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SOCIAL ENTERPRISE-CORPORATE COLLABORATION AND ORGANIZATIONAL LEGITIMACY: INSIGHTS FROM FAIR TRADE

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1. INTRODUCTION

Social enterprises (SEs) are distinct from both for-profit businesses and public agencies. This does not mean, however, that they are isolated from these other actors. There has been a growing attention to "cross-sector" relationships, either competition or collaboration between, typically, nonprofit, for-profit, and public organizations. However, rather than using the "nonprofit/for-profit" divide to distinguish among the organizations, this article takes a slightly different perspective. It focuses on SEs, which may be defined as organizations pursuing a social mission through their commercial activity. We particularly consider the *collaborations* between SEs and corporations, which have been flourishing over the last decades. These collaborations differ from both philanthropic partnerships and classical business alliances. Unlike the former, these collaborations are centred on the joint development of a product or service which represents a business opportunity for both the SE and the corporation. Unlike the latter, these collaborations contribute at least partially to the pursuit of a social mission, which is the main driver of the SE and may motivate the corporation as well.

Examples of SE-corporate collaborations can be found in several geographical areas (North and South) and fields, from recycling and community housing to microfinance and Fair Trade. In the North, collaborations have flourished over the last years, partly under the impulse of support structures and public agencies. In the UK, for instance, the Social Enterprise Unit of the Department for Trade and Industry (FTI) has published a report to motivate both SEs and corporations to engage in cross-sector collaboration (DTI 2005). In the South, the interest of corporations in accessing "bottom-of-the-pyramid" (BOP) markets, which has received an increasing attention, has also offered opportunities for cross-sector collaboration (Webb *et al.* 2010). Famous examples include the Grameen Bank, which has built joint ventures with several corporations: telecommunications (with Nortel), nutrition (with Danone), health (with BASF) and, recently, drinkwater (with Veolia).

Most work on cross-sector collaboration which examines the advantages of collaboration for the different types of organizations (e.g., Austin 2000; O'Regan & Oster 2000). We take a slightly different perspective, using institutional theory to look at the implications of collaboration in terms of organizational legitimacy. In our view, cross-sector collaborations between SEs and corporations share two features which raise crucial issues in terms of organizational legitimacy: singularity (these collaborations are unusual) and ambiguity (they bring together multiple and potentially contradictory institutional logics). First, these collaborations do not neatly fall into familiar categorizations (as do, for instance, public-nonprofit partnerships). SEs, already, are a still recent and unusual organizational form (e.g., Dart 2004); their collaboration with corporations neither is taken for granted. Secondly, as organizational legitimacy is contingent on a given institutional field in which a number of stakeholders provide legitimacy based on patterns of appropriateness (Aldrich & Fiol 1994), questions emerge about what happens when organizations from different fields embodying different logics and responding to various legitimating stakeholders (Stryker 2000) collaborate. It is worth noting, though, that SEs and corporations are both different (in their ultimate goals, organizational forms, etc.) and similar to each other (in their use of market resources and logics). In fact, the very concept of social enterprise reflects an evolution towards blurring boundaries between previously distinct orders: civil society and the market (Grenier 2006). The collaborations between SEs and corporations may be seen as embodying the shift in these institutional boundaries at the same time as they participate in blurring them. In the collaborative process, this may manifest itself through isomorphic evolutions.

Surprisingly, while institutional theory has become a widely used theoretical framework, it has only little been applied to examine interorganizational collaboration, let alone cross-sector collaboration between social enterprises and corporations. This article aims to fill this research gap in order to enrich both the understanding of interorganizational collaboration and its implications in terms of organizational legitimacy, and the knowledge and practice of cross-sector collaboration. In the next section, we introduce the theoretical background. We propose a short overview of the literature on interorganizational collaboration, the institutional and legitimacy-based perspectives, and the particular case of cross-sector collaboration involving SEs. That section ends with the presentation of the research questions. In the third section, we present the methodology and the two fields in which case studies have been led: Fair Trade and Work Integration. The fourth section exposes the preliminary findings and the fifth section concludes, blazing trails for the pursuit of the research.

2. THEORETICAL BACKGROUND

2.1. Definition and literature review

Using a definition developed in the context of institutional theory but with a sufficiently broad scope, interorganizational collaboration is "*a co-operative relationship among organizations that relies on neither market nor hierarchical mechanisms of control*" (Phillips *et al.* 2000, 24). This type of interorganizational relationship thus differs from both classical market relationships (such as buyer-seller) and hierarchical subordination mechanisms (when one of the parties, typically the government, has authority to impose collaboration). Interorganizational collaboration has been examined through different theoretical perspectives, mainly linked to strategy, economics and organization theory. Several authors, however, suggest that none of these perspectives are sufficient alone to explain the reasons and processes of collaboration, thus calling for blended theoretical approaches. Most of the extant research has focused on the advantages of collaboration, depicted as a solution enabling organizations to reduce uncertainty (Ahuja 2000; Pfeffer 2003), share information and promote innovation (Pfeffer & Salancik 1978), reduce transaction costs (Dyer 1997; Williamson 1985), access and create new resources (Dyer & Singh 1998), all of which are said to provide competitive advantages that these organizations, especially smaller ones (BarNir & Smith 2002), would not have enjoyed without the collaboration (Child & Faulkner 1998; Dyer & Singh 1998). The rationale of collaboration and the processes and conditions of negotiation are also commonly linked to these expected advantages, thereby taking a functionalist view on collaboration, based on what the different stakeholders can gain from it.

2.2. Interorganizational collaboration in institutional theory

By focusing on the functional aspects of collaboration, researchers tend to overlook other drivers which may explain an important part of why and how organizations collaborate. One of these drivers might be legitimacy. Legitimacy is at the core of institutional theory, which for several decades has explored the dynamics of institutional fields and their relationships with organizational behaviour (DiMaggio & Powell 1983; Meyer & Rowan 1977). From an institutional perspective, interorganizational collaboration is interesting precisely because it connects the macro (field) and micro (organizational) levels, which have often been examined separately. As stated by Lawrence et al. (2002, 281): "*Institutional theory has tended to focus on field-level dynamics over relatively long periods of time and has spent relatively little time exploring the micro sources of these macro changes. Research on collaboration, on the other hand, has tended to focus on immediate outcomes for participating organizations while largely ignoring the macro effects of collaboration on the institutional fields in which they occur*". Interorganizational collaboration can be seen, more precisely, as a phenomenon located at the interface between macro, field-level institutional trends, and micro, organizational-level dynamics. On one side, institutional pressures favour or hinder interorganizational collaboration and shape to a certain extent the behaviour of each organization in the collaboration process. As stated by Phillips et al. (2000, 29), "*[t]he participants in a collaborative process bring with them various institutional affiliations and the institutionalized rules and resources that this implies*". Focusing on collaborations only as products of external institutional dynamics, however, neglects the organizations' potential for agency, more particularly the *"strategic use of institutionalized rules and resources*" (30). Indeed, as institutions are social constructions (DiMaggio 1988; Leca *et al.* 2008), interorganizational collaboration precisely appears as a locus of institutional construction and transformation. By examining both dimensions, these authors apply Gidden's (1984) dual interaction between agency (in which collaboration may be located) and structure (institutions): "*engaging in collaborative action is dependent on the invocation of rules and resources at the same time as it serves to reproduce them*" (34).

Surprisingly, while legitimacy is a core concept throughout institutional theory, it has not been central in institutional accounts of interorganizational collaboration. Legitimacy has received an increasing attention in organization theory since the work of Parson (1960) and even more particularly since the mid-1990s (Deephouse & Suchman 2008). Early neo-institutionalists defined organizational legitimacy as "*the adequacy of an organization as theory*" (DTI 2005; Meyer & Rowan 1977), referring to the cognitive dimension of legitimacy. Knoke (1985, cited in Deephouse & Suchman, 2008) defined an organization's legitimacy as its "*right to exist and to pursue its affairs in its chosen manner*". For Scott (2000), organizational legitimacy is a "*condition reflecting cultural alignment, normative support, or consonance with relevant rules or laws*". One of the most commonly used definition in Suchman's (1995) pivotal article, in which he referred to a "*generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions*" (574). Finally, Nicholls (2010) provides the following definition : legitimacy is "*the congruence, in multiple stakeholder judgements, of an organization's perceived actions with their expectations of its performance*".

Authors commonly distinguish among different types of legitimacies based on the avenues through which compliance occurs. Aldrich & Fiol (1994) oppose cognitive legitimacy (linked to the "taken-for-grantedness" of the legitimated subject) and sociopolitical legitimacy (induced by the compliance with laws and norms). Suchman (1995) and Scott (2000) break up the latter into two categories and suggest a broadly similar typology consisting of three types of legitimacies: pragmatic or regulative legitimacy (compliance induced by a regulatory entity and/or motivated by access to resources and advantages), moral or normative legitimacy (compliance with norms and values) and cognitive legitimacy. Each of these legitimacies is again subdivided into a range of sub-categories. Archibald (1960) groups normative and cognitive legitimacy and labels it as cultural or constitutive legitimacy, which he distinguishes from sociopolitical or regulative legitimacy. Nicholls (2010) adds associational legitimacy, induced by "*association with other entities that are already perceived to be more legitimate*". Legitimacies are also commonly distinguished based on the level of analysis: individual, organizational, field legitimacy etc. Finally, as discourse is central in institutional analysis, there has been a special attention of institutionalists to discursive legitimacy – the "*ability to speak legitimately for issues or other organizations*" (Hardy *et al.* 2005; Phillips *et al.* 2000, 33).

2.3. Collaboration between social enterprises and businesses

Let us first define what we understand by "SEs", as there is not only an obvious lack of widely agreed definition, but also ambiguity on the terminology. Different terms are being used in the emerging literature and refer to different understandings of social entrepreneurial initiatives. Such heterogeneity may be linked, at least partly, to different levels of analysis: "social entrepreneurship" may be seen as the dynamic *process* through which specific types of *individuals* deserving the name of "social entrepreneurs" create and develop *organizations* that may be defined as "social enterprises" (Defourny & Nyssens 2008; Mair & Marti 2006). Several authors nevertheless consider that "social entrepreneurship" designates a wider range of initiatives, not necessarily taking the form of "social enterprises" (Nicholls 2006; Thompson 2008).

As this research focuses on collaboration between organizations, we will use the term "social enterprises". But what are the specific features of SEs? For certain authors, SE is just a more fashionable way to designate nonprofit organizations that have accentuated their commercial profile. This new term would thus embody the commercialization of the nonprofit sector as a result of an isomorphic attraction from the dominant market institution (Dart 2004). Other authors see SEs at the interface between nonprofits and cooperatives, highlighting the combination of a social mission backed by a not-for-profit structure and an entrepreneurial, market-oriented dynamics. The EMES European Research Network defines SEs as "*not-for-profit private organizations providing goods and services directly related to their explicit aim to benefit the community. They rely on a collective dynamics involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity*" (Defourny & Nyssens 2008:5). Finally, research strands closer to "social entrepreneurship" prefer not to link SEs with predefined organizational categories, considering that what only matters is social change, regardless of the organizational form (Dees 2001).

Partnerships between SEs and corporations logically share common features with those between "nonprofit" and "for-profit" organizations, as described by several authors (Austin 2000; O'Regan & Oster 2000). These features often relate to the differences between the organizations on various aspects: governance structure, mission, culture, staff, etc. Collaboration is commonly explained through the assumption that the difference and asymmetry between the organizations on these aspects bring complementary dynamics and efficiency prospects which favour collaboration. In this context, the theoretical approaches used examine these collaborations have been inspired by strategy (Austin 2000; Berger *et al.* 2004), transaction cost economics (O'Regan & Oster, 2000) and resource dependence/stakeholder theory (Abzug & Webb 1999).

Studies closer to our perspective, i.e., looking at SEs and digging beyond functionalist accounts, are scarce but particularly interesting. Di Domenico et al. (2009) use social exchange theory to examine the dialectical forces in cross-sector collaboration, identifying contradictions in terms of goals, ownership, governance, and accountability. In the field of Fair Trade, Davies (2009) uses network theory and identifies six types of relationships linking SEs with a variety of other organizations, based on the homogeneity of their goals and resources. None of this works, however, uses institutional theory and develops organizational legitimacy as a central issue.

Phillips et al. (2000) consider that collaboration lacks the institutionalised roles and procedures which determine market and hierarchical relationships. Participants in the collaboration will thus have to determine which of the institutional logics guides the collaborative process. This may happen in a rather unconscious way: "*the initial moves and, consequently, the typical pattern of practices for the inter-organizational domain will be generated from the institutionally legitimate set of practices available to participants*". (32) Thus, in a context of bridge-building between diverse institutional logics, participants will need to determine from which institutional fields the guiding principles of the collaboration will be mainly borrowed. In cross-sector collaborations involving SEs, the latter's explicit market orientation may lead to easing the adoption of market norms and values as the guiding principles. The SE's ambiguity due to diverse and potentially conflicting institutional logics could, in a certain sense, lead to its subordination to the corporation as the dominant partner. As a matter of fact, legitimacy seems closely linked to power. However, the link between the two concepts, especially in the context of collaboration, remains unclear. Phillips et al. (2000) suggest that discursive legitimacy influences the ability of each partner to influence the collaborative structures and practices. Discursive legitimacy may compensate for the lack of two other sources of power, namely critical resources and formal authority (Hardy & Phillips 1998). Phillips et al. (2000) suggest that this explains why "resource-poor" actors such as environmental groups have been able to dominate collaborations with "resource-rich" corporations. Certain SEs might also enjoy high levels of discursive legitimacy, thereby reaching a more balanced power distribution with corporations.

2.4. Research questions

Organizational legitimacy can be examined at different levels of cross-sector collaboration. A first momentum prior to any action is the very idea of collaboration beyond one's institutional field. Hence, we wonder whether the search for organizational legitimacy in one's institutional field may be a driver for cross-sector collaboration, besides functional prospects (access to resources, economies of scale, etc.). Cognitive legitimacy is an unlikely driver of cross-sector collaboration, insofar it is a rather unusual phenomenon. This is likely to be amplified by the fact that SEs themselves do not correspond to well established organizational categories (Dart 2004). As suggested by the DTI (2005), the scarcity of SE-corporate collaboration may be partially due to the poor knowledge of SEs by corporations, and also to the lack of self-recognition of SEs as businesses.

Normative drivers are likely to play an important role. The general evolution and the very concept of SE embody a growing trend of inclusion of market-related norms and practices in these initiatives. Indeed, compared to more established conceptualisations of "nonprofit organizations" or "charities", the language surrounding SEs emphasises values linked to risk-taking, efficiency and professionalism, which appear more legitimate even for organizations pursuing social aims (Dart 2004; Grenier 2006; Nicholls & Cho 2006). In this context, the practice of collaboration with corporations, as the organizations which most explicitly embody the dominant business paradigm, would be naturally encouraged as "morally legitimate" by the stakeholders promoting the "SE" approach. The partnerships with businesses can be seen both as the result of a stronger commercial orientation of these organizations, and as a driver of their "business-like" evolution. In such sense, the partnerships with corporations constitute a particularly well suited locus to examine the normative influences faced and reinforced by SEs. On the other side, corporations are increasingly communicating about their social responsibility and tend to include the pursuit of social purposes in their declared missions. Whether this constitutes a real normative shift is debatable, as the interest in social purposes can also be interpreted as "take-over" of social issues by actors primarily concerned with profitability. Looking at the "CSR myth" from an institutional perspective, several authors underline the primary role of normative pressures and stakeholder expectations in pushing corporations to undertake CSR initiatives (Doh & Guay 2006; Hess & Warren 2008; Seitanidi & Crane 2009; Yang & Rivers 2009). In this context, collaboration with SEs appears as a way for corporations to demonstrate the meaningful and not only symbolic (Hess & Warren 2008) commitment to social goals (Seitanidi & Crane 2009). Such collaborations thus appear as normatively favoured both in the business world and in the broader society: public authorities, consumers, advocacy groups, etc. As a result, the collaboration between corporations and SEs could embody the bridge-building of and blurring boundaries between two previously well distinct institutional orders.

Finally, cross-sector collaboration is likely to be stimulated by the prospects of advantages for a number of internal and external stakeholders. Stakeholder benefit may be direct, or indirect, through an improved situation for the organization which then benefits these stakeholders (e.g. organizational growth, profitability, reputation benefitting to employees or shareholders). Direct benefits are linked to outputs, directly deriving from the collaboration, which are tangible for these stakeholders (e.g., new products for customers, new market opportunities for suppliers, etc.).

A second step in the collaborative process is its initial framing: what does each organization achieve through the collaboration, what problems does it want to solve that it could not solve alone, what are the conditions under which it accepts to collaborate? These issues determine a third step of the collaborative process, which Gray (1989) and Phillips et al. (2000) call the "membership" of the collaboration. How does each organization *a priori* define which of the cross-sector participants may qualify as potential partners? Both the SE and the corporation will seek collaboration as a solution for a specific problem that they have shaped according to their norms and habits. SEs are likely to collaborate with corporations because this will better enable them to address the social issue which constitutes their raison d'être. Hence, the purpose of the collaboration from the SE standpoint will be framed according to its contribution to the achievement of the social mission. The SE is thus likely to identify the corporations that are compatible with its missions, or, more probably, to isolate the corporation that are not. In doing so, it will try to avoid a negative associational reputation. The corporation, on its side, is likely to search for both an economic and an image benefit. While the economic benefit requires a framing corresponding to a profitable business opportunity, the image benefit relies on association with a SE enjoying a good reputation.

However, as these three steps are prior to any negotiation with a potential partner, it is crucial to observe how the conception of the collaboration in the eyes of one organization matches the other organization's. In other words, the preferences of one of the organizations in terms of framing, membership and even adequacy of collaboration are constrained and influenced by the "other side". It may be that no candidates match an organization's membership criteria, or that the framing of the collaboration does not resonate with any cross-sector candidate. More realistically, the membership criteria are likely to be adapted to the available opportunities, and one's framing of the collaboration will have to be adjusted to the other's. For instance, a theoretically unsuitable corporation might come with proposals that lead the SE to rethink its boundary line or engage in discursive maneuvers to justify collaboration with businesses that initially do not correspond to the desired profile. Throughout this adjustment process, patterns of dominance will be crucial among organizations and, more broadly, between their respective fields.

Finally, the fourth step which is of interest in terms of organizational legitimacy is the evolution of the collaboration, with all its possible options: extension, reduction, stabilization, or ending. Again, the decisions of where to take the collaboration are likely to be shaped by the patterns of dominance among the partners. More precisely, we suspect that decisions concerning the evolution of the collaboration will be appropriated by the partner which is the least dependent on it, which means that it has the most alternative legitimate options.

3. METHODOLOGY

The nature of our research questions is clearly interpretive: we do not aim to capture variables linked to the economic drivers and benefits of the partnerships, but we are interested in how both partners consider the collaborative process and its link with their respective institutional fields. As the issue of partnerships between SEs and corporations is largely under-researched, even more from an institutional and power-based perspective, case studies clearly appear as the most suited way to generate empirical data. Moreover, as there is no database listing such collaborations, there is virtually no other way but to search for a number of illustrative cases. These cases do not aim to be representative, but rather to illustrate the issues of the collaborations included in the research questions. While it was tempting to take the "interorganizational domain" as the level of analysis by looking at both of the two organizations involved in the collaboration (Hardy & Phillips 1998; Phillips *et al.* 2003), the difficulty to contact the corporations and interview their representatives led us to focus on the SE standpoint.

We defined several criteria to select the cases. The qualification as a SE was based on the combination of legal structure (nonprofit, cooperative or hybrid), social mission embedded in the economic activity, and limited profit distribution. Corporations were defined as businesses with a profit-maximising goal. Most importantly, collaborations were characterised as (1) **centred on the joint development of an economic project** being at the heart of both organizations' activities (thus excluding philanthropic support, cause-related marketing, etc.) and (2) involving a **certain interest or commitment of the business to the social mission** of the SE (thereby excluding simple buyer-seller or other traditional market relationships). No criteria were defined in terms of duration or scope of the partnerships.

We looked for diversity in the types of partnerships and in their institutional backgrounds by looking at two different fields and countries. Based on the authors' affiliations and contacts, we identified Fair Trade (FT) and Work Integration (WI) as two fields where collaborations are numerous. It should be noted that the notion of "field" can be interpreted in different ways. FT and WI are "fields" when we consider the type of social mission pursued, which then becomes the distinctive criterion to define the field membership. In this respect, the SEs –FTSEs and WISEs– are the central organizations because they are the pioneers in these social fields. If, however, we consider the type of economic production in which the organizations are involved, then other field boundaries appear. It is in these fields or industries (e.g., coffee, garments, furniture, construction, etc.) that corporations have been dominant. The collaboration with SEs, or the involvement in labelling schemes, may give them access to fields which are defined by the social mission. Both the SEs and the corporations are thus likely to have at least two field affiliations: one based on the economic production (or several, e.g. garment retailing) and one based on the social mission (or several, e.g. work integration and recycling).

FT commonly includes the organizations involved in the trading (or labelling) of products that meet the FT standards, thus improving the livelihoods of small-scale producers in the South. Boundary-setting issues remain controversial concerning both the content of the FT standards and the level of commitment of the participants to these standards (typically, "100% FT" SEs –FTSEs– versus companies that deal only partly with FT products). The participation of corporations in FT has actually been favoured by pioneer FTSEs and NGOs. According to Davies, "*alliances and inter-company networks have been purposefully embedded in the fair trade industry since its modern foundations*" (2009, 109). The types of collaborations between

FTSEs and corporations, however, depend on the types of products traded. In non-labelled products such as handicraft and part of the food products, collaboration with SEs is in fact necessary for the corporations to enter the sector. In these cases, the involvement of a FTSE may take the place of labelling in terms of trust signal concerning the ethical content of the products. In the trading of labelled products, the only necessary collaboration is with the labelling body (national initiative member of Fairtrade Labelling Organizations International – FLO). Thanks to the label, the whole supply chain can in fact be corporate (Reed 2009). Collaborations with FTSEs for the import or the retailing of FT products still exist, however. It may be assumed that these collaborations are more fragile, as the corporation does not need the FTSE.

In the field of WI, SEs have been pioneers in offering work opportunities to a variety of categories: low-skilled and/or long-term unemployed workers, handicapped people, prisoners, etc. As in FT, a boundary line can be drawn between WISEs for which WI is at the core of their missions, and corporations which partly and/or occasionally employ low-skilled or handicapped workers. The difference with FT is that the conditions of production which constitute the core of the social mission are not put forward through a label. Thus, consumers may less easily identify goods or services produced under a WI dynamic, and corporations collaborating with WISEs need to organize their own communication if they want to emphasize their contribution to WI. On the other side, contrarily to FT where the social mission requires an additional cost, generally assumed by the consumer, the collaboration with WISEs may offer economic advantages. Thus, collaborations of corporations with WISEs may respond only to economic criteria with no communication of the social mission to the corporate consumers.

Examples from both fields were found in Belgium and in the United Kingdom. In the FT sector, the collaborations between Fair Trade Original and Carrefour, and between Traidcraft and Marks&Spencer (M&S), were already known from one of the authors' previous work. In the field of Work Integration, the collaborations were identified with the help of local SE networks and support structures, such as "Solidarité des Alternatives Wallonnes et Bruxelloises" or "SAW-B" in Belgium, and the "Social Enterprise Coalition" in the UK. The former provided a list of collaborations, among which the one between Soleil Vert and Enersol best corresponded to our criteria. This collaboration is even more interesting that it combines a social and an environmental dimension, through the area of house insulations and solar panels. In the list provided by the Social Enterprise Coalition, we deliberately chose a collaboration also including an environmental dimension. The collaboration between Green-Works and Steelcase, indeed, aims to recycle and re-use furniture from corporate and public offices.

For each collaboration, we aim to interview, from the SE side, the people involved in the negotiations prior to the collaboration as well as the general manager (CEO). When possible, we will also interview employees and stakeholders concerned by the collaboration but not involved in the negotiation. All the organizational documents including information about the collaboration and made available will be carefully examined (annual reports, memos, internal documents, etc.). As the contacts with the corporations seem very difficult to establish (based on unanswered preliminary contacts and our previous experience), it is likely that we will focus on the SE's standpoint. Through an extensive Internet and press search, we collected a small number of articles about the collaboration. Finally, we interviewed at least one person in each country's SE network, as well as one person in a FT and WI network or support structure. The following table presents the four collaborations, including the organizations' names, the nature and the duration of the collaboration.

Table 1: Presentation of the cases

		Belgium	**United Kingdom**
Fair Trade	*Partners*	**Fair Trade Original & Carrefour**	**Traidcraft & Marks&Spencer**
	Project	Retailing of coffee and handbags	Retailing of handmade cards
	Since	2007	2005
Work Integration	*Partners*	**Soleil Vert & Enersol**	**Green-Works & Steelcase**
	Project	Installation of solar panels	Re-use and recycling of office furniture
	Since	2009	2005

4. PRELIMINARY FINDINGS

At this date, only two interviews have taken place, at Traidcraft, concerning its collaboration with Marks&Spencer (M&S). The following section will thus expose very preliminary findings on this case, as well as propositions specific to the FT based on our general knowledge of this field.

When asked about the role of legitimacy in the decision of cross-sector collaboration, the interviewees at Traidcraft downplayed its influence and insisted on the much greater role of economic benefits. Commenting on these, nevertheless, they developed arguments which we linked to both pragmatic and moral legitimacy. Interesting was that the interviewees depicted collaboration as a solution enabling a simultaneous compliance to very diverse expectations: "*the main reason [for us to collaborate] is to increase the sales volume to improve the producers' development [opportunities], our economic viability and the further advancement of the FT movement*" (Interviewee 2).

The managers suggested that producers were among the most enthusiastic supporters of the collaboration with M&S, which considerably increased their sales volumes and thus their revenues. The interviewees also pointed to compliance with expectations from people who had a stake in Traidcraft's economic health (shareholders and employees). The strongest driver for collaboration, however, was depicted in moral terms. For the interviewees, there was a unanimous feeling among stakeholders, including within the SE, that corporate collaborations were "the right thing to do" insofar it contributed to the social mission of improving the producers' livelihoods. It is interesting to note that the pragmatic advantage for producers is precisely used as a moral support for other stakeholders for whom pragmatic considerations are considered as less relevant. Surprisingly, no single reference was made to any criticism from any stakeholder in the FT movement or beyond, while such criticism is clearly document in studies examining stakeholders, including producers themselves (e.g., Auroi & Yepez del Castillo 2006).

While the principle of cross-sector collaboration was presented as naturally legitimate, the question of who to collaborate with, and on what basis, was less evident. The interviewees indicated that they had learned from earlier collaborations to be better prepared, both in economic and social terms: "*we used to do [things] very informally but then we felt the need to work on some guidelines about, you know, why we do it, how we should negotiate and how we should choose the best partner*" (Interviewee 2). The managers also suggested that the social mission should be at the centre of any collaboration: "*the most important for us is to monitor the supply chain: as long as they work with our producers and pay a fair price, we're happy*" (Interviewee 1). Traidcraft claimed that it carefully screened the potential partners, with the help of its "Policy Unit" and other NGOs, before engaging in collaboration. However, the treshold seemed lowered by the main concern of avoiding corporations with a too negative reputation. It is clearly in terms of partner choice that legitimacy in the eyes of the FT movement was invoked: "y*ou know, we're open, but we know we cannot work with anyone. We know we would be in trouble if we announced we'd go with Nestlé or so*" (Interviewee 1). For several reasons, Traidcraft would ideally prefer a corporate partner with a similar size: large enough to be economically interesting, but not too large to avoid a potentially negative associational reputation as well as a too large power asymmetry. While this was possible with certain manufacturers (for instance Northumbria Fine Foods, with whom Traidcraft developed the Geobar), it was impossible with mainstream retailers. M&S is a striking example in that it only accepted the conditions corresponding to the FT standards, with Traidcraft "bringing" the producer groups and suggesting "fair" prices, but refused to sign a formal agreement including, for instance, a minimal duration for the collaboration.

This leads us to the fourth step in the collaborative process: its evolution. Up to this point, M&S unilaterally decided about whether to extend the collaboration every year, and how to conceive and display the cards (most strikingly regarding the sizes of the "Traidcraft" and "M&S" respective logos). Every year, the quantities were raised, but the visibility of Traidcraft decreased. Given the lack of formal agreement, the interviewed managers admitted that they totally depended on M&S' decisions. In fact, for M&S, the collaboration rather looked like a classical supplier-buyer relationship, except that M&S communicated about its FT cards as part of its CSR strategy ("Plan A"). The framing of the collaboration was thus very different according to the standpoints, signaling an initial power asymmetry: while M&S had resources which were critical for Traidcraft –a large retailing network and a solid reputation–, the reverse was less obvious. As Traidcraft was nearly the only possible supplier of FT cards in the UK and had an excellent ethical reputation allowing for a positive associational reputation –it was the first non-M&S "brand" to ever enter M&S stores. This was, however, subject to change. Indeed, if handmade cards were to enter the list of products labeled by FLO, other suppliers would probably enter the market with lower prices. Even with other partners such as the Co-op, with whom there was a clearer value alignment, the collaboration for the retailing of FT wine was stopped when wine became labeled and the Co-op preferred an own-branded solution. This event seemed to have undermined Traidcraft's trust in any retailer: "*the day cards get the [FT] mark, we'll be out [of the collaboration]: if the Co-op did it [with the wine], they [M&S] won't hesitate […]*" (Interviewee 2). Interviewee 1 suggested the persistence of associational reputation for the corporation, whatever the evolution of the collaboration: "*they [M&S] know customers won't mind if tomorrow they stop [working] with us, you know they [customers] won't notice it, it's just important they' ve [M&S] been associated with us or with another [Fair Trader] at one moment*".

A possible evolution raised by one interviewee would be for M&S to directly import from the producers without any role for Traidcraft. This would put the latter in an ambiguous situation in which it would support this evolution from a moral perspective but it would lose a lot from a pragmatic standpoint. This corresponds to an old issue of whether the goal of FTSEs, and SEs in general, is not to disappear insofar their social mission is better achieved by other agents such as corporations. Thus, the choice of stopping the collaboration, at least in the case of M&S, would be much more likely to come from the corporate side. This shows the power of corporate retailers, even facing "unique" FTSEs, as confirmed in Smith's (forthcoming) study of the behavior of UK supermarkets facing FT.

The main source of power for FTSEs such as Traidcraft seemed to be reputation and discursive legitimacy. The interviews suggested that the ability of Traidcraft to speak legitimately for producers and the broader social movement around FT was a source of power enabling them to become valid interlocutors for corporations. The willingness of numerous corporations to participate in FT through trading labeled goods strongly depends on the discursive legitimacy of labelers. However, insofar corporations can trade labeled goods without engaging in collaboration with FTSEs, there is a risk that the latter lose their specific asset. This was rejected by the interviewees, who suggested that stakeholders supported the collaboration as a morally better arrangement than labeling only: "*people say: yeah, we're not fans of M&S, but it's better to work with them, try to influence them, [rather than] leave them using the [FT] label with no control*" (Interviewee 1). Whatever the moral assessment, even without a label, as discursive legitimacy is not linked to one particular FTSE, it seems that corporations may choose with which FTSE to collaborate. This would confirm the superior power of retailing corporations, especially in the long term.

Finally, throughout the different steps of the collaborative process, it appeared that the dominant logics were clearly market-based. Corporations attempt –and apparently manage– to include social issues and improve their corporate image without compromising any of their economic principles. Through their dominant role, corporations are thus able to impose the rules of their institutional field –the market– as the guiding principles of the collaboration. This is totally consistent with Phillips and colleagues' analysis (2000, 33):

> *The pattern of authority, resource dependencies and discursive legitimacy among collaborating organizations will shape the negotiations, with the dominant organizations exerting a more influential role in the development of collaborative structures and practices. We would therefore expect that the institutional fields associated with those dominant members to be more influential in the ongoing production of the collaboration: the problem definition and collaborative practices reflecting the institutionalized rules and resources of the dominant members' fields*.

5. CONCLUSION

Our purpose was to formulate research questions and present some preliminary findings about the implications of cross-sector collaboration in terms of organizational legitimacy. We examined whether the search for legitimacy influenced SEs and corporations at different levels of the collaborative process: (1) the very decision of cross-sector collaboration, (2) its initial framing, (3) the choice of the partner, and (4) the evolution of the collaboration. We also examined how patterns of dominance could constrain each organization's decision throughout these four stages. The case we examined –Traidcraft & M&S– brought some elements of answers which, however, need to be balanced with the findings of other case studies.

The interviews at Traidcraft suggested that collaboration with corporations such as M&S was guided by a search for both pragmatic and moral legitimacy. Pragmatic legitimacy was raised mainly regarding producers and was depicted as the driver for appraisal from other stakeholders (supporting the collaboration insofar it benefitted to the producers). Surprisingly, there was no mention of cross-sector collaboration as an illegitimate behaviour, despite the debates that have pervaded the FT movement.

Prior to the collaboration, the framing of the collaboration and the choice of its membership were operated by the SE in a way that would serve its social mission. This initial work, however, was strongly constrained by the availability and the conditions of potential corporate partners. The case of Traidcraft & M&S clearly showed how the SE's view on the collaboration, based on its previous experience, was challenged by the corporation's conditions. The corporation managed to impose its conditions because of its superior power, especially in terms of critical resources. Hence, it is the corporation who chose the SE and not the reverse, demonstrating its dominant position. Other collaborations involving Traidcraft and other SEs showed that, once less costly alternatives appeared for the corporations, either through other SEs or without any of them (as is made possible by the labelling system), they did not hesitate to stop the collaboration. Lacking resources which would really be critical and unique, SEs also seem to lack an exclusive claim on discursive legitimacy.

As a conclusion, while SEs seem stimulated by most stakeholders to collaborate with corporations, they do not seem to be able to remain as the only legitimate option over time. In this case at least, the SE was not able to shape the collaboration according to its own institutional norms and to maintain their power over time. Market considerations were dominant and seemed to attract the SE, which did not seem to consider legitimacy issues in its original institutional field. Future research should examine how SEs could develop critical resources and maintain discursive legitimacy so as to avoid being dominated by the corporate partner. Factors should be highlighted which could allow SEs to prevent being circumvented by corporations and to be able to choose among the latter. Such factors could involve influence on corporate stakeholders (such as customers), collaboration among SEs and better communication about the uniqueness of each SE's social action.

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