

| | | |
|--|--|---|
| Institution: University of York | | |
| Unit of Assessment: 17 – Management and Business | | |
| Title of case study: Improving the management and effectiveness of social enterprises and their trading partners in the fair trade system | | |
| Period when the underpinning research was undertaken: 2012-2020 | | |
| Details of staff conducting the underpinning research from the submitting unit: | | |
| Name(s): Bob Doherty | Role(s) (e.g. job title): Professor of Marketing | Period(s) employed by submitting HEI: 2012-present |
| Period when the claimed impact occurred: August 2013 - December 2020 | | |
| Is this case study continued from a case study submitted in 2014? No | | |
| 1. Summary of the impact (indicative maximum 100 words) <p>Research on hybrid organisations by Bob Doherty and colleagues, at the University of York, provided a novel framework for understanding the tensions and trade-offs that social enterprises (SEs) face in fair trade markets, and how they can be managed. The research has had an impact on the effectiveness of SEs and fair trade systems that rely on them, in <i>three</i> ways: (a) improving transnational regulation, including the development of an International Fairtrade Charter; (b) influencing business strategies of fair trade SEs (such as Cafédirect) and retailers (specifically, Co-op Group) and; (c) enhancing value in supply chains, directly informing Oxfam's new procurement diagnostic tool to ensure buying teams source products from fairer businesses.</p> | | |
| 2. Underpinning research (indicative maximum 500 words) <p>Interdisciplinary research carried out at the University of York from 2012-2020 increased understanding of the dynamics of fair trade systems [A] and the particular challenges that face organisations – social enterprises (SEs) – operating within them. SEs, such as worker integrated firms and Fairtrade-certified suppliers, have attracted growing academic interest in recent years. Typically, SEs are categorised as hybrid organisations that span the boundaries of the private, public and non-profit sectors, and focus on a dual mission of social purpose alongside financial sustainability. Hybridity and dual mission mean that SEs are complex organisations, juggling competing demands and facing very specific management challenges. Despite this, SEs have been widely promoted by governments and transnational agencies as a possible solution to tackling wicked social problems including food security, poverty, and environmental change.</p> <p>Taking the idea of hybridity as a starting point, research by Doherty and colleagues has substantially contributed to understanding the strategies of SEs in the fair trade arena, and how to improve their effectiveness. Doherty was first author of a well cited paper, published in 2013, that charted how fair trade - which began as a social movement focusing on addressing economic deprivation in the developing world - has increasingly become 'mainstreamed' and opened up to corporate involvement [A]. Building on this work, Doherty (again as first author) developed a conceptual framework to understand how greater commercialisation influences the strategies (and mission) of SEs, as hybrid organisations, specifically with regard to financial resource acquisition and the management of human resources [B]. This framework for understanding the tensions and trade-offs resulting from hybridity in SEs has subsequently been very widely cited. Later research by Doherty focused on the practicalities of how hybrid SEs manage these tensions. For example, Doherty co-authored with Mason to examine the governing boards of three fair trade SEs over six years [C]. Drawing on paradox theory (an approach which explores how managers handle competing imperatives and objectives) this research explains how the governing boards of SEs can mitigate tensions between commercial and social goals. More recently, Doherty has applied these insights to SEs in other sectors, including local authority housing services co-authored with Gillett, Loader (both University of York) and Scott [D].</p> <p>In a related strand of work, co-authored with Davies, Doherty explored the conditions that increase the likelihood of achieving positive social value spill-overs from the commercial</p> | | |

activities of SEs [E]. Value spill-overs include the wider social benefits that SEs operating under a fair trade system can have for the local economies of developing countries; for instance, alleviating poverty or improving the environment. This research involved a 17-year longitudinal study of the business models of Cafédirect, the farmer owned, multinational fair trade hot drinks SE. Bringing together theories of business models with hybrid organising, the study highlighted the practical difficulties of achieving 'triple bottom line value capture' (the simultaneous pursuit of economic, social, and environmental goals), while advancing an understanding of the conditions and supporting policies and practices that enhance multiple value spill-overs. This research also examined the management of fair trade value (supply) chains and how they might be organised to ensure greater inclusiveness and respond better to the particular needs of SEs [F].

Insights from this body of research led to the GBP3,400,000 project, IKnowFood, led by Doherty (as PI) with partners at the Universities of Manchester, Leeds and Liverpool, and funded by the UKRI Global Food Security Programme. Collaborating with ten major industry partners, Doherty leads interdisciplinary experts to understand the conditions needed for resilience in food systems, which are increasingly vulnerable to interconnected political, economic and ecological shocks and stresses. IKnowFood both applies and extends Doherty's theoretical work on hybrid organisations and procurement systems (notably [E] and [F]), helping to understand what information, resources, tools and techniques are needed to improve the effectiveness of SEs involved in the global food supply.

3. References to the research (indicative maximum of six references)

- [A] Doherty, B., Davies, I. and Tranchell, S. (2013). 'Where now for fair trade?', *Business History*, 55, 2, 161-189 (submitted REF2014 by York) <https://doi.org/10.1080/00076791.2012.692083> * +
- [B] Doherty, B., Haugh, H. and Lyon, F. (2014). 'Social enterprises as hybrid organizations: A review and research agenda.' *International Journal of Management Reviews*, 16, 4, 417-436. <https://doi.org/10.1111/ijmr.12028> ** + ++
- [C] Mason, C., & Doherty, B. (2016). 'A fair trade-off? Paradoxes in the governance of fair-trade social enterprises, *Journal of Business Ethics*, 136, 451-469. <https://doi.org/10.1007/s10551-014-2511-2> + ++
- [D] Gillett, A., Loader, K., Doherty, B. et al. (2018). 'An examination of tensions in a hybrid collaboration: a longitudinal study of an empty homes project', *Journal of Business Ethics*, 157, 949-967. <https://doi.org/10.1007/s10551-018-3962-7> + ++
- [E] Davies, I.A., Doherty, B. (2019). 'Balancing a hybrid business model: The search for equilibrium at Cafédirect.' *Journal of Business Ethics*, 157, 1043-1066. <https://doi.org/10.1007/s10551-018-3960-9> + ++
- [F] Doherty, B. and Kittipanya-ngam, P. (2019). 'Inclusive value chain development: the role of social enterprise hybrids in smallholder value chains' in *A Research Agenda for Social Enterprise*, De Bruin, A. and Teasdale, S., eds. Cheltenham, UK: Edward Elgar. ISBN: 9781788972314 (Chapter 9, pp 94-103).

* Sixth most cited article ever in *Business History*

** Fourth most cited article ever in *IJMR*.

Research grant

- '*IKnowFood: Integrating Knowledge for Food Systems Resilience*'. UKRI Global Food Security Programme, BBSRC, Doherty as PI (with Universities of Leeds, Liverpool and Manchester), 2016-20 (GBP3,400,000)
- *Transformations to Regenerative Food Systems*. Transforming Food Systems Programme, BBSRC, Doherty PI (with Universities of Leeds, Manchester, Oxford, Cranfield, City), awarded Nov 2020 (GBP6,000,000)

+ Peer reviewed journals; ++ submitted as output to REF2021

4. Details of the impact (indicative maximum 750 words)

The substantial impact of Doherty's work on SEs and fair trade systems can be gauged by his involvement with numerous organisations and key policy advisory roles. The latter includes his appointment, from April 2019 as a Senior Policy Fellow (seconded 0.5FTE) in the UK Government Department for Environment, Food and Rural Affairs (DEFRA). More specifically, the impact of Doherty's research on SEs and hybridity is evident in *three* important areas: helping to shape international fair trade policy and regulation; improving the effectiveness of the business strategies of SEs; and enhancing value in fair trade supply chains that involve SEs.

1. Influencing Regulation and International Fair Trade Policy: Insights from Doherty's research on hybridity in SEs have contributed to the international regulation of fair trade markets and improved standards. Doherty was part of the EU working group that developed, over a two year period (2017-2018), the International Fair Trade Charter [1]. This Charter, supported by all key global fair trade bodies, including the two largest fair trade certification organisations (World Fair Trade Organization (WFTO) and Fairtrade International) has already been adopted by over 400 organisations globally and has helped to strengthen self-regulation and raise standards [1]. Doherty's publications [A][B] and [F] informed key parts of the Charter on governance in supply chains and the critical role played by hybrid SEs in the fair trade system. The importance of Doherty's contributions to this process are clear from the testimony of the CEO of Fair Trade Advocacy Office (the agency which took a lead role in negotiating the Charter), who states: *"I always found that typically you've [Doherty has] given us very good ideas and elements and analysis that have helped...us take decisions about policy of the fair trade movement, or actions or projects, because they were still very fresh and very relevant... you have the time and the tools and the skills to do this analysis, it's actually an ideal complement to us because we are collectively... very busy with short-term and pressures of making our organisations run and survive and so on".* In the same interview, the CEO also notes how Doherty's specific input helped to ensure both the effectiveness and relevance of the Charter: *"each of the contributions, including yours [Doherty], resulted in a document that is seen as...describing what fair trade is about... I think you've contributed as well to making the charter relevant to these different approaches to fair trade... your knowledge on both of these systems [fair trade SEs and fair trade certification] contributed to, I think, a better charter that clearly is fair..."* Further praising Doherty's work, the CEO went on to explain how the Charter had been adopted by bodies such as the General Assembly of Fairtrade International, the World Fair Trade Organization and was recognised by other key *"global networks"* [1]

Doherty's research has shaped the policy of the WFTO, a transnational agency that represents many SEs. Specifically it has helped the WFTO to raise standards and increase its membership and profile. Doherty co-authored a major WFTO report: 'Creating the New Economy: Business Models that put People and Planet First' (2020) [2]. This report set out to describe the key features of 'Fair Trade Enterprises' which *"put people and planet first" and are in "stark contrast to today's mainstream businesses, who largely remain trapped in a model of profit-primacy"*. Drawing heavily on Doherty's research, the report notes five ways in which fair trade enterprises (many being SEs), do things differently: fighting inequality; women leading the change; saving our planet; going places that other businesses won't; and commercial resilience. According to the Chief Executive of the WFTO, this report based on Doherty's research, has contributed to the recruitment of new members and the development of *'new partnerships'* with global organisations that are helping WFTO to raise standards and pursue its mission [3]. Examples of these new partnerships include: eBay UK which has used the report to help WFTO members *"access ecommerce skills and platforms"*; Ambiente trade fair in Frankfurt, which presented the report at a major press conference, reaching over 100,000 buyers; and International Trade Center (ITC), which coordinates a network of 60,000 businesses worldwide that are interested in sustainable sourcing [3].

2. Business strategies of SEs: Doherty's work on hybridity has directly influenced the business practices of large SEs, such as Cafédirect, and retailers, including Co-op Food, that share many of the characteristics of SEs. Doherty's research helped the Co-op to manage its supply chains to ensure greater resilience in the sourcing of food products. Co-op Food, combines over 15

different co-operative societies, operating over 4,000 shops and (in 2016) accounting for 6.6% of the UK groceries market. According to Co-op's Head of Food Policy: *"Doherty has worked in partnership with the Co-op for 20 years...Novel insights into food systems, resilience and fair trade from these publications have contributed to the development of the new Co-op's Future of Food strategy"* [4]. Doherty supported various Co-op consultation events, including three joint roundtables with external stakeholders and internal workshops, held between 2017 and 2018 to identify challenges and strategies to mitigate risks and improve governance. Insights from Doherty's research on balancing social and commercial objectives in supply chains [F] and the importance of the fair trade conceptual work [A] informed these discussions, leading to the development of a new pillar of the Co-op's Future of Food strategy, 'treating people fairly'. As stated in this strategy, Co-op now makes sure that *'all the cocoa we use in our own brand products is sourced on Fairtrade terms, through innovations in Fairtrade sourcing models'* [5].

In 2018, a 'Fairtrade Ingredients policy' was also introduced, which ensures that *"all the coffee, tea and bananas we use in any own-brand product, benefits Fairtrade producers across the globe"* [5]. As the Head of Food Policy at Co-op explained: *"These commitments mean our Fairtrade producers and growers benefit from an additional £400,000 in Fairtrade Premiums annually"* [4]. By allowing smallholders and farmers to charge a fair price for their products (such as cocoa) and increasing their profit margins from the previous baseline, these premiums ensure that the suppliers of Co-op food are financially better off. The CEO of the Fairtrade Foundation lends support to this conclusion, noting how insights from Doherty's research on hybridity in SEs influenced Co-op's purchasing model. Specifically: *"Bob has been part of the advisory group working on the Co-op Future of Food strategy, which has prioritised scaling up their commitments to grow their purchases of Fairtrade certified products and ingredients across a range of key product categories. This means that now all the cocoa, coffee, tea and bananas used in Coop own-label products will be sourced via the Fairtrade system and lead to significant economic and social benefits for smallholder farmers in developing economies"* [6].

Research focusing on how to support positive social value spill-overs from the commercial activities of SEs [B], [C] and [E] also fed directly into the business strategy of the global fair trade enterprise, Cafédirect. Research output [E] was co-produced with Cafédirect and helped that organisation to radically rethink its strategy to balance social and commercial priorities. This included a major decision to bring the sales and supply chain management functions back in-house. According to the CEO of Cafédirect, Doherty's research was: *"used as part of our induction training for new Cafedirect staff and they have resulted in our return to growth via highlighting the need for a new approach to product design, new product innovation and the need to commercialise our social purpose"* [7]. The CEO went on to explain: *"it feels like it's helped us recognise the need to be profitable and sustainable...helped our correction in terms of balancing commercial and environmental and social and now we are growing again after being in crisis. Your [Doherty's] paper and the process of researching the paper highlighted the need to get that balance right, and reflecting on it, it was quite clear that our over focus on social and environmental impact was putting us in a riskier position."* As noted, this new strategy has helped Cafédirect return to growth after several years of decline. In 2017 Cafédirect recorded a sales turnover of GBP12,863,000, demonstrating 8.5% growth over the previous year [7]. As a result of the refocusing and improved performance arising from this work, Cafédirect also won the Social Enterprise of the Year award in 2019.

3. Enhancing value in fair trade supply chains: Doherty's research on hybrid organisations and value chains ([B][C] and [G]) has influenced procurement and supply chain management practices. Notably, Oxfam, a major charity devoted to alleviating global poverty, used insights from this work to create a new procurement diagnostic tool to help buying teams source products from fairer businesses (including SEs) [8]. This tool was developed as part of the IKnowFood research programme, which involves Oxfam. As the Head of Future Business Initiative at Oxfam (GB) explains: *"we firstly used [Doherty's] theoretical model of hybrid businesses but also the work [he'd] done on the balancing of social mission and financial mission, and that attention to the paradox and the tensions that exist between those. This informed the development of our procurement diagnostic tool"* [9]. Specifically, the tool looks at

the structure of supplier organisations to answer three key questions about the intention of their business - purpose, power and profit – and whether it is guided by a social mission. Currently the tool is used by Oxfam's buyer team, with 650 shops in the UK [6]. In further email communication, Oxfam's Head of Future Business states that the procurement tool has been used to assess all potential 'tier 1 suppliers', with a total of 60 companies assessed and 50 now accepted to stock Oxfam stores [9]. Importantly, while *"every supplier in store has been assessed...that doesn't mean they all pass"*. More recently, this work has also informed Oxfam's global strategy, including a major report published in 2018: 'Doing Business in the Future: Shaping Inclusive Growth in Southeast Asia' [10]. Referring to the 'purpose, power and profit' framework, this report echoes many core themes of Doherty's work, highlighting the opportunity for socially responsible businesses in SE Asia to transition to a *"hybrid and equitable business model"*. Oxfam's Head of Future Business notes: *"We drew on your [Doherty's] work for our hybrid work in Asia, where at the World Economic Forum we developed a pyramid hierarchy of different forms of social enterprises, and also of different types of businesses with social enterprises, hybrid businesses being at the top, which is where we drew on your [Doherty's] definition. So it's helped us communicate to a very large audience...the different hybrid business models"* [9]. Following this report, a version of the Oxfam procurement tool was launched in South East Asia in February 2019 [10].

Finally, insights from Doherty's work on supply chain management and hybrid goals have been extended in a BBSRC funded project announced in November 2020 (GBP6,000,000): 'Transformations to Regenerative Food Systems'. As part of this project, Doherty and colleagues are working with over 50 major industry partners to build on knowledge generated in previous research (including IKnow Food) to improve the effectiveness of supply chain management. The aim is to transform the food system to one which promotes biosystem health (human and planetary) and contributes to a more diversified food economy, balancing economic, social and environmental outcomes.

5. Sources to corroborate the impact (indicative maximum of 10 references)

- [1] 'Fairtrade Charter' and Testimonial from CEO of Fair Trade Advocacy Office, (FTAO), Brussels 21st January 2019.
- [2] Creating the New Economy: Business Models that put People and Planet First (2020). World Fairtrade Organization.
- [3] Email from Chief Executive of the WFTO. 28 July 2020.
- [4] Testimonial letter from Co-op Head of Food Policy (18th November, 2019)
- [5] Co-op (2018). Future of Food Report, Co-op Limited, Manchester (see: pp. 30-32)
- [6] Testimonial letter from CEO of the Fairtrade Foundation, London (11th November, 2019).
- [7] Testimonial transcript from CEO of Cafedirect (8th February, 2019).
- [8] Oxfam new diagnostic tool for reducing inequality in global supply chains.
- [9] Testimonial transcript (18th February, 2019) and email (3rd September 2020) from Head of Future Business Initiative at Oxfam (GB).
- [10] Oxfam (2018). The Future of Business- Shaping Inclusive Growth in South East Asia.