Societal entrepreneurship contextualized: *the dark and bright sides of Fair Trade*

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Abstract

The paper is based on a study of how the Swedish Fair Trade textile company Oria interplays with other organizations such as business customers, Fair Trade suppliers in India, and NGOs, and how they act as societal entrepreneurs to change the situation in India as regards social and environmental issues. The aim is to understand how different organizations and companies acting in different contexts like Sweden and India work to change the business society according to the idea of Fair Trade. Both dark and bright sides emerge from the results of the actors' behaviour. The study shows that the societal entrepreneurship processes of Fair Trade in Sweden and India are dependent on actions driven by the actors' contextualized values and norms. The Swedish actors focus on Western management models such as standards and certifications, since they regard control and legitimacy as important. The Indian Fair Trade supplier adapts to the standards and certifications, but the dark side of his adaption could be explained as postcolonial coercive forces. A brighter side is the supplier's ability to understand and combine the possibilities in both the European and Indian contexts. A challenging perspective on societal entrepreneurship is expressed in the Fair Trade paradox and is shown by the identity dilemmas the CEO of the Fair Trade company Oria struggles with in her daily practice of entrepreneurship.

1. Introduction

With a growing debate on sustainable development in Western society environmental and social issues are put into focus. These issues, raising demands on Western companies not to exploit the workforce in low income countries, have created the Fair Trade market. However, as markets are not only constructed by profitability, efficiency and resource allocation, they could also be seen as organizations embedded in organizational fields (DiMaggio and Powell, 1983). In these organizational fields markets also consist of politicians, public authorities,

NGOs, labour unions, trade associations, journalists and consumers, together with different kinds of companies such as producers, suppliers, retailers, investors etc. They are all important stakeholders determining how institutions, norms and values, regarding specific issues such as Sustainable Development and Fair Trade, develop when organizations interplay with each other. This interplay could be viewed as processes of societal entrepreneurship. Fair Trade is mostly looked upon as a tool for consumers and NGOs to help farmers and employees in low-income countries to reach a better life. However, we seldom discuss this Fair Trade idea from a critical perspective, at least not from that of a low-income country. As we will see in this paper, a critical perspective will show both the dark and the bright sides of societal entrepreneurship related to Fair Trade.

The paper is based on a study¹ of Oria, a Swedish Fair Trade textile company, producing Fair Trade and organic certified cotton clothes and bags in India, which are sold to Swedish customers. The way Oria interplays with other organizations such as business customers, Fair Trade suppliers in India and NGOs in its organizational field is the focus of the study. How they all act as societal entrepreneurs to change the situation in India as regards social and environmental issues is discussed in relation to context and organizational logics such as the for-profit logic and the non-profit logic, which show both the dark and bright sides of societal entrepreneurship. The aim is to understand how different organizations and companies acting in different contexts like Sweden and India work to change the business society according to the idea of Fair Trade.

The paper goes on to present the methodological approach of the study and its theoretical framework. The empirical findings are then discussed in the framework of theories presented.

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The paper concludes with a discussion where the national and local relevance of context in different geographical settings as well as organizational logics are of crucial importance for discussing how and why different actors act as they do.

2. Method

The chapter is based on a research project where I study the Swedish Fair Trade company Oria and the companies and organizations Oria interplays with and how these organizations in different contexts like Sweden and India interpret the Fair Trade idea and label as a tool to diffuse and translate social and environmental responsibility. Since the concept of Fair Trade is seen as socially constructed and defined by the actors in the organizational field, a qualitative method is well suited for collecting different actors' experiences and views of the concept. The methods used are qualitative in-depth interviewing, observation through shadowing, mentoring, and an ongoing dialogue with the CEO of the Swedish Fair Trade company Oria. This is in line with the strong belief that knowledge in the field of societal entrepreneurship as a complex social phenomenon calls for close-up studies where the contextual setting can be further considered through those concerned (Johannisson et al. 2011).

The data was collected through 16 personal interviews and 14 observations from September 2009 to June 2011. The personal interviews were made with persons from different organizations and companies such as the CEO of Oria, the CEO of an Indian Fair Trade textile supplier, Oria's customers such as a purchaser at a Swedish food retailer and the purchaser at the Swedish Church, an investigator at the Swedish Fair Trade Center NGO and the CEO of the Swedish Fair Trade Certification Organization. Also, shorter interviews were

made with other Swedish companies producing and selling organic and Fair Trade textile products at business and Fair Trade fairs. The companies and organizations were chosen because of their interactions with Oria and because they were defined as important actors by the CEO of Oria. As regards the companies that are Oria's customers it was also important to choose persons who were practically working with Oria and its CEO, such as the purchasers. They are the persons who make the final decisions on whether to cooperate with Oria and buy the company's Fair Trade and organic products or not. It was important for me to understand how they evaluated and interpreted the Fair Trade idea in their decision-making process. The interviews with Oria's CEO were conducted repeatedly over time and could be described as ethnographic interviews, being repetitive, open and extensive and aiming at achieving an account of the events that took place between the interviews (Spradley, 1979 referred in Czarniawska, 2007). Each interview was approximately 1-2 hours long and was recorded and afterwards transcribed.

In addition, participating observations and shadowing (Czarniawska, 2007) took place while I accompanied the CEO of Oria to six fairs and six business meetings. Three of the fairs were related to Fair Trade issues where Oria's CEO also sold the company's products and participated in Fair Trade network meetings. Another was a business fair specialized in children products, where a few of the other companies were selling Fair Trade products to retailers. Most companies were not selling Fair Trade or organic products but were acting in accordance with business for-profit logic in comparison with the actors at the Fair Trade fairs where the actors largely followed the non-profit logic. These different fairs positioned the CEO and the Oria company in different roles and challenges. During the business meetings I attended I took notes when listening to the Oria CEO and the other person she was discussing with. I did not involve myself actively in the business conversations or discussions, but my presence may have influenced the two even though they did not explicitly comment on that.

However, as being a person in the same room I could never be a fly on the wall (Barinaga, 2002; Czarniawska, 2007)). As the shadowing technique does not separate the actor and the observer, they engage in a dialogical relationship (Czarniawska, 2007), and before and after their business discussions I talked and discussed with them as well. I also attended four seminars/conferences without the company of Oria's CEO, where CSR and Fair Trade issues were discussed in relation to different kinds of industries. In this paper the interviews and the observations form the basis of the empirical material discussed.

3. Theoretical framework

In institutional theory organizations could be constructed analytically as acting and interacting in organizational fields where ideas and practices are diffused by coercive pressure, normative forces or imitation (DiMaggio and Powell, 1983). In this study the organizational field includes the studied companies and organizations which act and interplay in relation to the Fair Trade idea. They are all important actors determining how institutions, which can be explained as norms and values regarding specific issues such as CSR and Fair Trade, develop when organizations interplay with each other. For example, in the creation of Fair Trade markets not only companies are involved, but these markets are also created by NGOs with the aim of improving human rights and living conditions for people in low-income countries. In the diffusion of ideas by imitation between organizations, there is a tendency of organizations to implement the latest ideas (Sahlin-Andersson, 1996; Sevón, 1996). Ideas like those of Fair Trade travel with actors such as standardization organizations, consultants, media, and academics and are translated into organizations by a transformation of the original idea (Sevón, 1996; Czarniawska and Joerges, 1996). In the study the Fair Trade idea is one

expression of Sustainable Development or CSR, which could be seen as a master idea translated into a Fair Trade label and standard.

The continuous interaction between actors and the context in which they are embedded is also of importance, according to Mair and Martín (2006). Individual actions are decided by the organizational context which establishes rules for their behaviours (Hjort and Johannisson, 1998). However, it is also important to see the connection between the global and the local contexts (in this paper consisting of both Sweden and India) as a glocal logic seen from a Western perspective as well as from that of the low-income country (Abrahamsson, 2008 referred in Gawell, Johannisson and Lundqvist, 2009). An adverse context may often lead social entrepreneurs to seek to change the context itself, since the social problem is often deeply embedded in contextual factors (Austin, Stevenson and Wei-Skillern, 2006). This wish to change contextual factors could be recognized by the NGOs but also among companies focusing on Fair Trade and environmental issues.

However, this need for change as well as the methods for change are often based on and developed from a Western context, so that consequences in another context, like that of a low-income country, are not highlighted and are often of no interest to actors in the West (Kahn, Munir and Willmott, 2007). This could be discussed in relation to postcolonialism or colonialism. The colonial rhetoric of civilizing mission was based on the conception of Western society as superior regarding morals, culture, society structure, science, and technology (Conklin, 1997 referred in Gregersen, 2010). The European colonizers saw it as their responsibility or duty to “civilize” or “enlighten” people in foreign countries by their own norms (Mann, 2004 referred in Gregersen, 2010). Banerjee and Prasad (2008) discuss neocolonialism as a continuation of direct Western colonialism with elements of political, economic and cultural control. Even the word Western is somewhat problematic and is, according to Gregersen (2010), a historical and cultural construction rather than related to a

specific geographic territory. The idea of the West is based on a society which is secular, industrialized, capitalistic, and modern (ibid.). As we will see in this paper, Western society and its ideas are represented by several actors both in Sweden as in India.

In the following chapters the empirical findings of the study will be discussed in the perspective of how the actors define Fair Trade and interplay with regard to the concept in relation to Swedish and Indian contexts. We will see how different actors interpret the Fair Trade idea and how they act, which will reveal both dark and bright sides of societal entrepreneurship.

4. The Fair Trade idea

The Fair Trade idea and market could be seen as an answer to demands from NGOs and customers in Europe and the US for a fairer trade with low-income countries. On this market several organizations and companies work for and present an alternative to a profit-maximizing logic where products produced in low-income countries and sold in Europe and the US should be produced with higher wages and better working conditions. A Fair Trade label developed on the basis of the International Labour Organization's criteria for indigenous people regarding human and labour rights² states that farmers will be paid a minimum price and a premium for their products (for example cotton, cacao or coffee). The farmers decide how to invest the premium and often act together as community entrepreneurs (Johannisson 1990; Johannisson and Nilsson 1989) when they invest the premium in schools, water wells, health care institutions etc. in their local societies. The aim of the Fair Trade label idea is to

² The ILO criteria are: elimination of forced labour, abolition of child labour, elimination of discrimination (www.ilo.org)

help poor farmers in low-income countries to develop their societies while simultaneously being able to make a reasonable income.

The Fair Trade standard setting or certification organization is responsible for the Fair Trade label. The organization develops its criteria³ for different products, controls farmers and producers and promotes the Fair Trade label by campaigning (Fair Trade organization's conference, March 2010; www.rattvisemarkt.se). The certification is also linked to the production in the whole supply chain, where producers can be licensed as Fair Trade producers if they follow the criteria of the certification organization (www.rattvisemarkt.se). These criteria include minimum wages, which is also stated by Indian law. Since NGOs like the Fair Trade Center consider this as not enough for workers, they promote living wages instead, which are higher and better enable people to obtain life's basic necessities (interview, Fair Trade Center, Nov 24, 2009).

The Fair Trade idea and its translation is discussed in the following section from the example of how the Swedish Fair Trade textile company Oria and its Indian Fair Trade supplier interplay with other organizations such as their customers, suppliers and NGOs.

5. Oria: to make business from social and environmental engagement

Oria is a Swedish company selling organic and Fair Trade produced cotton bags to large Swedish retail companies, cotton clothes for children and clothes such as T-shirts and shirts to

³ The Fair Trade criteria are: premium for products sold, minimum price for products, minimum wages at the same or higher level than the national law, the right to organize in labour unions, democratic organizational structure, health and security, environmental awareness, no child labour (www.rattvisemarkt.se)

adults, cotton bedclothes for children and cotton towels. The products are made of organic GOTS⁴- and Fair Trade certified cotton and are manufactured by Indian companies registered as Fair Trade producers at their certification organization. This means that it is not only cotton, the raw material, which is certified according to these criteria but the production with its different stages like cleansing, spinning, colouring, knitting and sewing also follows the organic and Fair Trade principles based on ILO's conventions. The combination of both organic and Fair Trade certified textile products is not common in Sweden; often the products are either one or the other. Oria was established in 2006 and the CEO is the only person employed, but since 2009 she receives help now and then from temporary employees.

The CEO of Oria has a personal engagement in environmental and human rights issues and is also a member of Amnesty International and other NGOs related to human right issues. Since 1995 she has worked with Fair Trade issues. At first, when she was a teacher, she worked for the teachers' union in their international engagement. Later on she voluntarily started a World Shop⁵ in the Swedish town of Västerås in order to push Fair Trade issues, but she felt that there was not enough force in the World Shop concept. One of the problems was that all the staff worked voluntarily, which made it difficult to rely on whether the shop staff would show up to their scheduled work or not. Besides, when she took care of the shop, she had a heavy work load due to campaigning activities, the coordination of the financing organizations, the purchase and sales of Fair Trade products etc. while working full time as a school teacher. She decided to start her own business relating to Fair Trade issues instead of putting in so much energy for other organizations, as she says:

⁴ Global Organic Textile Standard (GOTS) is a standard for organic products.

⁵ The Swedish World Shops' Association was mainly supported by the Swedish Church when it started in 1969. The aim is to sell craft and food products from small-scale producers in developing countries which have been produced regarding to specific Fair Trade criteria based on WFTO's Fair Trade principles. The association also works with information and campaign activities (www.varldsbutikerna.org).

“Now I do this for myself so I can get something out of it” (Interview, CEO Oria, (Oct 6, 2009; my translation).

She felt restrained as voluntarily employed and started her own business in order to also take a share of the revenues and receive an income from her work. Her social ideas about human rights and environmental responsibility were realized through a business initiative (Sundin, 2009).

The choice to start a Fair Trade company for her social mission seemed to have given a successful start to her company. When the CEO started Oria her goal was to be the first licensee in the Fair Trade certification organization. She reached this goal in 2006 and that was the reason why a large Swedish retailer found Oria through a contact with the Swedish Fair Trade certification organization. The retailer placed a large order of cotton bags with Oria. These bags were sold in food stores as an alternative to plastic bags. Oria still gets new customers due to being a Fair Trade licensee, and the CEO is now working to become the first person getting licensed for the Swedish organic label “Bra Miljöval (Good Environmental Choice)”, which is hosted by the Naturskyddsföreningen (The Swedish Society for Nature Conservation) NGO.

However, on one hand social entrepreneurship is about making profits and surviving in a market context, and on the other hand there is a social mission (Smith, Knapp, Barr, Stevens and Cannatelli 2010). The central driver for social entrepreneurship is the social problem being addressed (Austin, Stevenson and Wei-Skillern 2006). This dual aim makes everyday life as a social entrepreneur complex and sometimes challenging, as the story of Oria tells us. This complexity is shown in the dilemmas the CEO has to face when she reflects on her business and her work for human rights. These dilemmas also illustrate a Fair Trade paradox

which shows the social entrepreneur's striving for social change although she must sometimes act in accordance with the principles she fights against.

5. 1. The Fair Trade paradox

The CEO of Oria thinks that the requirements and demands on the Indian Fair Trade producers could be stronger, for instance the criterion for minimum wages, which are too low. Nevertheless, she looks upon the situation for the workers at the Fair Trade suppliers as much better than normal in India.

Still, a Fair Trade company in Sweden has an ethical dilemma, according to the CEO. There is a moral limit to how large a profit you can make on Fair Trade products, since the workers in India will still have low wages, and the gap between the company's profit on each product and the workers' wages should not be too large.

“Can I make a profit? I must make profit but there is a limit to how large it could be in comparison with how much the workers get if I earn more, if the argument is Fair Trade. If the argument is not Fair Trade and instead quality, then I can take any margin I want. But, I can't take too much if it is Fair Trade, because the workers who should benefit get such a small proportion anyway and I so much more.” (Telephone interview, March 15, 2010; my translation).

This dilemma shows the disharmony of being a social entrepreneur, as the CEO wants to help the workers in India and identify herself and her company as a caring company, but still has to make a profit. So, where is the limit for being a fair company? This disharmony between entrepreneurs' understanding of what they do and what in fact they do (Spinosa, Flores, and Dreyfus 1997) could be expressed in this ethical dilemma.

She also finds it troublesome to get a profit in Sweden from selling, for example, T-shirts and cotton bags, since the Swedish customers will not pay for her higher production costs for Fair Trade and organic products. Sometimes she needs to sell at a lower price and her profit will then be too low.

Researcher: “So sometimes you need to sell at a lower price even if you shouldn’t?”

CEO: “Yes, sometimes I need to do that. Cotton bags, which I sell, are actually a loss. To sell 100 bags, it is almost the same work to make a cotton bag as making a T-shirt. And people will buy a cotton bag for 5-10 SEK and you don’t make a profit on that. It is not possible to get so much profit.” (Interview, Oct 6, 2009; my translation).

So, it is not only in the Indian context that the Fair Trade idea is challenged. For Swedish customers there is a limit to being socially responsible for workers in India. But, even if the CEO is making an economic loss she is still contributing to the workers in India with her Fair Trade business.

According to the CEO of Oria, the Swedish Fair Trade companies which act with a social engagement and commitment to help the workers in India sometimes have problems with the Indian Fair Trade producers, who are few and skilled businessmen. They take advantage of the Fair Trade companies’ lack of business experience. They want high prices, they do not keep delivery times, their products are faulty, they do not want to write agreements with small customers, so if there are faults the customer needs to place a new order and pay again. The CEO’s opinion is that the Fair Trade producers in India are quite few and take advantage of their position in their confidence that their customers will wait for their products, since the Swedish Fair Trade importers will do everything they can to be able to supply their customers

in Sweden. These problems are also, in her view, expressed in Fair Trade seminars by other Fair Trade importers in Sweden dealing with other products than textiles.

So, a dark side of societal entrepreneurship emerges when the Swedish Fair Trade companies in the Indian context are forced to make business according to the profit-maximizing logic, a logic that they, in their capacity as agents for Fair Trade, try to change, because of its exploitation of workers. The Fair Trade paradox shows that the concept is framed in the economic discourse despite what its companies in Sweden want. The economic discourse has its roots in the Western ideology of industrialization but is well adapted by companies in the Indian context. Since the Indian Fair Trade producers are embedded in the Indian context and maybe conditioned by the very institution, they do not consider changing existing rules (Holm, 1995 referred in Mair and Martín, 2006). Nor is, according to the Oria CEO, the consequence of the Fair Trade business for its companies in Sweden taken up by NGOs like the Fair Trade certification organizations. They focus on producers in low-income countries and do not support the Swedish Fair Trade companies in business matters. According to the CEO, The Fair Trade certification organization wants its Swedish licensees to make agreements with their non-Swedish suppliers but gives no support to the licensees by making demands on Indian suppliers that do not want to sign agreements. The reason is that the organization does not want to get involved in business matters. Besides, the fee for the Fair Trade license is high, in that 2% of the sales price is paid by the company to the Fair Trade certification organization. This is high compared with the fee for organic certifications, which is 0.5% of the sales price. The CEO argues that this is not fair to the Fair Trade companies in Sweden but is something of a paradox, since the certification organization stresses that the trade should be fair in all parts of the trade chain, although this seems to be only directed to farmers and producers in low-income countries. In this situation the organization acts according to a non-profit logic and distances itself from the Swedish companies. Sometimes,

too, people in the non-profit sector with whom she still works in a Fair Trade network irritate her when they can make use of their paid working time for their social mission, while she must pay with her working time, which she also needs for selling her products and running the company.

In the next section we will meet an Indian Fair Trade supplier with whom Oria makes business. Oria's CEO is very satisfied with their business relation and the way he runs his company in India and treats his employees. His story about why he is a Fair Trade licensee and his experiences of relations with his European customers are mixed with some other actors' views and interpretations of Fair Trade such as Oria, Oria's customers, and NGOs. They could all be seen as societal entrepreneurs and the experiences of their interplay with other actors will show both dark and bright sides.

6. The interpretation and translation of Fair Trade: dark and bright sides

6.1. Standardization as coercive demands

One of Oria's Indian Fair Trade suppliers, who has been interviewed, produces cotton bags, clothes/uniforms to restaurants, T-shirts etc. to customers in France, Germany, England and Sweden. He runs the company together with his British partner, who mainly focuses on sales and marketing activities to European customers. The Indian Fair Trade supplier also holds a master's degree from a British university. He purchases the cotton raw material from certified Fair Trade and Organic farmers in India. At the beginning of the supplier's business he did not know what the Fair Trade label was, but the company followed Indian law (where several

requirements correspond with the Fair Trade criteria), and paid even better wages than the law stated, but this was not formalized with labels and certifications. He says:

“We had the procedure but if you asked me to prove some documentation it may not be there but I was following the law of the land. But, I could not prove it to you; I could not say for sure that this is absolutely perfect. And that is what the certification and the standards taught us”. (Interview, CEO Indian supplier, Nov 9, 2009).

It seems that the standards are not the reason for the company to take social responsibility, but rather that the standards fulfil the need for proving the social responsibility to the European customers according to the Fair Trade certification idea developed in Western society.

The supplier's business card shows all the standards and labels that the company uses: Fair Trade, Global Organic Textile Standard (GOTS), SA 8000⁶, OHSAS 18001⁷, ISO 9001⁸, ISO 14001⁹ and UKAS Quality Management¹⁰. The supplier sees the opportunity of adapting to the standardized management approach and also focuses on European customers only.

According to the CEO, the standards have helped the company to make the customers realize that the company is serious and to build up customers' confidence.

With regard to this, the need for Fair Trade standards and certificates is also emphasized by some of Oria's major customers in Sweden, a large food retailer and the Swedish Church, which stress that this is an important control instrument for purchasing Fair Trade products

⁶ SA 8000 is a voluntary international management standard for social accountability applied to working conditions based on several international human rights conventions (Social Accountability International, 2008).

⁷ OHSAS 18001 is a health and safety management standard.

⁸ ISO 9001 is a quality management standard.

⁹ ISO 14001 is an environmental management standard.

¹⁰ UKAS Quality Management is a British accreditation service organization providing certification to ISO 9001.

from Asia. How could they otherwise be sure that the products have been produced fairly, they say. The standard will reduce their uncertainty. But it seems as though the uncertainty among the European customers remains, as we will see later on in the paper.

The standards seem to be very important for formalizing the Fair Trade issues in the Indian supplier's company and also for legitimizing the social responsibility for its employees to the European customers. The explanation why the standards are so important for the Indian supplier in relation to his European customers might be that standards are viewed as a way of seeking legitimacy from the surrounding world (Jacobsson, 2000).

It seems necessary for the Indian supplier who chooses to focus on European customers to embrace the management model with its logic of standards developed by companies and organizations in the European context. Fair Trade and other sustainability issues such as health and environmental ones are in that sense diffused and translated as certifications and management standards. The customers' demands are coercive (DiMaggio and Powell, 1983) and force the Indian supplier to implement the Fair Trade certification standard and other sustainability standards since the economic logic that the Customer is King is strong in India, as he says:

“The customer is the king, the customer tells you, you gonna do it, you have to do it”. (Interview, CEO Indian supplier, Nov 9, 2009).

explaining how his French customer asked him to get licensed for Fair Trade. Therefore the Indian supplier neither questions the implementation of the different standards nor the customers' additional demands on workers' rights and the customers' own controls and audits. In this interaction the European customers control the Indian supplier, which influences the institutional framework of the organizational field of Fair Trade (Czarniawska-

Joerges, 1992; Schwartz, 1997; 2009), and hence management standards and controls are institutionalized as a common practice.

The Oria CEO's experience of making business with Indian Fair Trade producers is that as a customer she can exert an influence on labour rights, since Indian producers regard all customers as important and are desirous to take all orders. For example, when she placed her first order she effectively asked for information about labour rights, because the supplier needed to be able to show this. She emphasizes:

“Only ask for contact information if there is a labour union. We want to know if there have been any meetings about the union, how it is possible to know your rights, have there been any meeting about this...only that you raise these questions” (Interview, CEO Oria, Oct 6, 2009; my translation).

However, her experience is that there are only a few people employed at the Indian Fair Trade producers that know what Fair Trade is and could push it to the customers. It is usually only the directors who are familiar with the Fair Trade concept. Indian companies have a hierarchical organization, Oria's CEO reminds us, and as an employee you should know your position and not make any claims for anything more. As a comparison, Sapre (2000) describes the organizational culture within Indian educational institutions as hierarchical with a highly centralized structure where subordinates are neither encouraged to identify needed changes nor to propose improvements. The conclusion drawn by the Oria CEO is that many Indian Fair Trade suppliers see their Fair Trade license as PR, which primarily could give them the possibility to sell their products to foreign customers.

6. 2. Mistrust and control as postcolonial power

Another consequence related to Western countries' postcolonial power in framing, interpreting and addressing social issues in low-income countries (Kahn, Munir and Willmott,

2007) is revealed by the relation between the European customers and the Indian suppliers. The importance of the context is present in the mistrust Swedish and European companies show Fair Trade suppliers in India. This is shown when European companies mistrust Fair Trade certifications and audits and also put large resources into building up their own parallel control systems. The purchaser at the Swedish retailer explains:

“We do both, because it is possible to copy a paper (certificate) or to buy it”

(Interview, purchaser, Jan 14, 2010; my translation).

Earlier scandals make European companies afraid of future ones and they will interpret all suppliers in India as potential risks. Even if the Indian supplier makes all the necessary audits with a third part, some customers still make their own audits on site. He says:

“We have independent audits like some customers, we tell them that we got certified, but they still send their auditors to audit...and because that...our factory is open 24 hours for customers to come check and see. They want to do it themselves, so they have the satisfaction of seeing it with their own eyes. But, there is nothing new that they do or nothing extraordinary.” (Interview, CEO Indian supplier, Nov 9, 2009).

So, there are a great many controls of the supplier's compliance to the standards. The customers' demands for making their own controls could be explained as a wish to exert control over the supplier by power and dominance (Mir, Banerjee and Mir, 2008) and the customers seem to be suspicious about the supplier's ability to follow the standards. Would they do this for certified suppliers in Europe, one might question. Why don't they trust the suppliers and auditors in India? According to Oria's customers, the reason is that mass media regularly reveal scandals when investigations by NGOs show that producers in Asia selling products to large Western companies use child labour or have poor working conditions for

employees. This happens even if the national law prohibits this and the Western companies use codes of conduct in order to prevent these problems. The Swedish companies are afraid to lose legitimacy and customers on account of these scandals. Another big problem in his country, according to the Indian supplier, is that the law states minimum wages for workers, but the Indian companies which are not Fair Trade companies usually do not follow this law and use child labour and poor working conditions with low wages. In this respect producers with different definitions of sustainable development could view European companies as infusing their values in the Asian context (Egels-Zandén, 2007).

Regarding the European customers' own controls of the Indian Fair Trade supplier the customers are largely looking at the ethical part of his business, he explains. That is, whether the company pays the workers properly, looks after them, gives them their own freedom of bargaining, and whether it has a union, or workers' committee, what issues are raised by the workers and how the company solves them. Many of these issues are not included in the standards but are additional demands from the customers, which they also control in meetings with the workers. This indicates that the standards implemented by the Indian Fair Trade supplier are not enough to handle the issues of workers' rights according to the values and norms in the Swedish or European context. The explanation might be that standards spread very rapidly compared with norms, which develop by socialization processes over a long period and require particular social conditions to emerge at all (Brunsson and Jacobsson, 2000). Or as Welford (2010) explains it, the problems with codes of conduct or other Corporate Social Responsibility (CSR) models when picked up from the West and dropping them into developing countries is that they are unlikely to work well. The challenge is to move CSR from a Western to a truly global agenda which involves working on the capacity building of companies, NGOs and consumers (Welford, 2010). This is recognized when NGOs are now stressing the importance of labour unions which could empower the workforce

to change their own situation and improve their working conditions (Fair Christmas gifts, Dec 3, 2009; MakeITfare conference, Oct 26, 2009). This indicates that employees together with labour unions would act as societal or activist entrepreneurs (Gawell, 2006; 2009) in order to promote necessary changes.

6.3. Fair Trade as mainly meeting European customer demands

Even if the Fair Trade demands appear to be exclusive to customer demands from European companies, the Indian supplier seems after a while to see the advantages of taking more care of the workers. They remain in the company and the supplier claims that he feels better personally when he sees that the workers are able to raise their living standard and that the local community develops. However, the Fair Trade certification and the other standards for quality, environmental issues, health and safety etc., seem mainly to offer a business opportunity for the Indian Fair Trade supplier on the European market, because the Indian market is not yet ready for the Fair Trade ideas and certainly not for this kind of standards. About the low awareness among the Indian public he says:

“The common man doesn’t have the disposable income to pay a premium to Fair Trade farmers and has no interest when he cannot afford things for himself... The premium doesn’t go well with the Indian mentality because there are a lot of poor people” (Interview, CEO Indian supplier, Nov 9, 2009).

Sapre (2000) discusses this phenomenon arguing that issues which shape the 21st century such as the emphasis on ethics, morality and values in private and public life, human rights, empowerment etc. surfaced first in the industrialized countries and are foreign and therefore irrelevant to India, since large sections of the Indian people cannot identify with them.

The CEO at the Swedish Fair Trade company Oria also realizes the importance of the Fair Trade label for the business, since Oria managed to reach new customers who specifically

demand Fair Trade products and since the European customers will also be granted greater legitimacy and self-satisfaction by a social standard (Schwartz and Tilling, 2009) like Fair Trade.

7. Discussion

To understand the process of organizing societal entrepreneurship and the way the actors interpret the idea of Fair Trade and translate it into practical actions it is important to discuss this from the perspective of contextualization. The study shows that the societal entrepreneurship processes of Fair Trade in Sweden and India are dependent on actions driven by the actors' contextualized values and norms. The Swedish actors focus on Western management models such as standards and certifications, as they regard control and legitimacy as important. The food retailer and the Swedish Church act in relation to the values and norms in the Swedish context, where management standards and control systems are popular management methods and legitimized company practices. The institutional logic in the Swedish context determines which solution is the focus of management's attention (Thornton, 2002). Another explanation is that the Swedish company repeats the routines of management standards for social issues in the same way as is done for environmental issues when using environmental standardization like ISO 14001. This repetition or imitation of a company's earlier behaviour could be explained as automorphism (Schwartz, 1997; 2009). In addition, the importance of being a good citizen and being legitimate in the eyes of Swedish customers determines the food retailers' actions and interest in Fair Trade. The actions are driven by contextualized values and norms.

The Indian Fair Trade supplier adapts to the standards and certification processes and utilizes them for making business outside India. The dark side of his adaption of the standards could be viewed as a result of postcolonial coercive forces, while the Swedish and European customers also add their own control on top of the supplier's compliance with the CSR and Fair Trade standards when interplaying in another context. The major Swedish and European companies acting in India set their standard of control and use their power as customers.

A brighter side from the perspective of the Indian Fair Trade supplier is his ability to understand the European context thanks to his British partner and British education. This implies that he can combine the possibilities both in the European context with its Fair Trade demands and in a growing Fair Trade market with the business norms in the Indian context. However, as a Fair Trade producer and societal entrepreneur in India contributing to the local community and to employee welfare, the supplier also challenges the values and norms of working conditions and environmental issues in the Indian business society.

The story of the Fair Trade company Oria and its CEO's struggle shows us that Oria is placed in a Swedish context where the norms and values of human rights and employees' situation are similar to those forming the basis of the development of the Fair Trade label and standard. When these norms are diffused to the Indian context by Oria some dark aspects emerge in the CEO's struggle with her company which force her to act in a for-profit logic while simultaneously striving for a social mission. This is shown in ethical dilemmas, profit dilemmas and fair dilemmas. Interpreting her business failures as successful in a non-profit logic is a way for her to rationalize her actions and go on until a new dilemma occurs. The dilemmas show some dark sides of societal entrepreneurship when the CEO with her values and norms based in the Swedish context meets suppliers in the Indian context where the actors are very much into the for-profit logic and challenge the idealistic values on which she wants to base her business.

This darker side of societal entrepreneurship is expressed in the Fair Trade paradox, which emerges when Swedish Fair Trade companies in the Indian context are forced to make business according to the profit-maximizing logic, a logic that they try to change as societal entrepreneurs, since it means exploitation of workers. As the Swedish Fair Trade companies act from a Swedish solidarity perspective when they want to change the business society in India, it becomes difficult for them to handle the Indian business context and they are forced to make business according to values and norms in the for-profit logic. This shows that when translated by the actors Fair Trade also maintains asymmetrical power relations, as some actors interplay in another context. The major Swedish and European companies acting in India set their standard of control and use their power as customers, while Swedish Fair Trade companies are in a weak position against Indian Fair Trade suppliers.

The Fair Trade paradox is further highlighted through the identity dilemmas of the struggle by the CEO of Oria. The need to combine her vision of changing poor working conditions in India and making a living on her business poses an existential challenge to her. An ethical dilemma for the CEO is that she sees constraints in making too large a profit on her business. The duality between her non-profit ideology, based in her human rights engagement, clashes with the business ideology of profit maximization and ends up in an ethical dilemma for her. She does not want to exploit the Indian Fair Trade workers by making too much money at their expense. Still, this view also causes her financial dilemmas as she cannot make enough profit from selling Fair Trade products to Swedish customers but sometimes needs to sell at a loss. In this perspective she also struggles with the norms and values among Swedish customers, who do not want to pay high prices for products produced in low-income countries, even if they are Fair Trade labelled, since Swedish customers are used to low prices from these countries.

And yet, sometimes she is able to contribute to the Indian workers when she experiences that she can influence the Indian suppliers as a customer of Fair Trade produced textile products who asks for human rights issues to be considered. In these situations she could be identified as a change agent (Sharir, and Lerner 2006; Kahn, Munir, and Willmott 2007) with the help of the Fair Trade idea.

7.1 Conclusions

The study shows that it is a challenge to be a Fair Trade societal entrepreneur, because of the need to handle different norms and values in different contexts. Both dark and bright sides emerge, since the actors in Sweden and India and their actions are dependent on which values and norms they are familiar with and driven by. To discuss both the dark and the bright sides of these processes in relation to context and organizational logics highlights and reaches beyond the discussion of good and bad outcomes and instead increases the understanding of different actors' behaviour and their interpretation of the Fair Trade idea.

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