, together with an average of six flights each week. For the first time in my life, this DBA allows me the freedom to think and reflect, using a new experience of co-operative working and peer review through action set learning. This has created the space to challenge and realign both theoretical knowledge and practical research skills. By gaining a greater understanding of my own intrinsic drivers and inhibitors, it affirms that this DBA is **by me** and **for me**.

## Research Questions:

1	What is success as defined within an SME context?	<p><i>"No satisfactory conceptual research framework that encapsulates the fundamental issues of defining success"</i> (Simpson et al 2012:269)</p> <p><b>The Context : Fair trade</b> "the company is now competing against other organisations within the Fair trade movement, unlike in earlier times, where all Fair trade companies presented a united front" Davies (2012:142)</p> <p><b>The Subject: Fair trade SMEs</b> "There has been a significant amount of work on the two extremes of the Fair trade chain (producers and consumers) but the intermediaries of the chain have received significantly less attention". Karjalainen and Moxham (2013:269)</p> <p><b>The Theoretical lens: Shared Value</b> "Policies and operating practices that enhance the competitiveness of a company whilst simultaneously advancing the economic and social conditions in the communities in which it operates" Porter and Kramer (2011:66)</p> <p><b>A critical exploration of the tangible and intangible push-pull factors for fair trade SME business success.</b></p> <p><b>Intangible Success Factors</b></p> <p><b>Values and Beliefs</b></p> <p><b>Success Factors</b></p> <p><b>Aim</b></p> <p><i>"Intangible: having value, but no solid existence"</i> (Chambers 2003:768)</p> <p><i>"if we want to understand why organisations do the things they do, or why they perform the way they do, we must consider the biases and dispositions of their most powerful actors"</i> (Hambrick 2007:334)</p> <p>Fig 1 – The Research Focus</p>
2	Develop a coding framework to identify business and human tangible and intangible critical success factors for fair trade SMEs.	
3	Critically evaluate the critical internal, external, business and human tangible or intangible push-pull success factors.	
4	Present the significant and interconnected business and human push-pull factors within fair trade SMEs using an adapted force-field analysis approach.	
5	Further understanding into how human values and beliefs shape business direction and decisions.	
6	Construct a typology to consider how fair trade SMEs create 'shared value' within their supply chain.	

## Appendix 3



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## **Securing the Future: Competitive but ‘Fair’**

### **Abstract**

**Purpose:** A critical exploration of the interconnectedness between business and human tangible and intangible success factors that enable SMEs to balance values based decisions with business competitiveness.

**Design/Methodology:** Interpretivism and social constructivism. Inductive exploratory research, using a case study approach with 13 SMEs, with a narrative interview approach based upon Porter’s (1980) competitiveness framework. Content analysis draws upon grounded theory to develop a coding framework to present tangible and intangible success factors.

**Findings:** Intangible factors for competitiveness are critical for success, together with human values that sustain SME’s reputation and intellectual capital, enabling them to compete and respond to the power of significant large retail buyers, currency fluctuation and costs.

**Research Limitations/Implications:** The study was confined to four UK regions: Cumbria, Lancashire, Yorkshire and London. Future studies should explore whether the impact of human values upon competitiveness are consistent over time.

**Practical Implications:** Typology of fair trade SMEs that illustrate the potential impact of mainstreaming strategies upon business competitiveness. The model and framework can be adopted by SMEs, consultants and be applied across values based enterprises to contribute towards the identification and management of business, human and intellectual capital.

**Originality/value:** Research on fair trade SMEs is limited, within a growing, but competitive virtuous market, where it will be insufficient to trade upon fair trade credentials alone. Intangible and tangible success factors have been developed within a coding model, together with a typology of fair trade SMEs.

**Key Words:** Fair trade, SMEs, Intangible, Tangible Success Factors, Competitiveness.

**Article Classification:** Research Paper.

### **1. Introduction**



There is no moral pedestal for being a UK fair trade SME, when it comes to adding value, managing costs, or building a competitive strategy that builds resilience to respond to those internal and external barriers to success and sustainability. This paper draws from actual SME experiences to further knowledge around the interconnectedness of business and human success factors; to show how values based enterprises can balance principles with pragmatism in growing niche and mainstream markets. The academic schism within the success debate is often configured towards the measurement of success, such as profit, ratios and turnover, or methodological approaches that are often separated from other academic perspectives into business intangibles. This paper instead, offers a coding framework using grounded theory techniques to capture those tangible and intangible, business and human factors; that combined provide the catalyst for action, enabling fair trade SMEs to secure their future. Furthermore, this approach enables the creation of a fair trade SME typology which not only illustrates that within a growing and strategic market ‘one size’ does not fit all, but also that despite a broad increase in fair trade sales, alone, this will not guarantee success.

### *Fair trade*

The Ethical Consumerism Report (2012) valued the UK ethical market at £47.2 billion in 2011, increasing from £13.5 billion in 1999. It shows Fairtrade© sales a mere £33m in 2000, but demonstrating resilience to the economic downturn (2008-2013) by growing 176 per cent from £458m to £1,262m by 2011. The Co-operative Bank (2012) reported business was responding to the challenge of the largest ever volume of Fairtrade conversions, with estimated retail sales of Fairtrade rising 24% in 2011; an increase from £1,017m in 2010 (p.2). The Fairtrade Foundation (2014) state there were over 4,500 UK Fairtrade© certified products in 2013 alone ([www.fairtrade.org.uk/Fairtrade\\_Foundation.what\\_is\\_fairtrade/facts\\_and\\_figures.aspx](http://www.fairtrade.org.uk/Fairtrade_Foundation.what_is_fairtrade/facts_and_figures.aspx)) with the Co-operative Bank (2011) reporting not only the greatest volume of fair trade conversions, but also stating that it was “the actions of progressive businesses that contributed to ethical sales growth” (p. 2).

The basic concept of fair trade may not have changed, but it has evolved from its altruistic origins, so that today, just as with their larger competitors, SMEs may not necessarily be Fairtrade© exclusive. Indeed, irrespective of the original principles and moral philosophy, products may be positioned alongside other complementary offerings, such as ‘fairly traded’, that still offers a ‘fair price’ to individual farmers, but are not labelled or licensed as

Fairtrade©. Adam Smith, in his seminal 'Theory of Moral Sentiments', stated that when all the philosophy and conscience had been considered, business owners would still pursue business and profit "with the same ease and tranquillity" (2011:132). Yet, today ethical business is perhaps more complex and moreover is this perspective still true today, when there is growing interest in the notion of more socially responsible business? This is why fair trade SMEs offer a unique and contemporary opportunity to explore if values based orientations can indeed lead to sustained business benefit.

The mainstreaming and indeed the merits of Fairtrade© continues to attract much academic debate (Doherty et al., 2013; Valiente-Riedl, 2013; Bellucci et al., 2012; Gibbon and Sliwa, 2012; Griffiths, 2012; Jaffee, 2010; Joo et al., 2010; Smith, 2010; Becchetti and Huybrechts, 2008; Henderson, 2008). Nicholls (2010) suggested implications for market economics through fair trade's role as a 'cause celebre' (p. 244), with Goulding and Peattie (2005) proposing a "paradigm shift" (p. 156) towards a sales orientated context for ethical goods. Indeed, Davies (2009) agrees, suggesting a subtle change "from targeting consumers based on purely ethical reasoning to a broader focus on brand and quality" (p. 110). However, although Fairtrade© brings the poorest farmers and the shopper together, and arguably ticks the 'ethical' box for large retailers, it is less clear however, 'what is in it' for the UK fair trade SME. The reality today is that some UK fair trade SMEs economically rely or indeed compete with larger supermarket or retail rivals (Wyld et al., 2012), during a time of high street decline (Portas, 2011) and within an increasing virtual sales environment (de Kare Silver, 2011). Therefore, within this picture, the SME with a niche or even differentiated competitive strategy may appear potentially vulnerable. If a higher volume of fair trade sales bring economies of scale, it may surely not be enough to compete on fair trade credentials alone. Furthermore, the experience may serve as a form of 'natural selection' in terms business survival, because irrespective of size, competitive strategy, investment or the management of risk, decisions still have to be well informed.

## **2. SME Success Factors**

Many traditional indicators for success focus on '*measurement*', for example, of turnover, financial ratios, profitability, number of employees and duration in business, but arguably, they serve only to present a single static snap shot in time. The reality may be a combination of tangible and intangible factors that interconnect and contribute to the balance sheet, even if direct monetary value cannot be initially attributed. These intangible factors may enable

SMEs to build resilience to challenges beyond their control; for example, large retail buyer margins, currency fluctuation or the price of raw materials.

Nevertheless, business success and performance are still used interchangeably within academic research, leading to much debate around interpretations within the small business sector (Simpson et al., 2012; Pansiri and Temtime, 2010; Rogoff, 2004; Watson et al., 1998; Gadenne, 1998). This in turn has led to epistemological and ontological debate as to methodology and tools to ‘measure’ success or performance, with Simpson et al. (2012) concluding that there was no satisfactory framework to define either success or critical success factors. This is why this paper offers an alternative method to categorise both business and human tangible and intangible success factors ahead of thematic analysis. Indeed, defining those business critical elements is complex, with some research reflecting strategic, marketing or brand orientations (Laukkanen et al., 2013; Urde et al., 2013; Reijonen et al., 2012; Sahin et al., 2011; Garcia-Ayuso, 2003; Rockart, 1979; Daniel 1961); others upon the customer (Eggers et al., 2013; Egan 2008) or human factors (Su, 2014; Crossan et al., 2013; Finlay-Robinson, 2013; Galbova and McKie, 2013; Burnes and Todnem By, 2012; Mitchell et al., 2012; Sosik et al., 2009).

Lee et al. (2012) and Henderson and Weiler (2010) suggest SMEs have been regarded as the engine of both economic growth and employment, yet much less is known about the factors which promote growth (Clarysse et al., 2011; Wiklund et al., 2009). Indeed there has been much contradictory research to try to capture the critical success factors for SMEs (Simpson et al., 2012). Certainly, the small firm is complex (Antoldi et al., 2013; Greenbank, 2001), with Banham (2010) discussing specific challenges resulting from globalisation, increased customer expectations, increased competition and technology advancement. Hudson et al. (2001), on the other hand, negatively define the SME and Welford and Frost (2006) simply present them as “fire-fighting” (p. 174), by concentrating on current performance or building of good systems and procedures. Haugh and McKee (2004) conclude that there are five key SME values, namely “survival, independence, control, pragmatism, and financial prudence.” (p. 391). Spence and Rutherford (2001) by contrast, refer to four dilemmas, namely profit maximisation, subsistence priority, enlightened self-interest, and social priority. Yet, much earlier, Hall (1992) list company and product reputation as key factors; very relevant to fair trade values based business today and following broader UK supply chain controversies in 2013. Furthermore, reputation is

supported more generally by Ahmad and Ramayah (2012) who suggest this makes a crucial contribution to the achievement of competitive advantage.

### *Intangible Success Factors (ISFs)*

Steenkamp and Kashyap (2010), suggest that the term ‘intangibles’ is often used interchangeably with phrases such as intangible assets, knowledge assets, intellectual capital and intangible capital. Intangibles may be considered as items that influence decisions and outcomes, but cannot be initially attributed monetarily to the balance sheet. Much earlier, Heffes (2001) indicated they were receiving broader attention, supported by Prokopenko (2008), with Sussland (2001) suggesting more businesses were beginning to realise their strength in economic value. Durst (2008) indicated that their relevance would only increase in the future, for example, by informing investor decisions. Certainly, there is broad agreement that intangible success factors (ISFs) provide a more realistic picture about business sustainability and success (Ng and Hung Kee, 2012; Brooking, 2010; Sveiby, 2010; Watson, 2010; Lonnqvist 2002). From another perspective, Garcia-Parra et al. (2009) refer to intangible liabilities with Harvey and Lusch (1999) devising an early six step model to assess their significance. Martin and Hartley (2006) and Garcia-Ayuso (2003) linked ISFs to competitive advantage, with Spitzer (2007) and Jarvis et al. (2006) focussing on a range of intangibles including partnerships, alliances, skills, leadership and reputation and intellectual capital (Machado et al. (2013) and knowledge (Bournfour, 2003). It further highlights why assessing success by profitability or scientific measures alone could be problematic, since many SMEs may sacrifice current or future profits to introduce new product innovations (Tangen, 2003).

### *Intangible Human Factors*

Social psychology suggests values are the antecedent of attitudes (Haugh and McKee, 2004; Bohner and Wanke, 2002; Rokeach, 1972). Much research suggests personal values influence the strategies adopted in both business and financial performance (Sosik et al., 2009; Cohen and Keren, 2008; Kotey and Meredith, 1997). Crossan et al. (2013) link ethical decision making to character and motivational values, whereas, Wijwardena et al. (2008) suggest entrepreneurs attach greater importance to those values and attitudes towards work and life, including honesty, duty, responsibility and ethical behaviour. Belak and Rozman (2012) and Hatten (2006) support this, commenting that these behaviours impact upon every aspect of a business including the mission and its strategic vision. Simpson et al. (2012) suggest success

factors and performance could even be interpreted according to the “needs and wants of the owner- manager, rather than in terms of maximising financial performance of the business” (p. 268). Therefore within a values based business context, it is necessary to consider the positive influence or indeed opportunity cost that may result from these human intangible factors and their impact upon the achievement of organisational goals.

### **3. Value and Competitiveness**

Creating and building value within a business has been much discussed within literature (Kelly and Scott, 2011; Thomson and Martin, 2005; Mizik and Jacobson, 2003; Anderson and Narus, 1998; Raval and Gronroos, (1996); Porter, 1985, 1980). Importantly though, fair trade SMEs may choose to position themselves within a niche market that yields superior margins; or as Thomson and Martin (2005) suggest focus upon “doing the right thing as opposed to doing things right” (p. 283). Nevertheless, Simpson et al. (2004), propose that values can actually create competitive advantage, supported by Schmitt and Renken (2012), within German fair trade apparel SMEs who suggest socially integrative business strategies benefit customers, business and the wider environment. Nonetheless, there appears broad agreement more generally that any market position is unsustainable without changes in strategies, products, services or response to competitor activity, market demand and saturation (Laukkanen et al., 2013; Cadogan, 2012; Reijonen et al., 2012; Porter, 1985, 1980), or indeed the retail brand (Mitchell et al., 2012; Gromark and Melin, 2011; Wong and Merrilees, 2008; Abimbola and Kocek, 2007; Inskip, 2004). More recently, Galabova and McKie (2013) present other human intangibles such as knowledge, skills, experience, learning, and adaptability as an abundant resource for competitiveness.

#### *One-size does not fit all*

Management research is often orientated towards consequentialist (teleological) perspectives (Crossan et al 2013). Indeed, the deconstructed consequentialist perspective refined by Thiroux and Kraseman (2007) can be applied on three levels for fair trade SMEs and is important to consider because each have the potential to introduce bias within any data collection, content analysis and interpretation if simply orientated to a specific consequentialist philosophy. Furthermore, it is also necessary to highlight these dimensions because this paper considers not only Fairtrade©, but also those SMEs who have decided to pursue fairly-traded within mixed-form business models; who perhaps have to balance ethics with pragmatism and survival.

Firstly, altruistic consequentialism aligns with early fair trade heritage, where the role of leaders is to act in the best interest of everyone but themselves. This would be therefore incompatible with any notion of profit. Secondly, utilitarian consequentialism, may resonate with the societal responsibility, however, it may controversially raise further debate, if SMEs become a casualty of the 'greater Fairtrade© good' through the powerful positioning of larger rivals who can achieve economies of scale, offer convenience and accessibility to consumers (Smith, 2010). At the other end of the spectrum and perhaps fitting with Smith's (1790) theory of moral sentiment is egoistic consequentialism, which considers it ethically right if it benefits the instigator. The philosophy could align to those interested in a profitable fair trade business without the ideological connection. Therefore, fair trade remains a cornucopia of different business groups and product propositions in which one-size does not fit all SMEs (Watson, 1998). It has certainly evolved from its traditional charitable heritage, but needs to identify both tangible and intangible success factors which may in combination ensure future growth and sustainability. These may be presented as business and human push-pull factors for success; or more simply those assets and liabilities, many of which may not be immediately apparent on any balance sheet.

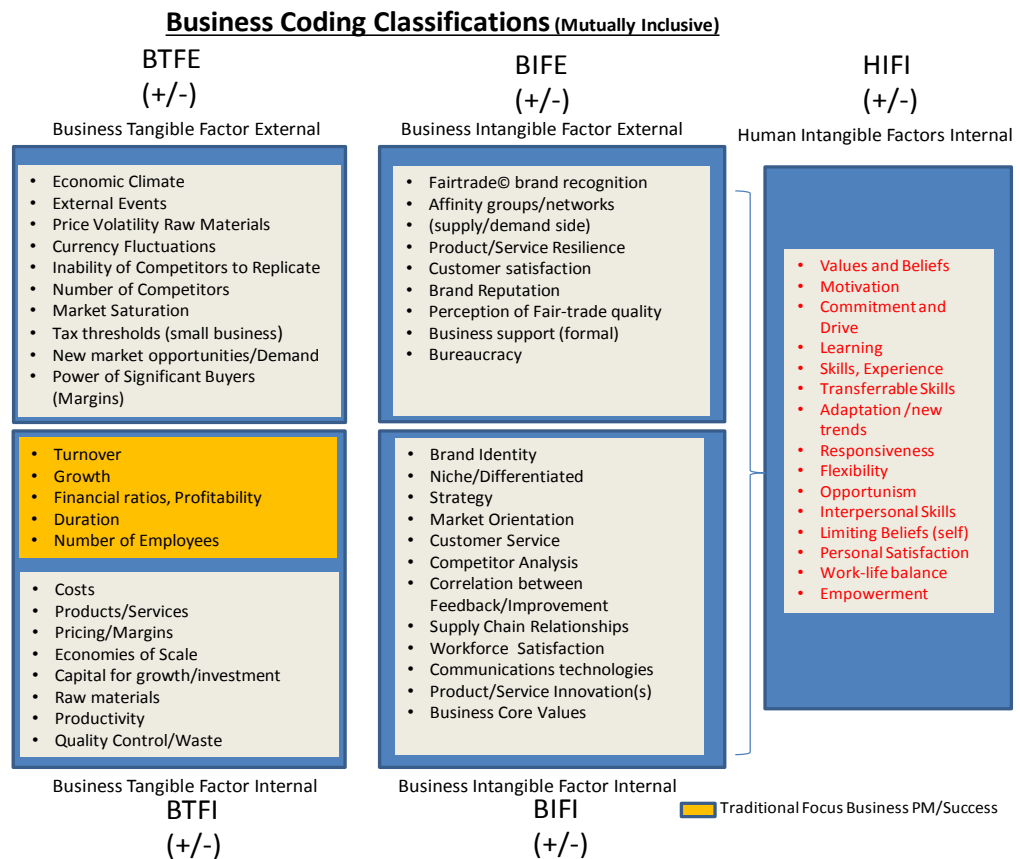
#### **4. Research Design**

There are many perspectives around what constitutes an SME, however for the purpose of this study, the EU definition will be adopted (The New SME Guide, 2003). Fair trade business today is not black or white or arguably the same as its charitable origins, therefore this research will present a contemporary view to target SMEs incorporating Fairtrade© and fairly traded within their product portfolio. The research was inductive and exploratory, assuming a position of interpretivism and social constructivism within a case study approach which draws upon the cross comparative method of Corbin and Strauss (2008) and concept card approach of Prasad (1993). The case study approach is aligned to Yin (2009), supported by systematic protocols and procedures within the research design to facilitate the collation and organisation of complex qualitative data and assure reliability and the minimisation of errors by maintaining a chain of evidence. Nevertheless, it was important that the findings were accessible (Locke, 2001), for both stakeholders and SMEs who play a vital role in this growing strategic market by being credible, replicable and dependable (Lincoln and Guba 1985).

### *Data Collection*

Access was achieved using snowball sampling, which incorporated both literal and theoretical replication (Eisenhardt 1989) to acknowledge the diversity within the sector and the variety of legal entities (sole trade, partnership, private limited companies, co-operatives, community interest). The 13 fair trade SMEs were based in four UK regions, namely Cumbria, Lancashire, London, and Yorkshire. Interviews were structured within a data collection framework, based upon Porter's (1980), generic competitive theory. This avoided a potentially egocentric, rambling and unstructured story, whilst supporting a revelatory approach through natural conversation about business operations, plans and aspirations (Kvale, 2006). This was important and relevant, when coding positive or negative tangible and intangible factors and more importantly when trying to understand the language/meaning attributed to SME interviews (Kahneman, 2011), in particular around values, beliefs and motivations. This was essential, particularly where negative impacts might potentially be attributed to situational factors (Heider, 1958), including the task, other people, business associates, or by contrast more simply 'luck' or personal characteristics. Social desirability bias (Dalton and Ortegran, 2011; Chung and Munroe, 2003), presented another key risk because business margins and profit may potentially be perceived as 'delicate' within the context of values based fair trade principles.

The constant comparative method of Corbin and Strauss (2008) was adopted using a concept card approach, adapted from Prasad (1993), to systematically organise the rich data within a template. This supported thematic analysis and the development of a conceptual model that illustrated the tangible and intangible success factors. Open coding firstly structured the data within a primary concept card and identified emergent themes. The codes enabled the data to be separated and organised (Charmaz, 2006), however, unlike in quantitative data collection, they were fluid and in a constant state of iteration (Cohen et al., 2007). Axial coding (Corbin and Strauss 2008) produced clusters of information and frequency counts to assist in the determination of theme saturation points (Cohen et al., 2007). The secondary concept card viewed the data from different angle to check for meaning, cross check and minimise coding errors. Figure 1 presents the axial coding structure for the secondary concept card: Business External/Tangible/Intangible +/- (BTFE/BTFI); Business Internal Tangible/Intangible +/- (BIFE/BIFI) and Human Intangible External or Internal Factors +/- (HIFI). Human factors were all deemed intangible as the attachment of a monetary value was difficult to quantify.



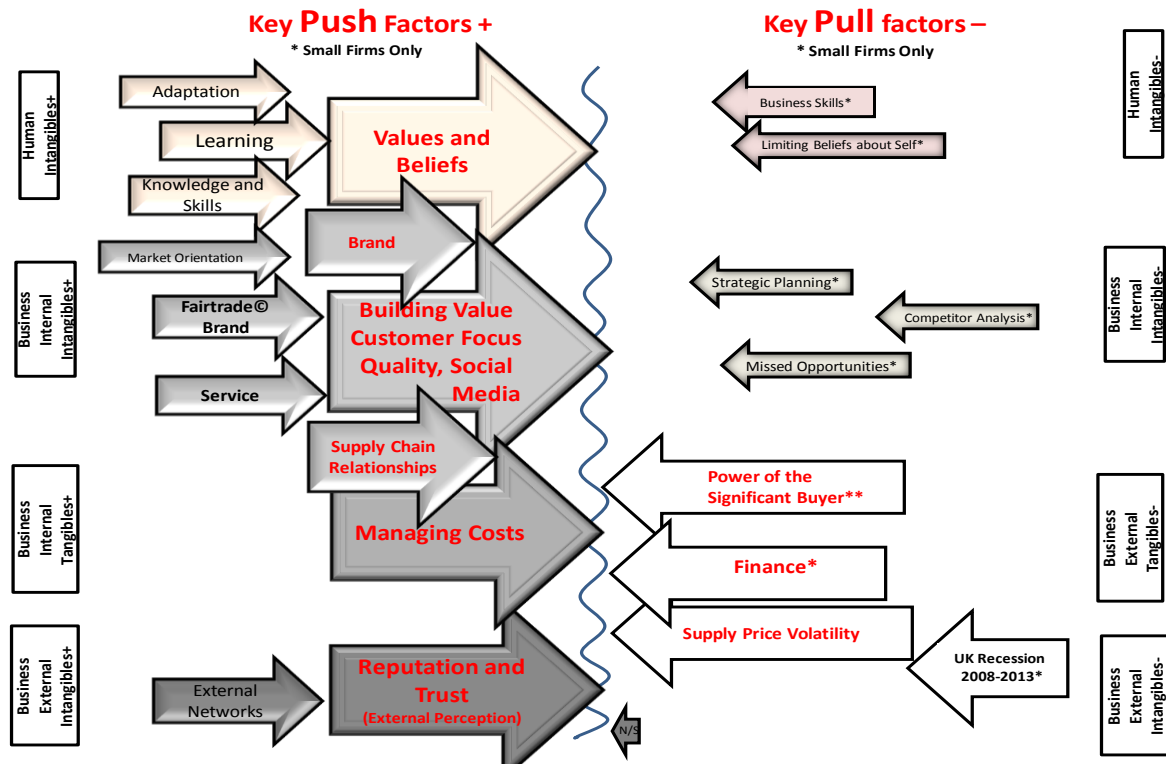
Source: Author

**Figure 1.** Business Coding Tangible and Intangible Success Factors

## 5. Findings and Discussion

Figure 2 provides a diagrammatic representation of the perceived significant external, internal, tangible and intangible success factors. The reluctance of some SMEs to share financial information or being content to be small was not dependent upon turnover. There were key significant push factors that applied universally, irrespective of whether manufacturing, retail or service SMEs which included values and beliefs (HIFI+), building value, customer focus, quality, social media (BIFI+), managing costs (BTFI+), and reputation and trust (BIFE+).





Source: Author

**Figure 2.** Significant Tangible and Intangible Success Factors

Whether SMEs were Fairtrade© exclusive, offering a combination of Fairtrade© and fairly traded, or in effect quasi- business consumers, all agreed that fair trade, irrespective of certification, enabled them to differentiate their business, but only in conjunction with other marketing, technology and brand strategies. However, it was only the Fairtrade© branded products that competed in mainstream markets or were supplied to larger retailers:

You can't just be a product with a Fairtrade© mark on; it has to be a brand.

Supply chain relationships held great significance for fair trade product manufacturers , especially all fair trade SMEs with a turnover >500K, where it highlighted trading relationships based upon reputation, trust, mutual respect and which integrated human and societal values within the product proposition:

We trade fairly with larger families and estates, where we might have a direct relationship, agreeing prices and coffee quality, but with producers who are not Fairtrade certified. So they couldn't be part of that system and we couldn't put a Fairtrade© badge logo on that packaging but that is not to say in my mind that that is not fair trading.

These relationships were deemed necessary as a way to build resilience and contingencies to manage other strong significant 'pull' factors, for example, the power of the significant buyer of large firms and supply price volatility of raw materials; each with the ability to squeeze tenaciously at profit and margins (BTFE-):

Big retailers who we have big volume can make sudden decisions, which affect us enormously and then we are clawing back for over a year following this decision.

Nevertheless, it was also clear that the small, rather than medium sized businesses were potentially more vulnerable, facing specific difficulties within the early start-up and development phases, resulting from finance, payment receipts to generating viable turnover etc. These negative pull factors were specific to those with <£500K annual turnover, for example, problems accessing capital to support growth and a reluctance to rely on internal cash reserves and assets to create leverage (BTFE-):

If we could afford a wrapping machine, it would enable us to be much more competitive.... But that is £200K of investment..... But we hope to be there within the next five years.

Despite data showing the resilience of Fairtrade© to the impacts of the UK recession (Co-operative Bank, 2012), smaller rural firms found the business environment 'testing', (particularly those used Fairtrade only to add value to core business, for example, eco-style tourism). These were basically affected by a reduction in core business demand that rippled across into their Fairtrade© activity.

Business does not exist in isolation, yet perspectives around for example competition, or the direct or indirect challenge of larger rivals, was also muted in smaller firms (BIFE-). However, it was not possible within the remit of this study to determine a causal relationship between this and other negative intangible pull factors within the smaller firm related to business planning and low competitor analysis (BIFI-, HIFI-).

The most significant positive push factors for success were interconnected between business and human 'intangible' factors. Distinguishing features included human values, knowledge, learning and adaptation, for example, towards social media, or the use of supply chain and customer relationships to importantly build brand identity and reputation. On occasions principles were overtly placed before profit:

We will not compromise our principles to make a little bit extra money. We knew some people wanted it and some were willing to pay the premium for it but we didn't mark it up on that basis.

Business internal tangible and intangible factors certainly provided the impetus for business operations, however, it was the business philosophy infused with human values that provided the 'je ne c'est quoi' and the backbone of each business. This facilitated the delicate balance between profit, individual objectives and in some cases community obligations. Furthermore, for some SMEs, competitiveness resulted from the ability to respond quickly to suppliers and customers, but also their knowledge and proximity:

We want to pay more for coffees to ensure farmers benefit – we don't want to see them making just enough money to cover their production costs, but if market prices go so high, we then struggle to sell them on to our customers or they question the value of that. We buy seasonally, so we are at the whim and mercy of the market conditions.

There were however, also some notable weaknesses in prioritising strategy or tracking competitors within small businesses, despite many being >5 years and indeed 'surviving'. This was often related to time, prioritisation or a perceived need for business skills and competences:

I just kind of fumble along.... I couldn't right now name my competitors.

Any business must manage its cost base to be successful but achieving the economies of scale for smaller SMEs was challenging. Nevertheless, human values and reputation were not sacrificed to financial pressures, for example, selling fair trade coffee in 'sweat shop' mugs to improve margins. As businesses could not compete on price alone (some because raw material costs were higher than non-fair trade alternatives), they instead focussed upon building value and loyalty through, for example, small product or service innovations. The capacity to use intangible assets, intellectual capital and resources imaginatively illustrated reciprocal trust and co-operation within business networks, for example, creating new co-marketing opportunities for those within mainstream markets with much smaller budgets than rivals, or within smaller business by resolving short term cash-flow issues and payment settlement linked to raw material prices or product innovation.

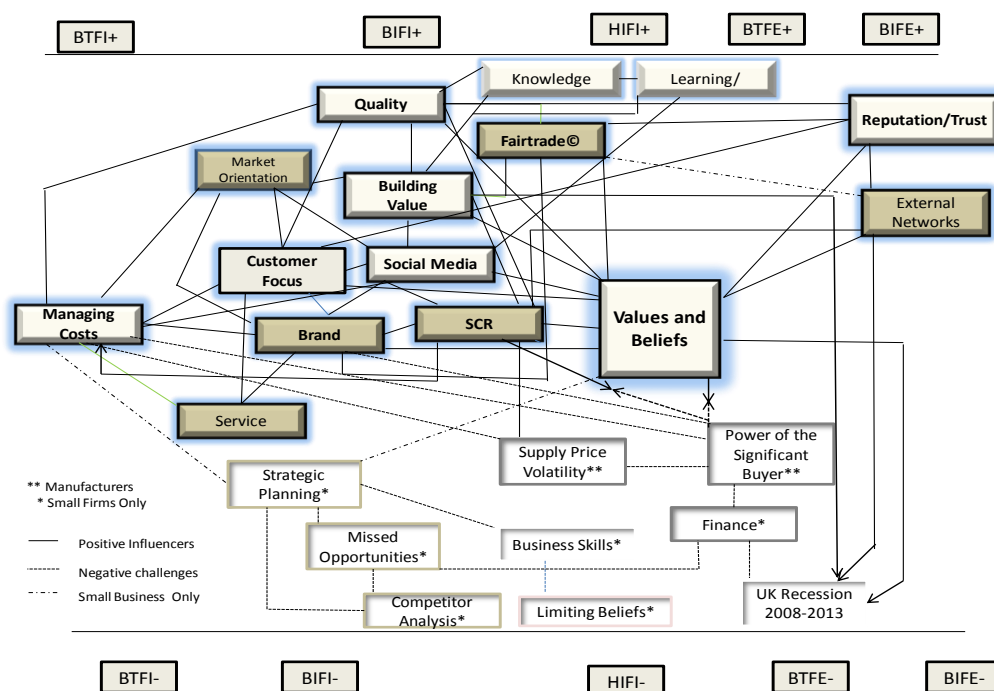
'Smart' fair trade business combined ethics with quality and service because ticking the fair trade box was insufficient as part of a competitive strategy within both dynamic niche and mainstream markets. However, they also capitalised intelligently on combining 'fair'

with ‘local’ suppliers within the product or service proposition, using these external networks to strengthen trust and reputation:

It is very important to support the local farmers because they have the same problem of getting a fair price for their produce just as the farmers in developing countries.

### *Factor Interconnectivity*

Antoldi et al. (2013) present SMEs as “unique bundles of resources” (p. 569), indeed this research concurs by placing importance upon those business and human intangible resources, for example, values, brand, knowledge, reputation and trust.



Source: Author

**Figure 3.** Factor Interconnectivity

Factors should not be viewed in isolation, but rather as an interconnected web of push and pull features that influence and mould business outcomes. Some were pivotal to the business culture and identity, for example, human values, because they impacted upon key decisions around certified or fairly traded combinations, quality, cost management, brand identity and communication via social media. Ethical values influenced focus and behaviour towards achieving organisational goals. There was an alignment between values, behaviour,

employee commitment and business success (Cohen and Keren, 2008; Dubin et al., 1975; Rokeach, 1973). Figure 3 therefore presents not only a diagram to illustrate the interconnectivity of key themes within the findings, both influencing and limiting factors, but also reflects the differences experienced between the small and medium sized fair trade firms.

This values based orientation provided the moral compass to manage situational pressures and reflected the resilience, tenacity to uphold principles despite pressures upon margins from significant buyers, the price of raw materials or the UK recession 2008-2013. De Jorge Moreno et al. (2007) described this as adaptation in the face of adversity. Indeed, the emphasis on building value, together with other symbiotic factors, supported Kitching et al. (2011), who illustrated how SMEs responded to the UK recession 2008-2013 through product and service diversification. This interconnectivity of supply chain relationships with values, reputation and trust also ensured firms resisted short-term alternatives to withstand what Wyld et al. (2012) describe as the ability of powerful buyers ability to control and exploit SME suppliers.

Within fair trade SMEs, there was a growing consensus around the importance of managing external networks to ensure business success and sustainability (Ngugi et al., 2010; Jones and Holt, 2008; Street and Cameron, 2007), with figure 3 illustrating how these factors were inter-dependent both internally and externally to build resilience to areas beyond their control, for example, cash flow/payment receipt, currency fluctuation and the UK recession 2008-2013. These networks were specific to the business purpose or at times blended with community objectives. Furthermore the findings concurred with Durkin et al. (2013) that long term, networked relationships facilitated competitiveness, for example, engagement with social media enabled the development of more sustained stakeholder relationships (Brodie et al., 2007) and relevant engagement with customers (Kim et al., 2011; Ansari and Mela, 2003).

Fair trade SMEs also reflected what Drury (2008) describe as a 'fear of missing out' if they are slow to embrace social media or new technologies. Indeed whilst social media currently worked positively for these fair trade SMEs, it was not without inherent risk, especially as customers could now independently upload viral feedback. Customer focus and service was integral to quality management strategies, yet the development of their on-line footprint also enabled them to widen opportunities to grow their business (Harris et al.,

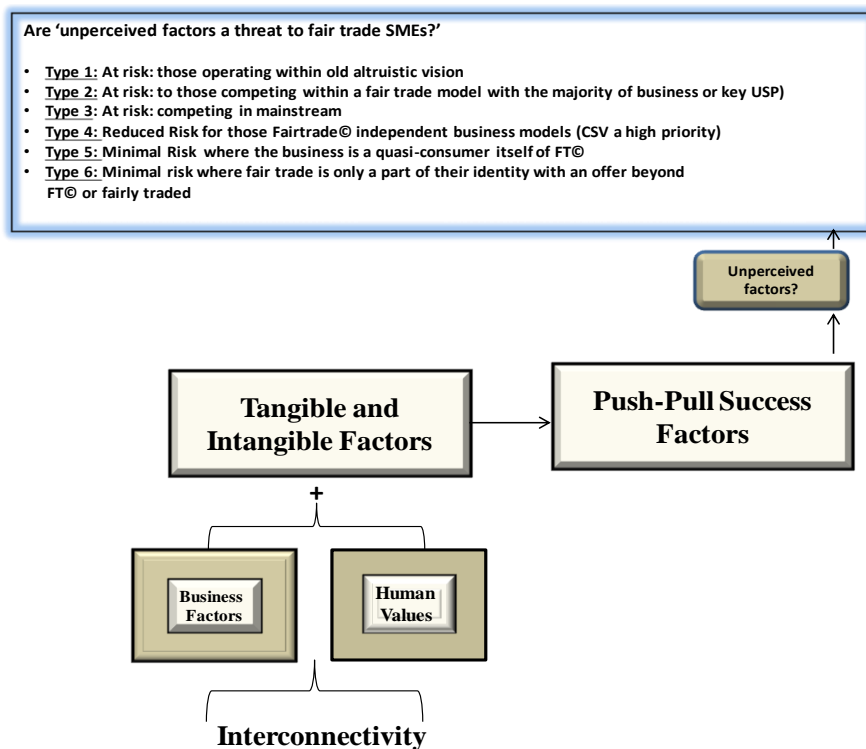
2012). This was important as SMEs recognised that power had moved towards consumers (Barwise and Meehan, 2010). It also reflected the interconnections between, for example, brand, reputation, trust, market orientation etc., but more importantly had future implications for growth if, for example, potential consumers of Fairtrade© moved from simply positive perceptions to action and ‘actual’ buyer behaviour. This highlights the importance of their proximity and relationship with their customers, enabling them to engage not just as product recipients, but as co-producers and influencers (Durkin et al., 2013). Furthermore, as sales and competitiveness increase, SMEs agree that the future is inextricably linked to the intangible aspects of their brand (Abimbola and Kocak, 2007; Inskip, 2004) and indeed more critically that their human intangible factors symbiotically interconnect to actually drive brand identity and management (Krake, 2005; Gilmore et al., 2001).

Intangible assets within SMEs were crucial and business critical, including the human capital (Becker, 1993) and tacit knowledge, described by Roos et al. (2005) as: “not replaced by machines, nor written down on a piece of paper” (p. 19). These interconnected and influenced significant push factors, including quality, supply chain relationships, managing costs, service, customer focus etc., also provided the intangible human and intellectual capital to build resilience to those challenging external pull factors including for example, the power of significant buyers or the UK recession 2008-13.

#### *Hidden Factors and fair trade SME typology*

Whilst this paper has explored tangible, intangible; business and human success factors, it was also necessary to address the wider environmental context to consider ‘hidden’ or under perceived factors by SMEs, where there was a potential weakness in the ability to identify areas of both opportunity and threat within the business environment. Whilst some of the debate around mainstreaming fair trade is currently confined to academic journals and conferences, it would be too static to simply present success factors without considering implications for business growth and sustainability. Furthermore, a one size fits all scenario did not address the complex business models adopted by these fair trade SMEs. Figure 4 therefore situates the outcomes in terms of the business and human factors, but makes reference to those business intangible factors (BIFE+/-), or hidden/under-perceived factors that included, for example, mainstreaming and fair trade perceptions. This was especially true if, for example, the supermarket own brand ‘best price’ fair trade product was conveniently accessible to ‘feel good’ shoppers. The model therefore divides the fair trade SMEs into six

distinct categories to show the potential implications for growth and competitiveness and how some will remain relatively immune to these effects, in contrast to others, where the effect could have significant and lasting impact. Indeed whilst this research is exploratory, it provides an early identification of those potentially vulnerable businesses, by labelling them as Type 1-6 SMEs.



Source: Author

**Figure 4.** Impact of Hidden Factors

### *Fair trade SME Typology*

#### *Type 1*

Type 1 SMEs continue to operate within the more traditional altruistic visions of fair trade, with a narrow distinction between both a charity and social agenda. Those operating with the ethical notion of altruistic consequentialism may be at risk from the ripple effect of mainstreaming and changes in buyer behaviour – in other words, where convenience, accessibility and competitive pricing increasingly attract the ethical nomad, especially as ‘virtual’ retail increases (de Kare Silver, 2011). Their challenge, in such situations, may be to

retain the stalwart altruistic ethical consumer who would prefer to enjoy the process of buying individual Fairtrade© products with unique product provenance.

### *Type 2*

Type 2 SMEs represent those for whom Fairtrade© is the significant or major element of the business, irrespective of whether ideologically pure certified or a mix of fairly traded. Changes in fair trade perception could work to their advantage or indeed disadvantage, depending upon the focus of debate, for example, if the notion of ‘unequal exchange’ gathered momentum and negatively impacted on Fairtrade© perception and sales. However, they may face significant opportunities and challenges when trading with large retailers. An example may be, if they form a second tier of Fairtrade© providers, supplying products to mainstream retailers, but not under their own label (Doherty et al., 2013). Indeed, whether supplying own brand or supermarket brand products, they may find themselves pressed hard on margins, squeezed in terms of their own profitability to participate in mainstream markets and a hostage to significant buyers. Whilst charges of ‘fair-washing’ may challenge their larger retail cousins, more positively, Type 2 SMEs may source new business opportunities derived from their unique brand identity, differentiations on service, quality, reputation and loyalty, social and supplier networks. Indeed their values orientation may be especially attractive within international markets, as the demand for Fairtrade© increases globally. Furthermore, there may be complementary benefits for those fairly traded product ranges.

### *Type 3*

Type 3 priorities are to compete within mainstream markets, alongside other Fairtrade©, fairly traded and non- Fairtrade© rivals. These companies may be sensitive to the impact of fair trade value chains 3-6, described by Doherty et al. (2013), for example, where major retail brands abandon their specific brand of fair trade in favour of a cheaper alternative, arguably using the notion of fair trade to fair wash their corporate ‘responsibility credentials’. These SMEs are sensitive to supply price volatility and exchange rate fluctuations, which impact upon fair trade price before the Fairtrade© premium is added. Yet, similar to Type 2, they certainly make a significant and tangible difference to those developing country communities who supply their raw materials. These firms also possess a unique selling point around supply side transparency and traceability. This is particularly relevant in response to recent supply chain controversies beyond fair trade (Elliott Review 2014). Whilst, the brand may be challenged by the ‘best price’ supermarket own label fair



trade products, they can demonstrate integrity, consistency and quality. Furthermore it can be enhanced through social media, customer and supplier relationships that add value and narrative to the buying experience.

Their challenges will be to continue to build new value and new UK and international markets, exciting customers to maintain brand loyalty and reputation. This can only be achieved through a matrix of quality, service and cost management that not only remains true to Fairtrade© principles and practices, but enables them to maintain their position within the mainstream against other Fairtrade© and non-Fairtrade© rivals.

#### *Type 4*

Type 4 companies are independent and unique and integrate ethical values across their supply, however, they are neither ideologically nor practically bound to Fairtrade©, because of for example, product independence or the range and variety of products offered. They may pursue their own fairly traded, ethical relationships across their supplier network, operating within their own 'fairness' criteria and Fairtrade© or indeed fairly traded may play only a contributory role to their organisational identity.

#### *Type 5*

Type 5 SMEs are in effect quasi-consumers of Fairtrade©, more often from service sectors. They are using Fairtrade© to add value and to differentiate their service offer. Indeed these companies may well benefit from the impact of mainstreaming and economies of scale. They reported cost benefits from recent Fairtrade© conversions such as Cadburys, for example, although this by default may impact upon Type 2 and 3 businesses.

#### *Type 6*

Type 6 SMEs are similar to Type 4, in that their identity and product offer encompasses Fairtrade© but does not totally rely upon Fairtrade©; and they arguably adopt a more egoistic consequentialist approach (Thiroux and Krasemann, 2007). Furthermore, if a changes to the Fairtrade© price impacted upon profit and margins, it would potentially prompt a review or search for other ethical alternatives, for example, Rainforest Alliance, UTZ etc., or even non-fair trade alternatives. Human values and beliefs still shape the strategic direction and

decisions of these SMEs, however these values are driven by pragmatism and survival; the polar opposite of Type 1 SMEs.

## **6. Conclusions**

Competitiveness results from a myriad of tangible and intangible interconnected success factors, irrespective of a total or partial fair trade commitment. Despite a growing and dynamic values based market, moving forward, it will be insufficient to compete on altruistic or fair trade credentials alone. The research highlights the potential paradox in the success of Fairtrade© within large retail chains, where the power of their significant buyer may continue to drive down margins and profitability at the expense of the SME. It may inadvertently provide a mixed message that implicitly affirms the notion of 'fair' is only be applied to those in the third world, or reassert an assumption that UK fair trade SMEs are sufficiently mature and able to compete and survive. Wealth generation is seen as important, however, this research illustrates that whilst traditional static measurements of business on the basis of turnover, profitability or financial ratios are useful to provide a single position in time, they cannot provide a truly holistic picture that demonstrates 'business potential'. Furthermore, if an SME is to secure its future or obtain new investment, it needs to intelligently develop the ability to think reflexively about not only its tangible and intangible assets but also those liabilities, which could compromise future potential.

This research provides an early indication that some fair trade SMEs are addressing these challenges and in doing so, represent a beacon for new business responsibility. They demonstrate that it is indeed possible to present the 'nice face of capitalism' by balancing values based orientations with business priorities. Nevertheless, this is not a time for complacency, especially within a highly competitive fair trade environment, one which will necessitate even greater strength and resilience within a predictably unpredictable business environment.

This research is important and contributes to knowledge, methods and practice on three levels by:

1. Furthering understanding into tangible and intangible, business and human success factors within the under- represented area of fair trade SMEs. The broader findings may be shared throughout the supply chain to find new ways of working, that together

build future business resilience to those external and internal challenges. This may enable SMEs to be competitive and resilient within growing and highly competitive niche and mainstream markets.

2. Furthering understanding into how human values and beliefs influence not only shape business decisions but also the interpretation of 'success' itself. The paper has created a typology of fair trade SMEs within a mixed-form market model, highlighting potential risks to competitiveness and security that may paradoxically result from increased growth and sales within mainstream markets.
3. Developing a coding framework that enables the organisation of complex qualitative data around business and human, tangible or intangible success factors using grounded theory and a cross comparative method (Corbin and Strauss' 2008), based upon a concept card tool (Prasad 1993).

Fair trade may simply be viewed as another 'in vogue' trend, fortunate to appeal to a 'feel good' market. Yet, despite the UK recession (2008-2013) this area has continued to gain strength, in contrast to many other business sectors. Differences remain between the small and medium sized firm in how they approach fair trade, varying according to their size, financial leverage and target market. An interesting area future research is to assess if human motivations or success factors change over time as a result of internal or external events, so more empirical work is needed into ethical SMEs to determine what the longer term impact of human values is upon enterprise competitiveness and success. Within a contemporary context, however, Adam Smith's theory of moral sentiment therefore still offers relevance and meaning for business today because with complex global supply chains: "reason, principle, conscience...(indeed remain), the great arbiter of our conduct", (Smith 2011:133).

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