Durham E-Theses

Southern Fair Trade Organisations and Institutional Logics

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Southern Fair Trade Organisations and Institutional Logics

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PhD Thesis

Abstract

This work is a case study of a Southern Fair Trade Organisation (SFTO), with the objective of uncovering the complexities of working within Fair Trade (FT) and Mainstream Markets (MM) simultaneously. It employs the concept of 'institutional logics' (IL) to analyse and suggest resolutions to the mainstreaming dilemma from an organisational perspective.

The SFTO chosen for the case study is Allpa, based in Lima, Peru, which has been operating in the market for 30 years. The research questions addressed were:

- What is an organisation's experience of dealing with multiple logics?
- How does an organisation respond to potential tensions and contradictions arising from being surrounded by multiple logics?
- How is the organisation's identity shaped in the process?

This research makes a contribution to both FT and IL literature by illuminating the complex setting of SFTOs in which the logics of FT, MM and Local Producers (LP) are all prominent. I found that organisational structure, communication and flexibility can change how an organisation experiences logic multiplicity. Through changing its organisational structure and communication methods, Allpa has managed to increase the degree of compatibility between the different logics. As a result, Allpa has combined and blended the three logics creating a hybrid organisational form with a new identity and has become a translator between two different worlds. The study also found that organisational leadership is a significant determinant of the organisational experience of institutional complexity, and hence the response to it.

This study makes a contribution to IL theory through identifying three institutional logics, and highlighting the "bottom up" influence of one of the logics. This work illustrates the dynamics of responding to multiple logics "on the ground", and has implications for FT research and practice.

Declaration

This research contains no material that has been accepted for the award of any other degree or diploma in any university.

To the best of my knowledge and belief this research contains no material previously published by any other person except where due acknowledgement has been made.

The copyright of this thesis rests with the author. No quotation from it should be published without her prior written consent and information derived from it should be acknowledged.

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GLOSSARY

ATO - Alternative Trade Organisations, trading exclusively in FT products

ADEX- Association de Exportadores

BASC - Business Alliance for Secure Commerce

CBI - Confederation of British Industry

CSR - Corporate Social Responsibility

EFTA - European Fair Trade Association

Fairtrade- Registered trademark, used for FLO certified commodities

FLO - Fairtrade Labelling Organisations International (some articles abbreviate this as FTLO)

FT – Fair Trade

HR- Human Resources

IL -Institutional logics

IT- Information technology

LP - Local producers

MD- Managing Director

MM - Mainstream Markets

NEWS - The Network of European Worldshops

NGO - Non Governmental Organisation

NFTO- Northern Fair Trade Organisations

PROMPERU - Peruvian Government initiative to promote Peruvian handicrafts

SFTO - Southern Fair Trade Organisation

SME - Small and medium enterprises

SRI- Socially responsible investment

UK- United Kingdom

UNICEF- United Nations International Children's Emergency Fund

WFTO -The World Fair Trade Organisation

EXPLANATION OF SOME TERMINOLOGY

Fair trade

In this work I use the term fair trade in both captialised and lowercase form. By 'fair trade' I refer to the phenomenon, the movement promoting fair trade with its original values and visions. The fair trade vison and values have developed through various certification initiatives and labelling systems such as FLO, WFTO or Fair Trade USA, these often incorporate the words 'Fair Trade' in their titles. In this work I will refer to these fair trade initiatives using the generic abbreviation FT.

Producer & Artisan

In FT research and non-academic publications there is widespread confusion in using the word "producer" in many different senses. In some documents it refers to farmers, in others to the primary cooperatives they belong to, the secondary cooperatives that the primary cooperatives belong to or even to the tertiary cooperatives that the secondary cooperatives may belong to. It has also been applied to any entity that has been certified under the FT standards for Small Producer Organisations, Hired Labour Situations, or Generic Fairtrade Standard for Contract Production.

Within this work I have used the terms 'artisan' and 'producer' interchangeably to describe a worker or skilled craftsman/woman who makes things by hand or with a machine or partly by hand and partly using a machine. These are individuals who can be working on a full time, part time or casual basis, either in a workshop or at home. They are often paid on a piecework basis, contracted by Allpa. The use of both terms is intentional as in the modern world of handmade products, the process of producing a craft article may have many stages, some of

which may use specific tools or machines, rather than being only made 'by hand'. Artisans also lead producer groups of a variety of sizes and capacities, making it inappropriate to describe the person as a sole artisan or producer.

Institutional Logics (IL)

For the academic reader new to organisational theory, the term institutional logics as used in organisational theory may strike a discordant grammatical note. It is a pluralised word and is used to refer to multiple logical constructs in a singular instance within one organisation or organisational field. Hence the term IL is singular, whilst the words are in a plural form. For example: The institutional logics of Allpa **is** elucidated in this thesis.

I also use the word logics as a shortened form for institutional logics.

1 INTRODUCTION

In recent years the IL perspective has risen to the forefront of organisational studies. A core idea of the IL perspective is that the interests, identities, values and assumptions of individuals and organisations are embedded within prevailing institutional logics (Thornton & Ocasio 2008). This perspective combines and integrates societal and organisational level analysis in institutional theory (McPherson & Sauder 2013). At the organisational level research scholars have long discussed that the organisations find themselves in complex environments and have to respond to the demands of multiple institutions. The implications of these demands are complex and are believed to have a variety of outcomes for the organisations (Glynn & Lounsbury 2005; Battilana & Dorado 2010 Besharov & Smith 2014).

To understand how the logics and agency interact to affect logic multiplicity within organisations institutional scholars have looked into organisational level characteristics such as communication (Saz-Carranza and Longo 2012), identity (Kraatz 2008; Greenwood et al 2012), design/structure (Greenwood & Suddaby 2006), strategy (Thornton & Ocasio; 1999, 2008, 2012, 2014). Continuing this line of research Besharov and Smith (2014:378) propose a new framework and recommended that future research could use their framework to extend insight into how logics and agency interact; they state "our analysis of factors at the field, organisation, and individual levels lays the groundwork for scholars to consider additional factors at each of these levels as well as the relationships between them". This work will take into consideration this recommendation and examine additional factors particularly at the organisational and individual levels that affect logic multiplicity.

Much of the research in IL has been focused on understanding the institutional complexity shaped by the field level structural characteristics and organisational attributes, alongside research examining the organisational responses to institutional pressures (Greenwood et. al 2011). However, there has been little

research on the chain effect of institutional complexity on a given organisation and its relationships with other organisations. In addition, the literature mainly suggests that the direction of the influence of the IL is from the top down: in other words logics are something that is enforced on an organisation. There are some exceptions to this trend, such as Thornton et al., (2012:85) who demonstrate how IL are influenced by organisational practices and identities, suggesting that IL can be affected from the organisational level. This study examines some aspects of the directional influence of the logics.

Another issue in the IL literature is the role of organisational leadership. Institutional scholars have argued that organisational leadership determines the organisational experience of institutional complexity, and the response to it, and recommended that future research should look into leadership issues in more depth (Greenwood et al. 2011). Being a case study this work provides an in-depth understanding of the role and importance of the leadership in managing multiple institutional logics over time.

While previous research has taken a serious interest in how the multiple institutional logics are manifested and what the challenges of these manifestations are in an organisational context, there is still little known about settings in which more than two competing logics are to be found and how the instantiation of multiple logics shifts from one type to another over time (Greenwood et al. 2011; Besharov & Smith 2014). Prior research still offers conflicting conclusions about the consequences of multiple logics at the organisational level, and the mechanisms/strategies available for the organisations to cope with the conflicting demands.

This work aims to contribute to IL literature by investigating the wider institutional setting of an organisation and the number of logics present and reflected in the organisational structure and practices (Kraatz 2008; Greenwood et al. 2011). The intention is to focus on organisational responses to institutional complexity that engage hybridity as strategy and to develop an understanding of how organisations incorporate multiple logics. This study employs Besharov and Smith's (2014) framework to uncover the heterogeneity of logic multiplicity and the patterns of complexity that confront an organisation arising from the

multiplicity of logics and the degree of incompatibility between those logics (Greenwood et al. 2011).

In summary, Greenwood et al. (2011) note that although there are some studies describing the differences between the logics and the expression of these differences in organisational practices, there are fewer studies showing the degree to which logics are incompatible. The application of Besharov and Smith's framework to the primary data and the explanation of how the logics change and evolve over time helps to enrich our understanding of organisational responses to institutional complexity that engage hybridity as a strategy. Hence the research questions addressed in this work were:

- What is an organisation's experience of dealing with multiple logics?
- How does an organisation respond to potential tensions and contradictions arising from being surrounded by multiple logics?
- How is the organisation's identity shaped in the process?

To answer the research questions in depth a case study of a Fair Trade (FT) organisation, Allpa, was conducted. As an organisation operating in various markets for 30 years Allpa is a good case for researching how the dynamics and influences of logics changes over time and their implications for the organisational outcomes, which is important in preventing organisational conflict and instability.

By choosing a FT organisation as a case study, the intention is to contribute to the debate within FT literature about mainstreaming. The approach to the debate of mainstreaming is from the angle of Southern Fair Trade Organisations (SFTO) (SFTOs have been defined in FT literature as organisations in the global south that purchase and export local products, making them the mediators between local producers and foreign buyers (Moore 2004; Low & Davenport 2005b)). Looking into the issue through the lens of IL helps to highlight the differences that mainstream markets (MM), Fair Trade (FT) and local producers (LP) have and the challenges and opportunities that this creates for SFTOs and the FT movement.

Mainstreaming of FT brings many opportunities for SFTOs. However these opportunities can only materialise and incorporate long term commitment if the challenge of conflicting logics is solved at the organisational level. Hence, research contributes to the FT literature by drawing attention to the importance and role of SFTOs in narrowing the gap between the LP, MM and FT to facilitate dialogue and sustainable business.

The penetration of FT into MM has created a big debate in the FT literature in recent years. The term "mainstreaming" was introduced to describe FT's move from its traditional distribution into conventional channels. This move refers to taking FT out of its charity and Worldshop heritage and co-operating or competing directly with traditional business organisations (Davies & Ryals 2010). To do this the FT organisations had to form relationships with larger traditional business organisations which has created numerous challenges for the SFTOs that purchase and export local products. While FT has always operated simultaneously 'inside and outside' (Renard 2003:92) or 'in and against' (Raynolds 2000:299) the market, mainstreaming has undoubtedly amplified this tension. In particular, mainstreaming has presented a dilemma for SFTOs as mediators between local producers and foreign buyers.

The topic of mainstreaming has divided the FT scholars into two groups: the proponents of mainstream strategy celebrate the market access for the small producers, and the opponents who perceive a dilution of the ideology and a gradual shift from a social movement to a depersonalised niche market (Bezençon & Blili 2009). From the point of view of the FT organisation, Regnier (2001) argues that "FT organisations find themselves in the dilemma of continuing to be pure (and marginal) or aligning with large distribution (and losing their soul)". Other authors have raised concerns that FT mainstreaming may enable increasing market shares; however it may also undermine the movement's principles (Low & Davenport 2005; Moore et al. 2006; Raynolds 2009).

The proponents of mainstreaming, however, note that one positive aspect to FT expanding into mainstream markets is the increased volume of the FT goods sold, which has benefited a larger number of marginalised producers in the south (Low & Davenport 2005; Low & Davenport 2006). In addition, mainstreaming also has

the potential to spread the message of FT to a much wider audience (Low & Davenport 2005; Low & Davenport 2006).

Although mainstreaming of FT has opened multiple opportunities for the producers it has also created new challenges. In particular in the handicraft sector of FT, the mainstreaming has meant that the producers have to face fluctuating global markets and international competition. Producers have entered into a new scenario where globalisation, mass production, standardisation and cheap factory items have replaced various products made by artisans and have also led to a separation of the craft from the actual artisan (Scrase 2003). In the modern market consumer demands and expectations have increased dramatically, for the producers/artisans to make the transition from making goods for the household or local market to then produce items for the international market requires a substantial change in their capacity. This means technological development, financial stability, market understanding, reliable services, and improved quality.

Looking into handicraft industry, FT research in past has conceptualised that a fair wage and good working conditions will reduce poverty and achieve empowerment for producers. However, moving out of poverty into a more secure financial future still remains difficult for many producers (Le Mare 2010), craft producers in developing countries are among the poorest people in the world. Although craft production for commercial sale is an integral part of rural economics, households and villages have always been linked to the local market and now are becoming increasingly linked to the global market (Grimes & Milgram 2000).

With the FT label gaining consumer recognition, there are considerable consumer pressures for more ethical supply initiatives, however the same consumers seems to be reluctant to pay the premiums embedded in this business model (Castaldo et al. 2009, Page & Fearn, 2006). Hence there is a need to understand how FT actually functions; what resources can be used to improve current practice and what obstacles exist to prevent desired changes (Reed et al. 2010). One of the most important impacts of FT is its contribution to building sustainable business in producer countries (Hayes, 2006). However, building a sustainable businesses in this environment becomes increasingly challenging. In this process of

mainstreaming the FT craft there are various organisations involved, including SFTOs, northern exporters and wholesalers. There has been substantial research conducted on the two extremities of the FT chain (producers and consumers) but the intermediaries of the chain have received significantly less attention (Karjalainen & Moxham 2012). Hence this research aims to address this gap in the knowledge by focusing on a SFTO, its role in the mainstreaming of the FT handicraft sector, its practices and the challenges it faces.

Considering the substantial impact of mainstreaming on the FT handicraft industry, and the importance of handicraft industry for poverty reduction in the developing world, in this work IL theory has been employed with the intention of expanding the FT literature from its marketing, economic and ethical decision making viewpoint to include the organisational viewpoint of how the SFTOs manage their business under the influence of FT and MM.

Current research of IL has encompassed a variety of organisational fields including social enterprises, healthcare and professional services. Thornton and Ocasio (2008:101) state that each institutional order has 'a central logic that guides its organising principles and provides social actors with vocabularies of motive and a sense of self' and the market is one example of an institutional order. However, for SFTOs the market logic presents potentially competing claims with alternative logics, such as the FT logic and perhaps also the logic of the producers. Researching a SFTO introduces a new organisational field into the IL research and helps to uncover the implications of multiple logics for an organisation. In addition, most of the studies on hybrid organisations in the IL literature have concentrated on the field of social enterprises. Introducing the Fair Trade organisations as hybrids is an enrichment of the literature in identifying as "hybrid" an organisation that incorporates more than one conflicting logics within the organisational core (Battilana & Dorado 2010; Greenwood et al. 2010; Anne-Claire 2013).

The study concludes that the concept of institutional logics to analyse conflict and complexity can clearly be applied well beyond the case presented here. As such, IL offers an important analytical tool for understanding organisational responses to institutional complexity that engage hybridity and strategy.

1.1 THE STRUCTURE OF THIS THESIS

This work is divided into three sections, the first section (comprising chapters 2, 3 and 4) provides the theoretical background to the research and the industry context. The second section (chapters 5 and 6) describes the methodology used to answer the research questions and details the subsequent research findings. The third section (chapters 7 and 8) then combines the literature review and findings to analyse the impact of institutional logics on Allpa and suggests conceptual and practical implications.

Chapter 2 gives an overview of the FT literature, starting with the history and criticism of FT and setting the bigger picture and context. An investigation of impact studies follows, since the stated intention of the FT movement is to have an impact beyond financial gains. I then provide a detailed review of the mainstreaming debate in FT literature and its impact. The chapter concludes with my identification of the research gaps in the FT literature and my proposal to utilise a new theoretical lens to examine these gaps in the literature.

Chapter 3 reviews the IL literature, starting with a description of the concept of Institutional logics as a new tool to analyse the mainstreaming phenomenon of FT, followed by my examination of literature on multiple and conflicting logics and their influences on organisations, business practices and organisational responses. The chapter concludes with the identification of research gaps in the IL literature.

Chapter 4 is a result of my secondary data gathering which sets out the context of Allpa's business environment, including the global handicraft industry, the place of Peru in the handicraft industry and FT's share of the handicraft industry. Alongside this, I present the history of Allpa itself as an organisation. The aim is

to 'set the scene' of the environment within which Allpa conducts its business and to explain the nuances of the handicraft sector.

Chapter 5 describes the methodology employed to answer the research questions. The chapter includes a description of the process of data collection, data analysis and methodological considerations and limitations.

Chapter 6 consists of the primary material gathered during my first and second visit to Allpa. The chapter begins by looking at Allpa in a wider context and examines its institutional setting, followed by identification of the influences on the company, separating the strongest influences and discussing the degree of incompatibility and tensions between these influences. I then discuss Allpa's experiences of multiple logics, the mechanisms used to manage these competing logics and finally discuss Allpa's identity which has been formed by this process.

Chapter 7 marries the research findings and the literature reviewed previously to demonstrate the contributions to the knowledge of FT and IL literature that my work brings.

Chapter 8 summarises my theoretical contributions to IL and FT literature. I argue that employing IL theory contributes to FT literature by introducing a new dimension to the mainstreaming debate. I also argue that my application of Besharov and Smith's framework on the primary data and the explanation of how the logics change and evolve over time helps to enrich our understanding of organisational responses to multiple logics. I contend that the concept of IL might be applied well beyond the case study organisation, and could be an important analytical tool for understanding SFTOs and FT more generally. The chapter concludes by drawing the findings together and forming the argument that for a FT organisation to survive and to succeed in the in the volatile market of handmade goods, the message of quality has to be strongly present alongside the FT message.

2 REVIEW OF FAIR TRADE LITERATURE

As the phenomenon of Fair Trade has emerged as a buzzword in international development, socially conscious business and academia in recent years, it has been accompanied by a considerable number of academic and non-academic publications. The academic publications are spread through various disciplines, examined from diverse perspectives and consequently presented in numerous journals. This broad stretch of publications in different disciplines makes it difficult to consolidate the literature to summarise the existing knowledge, especially as the research tries to address a broad number of questions, and uses various methodologies. However, in broad terms the previous research could be categorised in the following groups: impact studies (e.g. Taylor 2002; Ronchi 2002; Bacon 2005; Parrish et al. 2005; Le Mare 2008; Bezençon & Blili 2009), studies from an economic perspective (Goodman 2004; Hayes & Moore 2005; Hayes 2006), marketing studies which mainly come from a western consumers' standpoint (Golding & Peattie 2005; Low & Davenport 2005a; Carrington et al. 2010), organisational/network perspective (e.g. Tallontire 2000; Raynolds 2009), policy related studies (Taylor 2005), mainstreaming (Low & Davenport 2006; Raynolds 2009; Dolan 2010).

This chapter reviews the existing FT research from the angle of one of the key concerns of the FT movement: mainstreaming. As Ronan Le Velly (2015) states mainstreaming of FT is rarely-if ever- precisely defined, however the impact of mainstreaming on the FT movement is widely explored and will be presented below. The overall review is not focused on a specific commodity or country, rather it embraces a wide range of existing research.

To establish the context of FT, the chapter starts with the overview of the history and criticism of FT. It then examines impact studies, because the stated intention of the Fairtrade movement is to have an impact beyond financial gains. Further a

detailed review of the mainstreaming debate in FT literature and its impact is discussed. The chapter concludes with an identification of the research gaps and the suggestion to implement a new theoretical lens to examine these gaps in the literature.

2.1 THE ORIGINS OF FAIR TRADE

Fair trade aims to address some of the perceived issues of conventional trade by offering an international market access to disadvantaged producers from developing countries. The aim of the movement is to deliver sustainable livelihoods and development opportunities based on the philosophy that fairer trade, not just aid, is necessary for the poorer countries to prosper (Johnson & Sugden 2001).

Fair trade as a movement rose to challenge the classic appearance of free trade theory with its origins in Adam Smith's and David Ricardo's theories of comparative advantage. The theory of comparative advantage was developed in 1817 to explain that countries engage in international trade to export commodities or goods that they are adept at producing and import the ones that they do not produce enough of, provided that there exist no differences in labour productivity between both countries. Free Trade assumes that countries entering into international transactions ultimately will be in a win-win situation, however this has not been the case and world wealth has not been distributed evenly.

The Fair trade movement's origins can be tracked to various Christian faith based organisations which were trying to support refugees after WWII with the 'charity trade' model of selling almost exclusively hand crafted products, mostly sold in churches or at fairs. According to FINE the concept of fair trade has been around for over 40 years but a formal labelling scheme did not get off the ground until the late 1980s. The movement grew throughout the 1970s and most of the 1980s, expanding mainly in Northern Europe and the English speaking 'developed'

world. By the end of the 1980s the market contracted. The growth of the organisations and the number of sales reduced significantly, partly due to the recession in the mid to late 1980s which had caused Northern consumers to be extremely price conscious. Additionally northern consumers were becoming increasingly discerning and expected better quality and guarantees. The producers were struggling to meet the demand with the appropriate quality.

A solution to the declining demand was found for the coffee industry. The first fair trade coffee from Mexico was sold into Dutch supermarkets under the label of Max Havelaar initiated by the Dutch development agency Solidaridad. This successful initiative was replicated in the late 1980s and mid 1990s in several other markets across Europe and North America as "Max Havelaar" (in Belgium, Switzerland, Denmark, Norway and France), "Transfair" (in Germany, Austria, Luxemburg, Italy, the United States, Canada and Japan), "Fairtrade Mark" in the UK and Ireland, "Rättvisemärkt" in Sweden, and "Reilu Kauppa" in Finland.

The industry was starting to take shape in 1992 when the Fairtrade Foundation was established by CAFOD, Christian Aid, Oxfam, Traidcraft and the World Development Movement. After two years the first fair trade certified product, Green & Black's Maya Gold Chocolate made with cocoa from Belize, was launched shortly to be followed by Cafédirect coffee and Clipper tea. Since then the fair trade product range has been expanding every year and now includes commodities such as coffee, banana, sugar, tea, honey, and in recent years flowers and gold.

The key contradiction of fair trade is that it operates 'in and against the marker', that is it works through market channels in order to create new commodity networks for items produced under more favourable social and ecological conditions. It is working against conventional market forces (Raynolds 2000). As Raynolds & Greenfield (2015) argue this ongoing contradiction between the movement principles and market imperatives has shaped the nature and dynamics of fair trade's institutional development. To understand fair trade it is important to refer to its vision and principles as adopted in 2009 by FLO along with the WFTO, which provide a single international reference point for the fair trade phenomenon.

Regarding the structure of the FT movement, Moore (2004) divides the FT movement into four main groups. The first two groups are the Southern producer organisations and the Northern buying organisation. Southern producer organisations supply the products, and the Northern buying organisations in developed or Northern countries act as importers, wholesalers and retailers of the products and are known as Alternative Trade organisations (ATOs).

The third group consists of the following six organisations: FLO- Fairtrade Labelling Organisations International, WFTO -The World FT Organisation, NEWS- The Network of European Worldshops, EFTA- European FT Association, FTF-FT Federation, FT Action Network.

The fourth group consists of a wide range of supermarkets that stock FT products. Their engagement with FT varies as some sell products sourced from the FT movement, but others sell their "own brand" FT products sourced directly from producers without involving the ATOs and middlemen. As Moore (2004) points out, while in one sense these could be rightly regarded as being outside the FT movement, they are becoming increasingly important players in the retailing of FT products. The implications of this will be examined in the following chapters.

Authors such as Moore (2004), Mohan (2010), Tallontire (2009), Low & Davenport (2005b) have documented and analysed the history of the movement. A chronological history of the movement is also available on the Fairtrade Foundation website (www.fairtrade.org.uk).

2.2 THE IMPACT OF FAIR TRADE

Fair trade is widely known as an initiative that attempts to address the poverty issues of marginalised Southern producers through the payment of a 'fair price' for their goods. However, fair trade's impact could be considered to be much wider and deeper than just financial or income indicators. The impact of the fair trade participation on producers and producer organisations has been widely

discussed in the literature. For the purpose of this paper I have categorised the FT impact into the following groups: economic, institutional, political and social, environmental sustainability, development, empowerment, livelihood / quality of life, well-being and impact on gender inequalities.

2.2.1 Economic impact of Fair Trade

Many impact studies have identified the financial "package" as the main benefit of FT for the producers (Bacon 2005; Parrish et al. 2005; Bezençon & Blili 2009). This includes the price paid by FT buying organisations for the products which is both generally higher than in the conventional market, and it does not fluctuate as others do. Other associated benefits have also been identified.

Barham et al. (2011) conducted a systematic comparison of returns and investment in a region of Mexico, trying to explore whether FT/organic coffee provides a potential path toward addressing Latin America's challenge of rural poverty. Firstly, they found that there was no significant difference between the income of the FT producers and conventional growers. Secondly, they found that most of the difference in net cash income per hectare between FT/organic and conventional households comes from differences in yields, not prices (Barham et al. 2011).

Despite this, financial benefits do generally seem to be available for the producer organisations through FT participation, although there is still the problem of financial autonomy. In their case study of a Cameroonian cooperative Bezençon & Blili (2009) found that a FT partnership after several years after its creation was still financially fragile, and still depended on money from the Swiss Agency for Development and Cooperation. In other cases producers have reported that FT financing is slow to arrive and many members sell some coffee through traditional intermediaries to generate the cash needed to cover harvest costs (Taylor 2002).

However producer organisations also have access to various support services, which have been identified as success factors for some co-operatives (Ronchi

2002). Capacity building opportunities have also been percieved as benefits by the producers and have been identified in various studies (Murray & Raynolds 2000; Ronchi 2002; Bezençon & Blili 2009). These include financing necessary equipment for the cooperatives such as computers and other office equipment. Others reserchers have identified training opportunities, including financial training dedicated to money making activities (Murray & Raynolds 2000; Bezençon & Blili 2009). Raynolds & Ngcwangu (2010) found also that in the case of Rooibos tea in South Africa, FT economically empowered black producers, historically a disadvantaged group who were given the opportunity to gain a foothold in export market.

2.2.2 Social and development impact of Fair Trade

Some researchers have tried to answer the question of how participation in FT affects the producers' quality of life and well-being. The findings have not always been homogeneous, in fact in some cases, results have been almost opposed to each other.

In Taylor's (2002) research most of the producers reported enhanced self-esteem and expressed pride in belonging to an organisation that is growing despite hard times. According to Taylor's (2002) self-esteem was reflected in enhanced enthusiasm and interest in the remaining producers of food and coffee for sale. FT members also saw other non-members as having to migrate to find work while they found their possibilities of remaining in the community improved (Taylor 2002). Bacon (2005) found that the farmers linked to cooperatives selling to alternative markets received higher than average prices and felt more secure in their land tenure.

However, 74% of all surveyed farmers reported a decline in their quality of life during the last few years, showing no significant difference between farmers participating in conventional and alternative trade networks (Bacon 2005). Bacon's finding and the results of the focus groups suggested that income from

coffee sales to alternative markets is not enough to offset the many other conditions that have provoked a perceived decline in the quality of their life.

In order to be certified as FT, the producer organisations need to meet the FT official requirements for employee conditions. Researchers once again have found a variation in producers being able to meet those requirements. In some successful cases the increased income from FT has allowed the member organisations to hire waged labour, freeing children to remain in school and has contributed enough additional income and labour opportunities to help many participating producers to remain in trade (Taylor 2002). In other cases the majority of the producers had a limited awareness of the rules set by FT regarding working conditions on farms. For example, in the case of widespread unemployment, labourers have been offered work at a minimum wage, this neglects the official FT requirements for fair conditions of employment (Valkila & Nygren 2009). In their study of Nicaraguan FT producers Valkila & Nygren (2009) found that the working conditions on FT certified farms did not significantly differ from the informal working conditions in rural Nicaragua, where benefits related to social security, such as vacations, pensions, and paid sick leaves, are unheard of.

FT can be credited with social development, such as education and healthcare programs, institutional capacity-building, and the improvement of transportation facilities in coffee-growing communities. However, the challenge of evaluating any social or development impact is in trying to separate the FT specific impacts from other benefits provided by various rural and development projects (Vasquez-Leon 2010).

Vasquez-Leon (2010) examined two cooperatives in Paraguay. One cooperative exports organic sugar and follows a strategy based on FT, independence from state bureaucracies and alliances with international buyers and non-governmental organisations, the other cooperative exports bananas to Argentina and follows a strategy based on free trade, regional market liberalization, and dependence on state bureaucracies. Vasquez-Leon (2010) found that the FT cooperative had a long term strategy building capacity by investing in education. Similar benefits,

including school credits to pay for fees and school furniture have been observed (Murray & Raynolds 2000; Ronchi 2002; Bezençon & Blili 2009).

2.2.3 Environmental and political impact

FT aims to contribute positively contribution to the participating communities' environment. Taylor (2002) reports that FLO is actively encouraging its associated FT producers to move to organic production thus FT contributes to environmental benefits, such as improvements from organic production, soil conservation, and water management. FT enhances the awareness of conservation and the protection of species, moving members away from conventional to organic coffee, however the outcome of FT environmental projects/policies has not always yielded the same results. In Taylor's (2002) study nearly 60 percent of Majomut's production in the 2001-2002 cycle was organic, however in El Salvador and Guatemala, by contrast, producers are reportedly still reluctant to commit wholly to organic production because of concerns about the impact on yields.

In Taylor's (2002) study most of the coffee cooperatives, with one exception, have also developed diverse services outside of coffee. There has been an enhanced capacity with FT to develop and offer alternative projects in health, consumer supply, housing and transport. Many of the Mexican coffee cooperatives, stimulated and supported in part by its participation in FT, have been active in representing coffee producer interests in state and federal policy circles. Taylor (2002) regards this as an important enhancement of coffee producers' organisational and political capacity in support of the wellbeing of their communities and regions.

2.2.4 Gender equality

One of the FT objectives is to address gender issues in producer organisations. However, the extent to which the individual producers achieve gender related objectives is reflected by the extent to which the co-operative they belong to have themselves adopted gender issues as an objective and also often underpaid (Eber 1999; Wilkinson-Weber 1997; Taylor 2002; Le Mare 2008) found that most women in the chikan (a type of embroidery) industry in India get their work through agents, who take a substantial cut from the piece work wage, so that the women get no more than a fraction of a rupee for embroidering the most commonly sold items. Moreover, women's embroidery, made in the home, is looked upon with far less respect than the products of the men, made in their workshops (Wilkinson-Weber, 1997).

Addressing gender issues is neither easy nor straightforward, the gender discrimination cases are rooted in culture and linked to other social issues. Eber (1999) reports that in Chenalho, parents have refused to let their daughters go beyond the six grade at school out of a legitimate fear that teachers will treat them with disrespect or physically molest them.

In other cases women joining the FT cooperatives tend to put their emotional and sometimes physical well-being at risk from jealous or resentful relatives and neighbours (Eber 1999). To reduce the risk of the potential for domestic violence on one occasion the women members decided that only single women should serve as representatives of the cooperative because it was too difficult for married women to fulfil their responsibilities to both their households and the base (Eber 1999).

Some of the FT cooperatives have been trying to address gender issues. They have sought to do so by funding educational programs with an affirmative action policy towards scholarship distribution and in the commissioning of a study on women and coffee. However, these objectives can be seen to have had little impact on the gender reality at a producer level (Ronchi 2002). Even more, Ronchi reveals that many women are members on paper only in order for the

family, as a unit, to access greater credit from the co-op or to increase voting rights.

Although participating in FT can give employment opportunities for women in developing countries, there is still much to be done for women to be equally represented or fairly paid.

2.3 The impact of Mainstreaming on Fair Trade

FT products were traditionally traded in FT outlets, these included ATOs (Alternative Trade Organisations, usually a non-governmental organisation (NGO) or a mission-driven business aligned with the FT movement) and small shops. The movement had started growing during the 1980s and FT penetrated into mainstream markets, entering into business relationships with transnational corporations, large-scale traders, distributors, supermarkets and other retailers. This has meant that although ATOs are facing greater competition from major market players in marketing and selling FT products, the sales of FT products have been growing dramatically in recent years.

The cause and consequences of the increase of sales, for the fair trade movement has raised more questions and debates in the FT literature than ever before. Low & Davenport (2005), for example, observe that one critical factor that encouraged growth, was the movement's shift from representing itself as 'alternative' to representing itself as 'fair'. They argue that these two interchangeable descriptions have been crucial in shifting the FT movement from niche to mainstream markets. From the beginning of the movements the word 'alternative' had carried with it a collection of meanings, particularly suggesting that it provides a practical and theoretical alternative model to commercial free trade. For the South this has meant that marginalized producers had a means of

accessing Northern markets without having to deal through commercial 'middle-men', brokers and wholesalers. In the North the process of being 'alternative' represented using avenues outside the commercial mainstream to reach consumers, including Worldshops, health food shops, churches, student groups and mail order catalogues. At the more global level 'alternative trade' was encompassing the 'solidarity' trade, where groups seeking to bring about social justice through political reform were supported in the North by the sale of crafts, or more commonly tea and coffee. As Low & Davenport (2005) continue to argue the current discourse on fair trade, downplays the notions of being alternative or acting in solidarity in favour of a central theme about paying a 'fair price' to producers. However, the shift in emphasis in the term 'fair', has been more inclusive than the term 'alternative', especially from a marketing point of view, more consumers are likely to view themselves as 'fair' rather than 'alternative'.

Another factor explaining the growth of the FT movement is considered to be the establishment of the first FT label, the Max Havelaar coffee label in Netherlands, in 1988, followed by the creation of the FT label in the 1990s. Other factors include the suspension of the International Coffee Organisation (ICO) in 1989 which created an opportunity for the FT movement to define a new strategy for taking Alternative Trade forward by focusing on the dilemma of marginalised coffee producers (Low & Davenport 2005b).

It is noteworthy that the first breakthrough came through the power of collective action and not individual ethical consumerism (Doherty 2008). 'Day Chocolate' (produced by Divine) became one of the first FT products appearing on supermarket shelves when they launched a campaign with Christian Aid supporters in November 1999. As a result Sainsbury's increased their distribution of Divine chocolate from 70 stores to 343.

Nicholls & Opal (2005) consider the development of FT in the North in three stages: grassroots (1970-1990), new institutions (1990-1999) and mainstreaming (1990). Stage one is referred to as the activist led campaigning where a small niche of ethical consumers where able to purchase the products from ATOs and Worldshops. Stage two is referred to as the period when macro level FT organisations such as FT Labelling Organisations International (FLO) and the

International Federations of Alternative Trade (IFAT) started to emerge. These organisations functioned as trade associations to address the strategic issues of the FT movement, for example the issues of having a consistent Fair trade mark and message as well as the issue of engagement with conventional retailers. Nicholls & Opal (2005) state that from the 1990s, building on the stage two successes, the mainstreaming of the FT products started. By then there were two routes into mainstreaming: firstly increasing activities to include large scale non FT businesses and secondly broadening the range of consumer facing and educational activities. The supermarket own-labelled products started to emerge. This mainstreaming strategy as noted by Nicholls & Opal (2005), has worked well for the certified food products, however non certified handicraft products have not reached the same level of development .

Since then FT mainstreaming has created various ideological debates among academics and FT supporters. These discussions are presented below.

2.3.1 The impact of mainstreaming on the principles

Bezençon & Blili (2009) divide the discussions of mainstreaming between proponents of market-led and activist-led systems. Both these sides (the proponents of market-led and the activist-led systems) are trying to understand the companies' motivations to distribute FT products (Strong 1997; Nicholls 2002; Low & Davenport 2005b; Bezençon & Blili 2009) and whether the distribution affects the FT label and principles itself (Low & Davenport 2005b; Moore et al. 2006; Bezençon & Blili 2009).

From the retailers' point of view many see FT as an opportunity for the distributors to gain strategic advantage with targeting the ethical consumer market segment. To the question why should supermarkets become involved in the FT niche market, Moore et al. (2006) suggest different combinations of factors. From a commercial perspective, ethical products in general and FT products in particular, are showing growth in markets that are generally mature

and static, hence mainstream players cannot afford not to be involved. In addition, as far as certain supermarkets are concerned, FT fits with their own ethos and, as such, represents a natural extension of their product range (Moore et al. 2006). Others have suggested that selling FT gives the retailers the opportunity to develop their profile in terms of corporate social responsibility (CSR), and develop competitive advantage (Nicholls, 2002; Mohan, 2009).

Simultaneously many have raised concerns that FT mainstreaming is working to undermine the movement's transformative potential (Low & Davenport 2005b; Moore et al. 2006; Raynolds & Ngcwangu 2010). Mainstreaming permits increasing the volume of sales but risks eroding the label's identity by risking a reduction of prices in the medium and long term, when the new actors come to control the market niche (Renard 2005). By the 'new actors' Renard (2005) refers to a variety of other ethical trade initiatives that defend environmental or animal well-being issues. These actors could potentially be mistakenly viewed by consumers as defenders of justice in market exchange.

Taylor (2005) studied two FT coffee initiatives and the Forest Stewardship Council certification in Mexico and found that both of the initiatives struggle with contradictions posed by the fact that if they are to make meaningful progress toward their goals, they can neither isolate themselves from mainstream markets nor abandon their alternative visions of the market. FT moves towards mainstreaming in order to generate benefits for more impoverished coffee farm families. Yet it must work with the powerful corporate actors the FT movement was established to critique (Taylor et al. 2005).

Although the proponents of mainstream strategy celebrate the market access for the small producers, the opponents perceive a dilution of the ideology and a gradual shift of FT from a social movement to a depersonalised niche market (Bezençon & Blili 2009). From the point of view of the FT organisation Regnier (2001) argues that FT organisations find themselves in the dilemma of continuing to be pure (and marginal) or aligning with large distribution networks (and losing their soul). Other authors have raised concerns that FT mainstreaming may enable increasing market shares; however it may also undermine the movement's principles (Low & Davenport 2005; Moore et al. 2006; Raynolds 2009).

The positive side of FT expanding into mainstream markets can be considered to be the increased volume of the FT goods sold, which has benefited a larger number of marginalised producers in the South (Low & Davenport 2005; Low & Davenport 2006). Mainstreaming also has the potential of spreading the message of FT to a much wider audience. However, the most important benefit for the FT practice has been considered to be its potential of influencing the mainstream retailer/wholesaler sourcing policies and to become a 'model' for all trading relations (Low & Davenport 2005; Low & Davenport 2006).

There has been continuous debate in the literature about whether or not the mainstream actors can be influenced by FT's trading relations principles. Bezençon & Blili (2009) dispute that mainstream actors can engage with FT principles as they have to compete with actors who do not distribute FT products. However, being For Profit organisations the level of engagement may vary. On the other end of the spectrum Low & Davenport (2005b) suggest that the process of mainstreaming had led, in many instances, to separation of the medium (FT products) from the transformative message. They propose that going mainstream carries with it the danger of appropriation of the more convenient elements of FT by the commercial sector and loss of the more radical edge.

In response to the fact that retailers do not engage with the FT principles, Bezençon & Blili (2009) see three potential outcomes. Firstly, standard setting organisations could set some conditions to obtain a distribution licence relating to the firms' engagement with FT principles. This measure would likely make FT sales drop as most licensees would not agree to change their global practices. Secondly FT stakeholders could agree on a less ambitious FT definition which would not encompass the objective of trade reform and limit its scope to poverty reduction and producer empowerment. Finally the mainstream channels can continue selling the products without the message (except for value driven business) and the alternative channels could sell the message and to a lesser extent the products. Bezençon & Blili (2009) view this last direction as the most appropriate as it causes the fewest collateral effects.

Although the trajectory of FT is clearly influenced by country and commodity specific factors, Dolan (2010) suggests that in the case of the mainstreaming of

FT tea into the conventional distribution channels of commercial buyers, this has engendered practices that depart from the movement's seminal values and has impoverished its capacity to deliver empowerment, autonomy and economic justice to Kenyan tea producers.

Dolan (2010) argues that the expansion of FT into mainstream food production and retailing has also changed the nature of its sourcing practices. Whilst FT's founding principles were oriented towards small and marginalized producers and producer groups, the ''product certification route'' has included sourcing from larger commercial farms and/or 'plantations'. ATOs have resisted this trend on the grounds that larger producers will further marginalize small-scale farmers and strengthen the competitive advantage of plantations and agribusinesses, thereby reversing the gains of the alternative trade movement. ATOs embrace a model of exchange that is predicated on values of partnership and interdependence and actualized through norms of trust and obligation. "This emphasis on cross border collaboration transforms FT from an instrument of income generation into a broader strategy of empowerment through participatory opportunities for training, education and capacity building" (Raynolds 2002). According to Dolan (2010) these objectives are more difficult to discern in mainstream supply chains, where the success of FT is defined less by webs of rationality than on the volume of sales and the value of social premium generated.

With FT demand being limited, some of the certified grower associations are using their improved organisational capacities to seek new commercial opportunities outside of the FLO system. Although these developments show that the FLO has succeeded in empowering small scale coffee farmers, this also carries the potential risk of weakening the FT system itself. Taylor et al. (2005) also mentions the risk of these new players exercising significant influence on the FT's system's governance at all levels.

More recently Child (2014) examines the effects of mainstreaming on the oppositional stance of fair trade by comparing it with another alternative trade initiative socially responsible investing (SRI). By reviewing the history of the two alternative initiatives Child 's (2014) intends to explain why going mainstream has been contested in the fair trade movement but not the SRI

movement. One of Child (2014, page 615) conclusions was that industries whose members have frequent interactions with those who are impacted by their decisions will be more inclined to oppose mainstreaming when mainstreaming is perceived to influence those communities negatively. Fair trade practitioners not only knew that their lives were connected to others' lives, but they also believed that their own actions mattered. However, he also mentions organisational characteristics that allow this scenario to happen. In the case of the fair trade movement the individuals who interact with farming and artisan communities were typically in a structural position to make decisions that could shape the direction of the company.

To conclude discussion of the various mainstreming debates, Ronan Le Velly (2015) argues that the mainstreaming of fair trade is not a movement where growth implies 'big and conventional' or that not mainstreaming implies being 'small and alternative'. He argues that there are other alternatives and invites researchers to look into the diversity of the pathways available when mainstreaming fair trade.

2.3.2 The impact of mainstreaming on the message

Another issue that emerges with FT products going into mainstream markets is the question of whether the complex message of FT is getting across clearly into mainstream marketing. Mohan (2009) argues that FT growth is being fuelled by the increasing involvement of mainstream corporate and retail circuits through conventional and costly marketing tools. As a consequence this is diminishing the once vital role of ATOs in shaping and popularising the FT movement, their role has been somewhat side-lined with the growth of mainstream marketing.

The belief in parts of the movement is that a complex message about FT does not get across to "mainstream" consumers. Low & Davenport (2005a) examine various marketing terms used in marketing FT in the mainstream markets. They look at messages like "ethical consumption" and "shopping for a better world"

and conclude that this has led to consumer confusion: what does or does not constitute transformative social action through consumption are very real ethical dangers facing international marketing strategy.

Low & Davenport (2005a) blame FT mainstream marketing strategy for confusion in consumer engagement. The movement invited mainstream business to join in its strategy of increasing sales as a way of achieving the movement's goal of supporting increasing numbers of producers. However, the FT message, at least until the advent of the mainstreaming project, was as much about participating in a transformative programme of action as it was about consuming a product.

The complex message of FT does not always get across to mainstream consumers, this can lead to "clean wash" which occurs when a company gains positive benefits from its association with the FT movement (Low & Davenport 2005a; Low & Davenport 2005b). The latter can cause FT to lose its radical edge. Low & Davenport (2005a) also illustrate how mainstream marketing of FT has shifted the message of FT from participation in an international programme of trade reform to one about "shopping for a better world".

2.3.3 The impact of mainstreaming on distribution systems

With the admission of transnational companies in the FT distribution systems there is a bigger divide in the debate between the alternative and the mainstream models (Bezençon & Blili 2009). The alternative model involves ATOs and other agents devoted to trade justice; and the mainstream model, coordinated by the FT Labelling Organisation (FLO), which combines FT and conventional actors to sustain market growth and include more producers in the system (Renard 2003). ATOs purchase goods from marginalised producers to encourage their development. Fair trade labelling organisations (FTLOs) are not involved in trade exchanges themselves but issue FT marks or labels to manufacturers or importers

to verify that the production and supply of a particular product has met specified FT standards (Tallontire 2000).

The alternative model emphasises partnership, which has evolved over the years from a more service orientated relationship. In the past the ATOs provided 'producer services', for the benefit of the producer (Tallontire 2000). However there have been some problems and issues observed relating to the alternative system of distribution. Some of the complaints of the producers refer to the small number of orders and the impossibility of growing in size due to FT standards, since they are not allowed to hire permanent employees if they are to be classified as a marginalised producer (Bezençon & Blili 2009). The relationship between the producers and ATOs is more than just transactional, including the producers receiving support in circumstances when they cannot cope with the orders (Bezençon & Blili 2009). The absence of intermediaries also helps producers to be more involved in the process (Shreck 2005; Taylor 2005) and shorten the distance between consumers and producers (Raynolds 2002).

Bezençon & Blili (2009) discuss the benefits and problems of the ATO and FLO led systems from a producer perspective. The research concluded that both of the systems are complementary and do not compete in the same 'producer market'. In the FLO-led system, producers and cooperatives are autonomous and should be so before being certified, whereas FLO certification is possible for organisations that have passed this period and generally have export experience. The ATO system seems to be more designed for producers who do not have the chance or the knowledge to organize and export without external help (Bezençon & Blili 2009).

There are also some examples of partnerships between the two distribution systems. For example, Cafédirect is an ATO but has also been certified by the FLO. Tallontire (2000) observes an example of Cafédirect partnerships with one of its Tanzanian suppliers and infers responsibilities for both producer groups and the ATO in setting the terms of the trading relationship and setting the strategy for the company. As a collective unit, producers are involved in decision making and there is scope for producer participation to increase as producers become more involved in the Board. However, different producer organisations are

involved to different extents in determining strategy and consequently can be said to have different levels of commitment to the partnership (Tallontire 2000).

Tallontire (2000) observes multilateral and bilateral aspects of the partnership and identifies necessary conditions at both levels for a partnership to work:

- shared understanding of the problem or issue and the context
- mutual commitment to the partnership
- a distinct or unique contribution
- shared objectives
- mutual trust

However there have also been some inherent problems that have capped the growth and impact of the ATO approach. Redfern et al. (2002) argue that by embedding services without an exit strategy, this has created dependency for the producers. They quote an Oxfam staff member's estimation that more than 80% of its producers can only export if Oxfam supports them through the process. They found that even after 20 years of export experience some of the producers have not yet gained the skills necessary to act independently. An evaluation conducted by Traidcraft Exchange (the charitable branch of Traidcraft which facilitates market access, and business and marketing service delivery through a variety of local partnerships) and the Trade Facilitation (TF) team in September 2001, found that producers were unable to develop to the standard of mainstream western markets in the time available. That is, the capacity building requirements were too great for the selected producers to become proficient enough to export in one or two years' time. Although the long term goal is that the producers become independent and compete in the international markets, there is a concern that some artisan producer groups have become dependent on ATOs and FT orders (Littrell & Dickson 1998).

Littrell & Dickson (1998) compare the mission and promotional statements of some FT and mainstream competitors and highlight the differences in their marketing approaches. They found that "mainstream marketers achieve success through their focus on customers' needs. In contrast FT's mission statements emphasize meeting the needs of producers" (Littrell & Dickson 1998). However, again they look at FT from the Northern perspective.

Becchetti & Huybrechts (2008) consider FT to be a "mixed form market" and investigate the complexity of the organisational dynamic in the FT sector, by examining the variety of the players. Further, they document the dynamic of these players through three fundamental dimensions: competition, conflict and partnership. Competition is represented by ATOs and for-profit partial imitators. Conflict of interest is present among Worldshops, importers and labelling organisations. Partnership has been described on the vertical and horizontal dimensions (Becchetti & Huybrechts 2008). (By vertical dimensions they refer to the relationship between the ATOs and the supermarket which enforces the cooperative agreement between the two types of retailers and not their direct cooperation). By horizontal dimensions Becchetti & Huybrechts (2008) refer to the less frequent partnerships among players who are at the same level of the value chain, but this mostly happens when different players have common goals (for example promoting fair trade and raising the general public awareness).

Bezençon (2011) examines the FLO and ATO led systems and concludes that in the FLO system the producers and cooperatives are autonomous and should be so before being certified, certification is possible for the organisations who have export experience. In contrast, the ATO system is more suitable for the producers who do not have the chance or knowledge to export without external help. Hence the FLO and ATO systems are complementary and don't compete in the same 'producer market' (Bezençon 2011).

2.3.4 The impact of mainstreaming on the supply chain

Since its establishment FT has been recognised as a new, more ethical supply chain model. FT aims to contrast the conventional supply chain practices and sourcing strategies, by offering the suppliers in developing countries liveable and sustainable prices, developmental opportunities and long term relationships. FT also focuses on the consumer end by providing quality products and transparency. To situate the nature of the FT supply chain among other ethics of supply chain

management. Nicholls & Opal (2005) explore multiple perspectives on the supply chain ethics. They focus on the key issues of social justice and human rights and their relationship to trade, summarising that FT sits at the heart of the relationship between business and civil society. As for the structure of the FT supply chain: It is based on the idea of transparency and fairness hence differentiating itself from the conventional market that the retailers are used to dealing with (Nicholls 2010).

Karjalainen & Moxham (2012) divide the FT supply chain structure into five groups. (1) FT producers that are located in the South (2) Buying organisations in developed or Northern countries, which can act as importers, processors and/or wholesalers of the products purchased from the Southern producer organisations (e.g. Procter and Gamble's US Fairtrade coffee brand (Millstone) and Cadbury's Fairtrade chocolate (Dairy Milk)). (3) Retailing organisations which may comprise conventional retailers, typically supermarkets that engage some way in FT, mail order companies and ATOs. (4) The World FT Organisation (WFTO) which certifies and registers FT organisations worldwide. (5) Consumers who determine the quantity of products sold and hence the number of producers able to enter the FT network.

Mainstreaming FT products has brought a growth in sales as well as the challenge of facing stiff competition within the generic product categories they operate in (Bondy & Talwar 2011). Most of the research, to date however has focused on the organisational level rather than at the systems level of the FT supply chain (Nicholls, 2010). There are some exceptions like Karjalainen & Moxham (2012) who look at how the organisations and chains should be managed to make them sustainable and successful from a business viewpoint. Karjalainen & Moxham, (2012) argue that improving the efficiency of the FT supply chains as well as the quality of the products could allow mainstream companies to engage in FT without the need to dilute the certification criteria, and could bring the products closer to the prices consumers are willing to pay for ethical goods.

This research will be focused on the second group of the supply chain; the buying organisations in the developing countries, here referred to as SFTOs. There is

little known about the structure, efficiency and the business practices of this group.

2.3.5 The impact of mainstreaming on the producer and buyer relationship

To understand the mainstreaming effect on the producer/buyer relationship, Raynolds (2009) emphasises the FT definition as an effort to re-qualify trade based on alternative norms of ''fairness,'' ''partnership,'' and ''sustainable development'' and to counter mainstream trade practices based on free market competition. To answer the question, "How do the above principles reflect different types of enterprise/buyer engagement?" she divided buyer engagement in FT coffee distribution into three categories; "mission driven", "quality driven", "market driven". Mission-driven buyers are distinguished by their FT values of partnership, personal and place attachments, civic responsibility, their 100% FT sales, and their direct purchasing. ''Quality-driven'' buyers embrace FT norms of trade partnership, long-term purchasing, and transparency since they help ensure reliable supplies of gourmet coffee, however they only use certification to codify and delimit their ethical commitments. The conventional corporations that take FT into mainstream markets are named as ''market-driven'' buyers, they limit their material and discursive engagement to public relations defined minimums. Moreover she argues that these companies reinterpret FT's alternative norms and practices of ''partnership'' in the light of commercial and industrial goals of ''traceability,'' using certification as a tool for supply chain management (Raynolds 2009).

Raynolds (2009) conducted research, with an FLO affiliated coffee corporative in Mexico and Peru and uses a different paradigm to understand buyer/supplier relationships from the perspective of the producer. According to her research, producer groups of FT contrast what they call "good", "regular", "social" and "commercial" buyers, their division is based on distinctions in material and non-

material relations. Raynolds (2009) found that association leaders tend to refer to "mission driven" and "quality driven" buyers together as "good" or "social" buyers (e.g. Equal Exchange, Café direct, Cooperative Coffees, Sustainable Harvest), and "market driven" buyers as "regular" or "commercial" buyers: in this case mainstream coffee traders like Volcafé and ECOM-Coffee (two of the world's largest importer/exporters) who sell to Starbucks, Nestlé, Tesco and numerous other corporations.

In the same study the producers identified variations in the buyer and supplier relationships. First is the requirement of the minimum price as a non-variable benefit. The second key benefit they see in selling to FT markets is pre-financing. FLO standards require that buyers pre-finance up to 60% of the coffee contract price on request. Raynolds (2009) and Raynolds & Ngcwangu (2010) found that, in contrast to the market-driven buyers, mission-driven and quality-driven importers/roasters always provide pre-financing and often pay more than the FLO minimum price to help offset production costs.

The third key aspect of the FT arrangement is that buyer/supplier relations should be stable and long term. "Contrary to popular belief, the ethical consumer and FT premium are not the core of FT, but the long-term commitment of FT buyer to local FT organisations to the point at which they can compete in the mainstream" (Hayes, 2006). However, this is not always the case with market driven buyers. According to Raynolds (2009) market driven buyers tend to sign only the minimum one year contract required by the FLO.

Other benefits of the FT partnership include transparency, access to market information, introductions to other buyers, opportunities for producer interaction and links to development organisations.

2.3.6 The impact of mainstreaming on growth and professionalization

One of the motivating reasons for FT penetrating into mainstream markets has been the opportunity for growth, due to increased sales. This growth of sales and

production inevitably requires change in business systems and practices. Le Velly (2015) has looked into the issue of mainstreaming from the angle of growth and professionalization of the ATOs. He argues that the mainstreaming of FT is not a movement where growth inevitably implies degradation. He also point out that the professionalization of the ATOs is inevitable when dealing with the conventional markets. The product by its nature becomes more commercial, the imported good needs to meet certain quality standards.

Professionalization of the FT companies, especially for those developing countries, can be a double-edged sword. On the one hand professionalization enables the companies to grow and acquire sales beyond their limited circles (Le Velly 2015). On the other hand more marginalised producers will find it harder to meet the higher quality and export standards. Some researchers found that the producers they interviewed found it harder to cope with the new culture that comes with mainstreaming, they feel the loss of the more direct relationships that they had with the ATOs (Dolan 2010; Ronan Le Velly 2015).

FT principles are characterised by lasting long term relationships and partnerships, however by entering into the new markets it seems that standardisation of the products and professionalization of the organisations and processes becomes more prevalent.

2.3.7 The impact of mainstreaming on international competition (the craft market)

The mainstreaming of FT has brought a major challenge to the producers: fluctuating global markets and international competition. Globalisation, mass production, standardisation and cheap factory items have replaced various products made by artisans (Scrase 2003). The globalisation of artisan craft has led to the separation of the craft from the actual artisan (Scrase 2003). It has also created problems for cooperatives. Many producers encounter difficulties in exporting which are related to geographic isolation, technological and language

barriers and with meeting exporting deadlines and the required quality criteria (Marston 2013).

Scrase (2003) recognises that the changeable nature of the global marketplace means that various crafts come in and out of fashion, this can lead to problems of oversupply. He distinguishes between strategic craft production in a globalised market and traditional craft production for a specifically localised market, and notes that the artisans have a hybrid identity by retaining traditionalism in their craft and simultaneously producing products according to the demands of the global market and local tourist market. Scrase (2003) distinguishes between the artisan craft of everyday use 'quotidian craft' and 'elite craft'. The 'elite craft' is of high quality and rare specifications and with a specialised and elite consumer market, which is more concerned about the story of the item and the artisan community. The 'quotidian craft' represents everyday items and is being replaced by plastic mass-produced products. Hence many artisans develop strategies to accommodate to the fluctuating global market and interest in their craft.

Marston (2013) explores the craft sector of FT in the light of the impacts on both the material practice of certification (evaluation and monitoring) and the semiotic practice of certification (product labeling). She argues that the material practice of certification makes it difficult for artisans to join the formal FT network, while the semiotic practice of labeling reduces the degree to which FT can claim to be ''uncovering the veil'' on commodity fetishism.

It is important to mention that the certification process of the craft sector of FT is quite different from the agricultural sector. In the case of agricaltural goods it is the product that is certified. However, in the case of the craft goods, individual organisations are certified, obtaining certifications by joining international associations that evaluate their practices and request annual membership fees such as the WFTO (Marston 2013). The organisations then are entitled to apply their logo to all of the crafts that they sell (Marston 2013). Marston (2013) argues that the process of becoming a WFTO member offers advantages to producers who have a certain level of business acumen, financial stability and knowledge, however it is a big barrier for smaller and more disadvantaged producers and cooperatives.

Page & Slater (2003) discuss the difficulties the small producers face in reaching the markets by examining nine initiatives to understand what small producers should do to achieve sustainable access to markets. They summarise the necessary conditions for market access in four categories: understanding the market, organisation of the firm, communication and transport links and appropriate policy environment.

Others have looked at the problems arising from international competition from different angles. Karjalainen & Moxham (2012) acknowledge the stiff competition brought by mainstreaming and have looked into how to manage FT more efficiently by looking at FT through the supply chain management research lens. Randall (2011) evaluates the strategies used in FT Northern craft organists that are importing and distributing FT craft goods and discusses their distribution strategies. Mainstreaming is discussed as a solution to expand FT market share, which has not been taken full advantage of by the researched organisations.

2.4 THE CRITICISM OF FAIR TRADE

One of the criticisms of FT is the argument that FT is likely to prolong the dependence of producers in developing countries on products with poor future prospects. This is done by paying guaranteed minimum and above market prices, that give incentives to producers to remain in sectors that offer little long term opportunity to increase value added (LeClair 2002). Others have challenged the argument that FT harms the long term interests of producer and increases their dependency (Smith 2009). Hayes (2008) argues that this criticism of FT is based on a number of inappropriate assumptions. He emphasises the role of agriculture as a short and medium term contribution to poverty reduction and notes that

criticism of FT is based on deductive economic reasoning, evaluating real life practices against perfect market theory.

LeClair (2002) also concludes that FT deters desirable diversification. To this criticism Hayes (2006) responds that this conclusion assumes that the assessment of long-term investment prospects depends only on current income, that it overestimates the value of marginal factor resources in conditions of aggregate under-employment, and further neglects the importance of investment in children's health and education. "FT can provide the means for diversification, both by the individual household through education, and by the local FT organisation with its greater access to product and credit markets and its potentially wider scope for profitable investments further down the value chain or in different markets" (Hayes 2008).

Although Smith (2009) acknowledges that there is a need for diversification, he argues that "poor" producers are unlikely to be able to respond to market incentives to diversify. Nevertheless, diversification is not a straightforward choice, and there are many barriers to diversification. He points out two barriers to producer diversification: the need to manage livelihood risk and uncertainty versus the assumption of perfect information and production decisions isolated from consumption requirements and the degree of capabilities possessed by actors (which is ignored when emphasis is placed on incentive structures alone) (Smith 2009).

LeClair (2002) has questioned the fairness of FT, arguing that FT producers gain at the expense of non-FT producers. Hayes (2008) responds to this argument by clarifying that this outcome arises only in the circumstances of inelastic demand, and not in all cases. The developing world is also characterized by an excess of labour supply and thus the higher income from FT may allow households to continue to generate income from marginalised assets and skills, where the alternative is not a better employment of those assets and skills, but unemployment (Hayes 2008). Others have argued that by providing an additional vehicle for charitable giving FT might do something to reduce the 'giving fatigue' that citizens of some well-off countries appear to face (Booth and Whetstone, 2007).

The definition of FT by FINE itself has created some controversy, it shows the two visions of FT, these two visions create tension with FT as it operates simultaneously both inside and outside the market (Renard 2003). The reason is that FT is trying to provide a working model of International Trade that makes a difference to the producers and consumers that engage in it, as well as to challenge the orthodoxy of business practices by trying to modify the existing economic model. This uncertainty has created many debates in literature regarding FT's future principles, values and future direction.

2.5 IDENTIFIED GAPS

A review of the diverse literature on FT has been presented in this chapter. The review was focused on mainstreaming, because this is one of the controversial topics of the FT debate. Seven levels of the impact of mainstreaming have been identified from the literature: impact on ideology, principles, message, distribution system, producer/buyer relationships, professionalization of the organisations and international competition. The review of the previous work has helped to identify three major gaps.

1. The impact of mainstreaming on the SFTOs and their business practices

Although much has been written on the impact of mainstreaming and the expansion of certification schemes on the FT movement itself, there is considerably less known about the impact of mainstreaming at the organisational level, especially for the Southern producer organisations and their business practices. It is argued that new market opportunities and business growth bring challenges that the Southern producers may not be equipped to face (Le Velly 2015), however we still do not know much about the institutional pressures that mainstreaming brings for SFTOs and their options of responding to these pressures.

2. The impact of mainstreaming on the FT craft sector

As seen above most of the literature relating to FT mainstreaming is concentrated on the commodity market: the handicraft sector has had less attention. Considering the fact that one of the goals of FT is to provide market opportunities in the Northern markets for the marginalised producers from developing countries, the literature leaves us with a variety of potential research questions that focus on Southern FT Organisations in the handicraft sector. Questions such as: Do the producer organisations change the strategies or practices of their businesses and how successful are these changes when they engage with the MM? How do the handicraft producers achieve growth in the volatile international market? There is also the debate about whether handicraft production can be a source of sustainable income for the artisans, given the instability of the fashion market (Littrell & Dickson 1998; Marston 2013).

3. The difference between FT and mainstream markets from the point of view of SFTOs

Although Littrell & Dickson (1998), Becchetti & Huybrechts (2008) have done some work to understand the complexity of the "mixed form market", when mainstream and FT markets meet together, there is still not much known about how the mainstream markets and FT organisations differ from one another from the point of view of SFTOs. What is their experience of working in these potentially contradicting markets?

To research the identified gaps in the FT literature a new theoretical lens of institutional logics theory is proposed. IL theory will enable comparisons between FT and MM, and examine their influence on SFTOs.

3 REVIEW OF THE INSTITUTIONAL LOGICS LITERATURE

I described in the previous chapter how the mainstreaming of FT from its traditional distribution network into conventional channels has created ideological debates among academics and FT supporters. In this chapter I propose a new theoretical framework which can be employed to understand the dilemmas which SFTOs face when dealing with mainstream and FT markets simultaneously.

The chapter starts with a description of the concept of Institutional Logics (IL), I follow this with an examination of the literature on multiple and conflicting logics and their influences on organisational change, business practices and organisational responses when faced with conflicting logics. The chapter concludes with identifying FT and MM as logics in terms of the definition used in the IL literature and the research gaps.

3.1 THE CONCEPT OF INSTITUTIONAL LOGICS

Over the past two decades the concept of IL has become one of the fastest-growing areas of scholarship in organisational theory, providing a useful tool to understand how institutions shape, motivate, and justify individuals' and organisations' actions (Thornton et al. 2013). Institutional logics is a concept first

introduced by Friedland & Alford (1991) in "Bringing Society Back In" published in the "New Institutionalism in Organisational Analysis". As they describe it Institutional theory takes the main institutional orders to be the market, the corporation (in the business sense), professions, family, religion and the state. It describes the contradictory practices and beliefs inherent in the institutions of modern western society.

After this first introduction by Alford and Friedland the theory was elaborated further by Thornton and Ocasio (1999:804) who define logics as "the formal and informal rules of action, interaction, and interpretation that guide and constrain decision makers". Others such as Reay & Hinings (2009) define IL as the means to explain connections that create the sense of common purpose and unity in the organisational field. Greenwood et al. (2010:522) state "In short, logics underpin the appropriateness of organisational practices in given settings and practical historical moments. Failure to use practices legitimated by an extant logic can have adverse consequences".

A core premise of the institutional logics perspective is that the interests, identities, values and assumptions of individuals and organisations are embedded within the prevailing institutional logics (Thornton and Ocasio 2008). The primary distinction from neoinstitutional theory is that the IL perspective considers the duality of the material and symbolic aspects of the institutions. "A key principle of the IL perspective is that each of the institutional orders in society has both material and symbolic elements. By the material aspect of institutions, we refer to structures and practices, by the symbolic aspect we refer to ideation and meaning, recognising that the symbolic and material are intertwined and constitutive of one another" (Thornton et al. 2013:10).

The institutional logics perspective is a methodological framework for analysing the interrelationship between institutions, individuals and organisations in social systems (Thornton et al. 2013). It aids researchers to answe questions about how individual and organisational actors are influenced by their situation in multiple social locations in an inter-institutional system (Thornton et al. 2013:2). Institutional scholars have argued that organisational fields are organised by a

dominant institutional logic even though two or more institutional logics may exist at the same time (Reay & Hinings 2009a)

Thornton et al. (2013:18) identify four foundation principles of the metatheory of the institutional logics perspective. First is the problem of explaining the relationship between the structure and agency. They consider that it is central to understand how actors change institutions in the context of being conditioned by them. Second, incorporating both material and symbolic aspects of institutions it is necessary to observe and measure the dynamics of institutions, leading to richer theories of institutional change. Third, the concept of the historical contingency of institutions is crucial to examining the critical questions of institutional logic emergence, re-emergence and change. Fourth, the multilevel analysis provides a method to observe and measure the cross level effects and the causal mechanisms, which should lead to a more precise theory.

Others have considered that IL carries various sets of contradictions which provide individuals, groups and organisations with cultural resources for transforming individual identities, organisations and societies (Greenwood et al. 2010). Saz-Carranza & Longo (2012) define market logic, for example, as having self-interest as the basic norm, with strategies that are aimed at efficient transactions and learning through competition.

In its early development stage the IL studies were interested in changes of logics at the field level, which took place over extended period of time. Furthermore the IL studies were considerably more interested in organisational level logics and how shifts in dominant IL were influencing organisational structure and practices.

When exploring the microfoundations of institutional logics and their role in the ongoing reproduction and transformation of organisations and institutions, Thornton et al. (2013) examined Friedland and Alford's (1991) work. They suggested two distinctive views on the relationship between individuals and institutional logics. The first view emphasizes opportunities, the second emphasizes constraint. In the first case institutional contradictions provide individuals and organisations with opportunities for agency and institutional change by exploiting these contradictions. In this case both the symbols and

practices of high order IL can be evoked by individuals effecting change in organisations and institutions (Greenwood & Suddaby, 2006).

The second view suggests that IL shape individual preferences, organisational interests, and the categories and repertoires of actions to attain those interests and preferences. In this case the dominant IL becomes integrated into the organisation by the establishment of its core principles for organizing activities and channelling interests. This view of how institutional logics shapes action has become known as 'embedded agency', or 'social action' that is culturally embedded in IL (Thornton et al. 2013).

Organisations develop structures and processes that shape individuals' and groups focus of attention. IL guides the allocation of this attention by shaping which problems and issues get attended to and which solutions are likely to be considered in decision making (Thornton & Ocasio 1999, 2013). The consequences of IL on organisational attention have been explored in various empirical works. In Thornton & Ocasio (1999) the editorial logics of higher educational publishing focused the attention on the prestige of the publishing house, whereas the market logics focused attention on market competition as determinants of executive succession.

To explain the enabling and constraining effects of IL on attention Thornton et al. (2013) apply the theory of dynamic constructivism. They develop a structure and process model of how the focus of attention is shaped by both top-down attentional perspective and bottom up environmental stimuli.

Cho & Hambric (2006) researched the top down effect of IL and organisational practices. They studied the effects of airline deregulation on managerial attention and found that deregulations consistent with a shift from government logic to a market logic led to a more entrepreneurial attentional perspective. However, this was highly dependent on the efficacy of the managerial team; firms with a greater proportion of executives from marketing, sales and research and development backgrounds were more likely to adopt an entrepreneurial attentional perspective. According to Cho & Hambric (2006) the effects of top down attentional perspective mediated the effects of top management team demography on the adoption of new firm strategies, demonstrating the effects of attention on action.

Similarly Thornton & Ocasio 1999 (2013) recognise that the focus of attention is a function of top-down attentional perspectives shaped by both institutional logics and more localised organisational practices. They suggest that IL at multiple levels of analyses (organisational, field and society), generate top down attentional perspectives for processing information and for focusing attention.

However, as Thornton et al. (2013) highlight, the focus of attention is shaped not only by top-down attentional perspective, but also by bottom-up stimuli. This means that individuals and organisations face situations where existing logics may be different because of behaviours and outcomes in the environment They argue that a contributing factor to the strength of bottom up attention is the silence of stimulus, and that highly silent events are critical triggers for institutional change. Some examples of silent situational features that generate attention are non-routine organisational and institutional field level events.

3.2 LOGICS MULTIPLICITY AND ITS CONSEQUENCES

Organisations are usually surrounded by multiple and often contradictory logics. The existence of logics multiplicity, has been examined through the IL lens in numerous fields, including healthcare (Dunn & Jones 2010), accountancy and other professional services (Greenwood et al. 2012), manufacturing (Greenwood et al. 2010), French cuisine (Rao et al. 2003), law courts (McPherson & Sauder 2013), and symphony orchestra (Glynn 2000). However, as Besharov and Smith (2014) state, the majority of studies consider only two logics and recommend that future research should take into account the multiplicity of logics in the given context, and be more explicit about the justification of which logics are incorporated into the analysis.

There is a considerable body of research which highlights the possibilities and opportunities in organisational responses to tension when multiple institutional models are present (Lounsbury 2007; Reay & Hinings 2009a; Battilana & Dorado 2010; Greenwood et al. 2010; Greenwood et al. 2011). However, the research does not offer a homogeneous opinion about the consequences of logics multiplicity.

Some studies propose that organisations may merge competing logics by endorsing a combination of activities drawn from each logics in an attempt to secure endorsement from a wide range of field-level actors (Greenwood et al., 2011). Examples include Battilana & Dorado's (2010) study on commercial microfinance organisations in Bolivia which highlights how these organisations combined development and banking logics to fight poverty. Similarly, Tracey et al. (2011) demonstrate how two social entrepreneurs created Aspire, an organisation that combines the logics of charity with the logics of commercial retail. Both of these studies demonstrate the internal challenges associated with

the combination of competing logics. Interestingly, Tracey et al. (2011) note that despite its early success Aspire collapsed a few years after it scaled up its operations to national level. Tracey et al. (2011) suggest that the entrepreneurs did not manage to simultaneously satisfy the competing demands from important external constituents, such as clients and homeless beneficiaries. The combination of charitable and commercial logics did not allow the organisation to secure the required external support to survive.

Another question related to logics multiplicity that has puzzled researchers is the dominance in the logics hierarchy. Originally Friedland and Alford (1991) considered the logics to be hierarchical in form (citing Reay & Hinings (2009b)). Most of the IL literature portrays the coexistence of multiple IL in a scenario where one dominant logics is the guiding principal for behaviour, and the coexisting logics are considered to be a temporary phenomenon resolved by competition, where the strongest actor is the ruling power (Reay & Hinings 2009b). However, in studies of two competing logics in the medical sector, Reay & Hinings (2009b) found that medical professionalism and 'government pushed business-like healthcare' continued to co-exist, without any obvious dominance. They found that the rivalry between the logics can be managed through the development of collaborative relationships. In this case a new logic of business-like healthcare has been introduced which led to new governance structures in order to increase efficiency. The business-like logic has been contradictory to the previously dominant logic of medical professionalism, each of those principles required different behaviours from the actors. Others such as Lounsbury (2007) in the study of the mutual fund industry examines the multiplicity of the logics that create competition and as a result offer alternative pathways and identities for professionalising money managers thus enabling professionals to specialise in either market timing or cost containment.

Pache & Santos (2013) explore hybrid organisations with the aim of exploring how they manage the competing logics that they embody. By conducting a comparative study of four social enterprises they found that the organisations selectively coupled intact elements of each logics. They identify a specific hybridization strategy which they refer to as "Trojan horse", whereby an

organisation may adopt the behaviour of the dominant logic in order to gain acceptance in a given organisational field. This strategy allowed the organisations they studied to project legitimacy to external stakeholders without having to engage in costly deceptions or negotiations. In an attempt to gain legitimacy and acceptance, the organisations that entered the work integration field with low legitimacy because of their embeddedness in the commercial logic strategically incorporated elements from the social welfare logic. Pache & Santos (2013) hence, suggest that, when lacking legitimacy in a given field, hybrids may manipulate the templates provided by the multiple logics in order to gain acceptance.

Saz-Carranza and Longo (2012) focus their research on an individual organisation rather than on a given organisational field. Their conclusions concerning how the participants of public-private joint ventures manage competing institutional logics were that this is achieved by good communication and creating mutual learning spaces: "Communication became the principal tool to overcome tensions caused by sector differences" (Saz-Carranza and Longo 2012: 345).

The institutional logic literature also suggests that when an organisation faces multiple and potentially incompatible logics this creates tensions. Two aspects of these tensions are the number of logics it faces and the relative incompatibility between them (Greenwood et al. 2011). "When logics are ambiguous and lack specificity, organisations are provided with relatively more discretion in their efforts to alleviate tensions of complexity … On the other hand, when conflicting logics are highly specific, organisations face a more problematic level of complexity" (Greenwood et al. 2011:334). Others such as Besharov & Smith (2014), argue that to predict the outcome of the coexistence of multiple logics in the organisation, one should examine heterogeneity in how multiple logics manifest themselves within organisations.

3.3 INSTITUTIONAL LOGICS, INSTITUTIONAL CHANGE AND INSTITUTIONAL ENTREPRENEURSHIP

Institutional logics are considered to be important factors in understanding institutional change, as scholars believe that the combination of two logics can bring about institutional change (Lounsbury 2007). An IL perspective explains that change occurs because new logics emerge from organisational and individual actors, or from events in the environment (Thornton et al. 2002). Organisations can be under pressure to change if there is a conflict between institutional logics. The dominant IL then affects a firm's strategy and structure by focusing the attention of decision makers toward those issues that are consistent with the logic (Thornton et al. 1990).

In the Thornton et al. (1990) interviews of publishing firms CEOs, the publishers have described an identity shift from publishing as a profession to publishing as a business. This change also has brought a structural change, the CEO became a dominant form of authority. In another framework used by Seo & Creed (2002) institutional change is understood as an outcome of the dynamic interactions between two institutional by-products: institutional contradictions and human praxis. They see institutional contradiction as an essential driving force of institutional change. Their model indicates that the seed of institutional change is likely to grow where and when institutionalized norms and practices conflict with day-to-day functional/efficiency needs. Thus becoming incompatible with and unresponsive to changing economic and institutional environments, and so no longer serve the interests and ideas of participants who enact those norms and practices.

Researchers have also emphasised the importance of looking at how micro level actors (individual or those in power) understand and work through the meaning of competing logics (Reay & Hinings, 2009b). This is not a straightforward

process, for example Townley 2002 (as cited in Reay and Hinings 2009) found that although the dominant logics change at the field level, individuals gave the appearance of accepting the new logics but continued to act in accordance with the old logics.

Organisational responses to multiple institutional logics have also been found to be related to the interests of those in power (Goodrick & Salancik 1996; Lounsbury & Glynn 2001; Pache & Santos 2010; Greenwood et al. 2011). This indicates that the ownership and the governance structure determines the logics that will be prioritised or viewed more sympathetically within the organisation. Similarly, Heimer (1999) emphasises that the main actors who have decision making capacity have more influence than those whose involvement is part-time (e.g. physicians in the hospital versus parents or patients in her case).

The research on organisational responses to conflicting logics suggests various other strategies, structures and practices that organisations adopt to cope with competing institutional demands. Pache & Santos (2010) have developed a model of responses to conflicting demands, suggesting that the nature of demands plus the internal representation of those demands determines the way the organisation responds. "Organisations increasingly adopt hybrid forms that draw from and try to integrate sometimes competing logics. An example is the increasing integration of social goals by commercial enterprises and of commercial goals by organisations with a social mission" (Pache and Santos 2010:471). They distinguish further between those demands that involve conflict at the goal level and those demands that are harmonious at the goal level, but which lead to dispute about the means (functional strategies and processes) required to achieve these goals. They consider functional and process demands to be flexible and negotiable in comparison with goals that are not easily changed or challenged.

Battilana & Dorado's (2010) study on two microfinance organisations showed that one of the organisations they studied was unable to grow because of internal gaps created by an adherence to competing norms and values. However, the other organisation was able to downplay these rifts by hiring personnel free from attachments to either logic, by fostering members' commitment to operational

excellence, and by developing a strong identity that reduced the perceived competition between logics.

The concept of institutional entrepreneurship refers to the notion that the interests of actors matter and that some actors are better positioned to garner resources not only by identifying contradictions, but also by creating new institutions (Thornton et al. 2013). The notion of institutional entrepreneurship has been widely critiqued in the literature, however Thornton et al. (2013:177) suggested that on IL perspective can advance understanding of institutional entrepreneurship with respect to three issues emphasised in the literature. Firstly it provides a systematic way to theorise and test how an entrepreneur's agency is embedded in the culture and social structure. Second, it points to expectations of how individuals and organisations are motivated to use symbolic resources to create innovations and garner material resources. Thirdly it identifies expectations of how the context will shape the behaviour of institutional entrepreneurs with respect to the availability and accessibility of knowledge, and how it will determine their ability to create a window of opportunity to actively pursue institutional change. Thornton et al. (2013) conclude that some of the logics may be more acceptable than others, depending on the experience of the actors and their situation in the institutional field.

Another interesting development in the knowledge about IL is the emerging literature of institutional entrepreneurship and new organisational forms. Tracey et al. (2011) suggest that this is an important but understudied way in which new organisational forms are created. This occurs when institutional entrepreneurs combine elements of established institutional logics and their associated practices and organisational forms, to create a new organisational form underpinned by a new, hybrid logic. Although they highlight one important way in which new organisational forms are created (i.e. by bridging established logics), they also recognise that new organisational forms are created in a number of different ways. Thus, further research that sheds light on the processes required to create different organisational forms, would make an important contribution to organisation science.

3.4 THE INFLUENCE OF MULTIPLE INSTITUTIONAL LOGICS ON ORGANISATIONAL STRUCTURE, STRATEGY, IDENTITY AND PRACTICES

How do organisations respond to various institutional logics to which they are subject? Organisational attributes such as structure, ownership, governance and identity are factors that can make an organisation more or less sensitive to certain institutional logics. The complexity of organisational structure, for example, has been linked with its experience of institutional complexity (Greenwood et al. 2011). "Organisational structure matters in shaping the organisational experience of complexity and in determining the repertoire of organisational responses available" (Greenwood et al. 2011:34).

Greenwood et al. (2010) coined the concept of "institutional complexity", by which they referred to the organisational environments where actors are influenced by various signals and pressures arising from multiple institutional logics. They argue that there is still not much known about how organisations react to such complexity. Later, they develop an analytical framework to understand how the structural dimensions of fields (including fragmentation, formal structuring, rationalisation and centralisation) work alongside organisational attributes such as (field position, structure, ownership/governance), and considered how individual organisations respond to institutional complexity.

Thornton et al. (2002) have considered the response of organisations to institutional shifts or pressures. They examine the behavioural and structural deviance and conformity of organisations as a strategic response to institutional pressures. Their findings demonstrate how institutional pressures moderate the manner in which firms define problems, which making them sensitive to

different market conditions, this in turn determines which organisational strategies and structures they are likely to adopt to solve their problems.

The shift in IL can affect which economic conditions are viewed as problematic and how they can be addressed by a change in the strategy and structure of the organisation. Thornton et al. (2002) propose that an organisation's strategy and structure are legitimate and competitive to the extent that they are in conformity with higher level IL. However, in the same paper, they suggest when an organisation's strategy and structure are in conflict with the prevailing institutional logic, the organisation is less legitimate and competitive and thus more subject to change pressures. According to Thornton et al. (2002) when IL changes, the organisation changes its attention to alternative issues and solutions as a consequence. The strategy and the structure of the firm changes too. In the same study they look at the professionalization of the craft industry and observes how the organisations have changed from a network based structure to a hierarchical management based structure.

Organisational identity is a further concept that has been developed to explain organisational responses to competing logics. Organisational identity is about membership in a social category or collective identity at the level of the organisational field (Lounsbury & Glynn 2001; Ravasi & Schultz 2006; Gioia et al. 2010) for example; a bank. Organisational level identity concerns the characteristics of an organisation that distinguishes it from, or acknowledges its similarities to, other organisations in the organisational field; this has been linked with organisations' prioritisation of the expectations placed upon them and the selected responses they may make (Sharma 2000; Glynn 2008).

What is the result, the consequence, the outcome of competing logics for organisational practices? The link between institutional logics and organisational practices has been discussed in various studies (Thornton et al. 2002; Lounsbury 2007; Greenwood et al. 2010). Lounsbury (2007) observed how particular IL in a variety of cities led to differences in how the mutual fund companies established contracts with independent professional money management firms. In this study, geography rather than time was the principle factor explaining the differences in dominant logics and practices. Glynn & Lounsbury (2005) in their study of

orchestras found that shifts can occur swiftly as a result of exogenous shock, with consequences for organisational practices.

Scholars then focused their attention on organisational fields where a single logic had yet to dominate and consequently more than one logic could simultaneously be affecting field-level cognitive beliefs, norms, and practices (McPherson & Sauder 2013). The coexisting logics that arise during the transitional phase have the potential of creating conflict due to conflicting demands and interests.

Thornton et al. (2013:120) have developed a theory about how the dynamics of organisational practices and identities within and across organisations relate to IL. They propose that practices and identities are fundamentally interrelated with institutional logics, and that concrete behaviours which are related to identities and practices are usefully understood via their relation to IL in a given empirical setting. Organisational identities and practices are not static, they are constantly subject to change and alterations. Thus to understand stability and change in IL it is necessary to look in more detail into the dynamic of practices and organisational identity (Thornton et al. 2013). Change in organisational practices and identities have been related to shifts in IL.

Thornton et al. (2013) develop two process models to guide future IL research on the dynamics of practices and identities within and across organisations. They highlight mechanisms such as decision making, sense-making and collective mobilisation that play a key role in linking more fundamental social interactions to broader efforts to maintain, reconfigure, or transform organisational identities and practices. They argue that in most cases, an adequate explanation of changes in logics and practices will involve a combination of these mechanisms.

Although there has been recent work exploring how organisations establish or alter their identities and core practices under conditions of contending or coexisting IL (Glynn & Lounsbury 2005; Battilana & Dorado 2010; Tracey et al. 2011; Thornton et al. 2013) there is still a gap in understanding how IL relates to the intraorganisational dynamics of practices and identities (Kraatz 2008; Greenwood et al. 2011; Thornton et al. 2013).

It has been suggested that to study intraorganisational dynamics of organisational identity and practices it is important to focus on how variation occurs in the array of practices employed (Lounsbury 2001). Variation in practice can occur for many reasons, such as a consequence of a shift in logics, collective identities, or practices in an institutional field, or the internal political dynamics of the organisation (Thornton et al. 2013). This raises questions such as: How do these variations in practice affect organisations, do they become problematic and create internal conflicts or tensions? If so, how do the organisations manage these tensions?

Studies have demonstrated how particular organisations respond to a shift in logics at the industrial level (Lounsbury 2007; Pache & Santos 2010). It is also possible that logics shift or the introduction of the new logics could be stimulated by dynamics within a single organisation. Thornton et al. (2013) acknowledge that this may result from the creation of new, or the alteration of the existing logics in the organisation. They recommend the importance of new research as to how the shift in logics, organisational identities and practices, are ongoing especially in pluralistic environments.

3.5 SUMMARY/IDENTIFIED GAPS

Despite all the studies conducted in the field in recent years, there are still gaps in the knowledge and understanding of how the multiplicity of the logics is demonstrated at the organisational level (Pache & Santos 2010; Greenwood et al. 2011; Thornton et al. 2013). The focus of this research is the gap in the research emphasised by Thornton et al. (2013), on how organisations respond to institutional complexity. They recommend that when taking this route with the research it is necessary to 'get inside' the organisations. This would enable the researcher to understand how social interactions within firms shape understandings of institutional complexity as well as how strategic responses to

such complexity are conceptualised and implemented. Below, I identify some of the other research gaps and potential opportunities to contribute to the body of IL knowledge.

As seen above, logic multiplicity can be a cause of various challenges for organisations. These studies highlight the tensions that the organisations face in trying to combine the logics. However, we still need to understand how the combination of logics is achieved at the intraorganisational level (Greenwood et al. 2011).

The existing research still offers little insight into the reasons why multiple logics produce internal conflict in some organisations but become blended in others (Besharov & Smith 2014). Besharov & Smith (2014) argue that understanding heterogeneity in how multiple logics manifest within organisations is critical, because it has significant implications for predicting outcomes.

Greenwood et al. (2011) note that the majority of studies consider two logics and recommend that future research should take into account the multiplicity of logics in the given context and be more explicit about the justification of which logics are incorporated into the analysis. They also suggest examination of settings in which more than two competing logics are to be found, as well as an examination of the patterns of complexity that confront organisations, arising from the multiplicity of logics to which organisations must respond, and the degree of incompatibility between those logics.

There are some studies which describe the differences between logics and the expression of these differences in an organisation's practices, notably Pache and Santos (2010) have looked at incompatibility from the perspective of goals and means, however there are fewer studies showing the degree to which logics are incompatible (Greenwood et al. 2011). There is also little in existing literature about the processes which connect the organisational identities and the institutional complexity.

Much of the research in IL has been focused on understanding the institutional complexity shaped by the field level structural characteristics and organisational attributes, alongside research examining the organisational responses to

institutional pressures (Greenwood et. al 2011). However, there has not been much done to understand the chain effect of institutional complexity on a given organisation and its relationships with other organisations.

In this research the intention of employing IL theory has been to expand the body of FT literature beyond the existing marketing, economic, and ethical decision making perspectives, to further include an organisational viewpoint and understanding of how SFTOs manage their businesses under varied influences and institutional logics. Greenwood et al. (2011) note that most of the research in the area assumes that organisations endorse a single or sustained response to institutional pressures, however, they note that responses may also be variable across time. My intention is to look into the SFTO responses to institutional pressures over a long time period and consider multiple influences. To do so I first look into the FT literature through the IL lens to find whether FT and MM can be identified as separate 'logics'.

3.6 THE FT IMPACT LITERATURE THROUGH THE IL LENS

IL provides a useful tool to understand how institutions shape, motivate, and justify individuals' and organisations' actions (Thornton et al. 2013). In this work a review of the FT literature through the IL lens highlights the fundamental differences between the FT and MM and helps to identify them as different institutional logics. This methodological framework helps to analyse the relationship between the FT and MM and understand how individual and organisational actors (in this case FT and MM, Allpa and LP) are influenced by their situation in multiple social locations in an inter-institutional system (Thornton et al. 2013:2).

To examine the FT literature though the IL lens, the definitions of the IL were examined to identify the key words and concepts. For example, when Alford and Friedland (1985) first introduced the term IL they described the contradictory practices and beliefs inherent in the institutions of the modern western societies. The concept was developed to explore the interrelationships between individuals, organisations and society. Alford and Friedland (1985) suggested that each of the Institutional orders has a central logic that guides its organising principles and provides social actors with vocabularies of motive and sense of self (i.e. identity). Another concept of IL was developed by Jackall (1988 as cited in Greenwood et al 2008 p:101) who defines IL as the "complicated experimentally constructed and thereby contingent set of rules, premiums and sanctions that men and women in particular contexts create and recreate in such a way that their behaviour and accompanying perspectives are to some extent regularised. Briefly, an institutional logic is the way a particular society works". Greenwood et al (2008) follow on to summarise that although some of the IL definitions vary in their emphasis, the various definitions of the IL all presuppose a core meta-theory: to understand Individual and Organizational behaviour it must be located in social and individual context, and this institutional context both regularises behaviour and provides opportunity for agency and change.

Looking into these definitions of IL, I identified key concepts that define IL, for example, contradictory beliefs and practices, interrelationships between individuals, organisations and society, organising principles, set of rules. This was followed by examining the relevant FT literature, in particular the impact of mainstreaming on FT as one of the main concerns in FT research. In Chapter two, I discussed the seven impacts of mainstreaming on FT. Reviewing these impacts through the lens of the IL theory and the above identified concepts and key words I detected the contradictory practices and beliefs of FT and MM. This exercise helped to identify FT and MM as two separate Institutions with their respecting logics.

Firstly, the impact of mainstreaming on the principles of FT has raised questions about the MM companies' motivation in distributing the products, suggesting that MM has the potential of undermining the FT movement's transformational

potential and principles. This suggestion implies unacceptance of the MM core principles and practices in the settings of the FT movement. As discussed above in the IL literature the organizational principles and practices are considered to be one of the main factors in identifying the difference in logics. Greenwood et al. (2010) state "In short, logics underpin the appropriateness of organisational practices in given settings and practical historical moments. Failure to use practices legitimated by an extant logic can have adverse consequences".

The differences in FT and MM principles and practices are emphasised in the FT literature numerous times. Even the arguments of the proponents of the mainstreaming of the FT emphasise the difference in practices and beliefs of MM and FT. Many argue that MM actors see the FT as merely an opportunity for the distribution to gain strategic advantage, market access, and increase volume of the goods sold. Bezençon & Blili (2009) dispute that mainstream actors can engage with FT principles as they have to compete with actors who do not distribute FT products. Even in this scenario, the suggestion is that MM and FT have different principles and MM can potentially engage with FT principles only to a certain degree. The basis of the transaction of MM with FT is competitive and to do with increasing market share, not the welfare of the producers or the 'fairness' of the economic transaction (which is basis of the transaction for the FT movement).

Secondly, looking into the Thornton et al. (2013:10) description of IL they argue that "A key principle of the IL perspective is that each of the institutional orders in society has both material and symbolic elements. By the material aspect of institutions, we refer to structures and practices, by the symbolic aspect we refer to ideation and meaning, recognising that the symbolic and material are intertwined and constitutive of one another". The impact of mainstreaming on the meaning and message of FT has been widely discussed in the FT literature. The meaning and the message of the FT does not often get across through the MM channels to mainstream consumers, leading to the FT message being lost.

Thornton et al. (2013) recognise that the symbolic and material are intertwined and constitutive of one another. In the case of FT, the literature suggests that the relationship between the FT and MM depending on the distribution systems has

important elements that affect the partnership and identifies necessary conditions at both levels for a partnership to work (Tallontire, 2000). Tallontire (2000) states these conditions to be: shared understanding of the problem or issue and the context; mutual commitment to the partnership; a distinct or unique contribution; shared objectives; mutual trust. The impact of mainstreaming on the distribution systems highlights the material differences between FT and MM as the FT mission statement emphasises meeting the needs of the producers whilst MM achieve success through their focus on customer needs (Littrell & Dickson (1998).

Thirdly, as discussed earlier, an IL perspective explains that change occurs because new logics emerge from organisational and individual actors, or from events in the environment (Thornton et al. 2002). The impact of the MM on the supply chain of FT is a good example of the new logics imposed on an organisation where an organisation has a choice to change to meet the new challenges. FT supply chain is focused on social justice and human rights, the idea of transparency and fairness. By contrast, MM is about profit maximisation. Mainstreaming has brought the challenge of competition and the lower price point (Bondy and Talwar 2011). Hence some researchers like Karjalainen & Moxham, (2012) argue that improving the efficiency of the FT supply chains as well as the quality of the products could allow mainstream companies to engage and could bring the products closer to the prices consumers are willing to pay for ethical goods.

Fourthly the IL literature asks how the organisations respond to various institutional logics to which they are subject. In terms of the producer and buyer relationships the core of FT is the long-term commitment of FT buyer to local FT organisations to the point at which they can compete in the mainstream (Hayes, 2006). Raynolds (2009) emphasises the FT definition as an effort to re-qualify trade based on alternative norms of ''fairness,'' ''partnership,'' and ''sustainable development'' and to counter mainstream trade practices based on free market competition. However when subjected to the MM, to oppose the logics of competition, organisations such as the FLO require a one year minimum contract agreement. In this case the FT resists the alternative model, emphasises

partnership and is service oriented. This model is not just transactional but involves producers getting a variety of forms of support.

Fifthly, the FT and MM have been contrasted by the difference of their identity and the structure of the supply chain. FT mainstreaming is working to undermine the movement's transformative potential (Low & Davenport 2005b; Moore et al. 2006; Raynolds & Ngcwangu 2010). Mainstreaming permits increasing the volume of sales but risks eroding the label's identity by risking a reduction of prices in the medium and long term, when the new actors come to control the market niche (Renard 2005).

FT aims to contrast the conventional supply chain practices and sourcing strategies, by offering the suppliers in developing countries liveable and sustainable prices, developmental opportunities and long term relationships. They focus on the key issues of social justice and human rights and their relationship to trade, they surmise that FT sits at the heart of the relationship between business and civil society. As for the structure of the FT supply chain, it is based on the idea of transparency and fairness, hence differentiating itself from the conventional market that the retailers are used to dealing with (Nicholls 2010).

Finally, Child (2014) examined the effects of mainstreaming on the oppositional stance of FT by comparing it with another alternative trade initiative: Socially Responsible Investing (SRI). He seeks to explain why going mainstream has been contested in the FT movement but not in the SRI movement. One of Child's (2014, page 615) conclusions was that industries whose members have frequent interactions with those who are impacted by their decisions will be more inclined to oppose mainstreaming when mainstreaming is perceived to influence those communities negatively. FT practitioners not only knew that their lives were connected to others' lives, but they also believed that their own actions mattered. There were certain organisational characteristics that allowed this scenario to happen. In the case of the FT movement the individuals who interact with farming and artisan communities were typically in a structural position to make decisions that could shape the direction of the company. Child's (2014) research separates FT from other SRI movements, highlighting FT's differences in structure,

principles and values which emphasises the fundamental differences of FT and MM. By frequent interaction with the producers the agency's attention was shifted from market logics to FT logics. IL literature states that the focus of the attention is a function of top-down attentional perspective shaped by IL and organisational practices (Thornton and Ocasio (1999).

The impact literature also addresses some of the LP issues and distinguishes them from the ATOs or SFTOs. For example when talking about the growth and professionalization of the FT companies as a result of engaging in the mainstream market transactions, Velly (2015), argues that professionalization of the ATOs is inevitable, however this leaves the LP in a significantly more difficult position. The LP found harder to cope with the new culture that comes with mainstreaming. Dolan (2010) also found fundamental differences in LP, ATOs or SFTOs and mainstream players. The differences in culture were emphasised in the form of the loss of direct relationships, loss of long term relationships, difficulties in coping with the standardisation of products and processes.

In summary, IL has been viewed as a set of contradictions in a variety of systems whether it is inter-institutional or intra-institutional, for example between the market and the family, and the professions and the corporation (Greenwood et al 2008). Looking at the impact literature of FT I have highlighted the contradictions that exist between FT and MM in terms of the definitions used in the IL literature and have considered them as two separate 'logics' in this work. I have also considered the LP as a separate logics, although the mainstreaming literature mainly contrasts and compares the FT and MM, however there is enough evidence in the fairtrade literature to separate LP as different from SFTOs.

4 THE RESEARCH SETTING AND CONTEXT

This chapter presents the information gathered as secondary data in order to establish the organisational context of Allpa. This includes some information about FT contrasting mainstream trade, the global handicraft industry, the place of Peru in the industry, the rich history of Peruvian craft and FT's share of the handicraft industry, alongside Allpa's history as an organisation. The intention of this chapter is to give a holistic picture of the industry that is its history and Allpa's role in it in order to address the research questions in depth.

4.1 FAIR TRADE IN CONTRAST WITH MAINSTREAM TRADE

In recent years the concept of FT has become better recognised in the developed world. As a movement, FT originated from a desire to correct the perceived injustices of international trade and restore the balance in favour of those in developing countries (Smith 2010). The concept of FT was established to challenge the philosophy and practices of capitalist mainstream markets, which are assumed to function in an undisputable logic of profit maximisation. In contrast, FT focuses on justice and equality in trading relationships, and positions itself as an alternative trading system recognising the power differences between the developed and developing word. FT presents a model of producer and consumer relationships that reconnects production and consumption via an innovative supply chain, distributing the economic benefits more fairly between

all stakeholders (Nicholls & Opal 2005). FT's redefined model of trade represents a sharp contrast to conventional trade.

FT contrasts the MM by putting the focus on the producer rather than consumer, maximising the supplier rather than buyer margins. This is a large deviation from the principles of the conventional markets, which can cause confusion at an organisational level if the organisation is dealing simultaneously with both FT and MM. To further distinguish itself from conventional markets and explain its essence FT has adopted ten principles (see Table 1) which must be followed by FT Organisations in their day-to-day work and are monitored by the World Fair Trade Organisation (WFTO) to ensure they are upheld (www.wfto.com).

Table 1: Ten Principles of Fair Trade

Principle One: Creating Opportunities for Economically Disadvantaged Producers
Principle Two: Transparency and Accountability
Principle Three: Fair Trading Practices
Principle Four: Payment of a Fair Price
Principle Five: Ensuring no Child Labour or Forced Labour
Principle Six: Commitment to Non Discrimination, Gender Equity and Women's
Economic Empowerment, and Freedom of Association
Principle Seven: Ensuring Good Working Conditions
Principle Eight: Providing Capacity Building
Principle Nine: Promoting FT
Principle Ten: Respect for the Environment

Some of these principles address the northern organisations and others address the producers in developing countries. They aim to demonstrate FT's holistic approach to the supply chain of the business and its new way of conducting business which aims to address market failures and their social impacts at source. With its principles FT addresses its three objectives: to fight against poverty through trade, to empower smallholder farmers and farm workers to use trade relationships as a means of enhancing their social capital; and campaigns for change in the rules and practices of the conventional market. A commonly accepted definition of fair trade is by FINE: "Fair trade is a trading partnership, based on dialogue, transparency, and respect, that seeks greater equity in international trade." The key FT organisations are: Fairtrade Labelling Organisations International (FLO), European Fair Trade Association (EFTA), Network of European Worldshops (NEWS), World Fair Trade Organisation (WFTO) and FINE a working group for FLO, EFTA, NEWS and WFTO.

FLO is divided into two independent organisations. FLO international develops and reviews Fairtrade Standards and assists producers in gaining/maintaining certification and securing access to markets. FLO uses Fairtrade benefits to make certain that the producers who take part in the initiative are not being exploited by buyers in developed countries. FLO-CERT operates independently and ensures that producers and traders comply with the FLO Fairtrade Standards and that producers invest the benefits received through Fairtrade in their development. It follows the international ISO standards for certification bodies (ISO 65). Fairtrade Standards contain minimum requirements for producers to become certified as well as progress requirements in which producers must demonstrate improvements over time.

EFTA is based in the Netherlands, it is a network of 11 fair trade importers in 9 European countries: Austria, Belgium, France, Germany, Italy, the Netherlands, Spain, Switzerland and the United Kingdom. EFTA members include CTM altromercato, Gepa3 Fair Handelshaus and Traidcraft. EFTA's objective is to support its member organisations in their work and encourage cooperation and coordination. Although EFTA members follow FLO standards, they also may add some additional standards with the aim of providing special support to particular target groups like women, ethnic minorities or politically persecuted groups. Products such as food and handicrafts are purchased from developing countries and sold through Worldshops, local groups, wholesalers and mail order catalogues.

NEWS was established in 1994 and is a network of national associations of Worldshops coordinating cooperation between 2,500 shops in 13 member countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Spain, Sweden, Switzerland, and the United Kingdom. Worldshops sell fair trade products and organize various educational exhibits, programs and campaigns to promote fairer trade practices, they cooperate on local, regional, national, and international levels, supported by their National Associations. NEWS initiates and coordinates joint campaigns and awareness raising activities of European Worldshops and supports the professionalisation of national associations of Worldshops. The aim of NEWS is the promotion of fair trade in

general and the development of the Worldshops movement in particular. NEWS, however ceased to exist in its original form in October 2008. It is currently part of the European chapter of the World Fair Trade Organisation.

The WFTO is particularly relevant to this work, because as the case study organisation Allpa, which I am investigating, is a member of the WFTO (The WFTO, formerly called the International Federation of Alternative Traders ("IFAT")) was created in 1989. According to the latest published report at the end of 2014, the WFTO had 359 members and 46 individual associates in 79 countries. The 359 member organisations consisted of the following: 308 Fair Trade Trading Organisations (FTO), 24 Fair Trade Support Organisations (FTSO), 26 national Fair Trade Networks (FTN) and 1 Associate Organisation (AO). More than 70% of the members of WFTO are based in Africa, Latin America and Asia. The WFTO's core fields of activities are: developing the market for fair trade, building trust in fair trade, speaking out for fair trade, providing networking opportunities, empowering the regions.

WFTO members are FT producer cooperatives and associations, export marketing companies, importers, retailers, national and regional FT networks and FT Support Organisations. The WFTO's mission is to improve the livelihoods and wellbeing of disadvantaged producers by linking and promoting FT Organisations, and speaking out for greater justice in international trade. WFTO activities focus on achieving WFTO's strategic goals. For the period 2013-2017, these are divided into the following (see Table 2) (http://www.wfto.com):

Table 2: WFTO goal for the period of 2013-2017

CREDIBILITY & IDENTITY
To be the global membership body for all fully committed Fair Trade Organisations (FTOs) seeking to empower groups of vulnerable producers, farmers and workers through trade.

LEARNING
To be a space where members connect with each other to work together, to cooperate, create synergies, and share innovative ideas and learning.

VOICE
To create a common voice that speaks out loudly for Fair Trade and trade justice and is heard.

MARKET ACCESS
To enable members to access tools and training to improve market access locally, regionally and internationally.

CAPABILITY
To have the internal leadership, capacity, resources and structure/s for good network governance, which enable the WFTO to be dynamic, flexible and healthy.

The WFTO promotes market access and market development for Fair Trade Organisations. One of the main tools for doing so is the Guarantee System, the WFTO product label which is proving to be a credible and affordable system that provides members with an effective market access and market development tool. This is especially important for the handicraft sector which are non FLO certified products.

The WFTO product label was launched in 2004 as a fair trade certification scheme. The FTO Mark identifies registered Fair Trade Organisations worldwide (as opposed to products in the case of FLO International and Fairtrade mark) and guarantees that standards are being implemented regarding working conditions, wages, child labor and the environment. The WFTO logo is not a product mark, it is used to brand organisations setting them apart from commercial as well as other Fair Trade businesses, and provides a clear signal to retailers, partners, governments and donors that their core activity is Fair Trade. The WFTO logo is for organisations that demonstrate a 100% commitment to Fair Trade and apply the 10 WFTO Principles of Fair Trade to their business activities and supply chain. The FTO Mark is available to all WFTO members who meet the requirements of the WFTO Standards and Monitoring System and so far over 150

organisations have registered. The standards are verified by self-assessment, mutual reviews and external verification.

Figure 1: FLO/WFTO marks

FLO Fair Trade mark	WFTO product label

After hiring its Guarantee System Manager in December 2013, the WFTO gave high priority to the implementation of its new Guarantee System to its wider membership. In 2014, as they became 'guaranteed', more members started using the WFTO Product Label (initially launched during the 2013 World Fair Trade Week, in Rio). The new Guarantee System promotes the message that every purchase of products with the WFTO product Label supports small producers and their communities, and the battle against poverty and inequality. By the end of 2014, 14 WFTO members had gained the right to use the WFTO product label, following their successful completion of a Guarantee System full cycle. The WFTO is represented in many events and international fairs such as Ambiente (Frankfurt), the Fair Trade & Friends Fair (Dortmund) and NY NOW. Allpa has been a WFTO member since 2008 with strong presence and success in International Fairs.

4.2 THE INDUSTRY PERSPECTIVE, THE GLOBAL MARKET FOR HANDICRAFTS

Traditionally, handicraft products have been an expression of local cultures and history through the artisans' work. In the modern world the nature of products has changed, they have become increasingly more commoditized. Handicraft production has become one of the major forms of employment in many developing countries as well as an important part of the export economy.

In trying to understand the economic significance of the handicraft sector, a problem I was faced with was the lack of consensus on the definition of handicrafts, which is also a problem for tracing the development of handicrafts as a recognized industry. This issue limits data collection that would provide information on the economic significance of the sector. Some countries have handicraft trade data, however there are no international standards for comparisons of the data. The problem is that it is challenging to define a product category that encompasses such a wide spread of raw materials, skills, processes, function, meaning and quality. In trying to define 'handicraft' there are two aspects to consider. Firstly, how the product is made, whether it is fully or partially handmade, secondly, the economic reason for making it and whether it is based on tradition and culture or made purely for economic reasons. However, in reality the production of an item may have various aspects of hand made and machine made processes and it is hard to draw a line between them.

One definition I consider to be helpful for the purpose of this work is from the United Nations Educational, Scientific and Cultural Organisation/Information Technology Community (UNESCO/ITC). This definition was adopted in 1997 in the Symposium on Crafts and the International Market:

> "Artisanal products or handicrafts are those produced by artisans, completely by hand or with the help of hand-tools and even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. Their special nature

> derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, and religiously and socially symbolic and significant. They are made of sustainably produced raw materials and there is no particular restriction in terms of production quantity. Even when artisans make quantities of the same design, no two pieces are ever exactly alike."

This definition captures the diversity and complexity of the handicraft sector which perhaps explains why this sector is not identified separately in the international system. In 2006 USAID produced a Global Market Report for Handicrafts where it was stated:

> "Handicraft products are not identified separately in the main international system for trade statistics, the Harmonized Commodity Description and Coding System (HS), and, therefore, reliable trade data at an international level do not exist. Thus, most artisanal products exported today are not independently counted in international trade statistics and are invisible in international trade flows. The difficulty has been to define artisanal products for the purposes of the HS and to identify criteria that can be applied uniformly to distinguish such goods from their machine-made counterparts. Handicrafts trade data sometimes exist for individual countries if governments make an effort to track them; however, international comparisons and analysis of trade flows are complicated".

The UK Ministry of Foreign Affairs Centre for Promotion of Import from Developing Countries (www.cbi.eu) states that there are several ways to collect data on handicrafts based on classifying products according to the following categories:

- By raw materials namely silver, wood, glass and ceramics. That is products made from specific materials that are typical of certain countries such as candles, woodware, wickerware, artificial flowers and fruits, ceramicware, glassware, metalware, and boneware.

- By market segment such as gift, garden, home decoration and fashion. The 2004 Universe Study of the U.S. market by Home Accents Today magazine (Smith, 2004) divides the home accessories market into 10 product categories; accessories and gifts, accent furniture, portable lamps,

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wall décor, collectibles, area rugs, tabletop and tabletop accessories, lighting fixtures, permanent botanicals and soft goods.

In this study the artisan products produced and marketed by Allpa will be categorised mainly into market segments. Allpa as an organisation positions itself in the industry of home decoration and gifts (including personal accessories and jewellery). This categorisation is also adopted by The CBI which reports these products in categories which include home textiles, home decoration, jewellery and apparel.

Both decoration/gifts and personal accessories/jewellery are global industries and include a wide range of products, materials and processes. The materials in Allpa's product range include natural fibres, metal, glass, silver, gold, wood, plastic, resin, leather, bone, stones, seeds and other natural materials. The production of some items uses purely handmade artisan processes, others are semi-industrial or even industrial processes, in which a large number of items are produced on a daily basis.

The extent of Allpa's product range is extremely wide (due to their design orientation and varied orders during their 30 years of trading) and because most decorative products need to be small in size for shipping purposes. These products can include candle-holders, jewellery boxes, vases, frames and garden accessories. Allpa divides its product range into five groups according to materials and functions:

1. Ceramic products (Chulucanas, Cuzco and other ceramics)
2. Other decorative products (mostly metalwork and wooden sculptures)
3. Decorative textiles
4. Metal and stone jewellery
5. Personal accessories (principally textiles based materials)

The first three belong to the decoration and gifts industry, the later last two belong to the market of jewellery and personal accessories.

4.2.1 The value chain of the industry and Allpa's positioning in it

To better understand better the challenges of the handicraft market one needs to map all the players involved in the process. The players and the channels of the handicraft market are presented below. This is a general representation adopted from the USAID's Global Market Report for Handicrafts (2006:8).

1. Producer/manufacturer are individuals working on a full time, part time or casual basis, in a workshop or home and are often paid on a piecework basis.

2. Buying groups are organisations responsible, on behalf of an importer, for all interaction with the artisans; communication, samples and ordering, production oversight, quality control, labelling, packing, inland freight, payments and so on. An agent typically works for a commission paid by the buyer or artisan, or possibly both, and is viewed by wholesalers and retailers as essential to the success of their imports.

3. Exporters are businesses located in the producing country that manufacture and export products in large quantities. In the handicraft sector, they may hire artisans to work in-house, or outsource much of the production to artisans working in their homes; completing the final tasks (such as assembly, finishing, quality control, labelling, and packaging) in-house. Typically, these companies require significant production financing and are more experienced with export procedures and requirements than individual artisans.

4. Charitable organisations, ATOs are largely non-profit groups (or occasionally for-profit such as Traidcraft) in either the artisans' country or the destination market. They perform a few or many of the functions of an exporter, importer, buying agent, and retailer. They may receive private or public funding, and they are often guided by a mission such as poverty alleviation or improved healthcare, some are faith-based. ATOs work directly with artisans to better serve their goal of ensuring fair

wages, safe and ethical employment practices, and environmentally sustainable production. They sell through all types of retailers as well as directly to consumers through their own stores, websites, or catalogues.

5. Discounters/mass retailers are high-volume, fast turn-over "big-box" stores such as Wal-Mart that sell a variety of merchandise at lower than conventional prices. These companies import the majority of their merchandise directly through their own sourcing agents and sometimes from exclusive overseas production facilities. These companies provide a large volume sale for the producers, however doing business with them is challenging, risky, and short-lived as will be seen in the case of Allpa.

6. Department stores including John Lewis and Debenhams focus primarily on clothing, shoes, and accessories, and although they have traditionally purchased through wholesale importers, many sell items in volumes sufficient to support container-size orders. This allows them to import an increasing percentage of their merchandise directly (via agents) from overseas producers. Department stores are not considered to be a strong channel for developing country producers due to the decline in their home accessory sales.

7. Specialty retailers, such as Crate & Barrel and Pier 1, where imports are focused on either a single category of merchandise or a few closely related categories. Some offer low prices with limited service, while others seek to differentiate themselves through higher-quality service. While they may continue to purchase some products from wholesale importers, most have significantly increased their direct purchases to eliminate a layer of expense. Included in this category is a new fast-growing group of retailers called lifestyle stores, which target a specific consumer profile and market a "style image" along with their goods. The fast growth of these stores and their heavy focus on home accessory products make them potentially strong customers for handicraft producers, however, the volume and delivery requirements can be similar to those of the discounters/mass retailers.

8. Catalogue and internet retailers including Sundance Catalogue, Smith & Hawken and L.L. Bean sell primarily through one or both of these two

channels. Not all of these retailers are big enough to support container-size orders, thus, product is sourced both directly and through wholesale importers. There are not clear estimates on the volume of handicrafts sold through these markets, but jewellery is one of the biggest categories.

9. Independent retailers constitute a broad category including the following; small retailers with one or only a few stores, tourist shops, art galleries, museum and zoo stores, flower shops, coffee shops that sell handicrafts, garden stores, alternative trade outlets, and other relatively small retailers with sales volumes too small to support container-size orders. Relatively few import products themselves due to the small volume, the majority purchase merchandise from wholesale importers and receive shipments from domestic warehouses. While individually these retailers represent relatively small sales, collectively they are the largest distribution channel for handicrafts. The challenge for these businesses is the competition at the lower end selling cheaper products. The best strategy for them is to specialise in offering unique products, services, and shopping experiences to their customers. Growth of the luxury market will likely create new niche market opportunities for independent retailers and handicraft producers alike.

As seen from the categorisation above, most developing-country handicrafts pass through one or more intermediaries before reaching the retailer or consumer. All these channels have their own benefits and challenges that the producers need to overcome to supply to them. There are a small number of cases where a direct purchase is made from artisans.

Within this categorisation, Allpa is an Exporter (3), which is a business located in the producing country that manufactures and exports, products in large quantities. They hire producers/artisans to work in-house, or outsource much of the production to producers/artisans working in their homes or workshops and then completing the final tasks (such as assembly, finishing, quality control, labelling and packaging) in-house. As an exporter organisation Allpa deals with a variety of import agencies as described above. Although this categorisation is generic in Allpa's case, it was interesting to discover the experiences that the

organisation faces in dealing with various buyers. The import organisations know market information and trends in their respective countries, hence each actor in the chain is specialised in what they do best. For a small exporter organisation such as Allpa it would be very hard to hold all the market information on different countries at the same time.

Allpa further positions itself in the value chain of the handicraft products, the figure below, taken from Allpa's business plan 2007-2011, shows the commercial chain and various intermediary organisations that exist between the producer and consumer, Allpa positions itself in the Level 1 (manufacturer) and has its buyers in Level 2. According to Allpa the biggest profit margins will be when the manufacturers position themselves as close as possible to the end user (Level 4), however this can bring a variety of challenges.

Figure 2: Allpa's positioning within the value chain (business plan 2007-2011, page 11)
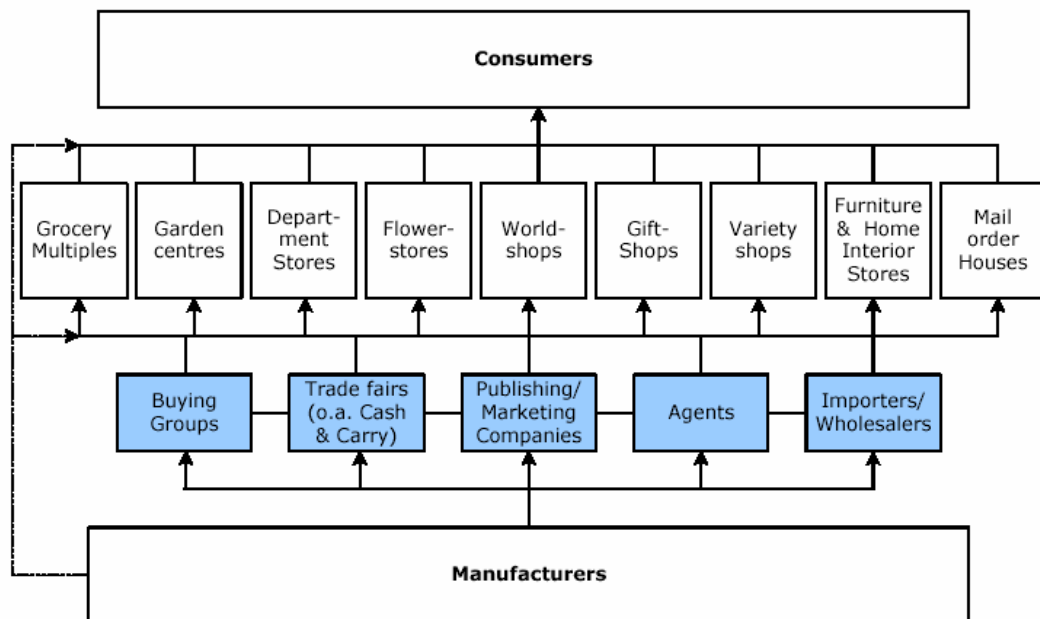
4.2.2 The impact of globalisation and current market trends

World markets are becoming increasingly integrated as a result of improvements in technology, more competitive transportation and communication costs, and reduced trade barriers. Globalisation has opened up significant new market opportunities for handicraft producers, however, it has also bought a growing commoditization of handicraft production. The rapidly changing shifts in trends, culture and fashion puts the artisans in the risky position of being out of touch with the market demands. In this environment the handicraft producers have no choice but to adapt products to buyer requirements, to deliver to exact specifications and to improve production efficiency and quality. The producers compete not only with other suppliers in their own countries, but also with producers and whole industries in other countries, which may have lower minimum wages and receive a higher level of direct or indirect government support. For example, the Peruvian government offers certain amount of export tax exemption for handicrafts products. As a result of globalisation there are several characteristics of the home accessories, fashion and jewellery market which directly impact producers and producer organisations such as Allpa.

First is the speed with which fashion changes, resulting in increasingly shorter product life cycles. The life cycle of a fashion garment or a home decoration item can be as short as only six months. This means that the producers cannot afford to keep any stock for long periods of time and need to constantly develop new designs and products.

Secondly, imitation is very common in the home accessory market and pursuing copyright is not cost-effective due to the short product life cycles, thus the only strategy the producers can adopt is continual innovation and the introduction of new designs. With communication technology becoming faster, product life cycles could become even shorter requiring the producers from developing countries to have their finger permanently on the market pulse.

Thirdly, the home decoration sector is closely linked to economic conditions; as soon as incomes decline, people start cutting back expenditure on non-essential products, including home articles. The exception to this is a small furniture, which is the largest product group in the home decoration market, its consumption in Europe has been relatively stable[1].

Fourthly, there is a shift in current global economic power due to rising and growing emerging markets, and increasing urbanisation. According to the CBI report "Trends for Home Decoration and Home Textiles Markets" (2014) western customers are searching for more individuality, originality and 'new luxury' that is unique experiences, new skills, eco-credentials and signs of generosity or connectivity. Awareness of sustainability is growing, with green products being viewed as inspiring and pleasing.

Exporters from developing countries can select their target markets depending on their product offering: costume jewellery for mature market countries such as Germany, France and the UK and bridge jewellery (affordable gold and silver jewellery) for all European regions, but in particular for Eastern and Central Europe[2]. Besides their competitive price offering, developing country exporters have opportunities in entering the markets by integrating the ethnic designs from their home countries with modern metal alloys and fabrication techniques. For the producers, this once again means that they need to understand the buyers' tastes and rapidly changing design trends.

The rise of Asian and increasingly some African markets has changed the scene for the global home accessory and jewellery market. Some of the dominant players in the production industry are China, Vietnam and India, with rising powers including Indonesia, Thailand, Cambodia, and the Philippines. Rising African producer countries include Ghana, South Africa, Mozambique, Malawi,

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[1] 2014 CBI Market information database, CBI Trade Statistics for Home Decoration
[2] 2014 CBI Market information database, Tradestatistics for Jewellery

Kenya, and Tanzania which offer a number of successful handicraft products on the world market. In the opinion of market experts, South Africa and Ghana have the highest export capacity and most competitive designs and quality. Their success is based on consistent delivery and the ability to sustain sales based on established relationships.

The interview I had with the trade representatives in Allpa combined with the industry data in general, show the difficulties in competing with these countries. First of all they have enormous production capacity and low labour costs. Most of the companies in China use state-of-the-art equipment and innovative technologies in mechanizing the production process (cutting, sorting, packing, and so on). For example, Chinese producers create copies of handcrafted designs brought in from other countries and produce them cheaply and efficiently. Although the Chinese share of global production has increased, so have the minimum order quantities of Chinese factories. This presents a significant challenge for small and mid-size importers, these buyers tend to turn to other Asian countries such as Vietnam and India, where pricing is comparable, quality and delivery are good. These countries also have government support initiatives in the home accessories industries.

Other emerging Asian producers - Indonesia, Thailand, Cambodia, and the Philippines are still less competitive than China, India, and Vietnam. While these countries have much to offer, prices tend to be comparatively high and many items can be made more cheaply in either China or Vietnam.

Allpa started its Annual Report 2015 by demonstrating the impact of the world economy in handicrafts and how that affects Allpa specifically. It states:

> "The world economy during this period presents relatively flat growth, being outstanding the United States with sustained recovery at rates 2% to 2.7%. The Chinese economic slowdown is a concern in emerging markets, as its growth is still below 7% and its downturn affects the world economy: if China buys less there is less money in all those economies depending on their purchases, Peru amongst them. On the other hand the Eurozone showed a bad economic situation and it is strangely affected by the euro devolution related to the US currency, with an exchange rate very close to parity. In Peru and Latin America there is also

an economic slowdown and it is being predicted that this situation will continue, with low growing rates from -0.3% in Argentina to 4.3% in Bolivia. This global picture means growing opportunities for Allpa as sales to the USA grew 29%, whiles sales in Europe were reduced by -6%. The Euro devolution induced our European clients to reduce their purchases and even delayed payments. With current political unrest in Middle East conflicts we do not predict important growth for Allpa in the coming year" (Allpa Annual report 2014-2015).

Allpa's commercial sales results from 2014-2015 are demonstrated in the chart below taken from the Annual Report (2014-2015)

Figure 3: Allpa's commercial sales results 2014-2015
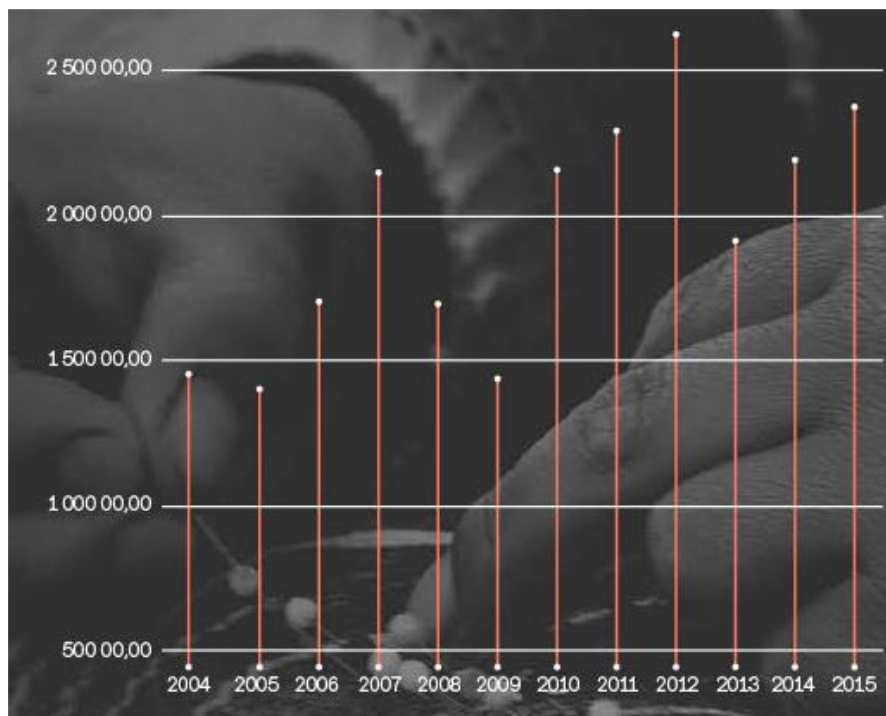
This extract from Allpa's latest annual report neatly shows Allpa's dependence on the globalised market. However, it also shows how Allpa's understanding of the market and market demands helps them be adaptable and strategic utilising the customers from growing economies.

4.2.3 Peruvian handicrafts on the world map today

What is the position of Peru in the global handicraft market? In Latin America, Peru, Mexico, Colombia, Honduras, Guatemala, Bolivia, and El Salvador are the main exporters of handicrafts.[3] Peru's main economic activities are agriculture, fisheries, mining, the exploitation of petroleum and gas, and the manufacturing of goods, most notably textiles. Approximately 57% of the goods exported from Peru are mining products, which are diversified across several metals including copper, gold, molybdenum, silver and zinc.[4]

Further, Peru is also considered to have a particularly strong export capacity for handicrafts based on the number of experienced exporters able to handle large order volumes. Mexico and Peru are considered to be the leaders in product quality and richness of design. Buyers also single out Peru as being especially responsive to market demands, citing the availability of skilled agents and exporters, artisans experienced in exporting, relatively stable and competitive prices, the ability to deliver products on time, good quality control, a willingness to make changes according to buyer requests, thorough packing and labelling, good communication skills, and the capacity to produce items in large quantities.[5]

Peruvian craft is now widely marketed in the country and exports are encouraged. There are various routes through which Peruvian crafts are marketed, one of which is the Peru gift show, which is an important international fair promoted by the Ministry of Foreign Trade and Tourism and PROMPERU with the support of Peruvian Craft Institution and the Association of Exporters. It has been held since 1999 and brings together export companies and artisans in order to promote

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[3] Interview with the Promperu and Adex representatives in 2013
[4] www.investinperu.pe
[5] USAID's Global Market Report for Handicrafts 2006

business transactions with foreign importers. Peruvian crafts are mostly exported to the ethnic and folklore market, while the textiles are targeted at a market that is interested in innovative design. Below is a summarised account of Peruvian crafts in four main lines and their respective sales figures according to annual report 2014-2015.

Figure 4: Sales by product line 2014-2015
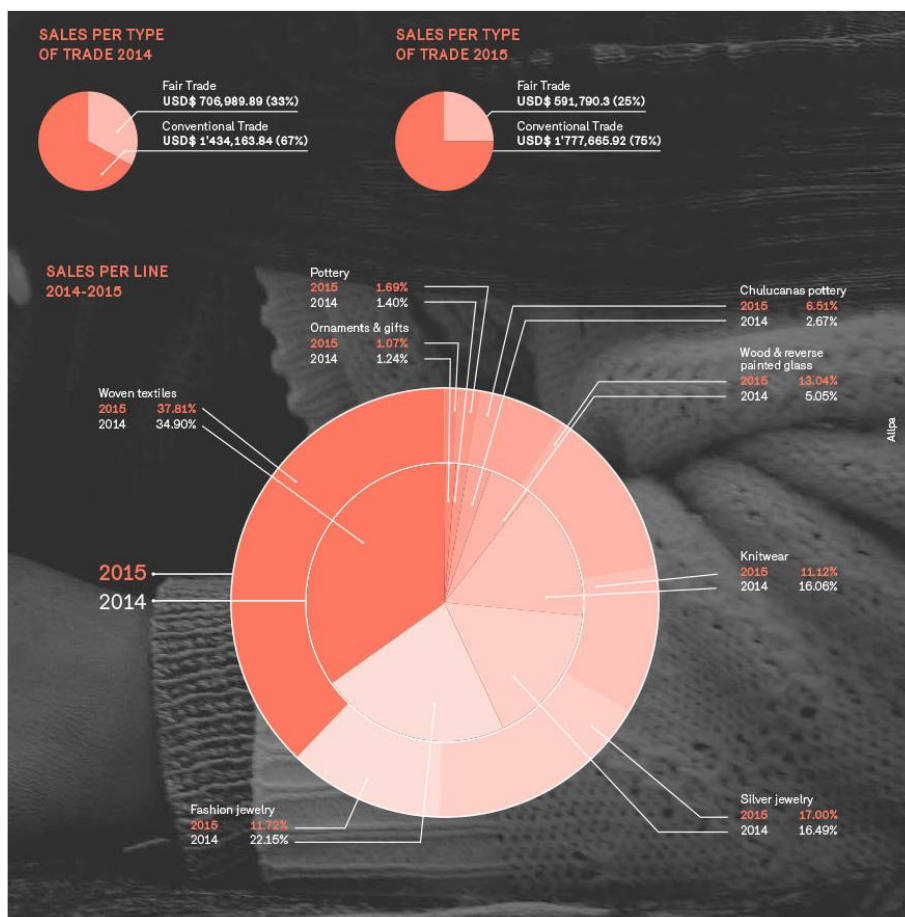
Figure 5: Sales evaluation by product line
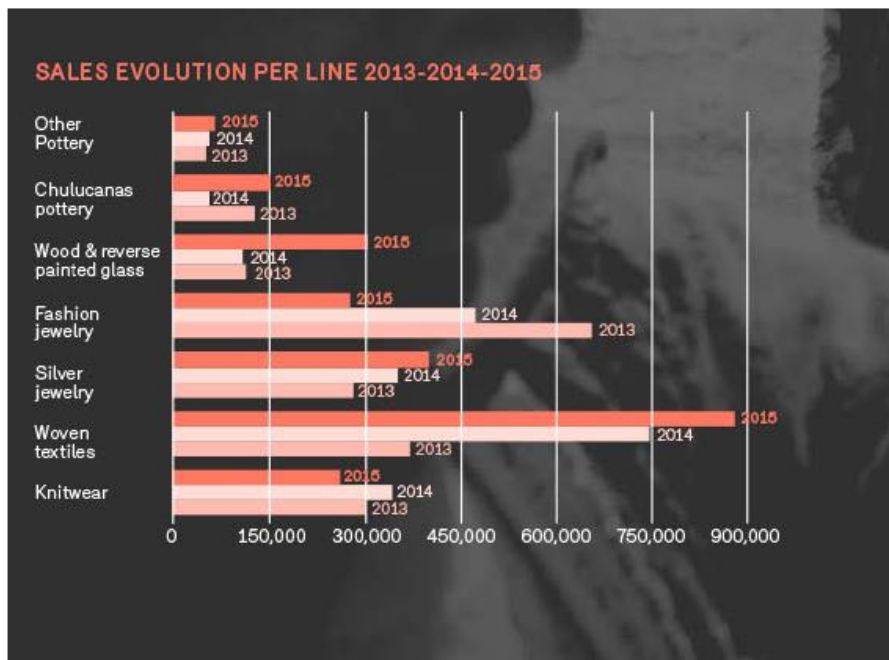
Local market

The local market for the Peruvian crafts is underdeveloped, most of the items are sold in the tourist stores and they are viewed as medium-to-low quality products with low prices and a large ethnic content. Buyers are usually tourists looking for inexpensive gifts. The consumers from the new middle classes, who generally do not tend to buy crafts, prefer industrial or middle-priced imported articles from department stores. They buy local crafts only for Christmas.

High end innovative Peruvian crafts are sold in some local shops, Allpa's own shop, Casa Allpa is one of these. The consumers who buy here are generally interested in good quality innovative products and consider the products to be "modern". Many of the items sold in these stores have nothing to do with folk art or with Peruvian culture or history. These consumers tend to view traditional crafts as being of low quality and lacking in innovation.

4.3 THE HISTORY OF THE PERUVIAN HANDICRAFTS "PERU LAND OF ARTISANS"

"Peru has numerous resources that make it fertile terrain for the production of a variety of crafts: a pre-Hispanic, Colonial and republican history, traditions, diverse cultures and geographic regions that possess varying raw materials" (Fuente-Alvarado 2013).

In this section I will briefly describe the rich history of Peruvian crafts and its development as an export industry. This section is mainly based on the information from the book 'Peru land of Artisans' by Fuente-Alvarado (2013), in which the MD of Allpa presents her many years of research on Peruvian crafts.

Peru has a rich folk art history extending over centuries, however it was only in the 1960s that Peruvian folk art was gradually converted into crafts. Crafts production proliferated and was exported, thanks to the interest of United States 'hippies' in handmade goods in the 1960s. The first articles exported included textiles, floor runners and clay items. A government corporation, EPPA Peru was created in 1977, with the mission of marketing, researching, providing technical assistance, promoting fair prices, disseminating values and encouraging a knowledge of craft production. All of these associations, businessmen and groups were pioneers in the organisation and marketing of the products that were still folk art and on the way to becoming crafts. During the 1970s and 1980s craft fairs were held in the Peru and craft export firms opened their doors in Peru. Peruvian crafts started emerging at fairs in the United States of America and Europe, such as Frankfurt's Ambiente and Tendance, today's most important consumer fair (Fuente-Alvarado 2013). She also stated how the producers were suddenly forced to cope with an entire new set of international requirements such as shipment by sea and air, appropriate packaging, customs procedures and initial crafts standardisation, before globalisation was even imagined and much before

Asian crafts were widely available. Large volumes were exported during those years until the 1990s, where important changes took place in market tastes and trends.

The Peruvian Government has supported private initiatives through the creation of an export Promotion Fund (FOPEX, which later took the name of the Foreign Trade Institute, then PROMPEX and is now PROMPERU). The Ministry of Industry and Tourism gave a boost to export companies who were entering international fairs. Allpa created in 1986 was one of these companies.

Fuente-Alvarado (2013) describes in her book the crafts export model of the Latin American companies which at the time was similar to the African and Asian countries, consisting of small producers who delivered their product to a middleman who was responsible for handling export formalities. However, Peru used a different model from the beginning, private marketers themselves took the production of the artisans to international fairs, in this way they were able to position the Peruvian crafts in the market.

Until the 1990s the handmade crafts or products to be found in the market were mainly ethnic and that element was enough by itself to attract buyers. However, today new elements are involved; functionality, design, new trends in consumer tastes and new market standards and restrictions. Exporters of the 1980s believe that Peruvian crafts at that time created a sensation at the trade fairs, and this coupled with competition, resulted in large orders from buyers. In the 1970s and 1990s the rustic nature and innocence of the objects, combined with their wide variety of forms and shapes were responsible for their huge success. Model churches, houses, musicians, animals and native scenes were exported by the thousand. These ceramics were crafted by using traditional techniques of slip painting with mineral pigments and burnished with smooth stone giving them a special charm. These items were typically large and produced in numerous workshops in Lima or Quinua (see Picture 1). However, in the 1990s foreign demand dropped heavily whilst tourism increased. This necessitated a change in the characteristics of the products. The artisans had to dramatically change the size and the nature of the products. As the MD of Allpa stated in my interview in 2013

"This goes to show the effort those artisans make to adapt themselves to the market, in order to remain in fashion, even if it does imply the loss of rich techniques and traditions linked to the original folk art".

Picture 1: Traditional artisan pottery items

Picture 2: Standardised artisan made pottery items

Picture 3: Chulucanas type pottery, typical of Peru

Picture 4: Kiln where Chulucanas type pottery is fired with mango leaves

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Picture 5: The piece is rubbed by a river rock to create the smooth finish

Fuente-Alvarado (2013:47) reflects on the changing aspects of market demand for various craft items. In the case of the pottery, for example, some styles have been in demand longer than others, due to the fact that the producers followed market trends more closely, and the products are not just decorative but also utilitarian and reinterpret the history and existing traditions in a more modern form. For most of the potters it has been tempting to only focus on the growing tourist markets, however, this has not provided stability or innovation, thus they had to compete with cheap Asian imports. Fuente-Alvarado (2013) states:

> "We are convinced that opportunities exist to make Peruvian handcrafted pottery to be highly valued and be able to command higher prices, thus making the activity more economically sustainable, so that permanent jobs can be created and it can be viewed as an attractive option for artisans and businessmen. These opportunities depend on being able to develop a strategy in which priority is given to innovative design, technology and production management".

4.3.1 Peru's oldest craft activities

The classification of Peru's oldest craft activities fall into six categories as divided by (Fuente-Alvarado 2013) alpaca, silversmiths, carpenters, cabinetmakers, carvers and painters.

Alpaca

Textile making is Peru's oldest craft activity, represented in different traditions in many parts of the country. Most of the textiles however are no longer made in the same way as they used to be. The production of the handmade traditional items is extremely laborious and involves numerous processes. A person can take up to two months to make a manta (a traditional item of clothing), thus many processes have been replaced by industrially produced modern versions, in part because there are fewer and fewer weavers able to produce traditional textiles.

Picture 6: Allpa's development weaver

Picture 7: Producer weaver workshop

Picture 8: Traditional weaving method

Peru is the world's largest producer of camelid fibre: alpaca, llama, guanaco and vicuna. Alpaca was first used in items of clothing for the urban market and for export in the 1960s. Since then and particularly in the last 20 years, alpaca has attracted a great deal of attention as a luxury fibre for use in producing fashion garments and accessories. However, the current popularity of alpaca, according to Fuente-Alvarado (2013), may not be sustainable and there are several risks involved. Primarily that supply may not be able to keep pace with growing demand, with the result that the animals are sheared more frequently, when ideally it would only be every two years. This would mean using shorter fibres for industrial spinning and so reducing the quality of the fabric. Small and medium size companies that are now investing in the design and promotion of their collection may not be able to satisfy market demand, with the result that the product image may suffer. Pure alpaca may be replaced by blends that are of inferior quality, affecting the product's sustainability in the market in the long run. Something similar is happening to cashmere today. Due to the huge demand for the product, the word "cashmere" has been trivialized by applying it to fabrics that are woven with a very small content of cashmere which is blended with other, less fine materials. The same phenomenon is occurring in Peru's tourist markets,

where some garments are labelled as being 100% alpaca, when their content is more synthetic than alpaca (Fuente-Alvarado 2013).

To overcome these risks Fuente-Alvarado (2013) thinks that this boom in the demand for alpaca wool can give the country the opportunity to breed more flocks in the poorest Andean areas, where only subsistence farming or mining are practiced. However, the breeding should be extended under an appropriate management programme and new spinning mills set up that meet international quality standards; this would produce more income for rural inhabitants.

A final conclusion of Fuente-Alvarado is that there are two kinds of parallel handcrafted textile productions in Peru that serve very different markets. One is the traditional form that serves a mainly rural population and that continues to exist despite the presence of industrial production. The other is the handcrafted and industrial production that is responsive to the fashion industry and that consists of clothing and accessories whose consumers are in the cities of the tourist, local and export markets. Is dialogue between the two worlds possible? Fuente-Alvarado (2013) believes that it is possible to maintain both fashion oriented modern textiles and traditional textiles through investment in design and technological innovation.

Miners and silversmiths

Metal was an important element in the lives of the ancient Peruvians, as they had rich sources of gold, silver and copper. Over the centuries Peru has become a country of both miners and silversmiths. Fuente-Alvarado (2013) believes that today Peru is more a country of miners than silversmiths, due to the disproportionally high percentage of exportation of minerals compared to other products, silver being one of the main articles. Silver is mainly exported in its raw material form with no added value. Most of the silver articles with added value are produced in Lima, Catacaos and Sam Jeronimo de Tunan and the Cajamarca and Cusco regions. Peruvian jewellers tend to operate in a small space between two to fifteen manual workers; skilled labour is very important because very few of these jewellers have modern machinery. Peruvian jewellery has not found an international niche market and has difficulty competing with other producers of silverwork such as Turkey, Indonesia, India, Mexico and Europe,

despite being the world's second highest ranking silver producer, after Mexico. Cusco had and still has a large number of highly skilled goldsmiths and silversmiths and jewellers, but most of them limit their activities to reproducing colonial or Inca designs, without adding any innovations.

Picture 9: Silversmith's workshop

Picture 10: Silversmith's workshop

According to Fuente-Alvarado (2013) there are several options Peruvian silversmiths have in order to compete in the markets today. Firstly there is the option of devoting their efforts to making parts to be finished in other countries, for this purpose the capacity to produce large volumes is more important that the silversmith's history or skill. This is the case of the machine-made gold and silver cord chain exports. Secondly, there is the option to produce tourist items for the local markets by reproducing Pre-Colombian shapes with little creativity or design value. Thirdly, there is the option to craft designer items on a very small scale and at a high price to target mainly the local upper class segment. Some silver and gold jewellery designers already sell their collections under their own brand in the country. Fourthly, there is the option to produce innovative, handmade, and high quality Peruvian silverwork that is recognised and has a niche in the local and international markets. This is a long term undertaking that requires a clearly defined innovation and marketing strategy encompassing producers, designers, promoters, consultants, exporters and technological centres in order to ensure coordination and joint effort. It requires the creation of innovative products that are competitive as to price, quality and sustainability that

remain in demand over time and that represent a style and image of the modern Peruvian product with an identity of its own, rich in history.

Carpenters, cabinetmakers, carvers and painters

Today woodwork is one of the main crafts in Peru however, furniture making and woodwork were only introduced to Peru with the arrival of Spanish colonists. The Inca and pre-Inca decorative and ritual arts were textile weaving, gold, silver, ceramics, architecture and mural painting. Wood did not play an important part in their dwellings, making it necessary for the colonists to bring in by boat what they needed for their houses. It was only in 1549 when the colonists decided that because of the high cost of transporting their furniture, they would not only make furniture locally, but would also teach the craft to local artisans. This was given further impetus with the discovery of rich local wood such as mahogany, cedar, pine, walnut and ebony, this greatly facilitated the work of the artisans, who were able to use a variety of techniques namely carving, turning, veneering, inlay and marquetry to fashion the new objects. To this list should be added the reverse painted glass, and Cusco mirrors, these were once offshoots of the woodwork industry but now have a market in their own right and have become tourist item representatives of Peruvian craft.

21st century Peru produces furniture and accessories that are easily identifiable as being Peruvian, including tables, chairs, sofas, trays, bed headboards, wardrobes, boxes, mirrors, photo frames and candelabra. The greater part of Peruvian wooden products are produced in small workshops that use basic technology and under conditions that are unsuitable for large volume production, which also makes them less competitive in the market, a situation similar to that of silverwork.

Picture 11: Painted glass and woodwork

Picture 12: Glass painting process

Peruvian furniture has been exported since 1970 and has struggled against Asian imitations because of the latter's low cost. This shift competition has caused many workshops to close, and of the few artisans left, most are dedicated to selling small items to the tourist markets. Fuente-Alvarado (2013) notes that the case of Peruvian furniture and wood is the same as that of its silver and

silverwork, in other words, most is exported in the form of raw material and little value is added.

Official data of 2011 (Fuente-Alvarado 2013) shows that Peru earned a total of 169 million U.S. dollars in export earnings, of which 8 million came from furnishings, and a large percentage of this was machine-made of though recorded as handmade furniture under "handicrafts".

4.3.2 Value chain activities Fair Trade versus Mainstream Markets

We have seen above a detailed picture of the handicraft value chain production for the MM. In the 2005 report of Handicraft Value chain analysis by the Traidcraft Market Access Centre, a comparison was drawn between the MM value chain and FT value chain activities. This report will be partially presented below.

There are several differences between the MM and FT value chains. Firstly on the supply side, the MM tends to have large exporters/trading houses that have the ability to consolidate supply in order to offer large quantities to meet the needs of the mainstream market. In contrast, the FT value chain is dominated by smaller exporters who supply only their own products and do not have the capacity to supply large quantities. Many of the producers are represented in the western markets by a SFTO or LFTO-(Local FT Organisation, as named in some reports). The presence of intermediary organisations reduces the margins for the producers. The dilemma for the producers is in the opportunity cost of exporting directly with added gains but with the added costs of internet access, qualified staff, understanding of complex export conditions, or exporting via an intermediate organisation and thus cutting their margins.

MM buyers are normally represented by an agent who links the exporter with the importer and is responsible for communication and the timely delivery of the products. They are paid between 3-15% commission depending on the services they provide and the products they source.

FT value chains can also offer "embedded services", such as training, pre-export finance and market information. However, there is variation in these services between FT organisations, and there are some MM buyers who also provide some of these "embedded" services.

Oxfam has been highlighted as a case of the FT and MM working together. Oxfam has been sourcing products from developing countries through a variety of channels such as Traidcraft (a Northern FT organisation) and other commercial selling agents which usually undergo an Oxfam audit.

In the table below (taken from the Traidcraft report of 2005) are highlighted the differences between the FT and MM value chains and the additional role FT organisations undertake. In the report it is also mentioned that although the separation of the FT and MM is clear in terms of membership and certification, in reality the boundaries are blurring. There are mainstream markets whose values and practices are aligned with FT values and practices. Refer to the table on next page.

Table 3: Comparison between FT and MM organisational roles (Traidcraft report 2005)

Actor	Fair Trade	Mainstream
Retailer NFTO	Understand market Develop product offer Design and product development Marketing to consumers FT advocacy	Understand market Develop product offer Design and product development Marketing to consumers
Importer/wholesaler/NFTO	Understand market Develop product offer Product development Product sourcing Marketing to retailers Develop promotion aids e.g. point of sale and advertising Packaging and labelling Quality checking Warehousing, distribution and transporting Import administration Ethnic auditing FT monitoring Advanced payments to SFTO Trend and market information In country technical capacity building with SFTOs (design, production processes, quality assurance etc) Capital investment/loans e.g. workplace and storage	Understand market Develop product offer Product development Product sourcing Marketing to retailers Develop promotion aids e.g. point of sale and advertising Packaging and labelling Quality checking Warehousing, distribution and transporting Import administration Ethnic auditing Some producers Advance payments Capacity building
Exporter/SFTO	Marketing to importers and retailers Communication and coordination with buyers/producers Design and product development Sampling for importers Raw material purchase and supply to producer groups Product finishing and quality control Packing and labelling Warehousing Export administration Transport to port Advance payment to producer group Group formation Technical capacity building with producers (design, production process assessment, costing and pricing) Other training include (health and safety, capacity investment/ loans saving schemes) Health and maternity insurance	Marketing to importers and retailers Communication and coordination with buyers/producers Design and product development Sampling for importers Raw material purchase and supply to producer groups Product finishing and quality control Packing and labelling Warehousing Export administration Transport to port

Producer group SME	Communication with exporter/SFTO Purchase of raw materials Sampling and coasting Scheduling and distribution of work Quality control Managing advance payments Organise group activities with SFTO Manage saving scheme	Communication with exporter/SFTO Purchase of raw materials Sampling and coasting Scheduling and distribution of work Quality control
Producer	Communication with producer group Production Purchase raw materials (rarely) Participate in group activities	Communication with producer group Production Purchase raw materials (rarely)

In the same 2005 report, Traidcraft highlights the advantages and disadvantages of the FT and MM value chains according to the producers' experiences. It is also mentioned that the producers' organisations or the SFTOs see MM as the only way forward because the NFTOs market is too small to guarantee growth, although the mainstream sector has clear disadvantages. Refer to the table on next page.

Table 4: Advantages and disadvantages to producers of FT and MM value chains (Traidcraft report 2005)

	Fair Trade	Mainstream Trade
Advantages	Survival Ongoing relationship Commitment to regular purchases of same type of product Storyboard/trend information Advance payments Settle account on time (some better than others) Capacity building workshops in country e.g. design, quality assurance Technical assistance Work with you to modify design and pricing Accepts price if market can bear it Real partnership approach Gives grants for training, capital investment etc Order cycles helps less experienced producers as they have long lead times One buyer works with them like an agent- pays all their costs in country and then gives an arrangement fee	Have good access to market Larger orders Are tough on delivery times but this also builds capacity Once you have worked with one big order you are confident to try another Training on areas vital to them like packing If you can do quality for Bodyshop you can do it for anyone One mainstream buyer told a producer they were charging too little!
Disadvantages	Business not growing Not professional in business terms Experienced producers could supply on a more regular basis Do not give feedback on products or give enough market information Hard for new producers to supply the FT sector	Negotiate on price Inflexible Do not try to understand the producers' situations Not personal Pay later Do not pay at all Do not guarantee regular orders Change with fashions therefore even when you get orders this might go to a different group Constantly changing personnel Huge variations in orders volumes Rarely give advance payments

4.3.3 Raw materials and the pricing of handicrafts

There are other issues regarding FT handcrafted products which should be mentioned here, although they are not the focus of this work. In the handmade product supply chain, FT generally concentrates on the work produced by the artisan who manufactures the piece and does not look at the supply of the raw material such as cotton, silver, beads. There are many issues regarding silver mining and cotton production. In case of the silver it is a by-product of other

mining and it is very hard to find ethical sources of silver. The raw material cost of the silver jewellery is extremely high and the producers are dependent on the fluctuating market of silver prices. This can vary from 30-70% of the direct production costs. There are also various concerns related to the environmental impact of silver mining and the sourcing of gems.

Regarding the pricing of handicraft products, unlike with commodities there is no existing world price for handicraft items, due to the variety of products and countries involved. The issue with this is that the producers often confuse costing and pricing. In the FT value chain a cost plus pricing strategy is used. Where 'costing' covers both direct costs (raw material, labour costs, packing) and contribution toward overheads (depreciation of tools, electricity used). The pricing is about the minimum level of profit added to ensure that reserves are available for investment and emergences. There have been many issues regarding costing at the producer level in FT, as well as in Allpa. The producers have not always charged for all the various aspects of costs due to their lack of knowledge.

There are two further questions to discuss regarding the prices. Firstly, is whether the FT producers are better off as a result of dealing with FT and secondly; do craft sales provide more income than other jobs available to producers? There is no general consensus in the literature or in FT reports regarding the prices paid by FT and MM buyers. It depends on the country, product and orders. Without going into extensive detail, in the case of Allpa, FT provides the stability and continuity of a regular income and MM provides opportunities to make substantial earnings, but on an irregular and unpredictable basis.

Mining has been the preferred alternative employment option for many Peruvian artisans, there has been a great loss of skilled workers in crafts as a result. The pay is typically higher, however this takes them away from their families, and in the Peruvian mining industry environment there are many safety problems.

4.4 ALLPA'S BACKGROUND AND HISTORY

In 1982 a development NGO, the Peruvian Institute of Investigation and Development (Instituto Peruano de Investigacion y Desarrollo - IPID) created a trading project called Allpa with the aim of finding markets for the organised producer groups who were having difficulties in finding markets for their products.

Both current (and founding) directors of Allpa were at the time working as sociologists in the NGO. The NGO by nature was a rural development project, a compassionate project to benefit artisans. The work included assisting artisans in their technical work, empowering them and giving them financial assistance such as loans. The intention of assisting the artisans in their technical work was to improve the quality of the final product. Once Allpa was set up it was also tasked with finding a market especially for the cooperatives created by IPID in the artisan sector and for the farming communities where the IPID had introduced development projects. Allpa's role was to serve as an intermediary organisation for the artisan, for agricultural and fishing products and so to find better prices and permanent channels of sale.

According to Allpa's directors the NGO continued working and assisting the artisans for a few years, however they soon realised that the quality improvement was not valued by the local market, and no financial gain was made by the artisans. Thus Allpa's role developed into connecting the artisans with the market. According to Allpa's founding directors they could not manage to connect the artisans with the market successfully as an NGO. The NGO is a not-for-profit organisation and has a different culture, which is neither entrepreneurial nor commercial. The key reason for starting the company was that the local market was not developed enough and that buyers did not care about product quality. Thus exporting to a foreign market became the core idea for Allpa's existence.

To market the artisans' work abroad the directors went to their first exhibition in Europe, taking a great deal of baby alpaca tapestry, however according to one of the directors the experience was a disaster, they received no orders and had to give away the products that had taken with them. The reason for that was that they did not have enough experience. Quoting one of the directors, "We were not prepared enough, for the exposition (exhibition) and the rules abroad, we were just two confused foreign women abroad".

Initial start-up success factors:

The initial growth of the organisation took Allpa from one employee in 1986 to 34 in 1992. This growth was quite surprising for all the actors involved in the industry. Allpa gives the following explanations for the fast initial growth.

First, they believe that Peruvian craft is one of the richest in variety in the world, and thanks to this rich cultural tradition it offers a wide range of products. It is this variety and beauty that has attracted the interest of clients. When Allpa entered into contact with ATOs, at that time they did not have any Peruvian crafts and took the product samples with much enthusiasm. This meant that during the first year the work mainly concentrated on improving the quality of the products, introducing more variety with a relatively high level of efficiency, correcting mistakes and responsibly fulfilling the orders received.

Secondly, meeting with FT on their first trips to Traidcraft in the UK and Ten Thousand Villages in the USA gave them good opportunities for export. Both organisations decided to trust them and placed orders. Gaining their first overseas customers, they had to learn how everything worked, including producing, packaging, shipping and all the other regularity requirements to export internationally.

Thirdly, Allpa mentions that a $50,000 loan received was a large factor in their success: This loan was received from a German agricultural development organisation (a connection made through the development NGO) with the condition that one of the current directors would take charge of the project outside the NGO. She had to leave her employment with the NGO to start Allpa. Speaking with the director she said that at the time $50,000 was so much money

that for the first year they only managed to spend $17,000. The key point here for their success as reflected by Allpa's directors was the fact that this sum was not a donation, it was a *loan* given by the German company to the NGO and from the NGO to Allpa. This meant that Allpa had to pay it back with interest. Quoting the founding director (interview from 2011).

> "Many projects start as NGOs, as grants, non-refundable, hence they fail. People come up with hundreds of excuses like bad weather conditions, illness etc, there is lots of money wasted. Paying interest is a challenge, so you have to make it work and be entrepreneurial. We understood that every $1 had to make money, and we had to export. So efficiency became the key word for us".

The company was started with a strong export oriented and entrepreneurial culture with a focus on efficiency which was transmitted from the directors to the staff members. These factors created a strong company culture which is now recognised as successful by many others.

Finally, skills, particularly fluency in English language have played a big role in their success. The German funding company was not there to support artisan projects, they were mainly supporting agricultural projects, however, they agreed to give the loan to the artisan project on condition that the current founding director would head it, since she was the only person in the NGO with fluent English language skills.

The first years of the company and the crisis

In retrospect, the directors described the first years of the business as relatively easy. The processes were running quite smoothly. Although they did not have experience, they had a great deal of courage and "took things as they came". For example, when products needed to be packaged, they would hire a relative who could help them with the job. All the work, including looking for artisans and creating catalogues was done mainly by the two directors and quite informally. A quote from a director.

> "There was no established global market for crafts. FT as our first customer was also quite easy to deal with; they accepted and liked everything that was produced for them. Now it's a different world, each step we want to take is a struggle, things

> are much more complicated. Previously, we put a product in the catalogue and FT wanted it. It was lucky we started the company then, now business is much more difficult".

1995 was described by the directors as a crisis 'breaking point' for the business. Crafts had become quite popular in global markets and many other countries had started selling products produced by artisans. Allpa was struggling to gain clients, as the clients would not come to Peru because of the terrorism that was occurring and the poor economic conditions. The two directors had to do all the travel abroad themselves.

In 1993-94, the directors realised their FT customers were struggling to sell their products. In previous years the turnover had grown every year, as a result they already had 45 people working for them. However, in 1995 the turnover dropped by 60% as a consequence of the drop in FT orders and 24 employees had to be made redundant. In line with the Peruvian law of employee protection, the company had to buy their resignations and consequently made big losses. Quoting one of the directors:

> "Making people redundant was very hard and one of the reasons for that was due to unplanned growth. We were 100% relying on FT; we did not have any conventional market customers"

Entering the conventional/mainstream market was a decision that would have great impact on the company.

The conventional/mainstream markets and WFTO membership

Once the decision was made by Allpa to diversify their client base and to try to sell to the mainstream markets, the directors' main strategy to gain access was to participate in trade shows. The first show they took part in was in Ambiente, Frankfurt. This is one of the main trade shows that Allpa has continued to participate in to the present day. Travel to other countries included the USA, Italy and France. The experience that came from participating in trade shows taught them to change their business practices.

> "FT was not working according to modern ways/practices. It was relying on churches, voluntary workers, and ethical

buyers; however these buyers are getting older and they are not followed by young people" –A1

The company also soon realised that FT at the time was not following the trends in the market, people would buy anything they would produce mainly due to ethical motivations. Quoting one of directors:

> "There's only so much you can buy based on ethical motivations. All the FT organisations were growing through ethical customers except The Thousand Villages, which was different. FT shops were not attractive enough, they were based in church halls, did not look like a boutique, and the shops didn't work as conventional shops, more as charities".

Allpa realised that the market did not want any more traditional products. It was saturated with products made in India, China and the Philippines (as discussed earlier in the chapter), particularly the Philippines, which had better products than Peru and pushed their crafts very hard. The Philippine government had provided various sources of craft funding, opened a craft design school and established a Ministry of Crafts. The Philippines became 'the Milan of Asia' with better design, quality and more modern products.

As a consequence of the above changes in the global market the company directors decided "to work according to commercial rules, not the old FT rules" (A1[6]). There were many changes that had to take place in order to allow them to compete in the mainstream markets, some of these included:

- Designing their products, instead of buying whatever the artisans would produce. The company names this stage 'the beginning of the interventional policy'.
- Looking for new buyers.

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[6] The coding of interviewees explained in the methodology chapter

- Re-engineering and changing the production processes. They started making efficiency savings and ran the business with half the previous number of personnel.

- The organisational changes had to be transferred to the artisans. The demand for quality became much higher.

- Introducing penalties for artisans for faulty and poor quality work. The mainstream market is not tolerant of poor quality and was penalising Allpa. These penalties had to be passed back to the artisans.

- Three main requirements from the artisans were:
  i) respecting the delivery deadlines
  ii) delivering reliable quality
  iii) respecting product characteristics.

This was a difficult time for Allpa as it was criticised by all other FT organisations in Peru. As FT had no established standards for handicrafts (according to the company directors) the local FT market didn't like Allpa's new way of dealing with artisans. The main criticism was that they were becoming too commercial and were overly demanding towards the artisans. At the time Allpa was winning a large part of the local market share. The other local FT organisations reacted by beginning a campaign against Allpa. This forced WFTO to make several audits of the company conducted to ensure compliance with FT regulations. Due to this campaign Allpa could not become part of WFTO, as the procedure to join WFTO requires the approval of other FT organisations in the region. After many years of arguing the issue, the WFTO hired an external consultant to evaluate Allpa's dealing with the artisans. Allpa was then granted WFTO membership though the consultant report (the admission rule was slightly changed as an exception in this case).

By going into the mainstream market Allpa stopped being exclusively dependent on only FT (see the quote below by one of the directors).

> "FT can create dependency. We know of many companies
> in Peru and India that disappeared because they relied on FT
> buyers too much. They disappeared leaving many suppliers
> unpaid. We were frustrated because FT was not committed

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to growth. In the world of business, you need to do things better and better. Working with FT, many businesses become weak and stay in their comfort zone, they are not challenged."

The strategic value, vision and mission of Allpa

In order to understand Allpa's place in the map of the international industry of decoration and gifts, the values of the company and the vision and mission statements are presented below in the table below.

Table 5: Allpa's values, mission and vision

Strategic values	Honesty. It is a basic moral value that should be present in the employees of Allpa and needs to be a pattern of conduct in the personal level and company level in the fulfilment of our commitments. Respect: It is a value related to the consideration and tolerance of the employees in Allpa that creates an atmosphere for optimal work and applies to the clients of Allpa. Responsibility: It is a conduct that implies carrying out the commitment we have with the shareholders or any interested party, including basic values like cleaning and punctuality. Innovation: It is the permanent attitude of creating new ideas in our processes with the aim of improvement. Leadership: It is the constant search to be better and first in a sustainable way, at the level of workshops and company. Efficiency: To obtain our achievements using our own resources.
Vision statement	Our vision is to be the leader company in Latin America in the industry of decoration and gifts and personal accessories made by artisans, recognised by the clients for its reliable service of quality and efficiency in its products and processes. Developing with our producers a long term relationship of locality, seeking their conversion into entrepreneurial modern units based on social responsibility. Counting on proactive human resources, developing professionals involved in the aim of the company.
Mission statement	Allpa is a Peruvian organisation that offers to the market high quality products of decoration and personal accessories. It differentiates by offering its clients high innovation in design, being at the forefront of fashion and the market tendencies. As a company we are trying to create value for. Our clients, being creative and efficient in the satisfaction of their requirements and necessities. Our providers, (artisan workshops) to create income and sustainable employment. Our personnel: recognising them as the most important resource to achieve our aims.

To establish their presence in the market, more recently Allpa has adopted a new innovation strategy, recognising that Product Design and Development is in company's DNA (Annual Report 2014-2015). As part of the innovation strategy Allpa has created the areas of Knitted Textiles, Woven Textiles, Carpets, Sewing, Painted Glass and Wood, which will help to permanently innovate, design and create an attractive proposal.

"In Allpa we are aware of the importance of doing new products, using techniques and production processes that keep our customer's loyalty as well as innovating the way we present these products.

"For the new strategic plan of 2016-2020 we have reviewed and updated our vision and mission as a Fair Trade company who needs to be highly efficient and committed to our partners, customers, producers and collaborations ensuring this way a stronger positioning of our brand in the market".

4.5 CONCLUSIONS

This chapter describes the handicraft sector's characteristics and economic significance. In summary, the benefits of handicraft production include minimal start-up costs, flexible working hours, often the ability to work from home and preservation of local culture and tradition. However the making and exporting of handicraft goods can be extremely challenging. Handicraft goods and in particular the home decoration and fashion segments are sensitive to economic conditions and rapidly changing market tastes. In this environment any organisation working in this sector has no choice but to be very responsive to the market, to improve the quality of the products and the delivery of the service (including the packaging, shipping and timely completion of the orders).

In the global market Asian suppliers dominate the import of crafts from developing countries to the EU and USA, leaving others such as Africa and Latin America with a much smaller market share. Asian producers who traditionally produced cheap crafts in high volumes have also increased the quality of their products and are now both emphasising design and marketing as well as participating in international trade shows, including Ambiente and the Birmingham Spring Fair.

However, despite the harsh competition it seems to be possible for Peruvian handicraft companies to compete in the market by leveraging the rich cultural

background of Peruvian crafts. The products can have a unique identity and history but also be of good quality, at competitive prices and accessible to developed market customers. Fuente-Alvarado (2013) thinks that it is possible to achieve this by "incorporating and innovation into crafts production comprehensively and sustainably, with a multidisciplinary approach as a collaborative public and private initiative".

5 RESEARCH METHODS

In this chapter I explain and justify the research methods, the strategy, design and the approach I take for data analysis. By research design I refer to the argument for the logical steps which I have taken to link the research questions and issues to data collection, analysis and interpretation in a coherent way (Hartley 2004). The research questions addressed were:

- What is an organisation's experience of dealing with multiple logics?
- How does an organisation respond to potential tensions and contradictions arising from being surrounded by multiple logics?
- How is the organisation's identity shaped in the process?

5.1 IDENTIFYING THE INITIAL RESEARCH QUESTIONS AND RESEARCH STRATEGY

My journey into this work started by identifying the focus of the research, the research questions to which I sought answers. A major source of inspiration for my approach to methods was the work of Corbin & Strauss (2008) following their recommendations, I identified two sources of research problems at the outset.

The first source for the research question was my personal and professional experience (Corbin & Strauss, 2008:21). Prior to commencing my PhD research I was working as a management consultant for small and medium size businesses. As a consequence of having managed medium size businesses and being a business owner, I had experience and understanding of the complexities of the business environment, processes, value chains and moreover, the complexities of dealing with various markets. My work experience enabled me to see how

companies perceive different markets and the choices available to respond. This experience and interest triggered my curiosity to explore the research questions in depth and bring new solutions and understanding to the subject.

The second source of the research questions was from my analysis when reading the FT literature and talking to FT practitioners. There are a considerable number of studies looking into the mainstreaming phenomenon from various angles (see the literature review chapter), with many debates about whether the producers should go mainstream or not and how mainstreaming affects the ideology of FT. However, there is not much accessible knowledge about the differences between FT and MM and the challenges of being in both markets simultaneously from the point of view of the Southern producer or exporter company. Understanding the complexities of dealing with both FT and MM simultaneously, in particular, from the point of view of Southern business seemed to be a new and relatively unexplored angle in FT research, hence it became the area of my research.

The importance of this question was later reinforced by the experiences of the FT practitioners I encountered during the field work. It appears that many of the producers, regardless of the helping hand of FT, may stay dependent on FT and not manage to successfully market their products outside of the FT distribution channels. Having started my PhD research in January 2011, by July 2011 I managed to have four meetings with FT practitioners, two meetings in Traidcraft, and two with independent FT practitioners. These meetings confirmed that a deeper understanding of the reasons behind unsuccessful mainstreaming seemed to be a relevant and beneficial topic for research.

Regarding my choice between researching the handicraft industry versus the commodities such as coffee, sugar or bananas, there were two main reasons involved. Firstly, there is less research in the literature on the handicraft goods of FT compared with the commodities, as discussed in the literature review chapter. Secondly, I have more knowledge and experience in the business model of handicraft goods than in commodities. I believed this experience to be an advantage in exploring the research question in depth.

5.1.1 The research strategy

The research questions, set at the beginning of this work, aim to find answers related to the context and processes which illuminate the organisational reality. To gather in-depth and detailed information about an organisational reality and answer the research questions I used a case study method. A case study is particularly suited to research questions which require detailed understanding of social or organisational processes because of the rich data collected in the context, it's an inductive analysis focusing on processes in their context (Hartley, 2004). The choice of the case study methodology was based on several factors. First of all I expected that the case study would enable me to focus on the company's past and present, and understand "why" "what" and "how" decisions and changes were made (Yin, 1994). Secondly, the case study method is one of the most appropriate methods of researching in depth the day-to-day realities of running a business organisation, as well as being useful in providing an understanding of how the organisational and environmental context is having an impact on or influencing social processes (Hartley 2004).

Thirdly, this research aims to expand our knowledge and understanding of the influences of multiple logics on the organisation. Looking back into the definition of the IL as the formal and informal rules of action, interaction, and interpretation that guide and constrain decision makers (Thornton and Ocasio, 1999), or the means to explain connections that create the sense of common purpose and unity in the organisation (Reay & Hinings, 2009), the case study is a useful technique where exploration is being made of organisational behaviour which is unusual. This is a method that helps to understand the everyday practices and meanings to those involved, which would not have been revealed in a brief contact (Hartley, 2004). As Hartley (2004:325) states, the case studies can be useful in capturing the emergent and changing properties of the organizations life.

Institutional logics underpin the appropriateness of organisational practices in given settings and practical historical moments (Greenwood et al. 2010). To examine these practices in their settings and their changes during the

organisational history case study research is a useful approach in capturing the emergent and changing properties of life in organisations (Hartley, 2004).

And finally, the examination of the previous research of the IL exposed the importance of the case study, as well as in-depth research into understanding the responses to institutional/environmental pressure over a time period (Barley, 1986 as cited in Townley, 2002). Binder (2007) states that the detailed, nuanced case study method is ideally suited to answer questions about organisational responses to environmental pressures.

From the number of methods available to use to conduct a case study research I chose a qualitative analysis. This decision was based on variety of factors. First of all, my research questions dictated the methodological approach used to conduct this research. To answer the research questions I needed to gain a rich understanding of the inner experience of the participants, how meanings are formed in the organisation, and what are their experiences of the organisation in given context. Qualitative research in its nature allows a more fluid and dynamic approach to the research structure, it allows the researcher to develop a relationship between the participants that helps to answer the research questions in more depth (Corbin & Strauss, 2008). To uncover and describe processes, actions, reactions, interactions, emotions that have occurred in response to certain events and problems that arise to inhibit action/interaction a qualitative method was considered fit for purpose (Corbin & Strauss, 2008).

Since I was aiming to explore the participants' perceptions of the organisational reality I expected to find that using the qualitative methods would provide a thorough investigation and develop an in-depth understanding of the research subject. As Corbin & Strauss (2008) state "There are many reasons for choosing qualitative research, but perhaps most important is the desire to step beyond the known and enter into the world of participants, to see the world from their perspective and in doing so make discoveries that will contribute to the development of empirical research." The qualitative method allows framing of the research questions in such a way that delivers ample flexibility and freedom to explore the topic in sufficient depth.

Secondly, qualitative research involving interviews, participant observations, direct observations, documentary analysis and some questionnaires would best address the research issues. I firmly believe that there is no such thing as a 'relationship free' interview and the relationship is part of the research process (King 2004), hence, a qualitative approach would be the ideal methodology to lead to answers to my research questions. By choosing a qualitative, case study design I hoped that the trust which could develop over a period of time between myself as a researcher and the organisation members would mean that information may be provided gradually by the them which may not have been given during the quantitative research Hartley (2004). I was also aiming to have a research methodology which would be sensitive to opportunities as well as planned data collection (Hartley, 2004).

Finally, I believe that case study research with a qualitative design is more appropriate in conducting a cross-national research. This is because an in-depth understanding of what concepts mean to people and what the meanings attached to common behaviours and how behaviours are linked is essential (Cassell & Symon, 2004) – and this sort of data cannot be elicited except through in-depth qualitative methods.

With the decision taken to conduct qualitative research, I looked into selecting an appropriate approach. When choosing a style or an approach for conducting qualitative research Pratt (2009:861) recommends that the researcher should consider "modelling" someone whose style one likes". In this study I follow the methodological approach by Corbin & Strauss (2008). This approach was used in forming the research design and analysing the data gathered from my visits. By research design I refer to the argument for the logical steps which will be taken to link the research questions and issues to data collection, analysis and interpretation in a coherent way (Hartley, 2004). The details of Corbin & Strauss's (2008) approach will be described further in this chapter.

I started the case with a theoretical framework derived from the gaps identified in the IL and FT literatures. I had a small number of initial research questions which would serve as the backbone of the study. However I was aware that the

nature of the case study research allows the theoretical framework to be changed (Hartley, 2004).

5.1.2 The choice of the case study organization

Huberman & Miles (2002) highlight the importance of the correct choice of the sample for the case study, as this influences the confidence in the validity of the results itself. As a consequence of having identified the research problem, the industry area and the research question in its initial stage, a meeting with the relevant Traidcraft managers was organised with two aims in mind. Firstly, to discuss the identified research problem with FT practitioners with the aim of gathering substantive information and testing whether the research problem is a significant issue which is encountered in FT practice. The second aim of the meeting was to identify one or more suitable organisations for the research.

One of the reasons for approaching Traidcraft was its long history of working with FT producers: Established in 1979, Traidcraft is the UK's leading FT organisation. In addition, both of my supervisors at the time had a connection with Traidcraft which made it easier to find the relevant persons to identify a research company. Traidcraft has worked with Durham University researchers in the past and valued the contribution of their research to FT practice.

In the interview held in July 2011 at Traidcraft, I discovered that many of the Traidcraft supplier companies in developing countries have been trying to market their products in the mainstream markets. However not all the efforts have been successful or long lived, leaving the producers depending primarily on the FT market. Researching the handicraft market and the influences on the producers could be considered beneficial to help with understanding the experiences of producers dealing with FT and mainstream markets, and the complexities of handicraft production.

Having made a decision to conduct a case study based qualitative research in order to investigate the research question in depth, I then had to decide whether to conduct single or multiple case studies. Various handicraft producer

organisations were considered, significant factors including the size, age, industry, and geographical location of the company were taken into account during the decision making. These factors make a company a "most likely" critical case when looking at FT's influences being effective (Flyvbjerg, 2006). The criteria for shortlisting were as follows:

Firstly, an organisation that has been in the market for long enough to have gained experiences and knowledge which would allow a longitudinal study to be conducted. Secondly, an organisation that appears to have dealt with both FT and MM successfully would allow me to conduct a study to understand in more depth the influences on the organisation and the opportunities and challenges of being in both markets, as well as the shape the organisation takes when dealing with two markets. Another factor I considered was the product range, as a company with a wider product range would allow more depth and breadth in research. Taking into consideration these criteria I shortlisted two companies, one based in Latin America and another in Asia.

Although multiple case studies could have been interesting in terms of comparing experiences and generating generalisations, it was not considered achievable within the time scale of the research or with available funding, considering the fact that the companies are situated in two different continents and it was planned (by myself and the supervision team) that I would travel at least twice to the company during the research period. Hence, taking a pragmatic approach, a single company was chosen for the research. I made the final decision in choosing the company by considering the fact that I am fluent in Spanish which would give me a considerable advantage in conducting the research in a Spanish speaking country as opposed to an Asian based country where a translator would be a necessity.

Furthermore, the purpose of this research is not to test a theory but to use an existing theory to explore new or emerging processes or behaviours (Hartley, 2004), and so theoretical (not random or stratified) sampling was considered appropriate. Theoretical sampling means that cases are selected because they are particularly suitable for illuminating and extending relationships and logic among constructs (Eisenhardt & Graebner, 2007). According to Yin (1994) theoretical

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sampling of single cases is straightforward, because they are chosen due to being unusually revelatory, extreme exemplars, or opportunities for unusual research access.

In this particular case Allpa was chosen precisely because it was considered to be an unusual case (details below), providing an opportunity to gain insights into the business processes and experiences of its 30 years existence. In addition, Allpa has been successfully dealing with both FT and MM markets, this fact potentially makes Allpa an extreme case, "a talking pig" (Pratt, 2009).

Upon my selection of Allpa SAC, a Peruvian based company, as a research organisation (details about Allpa are documented in the Context chapter), I wrote a research proposal which was sent to Allpa. Thankfully, Allpa's management showed interest in the research and agreed to collaborate and assist the research process. On being granted permission by the management of Allpa for the research I corresponded via email regarding the convenient timing for the first visit and the aims of the visit. Further details regarding the visit and data gathering follow below.

5.2 DATA COLLECTION

There were two phases to my data collection and analysis for which I made two visits to Allpa, one in 2011 (October-November) and the second in 2013 (July). This section narrates my research actions during the data collection stage where, consistent with a case study approach, I used a combination of qualitative research methods (interviews, participant observations, documentary analysis and questionnaires) as I considered that the research issue would be best addressed through this strategy (Hartley 2004).

The aim was to describe Allpa as an organisation from a researcher's perspective and experiences to give a more holistic approach to the research. I kept a research diary taking notes on a daily basis as well as writing up my thoughts and impressions at the end of each day. I found this exercise was very useful both in terms of reflecting every day and preparing for the next day's work. During the process of diligently writing up my work it reminded me of nuances I could have otherwise missed or forgotten.

5.2.1 The first phase of data collection

The first phase of the data collection I considered to be an exploratory phase, wherein I visited Allpa in 2011. Following Hartley's (2004) recommendation the first step/strategy in the research proceedings was to gain a general overview of the structure and functioning of the organisation. During my first visit to Allpa I had a list of 'orientation' interviews with an intention of learning about the history of the organisation and its present structure, industry situation and strategy. This involved obtaining the organisational chart and mapping external partnerships and stakeholders. This stage helped to map out where the principal sources of data are linked to, and when is the best time to talk to people (Hartley, 2004).

Secondly, I set a research protocol as recommended by Yin (1994) to ensure that I looked at multiple sources and evidence. This protocol was however tentative and open to opportunities and the strategy was modified in line with new information gathered during the course of the research. The data collection strategy was systematic, for example I had established the number of employees and the number of the external stakeholders I wanted to interview, however the strategy was also open to ad hoc opportunities as described by Hartley (2004). For example, I recorded a conversation in the taxi with the employees and some casual conversation in the canteen over the lunch breaks (a verbal consent was obtained from the employees).

My journey into the first stage of data gathering started with the first few days in Lima observing and learning about the local handicraft markets by having informal conversations with the artisans in the marketplace, exploring the products, their quality, variety and styles. Peru prides itself on a rich heritage of handicraft products and artisanal culture. Lima has a district that comprises of numerous markets where the artisans sell products to tourists. Although one could argue that the local handicraft markets for the tourists are not the most representative places to study the rich Peruvian heritage of hand made products, it is however, a good place to understand the artisans and the business decisions they make, especially considering the fact that the majority of Peruvian hand made products are sold in the country and not exported. This experience also helped me to understand the importance and the role Allpa played in the handicraft market and its role in Peru. Pictures below demonstrate a snapshot of the range and colourfulness of Peruvian handcrafted goods.

Picture 13: Lima artisan market, 2011

Picture 14: Lima artisan market, 2011

I first visited Allpa at their headquarters in Lima. Allpa is situated on a busy road in Lima where many other organisations have headquarters and offices. On my first visit one of the striking impressions were the enormous security gates, fences

and walls topped with electric fences that surrounded the four storey building. This is a very typical sight in Lima, as most of the offices, hotels, even multi-storey residential buildings are surrounded by high walls, topped with electric wires. I was greeted by the security guard who only opened the gates after confirming with the receptionist that my arrival was planned. I had to sign the visitors' book and receive a visitor pass on a neck lanyard. I was escorted through an entrance into the building and greeted by the receptionist who accompanied me to the meeting room where I was told to wait for the managing directors. The picture below is a photo of Allpa's headquarters in Lima.

Picture 15: Allpa headquarters 2011

Picture 16: Allpa headquarters 2011

The offices look similar to a Western corporate HQ in some respects. They appear very well presented and were organised into different functional departments. The interior style of the offices is unmistakably Peruvian and folkloric, decorated with some very old artefacts dating back to Inca and pre-Inca civilisations. I was told that in the recent past, it was actually possible for one to buy an artefact many centuries old from 'grave diggers' (people who would dig ancient graves to take the old burial artefacts), partly because there is such an abundant supply of these ancient items available in Peru.

The ground floor comprises a show room where visitors can admire some of Allpa's products made by artisans, a reception desk and the finance and human resources departments. The first floor is composed of a meeting room, a small staff/conference room and an open plan space where all other departments are situated, and the two managing directors' rooms. Part of the first floor is also a workshop where in-house artisans develop new products or make alterations to develop existing larger products such as mirrors or tables. There is an in-house weaving department on the second floor with weaving machines where new

products are designed and developed. The top floor has been converted into a kitchen and staff canteen. The building itself has been developed in several directions, including a photographers' room and a room where all the quality checks and packaging are done. At the back of the offices is the warehouse where many products are stored and packaged for shipping.

Allpa's office was very well organised in its use of space and resources. In 2011, there were approximately 32 employees. It also appeared to be very tidy and "lean", and even more so during my second visit, since then the staff had participated in the Lean 5S working standards[7] training and implemented lean principles in their administrative processes. This meant that the desks were clutter free, the offices were open plan and the departments' space was organised to be as efficient as possible for communication. The warehouse and the research and development rooms were impeccably clean and well organised. The office space planning was organised to achieve the maximum level of efficiency. The following pictures exhibit part of the offices.

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[7] 5S is the name of a workplace organisation method employed in manufacturing and offices that uses a list of five Japanese words: *seiri, seiton, seiso, seiketsu,* and *shitsuke.* The list describes how to organize a work space for efficiency and effectiveness by identifying and storing the items used, maintaining the area and items, and sustaining the new order. It's a work standardization process, which aims to help the employees in their jobs.

Picture 17: Allpa office

Picture 18: Allpa office

The atmosphere in Allpa is very friendly and informal, but at the same time professional. There was no particular dress code. My first encounter was with the two managing directors who were very eager to help in my research and had put together an interview plan. I was then introduced to the staff team. My understanding was that the team were used to visitors and at first they were quite formal, however, over time I felt that we developed informal relationships and I was accepted by them. My communication with the staff members was mostly in the Spanish language, which perhaps also helped to develop informal relationships. When given the opportunity to speak English people were more nervous about making mistakes in their speech which changed the quality and the depth of the conversations.

I was kindly provided with lunch in the company during my research period. The canteen was a good place to learn about Allpa's culture. Due to the space limits there were different slots for lunch breaks, where staff members would go depending on their daily work load or commitments. The managing directors ate lunch with the staff. The food was homemade and cooked by two full time cooks. One of the other visitors to Allpa (from Sunderland University) who I was in touch

with before I visited Allpa commented that Allpa's canteen felt like the best restaurant in Lima. I now understood why. The staff are very well looked after in terms of the quality and the quantity of the food provided, which consisted of a two or three course meal every lunch break, free of charge. I was told that this is not typical of Peruvian companies and highlights Allpa's culture.

Following my first visit to Allpa's premises I was offered the use of their conference room as my base and was given access to a company computer to use for internet access. Most of the interviews with Allpa's staff members took place in the meeting room, except some which took place in the location where the staff members did specific manual jobs, such as the development weaver.

The first two meetings were with the managing directors where I sought to grasp the shape, structure and the origins of the organisation, as well as establish a research schedule for my visit. In 2011 Allpa had four main departments, the marketing department, the quality department, finance and the administration. We talked about the aim of the interviews, the type of information I was looking to gather, what I wanted to see during my visit. After the meeting I wrote an email to all the employees in the company to introduce myself and the research agenda, I explained my aims and the structure of the interviews. The employees were given a choice to participate in the project. Thankfully most of the available employees at the time showed enthusiasm and agreed to participate in the research process and gave their written consent. The directors asked the company secretary to create an interview schedule with all the relevant employees without disturbing their daily routine and commitments.

We then looked at possibilities of visiting producers. Allpa's producers are distributed across the country, some being within a day's travel distance from Lima, others in remote parts of the country. I chose two producers to interview; based on the years of experience they had working with Allpa, as well as their relative proximity for travel purposes. Again Allpa's secretary contacted the producers and agreed a convenient day for me to visit them.

Interviews with the employees and senior management

During this stage I conducted 14 semi-structured interviews with Allpa's employees. The interview questions were developed on the basis of the research questions and taken from the institutional logics literature. Firstly, I asked about the informant`s own work and daily routines, second the major hallmarks of the organisation and what they believed to be the causes of changes, this strategy has been used by Saz-Carranza & Longo, (2012). Thirdly whether and how they experienced any conflict between their social and economic activities and what explained, in this case, Allpa's social and economic performance (Pache & Santos, 2010). Below are the initial broad research questions which I had prepared, these questions served as guidance to start the interviews, however during the interviews I also asked many unplanned questions to clarify meanings or and discover knowledge.

- What are the influences on the organisation? (Fair Trade, Northern business approaches, mainstream markets, local business environment and local culture)

- What has been the role of FT for Allpa?

- What are the internal organisational practices / governance as a response to various influences? What are the internal changes (structure, management decisions etc.) in the organization as a result of various pressures?

- What are the external changes in the organization as a result of various pressures (for example relationships with artisans, suppliers, competitors, fair trade organizations etc?)

- How is the value chain formed and influenced by Fair Trade and mainstream markets?

- The relationship between the organization and the rest of the stakeholders.

- How does the organisation manage both social and economic goals?

Although the themes guided the interviews, I did not ask exactly the same questions each time. In this way each successive interview was used to expand understanding of the research questions (Cassell and Symon, 2004). After each interview I summarised the emerging themes, and these summaries served as a basis for the reformulation and development of more questions. All the interviews were recorded and I took extensive notes. I also kept a research diary, taking notes and summarising each day I spent in Allpa.

During this phase I collected some basic data about the organization. This included facts such as the size of the company, when and how it was established, the purpose for setting up the company, and Fair Trade's involvement in the process. The human resources department agreed to provide the company's audit reports, including Traidcraft reports and FTI audit reports. I was given the company's business plans over the years as well as the shareholders reports and statistics. I also gathered data about the products, looking into the Product Catalogue, the geographic location of artisans and the company finances. Pertinent data is selectively presented in the findings and context chapters of this thesis, a comprehensive list of the data gathered is included in Appendix 1 and 2.

During this phase I interviewed the senior management twice. The first interview, at the beginning of the visit, helped me to understand the organisation; its beginnings, values, strategies and challenges. The data and understanding gathered from the first set of interviews helped me to develop a new set of questions to reach towards a deeper understanding of the research issues. Below are the second set of questions I used with the senior managers who have been the key decision makers in the company. These interviews with the senior management took place at the end of the visit. The questions were not necessarily asked in the same order, but served as guidance.

1. What are the major changes that have taken place in the organisation since its establishment?
   - Why did they have to take place?
   - How have these changes affected the organization internally?
   - How have these changes affected the organization's relationship with producers/artisans and buying organisations?

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2. What have been the changes in the organization in the past few years?

- Why did they have to take place?
- How have these changes affected the organization internally?
- How have these changes affected the organization's relationship with producers/artisans and buying organisations?

3. Are there any constraints you can identify that slow you down?

4. Do you see yourself as a social organization or a business? If both, how do you manage both social and economic goals?

5. Who, if any, do you consider to be your competitors?

6. Who are your main customers?

7. What is the strategy for development/going forward?

8. What has been Allpa's experience of working with FT?

To understand the influences on the company and to evaluate the perceived importance of them a simple questionnaire was constructed for the senior management with the following categories (

Table 6). This exercise did not have a quantitative purpose but was intending to facilitate conversation and data gathering. After an introduction to the purpose of the form the interviewees were asked to complete the form and then we discussed it during the interview, asking questions such as "Why" and "How". The result of this deep discussion has helped to identify the most influential forces on the company.

Table 6: Questionnaire used to facilitate discussion during interview

	High	Moderate	Low	No Impact
Economic Conditions				
Competition				
Technological advancement				
State/Government				
Any fund-granting bodies				
Professionals/Employees				
Management strategy / decisions				
Fair Trade regulations				
Customers				
Suppliers				
Artisans				
Other (please add)				

During the first stage of data gathering, all the potential influences on the company were identified. This stage validated the assumption that Allpa is embedded in a complex institutional setting with potentially competing institutional logics and influences. The analysis at this stage also produced a series of questions for use in further data gathering and theoretical sampling. The questions asked at the second stage included: What is the degree of incompatibility and tensions between the main influences? What are the company's options in responding to the tensions? How has the company's identity been shaped as a result of all the influences?

The interviews helped to identify the problems that the company has faced over the years and the strategies and structures adopted to solve them. The analysis of the first stage of data gathered highlighted the missing data which needed to be gathered during the next stage of data gathering (see Table 7 below). It also raised questions such as: How does Allpa define problems in the light of competing IL and which organisational strategies and structures do they adopt to solve them? Which institutional pressures are the basis of the decision making?

Table 7: Allpa's problems, strategies and solutions

Problem Identified	Changes in business practices	Missing data
Market demands of the mainstream buyers.	New practices in place to meet market demands. New departments, for example, commercialisation have been opened to be able to answer customer's requests more efficiently. Separation of the commercialisation and processes.	
Unable to cope with growth and demand	Undergo business training and implement 5S Implement Lean working standards.	
Foreign competition	Efficiency and elimination of the non-value added processes	
Decline in demand / Foreign competition	Product changes: Intervention in artisan production processes. New engineering solutions Training artisans	Find out whether non interventional strategy in the product development is/was more in line with the FT logics.
Introduction of penalties by mainstream buyers	Quality control, Penalties transferred to artisans Product standardisation Termination of the collaboration with a producer group if they cannot meet the standards	How do Allpa's managers define/see quality and is it in line with FT or mainstream logics?
The producers´ capacity to grow	Challenging producers Stopping working with some producers	
Changing the working culture of the producer groups	Training producers Bringing producers to Allpa's offices for experience. Mentoring producers	
International demands and marketing	Hiring new employees Think about the values of the brand Present the product in a way that it will show standardisation and quality.	

Interviews with the producers

Although located at the outskirts of Lima, the visits to the producers' workshops took most of a day due to the motorway traffic and distance travelled. During each visit I was accompanied by the company driver and the key worker who works with that specific producer. One of the main reasons for being accompanied by Allpa's staff members was due to the management concern for my safety during the visits. The producer workshops are located in areas of Lima where is not recommended for foreigners to visit, and they are practically difficult to reach by public transport. During the visits I was recommended not to take any

valuable items and try to use only a notepad and a pen, and to avoid carrying any handbags or cameras that could draw attention.

The long drives in the car with the key workers gave me a good opportunity to have a conversation about their work and producers. Although these conversations were not an official interview they have given me a very deep understanding of the work processes and challenges that Allpa's staff members face in their role as connectors between western clients and local producers. I took notes during these conversations and asked the employees' permission to use the data for my research.

The producer visits themselves lasted about two hours; one hour of introductions to the workshop and observing the production processes, and an hour for the interviews. Although the interviews were semi-structured, they were not very formal which was more suited to the culture and created a friendly environment for conversation. Among other questions about the business processes, their challenges and opportunities, the producers were asked to talk about their experience and understanding of FT and Mainstream Markets. We also discussed their experience of working with Allpa and with other exporters and the producers' views and experiences of exporting directly to Western clients.

At the time of the research I was visibly pregnant (with my son), and this created an interesting dynamic. For example, one of the producers said they normally have visits from western men and he did not expect a pregnant lady. However, I felt that this actually served as an advantage because people were more open during our conversations. It also has to be mentioned that the fact that the communication was in Spanish and not via a translator also helped to create a better connection and deeper understanding.

Summary

The first stage of data gathering concluded with identification of missing data and gaps. Hence the aim of the second stage was to refresh the theoretical focus and identify the theoretical perspective by redefining the goals of the study.

After the first stage of data gathering I coded (the coding process is described in Data Analysis section) and analysed the interview data. Data from books, research articles, and other publications were collected in parallel. The analysis of the research notes and the interview data helped to identify three main influences on Allpa. During this stage Institutional Logics was identified as a tool, a theoretical lens to examine the research questions.

5.2.2 The second (main) phase of data collection

In the second phase I revisited the organisation in July 2013 for three weeks. The research questions and the research framework were identified at this stage, however, there was a recognition that the issues and the theory may shift as the framework and concepts would be repeatedly examined against the data which would be systematically collected (Cassell & Symon 2004).

My family travelled with me and met Allpa's leadership and employees, which provided a good opportunity to connect with the employees and perhaps break some barriers, however, I conducted the research on my own. I conducted 27 semi-structured interviews with Allpa's employees, three producer groups and three external Peruvian organisations who work directly with Allpa (see Appendix 2). The goal of the interviews was to identify the perceived differences between the previously identified three main influences (FT, MM and LP), to find out whether these differences had any contradictions and if so, what were the organisational mechanisms for coping with them. Among other questions the respondents were asked to identify the main changes in the organisation during these years and the reasons behind these changes. The respondents were also asked to describe their role in the company and to describe the identity of Allpa.

Similarly to my first visit, my second visit also started with an interview with the managing directors, asking them about the changes that had taken place in the company since my last visit and the reasons behind the changes. It appeared there had been a major reorganisation of the company and we discussed the details of it and the reasons behind it. We planned the schedule of the interviews and

identified external organisations that would be relevant to approach for interviews. I wrote an interview proposal and the company secretary contacted several organisations and managed to secure interviews with three of them. This showed the commitment of Allpa to the research and their eagerness to help.

One of the achievements of the company and its managing directors since my first visit was the publication of the book 'Peru Land of Artisans' by Fuente-Alvarado (2013), (one of the managing directors). The book gives a good background to the Peruvian artisan work and Allpa's role in developing it (see chapter 4). We discussed the book and the aims of the publication.

Interviews with the staff members took the same format as during the first visit. I was offered the use of the company meeting room and I was allocated one hour per employee. All the interviews were recorded and transcribed. Most of the interviews were conducted in Spanish as requested by the participants, with a few exceptions for those who were happy to speak in English. I considered that language is not just a mean of communication but a 'cultural resource' (Welch & Piekkari 2006). Lu et al. (2015) quoting Tsang (1998, p. 511) argued that "communicating in the respondent's language is of paramount importance" for three reasons: it allows respondents to "fully express themselves"; it establishes "good rapport"; and enables the interviewer to interpret the interviewee's statement with "cultural understanding". I found that the communication in the interviewee's first language provided them with the opportunity to express themselves freely and it produced more authentic answers with subtle nuances. The employees interviewed in English had extremely good communication skills in English language, however, they did occasionally use their first language, of Spanish, to clarify details.

In order to maintain these nuances I decided to transcribe the Spanish language interviews in Spanish and carry out the analysis in both languages. That meant that I assigned the codes in English language, however, the Spanish text was analysed, divided into categories in Spanish language. Only the quotes that I included in the main body of the work were later translated. This strategy was in line with my choice of methodological approach recommended by Corbin and Strauss (2008). There have been many cross language barriers in the transcription

and analysis process that I had to consider and I took great care in the translation and transcribing process to make sure that the data is presented as accurately as possible. I have found the analytic tools recommended by Corbin and Strauss (2008) essential in overcoming the cross language barriers. For example, many of the participants would talk about the "logics" of the western clients or artisans. Although this word coincides with the terminology used in Institutional logics literature it does not necessarily have the same meaning. Lógica- is a word in Spanish widely used to refer to somebody's way of thinking. In this case I used the questioning tool, instead of assuming what they mean by "logica" I have asked the participants to explain the meaning they assign to the word.

This second stage of the data gathering concluded by interviewing the managing directors for a second time, clarifying any questions that had remained unclear. I also had access to the company timeline which one of the managing directors had created upon my request from the first visit. This has been helpful in the process of understanding the changes that have taken place in the company (see Appendix 3). During the meetings we discussed the following questions regarding the changes:

- The reasons behind the changes.
- How has the company managed these changes?
- How has it affected the company's business practices and identity?
- What have been the lessons learned from the changes?

Interviews with the producers

The visits to the producers were again accompanied by the company staff members and had a similar format to the previous visits. This time I visited two of the producers that I had interviewed during the first visit, as well as a new producer who had only started to work with Allpa in the past two years.

The aim of these visits were to fill the gaps and find answers to questions that emerged from the first visits, as well as gain an understanding of the changes that had taken place after my first visit and the reasons behind them. The observations and interviews revealed the changes influenced by Allpa (details in the findings section). For example, in the workshop of one of the artisans I had noticed a

formal company structure, mission and vision statement banner on the wall, which Allpa's employees had helped to create for the producer. The general feeling was that the producer companies are striving to become like Allpa, inspired by their success and professional attitude to work.

<u>Interview with external organisations</u>

I had interviews with representatives of three external organisations. One of these took place in the offices of Allpa. In Allpa I met one of the USAID (United States Agency for International Development) employees who has worked with the handicraft producers in Peru since the 1980s. She kindly agreed to have an interview about her work in the industry and her experience of working with Allpa and similar companies. She was visiting Allpa as a part of an induction programme for embroidery (more details about this observation below). The interview was in Spanish and lasted more than one hour. Her breadth of experience in the industry shed light on my questions and was very valuable for the research. Among other questions about her experience in the industry, I asked her, "How different (or not) is Allpa in comparison to other FT or exporter organisations she works with?" She also explained her understanding and experience of working with FT and MM companies and producers who try to export directly to both of them.

The second interview was with a representative from PromPeru (Comisión de Promoción del Perú para la Exportación y el Turismo, www.promperu.gob.pe), an organisation to support and promote Peruvian exports funded by government. The interviewee has been working in PromPeru for over nine years and dealing with Allpa since 2004, he has a depth of experience of helping many companies like Allpa to export Peruvian products. He also has many years of experience with working in FT and MM and with local handicraft producers. The interview lasted approximately two hours and was conducted in Spanish language. This interview gave me a good understanding of the positioning of the Peruvian handicraft export market in Latin America and Allpa's role in it.

The third external interview was with a representative of ADEX (Asociacion de Exportadores) (www.adexperu.org.pe). ADEX, which is a Peruvian exporter association, a membership-based private organisation and not funded by the

government. The interview was with ADEX's representative who works with companies similar to Allpa, and it took place in the offices of ADEX and lasted almost an hour. The questions were related to the representative's experience in the handmade industry in Peru. We discussed her experience working with FT and MM and again the difference between Allpa and other similar organisations with which she works. After the interview she sent me documents of interest including the National Plan for Export and statistics of export from 2001-2013, a map of the artisan work spread in Peru.

Observation of the embroidery programme

One of my observations was the introduction of the new embroidery programme that started in Allpa during my visit. Allpa had invited some embroiderers from the Ayacucha region to teach a special embroidery technique to Allpa's staff with the dual aim of making a new range of export products and preserving the disappearing skill and tradition. It was explained to me that the Ayacuchan embroidery is special in its technique and is potentially a dying tradition. Allpa's management, with their in-house engineer, were trying to come up with an efficient solution for production as well as teaching local embroiderers the specific technique.

I was permitted to be an observer during this induction. The induction consisted of the embroiderers (who come from the Ayacucha region, some of whom had never been in the capital before) being introduced to Allpa's staff members, the aims of the project and the staff's role in the process. There was an introduction to Allpa and the role of FT in Allpa. Since this was my last day of the visit (and my research interviews were all concluded) I was asked to give a brief talk on women in leadership, with the aim of empowering and encouraging the Ayacuchan embroiderers and majority female staff. I also talked briefly about my research and thanked the employees and management for their participation and support. Below are some photos of the induction day.

Picture 19: Allpa embroidery induction programme 2012

Picture 20: Allpa embroidery induction programme 2012

5.3 DATA ANALYSIS

In this stage of analysis all the interviews from my second visit were transcribed and the software package NVivo was used to enable the above described coding. This phase was concerned with identification of Allpa's experience of multiple logics and identification of the mechanisms employed to cope with competing logics.

I have followed Corbin & Strauss's (2008) open coding approach for analysis. By analysis Corbin & Strauss, (2008:64) refer to the act of giving meaning to data, their version of analysis means taking data apart, conceptualising it, and developing concepts in terms of their properties and dimensions in order to determine what the parts tell us about the whole. By coding, Corbin & Strauss, (2008) refer to the process of taking the raw data and raising it to a conceptual level.

In practice this meant firstly interacting with data by reading the data multiple times, listening to the interview recordings and asking questions about the data. This process was done by firstly breaking down the data into manageable pieces. I took one interview at a time and looked through each section of the transcripts of the interview in its original language (Spanish).

Secondly I categorised the data into codes by looking through the sections of the interview with the aim of finding ideas. This was followed by giving the ideas conceptual names (codes). This was followed by grouping these codes into concepts. The codes were ranged from lower level to higher level concepts. The higher level concepts were called themes, themes point to what lower level concepts indicated.

This process of analysis has involved iterating between data, concepts and themes and ended when enough categories and associated dimensions were defined to describe the cultures of the divisions. This has been referred as 'theoretical saturation' Corbin & Strauss, (2008).

Thirdly, I used the constant comparison method by comparing the codes with their respective quotes/extracts from the transcripts of the interviews. This step helped to define and develop certain concepts further. Finally I compared different concepts to each other, which resulted in the definition of a set of properties and dimensions describing each theme and an integrated category as a result. The themes were then compared with categories, which resulted in definition of final integrative categories. Table 8 and

Table 9 illustrate an example of the coding process.

Codes in open coding	Sources	References
Artisan Logic	8	15
Artisans' perception of Allpa	4	8
Business practices	11	13
Employees perception of Allpa	11	24
FT and MM	11	20
FT and MM logics in the eyes of Allpa	8	12
HR issues, alternative employment	6	10
Innovation and efficiency	6	15

Table 8: Example of coding process

Quote	Code in open coding	Concept	Theme with properties and dimensions
Allpa is not like the other enterprises (------). Allpa is interested in training the producers in their work processes, to make them faster with new technologies and to produce better quality products. They are always behind the producers, including helping them to cost the products so that the producers have profit out of it.	→ Allpa's relationship with producers		
Allpa always aware, they are same as us trying to see the technological part and this is a big advantage for us. We often don't have resources to pay for training, but they do it for us. They bring people to train us and this brings the productivity up"	→ Allpa's relationship with producers	Flexibility in dealing with multiple logics	**Allpa's identity** •Allpa differentiates itself from FT, MM and LP and positions itself somewhere in between •Allpa's identity has changed during the time •Allpa is like a hybrid organisation where one can see influences of multiple logics
Allpa is different because of its constant design of products, they contract designers, and they develop new lines of products and expand their markets. ---------- Other buyer organisations normally buy what is offered to them by the artisans, in comparison Allpa requires specific designs for their customers.	→ Allpa's commitment to customer satisfaction		
We are trying to be both (FT and MM), at the end of the day the main part of the business success is that the survival of the producers. Allpa has the flexibility to satisfy the clients from the FT and also travel to the United States of America and satisfy big chains that have nothing to do with FT. I think that the way to survive in the artisan market is to have this flexibility, to be able to say this client does not buy this year but the other does, and the other year is the other way round. And finally to be able to be socially responsible, you need to be able first of all to do business, for this reason we are looking to be a bit of both"	→ The importance of FT, MM and producers		
First of all Allpa is an organization that is run by two partners, here in Peru it's hard to work in a partnership and last for such a long time. Secondly, the difference between Allpa and other organizations is that they are sustainable (------) Thirdly they are in the FT sphere. Although we do not talk about the prices, but the fair treatment is what I appreciate more.	→ Influence of FT logic	Producers are one of the pillars of Allpa as an organisation	
"The objective of Allpa is not to export, it is to be in the market in a sustainable way, it means not just today, it is yesterday, today and tomorrow. This is the culture of the quality that we have, it's the logic of the quality"	→ Sustainability and quality as fundamental values		

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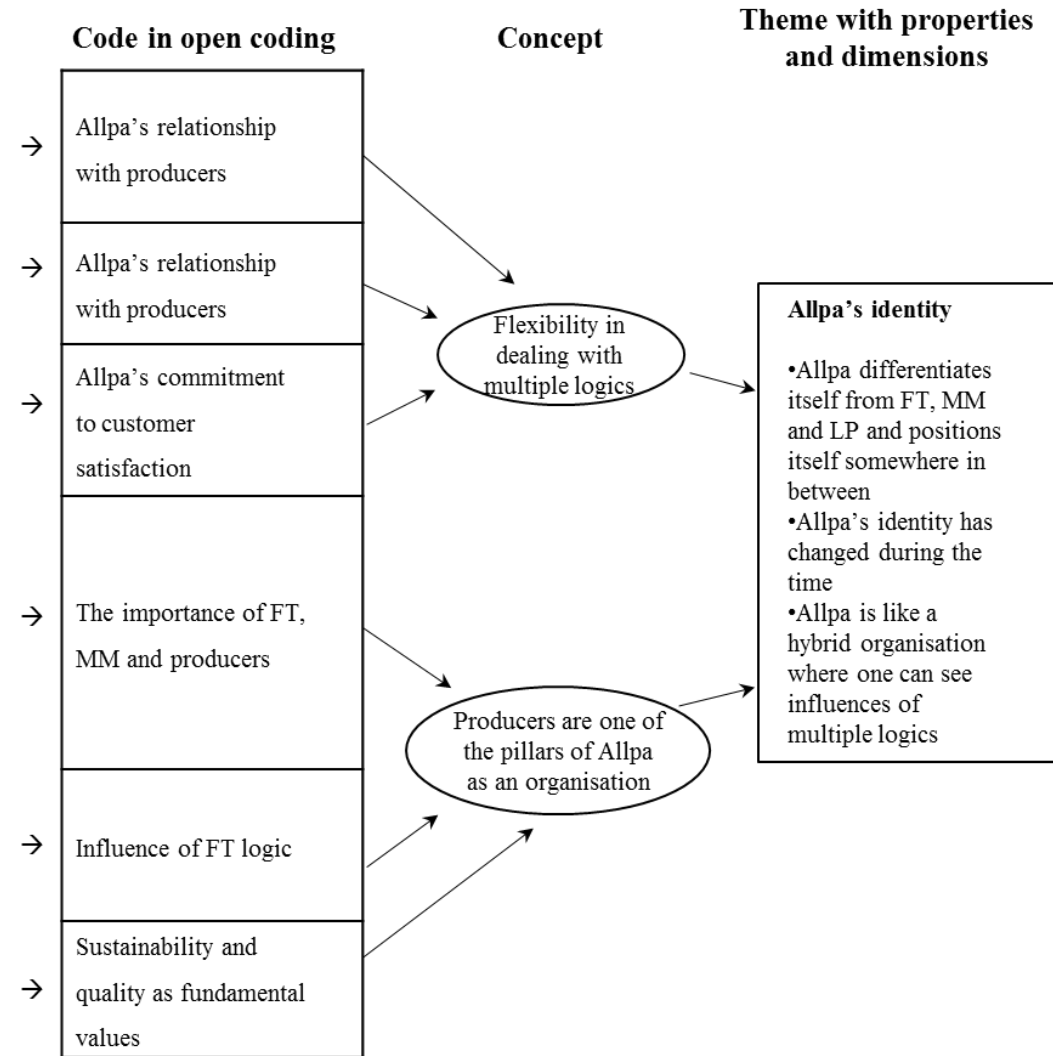
Table 9: Codes in open coding used in data analysis

Codes in open coding	Sources	References
Artisan Logic	8	15
Artisans' perception of Allpa	4	8
Business practices	11	13
Employees perception of Allpa	11	24
FT and MM	11	20
FT and MM logics in the eyes of Allpa	8	12
HR issues, alternative employment	6	10
Innovation and efficiency	6	15

During the process of coding I have not only read the interview transcript multiple times but I have also listened to the interview recordings to make sure all the categories subtracted from the interview were validated (Lansisalmi et al 2004).

Following the methodological approach of Corbin & Strauss, (2008) the concepts and the themes became the foundations of my analytic methods. Concepts helped me to organise and group the vast amount of data I was working with. Corbin & Strauss, (2008) refer to concepts as the analyst's impressionistic understanding of what is being described in the experiences, spoken words, actions, interactions, problems and issues expressed by participants.

To arrive at final higher and lower levels of the concepts, during the coding process I have used multiple analytical tools to interact and interpret the data. One of the main analytical tools I used during my analysis was the questioning and checking various meanings of the words used. When presented with a vast amount of interviews and data to analyse I found it useful in getting started and digging for meanings. For example some of the employees had mentioned during the interviews statements like the following one.

> "The producers are different they have a different mentality, they are not like us"

In this instance I had to ask questions like "what do you mean by they are different? What means having different mentality? What do they mean by "they are not like us?" How do they perceive themselves? Who is us? Did they always see producers are different? How do the producers see Allpa?

Asking questions has helped me during the interviews to clarify answers and 'dig deep' to understand the participants, but it has also helped me during the data analysis where I looked into the overall data for answers. Thinking about various meanings of the words used was a particularly useful analytic strategy because my data was in Spanish language and my analysis in English. Being a bilingual researcher I particularly used analytical tools which involved looking at language and looking at the emotions that were expressed during the interviews

as recommended by (Corbin & Strauss, 2008). Those tools helped me to understand the importance the participants would place on certain issues and the meaning they gave to them.

Constant comparison has been another tool recommended by Corbin & Strauss, (2008:73) which I have used during the analysis when I compared the incidents in data for similarities and differences. This is a method that has led me to group incidents together to form higher level concepts in data. This type of analysis is essential as it allows one to differentiate one category/theme from another and to identify properties and dimensions specific to that category/theme (Corbin & Strauss, 2008:73). For example, a quote below represents a comment from one of Allpa's employees.

> "Allpa is different from many other organisations in Peru, we have a very fair schedule that helps us to have a good family life, there is no forced or child labour, and we have a respect for gender equality"- employee

In my analysis of the interviews I followed a process of looking for quotes expressing Allpa's difference or perception of Allpa by other organisations and producers to find similarities or differences. Below is a quote from a producer expressing the difference between Allpa and other similar organisations.

> "Allpa is not like the other enterprises who put an order in and are not interested how one manages, or how one makes improvements in the workshop. Allpa is interested in training the producers in their work processes, to make them faster with new technologies and to produce better quality products. They are always behind the producers, including helping them to cost the products so that the producers have profit out of it."- E2

One of the themes that came up from multiple similar quotes was Allpa's identity and the influences of the multiple logics over time.

Theoretical comparison (Corbin & Strauss, 2008:74) was another tool I used during the analysis, this has helped me in particular to think about the property and dimensional levels of my data. These dimensions were later triangulated by observations. For example when many of employees commented that they see the producers as friends/family, instead of taking the words friends/family as a

raw data I wanted to examine to question what does the ward "friend, family" mean for them. I observed their relationship when we had the producer visits and compared them with the relationships with other colleagues and the relationships with the buyers. This exercise follows the methodological approach of (Corbin & Strauss, 2008) referred as theoretical sampling. I used questioning, constant and theoretical comparison methods through my analysis. These processes have helped me to go from the detail of the data to a more abstract level hence enhancing the interpretation and the analysis.

I have followed Corbin & Strauss's (2008) recommendation and kept a research journal. By recording my thoughts, actions, reactions and feelings during the research I was able to first of all remember the events after the data gathering stage, then to reflect back on my data and my relationships with it.

To finalise my analysis at this stage, a constant comparative method (Strauss & Corbin 2008: 73-74) was applied on three levels. Firstly, I compared different codes and respective extracts of transcriptions, which resulted in the definition and selection of a set of concepts to be elaborated further. Secondly, different concepts were compared to one another, which resulted in the definition of a set of properties and dimensions to describe each theme and finally an integrative category. Thirdly, themes and categories were compared which resulted in the definition of three main integrative categories (Allpa's complex institutional settings, Logics Multiplicity within Allpa, Changes of logics multiplicity with time) in describing and distinguishing subcultures.

The categories were validated by comparing them with the information obtained as follows. Firstly, reading the summaries and listening to the tapes of the individual interviews.

Secondly, I analysed the company documents and compared them with the interviews with the aim of identifying the changes in the organisation, the reasons behind the change and whether it was an influence of the logics surrounding Allpa (documents attached in the appendix). I was aiming to determine the actions and responses to events of the key actors involved. This methodology was used by Reay & Hidings (2009) to understand institutional change and the influences of the Institutional logics on them. Based on the contents of documents and

interviews the data was categorised by the major events that changed the company's direction during the years. (Table 10) shows an example of the process.

Table 10: Example of analysis of major events

Year	Event	The problem that was identified	Decision/actions
1986	Development NGO a rural development project (assist artisans to improve quality of the final product).	NGO was not suitable to connect the artisans with the market. NGO has a not-for-profit mentality which is neither entrepreneurial nor commercial	Starting Allpa as an entrepreneurial project (Allpa was formed to connect artisans with the foreign market)
	Traidcraft and Thousand Villages as first organisations to trust Allpa with orders. Allpa received $50,000 loan from a German agricultural development organisation. Allpa had to pay it back with interest.	The NGO "mentality" and practices were not appropriate for making a profit.	Be entrepreneurial to be able to repay the loan. Started to export to make money. Efficiency became the key word
	FT was the only customer, not very demanding and easy to deal with. FT customers struggling to sell products.	Limited scope for growth for Allpa and artisans.	All work is done in house, sometimes with the help of relatives employed.
1993-1994	Turnover dropped by 60% as consequence of the drop in FT orders. At the time Allpa was relying on FT for 100% of orders.	FT shops were not attractive enough, they were based in church halls, did not look like a boutique, and the shops did not work as conventional shops, more like charities.	24 employees were made redundant. A decision was made to explore the MM. Commissioned an external advisor to conduct market research in United States of America.
1995	A turning point for the business with crafts becoming popular in global market and international competition increasing.		Entering a conventional mainstream market was a decision that was recognised as a turning point for the company.

The final stage in the research methods has been to map out the findings in Besharov and Smith's (2014) framework. As discussed in the literature review chapter, studies of organisations that embody multiple logics have suggested a variety of organisational outcomes, in particular internal conflict (Battilana &

Dorado 2010; Kraatz 2008; Pache & Santos 2013; Pache & Santos 2010; Greenwood et al. 2011). To understand how multiple logics manifest in an organisation and the implications of multiple logics on the internal conflict Besharov and Smith (2014) combine compatibility and centrality to provide an integrative framework. They combine the dimensions and form four ideal types. I have used their framework with my data and the findings are presented in the following chapters.

5.4 METHODOLOGICAL AND ETHICAL CONSIDERATIONS

In terms of methodological limitations I am aware of the fact that single-case studies can richly describe the existence of a phenomenon (Siggelkow, 2007), however, multiple-case studies typically provide a stronger base for theory building, the theory is better grounded, more accurate, and more generalizable (all else being equal) when it is based on multiple cases (Yin, 1994). Multiple cases enable comparisons that clarify whether an emergent finding is simply idiosyncratic to a single case or consistently replicated by several cases (Eisenhardt, 1991). Perhaps future research could follow similar steps and research another organisation to build a more robust theory. This could be conducted in a different country to compare the geographic and cultural differences.

The research followed the ethical guidance of Durham University's "Policy for the maintenance of good practice in research". As the project involves human participants "the research review checklist" was completed as required. All the research ethics issues were considered and handled appropriately within Durham University Business School guidelines and procedures.

Some ethical considerations of research were raised by Cassell & Symon (2004). Also when collecting interview and observational data issues of confidentiality may rise. To avoid such issues I ensured that I clearly communicated to the participants of the study my objectives and intentions before data collection. I have also explained the details of how the research results will be presented and that their identities in quotes and opinions will not be revealed (unless prior permission was granted). The participants were given the option to withdraw from the study.

Prior to commencing any fieldwork, permission was sought from all parties. Before carrying out the research in the form of interviews, I explained to the participants the reasons for doing the research, and the intended outcomes. The research was carried out only after the written informed consent was obtained, however, some of the participants gave verbal consent (for example the woman from the embroidery projects).

5.4.1 Positionality and sensitivity

The Corbin & Strauss (2008) approach assumes that all research is subjective and the conceptualisation of the research is formed by the experiences and interpretation of the researcher and doing a qualitative research the researcher is able to use her own experiences when analysing materials.

My curiosity and interest in discovering and learning about people´s real life experiences has been a driving force for my research. My aim was to conduct research which would allow me to understand a world of business and people's experiences in it in a much deeper and more meaningful way. This would allow me to investigate meanings, relationships and experiences. I am hoping that the results of the research will have both academic and non-academic/commercial relevance. My intention from the beginning has been to take seriously the words and actions of the people I studied.

During the research process, whilst interacting with the new cultures and other people's realities, I have been more conscious of my own values, assumptions,

intentions and cultural background. It is important to mention that my positionality and values have not always been clear to research subjects during the research process. For example, I have been perceived as a Traidcraft associate or a western client by the artisans. It was important for me to successfully clear these misunderstandings and clarify my own positionality before the start of the interviews.

My own positionality has also been important in the decisions taken during the research process and the conclusions derived from the research. However, I had tried to be flexible and open enough at the start of the research. Quoting Corbin & Strauss, (2008: 33) "When we speak about what we bring to the research process, we are not talking about forcing our ideas on the data. Rather, what we are saying is that our background and past experiences provide the mental capacity to respond to and receive the messages contained in data- all the while keeping in mind that our findings are a product of data plus what the researcher brings to the analysis"

Sensitivity stands in contrast to objectivity, it requires that a researcher put herself into the research (Corbin & Strauss 2008: 32). Sensitivity means having insight, being tuned in to, being able to pick up on relevant issues, events, and happenings in data. With previous experience working with both data and people, I had an advantage in understanding the issues and the problems from the point of view of the participants. During the research I felt that my experience in business enabled me to understand the significance of some issues in a particular way, to see connections between concepts and connect with the participants better. However, I was also aware of the fact that the professional experience can prevent analysis, hence I followed the Corbin & Strauss (2008: 32) recommendations to always compare knowledge and experience with data, never losing sight of data.

Sensitivity in cultural issues was especially important in the research because it was being conducted in a foreign culture. I was conscious of cultural differences and was trying to avoid misunderstandings and misinterpretations by open communication. I mainly conducted the research mainly directly in the language of the participants (Spanish). This was a considerable advantage for understanding the nuances of the conversation as well as conducting

observations. Speaking the participants' language has also helped me to overcome certain misunderstandings. For example, (research diary entry 17 July 2013) whilst driving to visit one of Allpa´s producers with a staff member, I heard the conversation in the taxi between Allpa's staff member and the producer where I was being introduced as a visiting client. Not wanting to mislead the producer or create potential expectations I explained the aim of the visit to the producer clearly and stated that I was there to conduct academic research and was interested in their work for purely academic purposes. According to (Pratt 2009) one should be very clear about one's "position in the field": the relationship between the researcher and the researched. This clarification did change the dynamic of the conversation with the producer and allowed them to be more relaxed and open during the interview.

Secondly, being a female researcher with business experience, in this case has served as an advantage, considering the fact that the two founding directors and the majority of the staff members in Allpa are female. This fact has helped me and the participants to connect with each other with more ease and openness.

I begin this chapter by identifying the research questions and the strategy taken to answer the questions. This chapter demonstrates the steps I have taken to link the research questions and issues to data collection, analysis and interpretation. I have broken data down into smaller pieces and reflected on the data in memos, I asking questions about the data and used various coding tools to uncover meaning. The evolution of this process has been a fascinating journey of discoveries documented in the next findings chapter.

6 FINDINGS

This chapter is divided into three main subchapters. The first part presents Allpa's complex institutional setting and the three main logics that affect organisational functioning. The second part explains the heterogeneity in how multiple logics manifest within Allpa by employing Besharov and Smith's (2014) framework and categorizing types of logic multiplicity based on two key dimensions: compatibility and centrality. The third part looks into how the types of logic multiplicity have changed within Allpa during the years, Allpa's flexibility to adopt changes and their implication for Allpa.

6.1 ALLPA'S COMPLEX INSTITUTIONAL SETTING

One of the gaps in the IL literature is that the majority of studies consider only two logics (Greenwood et al. 2011; Besharov & Smith 2014). It has been recommended that future research should take into account the multiplicity of logics in the given context, and an examination of the setting in which more than two competing logics are to be found. Greenwood et al. (2011) also recommend taking into account the patterns of complexity that confront organisations, arising from the multiplicity of logics to which organisations must respond, and the degree of incompatibility between those logics.

Developing on the above ideas, I began the research by looking at Allpa in a wider context, with the intention of examining Allpa's institutional setting, and identifying the logics that influence the company. I mapped the main influences on Allpa during the preliminary study. Figure 6: Influences on Allpa" illustrates these in colour-coordinated form, where the darkest ones are the strongest

influences according to the interview results. Mapping out all potential influences was a useful exercise in identifying the institutional logics that manifest in Allpa, without any prior assumptions. As a result I have identified three major logics that surround the organisation. I found that The Fair Trade, Mainstream Markets and Local Producers logics are all present and reflect in the organisational structure and practices (Kraatz 2008; Greenwood et al. 2011).

I will firstly discuss the three main logics that affect Allpa, followed by the minor influences on the organisation that do not strongly affect organisational functioning.

Figure 6: Influences on Allpa
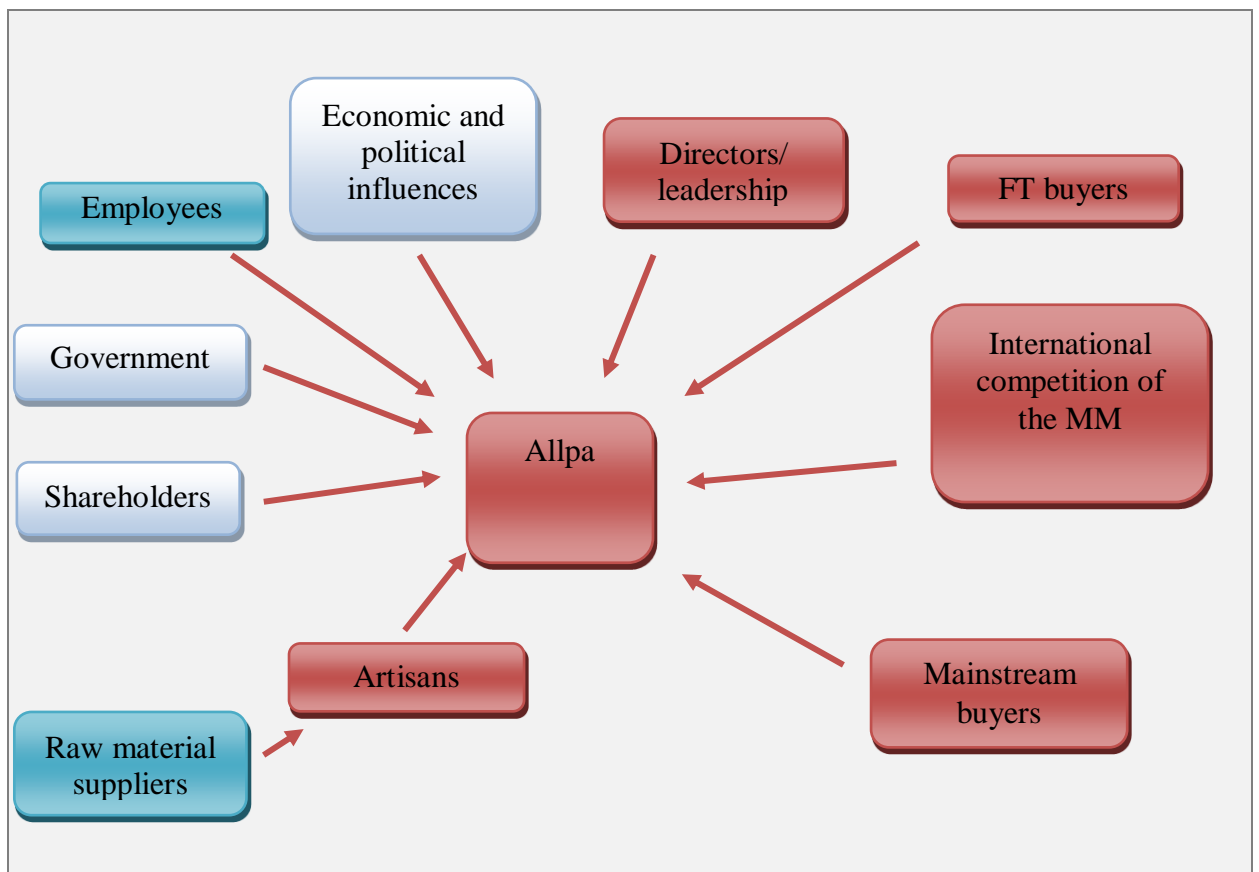
6.1.1 Fair Trade

Allpa's experience from the very start of their encounter with the FT logics, in this case with Traidcraft and Ten Thousand Villages (see Allpa's history in Chapter 4), its principles and ideology have had a significant impact on the

organisation. FT logics dictates sustainability, transparency, partnership and trust and these are prevalent in Allpa's features and are central to its functioning. The logics of FT has changed not only the inter-organisational practices but also has transferred to Allpa's relationships with producers. Their relationship with producers is intended to be based on long-term partnership and is evidenced by financial investments in producers' businesses, alongside with investment of time and training to develop the producers and their workshops. The quotes below demonstrate how FT values and principles are ingrained in the organisational principles and practices.

> "You can see the principles of FT in the communication with the producers. Also Allpa is different from many other organisations in Peru, we have a very fair schedule that helps us to have a good family life, there is no forced or child labour, and we have a respect for gender equality------ I can see all 10 principles of FT in Allpa." - E1

> "---- the job of Allpa is to promote and export handmade products so that the producers have a channel to sell and means to live on. I can see this attitude not just in the managing directors but in all Allpa's personnel. I think this is something that will not be changed in Allpa." – C5

> The next set of quotes demonstrate Allpa's perception of FT, in particular the principles of reliability and commitment present in FT logics, the influence of the FT logics on the branding and perception of Allpa in Peru.

> "The good thing about FT is that when there is a crisis in the market, like the decrease in demand from USA, FT's orders maintained us. They did not have big volume orders but they would still place orders, which kept us in work. This is not the case with other clients, with any crisis or problems, they stop the orders."- F1

> "---- when a product development enquiry arrives from a FT organisation, it is a joy, because we know that this will be converted into an order and sales, and most probably they will order not just once, but twice, three or four or more times. The MM clients are good too, as their orders can be big, they often assure us that after the product development there might be a big order, but that is not always the case, or they just order once. There is a big difference between the

> FT and MM and the artisans know this too. When they know it is a sample to be developed for FT they do it with great pleasure, as their time spent will be rewarded with an order."-D5

> "Being associated with the FT brand helps us to be in the commercial market, it's a trendy brand to be associated with."-A2

> "Maybe so far FT has been seen here in Peru to be for poor people or small organisations, or people who are not in the mainstream, but now FT is a concept that has been incorporated by PROMPERU (Peruvian Government initiative to promote Peruvian handicrafts), and there are projects to create more certifications, many other colleagues in the industry are asking us.: What does it mean being FT? We want the certifications too."-A2

The interviews showed that although the FT logics has a big influence on the company, the level and nature of the influence has changed over the years (this will be discussed later in the chapter). An example quote is shown below:

> "During the economic crisis the commitment of FT which is a strength became a weakness, because FT developed really slowly, the professionalization is much slower, this is another disadvantage that it has."-A2

Allpa as an organisation from its establishment has been rooted in FT logics. FT was a dominant influence due to being their main buyer, and their source of information regarding the market trends, it can be argued that Allpa was resource-dependent on FT. However the relationship has changed during the years with Allpa expanding and being able to "stand on its own feet", Allpa perhaps did not need so much "hand holding" (an expression used by one of the MDs). It was also mentioned that with all the support that FT has given them, in the past, it had also been too tolerant and had "spoiled" them (this will be discussed later in the chapter).

6.1.2 Mainstream Markets

After entering into mainstream markets Allpa encountered a new logics which contrasted with the FT logics of transparency and traceability. The almost invisible supply chain of MM which focuses on sales and product characteristics forced Allpa to concentrate more effort and invest considerable resources on product development. MM volume demands stretched Allpa's production capacities, leading the company to accommodate various internal and external changes, including being forced to produce standardised handmade products. The logic of the MM with its strict product demands was transferred from Allpa to artisans and resulted in terminating contracts with some producer groups who were unable to manage the orders. This is a contrast to the FT logics of long term relationship and sustainability.

> "We have to choose the producer who wants to be entrepreneurial, who wants to take risks, who will manage the quality we need, use the allowed materials, let us enter to his business so we can help him with technology, planning and the supervision of the production. This means they have to share the same mentality or it will not work……….. The nature of the export work is a constant battle, the most challenging thing is when one line of the product is not in demand any more, the artisans stay out of a job, the conventional international market is a judge. This is something that is not possible to change significantly, we can try to change the product to adapt, but if something is not in demand we cannot do much about it."- A1

> "The MM is much more concrete and fast, this is perhaps a cause of conflict here sometimes, because there are people here who are more used to working with FT and later when the MM comes, which is much quicker, more demanding, and we have to do the same thing. What I want to say is the result has to be the same, but the process is different. But this happens in the FT as well, there are companies that are stricter than the others. This is not a big problematic conflict but there is a difference."- C5

The exacting requirements of the mainstream companies have pushed Allpa to achieve more by jumping through lots of product certification hoops. For

example, in 2011 Allpa had to go through another certification process to be able to export to some mainstream clients. The BASC (Business Alliance for Secure Commerce) is a certification scheme created in the USA to address the problems of concealed contraband in commercial trade.

MM brought the challenges of international competition. When entering into global markets Allpa is required to compete with countries which can produce the same item with lower prices, mainly due to lower wages (discussed in more detail in the Chapter 4).

> "Nowadays customers can receive products from anywhere in the world. There is a permanent battle of prices. It is not just about the price, the competitors also are permanently introducing new products to the market, and this opens the buyer's possibilities. This means that we have to renew our products and the technological advancements. We have to compete with the competitors' prices, product diversity and technology". –A1

> "You need to have "ojos de mosca" (a Spanish expression meaning eyes of a fly, someone who can see in all directions) to be able to succeed in the current markets". –A1

The influence of the MM competition has had its benefits as well as drawbacks. It has over-stretched the resources of Allpa, WHICH forced the leadership to revisit their production and administrative processes. Most of the processes have been reengineered as a result to achieve a maximum level of efficiency.

6.1.3 Local Producers

After careful consideration, I separated the influence of the Local Producers as a separate logics due to its influence on Allpa as an organisation, its processes and actions as well as influence at the individual level on employees and the leadership. This is a logic that is derived from local culture and society. Although not as prominent as FT and MM logics, the logics of LP is still responsible for justifications of some actions and decisions in Allpa (Thornton, Patricia & Ocasio

2008). However, the influence of the LP logics has been decreasing over the years and becoming more peripheral, as discussed later in the chapter.

The directors themselves consider the three 'pillars' of Allpa to be the buyers, Allpa's employees and the artisans (or local producers as they are referred to in this work). The logics of LP is based on national pride in Peruvian craft heritage, non-formality of business relationships, support expectancy and dependency.

> "The producers have a different culture. In addition there is a difference in the levels of producers, depending on their business size. That is why when we have meetings in Allpa regarding the producers I always remind people that we need to bear in mind the size of the producers' businesses and who we are dealing with. Some of them that are bigger will be able to contribute more, understand better our processes. With the smaller ones, especially the startup ones that are more like family business entities, we need to help them more so they can understand all the processes, documentations involved. This means that depending on the size of the business we have to help them more or less. This means very close working together especially when it comes to finances and costing. The producers need to trust us and give us all the information regarding the costing. We do this to help them manage the pricing side of the business. Many of them do not have any understanding of costing and think that the costing consists of only the price they paid for the raw material and the hourly labor. They do not calculate the electricity, water, nor even their own salary. We try to help them cost the product properly so they can have earnings, so they can have a fair price for the products. We do not want them just to receive money we want them to earn profits"-B2

Although the LP logics creates a variety of tensions in Allpa depending on the size and the nature of the artisans' businesses (the compatibility of the LP logics with the FT and MM will be discussed later), the main influence of the LP logics within Allpa is on the employees who directly work with them.

> "In the organisation there can be problems arising because some of the employees are influenced more by producers' logics as they work so closely with them, but the others who work more in the commercialisation and are more in touch with the buyers have different logics. This creates a clash of two worlds in our organisation. Often it is difficult during the meetings as each of them is defending their point of view and

we have to try to come to a common conclusion. This affects the manner that we do business here. Allpa's role is to be in the middle of all these worlds……. We need to do a lot of coordination, this makes our business to be a very particular one, because this is not just an interchange of merchandise and money between two parties. It's often an interchange between two people and big companies who do not have the same needs and logics." –C5

6.1.4 Other influences

Economic, political and government influences: Competing in global markets, Allpa is affected by many global economic factors in addition to internal Peruvian economic conditions. The stability of the Peruvian government has a significant influence on trade, in the case of any terrorism or drug trafficking the international market reacts quickly and the trade relationships suffer. Stability means investment, currently Peru is safer than it has been previously and has lower inflation. An example of the influence of the international economy and its instability is the effect of the events of the '9/11' terrorist attack in the USA, one result of this was that customers in the United States significantly reduced their orders, causing a substantial impact to Allpa's business.

Allpa's opportunities to export are much better when the country and the currency are considered safe in the eyes of the international market. According to Allpa, the stability of their currency in recent years has been an advantage for export. The Nuevo Sol is one of the least volatile currencies in the South America, exhibiting firmness in the face of international market and currency fluctuations.

The direct influence of the government is minimal. One of the company directors contrasted the Peruvian government with the Indian government, which has a Ministry of Textiles, and Indonesia, which has a Ministry of Design. The perception of the company's staff and management is that in Peru there is almost no tangible support from the government, in fact they believed that the direction of influence is from Allpa to the government. Since they are the leaders in the industry, the government often requests Allpa to promote Peruvian trade shows and encourage other companies to participate. Quoting one of the directors:

"We are a locomotive; if we go to a show others will follow"- A1

Although the management considers the government influence to be minimal, the government has a policy of giving a rebate of the 5% export sales tax to the exporters. Some companies can reclaim the money, and while Allpa claims that it is a long bureaucratic battle, this 5% seems to be important for the profit margins when exporting. Allpa's profit margins are from 5-10% including this government subsidy. According to the directors, Allpa cannot achieve the same profit margin in the local market, in order to sell profitably and with sufficient volume in the local market they would have to change their strategy, they would have to produce souvenirs for the tourists. To do so they would have to reduce both the prices and consequently the quality, which seems to be against the company's beliefs and culture.

Shareholders: The development NGO which helped to start Allpa 30 years ago has retained its original 51% share in Allpa (data from 2013), however it has a very low impact on the practical management of the company. The board of shareholders meets only once a year and has very little influence on the company. The directors believe that the NGO is currently having financial difficulties of its own, if it goes bankrupt then the beneficiaries i.e. the governing body will take charge of the shares. This would have a high impact on Allpa, so in 2013 Allpa was negotiating to buy back the shares to be owned by the company employees. The 49% remaining shares belong to the two founding directors and two other investors known to the directors who provided start-up capital. The directors were considering offering a loan to the employees to enable them to buy the shares back from the NGO. I have been informed that in 2016 this transition is still in process and may take few years to complete, due to the lack of funds available.

Minor influences: The Chamber of Commerce, exporters unions and universities are among the organisations mentioned during the interview. These organisations were ranked by interviewees as having a low impact or no impact at all, however the directors mentioned that they have previously hired specialists from a university to help them with redesigning the organisation. Allpa has also been trying to help local universities to be more influential in Peruvian crafts

development, by encouraging them to initiate projects such as design competitions. The directors have a passion for crafts preservation and presenting Peruvian traditions which they think may be lost without the support of public institutions and sufficient public interest. To raise public interest and support Allpa has opened various exhibitions during the years. I visited one major exhibition which they opened in 2011 to celebrate the 25th anniversary of Allpa. Below are some photos from the exhibition.

Through examining Allpa's institutional setting, the exploratory study revealed the logics that Allpa faces. I therefore focused this research on the logics of FT, MM and LP which I judged to be the most significant influences based on the balanced responses from my interviewees. In the following sections the influences of these three logics will be discussed in more detail.

6.2 LOGICS MULTIPLICITY WITHIN ALLPA

To explain how multiple logics are manifested within Allpa and how Allpa responds to these logics, my analyses followed the framework developed by Besharov & Smith (2014). The framework demonstrates how multiple logics manifest within organisations by categorising types of logic multiplicity based on two key dimensions, centrality and compatibility. The aim of the framework is to describe the degree of compatibility between these logics and the extent to which multiple logics manifest in core features that are central to organisational functioning (Besharov & Smith 2014).

The findings are presented by the factors that affect the degree of compatibility and centrality. I have analysed the effects of three logics on the organisation according to the drivers of variation in compatibility and centrality as recommended by the authors (see Table 11).

Table 11: Besharov and Smith (2014)

Drivers of Variation in Compatibility and centrality (Besharov & Smith 2014)		
Level of Analysis	**Factors that influence compatibility**	**Factors that influence centrality**
Institutional field	Number of professional institutions and relationship between them	Power and structure of field actors (i.e. fragmented centralisation)
Organisation	Hiring and socialisation	Mission and strategy Resource dependence
Individual	Ties to field level referents Interdependence	Adherence to logics Relative power

6.2.1 Compatibility

Besharov & Smith (2014:367) propose compatibility as a key dimension along which logic multiplicity varies within organisations. They define compatibility as the extent to which the representation of logics indicate consistent and reinforcing organisational actions. They propose that consistency regarding the goals of organisational action is more important for compatibility than

consistency regarding the means by which goals are to be achieved. Hence, compatibility is lower when there are inconsistencies regarding the goals of organisational action than when there are inconsistencies involving only the means by which goals are achieved. To answer the questions of, "What are the factors that influence logic compatibility?" and "To what extent the representation of the three logics indicates consistent and reinforcing organisational actions?" I looked into the institutional and organisational level practices and characteristics of Allpa, starting from the goals and priorities of the three logics, followed by the type of relationships between the logics and finally the organisation's hiring and communication practices.

6.2.1.1 Institutional level practices

According to Besharov & Smith (2014) a number of professional institutions influence logic compatibility within an organisation. Compatibility is lower when a variety of professional groups compete for resources and power, however the logic has higher compatibility if there is a dominant professional group or a single professional group. In Allpa's case there are not any direct professional institutions as such that affect specific staff members. Allpa is a small organisation in an emerging field and the employees do not belong to any particular professional associations. However, the employees could be divided in two groups according to their influences and the relationships they have with the FT, MM and LP logics. The middle management is influenced more by the logics of MM. They are mainly university graduates with a particular level of educational knowledge and view on the business world. The other group are the employees who have been with Allpa since its establishment and are more embedded in the logics of LP and FT. In addition the leadership of Allpa combines these multiple logics (leadership issues are discussed later in this work).

Although there are no professional institutions which directly influence Allpa, the goals and business practices of the institutional logics which do affect Allpa are considerably different and create compatibility issues. Allpa's goals and business priorities have been influenced and changed by these three logics over

time. At the time of my research a common perception within Allpa was that although the business processes are not dramatically different between FT and MM buyers, there is a different goal to their businesses. Allpa's experience of the differences in buyers' goals is that the MM focuses on product and on profit maximization and is guided by price, which is driven by market demands and international competition. Contrary to MM, FT is driven by traceability, transparency, concern for employment conditions, ensuring the payment of fair wages and focuses more on their relationship with Allpa and the producers. The goals of the producers fall somewhere in between FT and MM combining product volume and a relationship emphasis, their goals are perhaps more basic, based on financial stability and sustainability of their business. In the comments below we see the differences highlighted during the interviews:

> "The MM is not interested in the pricing process, they are not interested how do you achieve the price, they just want to achieve their required price to buy a product. In the FT they are concerned about the traceability of the products, how the artisan is managing, what do we pay them, what kind of service we give to them? They are more interested in the whole chain. But the MM comes with their product list, for example they come to buy so many blankets at this price and that is it. But in FT they really care about things."-G1

> "The conventional market in general is not that interested in the development of a human group, or it is not their first priority---------- What they are really interested in is creating value for shareholders, directors, associates etc.----. The FT has different priorities, they are more interested that the business is a means, not an end in itself. They are interested that in this exchange the human groups who do not have possibilities in the market will have opportunities for commercialization and that they can improve the condition of their lives---- However we grow more with the conventional market as their capacity is bigger, but we stay with the FT because the relationship is based on faithfulness in the long term. In this sense they are very different markets."-A2

> "The MM seems to be mainly concerned about the price, they are not interested in how one achieves that price, just interested in getting the price they want. However the FT is more interested in the traceability of your product, the conditions of your artisans, if they are paid properly, the

artisans workplace - whether it is at home or working from your organisation or if is it a community work. FT is interested in the entire product chain and what services Allpa provides for the artisans"-G3

"………. The artisans only want to sell, they are not interested where and how the product is being sold. What they are interested in is that the product is sold to meet their daily needs."- G3

The manifestation of these logics requires contradictory responses and actions from Allpa. From Allpa's first penetration into the MM, the market logics has put a question on the sustainability of the artisans' businesses. For example, in early 1990s the demand for knitted sweaters declined, consequently the knitters in the Juliaca and Cusco regions did not receive any substantial orders for an entire year, hence they looked for alternative employment. This means a potential loss of skills and lost investment in their training and development, very contrary to the FT logic of sustainability.

"The first efforts have been directed towards working with the products that are produced by the organised artisan groups rather than individual artisans. However the conventional market behaviour has determined the fact that we had to stop working with some artisan groups and find others and even include individual artisans among our providers." (Annual report presented to Alternative Trade Organisations in March 1992)

The product and profit emphasis of MM is demonstrated by large quantity orders on an irregular basis to maximize profit. These products tend to be higher value goods, or follow fashion trends. FT however, tend to place small orders on a regular basis for smaller sized items of lower value. In addition MM demands of hand-made products at mass-produced prices puts an enormous strain on Allpa's manufacturing, however at the same time (as described in the comments below) it is apparent that the big orders of the mainstream market are what helps Allpa grow and invest. In contrast FT orders provide a regular income which helps to sustain the business in the long-term as demonstrated in the quotes below.

"The FT does not place big orders, this fact does not permit the artisans to grow, their workshops to grow. The MM

places big orders and this allows us to do investigations, innovations and many other things. A lot of things that we have done in Allpa have been thanks to the big orders. The orders from PIER 1 [a mainstream company] allowed us to innovate in Chulucanas pottery, if there was not the PIER 1 order we would not have entered Chulucanas and would have had one small workshop. With the orders from PIER 1 we entered Chulucanas (a region in Peru) and created 4-5 big workshops.------ The orders from UNICEF (this is seen as a MM company by Allpa, although its goals and values are more aligned with FT) in textiles allowed us to develop all our current textiles, all that we know about textiles has been thanks to the order from UNICEF. It means that the MM makes us efficient and allows us to work with the FT which puts small orders and does not pay much."- G1

"FT clients buy very small and cheap products, they do not decrease the price, but they look for products with lower prices.------they pay the price we ask for, but this is their limit, they do not have capacity to buy things which are more elaborate and have bigger value. This is their market."-G1

These contradictory logics enforce complex responses from Allpa. In the next chapter I will discuss how Allpa manages these contradictions.

Another factor influencing logics compatibility is the relationships between logics, which was one of the central questions examined in previous research. There are many theories about how multiple logics relate to each other in an organisation (see literature review chapter). The relationship between the three logics in Allpa is complex and has been changing over the years. Firstly, the level of commitment is one of the main differences in the nature of the relationships. Allpa perceives FT buyers to be more understanding of the producers' businesses and their challenges, which affects their relationship and commitment with Allpa. This commitment is characterized by long term relationships, annual visits and regular orders; Allpa's FT clients have placed orders with them for more than 20 years now, which is not the case with mainstream buyers. The long term commitment of FT buyers allows Allpa to work for many years with the artisans and see them develop and expand. In contrast, the MM buyers work on a strict contractual basis, often represented by an agent and dealing only with Allpa in the manner represented by the comments below:

"The orders of FT are not always based on the success of a particular product, but on relationships with the company and the artisan. In contrast, we do not always know the clients from the MM, it's often their agents that we know, this is a much more impersonal relationship, and they are only interested in their products. When they are not interested in the product any more they can stop the order without any notification. In the FT there is always a relationship between the client and the artisan, with MM it is not always the case. In some cases it is, in others not."-C5

"FT representatives that I got to know via Allpa have a connection with us. The perception in Allpa about the people who visit us from conventional market is that they are more serious and very alienated. This is in contrast with FT, we have a constant relationship, they visit us like a family. As if it is an organisation that will help them too. It's a different connection we have."-D6

How does this difference in relationships with the two logics influence Allpa's organisational practices? First of all the sustainability of the relationship that Allpa has with FT is transferred to the producers. Below are two quotes illustrating the nature of these sustained relationships.

"FT is interested in medium and long term relationships, for me this is a fundamental thing, this means that we work with the FT organisations for 22 years, 24 years and more. With these organisations we have maintained a long term relationship, a commercial relationship that brings satisfaction. However this is very difficult or even impossible in case of the MM. I cannot name even one client that we had a sustainable relationship with for more than 8 years…….. The long term relationship is one of the principles of FT, there is no sustainability if there is no long time commitment. We cannot do anything sustainable if one buys from us only once or twice…… We are able to work with the artisans for many years due to this sustainability"-A2

"Allpa has sustainability in time. One can be sure that there will be an order from them tomorrow and after tomorrow. This is what one needs in a business when you close the year accounts with an order for the next year"-F3

The word 'sustainability' was used many times by interviewees when differentiating between FT and MM business relationships. The employees and directors think FT and MM are opposites in the spectrum of sustainability, which has the potential to cause tensions.

Secondly the level of formality or informality is another factor that differentiates the relationships between LP from MM and FT. MM logics has changed Allpa's core practices and processes to be more formal and comply with the standards of western business procedures. In contrast the relationship with the producers is characterised by a certain level of informality which appears to be more compatible with FT logic.

> "When it comes to the relationships with the artisans we form friendships with them, which is not just in the work, they tell you their stories, their family problems, you become a friend of theirs. There is a compromise between us. For example you make a visit and ask, "Why has this product come like this, why it is not good?" They tell you, "I have a problem with my wife/husband, or that the son has left them, or somebody is in the jail". This is more a friendship than a business relationship, we go the extra mile with producers. It is not the case that we tell them, we want 100 of this products for this day and that's it. Sometimes I wish it was like it [the interviewee meant it would have been easier just put a straightforward order and collect it on a day], but no we have to intervene, this is what we do we intervene, this is where the commitment comes from."-E2

The interviews with the artisans confirmed the statements above about the type of relationship that they have with Allpa. An example quote is presented below:

> "There is a big human part in the relationship. They (referring to Allpa), are attentive if one is doing well or have some issues. In my case what happened was that about two, three years ago I fell very ill exactly when I had to deliver an order. First of all they told me that they were going to talk to the client so they can extend the delivery time of the order. That's why I say the human part of the relationship is very important. With other clients it is not the same. It has not happened to me personally but talking to other producer colleagues they tell me that this relationship does not exist, once they give you a day for an order they do not want to know anything else. "-F1

The relationship with the artisans has not always been the same and has changed over the years. According to Allpa's longest serving members of staff, previously the artisans had a perception that they were the 'poor' people, who needed help, that they could not do things; that they were 'small'. However, after many years of increased professionalization in Allpa the relationship between Allpa and the artisans has been changing. This has been achieved by various training programs, close collaborations and investment.

> "The artisans have changed not only the structures of their companies, but also their mentality. The way they see things has changed. Before if we wanted to develop a new product the artisans will always be opposing us by saying 'I do not have money, I do not have space, do not have time etc. etc. ------but they have seen that little by little with the orders they started growing in their structure, they have new workshops, cleaner workshops. But they have also grown in their mentality because they see the positive changes."-E2

A quote from a producer, who was eager to talk about his business growth and changes after beginning a relationship with Allpa.

> "My goal now, is to double the production, for this reason I need a bigger workshop. Currently I am renting my workshop for three years, but need a bigger space where I can increase the product capacity, double or triple it. Because there have been opportunities, but we had to say we can't do this or that."-F1

Whilst the changes in the business processes were required in order to meet the demands of the northern buyers, Allpa has also been trying to encourage producers to take more pride in their work. The perception in the past has been that the buyers buy the products because the producers are 'poor' and in need of help, however Allpa's aim is to help the artisans to produce products that are beautiful and of good quality, which provide an alternative motivation for buyers to purchase them. This change in mentality brings self-respect and dignity to the work which is greatly needed in this declining industry. In Peru, artisan work does not pay nearly as well as mining and construction. A comment from one of the managing directors about this:

> "We do not want to create just jobs, we want to create dignified jobs."-A1

Having made two visits to the workshops (2011, 2013) it was apparent even at first glance that the producers have grown and developed during this period. I noted on my second visit in 2013 that one of them had developed their own website, started designing their own products and selling abroad directly. The other one had diversified slightly from silver jewelry and included costume jewelry in their portfolio. This strategy has helped them to be less dependent on the silver market, and make a better profit margin on the non-precious materials (following a recommendation by Allpa). One could also notice a considerable reorganisation of the workplaces, they looked more organized and fit for purpose, as one of the employees commented:

> "I have worked in Allpa and with artisans for 22 years now. Before when we would go to the workshop they had the mentality, that they were the poor, and that the bigger ones had to help them, just because they were small artisan workshops. This mentality has been changing, because they have the art, they have the ability. They have changed their mentality because of the treatment we have had with them. For example Allpa only has had the title of FT for three years now [meaning being certified by WFTO], but as I remember we have been going to the workshops for 22 years and have always tried to speak with the producers, ask them who works with them, does the wife work, an uncle, a cousin….. The idea was always to help the artisans to grow, that they see themselves as big workshops, like enterprises."- D5

6.2.1.2 Organisational level practices

Organisational and individual level practices and characteristics are also believed to impact logic compatibility. Besharov & Smith (2014) bring the example of hiring and socialization practices as these influence who is in the organisation and the nature of the logic they carry. They further expand that the characteristics of members can further influence logic compatibility and their use of logics is shaped in part by the nature of their intra and extra organisational relationships. Strong ties to field actors associated with the logic(s) members carry can reinforce

the influence these logics have over their behaviour, whereas weaker ties diminish this influence (Greenwood et al., 2011). When members have close relationships to one another or are more interdependent, they are motivated to develop more compatible ways of enacting multiple logics and this in turn increases logic compatibility within the organisation, even as the logics in question may remain incompatible at the field level (Besharov & Smith, 2014).

Allpa, being in an emergent field, has a wider choice of hiring practices as the professional institutions are not yet well established. However, my research showed that even with the more freedom in hiring practices Allpa still faces intra-organisational tensions, due to incompatible logics that the members carry. "The clash of two worlds", as one of the employees labeled it, happens within Allpa between employees. The ones that work closely with the producers and the ones that work more with the northern buyers seem to clash during the meetings as they defend different viewpoints. The resolution is normally through some kind of compromise, meeting in the middle. For example, employees who are in a support role for the artisans might be more tolerant and understanding of issues that artisans face in their production process and the consequent delays, than the employees who work directly with northern buyers.

To increase compatibility, Allpa changes its hiring practices and the organisational structure. The changes in organisational structure have enabled closer relationships and interdependence between the members, creating good communication, both internally and externally. This has become one of the important mechanisms that helps Allpa to cope with conflicting institutional logics. Communicating between FT, MM buyers and LP can be challenging and Allpa has worked to improve this. An entire new organisational structure was built around supporting the producers and buyers. Dedicated staff members regularly visit the producers and monitor production in order to make sure that deadlines are met and the product is made according to the specifications. The IT system for communicating order details from buyers to producers has been specifically developed to be appropriate for both, making this happen more efficiently and productively. Other practices to improve communication include

an internal magazine which is circulated among producers and some buyers through the year, producer visits and training.

The relationships that Allpa has with producers are very different from the ones they have with the buyers. The business done with the buyers is very professional, based on contracts and negotiation. The word used by many employees to describe the relationships with producers was that they are "friendship" based.

> "Often it is very difficult to work with artisans, FT and MM buyers at the same time. The truth is that the artisans have one logic, the clients have a different one. This means that the communication is very delicate, because the Allpa role is to translate the communication. Translate between the client and the artisan. For example the clients says they want products of the organic form and earthly colors because this is where the fashion leads. Allpa has to process this information, make product developments and present them to the artisans….. Allpa is like a nexus. And the same applies from the other side. If the artisan has any delay, problems or issues with the production, Allpa needs to be able to translate this for the client. It's different logics. We need to translate the problems and needs of a small business to a business that has a different size. Allpa's job is to have an open mind to be able to translate this communication."-C5

I note that the use of the word logics above was not prompted or theoretical in its meaning. It's a normal use of a Spanish word "logica" that means the mentality of the thinking process. This quote does demonstrate very neatly how Allpa acts as a translator between the two worlds, and emphasizes the importance of effective communication to increase compatibility.

Allpa's employees see themselves as quite different from the producers as well as their northern customers. Allpa communicates the demands of the buyers to the artisans, and informs them about market trends, and liaises with the buyers to explain any problems affecting production on behalf of the producers. There is, as noted, a difference in logics and work practices of the artisans and the overseas buyers. These are not only due to the culture, language and mentality but also the operational differences resulting from the differing scales of the businesses. Allpa

acts as translator of these two 'languages', while also acting as guarantors to ensure the timely shipping of the products.

However, things have not always worked smoothly. Over the years Allpa has realised that their communication was not strong enough, particularly between them and the producers. One of their earliest strategies to achieve better relationships and communication with the artisans and to be able to support them in their needs was that Allpa started a series of interviews, and reflection workshops with the producers. When they first did this in 1992, the results of the interviews and focus groups were published in a document and sent to artisans and the employees of Allpa for their feedback. With this strategy, they were trying to create a good communication pattern between the workshops and Allpa.

> "The workshops conducted with the artisan producers have helped enormously the relationships between Allpa and the producers. It has helped us to understand more the artisan's perception of his work, of Allpa and artisan craft in general. We also understood the principle problems of the artisans and the possible solutions to them. The workshops also helped the artisans to understand a bit more the logics of an organisation like ours, which is in the artisan market." (Annual report 1992)

To improve relationships with producers in various regions of Peru, Allpa has opened offices in the Cusco and Juliaca regions. The aim of this was to allow continuous communication with the artisans to understand their issues, to help them in production processes and assist development. The opening of these two offices has resulted in better relationships with the producers, in particular as Allpa's producers are geographically spread around Peru and it takes days to travel to some parts of the country.

Since then, Allpa has made various other changes, including structural, operational, and decentralisation of power to ensure good communication and smoother internal processes between the buyers, producers and within Allpa itself. These changes are ongoing and are revisited as required.

> "There have been many important changes in Allpa, the first change was the organisational structure, the organisational chart. In Allpa what we were looking for was to create an

> internal structure of professionals to help improve the internal processes of the company."-A1

The departments have been reorganized in groups to specialize in one line of products and oversee the entire business process from beginning to end. There are four departments (textiles, jewelry, ceramics and wood) corresponding to different lines under the general category of Production (see Appendix 4). For example, the textile department receives the order, negotiates the conditions, passes the order to the producers and supervises the process until the order is ready for shipping. This is a more linear communication system that provides fewer opportunities for error or miscommunication.

One of the operational improvements intended to improve organisational communication is the online management of finances. This makes the process much more efficient and quick and frees up time for the employees to do other work.

> "What we do now is that we have much more information about the company translated in graphs, comparisons, and financial processes, comparisons of the last 6 or 7 years, monthly comparisons, the behavior of the clients in sales according to each product line. There is much more information for the managers to use in the decision making process. This is much more visible during the committee meetings, we present the market situation in the United States, in Europe, the figures and indicators. This helps us to be less operative and more analytical, we have more time to do more work."- B2

According to Allpa's finance director they have also been encouraging some of the producers to adopt similar systems, starting with online banking, so they do not have to visit the office for every payment. With the new systems in place it is much easier to see the financial performance of the company and make comparisons on a yearly and monthly basis.

Pre-financing: In terms of the FT logics, the most prominent representation in the organisational action is the fact that Allpa offers pre-payment for all their orders to the artisans regardless whether it is a FT or MM order originally. FT buyers, as a rule, offer 50% pre-payment for their orders. This is vital for Allpa's

producers, as they normally do not have enough liquidity to proceed with an order without pre-payment to purchase materials. The producers are typically very small businesses with no access to credit, and any credit they can get is very expensive. In contrast, the MM buyers do not offer pre-payments; the full price of the order is paid only after the order is shipped.

> "In these cases Allpa looks for an external financial support to be able to continue to pay prepayments to the artisans. We have to wait all the time, till the end of the production so we can be paid ourselves the total amount in the MM. And yes there is a difference here with the liquidity topic. The MM pays after the order immediately, all 100% of it, they are normally big clients, but there is not pre-payment, so there is a difference for our liquidity."- B2

Financial liquidity is very important for Allpa to allow them to keep their promises to the producers and other service providers. For various reasons, this is also one of the main challenges for the company. Firstly, many MM buyers do not make the prepayments on time or have not paid enough. In some cases payments are made late, only paying months after receiving the goods. This means that in the interim, Allpa has to finance producers' prepayments, and often are unable to pay the full 50%. According to the Annual report of 1992, Allpa has only financed 30%. Prepayment of only 30% means running a risk of not being able to complete orders on time because the producers may not be able to afford the raw materials themselves. To attempt to solve this problem, Allpa took a loan of $175,000 from the bank in 1992, however this amount was insufficient when compared with the outgoings for the year. Since then Allpa has tried a variety of loan strategies, including loans from banks to allow them to pre-finance orders from MM that do not provide a pre-financing option for the artisans.

There is also a "Rotary organisation" fund available to the producers which gives short term and medium term loans without charging them interest. The fund is provided for the artisans who need an investment related to their production.

To summarize: When looking into the drivers of variations of compatibility at the field, organisational and institutional levels, at the first glance, it would appear that the level of the compatibility between the logics is relatively low. The goals and priorities of the three logics are considerably different, requiring

contradictory actions. For example the pre-financing of orders is an action derived from FT logics and is not present in MM logics.

The type of the relationships and the consequent commitment between various logics and Allpa are also noticeably different in the three logics. The relationship between Allpa and the producers is more informal and personal due to the culture of the artisans and the nature of the artisan industry in Peru. Although both MM and FT represent western business practices with a certain level of professionalism and formality, they are very different in their commitment and MM is much more formal and detached in its business relationships.

However I also noticed that the relationships between all three logics in Allpa are complex and could not be easily classified as having low or high compatibility, providing contradictory or compatible prescriptions for actions. I would argue that the degree of compatibility has fluctuated between low and high with time (discussed later in this chapter), creating various complexities for the organisation.

6.2.2 Centrality

To answer the question of how more than one logic can be core to organisational functioning, Besharov & Smith (2014) extend the research from the decoupling argument (where one set of demands determines the core work tasks of the organisation, while other demands are accommodated through activities and structures more peripheral to organisational functioning) to a new proposal of centrality. They define centrality as the degree to which multiple logics are each treated as equally valid and relevant to organisational functioning. They suggest that centrality can also be influenced by features of institutional fields, organisations, and individual members.

At the institutional level the power and structure of field actors can influence the organisational practices and create pressure for organisations to conform, in which case one or more logics can infuse the core organisational practices. The data showed that FT, MM and LP logics have different power influence and

relationship with Allpa which again has varied over the period analyzed. As discussed earlier, the middle management emphasize more the logics of the MM, and the employees who work directly with the producers emphasize the logics of LP and FT. However since the leadership of Allpa combines all the logics in their core, all three logics have infused core organisational practices.

According to Besharov & Smith (2014) "while the structure of institutional fields powerfully affects the level of centrality, organisational practices and characteristics can interact with field characteristics to produce additional variation." One of the variations that affects the centrality is when the organisation's mission and strategy interact with field characteristics. Mission and strategy situate the organisation in a particular location within a field, or within gaps in multiple fields.

To the question, "What is Allpa, how would you describe it as an organisation?" most of the employees described it as a profit orientated enterprise that seeks the development and growth of the producers / artisans. The business is the means, but the aim is sustainable development. Below are the official vision and mission statements of Allpa.

> Vision
>
> Allpa is a vanguard Peruvian company committed to the integral and innovative development of Peruvian crafts, a promoter of FT philosophy and of enterprise efficiency to its producers, guaranteeing the satisfaction of its clients through the production of quality objects.
>
> Mission statement
>
> Allpa is a Peruvian FT company that creates and commercializes Peruvian crafts of innovative design in a socially responsible environment with its producers and workers, satisfying its clients through continuous improvement and the fulfilment of legal requirements.

Looking at the vision and mission statements one can see an emergence of a hybrid organisation emphasizing FT values and philosophy, client orientation and priority of product quality from the MM and alongside this, the LP logics

presented in the pride of promoting Peruvian crafts and representing the country. These are the latest vision and mission statements used by Allpa, reflecting the changes the organisation has made over many years and the influence of the three logics of FT, MM and LP.

Numerous times during the interviews, employees reinforced the point that Allpa is not an NGO, but a profit seeking business. They wished to draw a distinction between Allpa's work and that of many NGOs that have run developmental projects with limited success in helping artisans. When talking about FT and its values, most of the employees seemed to think that Allpa was different from the start; without even having the Fairtrade mark or knowing about FT, it had social concerns at its core. As noted above, Allpa started as a developmental project seeking to reach disadvantaged producers, however they always considered that the only way to make a difference in the producers' lives was by increased sales and financial gains.

One of Allpa's roles is to provide commercial opportunities for artisan products, which is considered the livelihood of the business. Allpa is very clear about the fact that if the products are not sold in the market then all the empowerment, training and other support is in vain. This is what makes Allpa different from other NGOs. However, Allpa also acknowledges that in the past, they have perhaps been more concentrated on commercialisation and have not focused on supporting the producers' needs. For this reason they created a new structure and strategy to support the artisans' needs, to address their problems which are not necessarily related to commercialisation of the products.

In this case Allpa is situated in the middle of the FT, MM and LP logics combining elements of all three of the logics in its mission and strategy, perhaps influenced by its resource dependency. Besharov and Smith (2014, p.370) argue that when organisations depend on a particular actor or constituency group for critical resources, they respond to the demand of that actor or constituency, even if they oppose the logic underlying those demands.

The increase in the centrality is partially affected by Allpa's resource dependency. As an organisation Allpa is highly dependent on FT for its

sustainable orders, certification and long term relationships and on MM for its growth and investment.

> "It is clearer for us more and more that we need both the FT and MM. In one era where there was a crisis in FT we left the FT and went to MM, but the MM has its own challenges and problems, we need both of them, this is our equilibrium."-A1

Allpa is also dependent on the LP, however this is a different type of dependency. The core of Allpa's business depends on the producers' success, as Allpa does not manufacture in-house, it relies on LP managing their businesses. A quote below demonstrates the impact of the producers and their businesses on Allpa.

> "We produce ideas, if producers/artisans do not produce what we want the impact is high. Since the very beginning of our work we realised that we have to train our producers. We are not a middleman, we do much more than that."- A2.

6.2.2.1 Multiple logics in organisational functioning

Efficiency: The data showed that, at the time of my research, there was more than one logic that was core to organisational functioning. In terms of the MM, one of the main characteristics seems to be the fact that the market demands hand-made products at mass-produced prices.

> "This is a business to business market where the price is the main point."-C5

This logic has penetrated into Allpa in the form of a drive for efficiency and entrepreneurial thinking. Efficiency and entrepreneurial thinking have been the key success factors in facing the mainstream market demands which are rooted in price and product-based logics. Many of the customers approach Allpa with requests to produce a certain product at the price it is produced in India or China, Allpa considers this a hard place to compete. An example was given of a product that has been previously made in India and sold by a FT organisation in the UK. When Allpa was approached to create a similar product their producer quoted a price which is much higher than the Indian one. Although there were extensive

negotiations to lower the price, the buyer's final decision was based on the fact that there is a maximum price that customers in northern countries are prepared to pay for it.

To be able to compete in MM and with low cost production from Asian countries, there is an awareness that investment is required. Allpa considers that to be "fair" means paying better wages, creating better conditions for the producers and the employees and all this comes at a cost. Hence the investment in technological efficiency is a priority in the organisation. According to the employees, operational changes and improvements are a constant in Allpa in the continued search for efficiency improvements. Packaging, shipping, quality control and the IT system are some areas where changes have been made. The constant drive for efficiency has resulted in process redesign, training, including initiatives such as 5S workplace organisation and Lean Six Sigma to improve business processes. To achieve the process efficiency Allpa had also realized that they need to hire a permanent member of staff (in this case an engineer) to solve technological issues both for Allpa internally and for the artisans. For example when the demand of a Chulucanas (a type of Peruvian pottery) went up the producers could not cope with the quantities and the quality requirements with their old ovens, with the help of Allpa's engineer they constructed new ovens to fire the pots. These new ovens help to decrease production time and increase the quality.

6.2.2.2 Sustainability and investment

The logics of FT is also manifested in the notion of sustainability and investment, which are key to organisational functioning. Analysis of the data showed that quality is a concept in Allpa that is strongly related to sustainability. When asked to define Allpa's objectives one of the managing directors answered:

> "The objective of Allpa is not to export, it is to be in the market in a sustainable way, it means not just today, but yesterday, today and tomorrow. This is the reason for culture of the quality that we have, it's the logic behind the quality."-A1

The organisation has been in business for 30 years, which is a significant achievement in this industry, because orders from the mainstream clients are a difficult challenge for the artisans and not all organisations succeed in this market. This is due to the high quality and piece-to-piece uniformity standards, strict deadlines and the large order volumes. It is also difficult to meet the 'mass production' price point with a handmade product, and the businesses have very limited spare resources to cope if there are any problems. Conventional market logics dictates changing providers and finding the ones that meet the price point. However, Allpa intends to work with the producers for the long term and invest in that relationship whenever possible.

The research data shows that the notion of sustainability is strongly linked with Allpa's commitment to the producers and to their investment in their workshops, often via affordable loans. As well as offering pre-financing on orders, Allpa makes considerable financial investments in new technology and machinery to help to lower costs and allow producers to compete internationally. There is also a tolerance of mistakes and delays. There is a perception that mainstream buyers are quick to charge penalties every time the company fails to deliver to contract, but that FT buyers are more tolerant, although they still charge Allpa penalties, and Allpa will, where appropriate, pass these penalties on to producers. One of the managing directors thought that a reason why FT is more tolerant is because of their long term commitment: they have a 'bigger picture' view of the relationship, so they understand why things have gone wrong and how the situation can be corrected. This relationship and commitment is what brings sustainability to the business:

> "One of the values that Allpa has always practiced is the sustainability, this means we do the business, but the business itself is not a principle, it is a means to develop and grow, and this is only possible if you can do it in a sustainable way."- A1

> "First of all Allpa is an organisation that is run by two partners, here in Peru it's hard to work in a partnership and last for such a long time. Secondly, the difference between Allpa and other organisations is that they are sustainable."- F3

> "Allpa is always aware of our needs, they are similar to us and try to see the technological part and this is a big advantage for us. We often do not have resources to pay for training, but they do it for us. They bring people to train us and this brings the productivity up."-F2

> "Allpa is not like the other enterprises who put an order in and are not interested how one manages, or how one makes improvements in the workshop. Allpa is interested in training the producers in their work processes, to make them faster with new technologies. They are always behind the producers, including helping them to cost the products so that the producers have profit out of it."- E2

The quotes show that sustainability is part of Allpa's identity which is expressed by investment in producers' workshops and employee development. The investment and support level very much depends on the capability of the producer workshops. There is more "hand-holding" (an expression often used by the MDs), in the new workshops, other producers have grown and do not need too much help and even try to export independently. All the producers' workshops that were visited expressed gratitude towards Allpa. It was interesting to observe that some of the workshops are trying to copy many of the ways that Allpa work. This includes having an organisational chart and putting it up in the premises as is done in Allpa.

There is a big gap between the producers' small businesses' capacity and the requirements of the bigger northern buyers, and to bridge this gap continuous investment is required.

> "Allpa is an organisation that works with producers of low resources, they are families, workers. We train them, help them so they will merge as workshops, as heads of workshops, employees….It is not easy to work with the producers, it's a very different world, and a different culture. They are not developed technologically. The entrepreneurial mentality is special, not all of them have this. They want to progress but they do not have control over the business, they do not pay attention…"-A2

> "…… I have met many artisans that do not know how to cost a product, they make a product and cost it at, for example 30 Soles, how did they reach this 30 they do not

> know. In this respect our country has a lack of good education, and the artisans often do not have even have a primary education. So explaining to them how to cost is quite difficult."-G3

To bridge this gap Allpa acts as guarantor to ensure the quality and timely shipping of the products. Allpa's role does not end with being only a guarantor, they invest in equipment, technology, training and development and work closely with producer businesses. This relationship needs to be based on trust and transparency. Most of the artisans have not been able to export directly, hence Allpa's role is to represent the artisans, overcome all the reliability issues associated with working with low-resourced producers and maintain a high-trust relationship with the buyers.

According to Allpa's directors and staff, international trade is becoming more and more demanding and complex, regardless of whether it is FT or MM. Allpa has to comply with many more product standards and regulations, especially the control of prohibited and toxic materials in the products. This process becomes more complex because the company has many varied product lines and works with numerous producer workshops. One of the challenges is to explain these regulations in 'the language of small business' to the producers and explain the reasons why they cannot use certain materials, and closely monitor the process to ensure that they do not use them in practice. One of the interviewees commented that it is not a simple process, although the head of the workshop may agree to the conditions, often one of the workers may accidentally use the forbidden product (which should not have been in the workshop anyway) in the production process just because there was a bottle of something available in the workshop and it most probably was cheaper to buy. As a consequence Allpa gets closely involved in monitoring the production process.

Workshop organisation issues and the working culture differences between the producers and Allpa's staff were emphasised many times during the interviews. Many of the producers workshops are not well organised and are quite chaotic. One of the staff members who works closely with producers commented.

> "The mentality is very difficult, here is different and in each workshop you go each person is different, we have many

> arguments about ordering and cleaning their workshops, this is a daily struggle that we face. Every visit we do, we make changes, organize the workshops ----- Not everybody accepts these changes, some of them are in their own world, they do not see, in this case there is a daily battle from our part. The ones we have more confidence with, at least personally, we tell them something is bad, and then they make changes, for example ordering the paint. They do it because Allpa helps them a lot, in many workshops we have intervened, have ordered, helped, but when the days pass by the problem comes back again. Here is our daily battle in every visit."-E2

The above problems were confirmed by the producers themselves. During the interviews one of the producers said that if we wanted them to find a sample of previous work they have done they would struggle as they do not have a good cataloguing system. However this has been changing and through working with Allpa they have realised the importance of catalogues and workplace organisation.

Dealing with small scale producers raises other tensions including producer succession planning, reliability and sustainability issues. The artisan or the head of the producer group tends to be in charge of everything in the workshop. There is no second person to act as deputy. This fact creates numerous problems for production capacity as well as reliability for the orders. Allpa has been training the producer groups to have an organisational structure that is more flexible and suitable for trading and expanding, where the entire production will not be dependent on a single person.

6.2.2.3 Leadership

Besharov and Smith (2014), posit that when members adhere strongly to a particular logic, they are more likely to support that logic inside the organisation and incorporate it into its core operations. However when members' loyalty to a logic is weak, they can more readily resist pressure from field level actors and are less likely to enact the logic inside the organisation.

Earlier, I discussed the employees and their adherence to FT, LP and MM logics. However in a small organisation where most of the decision making is done at the top management/leadership level, the adherence of the leaders to a particular institutional logics is more relevant to organisational functioning (Kim et al. 2007; Besharov & Smith 2014). The main decision makers in Allpa are its leadership, this consists of the two managing directors and at least three other senior managers; this group has the largest influence on the company. However, when they talk about the leadership, most of the employees are referring to the two managing directors, who are the driving force of Allpa's success and a strong part of its identity. The combination of their vision for the company, their commitment to the artisans and the country, a constant drive for perfection and their thirst for knowledge has not only made the company successful but gained the leaders much respect among the employees, producers and external agencies.

> "We have made friends with Allpa's leadership, at least with three of them [names the people], we speak to them as if we would with a friend and not like with a client or a strange person. We have a relationship that they visit the workshops, this is a very different form of business."- F3

> "I have done a course to improve my English language skills, as have other employees in the company. There was also the issue of improving our business management skills, information technology skills and we have taken more courses. This has been extremely good and have improved the information system processes 100%, this is a system that all the employees use, we constantly improve the system, it is a wheel that always moves and never stops."- A2

> "All the changes in the organisation are made by the managing directors. These ladies want to see that Peruvian ceramics and Peruvian artisan work are seen in a good light in the world, they also want the employees have a good working conditions, they give us all the tools to be able to work in good conditions, so that our work goes from strength to strength."-E3

> "The management always helps us with training, especially recently we have had lots of English language training."-C4

As seen in the example quotes, the two managing directors are considered inspirational and the pioneers of most of the changes in the organisation. As the main decision makers they choose to react to certain influences and not others, forming an organisation that is unique by its nature, combining social and business needs. As sociologists who have dedicated their lives to promoting Peruvian artisan work, it is perhaps not surprising that they are rooted in the FT ideology of fairness and justice in trade as well as the logics of LP. However they are also carrying the logics of MM in the form of business practices.

In summary, looking into the variations in centrality, I found that the three logics each had a different degree of power and influence in Allpa, and a different type of relationship with Allpa. Besharov & Smith (2014) posit "centrality is higher when multiple logics are instantiated in core organisational features that are central to organisational functioning and lower when a single logic guides core operations while other logics manifest in peripheral activities not directly linked to organisational functioning". I found that multiple logics were present in the core of Allpa's strategy, mission and functioning. I also found that Allpa is resource dependent from the three logics although the level of dependency on each has changed with time.

Finally, I found that the manifestation of multiple logics in Allpa's functioning could be considered a direct consequence of Allpa's leadership carrying the flags of the three logics simultaneously.

6.3 CHANGES IN LOGIC MULTIPLICITY WITH TIME

Besharov & Smith (2014) conceptualise compatibility and centrality as continuous dimensions such that organisations can theoretically be located at any point along each dimension and variations in the organisation's level of

compatibility or centrality are influenced by nested and intertwined factors at multiple levels, including features of institutional fields, organisations, and individuals. Tracey et al. (2011) also believe that changes in the institutional environment can lead organisations to change or alter their mission and strategy in order to capitalize on opportunities.

Allpa's strategy and goals have changed over the years, due to the influences from the environmental factors, it has drawn from the FT, LP and MM logics, increasing both centrality and compatibility. The goals of the three logics have merged somehow in Allpa, creating Allpa as an organisation with a new goal. When I asked during the interviews in 2013, "What is Allpa's goal as an organisation?" the reply was:

> "To transform the artisans into entrepreneurs who are open to innovations."-A1

However, going back to its beginnings when Allpa wrote its first Annual report to Alternative Trade Organisations in March 1992, evaluating the business since 1986, the goals and strategic emphases where different.

> "Since 1986 Allpa's goal has been to try to find buyers for artisan goods in foreign markets" - (Informe Annual presentado por Allpa A Las organizaciones de comercio Alternativo Marzo 1992, page 2)

> "We think that the relationships between the Alternative Trade Organisations, both buyers and sellers should be based on a democratic dialogue and collaboration to be able to advance using the commercialisation as a tool for development"- (Informe Annual presentado por Allpa A Las organizaciones de comercio Alternativo Marzo 1992, page 1).

To illustrate the changes in Allpa's goals and strategic emphasis over the years I will compare Allpa's emphases from old and new strategies, taken from annual reports and the business plan of 2007-2011. The table below shows three different eras in Allpa's development.

Table 12: Three different eras in Allpa's development

	From start 1986 until 1999	After 2006	New emphasis after 2011
Strategic emphasis	To generate employment in the under-resourced artisan sector in Peru by trading hand made goods. This will help to increase the living standards of people in this sector and result in fairer wealth distribution. To develop an entrepreneurial awareness in the artisan sector. This will help the artisan units to become more autonomous, develop their productivity and eventually become more sustainable.	To sell products developed by Peruvian artisans. There is national pride in Peruvian products and it is believed that the buyers think the same, that they buy the product because it is Peruvian.	Consider the requirements that Allpa's products fulfil and aim to develop a new offer of products that meet the same need in a better way, based on available market information. The clients buy the products because they are developed according to their taste and preferences and can help them to create an environment and ambience in their homes, a personal look that makes them feel comfortable and that transmits their personality.
Product priorities	Configure a competitive export offer for the hand made products, in terms of quality, quantity, price and reliability. This will help to establish an image of Peru as a producer country in the global economy. For this reason, the search for efficiency is a permanent condition.	To meet the minimal orders of the clients and develop any type of the samples and orders. This was done without adequate evaluation of costs involved.	Update the product portfolio using market and financial information. Define criteria with the goal of managing the client portfolio better, in the way that we can make incentives for the bigger orders on each product level and in global level.
Concerns about their image	To participate in processes that will enable the improvement of artisans' entrepreneurial profile. Being involved in the artisan activities, presenting proposals that can be replicated in future in terms of technology, design and productivity.	The ATOs had the wrong perception of Allpa as a company with a focus on financial goals and not on social goals.	The company has a very interesting focus on business social responsibility. Further, it can be an example in this aspect, however we need to defend this with all clients especially with the FT clients.
Stakeholders	Stakeholders were not officially identified	The company identifies two groups of stakeholders: the artisans (suppliers) and the employees. The company exists mainly to satisfy the demands of these two actors. From the mission statement of the company it is evident the focus is on these two actors. The employees also see themselves as stakeholders.	Now we have conducted an analysis of all interested parties, who have expectations from the company and that the company creates value for. These interests have been prioritised by their importance and relevance for Allpa. Clients Shareholders/employees Artisans (the principal producers) Employees Community Government

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In 1999 the strategic emphasis had more of a social agenda (to increase the living standards of the people in the sector and achieve better wealth distribution) which is more in line with the FT logics, although there is still an emphasis on entrepreneurial awareness with the aim of achieving sustainability. In 2006 this emphasis changed, and we can see how it became slightly more product oriented with national identity as a central characteristic of the products. This product orientation became more prominent in 2011, however the national identity focus is replaced by the end customer's needs, and the clients become the focal point with their tastes and preferences. This is a shift influenced by MM logic.

Regarding product priorities, one can see that with Allpa's growth the priorities have changed from the basic needs of improving quality, price, efficiency and being able to meet the minimum orders towards a more proactive approach of creating a unique product portfolio and achieving higher volume orders.

Starting from 1999 we can see that the penetration of the seeds of the MM logics in terms of the emphasis on artisans' entrepreneurial skills did not fit well with the traditional ATOs in Peru who, according to Allpa's managers, were rooted in purely social ideologies (discussed in more detail in Chapter 4). It appears that the MM logics and the FT logics created tensions for Allpa's identity. Consequently Allpa felt that they needed to clarify their position and identity to the external world.

Finally, the circle of stakeholders (note that the term 'shareholder' rather than 'stakeholder' is used in the company's documentation) was expanded in 2011 by including the client as the first in this category based on their importance and relevance. This is an interesting shift in logic from the emphasis on purely social goals and artisan welfare in 1999.

The data has shown that the representation of multiple logics in the organisational goals has not been static, but has changed over the years due to low compatibility. At the level of goals and strategic emphasis Allpa's multiple logics have provided contradictory prescriptions for action. The most representative example of the contradictory prescriptions for actions is the issue of producer pre-financing for orders. This example illustrates the contradictory prescriptions for actions that

the FT, MM and LP logics have provided for Allpa and how Allpa had to find a solution for minimising tensions and increasing centrality and compatibility.

6.3.1 Compatibility of Fair Trade and Mainstream Markets as perceived by Allpa

The employees and the directors expressed their opinion that over the years the mainstream market and the FT have become quite similar. This is at least from the point of view of conducting business with them. As discussed earlier in this work, FT started as a movement to help producers in developing countries achieve better trading conditions and to promote sustainability. When Allpa first came into contact with FT in late 80s and early 90s, the FT handicraft market was facing major challenges, as the novelty of some FT products was beginning to wear off and the demand had reached a plateau. The handicraft products were also sold predominantly in the Worldshops and churches. Initially Allpa's products had a big success with FT due to the uniqueness of their cultural expression, however FT was still a small market and not affected by many regulations or by specific demands. As one of the Allpa's managing directors said:

> "FT would buy anything from us, anything we produced without asking many questions." – A1

With the rise of FT labeling initiatives and an increase in the introduction of restrictions in the international export market, business processes became considerably more challenging for Allpa. The FT organisations in the North became stricter regarding materials used in the production process, the need to respect order deadlines, and the quality of the materials. Moreover, in 2004, in an effort to complement the FT product certification system and allow handicraft producers to sell their products outside Worldshops, the World FT Organisation (WFTO) launched the FTO Mark to identify FT organisations. The intention of this new Mark was to provide a guarantee to the consumers that standards

regarding working conditions, wages, child labour, and the environment are being upheld. Although these initiatives were welcomed by Allpa, and had the potential to increase sales, it also meant that, to their eyes, the business processes became more complicated and more similar to MM.

In recent years, with the rise of consumer awareness about product origins and concerns about the ethics of manufacturing and the supply chain, many MM businesses have implemented CSR (Corporate Social Responsibility) policies and perhaps become more aware of the concept of business ethics. In some cases this meant applying certain standards and changing policies to ensure the working standards of the artisans are appropriate, that there is no child labour involved in production and the artisans are pay meets minimum wage requirements. Below are some quotes from Allpa's employees and artisans about their perception of the changes in FT and MM.

> "MM also requires us to show our workshops, some of them have been going to see the producer workplaces, and ask how much people earn. MM clients also have the same concerns now, maybe not the small companies but the big companies are concerned with their reputation and the suppliers that they work with. For this reason they do not work in China and they work with Latin America. They also have the same concerns and sometimes they are even more demanding than the FT market, especially when it comes to the toxic materials."-B3

> "Now there is a lot of talk in the conventional market about the human factors affecting the environment, these are topics that we would only hear about from the FT before, now they do talk about this in MM. If I work within these standards for a long time then the MM is interested in my products."- F3

> "I think that the MM is demanding, in my job I need to prepare more documents, they need to see that the products do not change (items have consistency in product characteristics). But the FT is becoming more demanding too, because now they have started asking from us for analysis of all products, so we have to be more attentive to various demands. We have even had rejections from FT organisations which we did not have before."- C4

"There is also an issue with the pricing, whether it is FT or MM. Sometimes it is hard to meet the client's required price point. Before I had the feeling that FT would pay a bit more or would say "ok we will pay that price". But not anymore, now FT is very strict in their pricing…."- D5

"Before there was a big difference between FT and MM orders, now not so much. Both FT and MM have the same characteristics and the same requirements. Before the FT clients would put the order and we would ship it as it is. Over the years FT started to ask for more requirements, for example to give them a certificate that there is no lead or nickel in the product. They also started to send us their own labels to put on the products (this would save them the labour costs at their end). All this was done in the MM. However I also see that the people from FT organisations visit us to see how the workshops are managed, how we work with the artisans, what kind of help we give them. This is a type of supervision so they can see that the orders go to the artisans who need the support. But in this respect the MM does not ask much, they just want the product to be of a good quality and have appropriate shipping……"-E3

The difference in goals and strategic emphasis between the MM and FT can create tensions when balancing the social and business need of the company. It is interesting to note how over the years Allpa has made changes and adjustments to accommodate both in some way or other. Starting from their penetration into MMs:

"Allpa was created not only as a commercial project but also a project that promotes, trains, provides technical, financial, and organisational help to the producers." (Informe Annual presentado por Allpa A Las organizaciones de comercio Alternativo Marzo 1992, page 17".

However, the balancing of two logics has not been always easy. During the first years of Allpa's existence most of the efforts were concentrated on the commercial aspect of the business, this fact removed them from the producers and their daily lives. To address this issue in December 1991 they carried out an evaluation of practices and deficiencies alongside some producers to understand their mistakes and successes. Since then a formal evaluation system has become a continuous practice in Allpa, with the aim of understanding how Allpa can

improve its services towards its producers. This is done by regular visits of staff members to the producers' workshops.

From Allpa's perspective the northern FT buyers are concerned with paying a fair price for the products, this is how the FT logic works. The MM is concerned with achieving the lowest price point for the best quality possible. Producers interviewed were interested in larger orders rather than increased prices per item; larger order volumes are what help the producers to make a larger profit. The problem with small orders is that they do not give the producers a chance to grow, and thus they tend to stay at the same level for many years. To address these issues Allpa has tightened up its export terms over the last five years such that they now have minimum orders for each line of production.

> "There is no business for anybody if you order 300 pieces. Some buyers want to buy only 300 pieces but they do not analyse the cost involved for us, for the producers and even for them. We do not accept small orders as there is nothing left for the artisan."

This decision was seen as an imbalance between the social and business needs by some FT buyers in north as well and other ATOs in south, and resulted in much criticism of Allpa. It appears that there is a fine line to walk with balancing the social and business needs (or in other words managing the contradictory practices prescribed by different logics) and Allpa has not always fallen into the correct category for the FT or MM.

6.3.2 Allpa's flexibility to change

Another organisational characteristic that impacts logics compatibility in Allpa is its flexibility to change and adapt. There have been major organisational changes over the years since Allpa's establishment. I looked into these changes with the aim of understanding the reasons and rationale behind them. When talking about the changes, one of the first things that the leadership mentioned was that Allpa is a living company which grows organically. The leadership believes that the only way to sustain the business is to be flexible and make changes in response

to market demands. As discussed earlier in the chapter, the company is very vulnerable to international competition and market demand, even more so after entering into the MM. To accommodate these demands, Allpa had to be flexible and initiate numerous changes at strategic and operational level. The changes were mainly made at the leadership's initiative and were usually welcomed by the employees:

> "There is a committee of coordination headed by the two [managing directors] and the in-house engineer, according to their decisions they make changes. It is always them, the directors and they communicate this during the meetings……The changes are always for the good of Allpa, for the good of artisans, to give a good quality service to the clients. Every change in Allpa we see as an improvement, to continue growing…"-D4

In 2013 I asked the interviewees "Why do you make changes in the company, what is the main reason behind the changes?" There were various answers, including the demands from the international market, initiatives from the leadership, changes to make the processes more efficient. Many of the changes have been introduced with the help of external consultants.

> "We are sociologists thrown into the commercial side, the FT helps us a lot. We are conscious of a problem but we do not know how to solve it, for that reason we have had specialized consultants, to do process redesign, to do organisational motivation, the business plan, operational plans." –A1

The organisation is very responsive to new opportunities and when it sees the market demand change it recognizes the opportunity to respond.

> "We need to know how to react in front of an opportunity as well as to react when there is a limitation, always speaking about the markets, for example if there are more opportunities with textiles, we need to develop more textiles and make internal changes accordingly. If there are any problems with the market regarding a line of a product like it is with Chulucanas pottery we have to reduce all the internal resources that we have put for this line of the product, because it does not give economic results, despite what it would mean for the producer. Allpa has an organisation that is alive and the organisational chart is a response to this."-A1

One of the first changes in the company was initiated when the FT orders started becoming scarce and the leadership decided to try and enter the MM. At the time this decision was made with the intention of providing more work opportunities for their textile producers. The decision to enter the MM had to be accompanied by a well-considered strategy, and structural changes as demonstrated in the quote below:

> "Regarding the non-alternative market, we have realised that we need to go into this market to be able to secure buyers for the product lines that have no access to Alternative markets, for example the knitting. We are aware of the fact that we cannot go to the mainstream markets without planned strategies. Now we are looking into the countries we can penetrate, the timing of it and what is the strategy we need. For this reason we have been thinking to create another catalogue, renewed and with more products. We also need to plan our business travels to participate in various craft fairs and commercial missions." From the annual report of 1992.

Since entering into MMs there have been a variety of other changes, some examples of which I have categorised below as structural, product-related and operational.

Structural: One of the major recent structural changes took place between my two study visits from 2011-2013, (see Appendix 5 for the organisational chart demonstrating the change). The diagrams show a new layer of middle management with more responsibilities and more specific job allocations. When talking about the reasons behind the changes, I was told that they were needed to improve communication and work practices.

> "The changes in organisational structure have been one of the most important changes. Because we are an organisation that is alive, I mean that we have an organic life, we have to rise up to all the challenges that the market is putting ahead of us, the clients, the local economic situation, the international economic situation. Of course these are not permanent variables for the producers, none of these is a permanent variable, neither the market is the same all the time, nor the products that they require are the same, or the world economic situation is the same. For that reason our organisation in whole, has to react in front of the situation that the market puts ahead of us. We need to make the internal changes to sustain competitive force."- A2

<u>Product-related:</u> The flexibility of the organisation also extends to its product offerings. The mainstream market is becoming more demanding and specific in their requirements. Allpa produces a catalogue of all product lines every year and presents at various international trade shows. However, according to the marketing manager, it is very seldom that a client would choose something from the catalogue without wanting to change the specifications such as color and size. Allpa has been able to accommodate these changes, by providing technological support to the producers. This flexible approach enables them to gain and retain customers:

> "We are trying to be both (FT and MM), at the end of the day the main part of the business success is the survival of the producers. Allpa has the flexibility to satisfy the clients from the FT and also travel to the United States of America and satisfy big chains that have nothing to do with FT. I think that the way to survive in the artisan market is to have this flexibility, to be able to say that this client does not buy this year but the other does, and the other year it is the other way round. And finally to be able to be socially responsible, you need to be able first to do business, for this reason we are looking to be a bit of both."- C5

> "---- These changes are presumed to be part of the service, because the client expects you to change the products as they want. Had we offered the client only what we have in the catalogue, we would not have sold even half of what we sell now. This characteristic of being able to change things, makes a lot of clients feel that they are participating in the making of the product."-C5

Another, more recent example of Allpa's fast reaction to the market demands was observed during my visit in 2013. The managers discovered an opportunity in the market for a special style of embroidery from the Huancayo region that had become quite popular. This was a type of a product that was not included in Allpa's portfolio, partly because there were not many skilled artisans who could produce this. To take advantage of the opportunity arising from the market demand and to address the skill gap, Allpa invited some artisan women from the region to come to their headquarters in Lima. Here they were to stay for a period of time to teach their embroidery skills to other artisans based in Lima. Allpa had dual intentions with this project. The first was to meet the new market demand,

but secondly to preserve the dying skills of the traditional embroidery by passing them on to other artisans from different regions. This initiative created a very positive atmosphere in the company. The company welcomed the artisans with a well prepared induction program which involved all the employees. Their in-house engineer was involved to help to make the processes quicker and more efficient in order to compete in the market, as the handmade product market (especially mainstream market) is extremely price sensitive.

Picture 21: Embroidery project induction

Picture 22: Embroidery project induction

Picture 23: Embroidery project induction

Picture 24: Embroidery project induction

Operational: The drive to improve the processes and make them more efficient has resulted in ongoing operational changes within Allpa. When asked about changes that have taken place in the past the employees had multiple examples they wanted to share related to operational changes.

 "I remember we used to package and ship all the products in a newspaper, we would wrap them one by one and put them in a box, then we changed the process and started wrapping them in a special paper that would make a lot of mess ----------[the interview continues describing all the changes they had made in the packaging and shipping of all the product ranges]. At the end the whole system has changed a lot and most of the changes have been done by the in-house engineer."-C4

"There have been many changes in the financial aspect of the business, including hiring more personnel for the finance department-----The major changes in the organisation have been to eliminate the duplicate jobs and duplicate processes, especially in the areas of finance and to use better IT systems. The use of the internet has helped a lot in saving time not to go to the banks for all the transactions and cheques [the interviewee described all the changes in detail]). This were all operational changes. These changes also affect our

producers, we have encouraged them to use the internet and modern technology for their payment and transactions with Allpa, which will save them time in travel to Allpa for a cheque and wait in the bank. And of course when one reduces the operational time it gives you more time for to analysis. Now we have statistics about company finances in graphics, financial comparisons of the last 6-7 years. There is more information for the management to make decisions……….. We have more time to do research."-B2

"One of the main changes in Allpa has been the introduction of the new IT system……. When I came to work here about 8 years ago, to make an order one had to look for information, documents to understand the client's needs, what they wanted before or what were their requirements, then we had to print out all the emails…. [Describes the process in detail]. There was a lot of work and time involved. Now we archive all the documents in our system, we have all the necessary information, a system of evaluation. This system helps us to deal with more orders to be more dynamic without losing information…… These changes first of all come from the outside world, because they demand these changes from us, secondly because the company accepts the consultants who come to give talks and training. All of us have to embrace the changes that are needed to go ahead, this has a cost as one is more used to doing things manually, there are people who are afraid of using the computers thinking they might destroy something, but with the practice one gets used to things, this aspect has improved a lot."-D6

Operational changes have been necessary with the growth of the organisation. The reasons for the changes have not always been the same, some have been influenced by FT, MM or LP, and others have been initiated by the management as a proactive approach to future growth strategies. This proactive approach shows in management keeping up-to-date with new business theories and strategies via Universities and other consulting agencies. The pioneers for the changes are mainly the leadership. Leadership issues will be discussed further later in this chapter.

6.3.3 Quality, design and innovation

At the core of all the changes lies the main characteristics of Allpa demonstrated in the quote below.

"We do not want to sell poverty, we want to sell quality"

The emphasis on quality is an important part of Allpa's identity. This has been demonstrated by the creation of a quality committee led by senior management, an in-house quality control unit, and producer training and development:

> "Allpa is not like the other enterprises who put an order in and are not interested how one manages, or how one makes improvements in the workshop. Allpa is interested in training the producers in their work processes, to make them faster with new technologies and to produce better quality products. They are always behind the producers, including helping them to cost the products so that the producers have profit out of it."- E2

Their emphasis on producer training and development has improved the artisans' skills and knowledge of the foreign market demands. These improvements affect not only Allpa but also producers' other buyers, who benefit from the better quality produced by the artisans. Allpa's management are happy that there has been an improvement in the overall quality of Peruvian handcrafted exports, as a result of their development of artisans.

Dealing with quality issues was one of the first priorities for Allpa in order to compete in the MM, however they soon realized that quality alone was not enough. Linked to quality, Allpa's identity and success is deeply rooted in the idea of unique product design and innovation. It is believed in the organisation that this is the only way to be sustainable and succeed in the market of hand made products. Every year, Allpa's designers produce a new catalogue for every line of products, which is presented at trade shows around the world. Product innovation is at the core of Allpa; as one of the managing directors said, the goal of Allpa is:

"To transform the artisans into entrepreneurs who are open to innovation."- A1

"We mapped down, all what is Allpa, how do we want to be seen by the outside world and by the people who work here. Our priorities for identity were first Peru, the second handmade, third FT and fourth design. These had been the four points that we planted to differentiate Allpa. At the end of the day, there are many enterprises from Peru, and many of FT origin and many that make handmade goods, there are some enterprises that are both FT and make handmade goods, less of them but still some. But we thought that the design that Allpa puts into all its products is the main differentiator. And the fifth point perhaps is the organisational topic. The organisation that Allpa has is also a differentiating factor. By organisation I mean the team, the infrastructure, the knowledge, the experience, all this is mixed in the fifth factor that is the competitive factor of the business. Not many can offer so much experience in exporting."-A2

 "Allpa is different because of its constant design of products, they contract designers, and they develop new lines of products and expand their markets. ---------- Other buyer organisations normally buy what is offered to them by the artisans, in comparison Allpa requires specific designs."- G1

The quotes above represent the emphasis Allpa puts on design and innovation. Innovation and design come at a high cost, because of the need to employ professional staff members who first conduct solid market research, and then designers who are able to create appropriate designs.

6.4 SUMMARY

My analysis started by looking into the wider context of Allpa to provide insight into the heterogeneity of logic multiplicity within Allpa. Once I established the three logics that surround Allpa, I then used Besharov & Smith's (2014) framework to conceptualise the nature of logics multiplicity at organisational

level, with the aim of explaining the consequences of multiplicity for Allpa. Using the framework I looked into how the multiple logics are instantiated within Allpa. The use of this framework for analysis of a SFTO helped to clarify the heterogeneity of logic manifestation by establishing the relationships between the logics. The relationships were explained by the degree of their 'compatibility'; the degree to which the instantiation of logics generate consistent and reinforcing implications for organisational action and their 'centrality'; the degree to which multiple logics are each treated as equally valid and relevant for organisational functioning.

The primary data gathered illustrates that there is enough distinction from Allpa's perspective between the influences of MM, FT and LP to consider them as different institutional logics. The data also showed that the three logics provide contradictory prescriptions to organisational practices and that multiple logics are core to Allpa's functioning. Although the logics of LP can be considered increasingly more peripheral, it is important to consider this in analysis of SFTOs due to its importance for SFTOs' businesses.

I found that Allpa is situated in a complex institutional setting facing contradictory practices and beliefs from the three logics. At the time of my research I found that the combination of FT and LP logics have higher compatibility than the MM and the LP or MM and the FT logics together. However the interviews have also revealed that the level of compatibility has changed over the time, resulting in a variety of changes within the organisation. Allpa's perception that FT and MM have become more similar over the years, has affected how multiple logics manifest within organisations. In addition, even when the FT and MM are considered different and contradictory to each other they both have roots in the 'North' and represent considerably different mentalities and business practices compared with LP.

The application of Besharov and Smith's framework on the primary data and the explanation of how the logics change and evolve over the time helps to enrich our understanding of organisational responses to multiple logics.

The questions that arise now are: How does Allpa embody multiple logics? How is conflict resolved? What are Allpa's mechanisms for managing the competing

institutional logics? How do these affect Allpa's identity? How has Allpa formed as an organisation, located in the midst of all these influences and logics? These questions will be discussed in the next chapter using Besharov & Smith's (2014) framework, which incorporates the dimensions of compatibility and centrality to create a framework that includes four ideal types for logic multiplicity.

7 DISCUSSION

The aim of this work is to understand the experience of a SFTO that finds itself in a complex institutional context at the crossroads of FT, MM and LPs and how it responds to this challenge. The theoretical lens of Institutional Logics theory enabled me to compare FT, MM and LPs and how these multiple logics are manifested at the organisational level and the outcomes of the logic multiplicity. In this chapter I will discuss the theoretical implications of the research for the IL theory. I will also look at how the research contributes to a deeper conceptualisation of FT.

7.1 INSTITUTIONAL SETTINGS OF SOUTHERN FAIR TRADE ORGANISATIONS

In this work I argue that the institutional settings of small organisations are not always straightforward and require a thorough examination of the organisational context to discover the most prominent logics and the level of their influence. As noted previously, organisations face multiple logics in numerous fields, and although many have looked into the consequences of multiple logics, such as Greenwood et al. (2011), Besharov and Smith (2014) state the majority of studies consider only two logics and recommended that future research should take into account the multiplicity of logics in the given context, and be more explicit about the justification of which logics are incorporated into the analysis. They also suggest examination of the patterns of complexity that confront organisations,

which arise from the multiplicity of logics to which organisations must respond, and the degree of incompatibility between those logics.

Developing from the gaps identified above, my research began by analysing Allpa in a wider context. The intention was to examine Allpa's institutional setting, identify the influences on the organisation, set apart the most prominent influences as perceived by the organisation and identify the degree of incompatibility and tensions between these influences. Multiple potential influences on Allpa were discussed during the preliminary study. The analysis of the data helped to identify that Allpa is embedded in a complex institutional setting, with three main logics. I concluded that FT, MM and LPs logics are the most prominent in Allpa, due to their impact on organisational practices, goals, strategies and the tensions that these influences create within the organisation. I also considered these logics to be the main influences on Allpa because they were found to be influential in defining and redefining Allpa's identity during its thirty years of existence.

However, the findings also showed that the LP logics has been more prominent from the beginning of Allpa's establishment and was manifested as an informal and friendship-like approach that Allpa adopts when dealing with the producer groups. I also considered it essential to separate the LP logic due to its influence on the patterns of complexity when combined with FT and MM logics. Although FT and MM logics are incompatible in some dimensions especially when it relates to the goals and means, they are also perceived together as Northern world logics which contradicts the Southern producers' logics, creating 'the clash of two worlds'. This led me to consider separating the LP logics for the analyses. Additionally, the LP logics is a logics that influences Allpa 'from below' up, to which the organisation has committed itself. This is different from MM and FT logics which impose themselves 'from above'.

In summary, I found that the three logics were reasonably clearly formulated, unambiguous and not always in direct competition with one another. Nonetheless, there was sufficient evidence of difference to indicate that Allpa needed to manage its way through the resulting complexity and logics incompatibility.

Analysing the influences of three logics, rather than two, has been a novel way of approaching the issue.

7.2 TYPE OF LOGICS MULTIPLICITY

After defining the three logics the next task was to examine the degree of their compatibility and level of influence, for which I employed Besharov & Smith's (2014) framework. The framework also enabled me to analyse the consequence of multiple institutional pressures and the practices and strategies that an organisation adopts to cope with these pressures. I first looked at the compatibility of the institutional logics from the perspective of goals and means. Besharov & Smith (2014) argue that to predict the outcome of the coexistence of multiple logics in the organisation, one should examine heterogeneity in how multiple logics manifest themselves within organisations. They propose two dimensions that define the heterogeneity; compatibility and centrality.

Compatibility is defined as the extent to which the instantiations of logics imply consistent and reinforcing organisational actions. Consistency in pursuing the goals of organisational action is regarded as more important for compatibility than consistency regarding the means by which goals are to be achieved. When compatibility is high, the logics imply consistent organisational goals. This means that, although multiple logics are represented internally with no clear hierarchy between them, organisational decisions do not present either/or choices. Allpa's goals are a combination of conflicting logics.

The differences between the goals and the means of pursuing them was discussed earlier. In general a common perception within Allpa is that although the business processes are not dramatically different between FT and MM buyers, there is a different purpose to FT and MM buyers' businesses. Employees within Allpa do not distinguish between FT and mainstream orders and follow them up with the producers in the same way. However, the employees observe that FT buyers tend

to do business with them not for the biggest financial gain, but because they have bought before and want to continue the relationship, and to support the artisans in order to reduce poverty. As far as the producers are concerned, their main aim is financial stability and the sustainability of the business.

The leadership of Allpa has been confronted with opposing goals, values and identities as well as different strategies and practices for achieving the goals. As a result Allpa has 'picked and chosen' certain aspects of each logics creating new organisational forms and thereby minimising conflict.

Although I found that the three identified logics affect both the goals and the means of the organisation, the data showed that their influences and consequent responses in Allpa have not necessarily happened simultaneously, they have taken place over years of organisational practice. At the outset, Allpa's strategic focus was based on FT and LP values, including relationship and partnership with the LPs and employees as the main stakeholders. With the increased involvement in the MM, the strategic focus and the goals of the company changed, resulting in lower compatibility between the FT, MM and LP logics. However, the degree of compatibility has changed again by Allpa perceiving that FT and MM have become similar by the means of conducting the business. This has resulted in a shift from logics providing contradictory prescriptions for action to logics providing more compatible prescriptions for action.

Centrality is defined as the degree to which multiple logics are each treated as equally valid and relevant to organisational functioning. Centrality is higher when multiple logics are instantiated in core organisational features that are central to organisational functioning and lower when a single logic guides core operations while other logics manifest in peripheral activities not directly linked to organisational functioning. Allpa displays high centrality, FT and MM logics are both being present and core to organisational functioning, the logics of LP is increasingly peripheral. Multiple logics are also present in Allpa's mission, strategy, structure, identity and core work practices and are represented among members. Over the years Allpa has managed to pick and choose elements of each logics and incorporate these in its core functioning. These findings are aligned with recent studies of institutional complexity (for example, Reay & Hinings

2009; Anne-Claire 2013) which suggest that multiple institutional logics are present in the organisational core of some organisations. Allpa's resource dependency on all the three logics also increases the centrality.

7.2.1 Contested or Aligned?

As discussed in the methodology chapter, studies of organisations that embody multiple logics have suggested a variety of organisational outcomes, in particular internal conflict (Battilana & Dorado 2010; Kraatz 2008; Pache & Santos 2013; Pache & Santos 2010; Greenwood et al. 2011). To understand how multiple logics manifest in organisation and the implications of multiple logics on the internal conflict Besharov and Smith (2014) combine compatibility and centrality to provide an integrative framework. They combine the dimensions and form four ideal types as shows in Figure 7

Figure 7: Types of Logic Multiplicity Within Organisations (Besharov & Smith 2014)

Degree of centrality		**Contested** *Extensive conflict*	**Aligned** *Minimal conflict*
	High Multiple logics are core to organisational functioning		
	Low One logic is core to organisational functioning: other logics are peripheral	**Estranged** *Moderate conflict*	**Dominant** *No conflict*
		Low Logics provide contradictory prescriptions for action	**High** Logics provide compatible prescriptions for action

Degree of compatibility

Applying the framework to my data, it appears that Allpa embodies multiple logics with high centrality and low to high compatibility. When the *raison d'etre*

of the organisation is disputed as a result of the organisation embodying multiple logics with low compatibility and high centrality, conflict of interests is likely to be present. Besharov & Smith (2014) label these organisations as 'Contested' that is where multiple logics are instantiated in their mission, strategy, structure, identity and core work practices and likely to be represented among staff members with no clear hierarchy between logics.

The changes in Allpa's strategic emphasis as seen in the business plan 2007-2011 demonstrate the shift from the old emphasis, derived from LP logics, to a new strategic emphasis where products were created specifically to meet the needs of the Northern buyer becoming the focus. The new shift in the mission and strategy of the organisation includes multiple logics and contested identity. In the same document it is stated that since 2007 other ATOs (due to various factors) had misunderstood Allpa, and considered it to be an organisation focused more on financial issues rather than social ones. This demonstrates that at that particular time Allpa seemed to be falling into the category of being a contested organisation and had a very low legitimacy in the field level. At this period in Allpa's timeline the core practices of Allpa were also contested. Allpa was conducting its business practices with the FT logics of transparency, sustainability and partnership, however it had also incorporated strong core work practices from MM such as business-like efficiency, tightening of export conditions, penalties for producers, focusing on product quality and innovation.

In contested organisations, members hold competing expectations about appropriate organisational goals and lack clear guidelines as to which goals should prevail. However, this is not the case in Allpa. Although Allpa is facing contradictory prescriptions for action from multiple logics, Allpa's leadership has been able to successfully combine elements of FT, MM and LP logic to create a new organisational form and identity. This strategy has led to reducing internal tensions, but also has made it difficult for Allpa to establish legitimacy and attain support from the field level actors.

Contested organisations struggle to find acceptance and legitimacy at the field level. When incorporating MM logics into their core practices and strategy, Allpa faced criticism from the local FT organisations which opposed Allpa being

certified by WFTO, they viewed Allpa as too commercial (as discussed in the context chapter). However, after various audits WFTO decided in favour of Allpa's application, finding enough evidence that Allpa incorporates FT practices and principles in its organisational core.

Interestingly, the level of acceptance and the perceived legitimacy of Allpa has risen dramatically during the years. This shift could be explained by two factors. Firstly, Allpa perceives that FT and MM are becoming similar in their business practices. This has increased compatibility and shifted Allpa into being an Aligned organisation. Allpa's leadership has drawn on logics that offer consistent implications for organisational action, resulting in a united organisational core, with the goals, values and practice of multiple logics. Multiple logics are still represented among members which creates some level of conflict, since there is no clear logics dominance.

The second reason for Allpa's enhanced level of acceptance and perceived legitimacy is their success in business (according to Allpa's management). Allpa has managed to successfully combine contradictory business practices and logics in the core of the organisation. This successful combination and their business success has made Allpa an exemplary institution, in a field where other organisations have struggled to resolve the same conflict. Besharov and Smith (2014) do mention that over time logic blending or assimilation at organisational level can foster changes in logic at the field level. Allpa's leadership has been drawn in to help other FT organisations in Latin America to succeed (as discussed in the context chapter). By doing so, Allpa transfers their changes to other actors in the field.

As the representation of multiple logics and the differences between them has changed over time, the degree to which instantiation of multiple logics has generated consistent and reinforcing implications for organisational action, and the degree to which multiple logics have been treated as equally valid and relevant for organisational functioning, has also changed. This is another change which has caused Allpa's shift from the Contested to Aligned field of organisations, according to the Besharov and Smith (2014) framework. The result is more

moderate conflict, with FT and MM logics represented with no clear hierarchy between them and LP logics being somewhere in the middle.

In summary, using the framework, Allpa can be situated between Contested and Aligned organisations. Besharov and Smith (2014) (as seen in Figure 7) have used dashed rather than solid lines between organisational types to emphasize that compatibility and centrality are continuous dimensions and that organisations can exist between the lines. My research hereby confirms Besharov and Smith's (2014) theorising regarding the continuous dimensions.

Finally, the examination of micro level responses revealed that Allpa's responses to institutional pressures were both strategic and flexible over time, in order to achieve the best outcome for the organisation. This has allowed Allpa to make a shift from being a Contested organisation to a more Aligned organisation, however Allpa has also potentially created a new organisational identity and form, a "hybrid" organisation (discussed later in the chapter).

7.3 ORGANISATION'S RESPONSES TO COMPETING INSTITUTIONAL LOGICS

Another contribution to the literature is the understanding of the options that SFTOs have in resolving the conflicts created by the multiplicity of ILs. The literature discusses how organisations are exposed to competing demands from multiple and often incompatible logics, however we still know relatively little about how they proactively deal with tensions at the organisational level (Greenwood et al., 2011; Pache & Santos, 2010, Pache & Santos, 2013, Reay & Hinings, 2009). This question is of particular relevance for the FT movement, SFTOs and the whole academic debate about FT mainstreaming.

Scholars have suggested that when an organisation faces multiple and potentially incompatible logics this creates tensions and conflict (Battilana & Dorado 2010)

or even threatens organisational performance (Tracey et al. 2011). Recent research recognizes that organisations have broader opportunities in their responses to tensions when multiple institutional models are present. (Battilana & Dorado 2010; Binder 2007; Greenwood et al. 2010; Greenwood et al. 2011; Lounsbury 2007; Reay & Hinings 2009a). Some suggest that organisations may merge or combine competing logics by endorsing a combination of activities drawn from each logic in an attempt to secure endorsement from a wide range of field-level actors (Greenwood et al., 2011). Others have proposed that logics blending occurs (Binder 2007) as does logics coexistence, when actors 'manage' the conflicting logics for their purposes (McPherson & Sauder 2013). Battilana & Dorado's (2010) study on commercial microfinance organisations in Bolivia highlighted how these organisations combined development and banking logics to fight poverty. Similarly Tracey et al. (2011) demonstrated how two social entrepreneurs created Aspire, which combined the logics of charity and commercial retail. These studies demonstrate the internal challenges associated with the combination of competing logics, in both cases managing to simultaneously satisfy the competing demands proved to be challenging for organisational growth and even survival.

The competing logics and the consequent tensions have the potential of making organisations more innovative in their responses (Kraatz 2008). Greenwood et al. (2011) also note that when logics are ambiguous and lack specificity, organisations are provided with greater discretion in their efforts to alleviate tensions of complexity. On the other hand when conflicting logics are highly specific, organisations face a more problematic level of complexity.

Applying the IL lens I looked into the differences between the MM, FT and LP logics, the tensions that these differences create and Allpa's responses to these tensions.

7.3.1 Communication: translator of various 'languages'

The findings showed that one of the fundamental differences, hence tensions, and between the logics arises from the size of the business. FT buyers such as Ten Thousand Villages and Traidcraft are medium size businesses, and have a relationship based on commitment and sustainability which is demonstrated by understanding the size of the producers and their corresponding needs. This commitment is characterized by long term relationships, annual visits, and regular orders and perhaps with a higher tolerance of mistakes and delays. In contrast MM tends to include big commercial organisations such as TK Maxx, Walmart and Noosa, operating on a strict contractual basis, often represented by an agent.

On the other extreme the LP are small businesses often run from the owner's house. The size of the business affects the organisational practices, communication, and the level of professionalism. LPs themselves expect a relationship based on commitment, in this case with the added cultural dimension of informality and an occasional absence of professionalism. It appears that the relationships with producers vary depending on the size of the producer and the length of time that Allpa has worked with them. However, with time the producers become more independent and the relationship changes from one of patronage to a business partnership.

On the other hand both FT and MM represent western business with a certain level of professionalism and business demands. One of the main challenges for Allpa has been to meet the buyers' expectations at the producer level. There is a big gap between producers' small business capacity and the requirements of northern buyers. This creates a tension in logics for Allpa. The northern buyers logics dictates certain levels of product quality, quantity, the presence of multiple certifications, tight deadlines, and a certain level of professionalism, quicker processes and financial management. These require a certain level of work practice, workshop logistics and business stability which is not necessarily recognized as a priority at the producer level. The logics of these different size of businesses is manifested in Allpa in terms of low compatibility and high centrality

Allpa combines the logics by a purposeful selection of various logics among competing alternatives and selectively coupling them. For example, it makes pre-payments on all orders and, where appropriate, passes on penalties to both FT and mainstream orders. This is in line with Pache and Santos' (2013) work on hybrid organisations. Good communications are considered to be the principal tool to overcome tensions caused by conflicting logics (Saz-Carranza & Longo 2012). The analysis of data showed that communication as a means of overcoming tensions has been fundamental for Allpa. The organisation often acts not merely by passing the information from the buyers to the producers but by translating it in both directions into a 'language' more acceptable for the recipient. The success of the communication would not have been possible without an adequate organisational structure and strategy.

7.3.2 Organisational structure and strategy

Thornton et al. (1990) suggest that the dominant IL affects a firm's strategy and structure by focusing the attention of decision makers toward those issues that are consistent with the logics. According to Greenwood et al. (2011) the complexity of organisational structure is linked with its experience of institutional complexity: "Organisational structure matters in shaping the organisational experience of complexity and in determining the repertoire of organisational responses available" (Greenwood et al. 2011, p.334). When an organisation's strategy and structure are in conflict with the prevailing institutional logics, the organisation is less legitimate and competitive and thus more subject to change pressures and the strategy and the structure of the firm also changes (Thornton et al. 1990, Thornton 2002).

Allpa has recognised these tensions and changed its structure in order to accommodate changes in the market demands from the MM and FT, to facilitate communication between the buyers, producers and Allpa's employees, and to increase effectiveness. Over time, institutional complexity changes thus creating

different circumstances and tensions for organisations (Greenwood et al. 2011). Allpa adopts an accommodating strategy, particularly through making changes to organisational structure, in handling such fluctuating institutional complexities and tensions.

In the case of Allpa the findings confirm the importance of communication in the process. Further the findings also showed the importance of flexibility in changing the organisation's structure and strategy to overcome tensions. Existing literature discusses institutional change, and the complexity of the organisational structure related to change, however, little attention is given to the flexibility of the organisation to allow changes to happen on a regular basis. One of the reasons for Allpa's flexibility and the speed of decision making could be attributed to the simple leadership structure. Being a small sized organisation managed by two managing directors there is more scope for being reactive to tensions and exercising faster decision making and flexibility. With a small leadership team (the leadership issues will be discussed in more detail below) this creates a straightforward and shorter decision making structure, hence the experience of institutional complexity and responses to them are different to an organisation with a more complex leadership structure. The findings show that it is not necessarily the prevailing institutional logics that provoke structural change, but the tensions between the multiple logics.

7.3.3 Efficiency and entrepreneurial thinking

One of the main tensions arising from conflicting logics is that the MM focuses more on product, while FT focuses more on the relationship between Allpa and the producers. In practice this is demonstrated by FT buyers placing smaller orders on a regular basis for smaller sized items of lower value. Although Allpa makes larger profits from the mainstream orders, it is the FT orders that provide a regular income which helps to sustain the business in the long-term. In addition

FT is driven by traceability, transparency, employment conditions and ensuring fair wages.

In contrast MM has a strong profit and product emphasis demonstrated by large quantity orders on an irregular basis to maximize profit. The products tend to be either higher value goods, or follow fashion trends. The MM is also driven by market demands and international competition, hence one of the main challenges for Allpa is that the market demands hand-made products at mass-produced prices. Many of Allpa's customers seek equivalent prices to Asian products, where products can be produced more cheaply due to the difference in minimum wages and the cost of living.

Allpa's response to the tensions described above has been to emphasise efficiency and entrepreneurial thinking. To meet the consumer price point for the MM, Allpa has adopted an interventionist strategy towards the producers' production processes, by helping them to reengineer the processes to be more efficient and less wasteful. Having an in-house research and development knitting workshop and a full time engineer as a senior member of staff to monitor all the processes is key to this. The emphasis on entrepreneurship has incorporated as one of the goals of the company, which is to help the producers to become more entrepreneurial and produce better quality products.

The issues of product quality and the efficiency of the processes are well known in FT literature. For example, Karjalainen & Moxham, (2012) argue that improving the efficiency of FT supply chains as well as the quality of the products could allow FT companies to engage in mainstream without the need to dilute the certification criteria, and could bring the products closer to the prices consumers are willing to pay for ethical goods.

Improving the efficiency of production and the quality of the product have been the main driving forces of Allpa and has shaped its identity as an organisation (although see more on identity later in the chapter)

7.3.4 Pre-Financing

One of the fundamental differences between FT and MM logics is that FT buyers offer 50% pre-payment for their orders, which is vital for Allpa's producers, as they normally do not have enough liquidity to proceed with an order without pre-payment to purchase materials. The producers are typically very small businesses with very limited access to credit, and any credit they can get is very expensive.

It is not my intention here to discuss the pre-financing the of the FT model. My intention, however, is to point out the incompatibilities in the logics of FT and MM. The provision of pre-financing to the producers is an essential part of the FT way of conducting business. Currently there are variety of mechanisms and organisations through which FT buyers could provide pre-financing to the producers. The main benefit of pre-financing under FT terms is that the credit is available on an affordable basis (Nicholls & Opal 2005). In contrast, the mainstream does not offer pre-payments; the full price of the order is paid only after the order is shipped. To solve this issue Allpa takes loans from a variety of institutions. This is potentially a risky strategy for bridging the gap between the two logics and means that the organisation has to be relatively stable to manage the financial burden.

7.3.5 Changing responses to Institutional Logics with time

Greenwood et al. (2011) note that most of the research in this area assumes that organisations endorse a single or sustainable response to institutional pressures, however, they note that responses may also be variable across time. The company directors and the longest serving employees at Allpa think that FT, MM and LPs have changed during the years too. MM and FT have perhaps become more similar in some respects. The similarities are more in the means of conducting business, as opposed to the goals of the business. The FT movement's influence on the company has changed during the years. At the beginning the FT movement

was very supportive with their reliable orders, which has helped Allpa manage their future sales projections. FT was also their main customer, and their source of information regarding the market trends. The resource dependency was much higher hence the FT logics was more dominant (Besharov & Smith 2014).

However, the resource dependency and the relationship has changed during the years. The interviewees mentioned that in the past, with all the support that FT has given them, it had also been too tolerant and had "spoiled" them. According to Allpa's management, the change in FT logics was characterised by FT becoming more demanding regarding the materials used in the products, the quality of the products and greater expectation of meeting deadlines.

On the other hand MM (as perceived by Allpa) has become more conscious about the conditions of the artisans and fair pay. According to Allpa's longest serving members of staff, the producers have also changed greatly in recent years. Previously the producers had the mentality of being the 'poor' people, who needed help, they could not do things, and they were economically small. However, with many years of working with them the producers' logics have changed. Some of the producers are more entrepreneurial, coming up with new ideas and technological innovations. This has been achieved through various training programs, close collaborations and investments made by Allpa.

The changes in FT, MM and LP logics has resulted in Allpa experiencing different levels of conflict, ranging from extensive to minimal. Allpa's flexibility and ability to respond to conflicts in a strategic manner has enabled the organisation to work through the logics incompatibilities and form a new identity.

7.3.6 The influence of institutional complexity on organisational identity

Further contribution to the literature is the understanding of how the multiplicity of logics influences organisational identity. There is relatively little recorded in

the literature about the processes which connect organisational identities and institutional complexity. Kraatz (2008) notes that organisations are not passive recipients of institutional logics, but interpret, translate and in some instances transform them. A significant role in the process of interpretation is given to organisational identity.

Kraatz (2008), proposes four different types of organisational responses. First is resistance or elimination of tensions by deleting one or more institutionally derived identities. Second is balancing various institutional demands by increasing cooperation among identities. Third, organisations can emerge as institutions in their own right. Fourth, organisations can compartmentalize or decouple the logics to which they are subject.

Other researchers portray various scenarios of the coexistence of multiple logics, including scenarios where one dominant logics becomes the ruling power and forms the guiding principle of behaviour. Alternatively a scenario could develop where the conflicting logics coexist without any obvious dominance and a new hybrid logics appears as a result (Reay & Hinings 2009a). Hybrid organisations are discussed by scenarios where organisations selectively couple intact elements of each logic (Pache & Santos 2010).

The findings show that Allpa distinguishes itself from mainstream, FT and LPs and positions itself as somewhere in between, as an entity that facilitates dialogue and communication. In this way, Allpa emerges as an institution in its own right, detaching itself, at least to some degree, from its institutional setting (Kraatz and Block 2008). However, in Allpa's case the finding also showed that instead of a particular dominant logics, Allpa adopts a mixture of the logics, which in turn forms a hybrid identity for Allpa.

For example, Allpa takes the logics of FT in pre-financing all the producer orders whether FT or MM, despite this bringing a certain financial burden to Allpa itself. Being influenced by FT, Allpa also conducts capacity building projects with the producers. Capacity building opportunities have been perceived as benefits by the producers and have been identified in various FT studies (Bezençon & Blili 2009, Murray & Raynolds 2000, Ronchi 2002). This may include financing necessary equipment for the cooperatives such as computers and other office

equipment. Others have identified training opportunities, including financial training, available for the producers related to money making activities (Bezençon & Blili 2009, Murray & Raynolds 2000). These activities certainly are influences from FT.

As to the influence of MM logics, Allpa has become more 'commercial' and less tolerant of mistakes and delays when dealing with the producers, hence passing on the MM penalties to producers when necessary. As discussed earlier, their strategy has also changed under the influence of MM. Allpa is now more product- and customer-focused, while still keeping the producers and their wellbeing at the core of the organisation. This is further evidence of LP logics.

How Allpa does wants to portray itself? What is the symbolic power of the organisation? Pache & Santos (2013) suggest that hybrid organisations combine the competing logics in which they are embedded, through selective coupling. In contrast to decoupling, which entails the ceremonial espousal of a prescribed practice with no actual enactment, selective coupling refers to the purposeful enactment of selected practices among a pool of competing alternatives (Pache & Santos 2013:993). Selective coupling allows hybrids to satisfy symbolic concerns. Pache & Santos (2013) found that the symbolic power of some practices were adopted with the purpose of projecting appropriateness. In their case a not-for-profit organisation adopted for-profit status in order to project a business image which implies professionalism and financial stability. In the case of Allpa, professionalism and entrepreneurial thinking have been the driving force of the company as well as being the image and identity they want to project when dealing with the markets. Allpa has participated in various international Trade Fairs since its establishment, and the findings show that they adopted some aspects of MM to project appropriateness when dealing with MM clients. In contrast to Pache & Santos's (2013) findings, Allpa has not adopted them in a symbolic way, but has changed its core practices. This has been a costly strategy for Allpa during some periods, especially when they were labelled as 'too commercial' and suffered criticism from other SFTOs in Peru. This criticism made the application process to WFTO more complicated and Allpa had to undergo various additional audits.

Pache & Santos (2013) also suggest that selective coupling may be a less costly strategy than compromising, because it does not require organisational members to come up with alternative ways of doing things. It may thus be more accessible to resource-constrained organisations. Pache & Santos (2013) uncovered a pattern of selective coupling that builds upon the concept of logics as a "cultural toolkit". The concept "cultural toolkit" implies that actors can use various configurations to solve different kinds of problems.

In line with Pache & Santos's (2013) findings, the strength of Allpa is in their access to a broad repertoire of institutionalized templates that they can combine in unique ways. This places them at an advantage because they are able to craft a configuration of elements that fits well with the demands of their environment and helps them leverage a wider range of support (Pache & Santos 2013).

I consider the occupational groups and professions to have been extremely influential in choosing particular logics. Allpa's identity has changed during the years, as the influences of institutional logics have changed. The findings showed that some employees can be attached to one of the logics and others to another, which may result in internal conflicts. To resolve this Allpa has tried to hire personnel who would be able to adopt Allpa's identity and its rootedness in social ideologies. However, this strategy has not always worked to the benefit of the company and has resulted in the termination of the contracts of some new recruits. This strategy is similar to those adopted by organisations studied by Battilana & Dorado (2010) who analysed the shift of logics compatibility due to changes in organisational practices. They suggested that organisations may alter compatibility by changing the composition of their members. In their study of BancoSol microfinance organisation, the organisation hired a new cohort of employees with few ties to field-level referents of banking and development logics and socialized them around a mission that integrated the two logics (this was needed due to the high turnover and declining performance of BancoSol). In the case of BancoSol the change of employees and new practices resulted in lower conflict and improved performance. Similarly, Allpa has been trying to downplay the gaps caused by conflicting logics by hiring personnel free from attachments to particular logics.

In conclusion, this research has shed light on the gap identified by Tracey et al. (2011) and Rao et al. (2000), on the processes that are required to create different kinds of organisational forms. These findings uncovered how Allpa combines the logics, the strategies of the logics, the reasons behind them and the process over time. The conclusion is that Allpa has had to be flexible, entrepreneurial and innovative to manage multiple demands as well as to be very sensitive to all the changes that the logics impose. This has been possible due to Allpa's leaders' ability to balance the contradictory practices and strategies of incompatible logics. The power of the leaders and their adherence to a certain logics has been fundamental in shaping Allpa as an organisation.

7.3.7 The role of Leadership

Leadership, as an organisational attribute, determines the organisational experience of institutional complexity, and hence the response to it (Goodrick & Salancik 1996; Greenwood et al. 2011; Pache & Santos 2010; Lounsbury & Glynn 2001; Besharov & Smith 2014). Previous research indicates that the ownership and the governance structure determine the logics that will be prioritised or viewed more sympathetically within the organisation. Similarly, Heimer (1999) emphasises that the main actors who have decision making capacity have more influence than those whose involvement is part-time (e.g. in her study physicians in the hospital versus parents or patients).

This research expands our knowledge of the role of leadership in organisational responses to conflicting institutional logics. It was found that there is a strong link between the role played by Allpa's leadership, their values and beliefs, and the organisation's responses to institutional complexity. Allpa's leadership's identity and their personal rootedness in social ideology make it more receptive to FT logics. Leadership, in this case both the managing directors, is one of the biggest influences on the company. For example, the driving force of the current restructuring of the organisation is the leadership.

The leadership of the company also have their fingers on the market pulse and are very aware of changes in the volatile and demanding crafts market. One example is that the leadership changed the packaging and shipping of goods as soon they realised the new requirements of the market. During its 30 years of existence, Allpa has undergone numerous internal changes, has adapted to the new market requirements, has innovated, found new clients and most of these changes appear to have been initiated by the two managing directors.

Allpa's leadership play an enormous role in managing conflicting IL as well as shaping Allpa and its identity. In doing this they have created a hybrid organisation and potentially a new organisational form. In this case both the founding directors can be considered to be institutional entrepreneurs, who have successfully bridged three conflicting logics. They have constructed a new organisational form by combining elements of three logics and working to establish this as an identity and acceptable form both internally and externally. This finding is aligned with Tracey et al. (2011); whose work demonstrated the complex relationships between institutional logics and organisational form and the role of institutional entrepreneurs in them.

As to the ownership of the responses, it was found that the logics were adopted or rejected by those who have more power in the organisation. This expands our understanding of the role of leadership and the relevance of IL in decision making as recommended by Lander et al. (2013). The relative power of members against other members affects the centrality; if a member carrying a particular logic has more power within an organisation, that logic is more likely to be incorporated in the organisational practices (Kim et al. 2007; Besharov & Smith 2014). Most of the influential changes in Allpa have been initiated by the two managing directors. Competing expectations of goals and practices have been found between the middle management and the employees who deal directly with the producers. With middle management carrying the flag of the MM logics and the producer support team having their roots in producer and FT oriented logics, this has caused internal conflicts (Besharov & Smith 2014; Glynn 2000) and repeated clashes between the 'two worlds'. Some of the new recruits in middle management, although very knowledgeable with the appropriate level of

education and a good level of English had their ties and roots in conventional market logics-perhaps due to globalized education and a lack of any other experience (Greenwood et al. 2011; Townley 2002; Besharov & Smith 2014; Pache and Santos 2013). As a result Allpa had to terminate the contracts of some of the middle management who could not incorporate the core of producer and FT logics in their practices and understanding of organisational goals.

Another contribution to theory is the expansion of knowledge about the role of institutional entrepreneurs in the creation of the new organisational forms and managing conflicting IL (Tracey et al. 2011). This research demonstrates the role that institutional entrepreneurs play in combining the elements of established institutional logics and organisational practices to create new organisational practices and perhaps a new organisational form. This new organisational form is a hybrid of all the three logics that Allpa faces, similar to the findings of Lander et al. (2013).

7.4 SUMMARY

The first contribution to the IL literature is the use of Besharov and Smith's (2014) framework in a longitudinal research that shows how the instantiation of multiple logics shifts from one type to another over time (a line of research already recommended by Besharov and Smith (2014:375)). This understanding of how the compatibility of logics changes and their implications for the organisational outcomes is important to prevent organisational conflict and instability. Allpa has faced multiple and incompatible logics for the 30 years of its existence, however has managed combine them in the organisational goals and practices, for example balancing the social and business needs of a SFTO while working with the logics of LPs.

Secondly, Besharov and Smith argue that logic compatibility can change because of shifts in the nature of field level professional institutions, or a change in

organisational level practices such as hiring and socialisation. My research helps us to understand how such shifts occur, and what implications they have on organisations. I also found that organisational structure and communication are some of the main factors in how Allpa experiences the logics and how the level of compatibility varies. By changing the organisational structure and communication methods, Allpa manages to increase the compatibility. As a result Allpa combines and blends FT, MM and LP logics creating a hybrid organisational form with a new identity, which has a certain level of formality and professionalism combined with personal level relationships and commitment. I also found that organisational flexibility to change is crucial in managing conflict and has the potential of enabling organisations to avoid paralysis, breakups and demise (Besharov & Smith 2014) and shifts organisations from Contested to Aligned type.

Thirdly, Besharov and Smith (2014) recommended that future research can use the framework to extend insight into how logics and agency interact together to affect logics multiplicity within organisations. "Our analysis of factors at the field, organisation, and individual levels lays the groundwork for scholars to consider additional factors at each of these levels, as well as the relationships between them. At the organisational level, for example, characteristics such as size, status, and resources may affect centrality" Besharov and Smith (2014, p.378). My data showed that one of the main differences between the logics in the context of SFTOs is the fact that SFTOs are small businesses interacting with large established northern companies and even smaller LP workshops. This clash of different worlds impacts on compatibility and centrality, however, the issues of conflict are perhaps much easier to solve in a smaller size organisation, where the main decisions are made at the top leadership level.

Finally, the fourth contribution is introducing the Fair Trade organisations as hybrids, as most of the studies about hybrids have concentrated in the field of social enterprises. The use of the framework has helped to position the SFTO as a form of "hybrid" organisation that incorporates more than one conflicting logics within the organisational core (Battilana & Dorado 2010; Anne-Claire 2013; Greenwood et al. 2010). Besharov and Smith (2014) consider that the hybrid

organisations fall into the category of the contested type in their conceptualisation, incorporating low compatibility and high centrality. I found that Allpa was moving from Contested to being more Aligned, however, it still incorporates incompatible logics within its cores. The difference is that Allpa has been able to successfully choose certain aspects from each logics for its core.

The intention of employing IL theory has been to expand the FT literature from a marketing, economic, ethical decision making viewpoint to include the organisational viewpoint and further to understand how the SFTOs manage their businesses under various influences. To understand the mainstreaming effect, Raynolds (2009) emphasises the definition of FT as an effort to re-qualify trade based on alternative norms of ''fairness,'' ''partnership,'' and ''sustainable development'' and to counter mainstream trade practices based on free market competition. Raynolds uses the concept of "mission-driven" buyers notable for their FT values of partnership, personal and place attachments, and responsibility, their 100% FT sales, and their direct purchasing. The conventional corporations that take FT into mainstream markets are named as ''market-driven'' buyers, they limit their material and discursive engagement to public relations-defined minimums. Moreover Raynolds (2009) argues that these companies reinterpret FT's alternative norms and practices of ''partnership'' in the light of commercial and industrial goals of ''traceability,'' using certification as a tool for supply chain management (Raynolds 2009). In the same study (Raynolds 2009), the producers have identified variations in the buyer and supplier relationships. First, is the requirement of the minimum price as a non-variable benefit. The second key benefit they see in selling to FT markets is the pre-financing. The third key aspect of the FT arrangement is that buyer/supplier relations should be stable and long term. "Contrary to popular belief, the ethical consumer and FT premium are not the core of FT, but the long-term commitment of the FT buyer to local FT organisations to the point at which they can compete in the mainstream" (Hayes, 2006). However, this is not always the case with market driven buyers.

These categorisations of FT and MM help us understand the fundamental differences between these logics and their manifestation in an organisational context. Mainstreaming of FT brings many opportunities for SFTOs. However

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these opportunities can only materialise if the challenge of conflicting logics is solved at the organisational level. This research helps us to understand the types of logics multiplicity, the potential conflicts and organisational responses to conflicts in a context of an organisation which has managed to successfully overcome the challenges and grow.

8 CONCLUSIONS AND RECOMMENDATIONS

I started this research with the objective of uncovering the complexities of simultaneously working within Fair Trade and Mainstream Markets from the SFTO's perspective. I chose to study Allpa, a Peruvian craft exporter, which began as a trading organisation in 1986, and operates in both FT and MM. Investigating an organisation that has succeeded in global market conditions for 30 years has provided the opportunity to conduct a study with a longitudinal dimension and analyse the development of a SFTO, from a small fragile form to a potentially new organisational form.

The research questions addressed were:

- What is an organisation's experience of dealing with multiple logics?
- How does an organisation respond to potential tensions and contradictions arising from being surrounded by multiple logics?
- How is the organisation's identity shaped in the process?

To answer the research questions I employed the concept of 'institutional logics' (IL) to better understand and suggest resolutions to the mainstreaming debate of FT craft products. While other studies have recognized the challenges that producers in the craft industry face when targeting international markets (for example, Marston 2013; Page and Slater 2003; Scrase 2003), this is the first study to employ IL as a theoretical framework to analyse these challenges. The IL perspective has helped me to explore firstly, the complex setting of a SFTO; secondly the patterns of complexity that Allpa confronts which arise from this multiplicity of logics; and finally the organisation's repertoire of responses.

In this final chapter I summarise my contribution to IL and FT literature and make some practical recommendations for SFTOs and Northern FT buyers. Finally, I discuss the limitations of my study and suggest new avenues for future research.

8.1 IMPLICATIONS FOR INSTITUTIONAL LOGICS LITERATURE

A core idea within the institutional logics perspective is that the interests, identities, values and assumptions of individuals and organisations are embedded within prevailing institutional logics (Thornton & Ocasio 2008). This perspective combines and integrates societal and organisational level analysis in institutional theory (McPherson & Sauder 2013). In term of the organisational level analysis, in recent years institutional scholars have been taking a serious interest in how the multiple institutional logics are manifested and what the challenges of these manifestations are in the organisational context. My research has contributed into this stream of work in the following areas.

Firstly, the IL literature recommends that research should take into account the multiplicity of logics in the given context, and an examination of the setting in which more than two competing logics are to be found (Greenwood et al. 2011; Besharov & Smith 2014). The analysis of my data revealed that there were more than two competing logics present. I found that FT, MM and LP logics are all present and reflected in the organisational structure and practices (Kraatz 2008; Greenwood et al. 2011).

To answer the research questions, "What is an organisation's experience dealing with multiple logics?, and "How does an organisation respond to potential tensions and contradictions arising from being surrounded by multiple logics?", I employed Besharov and Smith's (2014) framework to explore the patterns of complexity that confront Allpa arising from the multiplicity of logics and the

degree of incompatibility between those logics, as recommended by Greenwood et al. (2011). Using the framework in a longitudinal dimension and showing how the instantiation of multiple logics shifts from one type to another over time was a line of research recommended by Besharov and Smith (2014:375). To my knowledge this is the first time this framework has been used to analyse an organisational context. Hence my research has increased our understanding of how the dynamics and influences of logics changes over time and their implications for the organisational outcomes, which is important in preventing organisational conflict and instability.

Besharov and Smith (2014:378) recommended that future research could use their framework to extend insight into how logics and agency interact to affect logic multiplicity within organisations; they state "our analysis of factors at the field, organisation, and individual levels lays the groundwork for scholars to consider additional factors at each of these levels as well as the relationships between them". They argue that logic compatibility can change because of shifts in the nature of field level professional institutions, or a change in organisational level practices such as hiring and socialisation. I found that organisational structure and communication are some of the main factors at the organisational level that can change how an organisation experiences the logics and how the level of logics compatibility varies. By changing organisational structure and communication methods Allpa manages to increase the degree of compatibility between the logics. As a result, Allpa combines and blends the three logics creating a hybrid organisational form with a new identity, which has a certain level of formality and professionalism combined with personal relationships and commitment to staff members. I also found that organisational flexibility to change is another factor which is crucial in managing conflict and has the potential to enable organisations to avoid paralysis, breakups and demise (Besharov & Smith 2014) and shifts organisations from the Contested to Aligned type.

Besharov and Smith (2014:378) state: "at the organisational level characteristics such as size, status, and resources may affect centrality". My data showed that one of the main differences between the logics in the context of SFTOs is the fact that SFTOs are small businesses interacting with big established northern

companies and even smaller LP workshops. In doing so Allpa becomes a translator between two different worlds. For Allpa, communication as a means of overcoming tensions (Saz-Carranza and Longo 2012) was fundamental. By becoming a *translator* of logics, Allpa does not merely pass the information from the buyers to producers but translates it in both directions into a considerably more meaningful and impactful 'language' for the recipient.

Much of the research in IL has been focused on understanding the institutional complexity shaped by the field level structural characteristics and organisational attributes, alongside research examining the organisational responses to institutional pressures (Greenwood et. al 2011). However, there has been little research on the chain effect of institutional complexity on a given organisation and its relationships with other organisations. In addition, the literature mainly suggests that the direction of the influence of the IL is from the top down: that the logics is something that is enforced on an organisation. There are some exceptions to this trend, such as Thornton et al., (2012:85) who demonstrate how IL are influenced by organisational practices and identities, suggesting that IL can be affected from the organisational level, although this is again slightly different from local producers being a 'bottom up' IL. I found that LP logics is a logic 'from below' to which the organisation, in its very nature, has committed itself. This might be regarded as different from the normal conception of logics which are imposed 'from above'. In this case Allpa choses to be susceptible to LP logics and voluntarily make themselves influenced by them (partly because of the leadership as discussed below).

My findings imply that organisations can, to some degree, influence the IL. In the case of Allpa, the direction of the influences is both bottom up and top down, the producers' logics influencing Allpa's decision making as well as Allpa influencing that of the producers. This finding showed that institutional logics can be transferred into other organisations via the supply chain, in some cases being transformed or "translated" into a more meaningful "language" for the receiver. This finding is in line with research published just as I was completing my work. Venkataraman et al. (2016), suggest that organisations can 'use' logics, rather than simply being driven by and having to respond to them. The limitation

here is that in the scope of this study I was not able to investigate in depth how the FT and MM buyers' practices are being affected by Allpa. This could potentially be an interesting project to undertake for future research.

Besharov and Smith have proposed their framework firstly to define types of logic multiplicity within organizations, and secondly to link these types with different organisational outcomes. Quoting Besharov and Smith (2014:378) "The framework we developed for explaining heterogeneity in logic multiplicity offers insight into the distinct ways in which multiple logics manifest within organizations and accounts for the varied consequences of such multiplicity". To do so they theorise compatibility and centrality as key dimensions along which multiple logics vary inside organisations and provide a conceptual apparatus for developing understandings of how organisations embody multiple logics. They suggest that to understand multiple logics in organizations, it is necessary to outline the relationships between these logics. They suggested that these relationships involve differences in compatibility and centrality.

However, as a reflection on using the Besharov and Smith (2014) framework based on empirical analysis, I found that the organisational reality and the complexity and intertwinings of the multiple logics were not easily fitted into the neat categories defined in their framework. On some occasions certain attributes could easily fall into the dimensions of compatibility or centrality at the same time, on other occasions it was hard to determine under which category they would fall. I found that the categorisation of the framework with four ideal types can be challenging during the empirical analysis process and has the potential to miss importance nuances which may not necessarily fit in any category. The relationships between the logics can be extremely complex and tangled, they also represent the perceptions of the organisational actors in a given context and time. Hence I suggest that the future empirical research should modify the framework according to its contextual factors.

As an example in the case of my empirical research I found that Besharov and Smith's (2014) three levels of analysis: institutional, organisational and individual were not enough to explain the heterogeneity of logic multiplicity. The primary data I collected had a strong element of the societal level influence that

could not have been ignored. The importance of the societal level analysis has been emphasised in the IL research before (for example Thornton et al. 2013). I found the societal level present in the leadership and its embeddedness in Peruvian culture and traditions, which draws Allpa closer to LP logics. The societal logics highlights people's capacity for recognising and prioritising certain logics over the other. In my research the societal level analysis has been demonstrated in the form of the LP logics, which is embedded in local culture and traditions. This is an important factor, especially when discussing the replicability of the findings in other cultural contexts. I expect there will be wide variation in the LP logics and their effect on SFTOs in India or Vietnam, for example, compared with Peru.

Adding the societal level of analysis in the framework gives a more holistic view of the implications of logics multiplicity in the given context, and emphasizes the importance of the context.

The answer to the third research question, "How does the organisation's identity shape in the process?" brings me to my second contribution to IL literature: Introducing the SFTOs as examples of hybrid organisations. Most of the studies on hybrid organisations in the IL literature have concentrated on the field of social enterprises. The use of the Besharov and Smith's framework has helped to position the SFTOs as a form of "hybrid" organisation that incorporates more than one conflicting logics within the organisational core (Battilana & Dorado 2010; Anne-Claire 2013; Greenwood et al. 2010). Besharov and Smith (2014) consider that hybrid organisations fall into the category of the contested type in their conceptualisation, incorporating low compatibility and high centrality. However, I found that Allpa was moving from contested to being more aligned by managing to incorporate incompatible logics within its core. The difference is that Allpa has been able to successfully choose certain aspects from each logic for its core, hence minimising conflict. Allpa combines the competing logics by purposeful selection of various logics among competing alternatives, and selectively couples them. As an example, it makes pre-payments on all orders, but where appropriate, passes on penalties for both FT and mainstream orders. This is in line with Pache and Santos' (2013) work on hybrid organisations.

Regarding organisational identity, Allpa distinguishes itself from MM, FT and LP and positions itself somewhere in between, as an entity that facilitates dialogue and communication. In this way, it seems as though Allpa emerges as an institution in its own right, detaching itself, at least to some degree, from its institutional setting (Kraatz and Block 2008). Operating under several competing logics Allpa has formed its own unique identity, and has managed to resolve internally the tensions that the different logics present. In Allpa's case the leadership has been perhaps the main organisational attribute responsible for the formation of the hybrid identity.

Organisational leadership determines the organisational experience of institutional complexity, and hence the response to it. Allpa's leadership identity and its rootedness in social ideology makes it more receptive to FT and LP logics. This is demonstrated by offering producers pre-payment for all orders including those for the mainstream, conducting producer training and developing them technically, and the long term commitment in business relationships. There is therefore a strong link between the role played by Allpa's leadership, their values and beliefs, and the organisation's responses to institutional complexity. This finding expands our knowledge of understanding the role of leadership in organisational responses to conflicting institutional logics (Greenwood et al. 2011).

In summary Greenwood et al. (2011) note that although there are some studies describing the differences between the logics and the expression of these differences in organisational practices, there are fewer studies showing the degree to which logics are incompatible. I believe that the application of Besharov and Smith's (2014) framework on the primary data and the explanation of how the logics change and evolve over time helps to enrich our understanding of organisational responses to multiple logics. I conclude that the concept of IL might be applied well beyond the case study organisation, and could be an important analytical tool for understanding SFTOs and FT more generally.

Finally, my research aimed to understand the nature of FT in practice, not in the 'ideal', and I believe that the contribution made by this work can strengthen the position of the FT handicraft sector (see next section). To the question of whether

Allpa's model is replicable, I would answer that it is, but with some reservations. I also expect my research findings to be replicable since most of the FT handicraft sector around the world faces similar problems. First of all, this is because of the limited FT market, and secondly the fact that FT handicrafts are currently only certified by WFTO (due to the difficulty of agreeing a set of norms for certification across the huge diversity of handicraft products), hence do not have the consumer recognition as commodities do, which carry the FT product label. Thirdly, there is a great potential for skill loss around the world as other non-home-based employment (such as mining) pays better wages then artisan work, which can have the effect of killing the natural inter-generational skill transfer process. Allpa's example teaches us not only the business strategies and the lessons from their commercial success, but also the dynamic of the relationships between Local FT organisations, FT, MM and Producers. The research could also be replicated in other similar FT organisations, perhaps in different continents, in order to see if the pressures of MM, LP and FT have the same effect on other SFTOs, how they respond to institutional pressures and what the roles of the leadership are in that process.

My reservations about the replicability of Allpa's successful model are only regarding the matter of the leadership. Whilst there is much to be learnt from the way both managing directors founded and continued to develop the company, there is something in their personalities, experience and traits that may be a unique factor contributing to their success. Firstly, being sociologists they have a deep understanding about Peruvian society, its development and how its organisations, institutions and individuals are interlinked. Their background in developmental work, prior to Allpa, supporting artisans from rural areas of Peru, connects them with the needs and challenges of artisans and help to balance the FT logics with MM logics. Secondly, the leadership's passion for Peruvian craft heritage helps Allpa to develop new products without compromising national identity. The combination of the leadership background and their passion for Peruvian craft is apparent in leadership's influence by the LP logics and incorporation of it in organisational goals. This strategy ensures competitive advantage in the global market. Thirdly, good management skills, a hands-on approach to work, excellent people skills and responsiveness are some of Allpa's

leadership traits are ones that many leaders aspire to. Finally, being entrepreneurial and innovative is an important personality trait of leadership which contributes to Allpa's success. I believe that some aspects of this can be learned and acquired with experience and formal training.

Many of the FT scholars or practitioners are resistant to mainstreaming, arguing that participation in MM dilutes the transformational potential of the fair trade movement. There is a big debate in the literature about whether FT's participation in mainstream market changes the MM practices. The scope of the research did not allow further investigation of Allpa's buyer organisations, their experiences of working with Allpa and whether Allpa has any influence on their practices. This could be an interesting project to expand knowledge of FT mainstreaming and its impact on Mainstream buyers.

8.2 Implications for Fair Trade literature

Employing IL theory contributes to FT literature by introducing a new dimension to the mainstreaming debate. It expands the FT literature from its marketing, economic and ethical decision making viewpoints to include the organisational viewpoint, answering the question: How can SFTOs prosper when dealing with both FT and MM simultaneously? What are the challenges that they face in the process and what are their options for overcoming them?

The mainstreaming of FT from its traditional distribution into conventional channels is a well-known debate in the FT literature (as discussed in the literature review chapter). At the heart of the debate is the fact that mainstreaming of FT has amplified the pre-existing FT tension of operating simultaneously 'inside and

outside' the market (Renard 2003:92), or FT being 'in and against' the market (Raynolds 2000:299).

Firstly, employing the IL perspective helps us to understand the fundamental differences between FT, MM and LP from the SFTO's perspective. The FT literature has already categorised the FT and MM buyers according to their differences. For example, Raynolds (2009) looks into mainstreaming by categorising the buyers and emphasises the definition of FT as an effort to re-qualify trade based on alternative norms of ''fairness,'' ''partnership,'' and ''sustainable development'' and to counter mainstream trade practices based on free market competition. Raynolds uses the concept of "mission-driven" buyers as distinguished by their FT values of partnership, personal and place attachments, and civic responsibility, their 100% FT sales, and their direct purchasing. The conventional corporations that take FT into mainstream markets are labelled as ''market-driven'' buyers, they limit their material and discursive engagement to public relations-defined minimums. Moreover she argues that these companies reinterpret FT's alternative norms and practices of ''partnership'' in light of commercial and industrial goals of ''traceability,'' using certification as a tool for supply chain management (Raynolds 2009).

In the same study Raynolds (2009) identified the producers' experience of variations in the buyer and supplier relationships. First is the requirement of the minimum price as a non-variable benefit. The second key benefit they see in selling to FT markets is the pre-financing. The third key aspect of the FT arrangement is that buyer/supplier relations should be stable and long term. "Contrary to popular belief, the ethical consumer and FT premium are not the core of FT, but the long-term commitment of FT buyer to local FT organisations to the point at which they can compete in the mainstream" (Hayes, 2006). However, this is not always the case with market driven buyers. Raynold's descriptions of the producer's experiences in the buyer and supplier relationship, clearly describes some fundamental differences in the FT and MM logics which I found in my work.

Exploring the FT and MM logics as perceived by Allpa has helped me to uncover their effect on the producer and supplier relationships at the organisational level.

The data showed that the employees who are perhaps more influenced by FT or LP logics have a stronger emotional connection and personal relationships with the producers and believe that their interaction can have positive impact on producers' businesses. The foundations of this business interaction are producer-driven, as opposed to the MM logics where the business interactions are consumer and product-driven (which is demonstrated by a relationship based on product development and meeting consumers' needs only). However, although the interactions at the individual level in SFTOs are clearly influenced by FT, MM or LP logics, they are not always simple or straightforward and often depend on the influence of the leadership.

Secondly, the bi-directional influence of the IL is potentially an important finding in dealing with one of the main dilemmas in the FT literature: whether FT should go mainstream and if so, how might FT affect the MM itself? As discussed earlier in the literature review, the topic of mainstreaming has divided the FT scholars into two groups: the proponents of mainstream strategy celebrate the market access for the small producers, and the opponents who perceive a dilution of the ideology and a gradual shift from a social movement to a depersonalised niche market (Bezençon & Blili 2009). From the point of view of the FT organisation, Regnier (2001) argues that "FT organisations find themselves in the dilemma of continuing to be pure (and marginal) or aligning with large distribution (and losing their soul)". Other authors have raised concerns that FT mainstreaming may enable increasing market shares; however it may also undermine the movement's principles (Moore et al. 2006; Low & Davenport 2005; Raynolds 2009).

It is considered that one positive aspect to FT expanding into mainstream markets is the increased volume of the FT goods sold, which has benefited a larger number of marginalised producers in the south (Low & Davenport 2005; Low & Davenport 2006). Mainstreaming also has the potential to spread the message of FT to a much wider audience. In fact, the most important benefit to the FT practice was considered its potential for influencing the mainstream retailer/wholesaler sourcing policies and to become a 'model' for all trading relations (Low & Davenport 2005; Low & Davenport 2006).

Others including Bezençon & Blili (2009) see three potential outcomes from mainstreaming FT products. Firstly, standard-setting MM organisations could set some conditions to obtain a distribution license relating to the firms' engagement with FT principles. This measure would likely make FT sales drop as most licensees would not agree to change their global practices. Second, FT stakeholders could agree on a less ambitious FT definition which would not encompass the objective of trade reform and limit its scope to poverty reduction and producer empowerment. Finally, the mainstream channels can continue selling the products without the message (except for value driven businesses) and the alternative channels selling the message and to a lesser extent the products. Bezençon & Blili (2009) view this last direction as the most appropriate as it causes the fewest negative collateral effects.

Allpa itself has various MM buyers who do not necessarily advertise Allpa's products with a FT message, and only emphasize the quality and the handmade aspect of the product. However, this trend has been changing and with FT becoming more popular MM are increasingly interested in Southern craft organisations who carry the WFTO product mark. The FT buyers emphasize both the story and the message (and are increasingly starting to stress the quality aspects of the product too).

And finally, what does mainstreaming mean for the handicraft market and producers? The sustainability and prosperity of the handicraft market is extremely hard to achieve. Fair Trade research has been studying the handicraft industry for over a decade, often by conceptualising that a fair wage and good working conditions will reduce poverty and achieve empowerment for producers. However, moving out of poverty into a more secure financial future still remains difficult for many producers (Le Mare 2010). Moreover, making and exporting handicrafts as a business is becoming extremely challenging. To meet customers' expectations and compete in the international market the artisans have no choice but to be more responsive to the market, to improve the quality of their products and the reliability of delivery to contracted timescales. Considering the complicated structure of the handicraft industry, and the importance of it in poverty reduction in the developing world, in this work I have aimed to go beyond

the goals of the social movement of FT and its developmental agenda and look further into the practical side of running the business, the challenges that the market throws at the SFTOs and their strategic responses to them, with the aim of deepening the knowledge of FT practitioners in how to best support producer organisations to thrive in the volatile, globalised craft market.

The mainstreaming of FT has brought one of the main challenges for the producers: requiring them to face fluctuating global markets and international competition. Globalisation, mass production, standardisation and cheap factory items have replaced various products made by artisans (Scrase 2003). The globalisation of artisan craft has also led to a separation of the craft from the actual artisan (Scrase 2003). Due to fluctuating market demands, Allpa had to terminate their work with certain producer groups when the demands from the MM for that particular product dramatically decreased. The market has also demanded hand-made artisan products but with mass-market standardisation requirements. This has meant that multiple processes and quality checks had to be put in place to ensure the standardisation. As a result, many artisans have felt emotionally detached from their work.

To achieve the new market requirements Allpa had to employ a strategy of intervention in artisan production. Allpa characterises the development of artisan work into two stages, before and after 'intervention'. Before the intervention of Allpa the products made by artisans had a story behind them. Each artisan could tell the product's history and had an attachment to it, however these products were not in demand and would not sell to MM. After the design interventions the artisans produce products that are more 'western friendly', where standardisation is considered quality. The design is mostly dictated by Allpa, and the producers are somewhat separated from their craft.

However, the producer groups/artisans also feel that they have grown and that without orders from MM and the design and process support from Allpa they would be out of business. Exporting to MM has created other issues too: many producers encounter difficulties in exporting, related to geographic isolation, technological challenges, language barriers and meeting export deadlines and required quality levels (Marston 2013). Again in Allpa's case the MM demands

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have proven to be a heavy burden for the small producer groups. Larger order quantities, stricter deadlines and quality requirements have meant that the producers would not be able to deal with the orders unless Allpa gives them a helping hand. This help comes in the form of financial support, investment in equipment, redesign of processes, introduction of new product designs, rigorous quality control, supply chain control and producer training.

For Allpa to support the producers to meet the MM demands it was vital to have a clear strategy and recognition of the changing nature of the marketplace. Scrase (2003) recognises that the changeable nature of the global marketplace means that various crafts come in and out of fashion, and this can lead to problems of oversupply. Scrase (2003) distinguishes between strategic craft production in a globalised market and traditional craft production for a specifically localised market. Scrase (2003) also notes that the artisans have a hybrid identity, both retaining traditionalism in their craft and simultaneously producing products according to the demands of the global market and local tourist market. He distinguishes between the artisan crafts of everyday use – 'quotidian craft' – and 'elite craft'. The 'elite crafts' of high quality and rare specifications have a specialised and elite consumer market, which is more concerned about the story of the item and the artisan community. On the other hand the 'quotidian craft' that represents everyday use items is being replaced by plastic mass-produced products. Hence many artisans develop strategies to accommodate the fluctuating global market and interest in their crafts. The strategy developed by Allpa has been the emphasis on design, innovation and quality. It is a strategy to distinguish and stand out, in a sense creating the 'elite craft' described by Scrase (2003).

In conclusion, this work contributes to the debate within FT literature about mainstreaming by approaching it from the angle of SFTOs. Looking into the issue through the lens of IL helps to highlight the differences that MM, FT and LPs have and the challenges and opportunities that it creates for SFTOs and the FT movement. Mainstreaming of FT brings many opportunities for SFTOs. However these opportunities can only materialise and generate long term benefits (as seen above) if the challenge of conflicting logics is solved at the organisational level. Hence my research draws attention to the importance and role of SFTO in

narrowing the gap between the LP, MM and FT to facilitate dialogue and build sustainable businesses.

From Allpa's perspective, without MM orders it would have been impossible for them to grow and to invest in producers. Investing in producers' technology and development in turn helps them to produce a higher quality product at a cheaper price and gain more clients. However, the FT orders are the ones which bring sustainable, reliable income, perhaps not enough for growth and development, but enough to keep them in business even during difficult economic times.

The concept of institutional logics to analyse conflict and complexity can clearly be applied well beyond the case presented here. As such, it offers an important analytical tool for understanding and developing FT in theory and practice. I would, therefore, encourage both researchers and FT practitioners to draw further on this approach.

8.3 MOVING FROM SELLING POVERTY TO SELLING QUALITY

In this research I reveal the dynamics of combining LP, FT and MM logics at the level of a SFTO and their role and influence on organisational outcomes. The study has enabled me to create a synopsis of lessons learnt from Allpa's experience that can be useful for other SFTOs or FT affiliated organisations in the North who work to empower and support producer networks.

Greenwood et al. (2010) developed the term "organisational complexity" to refer to organisational environments where organisations face a variety of pressures arising from multiple IL. Furthermore in the IL literature there is an acknowledgement that organisational responses to environmental pressures are fundamentally mediated by managerial interpretation of these environmental pressures (Thornton & Ocasio 1999; Thornton et al. 2012). My research has

confirmed the strong link between the environmental pressures and managerial decision making and their outcomes for the organisational development and the direction that an organisation takes. In Allpa's case one of the main organisational outcomes has been the shift in the logics of product offerings.

To illustrate how the LP, FT and MM logics have influenced and shaped Allpa's product offering over the years, and how Allpa's management has changed the organisation's logics from 'selling poverty' to 'selling quality', I categorise the nature of a SFTO's product offerings into three developmental stages. The first stage of product offering is artisan led. The products are traditional in nature, based on cultural heritage and skills that have been passed down through generations. The dominance of LP logics is demonstrated in the expectation that the products are purchased because of their unique ethnic origin. At this stage there are a variety of issues with some of the product characteristics for export markets. For the product to be exportable it needs to have the right price and physical size. The LP often produce larger size objects (for example big mirrors, ceramic vases and furniture pieces), which are not commercially viable to export in the quantities the handicraft market may demand.

At the second stage of the penetration of the FT logic, the product characteristics and expectations change. The product offerings become increasingly more market led with the expectation that they will be purchased and sold in western countries with the aim of opening mainstream trading channels for the artisans, to reduce poverty. The product carries the FT message, advocating principles including poverty reduction and fair business practices. This stage is characterised by NFTOs' involvement in the basics of business processes and provision of market information to the SFTO.

The transition to the third stage requires the SFTOs to develop a much better understanding of export markets and redefine their product offerings by focusing their range (for example, are they competing in the handicraft market or the home decoration market?) and investigate the latest trends within that specific range. The MM logics change product characteristics such as the quality and standards compliance required. The MM logics expects the SFTO to be well aware of and comply with export regulations and legal requirements when exporting products,

without the need for any "handholding." It is a logic based on achieving the lowest price point products that are commercially viable to export.

The penetration of the MM logics challenges the concept of quality embedded in the LP logics. Firstly, what is considered quality in North and South can be radically different, and varies from one type of product to another, for example between pottery and wood work. It is not my intention here to explore product specific quality issues in detail. This is a complicated issue for handicrafts and perhaps could be a good project for future research. However, I would like to emphasize the attitude to quality that the SFTOs have and how the logics of quality changes. One of my favourite quotes from Allpa's directors is: "We don't sell poverty, we sell quality". Most of the FT products are sold with the message of reducing poverty, providing equal opportunities, trade transparency and sustainability. All these messages are perhaps more linked to poverty then quality. The changes in Allpa's logics meant that Allpa started offering products that meet northern buyers' quality expectations. In this case (among other quality dimensions) this also means the standardisation of the products. Whether standardisation of a product is a quality dimension in handicraft is a debatable question, however most of the MM buyers require their orders to be standardised pieces. Hence having quality issues at the heart of SFTOs is crucial for success when penetrating into mainstream markets.

Secondly, the MM logics emphasises the product characteristics such as design and innovation, whilst FT logics emphasises the message of the product. For Allpa, cutting edge design and innovation is a dimension of the product offering that has the highest potential to differentiate them from others in the market. These innovative ideas when associated with the FT message have the potential to provide a competitive advantage in global markets.

The innovation and production of new products has its advantages; the producers I met seemed to enjoy learning new techniques and expanding their product portfolio. In some cases it enabled them to export independently, however balancing innovation, market demands and keeping tradition is not easy.

The negative impact of the product-centric third stage, can be considered to be the detachment of the artisan from the craft. As the artisans move to producing

more 'trendy' and modern items they are losing the tradition of the design and histories of the crafts that have been passed on to them through the generations. For the artisans the design and innovation are elitist and outward directed. Although the innovator/designer/producer may take their inspiration from the common people's folk art, the results do not return to the people because of the lack of appropriate channels. According to Fuente-Alvarado (2013) folk art and craft that has been innovated and re-designed does not return to its point of origin; they are usually adopted by the upper-middle classes, by educated consumers and some tourists, who are the ones who appreciate it and also are able to afford the price tags.

One of the lessons learned from Allpa's experience in terms of preserving tradition is the importance of the directors' passion for Peruvian arts and crafts, their background and years of work researching Peruvian traditions. An anecdotal example to demonstrate the passion that the directors have for the Peruvian arts is that when approached by an MM company from the United States, wanting to make cushions for the home decoration market from ancient Peruvian rugs, the directors refused the offer because they would never consider 'destroying' the original rugs. One of the directors said, "It was like asking me to cut my arm off". This attitude of the leadership in Allpa has resulted in Allpa being able to mitigate the conflict between the MM logics of consumer demand and the LP logics of the Peruvian craft tradition. Moreover, Allpa successfully innovates products for the changing demands of western customers, whilst managing to keep Peruvian traditions alive (as seen in the example of the new embroidery project).

At the third stage of innovative product offering, Allpa's motivation for working with the producers becomes more about increasing the market access and producers' business capacity rather than purely meeting the producers' social needs. This change in logics enables producers to make the change from 'selling poverty' to 'selling quality'. Here a shift in paradigm is required to make the transition from seeing the SFTOs as developmental projects to entrepreneurial business entities. This shift in perception may help to challenge some of the established practices that could encourage a dependency of SFTOs on FT markets. In order to be independent and sustainable the SFTOs cannot afford not

to be involved in MM, this is also partially due to the limited size of the FT market. This does not mean going against FT's values of partnership based on dialogue, transparency and respect. On the contrary, encouraging entrepreneurship in SFTOs has the potential to contribute to FT's objective of encouraging sustainable development in the South.

Effective leadership is crucial for SFTOs, as it is for any business. Although many of the required leadership skills can be learned and acquired, a difficulty the SFTOs face is the need to have leaders who are able to balance social and business goals. The SFTOs need to carry their organisation in a very complex and fast changing global environment. From the business point of view, the leaders need to have skills such as good communication, ability to see the big picture, analyse information, understand market demands and western buyers, as well as the necessity of being fluent in English to compete in global market. Allpa's leadership has had formal education in Europe, which I believe has equipped them with particular experience and skills which have helped them to manage the organisation effectively. They also frequently participate in business training and are very well informed and aware of new business strategies and tools available.

A significant challenge for the success of SFTOs is that, in addition to all the other leadership skills that small business leaders need, the SFTOs' leaders should be rooted in social issues, have a vision for social development and for preservation of national culture and traditions. To meet the MM customer demand a change in production processes is required. However if this change is not done whilst keeping the social issues at the heart of the organisation, it could potentially dilute the FT message. These are attributes of leadership that are arguably harder to train and acquire, unlike other business and leadership skills. Hence I consider that succession management is one of the primary leadership concerns in SFTOs. I also observed that succession management was an issue for Allpa's producers.

For SFTOs, it is essential to firstly identify potential candidates, who will have the required attitudes as well as a vision for the organisation. Secondly, to develop an appropriate strategy, a programme to train them in their leadership skills. This by no means is an easy process since even if an appropriate candidate is found

and trained, the SFTOs face the possibility of later losing the candidate to better employment opportunities. In the case of Allpa, a few of their potential leadership candidates at middle management level have left the organisation to study or work abroad and perhaps continue their careers in larger companies. Succession management is an issue that the SFTOs cannot afford to overlook, there is no simple solution to this and it will require years of planning and support.

A strong and stable leadership has been Allpa's backbone, however the leaders' ability to make changes and influence the organisation also depends on the governance structure that enables them to operate effectively and make quick decisions. The governance structure of Allpa, is perhaps more similar to a family business, where the leadership has little accountability to the board and has the majority of the management influence. This type of setting has the potential to be highly disadvantageous, if a powerful MD was making poor decisions unchecked by the Board.

In summary, in our global world, consumers are 'spoiled' with product options from different sectors and all around the world. The difficulty for SFTOs is in positioning themselves in a specific sector. Traditionally the handmade products fall into the craft industry, where goods that are handmade by artisans or those skilled in a particular trade are included. However, the notion of the craft sector itself is increasingly being disputed or repositioned. The first challenge for the SFTOs is to have a strategic plan/vision for the organisation in terms of producing and marketing the craft goods. The SFTOs need a clear product positioning, knowledge of what market they want to enter, what the trends are and the competition in that specific market. In the case of Allpa, they have positioned themselves in the Fashion and Home Decoration markets. This allows them to understand and analyse a specific market and position themselves accordingly. The need for a strategic vision and plan becomes more important for the SFTOs when entering into MM. The MM opens wider possibilities, where the SFTOs can be easily lost without a specific plan or direction. The second challenge for SFTOs is to be flexible enough to be able to reshape and rediscover themselves when presented with global opportunities.

Finally, investment in the craft sector has a great potential for creating sustainable employment. This is an attractive option for the developing world since the financial cost of investment required in the craft sector is much lower than in any other sectors. Without financial investment there is a big risk of losing skills, as one of Allpa's managing director states, "The most important element in handicrafts are the hands that produce the article." The SFTOs cannot afford to lose the skilled artisans to other employment opportunities, not only because the artisans are the bloodline of the SFTOs' business, but also they are the representatives of local culture and tradition.

This research provides the Northern buyers with a deeper understanding of the complex environment of SFTOs and the challenges they face in their position at a crossroads of Institutional logics. This understanding should enable the Northern FT buyers in particular to focus their support resources adequately to enable the SFTOs to grow and desirably be able to export to a variety of markets independently. Northern Fair Trade organisations have limited resources, and utilising the existing resources wisely and innovatively is essential for success. Some of the more established and successful SFTOs could be considered a resource asset, high impact organisations that can act as an advisory bodies in some respects. For example, Allpa's success in establishing their organisational structure, their information technology (IT) system, methods of working with the FT and MM simultaneously and the high degree of business capacity could serve as an example for other SFTOs, in particular of those in South America, because they are located in a similar cultural and geographical context.

8.4 LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

Case study methodology has enabled me to explain complex phenomena that combine multiple entities in an organisational context and investigate the research questions in depth. The case enabled me to uncover the complex interactions at the individual and organisational levels in SFTOs which are influenced by FT, MM or LP logics. Limitations of this study are:

Firstly, I found that the numerous interviews revealed the complexity of organisational reality, however representing these realities in writing was a significant challenge. One of the limitations of the case study I found to be the vast amount of data and its richness for easy analysis. On occasions, I felt that even my most detailed explanations and sample quotes were simplifications of what was described or told during the interviews. To answer my research questions I inevitably had to be selective in my use of data, while seeking to remain true to the key themes that emerged through the data analysis.

Secondly, the nature of the bilingual research presented a certain level of limitation. The majority of my primary data is in Spanish language and my analysis is in English. Although I have translated as close to the original as the language allows, sometimes the original 'flavour' of the language's nuances can be lost in translation.

The third limitation is the scope of the study, which did not allow me to visit producers who live outside Lima in rural areas. A study with a wider geographical scope would have been very expensive and time consuming. Future research could expand this case investigation by including a wider range of producers.

Finally, in order to draw any generalisations, future research could conduct a comparative multiple case study of similar organisations in different contexts. Comparing different cases can illuminate the significance of the idiosyncratic as opposed to the common or shared experience (Eisenhardt, 1991). Perhaps future

research could follow similar steps and research another organisation to build a more robust theory. This could be conducted in a different country to compare the geographic and cultural differences.

Future research could expand on this study in numerous ways. Firstly, this work has used Besharov & Smith's (2014:378) framework and recommendation to extend insight into how logics and agency interact to affect logic multiplicity within organisations. Besharov & Smith's framework (2014), however, only uses three levels of analysis: institutional, organisational and individual, although some institutional scholars including Besharov & Smith have emphasised the importance of the societal level of analysis (Greenwood et al. 2011; Thornton et al. 2013).

For institutional research in the context of SFTOs, I recommend that future research takes account of the societal level analysis. I expect that societal institutional logics would affect the behaviours of the actors and their perception and receptiveness to other logics. The societal logics highlights people's capacity for recognising and prioritising certain logics over the other. In this work, this is seen with the leadership and its embeddedness in Peruvian culture and traditions, which draws Allpa closer to LP logics. So I recommend in future research the individual level analysis should be accompanied by the societal level analysis. In this work the societal level analysis has been expressed in the form of the LP logics, which is embedded in local culture and traditions. This is an important factor, especially when discussing the replicability of the findings in other cultural contexts. I expect there will be wide variation in the LP logics and their effect on SFTOs in India or Vietnam compared with Peru, for example.

This work introduces the FT organisations, in particular SFTOs, as a type of hybrid organisation. Hybrid organisations have been studied in management literature as organisations that combine IL with a variety of outcomes (Borys & Jemison 1989; Battilana & Dorado 2010). Scholars have recognised the managerial challenges facing hybrid organisations. One of the challenges is that stakeholders of hybrid organisations often expect different outcomes from organisational practices and governance. SFTOs are complex entities; they try to maintain a balance between FT's social values and principles and establish a

profitable business enterprise. I believe that further examination of SFTOs as hybrid organisations will expand knowledge and facilitate management and support of them as well as expanding our understanding of hybrid organisations.

There is a big debate in the literature about whether FT's participation in mainstream markets changes the MM practices. Many of the FT scholars or practitioners are resistant to mainstreaming, arguing that participation in MM dilutes the transformational potential of the fair trade movement. The scope of the research did not allow further investigation of Allpa's buyer organizations, their experiences of working with Allpa and whether Allpa has had any influence on their practices. This could be an interesting project to expand knowledge of FT mainstreaming and its impact on MM buyers.

I recommend further research in the FT commodity sector, applying the IL perspective. The FT commodities market is considerably larger than the handicraft sector and with more commodities appearing in the mainstream market the mainstreaming of FT is becoming a hotly contested subject. Using IL as a lens for research in this area may yield fresh perspectives within the FT mainstreaming debate.

The penetration of the MM logics challenges the concept of quality embedded in the LP logics. Firstly, what is considered quality in North and South can be radically different, and varies from one type of product to another, for example between pottery and woodwork. It was not in the scope of this work to explore product specific quality issues in detail. This is a complicated issue for handicrafts products and perhaps could be a good project for future research.

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10 APPENDICES

APPENDIX 1: INFORMATION AND DOCUMENTS COLLECTED

Information/documents collected from the visit to Allpa October 2011
1. Annual reports for shareholders/stakeholders
2. Order/sales statistics from 2008-2010, 2011-2015
3. Production organisation chart
4. Business plan 2007-2011
5. Organisational chart
6. Information about the BASC certification
7. Process map (production, marketing etc)
8. Employment rules and regulations in Allpa
9. Agreement between the producers and Allpa
10. Health and security regulations at work as required by Fair Trade
11. Allpa vision and Mission
12. Information/policy about the Chulucanas (type of pottery) work
13. Traidcraft audit (2010)
14. Fair Trade International Audit (2005)
15. DVD prepared for Allpa's exhibition (Presenting the 25 years of work)
16. New collection catalogues in CD presenting the new product offerings and representing new lines (home, gifts and Christmas, jewellery, home textile, fashion accessories)
17. Photos of the producers and workshops
18. Copies of the certificates and awards
19. Newsletter "Pachacamac N6, N7, N8
20. Recent newspaper article about Allpa
21. Consent forms and confidentiality agreement

APPENDIX 2: DATA SUMMARY FROM THE SECOND RESEARCH VISIT

Interviews from second (the main) phase of data collection
Total 33 interviews- 5 in English, 28 in Spanish
Total interview in Allpa 27
Interviews and visits with producers
Painted glass and wood work
Textile workshop
Silver and jewellery workshop
Interviews in external organizations
Adex Association de Exportadores
Promperu
USAID

APPENDIX 3: ALLPA'S TIMELINE

1980	Travel to Cusco, Puno and Ancash with IPID, in search of the artisan groups. Projects that help the rural communities in Ancash
1981	Formation of the artisan cooperatives in Cusco with IPID
1982	The start of the project Allpa by IPID, the 99% owner of Allpa, 25th of March the foundation act, 30 September inscription in RRPP, presentation of the project to IAF
1983	Creation of the cooperative Yuarac Pacocha in Sicuani. Technologically innovative project with Alpaca and Ram wool. Collaboration with Itintec and Fopex
1984	Travel to the Basel fair with Fopex and visits to the clients in Switzerland with the samples of the vest from gamolan. First commercial brochures
1986	Loan from DWH for the project "commercialization of the primary artisanal products in Allpa". First trading client Oxfam. First sales of costume jewellery from pisac ceramics, quinoa.
1987-1988	First travel to Germany. Visits to potential clients in Switzerland, Germany, and England. Contacts with SOS: Lukas Zonneweld and Doen. Allpa's growing initiative. Participation in the fairs in Leipzig (Germany), Basel (Switzerland), San Diego. Approximately 2000 artisan beneficiaries. Lines: jewellery, ceramics, textile, painted glass, altarpieces and instruments. Start of the Allpa project in Ica to export pecans. Strong presence of the Shining path (communist militant group).
1989	Assault/robbery in our offices in Miraflores
1990	Purchase of our own premises of 500 square meter in the Jesus Maria. Constriction of the new premises and changing the offices. The total conversion cost $120,000

1991	The growth in sales from 1986 to 1991: 18 times 1987-$58,000 1988-$181,500 1989-$397,722 1990-$760,760 1991-$1104,300 The staff increase in the same period from 1 to 34. Creation of depot. Allpa donates $40,000 to support the producers and the rotary fund. The local Fair Trade organizations form a campaign against Allpa. First export of pecans to Oxfam In Belgium Packaging made by the third party $36/100 libra. Utility distribution between Allpa producers
1992	Big recession in Peru as a result of President Fujimori. Increase in terrorism and disappearance of tourism. Allpa increased staff to 45 members. Evaluation of Allpa by EFTA in Utrecht in Holland. Clients from FT include: Self Help, Serrv, Sos, Oxfam, Tempere, Butik, Salam, Traidcraft, Eza, Pueblo to People, Dwshop, Bridgehead, Caritas team. Training with artisans and staff members, enamelling workshops. Competition "artisans for development", 1800 participants Book publication "Peruvian artisan art, origins and evaluation" "La Retama" shop operating 6 months Opening of the offices in Cusco and work with the team of three. Offices and team in Juliaca
1993	First IT system in Allpa. First costs system, First catalogue "crafts for home" and "jewellery and clothing". Decision of increasing the sales towards the commercial market. Two commercial trips for this reason. Hiring of external consultants (CISE) to conduct a market study of handicrafts in USA. Founding the project "from artisans to entrepreneurs" and bidding for the project Allpa was made a member of ADEX group (the association of the exporters) Participation in the programme 'expo IV CBI' Holland Frailer in the pecan project 16% decrease in sales Allpa decides to work more with individual family workshops (156) rather than with organised groups (7) Allpa reaffirms its role as an organisation with social responsibilities that is seeking to find employment for those in the poorer sector of artisan work Initiation of the globalization projects: fax, email Allpa bets for innovation and product development to compete in the global market Marketing department creation

	Opening of Allpa's offices in Cusco with Lucrecia Huaco as the head Shipping training with the producers in Custco Radicalization of the conflict with the Fair Trade organisations in Peru
1994	Silver prize from ASEX as a major exporter
1995	A big crisis in Allpa 35% decline in sales and personnel reduction to 20 Reorganization of the processes and departments A plan was put in place for travels and fair participation in order to gain mainstream market clients Realization that we cannot depend on the Fair Trade clients only Prize for the best artisan work exporter given by ADEX Participation in the Ambiente fair as Peruvian business First order from Pier 1 and beginning of the relationship with the Primex De NY agency
1997	Allpa starts its operations in chulucanas in a small scale Sales to Carrefour and Pier 1 Problems of payment with Pueblo de People for the reasons of bankruptcy Participation in the Ambiente Fair, continued since Participation in the MSP project of ADEX with Javier Escandon and contact with Mimi Robinson and TOM Vincent, development of samples in Tramsa Participating in High Point with the Help to Artisans Participation in the New York gift show to Help the Artisans for three years Establishment of the Hivos Triodo project and financial collaboration for 7 years ADEX becomes partner Initiation of the collaboration with p.r.a and Mincetur Order of 5000 mirrors from slah and collaboration with p.r.a Pucallpa Project with IAF to design collections Better relationship with the Fair Trade buyers
1998	Creation of the Peruvian Institute for artisan work with the initiative of a group of exporters Problems of receiving payments as the Bluefish goes bankrupt, Nelly travels to USA Sales to Carrefour Bankruptcy of Pueblo to people and Maricucha's travel to USA First request to join WFTO Participation with SIPPO in Inhorgenta fair First participation with CBI in the jewellery project, CBI fair Nelly's travel to Rotterdam Serrv decides to cut relationship with Allpa
1999	With the help of Promperu, Allpa and a group of exporters organise the Peru gift show in the hotel Bolivar Pier 1 sales continue

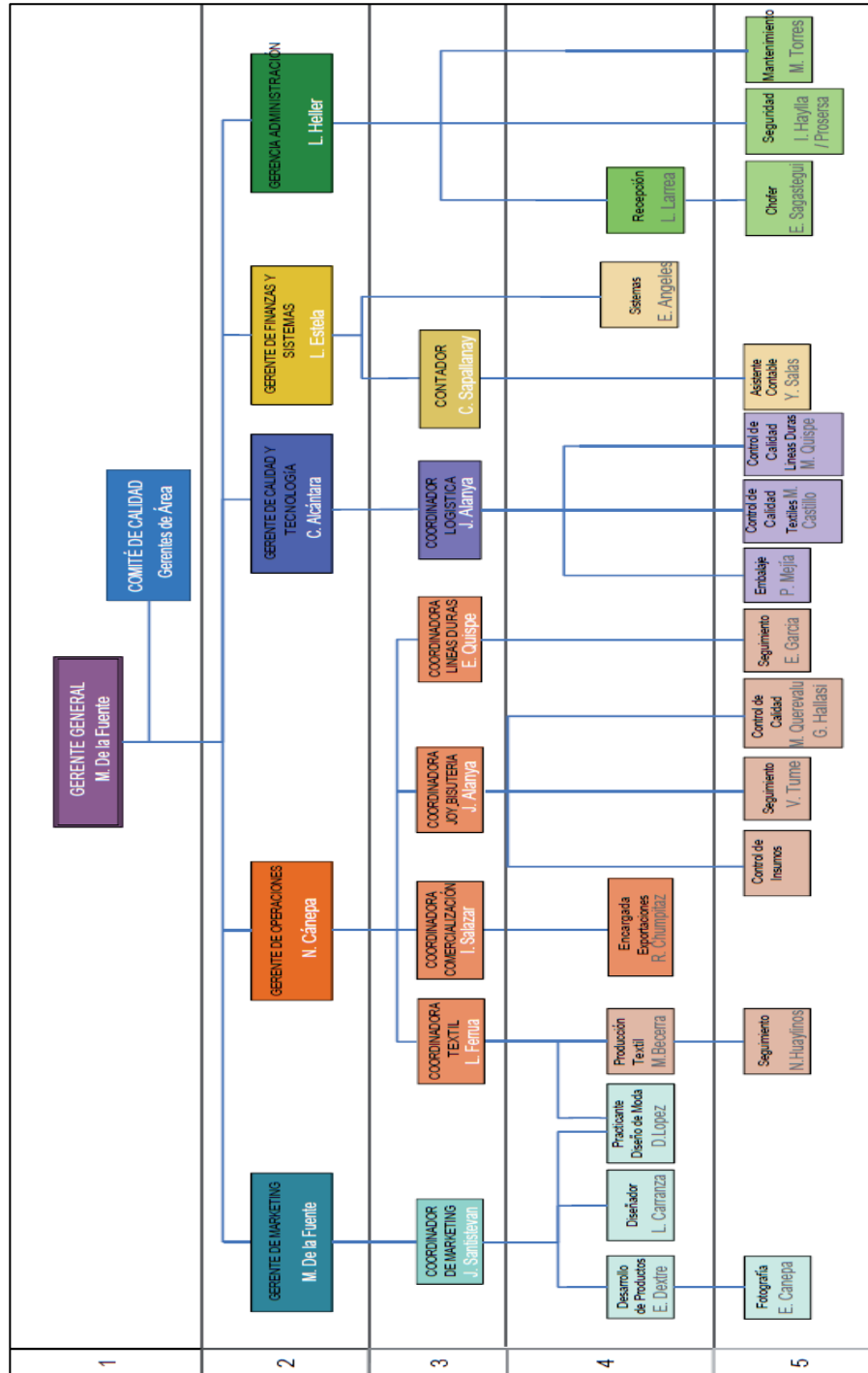|	
	The sales to mainstream markets increase
2000	Pier 1 sales continue The textiles sales are still very low in relation to jewellery and ceramics which are still growing rapidly
2001	Crisis in the FT organisation, Oxfam in England reduces operations to minimum Pier 1 puts an order of $600.00 in ceramics of chulucanas. Construction of the warehouse of 300m2 with Jose Sosa and Jacinto Chiroque In Allpa the creation of the technological innovation department Collaboration with Prompex, Adex, Adex-msp, Mincetur, Idesi First plan of Allpa's negotiations with external consultant (Antonio Cordon) Starting the project with Iaf to strengthen the workshops Ceramics still being the most exported line 60%, followed by jewellery 24% Mainstream market client increase Paucara, Huancavelica regions operations increase thanks to Vicky Bedoya of PRA First place in the competition of the good business practices for the small businesses- Guatemala.
2002	Best Artisan exporter prise ADEX Paucara activities initiative, Huancavelica with celestino Hilario
2004	Two big clients: keeping the orders with Pier one and starting sales with UNICEF 70% increase in sales as a result of the strengthening of the Euro A deal with ATPDEA with USA, Allpa's image redesign, more aggressive sale strategy for textiles 64% sales to FT and 34% to mainstream markets Increase of the textiles sales to 20% and reduction in jewellery and ceramics. Consultancy with TUYU to improve Allpa's image and define the objective market. New logo 10 new clients from the conventional market Reorganisation of Allpa to deal with the growth, reactivation of the marketing area, new administrator, improvement of the existing software, redefinition of the product and market offers with the short term and long term goals Actions to increase the sales of the textiles, contracts from Peru, a mission to USA, contracting Mimi Robinson A narrow cooperation with FTO Strengthening of the technical innovation area to help the workshops Collaboration with the project PRA, CCL, Cluster de puno, Aid to Artisans, Prompex, Mincetur, Prompyme and Inpart Contacts with Vicky Bedoya and initiation of the innovation works for Paucara Redefinition of the commercial strategy and the impulse of the textile line

	Second participation with CBI in the Maison fair with 3 years of objectives in textile program
2005	First printed memory 2004-2005 UNICEF is the principle client of Allpa Sales level similar to 2004
2006	First website of Allpa UNICEF is still the principle client of Allpa Business Plan for 2007-2011 First diagnosis of FT for our producers Sustainable sales growth: USD 1.623.000 Increase in the textiles sales 33%
2007	Sustainable increase of sales USD 2.137.000 Contracting consultant Vincent Carleton for textiles and Don Staakman for jewellery Better year for the chulucanas pottery sales Increase in the textiles sales 30% Strategic planning workshop Board of directors First manual of operations and functions Consultancy with FTO and Antonio Cordon in marketing: first strategic plan First publication of the Chasqui bulletin Participation in the branding workshop prepared by FTO
2008	Allpa receives the WFTO certification Strategic Plan 2008-2011 First annual operative plan First visit of designer PJ Aranador Bulletin Chasqui is now called Pachacamac
2009	Purchase of a new premises of 1,500 m2 in Perla, Callao Consultancy with Ecuadorian consultant from FTO Allpa's sales decreased 50% due to the international crisis $100,000 help from the Belgian cooperation Participation in the WFTO conference in Nepal Allpa takes part in the celebrations of FTO in Holland With the help of CBI participation in the fair Maison et Object de Paris Organisation and Participation of hand made products for hotels in Lima The visit of the consultant Pedro Crespo from Ecuador for advice in ceramics
2010	Prize for the excellence in export by ADEX First ISO diagnostics and workshops with the board of directors Economic audit of the company Initiated the BASC certification Start of the process redesign Sale of the Perla premises
2011	Celebration of the 25 years of the company: Yunsa, exposition in the museum of Riva Aguero, Caral Opening of the Casa Allpa

	New organisational chart according to the strategic plan of 2011-2015 New website Competition of the artisan work design Creation of the permanent design department We continue with the process redesigning, changes in the organisational chart
2012	Actualisation of the organisational chart and creation of the coordinating committee Consultancy about communication Creation of the textile department New projects of the process redesign, BASC certification, SYSSO Organisational culture Second book of Allpa "Peru Pais De Artesanos" New participation in the heimtextil fair
2013	Opening of the second and third Casa Allpa shops
2014	Closing the second and third Casa Allpa shops Allpa's new website

APPENDIX 4: ALLPA'S 2013 ORGANISATIONAL STRUCTURE

APPENDIX 5: ALLPA'S 2011 ORGANISATIONAL STRUCTURE

	JUNTA GENERAL DE ACCIONISTAS	
	GERENCIA GENERAL MDLF Y NC	

J.CONTABILIDAD Y FINANZAS LE		**GERENCIA DE ADMINISTRACION LH**
CS - NP		LL, EA,JR,MT, PROSERSA, IH, LES,CV

GERENCIA DE MARKETING MD	**GERENCIA DE COMERCIALIZACION NC**	**GERENCIA DE PRODUCCION CA**	**LOGISTICA JA**
INV. DE MERCAD0 / DESARR. DE PROD ED / GESTION MARKET.	GESTION PEDIDOS EQ / NEG. CLIENTES IS / EXPORT. RCH	SEGUIM. DE PRODUCC / GESTION CALIDAD / ALMACEN PM	

JS, EC, YS, LC, DL

KG-DT-MT-ZT-VT-PL-JC

UNIDAD TEXTIL

NC . MB – NH