

Ethics, Faith, and Profit: Exploring the Motives of the U.S. Fair Trade Social Entrepreneurs

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ABSTRACT Although fair trade has grown exponentially in the U.S. in recent years, we do not have a clear understanding of why small U.S. firms choose to participate in it. To answer this question, we use a qualitative case study approach and grounded theory analysis to explore the motivations of 35 small fair trade businesses. We find that shared values (ethical, religious, or business) and the desire to help others (altruism), often triggered by a critical incident, lead social entrepreneurs to found and sustain fair trade businesses. The relationship between shared values and engagement in fair trade and the relationship between altruism and engagement in fair trade are strengthened by four motivating factors: direct relationships with producers, support for social causes, the desire for the preservation of craftsmanship, and the desire to share aesthetic products. These links are strengthened by four facilitating factors (which make fair trade engagement easier): the acquisition of business knowledge, family member involvement in the firm, assistance from faith communities, and assistance from the fair trade community. Additional analysis reveals three types of fair trade social entrepreneurs: “ethics first” (or ethical) entrepreneurs, primarily motivated by human

rights and social justice concerns; “faith first” (or faithful) fair traders, motivated primarily by their religious faith; and “business first” (or benevolent) businesspeople, motivated by what they perceive to be an opportunity to build a successful business while simultaneously doing “good” and helping others.

Keywords Fair trade · Small business · Motivation · Ethics · Faith · Case study approach

Introduction

Since the turn of the twenty-first century, fair trade has grown exponentially in the United States. The worldwide retail value of fair trade products increased fivefold between 2004 and 2011, with the U.S. and the U.K. accounting for over 50 percent of the total (Wielechowski and Roman 2012). Between 2005 and 2010, over 450 million pounds of fair trade-certified coffee was imported by the U.S. businesses, and although coffee remains the leading fair trade product, significant quantities of tea, herbs, cocoa, rice, vanilla, sugar, coconuts, flowers, fresh fruit, wine, and apparel were also imported. In 2012, fair trade-certified coffee imports rose 18 % to hit a record high of 163 million pounds (Fair Trade USA Almanac 2012). According to Fair Trade USA (2014), the proportion of consumers that recognize fair trade had increased from 34 % in 2011 to 55 % by the end of 2013. Although fair trade currently represents a relatively small part of global commerce, e.g., in 2013 global fair trade sales were \$6.16 billion, or only .027 percent of global retail sales (eMarketer 2015), many expect fair trade to continue its rapid growth and to become an increasingly important influence in shaping international trade.

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The primary focus of fair trade is to improve the lives of the most disadvantaged people in developing countries. By increasing access to international markets, fair trade not only helps the producers, but also benefits the communities in which these producers live (Nicholls and Opal 2005). Five common elements of fair trade are a minimum price, a price premium, pre-financing to allow artisans to purchase raw materials, training in quality control and marketing, and use of cooperatives (Hockerts 2005). In this study, we rely on a frequently cited definition of fair trade by FINE, an informal association of four international fair trade networks:

Fair trade is a trading partnership, based on dialogue, transparency, and respect, which seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers—especially in the South. Fair trade organizations backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade” (Charter of Fair Trade Principles, FINE 2014).

Despite the U.S.’s position among the world leaders of fair trade consumption, the fair trade movement is not as well known in the U.S. as it is in Europe or the U.K., and although academic interest in fair trade in the U.S. is growing, it lags behind that of European scholars (Bezençon and Blili 2009). The relative lack of knowledge of fair trade among the U.S. consumers can be attributed, in part, to a schism within the fair trade movement between those that view fair trade as an extension of conventional trade with a few additional rules and constraints (Raynolds 2000; Renard 2003), and others who see it as a more radical effort to fundamentally reprogram neoliberal economic markets (Bezençon and Blili 2009; Ballet and Carimentrand 2009). More general concerns have also been raised about fair trade’s philosophical grounding. Some economists, for example, have argued that fair trade undermines the market mechanism because a price premium is paid based on the work conditions of producers instead of product quality (Wielechowski and Roman 2012).

A growing body of research continues to explore different aspects of the fair trade movement. For example, scholars have recently focused on fair trade’s ability to “mainstream” (Ballet and Carimentrand 2009; Gendron et al. 2009; Jaffee 2010, 2012; Low and Davenport 2006), its general growth and success (Davies and Ryals 2010; Dragusanu et al. 2014; Wielechowski and Roman 2012), the consumer experience (Bezençon and Blili 2011; Bondy and Talwar 2011; Cailleba and Casteran 2010; Doran 2009, 2010; Mahé 2010; Pedregal and Ozcaglar-Toulouse

2011; Rios et al. 2014), criticism of different fair trade practices (McMurtry, 2008; Smith 2009), the role of religion (Doran 2010; Doran and Natale 2011; Salvador et al. 2014), associated ethical issues (Ballet and Carimentrand 2009; Low and Davenport 2006; Wempe 2005), and the application of different fair trade principles in different cultures and countries (Becchetti and Constantino 2010; El Baz et al. 2014; Huybrechts and Reed 2010).

Despite ongoing scholarly interest, there remain significant gaps in our understanding. For example, scholars have called for more research into country-specific fair trade practices (Reed et al. 2010), and significant opportunities for contribution in this area remain, despite the recent publication of several country-specific studies, including Huybrechts’s (2010) analysis of fair trade in Belgium, and Becchetti and Constantino’s (2010) exploration of fair trade in Italy. In this study, we explore the motivation of supply-side participants near the consumer end of the value chain in the U.S. While the participation of large retailers, like Wal-Mart, is an understandable reaction to increased consumer demand, and involves relatively little commitment or risk, little is known about the decisions of small business owners who elect to engage in exclusive, and therefore more risky, fair trade business models. Establishing a dedicated fair trade business with a physical retail location is risky because it requires a substantial commitment of resources that is partially irreversible and commits business owners to a number of significant constraints with respect to their choice of suppliers. Given the level of resource commitment and the associated risks, why do these business owners do it? Are these business owners motivated by the same factors as other entrepreneurs (e.g., autonomy, wealth, challenge, need for financial security (van Gelderen et al. 2008), or is there something different about fair trade? This study, therefore, was guided by the following research question: why do small businesses engage in exclusive fair trade business models?

To answer this question, we used a qualitative case study approach and grounded theory analysis to assess the motivations of 35 owners and managers of small U.S.-based fair trade firms. We focused on events and circumstances that appeared to increase the likelihood of participating in fair trade, in addition to other motivational and/or facilitating factors that appeared to strengthen this engagement. Our paper is organized as follows. We begin with a short history of fair trade in the U.S. and then briefly summarize relevant research. We then highlight several different fair trade typologies and position our research in the larger context of social entrepreneurship. After describing our research methods, we present our findings and develop a number of propositions. We conclude by introducing a process model of fair trade social entrepreneurship and then outlining several potential avenues for future research.

Conceptual and Theoretical Background

Fair Trade in the United States

Fair trade began after World War II with the work of the Mennonite Central Committee, which later became known as Ten Thousand Villages, and the Church of the Brethren's Sales Exchange for Refugee Rehabilitation and Vocation (SERRV) (Huybrechts 2012; Linton and Rosty 2015). The two church-related organizations led the U.S. fair trade movement for about 40 years. Fair Trade USA (formerly Transfair), a licensing organization that certifies fair trade products, was founded in 1998 by Paul Rice, who continues till date as CEO. Approximately one thousand companies, including Wal-Mart and Whole Foods, were listed on the FT USA website as of July 2014. In 2011, FT USA split with Fairtrade International, the organization that owns and licenses the FAIRTRADE Mark, a registered certification label for international fair trade products. In order to increase the production of fair trade goods, FT USA began including large coffee plantations that employ hired laborers in its fair trade system. Fairtrade International elected to adhere to the original fair trade principle that certification should be restricted to small producers (Dragusanu et al. 2014).

Another fair trade organization, the Fair Trade Federation (FTF), formerly known as the American Alternative Trade Organization, provides support to small business that deal exclusively in fair trade products. In the U.S., small businesses have been increasingly attracted to this form of fair trade as evidenced by the growth of FTF from 17 members at its inception in 1994 to over 250 members in 2014 (Fair Trade Federation 2015). FTF members agree to follow nine principles: (1) Create opportunities for economically and socially marginalized producers, (2) Develop transparent and accountable relationships, (3) Build capacity, (4) Promote fair trade, (5) Pay promptly and fairly, (6) Support safe and empowering working conditions, (7) Ensure the rights of children, (8) Cultivate environmental stewardship, and (9) Respect cultural identity (Fair Trade Federation 2015).

Why Small Businesses Engage in Fair Trade

Although there is very little research that directly addresses the motivation of small businesses to engage in fair trade, there are a number of studies that we believe are relevant to our research question. It is likely, for example, that altruism plays a significant role in fair trade. Altruistic values reflect a sense of caring or compassion for others (Romani et al. 2013) and may motivate individuals to act in others' interests without expectation of external reward (Schultze

et al. 2003). Social justice is likely to play a similar role (Maseland and de Vaal 2002). For example, fair trade is often leveraged to teach consumers about the ethics of "shopping for a better world" (i.e., how consumers can promote social justice by changing their purchasing behavior) (Ballet and Carimentrand 2009; Bezençon and Blili 2009; Low and Davenport 2005, 2006). Finally, the role of religion in fair trade has recently been explored by several scholars (Doran 2010; Doran and Natale 2011; Salvador et al. 2014). In these and other studies, religious commitment is defined as "the degree to which a person adheres to his or her religious values, beliefs, and practices... a highly religious person will evaluate the world through religious schemas and thus will integrate his or her religion into much of his or her life (Worthington et al. 2003, p. 85). As it has proven in other contexts (Longenecker et al. 2004; Vitell et al. 2005), religious commitment may prove to be an important explanatory variable in the study of fair trade.

In addition to altruism, ethics, and religion, small businesses may engage in fair trade as a response to increasing consumer demand for fair trade products (Cailleba and Casteran 2010; Ma and Lee 2012). Approached from this perspective, fair trade may be particularly attractive for business owners that enjoy close ties to their customers (Bezençon and Blili 2009). On the other hand, increasing reliance on product certification and labeling may normalize arm's length or market-based exchange relationships, thereby reducing the significance of personal relationships and contributing to a depersonalization of ethics (Ballet and Carimentrand 2009). There may also be a dark side to fair trade. As Davies and Crane (2003) document in their study of Day Chocolate Company, a small retailer based in London, fair trade may be used to cover up ethical deficiencies and questionable business practices.

Because an entrepreneur's decision to start a new business is often the result of a critical or "triggering" event that spurs him or her into action (Cope and Watts 2000), we believe that similar events may also play a role in understanding small business engagement in fair trade. Although critical incidents are often conceptualized as crises or unplanned events that have a negative impact on a firm (McAdam et al. 2010), in this context, we define these incidents as an event or experience that has a significant impact on an individual's attitudes and/or beliefs (Flanagan 1954). The incident does not have to be dramatic, but it must be significant for the individual (Butterfield et al. 2005). In a qualitative study involving business executives, Marsh (2013) used a technique in which individuals recalled critical incidents in their careers that shaped their personal ethics. Similarly, we anticipate that owners and managers of fair trade businesses will be able to recall

critical incidents that contributed to their involvement in fair trade.

Fair Trade Typologies

Researchers have attempted to impose order on the fair trade literature by structuring and organizing it in different ways. Davies (2007), for example, examines the structure of the fair trade movement over time and identifies four unique eras: solidarity, niche-market, mass-market, and institutionalization. Ballet and Carimentrand (2010) differentiate between three different types of commodity chains: specialist, labeled, and hybrid. Reed, et al. (2010) explore the question of fairness in different fair trade market segments and focus attention on the ethics of production and exchange. These efforts (and many others) represent valuable contributions to the fair trade literature. Because the motivation for fair trade engagement may vary by type of organization, we are particularly interested in different organizational categories and typologies (e.g., Huybrechts 2010; Low and Davenport 2005).

Low and Davenport (2005) classify companies based on their engagement with fair trade products and with fair trade principles (see Table 1). Davies (2007) differentiates between fair trade branders and fair trade adopters. As mentioned above, Ballet and Carimentrand (2009) distinguish between fair trade organizations based on their respective commodity chains. For Reed et al. (2010), ownership structure is particularly important. Huybrechts (2012) classifies fair trade organizations into one of four different types based on ownership structure, governance practices, resources, distribution strategy, type of producer support, importance of education and advocacy, and evolutionary trajectory. Tran and Vettersand (2012) distinguish between companies that view fair trade as an element in their

corporate strategy (partially fair trade) and those that view fair trade as their reason for existence (entirely fair trade). We anticipate that some of these differences will inform our efforts to respond to our research question.

Why Small Businesses Engage in Social Entrepreneurship

Social entrepreneurship is an umbrella term for a wide range of innovative and dynamic activities designed to address social problems and create social value (Dacin et al. 2010; Montgomery et al. 2012). Based on this broad definition, owners and managers of small fair trade businesses are engaged in social entrepreneurship (Alter 2006; Huybrechts 2012; Nicholls 2006). Nicholls referred to those involved in fair trade as “social entrepreneurs ... bringing about systemic change by influencing social behavior for the good on a global scale” (2006, p. 3). It follows, therefore, that the literature on social entrepreneurship may offer some insight into the question of why small businesses engage in fair trade.

Social entrepreneurship is practiced in a wide range of organizations from nonprofits to traditional for-profit firms (Mair and Marti 2006; Busenitz et al. 2015). The defining characteristic of social entrepreneurship is the objective of creating social value, and this often involves balancing competing objectives (Busenitz et al. 2015). Social entrepreneurs often employ a long-term approach and seek to adhere to the principles of sustainable business (Sastre-Castillo et al. 2015). Motivation for engaging in social entrepreneurship is generally grounded in a desire to address social needs and bring about social change (Mair and Marti 2006).

A handful of recent articles have addressed the question of motivation in the context of social entrepreneurship, and

Table 1 Chronological summary of selected fair trade typologies

Fair trade		
Authors	Typology	Types
Low and Davenport (2005)	Retail engagement with fair trade principles	FT organization, Values-driven business, Pro-active CSR business, Defensive CSR business, Disbeliever
Davies (2007)	For-profit fair trade firms	FT branders, FT adopters, FT companies
Ballet and Carimentrand (2010)	Fair trade commodity chains	Specialized, Labelled, Hybrid
Reed et al. (2010)	Fair trade businesses	FT cooperatives, FT social enterprises, FT social entrepreneurs, Mixed FT enterprises
Huybrechts (2012)	Fair trade organization by legal form	Nonprofit, cooperative, business, individual, group
Huybrechts (2012)	FTSE configuration and fit to environment	Missionary, entrepreneurial, adhocracy, bureaucratic, hybrid
Huybrechts (2012)	Fair trade leaders' profiles	Activists, Developers, Business people
Tran and Vettersand (2012)	Businesses that engage in fair trade	Partially fair trade, Entirely fair trade

given that fair trade can be viewed as a type of social entrepreneurship, these studies are particularly relevant to this study. A study by Germak and Robinson (2014) of a group of 35 social entrepreneurs in the U.S. suggests that, in addition to the larger social objectives of helping others and working to solve social problems, these entrepreneurs are motivated by a number of different factors, including personal fulfillment, the attractiveness of a nonmonetary business focus, and personal achievement. Boluk and Mottiar (2014), in an in-depth qualitative study of social entrepreneurs in South Africa, conclude that additional motivating factors beyond social objectives include lifestyle interests, the desire for acknowledgement, and the pragmatic desire to generate enough profit to ensure long-term financial viability. In a study involving 30 Israeli social entrepreneurs, Yitshaki and Kropp (2015) found that participants were motivated by a combination of pull factors (e.g., a desire to contribute to resolving a social problem they were currently confronting or had experienced in the past) and push factors (e.g., participants viewed social entrepreneurship as the next logical step in their personal career development). Finally, in their study of 40 social entrepreneurs in the UK, Christopolous and Vogl (2015) identify a range of motivations, including a desire to enhance social justice, promote social responsibility, develop social networks, and play a role in the provision of public goods.

Although these studies contribute to our understanding of what motivates social entrepreneurs in general, the applicability of these studies to the specific case of small business engagement in exclusive fair trade business models remains an open question. We anticipate some overlap, but also acknowledge the likelihood of context-specific factors that are unique to fair trade. Because we have conceptualized fair trade as a special case of social entrepreneurship (Alter 2006; Nicholls 2006; Huybrechts 2012), from this point on, we use the phrase “fair trade social entrepreneur” to describe individuals in our study that engage in fair trade business practices.

Methods

Our objective was to understand why small businesses engage in exclusive fair trade business models. We employed a case study approach appropriate for addressing ‘how’ and ‘why’ questions (Eisenhardt 1989). We relied primarily on interviews with involved participants (Howorth and Ali 2001). We also studied the web-site of each respondent firm for background information. Yin defines a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context” (2003, p. 13). Case studies are often used in

theory building (Lambrecht 2005). Eisenhardt (1989) and others (e.g., Patton and Applebaum 2003) suggest that case study participants should be selected purposively rather than randomly. Qualitative researchers often seek to examine the complex interrelationships among elements in a particular case, and should therefore select participants with the aim of developing theory, rather than testing it (Eisenhardt and Graebner 2007).

Cases for this Study

A total of 35 fair trades businesses were included in this study. We continued adding cases in an iterative process until the incremental improvement was minimal (Eisenhardt 1989). Yin (2003) compared the addition of cases to the addition of experiments with the intent of achieving a sufficient degree of replication. After gathering information from 35 companies, we felt we had reached saturation. At the beginning of this project, formal permission was acquired from one of the authors’ university’s Institutional Review Board to conduct research using human subjects. Because some respondents requested to remain anonymous, the names of people and companies have been disguised. The authors had no connection or involvement in any of the firms contacted. The primary major criteria for inclusion were the use of a fair trade business model and small U.S. business status. By use of a fair trade business model, we mean that a majority of a firm’s products were traded under fair trade principles (close to 100 percent of sales) and that the organization had fair trade as a major goal (Nicholls and Opal 2005; Becchetti and Huybrechts 2008; Reed et al. 2010). In the U.S., the Small Business Administration defines small businesses as companies with less than 500 employees (SBA 2015).

Respondent Companies

We began by contacting companies in one of the authors’ local area that we believed used a fair trade business model. As data collection progressed, we realized that a national search would be required to identify a sufficient number of respondents. We initially focused on firms affiliated with either Fair Trade USA (FT USA) or the Fair Trade Federation (FTF). Independent nonaffiliated fair trade firms exist, but identifying them and verifying their commitment to fair trade firms proved problematic. Beginning with Respondent Firm #7, however, we restricted ourselves to FTF companies because of this group’s requirement that member firms sell only fair trade items. We retained companies 2, 3, 4, and 6 in the dataset because these respondents stated in their interviews that a majority of their products were traded under fair trade principles (close to 100 percent of sales). Verification that

respondents represented exclusive fair trade business, therefore, consisted of either membership in the FTF, or (for companies 2, 3, 4 & 6), affiliation with FT USA and a statement from the owner that sales of fair trade goods were close to 100 percent of the firm's total sales. We contacted 72 companies for possible participation in the study and attained an approximate 50 percent response rate. Respondents seemed eager to tell their story and to spread knowledge of the fair trade movement.

The FTF Member Directory dated October 10, 2013 listed 251 members in three categories: Retailers & Cafés (84 companies); Food, Beverage, and Personal Care Wholesale Distributors (21 companies); and Wholesalers of Handmade Products (136 companies). In Table 2, we classified our respondent companies using the FTF categories: Retailers & Cafés (16 companies); Food, Beverage, and Personal Care Wholesale Distributors (6 companies); and Wholesalers of Handmade Products (13 companies), which is reasonably representative of FTF membership. See Table 2 for a listing of the 35 respondent companies with location by state, organizational affiliation (FTUSA or FTF), FTF category, number of employees, age of company, and estimated annual revenue in 2013 US dollars. The retail firms in our sample sold merchandise from 35 to 45 developing countries, while the wholesale firms tended to specialize in products from one or a handful of developing countries; including Bolivia, Brazil, Dominican Republic, Ecuador, Ghana, Guatemala, India, Kenya, Malawi, Mexico, Nepal, Rwanda, Tibet, and Uganda.

Respondent companies ranged in age from one year to 28 years. Several of the participant firms were among the first fair trade companies in the U.S. and were founding members of the FTF in 1994. The companies were located in 15 US states from east coast to west coast. The states with the most companies were Texas (7), followed by California (6), and Illinois (3). Estimated 2013 annual revenues for the respondent companies ranged from \$100,000 to \$3,200,000. The total number of employees ranged from 2 to 49, and all companies in our study met the U.S. and the European definitions of small businesses. All of the respondent firms operated as for-profit companies, except for four, which operated as nonprofit organizations (Companies 13, 24, 25, and 28). Due to the number of cases involved, the data collection stretched over a nine-month period. Information on earlier cases was periodically updated through telephone conversations, e-mail, and news media articles.

Types of Fair Trade Social Entrepreneurs

Our respondent companies fit into a typology of ethical entrepreneurs, faithful fair traders, and benevolent businesspeople, motivated by ethical concerns, religious faith,

and business values, respectively. It is important to position our typology in the broader context of existing fair trade typologies (see Table 1). In Low and Davenport's (2005) scale of retail engagement with fair trade principles, our respondents are fair trade organizations. In Davies' (2007) typology of for-profit fair trade firms, our respondent firms are fair trade companies. In Reed et al.'s (2010) terminology, our respondents are fair trade social entrepreneurs. In Ballet and Carimentrand's (2009) analysis, our respondents come closest to specialized commodity chains based on alternative networks. In Huybrecht's (2012) analyses, our respondent firms are businesses in legal form and entrepreneurial in configuration and fit with the environment. From Tran and Vetttersand's (2012) perspective, our respondents' firms are entirely fair trade.

Individual Respondents

We interviewed 38 respondents from 35 respondent companies. All of the individual respondents were owner/managers except for two cases when top managers designated by the owner were interviewed. See Table 3 for additional information on the respondents, including position in the firm, role in origin of the firm, age range, and primary fair trade motivation. All of the respondents were U. S. citizens, although one respondent was originally from the United Kingdom.

Qualitative Interviews

We asked open-ended questions about the respondent's background, role in the firm, and fair trade. Questions included: What is fair trade in your view? What is your motivation for engaging in fair trade? For the fair trade movement, what do you believe is the long-term outlook? The initial three interviews were done in person, but all subsequent interviews were done via telephone due to distance. We recorded and transcribed approximately 28 h of interviews. These interviews varied in length from 30 to 80 min, averaging 45 min each, and once transcribed, totaled 275 pages (approximately 7.2 pages per respondent). We supplemented our interviews with careful reading of company websites (each company had a website).

Data Analysis

We followed accepted grounded theory procedures and techniques (Strauss and Corbin 1998; Chenail 2009). First, we analyzed each firm separately to gain an understanding of its operations, carefully studying available information on company websites and the transcribed interviews. We then coded and analyzed the transcribed interview data, using the NVivo10 qualitative software program. We

Table 2 Respondent companies

Company	Location (US State)	Affiliation	Industry	Number of employees	Age of Company (years)	Est. annual revenue (2013) US\$
1	Texas	FTF	Crafts Retail ^a	4	4	600,000
2	Texas	FT USA	F, B, PCWhse ^b	4	1	300,000
3	Minnesota	FT USA	F, B, PC Whse	6	11	1,000,000
4	Louisiana	FT USA	F, B, PC Whse	5	5	550,000
5	Illinois	FTF	Crafts Whse ^c	6	5	800,000
6	Texas	FT USA	F, B, PC Whse	4	5	600,000
7	Texas	FTF	Crafts Retail	2	7	100,000
8	Washington	FTF	Crafts Retail	30	7	1,000,000
9	Virginia	FTF	Crafts Retail	5	7	500,000
10	Illinois	FTF	Crafts Whse	8	15	2,000,000
11	Massachusetts	FTF	Crafts Whse	10	24	2,000,000
12	Tennessee	FTF	Crafts Whse	5	7	1,000,000
13	California	FTF	Crafts Retail	7	3	600,000
14	Texas	FTF	Crafts Retail	3	2	230,000
15	California	FTF	Crafts Retail	8	17	1,400,000
16	Virginia	FTF	Crafts Retail	4	4	347,000
17	Florida	FTF	Crafts Whse	10	12	2,100,000
18	Michigan	FTF	Crafts Retail	4	7	500,000
19	California	FTF	Crafts Retail	2	2	150,000
20	Michigan	FTF	F, B, PC Whse	15	12	2,000,000
21	Illinois	FTF	Crafts Whse	3	13	400,000
22	Maryland	FTF	Crafts Whse	15	20	750,000
23	Texas	FTF	Crafts Whse	6	14	412,000
24	Minnesota	FTF	Crafts Whse	49	11	1,000,000
25	California	FTF	Crafts Retail	4	4	300,000
26	California	FTF	Crafts Retail	8	4	600,000
27	Colorado	FTF	Crafts Retail	5	7	300,000
28	Washington	FTF	Crafts Whse	6	28	1,000,000
29	Texas	FTF	Crafts Whse	24	8	2,000,000
30	Washington	FTF	Crafts Retail	20	20	700,000
31	Delaware	FTF	Crafts Retail	4	18	305,000
32	Kentucky	FTF	Crafts Whse	4	9	540,000
33	Colorado	FTF	Crafts Whse	5	5	200,000
34	California	FTF	Crafts Retail	3	6	120,000
35	Florida	FTF	F, B, PC Whse	42	10	3,200,000

^a Retailers & Cafés (16 companies)

^b Food, Beverage, and Personal Care Wholesale Distributors (6 companies)

^c Wholesalers of Handmade Products (13 companies)

highlighted important phrases, thoughts, and expressions, labeled “references” in the terminology of NVivo, and then grouped these “references” into “nodes” or categories. Terms and descriptions directly related to the respondents’ involvement and participation in fair trade were identified, and in most cases, the precise language used by the respondents was retained. In this step, sometimes referred to as “open coding” (Strauss and Corbin

1998), we identified 648 “references” or incidences of significant expressions or thoughts, and we grouped these references into 531 “nodes” or subcategories. This approach is similar to the process of unitizing as described by Glaser and Strauss (1967) and Lincoln and Guba (1985).

In the next step, described as “axial coding” (Strauss and Corbin 1998), we placed the 531 nodes into 175 categories (see Table 4). In order to accomplish this, we looked for links

Table 3 Individual respondents

Company	Respondent(s)	Position	Role in origin of company	Respondent's age range	Primary FT motivation
1	A	Owner/Mgr	Founder	40s	Faith
	B	Owner/Mgr	Founder	40s	Faith
2	A	Owner/Mgr	Founder	20s	Faith
	B	Owner/Mgr	Founder	20s	Faith
3	Sole	Owner/Mgr	Purchaser	50s	Business
4	Sole	Owner/Mgr	Purchaser	50s	Ethical
5	Sole	Owner/Mgr	Founder	30s	Ethical
6	Sole	Owner/Mgr	Purchaser	60s	Business
7	Sole	Owner/Mgr	Founder	50s	Faith
8	A	Family Mgr.	2nd Gen.	20s	Ethical
	B	Family Mgr.	2nd Gen.	20s	Ethical
9	Sole	Owner/Mgr.	Founder	50s	Ethical
10	Sole	Owner/Mgr.	Founder	40s	Ethical
11	Sole	Owner/Mgr.	Founder	50s	Ethical
12	Sole	Owner/Mgr.	Founder	60s	Ethical
13	Sole	Owner/Mgr.	Founder	50s	Business
14	Sole	Owner/Mgr.	Founder	20s	Business
15	Sole	Owner/Mgr.	Founder	60s	Faith
16	Sole	Owner/Mgr.	Founder	50s	Faith
17	Sole	Owner/Mgr.	Founder	50s	Business
18	Sole	Owner/Mgr.	Founder	50s	Faith
19	Sole	Owner/Mgr.	Founder	50s	Ethical
20	Sole	Owner/Mgr.	Founder	40 s	Ethical
21	Sole	Owner/Mgr.	Founder	30s	Ethical
22	Sole	Owner/Mgr.	Founder	50s	Ethical
23	Sole	Owner/Mgr.	Founder	60s	Faith
24	Sole	Mgr.	Early mgr	30s	Ethical
25	Sole	Owner/Mgr.	Purchaser	50s	Ethical
26	Sole	Owner/Mgr.	Purchaser	50s	Ethical
27	Sole	Owner/Mgr.	Founder	30s	Faith
28	Sole	Owner/Mgr.	Founder	50s	Ethical
29	Sole	Owner/Mgr.	Founder	30s	Business
30	Sole	Owner/Mgr.	Founder	60s	Ethical
31	Sole	Owner/Mgr.	Founder	60s	Ethical
32	Sole	Owner/Mgr.	Founder	50s	Ethical
33	Sole	Owner/Mgr.	Founder	30s	Faith
34	Sole	Owner/Mgr.	Purchaser	40s	Ethical
35	Sole	Owner/Mgr.	Founder	50s	Faith

among the 531 nodes and then collapsed these nodes them into more general categories, moving iteratively between the data and emerging category structure. This required that we begin to examine the data through an interpretive lens as we moved toward a more coherent understanding of engagement in exclusive fair trade business models (Harry et al. 2005). After axial coding, we engaged in “selective coding” (Strauss and Corbin 1998); in this stage, we identified

emergent themes in the data and collapsed the 175 categories into 14 central categories (see Table 5). Categories that did not involve more than a single business were dropped. Finally, we looked for potential differences across a number of different subcategories of fair trade companies, e.g., crafts retailers, crafts wholesalers, food wholesalers, “ethics first” respondents, “faith first” respondents, and “business first” respondents (see Table 6).

Table 4 Axial coding

Axial coding—general categories	Company
Ethical motivation	4, 5, 8, 9, 10, 11, 12, 19, 20, 21, 22, 24, 25, 26, 28, 30, 31, 32, 34
Faith motivation	1, 2, 7, 15, 16, 18, 23, 27, 33, 35
Business motivation	3, 6, 13, 14, 17, 29
Helping people in need	1, 10, 12, 19
Backgrounds of helping and serving	9, 12, 13, 16, 17, 21, 22, 24, 25, 26, 27, 28, 30, 31, 33, 34
International or world travel	1, 5, 10, 11, 16, 18, 20, 21, 23, 27, 28, 29, 30, 32, 34
Critical incident—shopping	1, 25, 31, 34
Personal connections to artisans	5, 9, 21, 28, 33
Social causes (serve the poor, sex trafficking, help women, end poverty)	1, 2, 7, 8, 22, 23, 24, 26, 31, 35
preserve crafts	9, 23
Share aesthetic products	9, 21
Business degree	5, 14, 19, 29
Business background	1, 3, 6, 10, 18, 19, 23, 35
Acquire business knowledge	7, 11, 12, 28
f b (advantages), family involvement	1, 2, 3, 5, 8, 9, 10, 12, 13, 15, 16, 17, 19, 20, 21, 27, 31, 33, 34, 35
Faith community—help from	7, 19, 28, 33
Help from FTF members, FT community	13, 14, 15, 16, 19, 24, 26, 31, 33
Shift to for profit	18
For profit (sustainable)	1, 2, 4, 5, 6, 7, 10, 16, 17, 31, 32
Nonprofit	12, 23, 24, 27
Business—commercial and ethical	13, 21, 29
FTF board member or founder	15, 17, 22, 28, 29, 30
FTF new generation	15, 23
Not bus owner intent, accidental entrep	22, 30
No bus no ft	22
Social change, social justice	17,25,30
Tree hugger	3

Fb Family business, *ft* fair trade, *FTF* Fair Trade Federation

Table 5 Selective coding—central categories

Central Categories	Corresponding proposition
Ethical beliefs	1
Religious faith	1
Business values	1
Desire to serve	2
Critical incident	3
Direct relationship	4
Support social cause	4
Preserve craftsmanship	4
Share aesthetic products	4
Acquire business knowledge	5
Family Involvement	5
Faith community	5
Fair trade community	5
Fair trade business model	4, 5

Findings and Propositions

We utilize the 14 central categories identified in selective coding (see Table 5) to develop five propositions that highlight the components of a process model of the decision to engage in fair trade social entrepreneurship (see Fig. 1). Taken together, these propositions combine findings from this study with elements from the fair trade literature to enhance our understanding of the decision to engage in fair trade social entrepreneurship. Because our sample was designed to achieve saturation, it was important that different types of fair trade businesses (e.g., crafts retailers, crafts wholesalers, and food wholesalers) were represented (see Table 6).

Shared Values

For our respondents, the decision to operate a fair trade business resonated from values developed during the

Table 6 Respondent company subcategories

Primary FT motivation	Totals	Percentage
Ethical retailers	8	
Ethical crafts wholesalers	9	
Ethical food wholesalers	2	
Total ethical	19	54
Faithful retailers	6	
Faithful crafts wholesalers	2	
Faithful food wholesalers	2	
Total faithful	10	29
Business retailers	2	
Business crafts wholesalers	2	
Business food wholesalers	2	
Total business	6	17
Overall total	35	100

Primary FT motivation	Crafts Retailers Number/percentage	Crafts wholesalers Number/percentage	Food wholesalers Number/percentage
Ethics	8/500	9/692	2/333
Faith	6/375	2/154	2/333
Business	2/125	2/154	2/333
Total	16/1.000	13/1.000	6/1.000

course of their lives. While all of our respondents believed in the practice of fair trade, their arrival at this belief came from different perspectives. “I don’t think that anybody would be in this business if they were not interested in social justice, whether it is from a religious or left political background,” explained the respondent from Company 17. These values fall into three broad categories: ethical beliefs, religious faith, or business values (see Table 4).

A statement from the respondent from Company 34 was representative of fair trade social entrepreneurs motivated by ethical concerns: “My main motivation is fairness and justice. It is a way to lift poverty on a small scale. This is because of my background and where I come from and what I have seen. It is about social justice and helping the unfortunate.” Similarly, the respondent from Company 9 stated, “I am not terribly religious, so we can cross that one out. I think it is more ethically or morally-based. Our philosophy is that if we can’t change the world, we can take some small part of it and make it a better place. If I was doing this for profit, my wife would have had me doing something else long ago.”

A faith perspective is illustrated in this comment from the respondent from Company 7: “My motivation is not based on profit. It is based on my belief system, there is no doubt. It is based on my convictions. Christian faith is my background. God loves everyone. He hurts when they

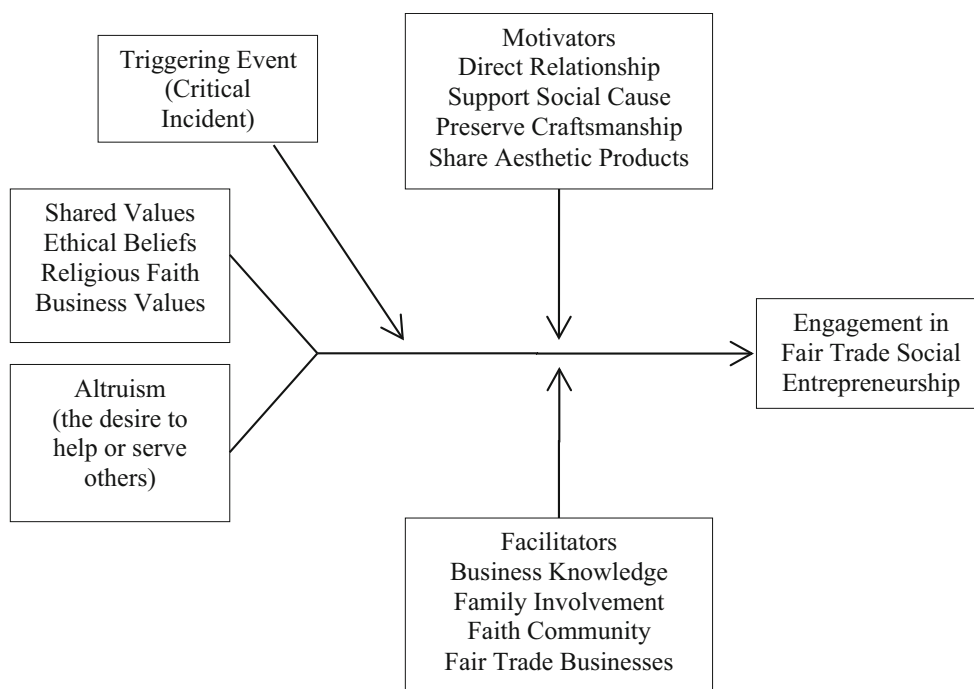


Fig. 1 Model of fair trade social entrepreneurship

hurt.” The respondent from Company 18 stated, “My motivation personally—there is a baseline motivation. I am a Christian. I have a profound sense of gratitude and I want to express that to other people. Also, as a Christian, I have a strong sense of the Protestant work ethic.” The majority of respondents who identified faith as their primary motivation for engaging in fair trade were Christian. One respondent was Hindu and one respondent was Jewish.

Business values were reflected in this statement from the respondent from Company 3: “I was born and raised in a small town in South Dakota. I had entrepreneurial inklings from the age of six. I am a serial entrepreneur...I said to myself that I could buy a commercial coffee roaster, put it in there, start a website and sell coffee as a hobby. I then sold my wife on the idea, but she was pretty easy to persuade because she loved the coffee.”

These three broad categories were sufficient to capture the shared values described by respondents. We therefore propose the following:

Proposition 1 *Fair trade social entrepreneurs exhibit three categories of shared values: ethical beliefs, religious faith, or business values.*

Altruism

The fair trade social entrepreneurs in our study shared a desire to serve or help others through their businesses. Although many individuals with similar ethical, religious, and/or business values may be sympathetic or supportive of fair trade, the respondents in our sample had taken the additional step of putting those ideas into action. At Company 1, respondent B stated: “Our motive [for operating the fair trade store] is for helping people and for serving the poor. Our hearts were broken for the poor back in 2006...Our hearts were stirred and we were looking for something to do business-wise that would help people.” The respondent from Company 10 stated, “I think that it is seeing the disparity in living conditions compared to Middle America. We are lucky here. We were born here. I thought that this was only fair that I help [by becoming a crafts wholesaler].” A similar sentiment was expressed by the respondent from Company 10, “I am from New York and I have a Master’s degree in social work at the University of Pennsylvania—that was many years ago. I come from a background of always caring about people.” “The primary motivation (for operating a fair trade store) is to try to help people who are most in need,” observed the respondent from Company 19.

Respondents in our study often reported backgrounds of helping and serving others in previous occupations; for example, teachers and school administrators (Co. 13, Co. 16, Co. 22), college professors (Co. 9, Co. 31), social workers (Co. 12, Co. 30), health care administrators and

nurses (Co. 25, Co. 26), Peace Corps volunteers (Co. 17, Co. 22, Co. 24), and youth counselors (Co. 27). Some respondents had college degrees that suggested an intentional focus on service-oriented careers, such as environmental science (Co. 28), Third World development (Co. 21), health education (Co. 25), public administration (Co. 30), and human development (Co. 27). We believe that altruism played an important role in the decision to engage in fair trade entrepreneurship (see Fig. 1). We therefore propose the following:

Proposition 2 *Fair trade social entrepreneurs exhibit altruism.*

Critical Incident

In many cases, respondents described a triggering event (or critical incident) that induced them to become fair trade social entrepreneurs. For American respondents, it was often the first exposure to developing countries through international travel. The respondent from Company 10, for example, stated, “Then, I took a trip around the world for about a year and a half and spent a lot of time in the developing world. We went all over Africa, the Middle East, and Asia. By the time I got to Nepal after going through India, I developed a sense that I should be doing something to help this part of the world.” The respondent from Company 18 explained, “The company I worked for gave 2 weeks off and encouraged service work. So, I ended up going to Bangladesh. From that experience, I was forever changed. There is so much poverty and corruption in the world that I had to do something. You couldn’t know about it and not do something.” From Company 20, a respondent stated, “I got interested in fair trade because I went down to Mexico and lived with some coffee growers in Chiapas.” For many of our respondents, repeated international trips to visit producers served to re-energize their desire to engage in fair trade as well.

While international travel provided the impetus for many, others discovered fair trade in the United States. The respondent from Company 31 explained, “By accident or divine intervention, we happened upon a fair trade store in Houston when my husband was looking for a musical instrument. In the fair trade store, I saw signs about the store helping actual people. There was going to be a conference.” The respondent from Company 34 stated, “About 10–12 years ago, a good friend of mine opened a fair trade store in Santa Rosa, which is twenty minutes from Petaluma. The idea excited me and I wanted to buy fair trade products, so I would go up to her store. My friend was very thorough in explaining the background of fair trade.”

As these quotes illustrate, in almost every case, respondents were able to recall a specific experience (or

critical incident) that triggered their interest in fair trade. In most cases, respondents were already committed to ethical, religious, and/or businesses values, and had a heightened sense of altruism. Respondents were therefore susceptible to these experiences, and in some cases, had sought these experiences out. Therefore, we propose the following:

Proposition 3 *For fair trade social entrepreneurs, the desire to serve or help others by means of a business may be enhanced by a triggering event or critical incident.*

Motivating Factors

The fair trade social entrepreneurs we interviewed described a number of different motivational factors. Analysis of respondent narratives suggested that four types of motivational factors were particularly important: direct personal relationships, supporting a social cause, preservation of craftsmanship, and sharing aesthetic products.

Direct Relationship

Fair trade social entrepreneurs frequently cited personal relationships as a primary motivating factor. We found this to be especially true among the 13 wholesalers of handmade products in our sample. Owners of these businesses often formed long-lasting ties with producers from one or a few developing countries. The respondent from Company 5, for example, stated, “My personal connections are important and we have to go back and meet with the artisans. At first we worked with a handful of artisans and now we have grown. One neat thing for us is that we go back and see that our artisans have done things like one group bought a house and another moved to a bigger facility. My connection to them is a personal connection.” We found that these types of connections are personal, deep, and long-term. A form of dependence can develop as reported at Company 21, “At this point, I know a lot of the artisans so it has become less theoretical. When I get frustrated and want to quit, I think of them and that they would lose everything if I quit. We are the only customer for a lot of our artisans. We started in Zimbabwe and now we work mostly in Kenya.”

Supporting a Social Cause

Most respondents in our sample viewed fair trade as a social cause. They explicitly acknowledged that one of their objects was to help impoverished producers in developing countries around the world raise their standard of living and improve their quality of life. Although this sentiment was expressed by nearly every respondent in our sample, many respondents reported being committed to various other causes. At Company 8, respondent A stated, “Sex trafficking is a huge

problem. Fair trade stops some of that from happening. Anything that I can do to help alleviate sex trafficking, I want to be a part of.” The broad cause of “helping women,” although not mentioned in the nine FTF principles, was common. For example, the respondent at Company 23 explained, “For me, I knew what I wanted to do. I wanted to help women in poverty. I wanted to give them a good income.” Similarly, the respondent at Company 24 stated, “Company 24’s motivation is to provide prosperity for the women in Ghana, their happiness and health.”

Preservation of Craftsmanship

Some respondents were motivated by a desire to preserve traditional craftsmanship. As the respondent from Company 23 explained, “I do want to help preserve crafts around the world. I am a textile person... Some people say you should train women to be computer programmers to get a job, but if you help them with crafts they can have their own business. I like the ideas of their fabrics and crafts. There is a disconnection between fair trade and other goods. It is not factory made when it is fair trade.” Many respondents believed that fair trade made it possible for artisans to build and sustain their own businesses, and to improve their (and their family’s and community’s) quality of life. At Company 9, the respondent made the following statement: “Fair trade is a way of touching a community in a number of ways—being able to take methods and designs that are in some cases thousands of years old and providing them with a market. Some of the textile techniques would have died out without new markets. Guatemalans have left their old ways... Fair trade is a way of maintaining the traditions of weaving and textiles in their culture.”

Share Aesthetic Products

Preservation of crafts and the desire to share aesthetic products are closely related and stem from the love of the crafts themselves. Some respondents in our study loved the products that they sold. The respondent from Company 21, for example, explained, “I took a trip to South Africa while I was in college that was very influential on me. All of us students bought some sculptures by the side of the road... I kept thinking back to the sculptures that we had seen and researched that. I realized that they were coming from Zimbabwe. I went back again to Kenya, Zimbabwe, and South Africa and met a whole bunch of artisans. I fell in love with the sculptures from Zimbabwe.” This fair trade social entrepreneur loved the African people and the products they made so much that she went into debt and risked personal financial disaster in order to market the goods and share the artistic products with the world. Therefore, we propose the following:

Proposition 4 *The likelihood of engaging in fair trade is increased by four motivating factors: direct relationships with producers, supporting a social cause, a desire to preserve traditional craftsmanship, and the desire to share aesthetic products.*

Facilitating Factors

Business acumen and the support of others in the fair trade community emerged as important facilitating factors in our sample. For those without business experience, it was often a challenging learning curve. Fair traders perceived themselves to be part of a larger fair trade community, and as part of this community, they both provided support to other members, and benefitted in various ways from the actions of others. Willingness to provide mutual support grew out of a shared desire to see the fair trade movement succeed. For example, at Company 17, the respondent stated, “From my perspective, if fair trade is ever going to be sellable to the wider world as an alternative method of doing business, then we have to prove that it can be a profitable model...If fair trade is ever going to grow outside of a niche business, then we have to demonstrate that it is viable.” We highlight four categories of facilitating factors that were recurrent themes: the acquisition of business knowledge, family member involvement in the firm, assistance from faith communities, and assistance from the fair trade community.

Acquisition of Business Knowledge

Some of our respondents had college degrees in business (Co. 5, Co. 14, Co. 19, Co. 29) or extensive business or entrepreneurial backgrounds (Co. 1, Co. 3, Co. 6, Co. 19, Co. 23, Co. 35). For others without a business background, it was important to develop some expertise. This was accomplished in various ways. The respondent from Company 7, for example, said the following: “A friend gave me a \$3000 check and said, ‘Here, you are supposed to do this—make an order.’ So, I did. We started out with little small local shows, craft shows. We did that for quite some time. We learned which places were right.” Similarly, at Company 28, the respondent stated, “We knew nothing...My husband and I started selling at crafts shows and colleges. We would get a table...We did that for 12 years... but we do know that 30 years later we started with \$400 and last year we did almost \$1 million in sales.”

Family Member Involvement

In our sample, the most common form of family member involvement was husband and wife teams. In some cases, the wife took the lead and was helped by her husband (Co. 2, Co. 12, Co.13, Co. 19, Co. 32, and Co.33). In other

cases, the husband took the lead and was helped by his wife (Co. 3, Co.9, Co.22, Co.29, and Co.30). Finally, in many cases both husband and wife worked equally in the business (Co. 1, Co. 10, Co. 14, Co. 15, Co. 17, Co. 26, Co. 27, Co. 28, and Co. 31). Company 31 was a good example of an equal partnership: “It worked out that we could open a shop here in southern Delaware at the beach. Summer is the big season here, so we are open from May 1 to September 1. My husband ran the store and I did the behind the scenes work—ordering stuff and then educational programs. I really loved it.”

In our sample, family involvement extended beyond husband and wife teams, and included everything from giving advice (Company 5), to providing strong backs for manual labor (Company 9), to helping with marketing media and store management (Company 8). The involvement of family members was viewed positively in nearly every case. Financial assistance from family members also played a significant role in some cases. For example, the respondent from Company 21 reported, “I was fortunate because I have an uncle who owns a business. He was interested in helping me get started. He had money that he could invest in something... Basically, I ran the business from the start, but the first year he paid my salary and the expenses.”

Faith Community Assistance

Churches and church-related organizations, such as Ten Thousand Villages and SERRV, regularly provided significant support to associated fair trade firms. For example, the respondent from Company 19 stated, “Our Just Faith group [a Catholic church group] decided to have a fair trade sale in the church. It was incredibly successful.” At Company 7, the respondent said, “We have a Presbyterian church that found us a few years ago. For 15 years, they have done a fair trade event at their church...This past year they used me.” At Company 28, the respondent stated: “We reached out to Self-Help Crafts (the forerunner of 10,000 Villages) and this wonderful man, Paul. I wrote him a letter and asked if it was possible for this to work...He wrote back and said that it was very doable...I thought this was good advice.” In addition, at Company 16, the respondent reported: “My store runs like a 10,000 Villages store. I volunteered with them for about four months in 2010. They have great systems and policies. They have a solid model. I am an alliance store of 10,000 Villages, which means I appear on their website and I purchase from them and get wholesale pricing.”

Assistance from Fair Trade Businesses

Nonprofit organizations such as Ten Thousand Villages and SERRV regularly offer assistance to independent fair

trade social entrepreneurs. These independent fair trade business owners, especially FTF members, are committed to helping each other rather than treating each other as competitors. The FTF regularly holds conferences for members and interested parties to discuss and improve the practice of fair trade. For example, the respondent from Company 14 explained how he and his wife started their business, “I came to the FTF conference in Portland. I contacted a number of individuals who had started their own retail stores. One of the most successful was Company 15. You will find that everybody knows each other in fair trade. I bought the tickets, went to the conference, and harassed them until they gave me an hour to talk with them. I got to know them real well. They gave me all of their store’s financial information. It was incredible—open book. Their opinion is that they believe in fair trade so much that they want to help start retail stores wherever possible. They have helped start 20 stores. Basically, they give all the information and make it as easy as possible. They were instrumental in our success in our first year.” Therefore, we propose the following:

Proposition 5 *The likelihood of engaging in fair trade is increased by four facilitating factors: the acquisition of business knowledge, family member involvement in the firm, assistance from faith communities, and assistance from other fair trade businesses.*

Discussion and Conclusion

Our model of Fair Trade Social Entrepreneurship (see Fig. 1) and our typology of fair trade social entrepreneurs—“ethics first” (or ethical) entrepreneurs, “faith first” (or faithful) fair traders, and “business first” (or benevolent businesspeople)—deserve additional comment. We believe that our typology and process model contributes to an understand why small businesses engage in exclusive fair trade business models, in addition to highlighting important differences between fair trade organizations with respect to underlying motivation. Because the motivations and behaviors described in the context of fair trade may parallel activities in other areas, such as corporate social responsibility and/or social entrepreneurship, our model and typology may also be useful outside of the context of fair trade. We conclude with some remarks on our study’s limitations and opportunities for future research.

A Model of Fair Trade Social Entrepreneurship

Our findings suggest a basic model of Fair Trade Social Entrepreneurship (See Fig. 1). For our respondents, the

decision to operate a fair trade business started with long-standing ethical, religious and/or business values. These values, although important, were not determinant; many individuals share these same values and do not operate a fair trade business. The fair trade social entrepreneurs in our sample were also motivated by an altruistic desire to serve or help others through their business efforts. As with ethical, religious or business values, this altruism was important in the process, but not determinant; it increased the likelihood of engagement in a fair trade business. The link between shared values and altruism and the operation of a fair trade business may be strengthened by a triggering event. This link was also strengthened by four motivating factors: direct relationships with producers, supporting a social cause, the desire for the preservation of craftsmanship, and the desire to share aesthetic products, and by four facilitating factors: the acquisition of business knowledge, family member involvement in the firm, assistance from faith communities, and assistance from the fair trade community.

Our model of Fair Trade Social Entrepreneurship contributes to the fair trade literature in a number of ways. We explore, summarize, and categorize the opinions and perceptions of individual fair trade social entrepreneurs and provide an explanation for why small businesses engage in exclusive fair trade business models. In addition, our model incorporates a range of personal values (ethics, faith, or business values and altruism), specific actions (triggering events), and specialized factors (four motivating factors and four facilitating factors), and fills an important gap in our understanding of the motivation of fair trade social entrepreneurs.

Three Types of Fair Trade Social Entrepreneurs

When questioned about their motivation to engage in a fair trade business model, our respondents provided a continuum of answers with three basic end points: ethics, faith, and business values. Although there were instances in which responses reflected a mix of these different values, in the majority of cases, individuals drew primarily from one of these value categories. We were therefore able to typify our respondents into three categories: “ethics first” (or ethical) entrepreneurs, primarily motivated by human rights and social justice concerns; “faith first” (or faithful) fair traders, motivated primarily by their religious faith; and “business first” (or benevolent) businesspeople motivated by what they perceive to be an opportunity to build a successful business while simultaneously doing good and helping others.

For “ethics first” respondents, human rights and social justice issues were primary (Maseland and de Vaal 2002). For “faith first” respondents, following the tenets of their

faith was paramount, and participating in fair trade allowed them to put their religious values into practice. Faithful fair traders may be described as religiously committed (Worthington et al. 2003) in that they put their religious values into practice and lived according to those tenets going beyond mere church membership. In our study, “business first” respondents often did come from business backgrounds with either college degrees in business and/or extensive business experience prior to engaging in a fair trade business. They tended to see fair trade as a good business opportunity that would allow them to simultaneously “do good” and help others.

In Table 1, we summarize a number of selected fair trade typologies. Of these typologies, our classification is the most similar to Huybrechts’s leader profile categories (2012). According to Huybrechts, “activists” were politically motivated, “developers” were motivated by a desire to provide support for producers, and “business people” wanted to engage in business activities with ethical values. Ethical entrepreneurs in our sample were similar in some respects to Huybrechts’s activists. Many of our “ethics first” respondents, for example, were politically active and espoused left-leaning or progressive political ideals. However, not all of our “ethics first” respondents were politically active. Many of these respondents came from a less political and nonreligious perspective and simply wanted to “do good” and help others, which perhaps tracks closer to Huybrechts’s (2012) “developer” category. In our sample, however, because nearly all of our respondents were motivated by a desire to help producers, the “developer” label was not particularly useful. Our typology of fair trade firms contributes to the fair trade literature by building on existing typologies, including Huybrechts’s (2012) work. We add a potentially significant category of fair traders: “faith first” (or faithful) fair traders, motivated primarily by their religious faith. We trace this type of fair trade social entrepreneurship back to the U.S. faith-based organizations, like Ten Thousand Villages and SERRV, which are both influential in the U.S. fair trade movement, especially in handcrafts. We found that religious faith, predominately Christian faith in our sample, was an important foundation for our respondents’ commitment to fair trade. The third category, “business first” or benevolent businesspeople, tended to see fair trade as a good business opportunity that would allow them to simultaneously “do good” and help others. In our view, this is a newly emerging category in the U.S. fair trade. Our respondents recognized a growing shift toward the “trade” part of fair trade and a number of individuals commented on the increasing professionalization of business practices among fair trade firms. We also note that fair trade may no longer simply be a pursuit of idealists, but it is now appealing to mainstream small business operators.

Limitations and Future Research

Following the call for country-specific fair trade research, we investigated the fair trade practices of 35 firms in 15 U.S. states (Reed et al. 2010). Although our focus on the U.S. fair trade companies allowed us to focus on answering our specific research question, we also recognize its inherent limitations. For example, we cannot comment on the process of fair trade entrepreneurship outside of the U.S., and we acknowledge limitations with respect to sample size and that larger, representative sample, survey work, could be done to determine the relative breakdown of different categories (ethics first, faith first, and business first).

We conclude with the observation that our process model of fair trade social entrepreneurship raises a number of questions that need to be addressed in future research. For example, what is the relative distribution of different type of fair trade social entrepreneurs (e.g., ethics first, faith first, and business first). How much overlap is there between these types? We suspect that fair traders grounded in different value clusters (ethics first, faith first, and business first) will behave differently. How and in what contexts would this behavior be manifest? We found an interesting division in the fair trade community between ethical entrepreneurs, faithful fair traders, and benevolent businesspeople. Will these groups be able to understand each other and work together in the fair trade movement in the future? How do the three different value clusters (ethics, faith, and business) impact altruism? We believe that they do, but how? How do individuals place themselves in situations where triggering events are likely? Why and how do they do so? Do the values of fair trade social entrepreneurs evolve over time? For example, do faithful fair traders become ethical entrepreneurs? Why or why not? Does this typology, derived from data on the U.S. fair trade firms, hold in other contexts? Are there faithful fair traders in Europe, for example? We hope that future researchers will explore these and other related issues.

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