

The Governance of Fair Trade Organizations in Belgium:
A Focus on Stakeholders' Representation on the Board

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Abstract

This article analyzes the governance structures of Fair Trade Organizations (FTOs), i.e. the organizations (nonprofit, co-operative or for-profit firms) exclusively dedicated to the import, distribution and/or labeling of Fair Trade products. Among the possible governance issues, I have chosen to investigate a recent topic in the study of social enterprises: the involvement of different stakeholder groups on the Board of Directors. The goals of this article are (1) to analyze to what extent FTOs involve different stakeholders on their boards and (2) to propose some possible factors that could determine the extent of such involvement. In order to investigate these questions, I study the organizations of the Fair Trade sector in Belgium, a country that seems representative of the European Fair Trade sector. Despite a number of methodological limitations, the results show that the legal status and the goal and resource mixes have an influence on stakeholders' representation on the board. This influence is rather observable in terms of dominance (which types of stakeholders dominate the board?) than in terms of dispersion (how many different types of stakeholders are represented?). The article ends with a proposition of typology of FTOs according to their positioning in terms of both stakeholders' representation and goal and resource mixes.

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1. Introduction

Among the recent trends towards ethical and sustainable consumption, the development of Fair Trade is probably one of the fastest growing and most promising initiatives. Even though the Fair Trade sales still do not exceed 0.01% of the total trade in the world, their size¹ and growth rate² make it much more than an anecdotic phenomenon.

Simultaneously to the commercial success of fairly traded products, research on Fair Trade has started to lift off in the last years (Moore, 2004, p. 383; Nicholls & Opal, 2005). Until now, economic and business-oriented articles have mainly focused on the description of the chain (Gendron, 2004; Renard, 2003), on mechanisms such as the “fair price” (Hayes & Moore, 2005; Maseland & de Vaal, 2002; Yanchus & de Vanssay, 2003) and on consumer and marketing issues (Becchetti & Rosati, 2005; De Pelsmacker *et al.*, 2005; Moore *et al.*, 2006).

Curiously, little has been said about the structure and the functioning of the organizations involved in the import, transformation and/or distribution of Fair Trade products in the North.³ Indeed, whereas there has been a lot of work on the two extremes of the Fair Trade chain – producers and consumers –, the intermediaries of the chain, mainly the Fair Trade organizations (FTOs) in the North, have received less attention. The reason is, probably, that these organizations are supposed to link the demand and the supply-side under precise conditions established by the Fair Trade label or code they subscribe to. Therefore, it can seem less important to consider the way these intermediary organizations are structured.

However, far from being “black boxes” that conduct Fair Trade activities in a homogeneous way, these organizations, on the contrary, can have very diverse goals, structures and ways of functioning (Davies & Crane, 2003; Nicholls & Opal, 2005). A first step towards a better understanding of the organizational diversity within the Fair Trade sector was provided by a previous study on the factors of emergence of FTOs under different legal statuses. However, the focus on legal statuses has appeared limited as the choice of the status may be strongly influenced by the national legislation and

¹ Fair Trade sales reached \$900 million worldwide in 2003 (Nicholls & Opal, 2005), and \$660 million in Europe in 2004 (Krier, 2005); market shares range from 1 or 2% for several products up to 20% for coffee in the UK and even 50% for banana in Switzerland (Krier, 2005).

² 30 to 40% annual growth for products labelled by Fair Trade Labelling Organizations International (FLO) according to its annual reports (2004, 2005 & 2006).

³ In the literature about Fair Trade and, more generally, development, the terms “North” and “South” refer to the geopolitical division of the world between, respectively, “developed” and “developing” countries.

thus does not necessarily reveal the specificities of the organization's missions. Therefore, it seems necessary to have a closer look inside the organizations. One way of doing so is to analyze what the governance structures may tell us about the "core business" of each organization.

To that end, I choose to focus on the representation of the organization's stakeholders in the governance bodies, particularly on the Board of Directors. The concern of involving different stakeholder groups – including the users – in the governance bodies is a typical characteristic of the European conception of "social enterprises"⁴, which distinguishes it from the American view (Kerlin, 2006). Such a representation is said to be an indicator of the attention paid by the organization to the goals carried by each stakeholder (Campi *et al.*, 2006; Cornforth, 2004). Moreover, following the resource dependence theory, involving various stakeholders on the board may serve to facilitate the access to critical resources linked to these stakeholders (Frooman, 1999; Pfeffer & Salancik, 1978).

Thus, the goals of this article are (1) to analyze to what extent FTOs involve different stakeholders on their boards and (2) to propose some possible factors that could determine the extent of such involvement. I will address stakeholders' representation in terms of both dominance (which type of stakeholder dominates the board?) and dispersion (how many different types of stakeholders are represented?). In order to investigate these questions, I study the Belgian Fair Trade sector and I focus on the organizations that are exclusively dedicated to the import, distribution and/or labeling of Fair Trade products (which does not include many supermarkets and wholesalers⁵). The number of Belgian FTOs is insufficient to provide statistically sound conclusions but this country's Fair Trade sector seems representative of the wider trends observable in Europe.⁶

After the present introduction, I start with a theoretical overview of the literature on stakeholder theory with applications to different types of organizational forms (part 2). Then, I provide a brief presentation of the Fair Trade movement and of its diverse participants (part 3). This allows me to formulate specific propositions for explaining stakeholders' representation within FTOs (part 4). The descriptive features of the Belgian FTOs in terms of status, goals, resources and stakeholders' representation are then presented in part 5. The results are analyzed in part 6 and discussed in part 7, with a view of constructing a typology of FTOs according to their positioning in terms of stakeholders' representation. Part 8 concludes and proposes some prospects for future research.

⁴ Social enterprises are organizations that conduct an economic activity with an explicit goal of pursuing social missions and serving the community rather than making profit (Defourny, 2001). Many Fair Trade organizations can be considered as typical examples of social enterprises (Nicholls, 2006).

⁵ The inclusion of these mainstream players would probably yield interesting information, but this lies beyond the scope of this study.

⁶ Typically on a European scale. In that sense, Belgium appears as a median country in terms of Fair Trade, when compared to other European countries (not as developed as the United Kingdom or Switzerland but with market shares and growth rates that are in the European mean (Krier, 2005).

2. Stakeholder theory and stakeholders' representation

2.1. Stakeholder theory

The stakeholder “theory” has become a cornerstone of the literature on corporate social responsibility - CSR (Carroll, 1999; Clarkson, 1995) and has emerged as a central topic in the managerial literature generally speaking (Donaldson & Preston, 1995). It can be considered as a subset of organizational theory and especially as a major approach in the study of governance. Consequently, most literature on stakeholder theory is explicitly anchored in neo-institutional economics, looking at the firm as a nexus of contracts (Jones, 1995) and making a wide use of transaction cost theory (Donaldson & Preston, 1995), agency theory (Hill & Jones, 1992; Miller-Millesen, 2003) and resource dependence theory (Frooman, 1999; Miller-Millesen, 2003). Within the study of CSR, stakeholder theory has developed at such a point that some warn about the danger of reducing all ethical issues to the framework of conflicting stakeholder claims (Heath, 2006). Yet, the “stakeholder paradigm” has contributed widely to the theoretical development of business ethics (Frooman, 1999; Jones, 1995).

Such development, however, has resulted in the use of the stakeholder concept in a wide range of contexts and with diverse meanings, which has led to a lot of confusion (Phillips et al., 2003) and criticism (Heath, 2006). The definition of who are the firm’s stakeholders is already extremely variable (see Mitchell *et al.*, 1997 for a review of these definitions). They range from Freeman’s (1984, p. 46) general conception (“*any group or individual who can affect or is affected by the achievement of the organization's objectives*”) to the narrower view of the Stanford Research Institute, quoted by Freeman & Reed (1983, p. 91) (“*any identifiable group or individual on which the organization is dependant for its continued survival*”). As Donaldson and Preston (1995) observe, “*anyone looking into this large and evolving literature with a critical eye will observe that the concepts stakeholder, stakeholder model, stakeholder management, and stakeholder theory are explained and used by authors in very different ways and supported (or critiqued) with diverse and often contradictory evidence and arguments*” (p. 66).

The literature classifies the organization’s stakeholders according to different criteria:

- Internal stakeholders (managers, employees, shareholders...) versus external stakeholders (consumers, providers, partners,...) (Jones, 1995; Kochan & Rubinstein, 2000)
- Primary stakeholders (the groups who are crucial for the survival of the firm) versus secondary stakeholders (groups that are not directly linked to the firm such as civil society, the neighborhood, the government,...) (Clarkson, 1995; Hill & Jones, 1992)

- Strategic stakeholders (who can affect the firm) versus moral stakeholders (who can be affected by the firm) (Frooman, 1999; Goodpaster, 1991)
- Voluntary stakeholders (who voluntarily interact with the firm) versus non-voluntary stakeholders (who do not choose the interaction, e.g. the neighborhood) (Clarkson, 1995)
- Demand-side stakeholders (people who are interested in receiving the goods or services provided by the organization) versus supply-side stakeholders (people interested in the return they obtain from providing resources to the organization, e.g. workers, providers and shareholders) (Ben-Ner & Van Hoomissen, 1991)

Stakeholder theory is not exclusive to “for-profit” companies⁷ and has been used – either implicitly or explicitly – for the study of social enterprises, either nonprofit or co-operative organizations.⁸

Within mainstream “for-profit” companies, the stakeholder paradigm has inevitably a high normative content. Indeed, the assumption that a company has obligations towards other groups than the shareholders necessarily questions the vision of the firm as an entity exclusively meant to maximize the utility of its shareholders. As has already been mentioned, stakeholder theory can be considered as an extension of the contractual theories of the firm (Donaldson & Preston, 1995) and thus as coherent with an “orthodox” view of the firm. For others, though, stakeholder theory is viewed as “anti-capitalist” in the sense that it has been built in opposition to the classical shareholder paradigm (Heath, 2006). Whatever the opinion, it is a fact that stakeholder theory is now widely accepted in the managerial literature, even though the debate remains on whether or not the status of “theory” has yet been achieved (Phillips *et al.*, 2003).

Nonprofit organizations are very different from for-profit companies in terms of ownership and, thus, governance. Contrarily to for-profits, nonprofit organizations have no formal owners in the full extent of the term (Gui, 1987; Hansmann, 1980, 1988). Indeed, the Board of Directors and the General Assembly have control rights, but they “cannot sell or transfer their control rights, so they do not own an asset the value of which is tied to the organization’s success” (Glaeser, 2003, p.2). Moreover, the people who control the organization do not own any financial or material asset and cannot claim any right on the “residual income”⁹ (Hansmann, 1980).

⁷ Following the economic literature, I use the term “for-profit” companies to designate these organizations where profit distribution is allowed and decision power is proportional to the shares owned (Gui, 1991).

⁸ In the American conception, social enterprises are nonprofits that focus on a commercial activity in order to achieve its social missions. In the European view, by contrast, social enterprises may be either nonprofits or co-operatives combining economic and social goals in an innovative way. For a comparison between American and European views, see Kerlin (2006).

⁹ The residual income is the net profit after expenses and taxes. The prohibition to appropriate the residual income does not mean that the people who control a nonprofit may not enjoy implicitly a part of the organization’s profit,

The question of stakeholders is already present in the fundamental nonprofit theories (Gui, 1991; Hansmann, 1980; James, 1987) and particularly in the “demand creating supply” theory by Ben-Ner & Van Hoomissen (1991). This theory suggests that nonprofits are often created by demand-side stakeholders who take the initiative of organizing the service for which they are in demand. Beyond the initial nonprofit theories, the stakeholder concept has been applied to nonprofit organizations by several authors, mainly for the study of nonprofit governance (Ostrower & Stone, 2006). This has highlighted specific features of these organizations in terms of stakeholders’ configuration: presence of a coalition of stakeholders from the very founding of the organization (Ben-Ner & Van Hoomissen, 1991; Krashinsky, 1997), specific attention to external beneficiary groups (Gui, 1991),...

Finally, as far as co-operatives are concerned, they do have owners with full property rights. However, unlike for-profit companies, the owners of co-operatives are not investors but other categories such as producers, workers or consumers (Hansmann, 1996, 1999). Thus, these organizations are owned by people who have other common goals than profit maximization. Such goals can be, for instance, establishing of a high quality working environment in a worker co-operative or obtaining low buying prices in a consumer co-operative.

Among either nonprofit or co-operative social enterprises, a recent topic related to stakeholder theory has emerged from the observation that various stakeholders are often included in the core decision-making structures (Callen *et al.*, 2003; Saidel, 1998). This “multi-stakeholder” configuration is mainly observed in European social enterprises (Kerlin, 2006). Thus, a major issue in the European literature on social enterprises concerns the way in which the various stakeholder groups are concretely involved in the decision-making processes of these organizations and how their goals are balanced in the strategy of the organization (Spear, 2004). As many Fair Trade organizations can be considered as social enterprises (Nicholls, 2006), it is interesting to see whether this specific governance feature of social enterprises is also observed in the Fair Trade sector.

2.2. Stakeholders’ representation on the Board of Directors

2.2.1. The Board of directors

First, it has to be reminded that the Board of directors is not the only governance body where stakeholders can be represented. Charreaux (1997) has developed an interesting grid in order to classify the different types of governance mechanisms. He crosses two axes – the specific and the intentional character of the governance mechanism – and obtains the following grid:

for instance by receiving perks. Simply, such appropriation cannot be explicit through the perception of dividends or the gains on the shares like in a for-profit company.

Table 1: The diversity of governance mechanisms

	Specific mechanisms	Non-specific mechanisms
Intentional mechanisms	Board of directors General assembly Wage practices and incentives Trade union	Legal environment National trade unions Legal auditors Consumer associations
Spontaneous mechanisms	Informal trust networks Mutual monitoring Corporate culture Reputation among workers	Markets (financial, labour, goods and services,...) Business culture Financial intermediation

Adapted from Charreaux (1997, p.427)

This grid shows that the board of directors and the general assembly are the most specific and intentional governance bodies. Therefore, the composition of these organs in terms of stakeholders' representation is more likely to reflect priorities and strategic choices within the organization (Brown & Iverson, 2004). Yet, it is obvious that other and more informal governance bodies (such as advisory boards) should be taken into account in order to have a more global and balanced view of the relationships between an organization and its stakeholders (Saidel, 1998). However, as a first step in this direction and due to time and space limitations, I focus in this article on stakeholders' representation on the board of Directors as the governance structure that is the most visible (beside the general assembly) and that has received the most attention in the literature.

2.2.2. The composition of the board: a stakeholder perspective

The composition of the board is a topic that is generally investigated under a specific perspective concerning the characteristics of the board members, such as gender, race or age (Ostrower & Stone, 2006). In this study, I am rather interested in the composition of the board as a group of individuals who represent different stakeholder groups. This implies to consider board members as representatives of stakeholder groups with specific interests and access to critical resources. This vision is necessarily incomplete and comprises a lot of limitations:

- It considers that every board member represents a particular group, whereas individuals can be invited on boards with the only purpose of providing a specific expertise.
- It ignores the fact that individuals may belong to several stakeholder groups (e.g. an employee can be at the same time shareholder and consumer).
- It neglects the problem of representativeness of the individuals who stand for a stakeholder group and considers the latter as a homogeneous group that speaks with one voice.

- It ignores an alternative view of board members, not as representatives of stakeholders with regard to the organization, but, inversely, as representatives of the organization to these external stakeholders (Miller-Millesen, 2003).

In spite of these limitations, the focus on the presence of stakeholder groups on boards allows to avoid a number of weaknesses that are often reproached to stakeholder theory:

- The stakeholder groups are no longer abstract categorizations but they are well defined and identifiable as they are physically present in the governance structures.
- The presence of stakeholders on the board demonstrates that they interact with the organization on a voluntary basis and that, besides being influenced by the organization, they also have an influence on it.
- In this context, stakeholder management is not only a matter of maintaining good relationships with the environment but of accepting external groups to control the organization.

As a result, with respect to the previously presented classification, this article addresses mainly primary, strategic and voluntary stakeholders. Moreover, stakeholders' representation means more than stakeholders' involvement: whereas the latter could consist of informal and selective contacts (spontaneous and non-intentional governance mechanisms according to Charreaux's grid), the former corresponds to a formal inclusion in the highest decision-making body.

What are the factors that determine the representation of stakeholders on boards? Three factors can be identified in the literature.¹⁰ First, certain **juridical statuses** seem more likely to favor the presence of certain stakeholders on the board. Social enterprises (either nonprofits or co-operatives) seem more likely to involve alternative and diverse stakeholder groups because of their already mentioned "stakeholder-oriented" organizational features: presence of a coalition of stakeholders from the founding of the organization, linkage to numerous external groups, weaker and more diluted ownership rights that do not establish an exclusive "residual claimant",...

According to Miller-Millesen (2003), these features have to do with the openness of the firm towards its environment: whereas, basically, the main role of a for-profit board is to secure its relationships with the shareholders, "*[the] nonprofit board's role in linking the organization with its environment entails coordinating with a fairly broad array of constituents*" (p. 534).

¹⁰ Other factors could be taken into account, including classical factors such as age, size etc. Further research should control for the effects of these types of variables on stakeholders' representation on the board.

Nevertheless, in the context of CSR development, stakeholders' representation on the board can also be observed increasingly within for-profit companies. Kochan and Rubinstein (2000) provide an interesting example of such a situation and suggest that the inclusion of external stakeholders in the decision-making structures represents nothing less than the adoption of a new organizational form. This confirms the limits of the explanations solely based on the juridical status.

Furthermore, stakeholders' representation on the board is likely to be affected by the **goals** pursued by the organization. As stakeholder groups are said to have different expectations with regard to how the organization should behave and what it should achieve (Callen *et al.*, 2003; Herman & Renz, 1999), each stakeholder group is assumed to be motivated to be represented on the board so as to watch that the organization follows its goals and views as closely as possible. Therefore, some suggest that the organizations that follow a wide range of goals are more likely to include multiple stakeholder groups on their board (Campi *et al.*, 2006; Defourny & Nyssens, 2006).

The main issue, however, is to capture the nature and the extent of these multiple goals. Indeed, the multiplicity of goals may be questioned when there is a hierarchy of goals with one dominant consideration. That is why some claim that for-profit firms engaged in a CSR process do not really pursue various goals when their "alternative" goals (for instance environment protection, well-being of the workers, focus on marginalized groups,...) are subordinated to the long-term goal of profit maximization (Lapie, 2005). As to nonprofits and co-operatives, it is not sure either that they always pursue a variety of goals. Whatever the status, it is interesting to consider that the inclusion of goal-related stakeholders constitutes a certain indicator of the importance of the respective goals in the strategy of the organization (Brown & Iverson, 2004).

Thirdly, the resource dependence theory brings another insight for understanding what determines the relationships between a firm and its stakeholders (Frooman, 1999; Litz, 1996; Miller-Millesen, 2003). Following Pfeffer and Salancik (1978), the board can be seen as a mean for the organization to gain a facilitated access to the **resources** crucial for its development, by including people who are linked with these resources. In this perspective, the board lies at the interface between the organization and its environment (Cornforth, 2004). Thus, the resources needed by the organization to achieve its goals have an influence on the types of stakeholders involved on the board. When depending on capital, like in most for-profit companies, the board naturally includes shareholders who are the owners of the firm. When non-commercial resources are crucial to the organization, it is likely to see the presence of resource-related stakeholders as it has been observed with donors (Callen *et al.*, 2003; Fama & Jensen, 1983) and volunteers (Kushner & Poole, 1996).

3. Field description: Fair Trade and its diverse operators

After having presented the theoretical background of this study, let us now examine the specific field to which it is applied. I will first present the concept of Fair Trade and then its participants.

3.1. The Fair Trade concept

The definition which gathers most agreement and which is most widely used by field actors and academics (Moore, 2004) is the FINE¹¹ definition:

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

It appears from this definition and from the sector's observation that Fair Trade is a highly multidimensional concept. From a theoretical point of view, Fair Trade combines dimensions that could be grouped under four main categories:

- **Trade:** all the market activities (import, transformation, distribution) similar to any commercial initiative. Albeit "fair", FTOs are conducting trade and using market mechanisms (Nicholls & Opal, 2005). The positioning of trade in the strategy of FTOs, however, can vary, from a tool to produce development in the South, to a goal on its own (Gendron, 2004).
- **Fairness:** FTOs pretend to conduct trade under "fair" conditions. These conditions constitute the core of the Fair Trade concept: fair price, social premium, pre-financing, provision of market access, long-term relationship (Moore, 2004),... These different tools are supposed to orient the trading relationship towards an effective socio-economic development for the producers in the South. This "bundle of fair characteristics" constitutes a specific – albeit invisible – attribute of Fair Trade products, differentiating them from "classical" products (Becchetti & Rosati, 2005; Nicholls & Opal, 2005). Even if most of the Fair Trade conditions are formulated and controlled, to some extent, by the FLO label or the IFAT certification¹², FTOs may vary in the degree to which they invest in development-oriented activities. For

¹¹ FINE is an informal network gathering the four main Fair Trade umbrella organs: EFTA (European Fair Trade Association), NEWS (Network European Worldshops), FLO and IFAT (International Fair Trade Association).

¹² The FLO label applies to a wide range of food products. The certification set up by IFAT (the "Fair Trade mark") does not concern products but organizations, as well in the North as in the South.

instance, some FTOs may pre-finance all their orders and provide technical assistance to producer groups whereas others do not.

- **Education:** some FTOs, mainly the pioneer ones, conduct education campaigns directed to the consumers. These campaigns can be intended to promote Fair Trade, to denunciate “unethical” trading practices of multinationals or, more globally, to educate citizens (and governments) towards consumption habits that are more respectful for the environment and the people, especially the producers in the South.
- **Regulation and advocacy:** at the origins of Fair Trade, there is the intent of creating a new regulation framework for commercial exchanges. This framework is applied within the Fair Trade sector (through specific criteria), but also aims at influencing the mainstream international trading practices. The design and the control of the specific norms within the Fair Trade sector have been progressively carried out by specific FTOs that do not conduct trade of commodities but focus on the creation and the control of the Fair Trade norms (this is being referred to as the “labeling” process).

The Fair Trade mechanisms have already been analyzed in a number of publications (see for example Moore, 2004; Nicholls & Opal, 2005). In the context of this article, instead of conducting another detailed analysis of the elements composing the Fair Trade concept, let us just keep in mind that Fair Trade is a hybrid initiative that combines economic (trade), social (fairness) and socio-political dimensions (education and regulation). This corresponds to the three dimensions that characterize social enterprises (Defourny, 2001; Defourny & Nyssens, 2006), thus making of Fair Trade one of the potential fields for social enterprises and social entrepreneurship (Nicholls, 2006).

3.2. Fair Trade Organizations (FTOs)

However, all the participants to Fair Trade do not necessarily pursue jointly the four dimensions presented above. Some organizations may focus only on one particular dimension (for example, trade or regulation). Basically, there are two types of companies present on the Fair Trade market:

- Organizations that are totally or principally dedicated to Fair Trade (often referred to as “Alternative trading organizations”). ATOs include the pioneers of the Fair Trade movement and keep playing an important role in the development of the sector (Renard, 2003).
- Companies that have added the import, transformation and/or distribution of Fair Trade products to their pre-existing activities. Thanks to the development of the labeling schemes, these “*second-mover companies*” have often “*adopted Fair Trade in the face of consumer pressure to meet a market opportunity*” (Nicholls & Opal, 2005, p. 80). Supermarket

channels and multinational food companies are typical examples of second-movers, for whom Fair Trade products only represent a small part of their sales.

In this study, I focus specifically on ATOs. Nicholls & Opal (2005) identify three criteria that distinguish ATOs from second-mover companies :

- A majority of products traded under the Fair Trade principles
- The adoption of a labeling scheme (IFAT or FLO if applying to the traded products).
- An organizational commitment to Fair Trade as the main goal (instead of profit maximization)

Historically, ATOs or FTOs¹³ have emerged as social enterprises, under nonprofit or co-operatives statuses. There are several reasons that explain the emergence of FTOs under such types of structures. In brief, these reasons lie mainly in the ability of social enterprises to overcome failures of both the market (information asymmetry problem) and the State to provide Fair Trade goods and combine the different dimensions presented above.

Whereas, in the beginning, FTOs have been relying, beside sales of Fair Trade products, on non-commercial resources such as gifts, voluntary work and public subsidies, there is an increasing trend towards the rise of sales as the main resource, similarly to the “commercialization” trend observed among nonprofit organizations and social enterprises (Weisbrod, 1998). Moreover, in the last years, some FTOs have also adopted typical mainstream “for-profit” structures.¹⁴ However, as stated in the introduction, the purpose of this article is to go beyond the organizational form as only distinguishing criterion between FTOs, and to consider how and why the different FTOs behave differently in terms of stakeholders’ involvement.

4. Propositions and methodology

4.1. Propositions

We have seen that there is a diversity of FTOs in terms of (1) juridical statuses, (2) pursued goals and (3) resources sought. The literature suggests that these differences are likely to influence the governance structures of FTOs in terms of stakeholder groups participating to the decision-making processes. This allows formulating a number of propositions in order to explain the differences in the stakeholder configurations within FTOs’ boards.

¹³ Given that we talk about “Fair” Trade and not “Alternative” Trade, I will use the term “Fair Trade Organizations” (FTOs) as a synonym for ATOs.

¹⁴ As has already been mentioned, I call the latter “for-profit” (as opposed to nonprofit) companies, even though these types of FTOs, according to the third criterion of Nicholls & Opal, do not primarily seek to make profits.

P1: The juridical status has an influence on the representation of stakeholders on the board. Nonprofit and co-operative FTOs are more likely to involve socio-political stakeholder groups (volunteers, partner NGOs, founders,...). For-profit FTOs are more likely to involve commercial stakeholder groups (shareholders, financial institutions, managers,...).

P2: The organizational goals impact the representation of stakeholders on the board.

P2a: The predominance of socio-political (commercial) goals increases the likelihood of the presence of socio-political (commercial) stakeholders.

P2b: Consequently, the larger the diversity of organizational goals, the wider the diversity of stakeholders involved on the board.

P3: The aimed resources impact the representation of stakeholders on the board.

P3a: The search for non-commercial (commercial) resources increases the likelihood of having socio-political (commercial) stakeholders dominating the board.

P3b: Consequently, the larger the diversity of resources sought, the wider the involvement of different types of stakeholders on the board.

It has to be noticed that P1, P2a and P3a concern the **dominance** of particular stakeholder groups on the Board. P2b and P3b, however, address the **dispersion** of stakeholder groups on the board. Both dimensions – dominance and dispersion – constitute interesting attributes of stakeholders' representation and deserve a distinct treatment in this study.

These five propositions are, of course, insufficient to address the complexity of the whole question of stakeholders' involvement. Particular stakeholder groups may be absent from the board even though they are linked to major goals and have access to crucial resources. This can be explained, in my view, by practical issues that are crucial for the actual presence of stakeholder groups on the board, for instance the existence of formal representative bodies for the stakeholder group or the geographical distance between the stakeholder group and the firm. The first reason could explain why consumers are generally not represented on FTOs' boards although they constitute a major stakeholder group. The second reason is fundamental for explaining the absence of producers as a beneficiary category of FTOs. The scope of this article does not allow to address these practical issues in detail, but future research should take them into account.

The following table presents the main possible stakeholders for FTOs with regard to the goal they pursue, the resources they have access to and the practical feasibility of their involvement.

Table 2: Characteristics of some possible stakeholders within FTOs' boards

Stakeholder	Possible goal	Crucial resources	Involvement
Producers	Improve their living conditions (1)	Product quality (both material and "fair")	Difficult (geographical distance)
Consumers	Increase their ethical utility, control the use of the price surplus (2)	Purchasing power	Difficult (few representative bodies)
Development NGOs	Various: include (1) and (2)	Development expertise, credibility	Possible
Workers	Improve their working conditions and motivation (3)	Working power	Easy
Volunteers	Various: include (1) and (2)	Voluntary working power	Easy
Donors	Various: include (1) and (2)	Gifts	Easy
Investors	Maximize their (ethical) investment	Capital	Possible
State	Various: include (1), (2), and (3)	Subsidies, tax exemption, legislation,...	Difficult (political dimension)

4.2. Empirical study: the Belgian Fair Trade sector

Belgium has traditionally had a dynamic Fair Trade sector, with Oxfam as the leading FTO. In the latest years, new organizations have emerged in the sector and a lot of companies are now active in the import, transformation and distribution of Fair Trade products. However, at this date, only eight organizations have Fair Trade as their principal activity: Citizen Dream, Emile, Fair Trade Organisatie, Miel Maya, Oxfam-Magasins du Monde, Oxfam-Wereldwinkels, Max Havelaar and Weltladen. Only these organizations are studied in the context of this article.

The Belgian FTOs are very diverse in their sizes, number of products, structures and even goals. In terms of size, they range from SMEs with a few employees (Citizen Dream, Emile) to "Fair Trade groups" employing one hundred people or so (both Oxfam-MDM and Oxfam-Wereldwinkels). As for the product mixes, they range from a single product type (honey for Miel Maya) to a wide range of craft and food products (Oxfam and Fair Trade Organisatie).

The different FTOs also differ in the types of activities they conduct. Whereas nearly all FTOs are involved in the import and distribution of Fair Trade products, only a few are also active in regulation and education activities. Such non-commercial activities are mainly conducted by the pioneer FTOs such as Oxfam-MDM, Oxfam-Wereldwinkels or Miel Maya.

4.3. Methodology

In order to assess the characteristics of the organizations in terms of juridical status, goal and resource mixes, as well as stakeholders' representation, a questionnaire¹⁵ has been sent to the executive managers¹⁶ of the eleven identified Belgian FTOs in the months of February and March 2007. After two reminders, ten out of the eleven organizations have provided valid answers.¹⁷

Whereas the juridical status and the resource mix¹⁸ have been relatively easy to assess, difficulties have been encountered for measuring the goal mix and stakeholders' representation.

The goal mix has been measured through Likert scales for sixteen possible organizational goals (four for each goal category). Such an assessment obviously comprises several limitations:

- The way of seeing and presenting the organizational goals differs across the different persons and positions in the organization. The fact that only the manager's opinion is considered in this study obviously constitutes a limitation.
- In the case of Fair Trade, the goal of promoting the development of the producers in the South is likely to be cited first as it constitutes the *raison d'être* of the movement.
- The goals that are presented may only remain theoretical goals and not be followed by concrete activities in order to achieve these goals. That is why I control the general coherence between the goal mix and the concrete activities of the respondent FTOs.

Secondly, the study of the stakeholders' representation is also questionable methodologically:

- The categorization of the stakeholder groups is necessarily limited and ambiguous. Volunteers, for instance, can also be consumers and/or shareholders.
- The numerical representation of the stakeholders on the board does not necessarily reflect their effective influence: other indicators of stakeholders' salience should be used in future studies.

Despite these limitations, interesting findings have been obtained when studying the Belgian FTOs.

¹⁵ See appendix 1.

¹⁶ Interviewing the managers comprises methodological limitations, especially for the more subjective assessment of the organizational goals. Yet, most studies admit that, if forced to choose one respondent in the organization, managers "*are in the most likely position to express the overall strategic philosophy of the organization*" (Brown & Iverson, 2004, pp.377-400).

¹⁷ Maya Fair Trade sc is the only FTO that has not participated to the study.

¹⁸ Actually, there could be a differential between the resources sought by the organization (as stated in the propositions) and the resources effectively raised. For the sake of clarity, we will assume that the resources that the organization has managed to raise reflect the resources initially sought. Further research could take this differential into account.

5. Descriptive findings

I successively characterize the Belgian FTOs according to their juridical statuses, their goal configurations, their resource mixes and the extent of stakeholders' representation on their boards.

5.1. Juridical status

Juridical statuses of Belgian FTOs include “pure” nonprofit organizations (also called “associations”), co-operatives and “for-profit” companies. As it can be observed in Table 3, only one FTO has a “for-profit” status. Moreover, three organizations are composed of both a nonprofit organization and a co-operative. Although the links between the nonprofit and the co-operative parts within these “Fair Trade groups” would deserve a special attention in terms of governance, I consider both components as individual organizations in the context of this paper.

Table 3: Juridical statuses of Belgian FTOs

Organization	Status	Nonprofit (“asbl” or “vzw”)	Co-operative (“sc” or “cv”)	For-profit (“sa” or “nv”)
Citizen Dream				X
Emile			X	
Fair Trade Organisatie		X		
Max Havelaar		X	X	
Miel Maya		X	X	
Oxfam-MDM		X		
Oxfam-Wereldwinkels		X	X	
Weltladen		X		

5.2. Goal mix

In spite of the methodological limitations previously exposed, the study of the respective goal mixes reveals different behaviors among the Belgian FTOs. Table 4 presents the importance of each goal dimension through the sum of the four goal-related items (score on 40 points). As predictable, all FTOs have given a significant importance to the “fairness” (social) dimension. Thus, FTOs can hardly be distinguished on that dimension but rather on their differences in rating the commercial and socio-political dimensions. Therefore, the “socio-political ratio” compares the proportion of the socio-political dimensions (education and regulation) on the proportion of the trade dimension. This allows us to characterize the goal positioning of each FTO in terms of socio-political or commercial dominance (the higher the ratio, the higher the socio-political dominance). Finally, with a view of measuring the dispersion of goals, the concentration index is obtained by calculating the standard deviation of the respective

proportions of each dimension (the higher the standard deviation, the less equal the weight of the different dimensions and thus the more concentrated the goal mix).

Table 4: Goal mixes of Belgian FTOs

Organization	Goals	Trade	Fairness	Education	Regulation	Socio-pol. dominance	Concentr. Index
Citizen Dream		30	30	10	13	0.38	0.21
Emile		33	33	24	14	0.58	0.18
Fair Trade Organisatie		31	35	25	19	0.71	0.17
Max Havelaar asbl		7	36	28	16	3.14	0.22
Max Havelaar sc		16	37	18	4	0.69	0.25
Miel Maya asbl		8	31	36	27	3.94	0.16
Oxfam-MDM		19	40	38	34	1.89	0.15
Oxfam-Wereldwinkels		26	37	34	35	1.33	0.14
Oxfam Fair Trade cv		28	26	26	0	0.46	0.20
Weltladen		40	40	40	35	0.94	0.15

In terms of dominance, if one excepts Weltladen whose positioning is mixed, two classes of FTOs can be distinguished according to the kind of goals they pursue:

- FTOs dominated by commercial goals (beside producer support): Citizen Dream, Emile, Fair Trade Organisatie, Max Havelaar sc, Maya Fair Trade sc and Oxfam Fair Trade cv.
- FTOs dominated by socio-political goals: Max Havelaar asbl, Miel Maya asbl, Oxfam-MDM and Oxfam-Wereldwinkels.

It is interesting to observe that if the three “Fair Trade groups” had been considered as organizations on their own, these groups would probably have been included in the “mixed” category, leaving only a few FTOs with pure “commercial” or “socio-political” goals.

In terms of dispersion, there is some variation between FTOs, but the heterogeneity is low. This problem will be discussed when analyzing the propositions.

5.3. Resource mix

The third factor proposed for explaining stakeholders' representation is the resource mix. I have distinguished commercial resources (sales), public resources (subsidies) and voluntary resources

(donations and voluntary work¹⁹). Beside the respective proportions of these three types of resources, I propose a “non-commercial versus commercial resources” ratio in order to determine the resource dominance and I measure the concentration index in the same way as for the goal mix.

Table 5: Resource mixes of Belgian FTOs

Resource Organization	Sales	Public subsidies	Donations	Voluntary work	Non-comm. dominance	Concentr. Index
Citizen Dream	95%	5%	0%	0%	0.05	0.47
Emile	100%	0%	0%	0%	0.00	0.50
Fair Trade Organisatie	98%	3%	0%	0%	0.03	0.48
Max Havelaar asbl	0%	76%	18%	6%	10.00	0.35
Max Havelaar sc	100%	0%	0%	0%	0.00	0.50
Miel Maya asbl	8%	58%	13%	20%	10.89	0.23
Oxfam-MDM	52%	15%	0%	33%	0.93	0.22
Oxfam-Wereldwinkels	9%	6%	0%	85%	10.10	0.40
Oxfam Fair Trade cv	100%	0%	0%	0%	0.00	0.50
Weltladen	33%	0%	8%	59%	2.06	0.27

In terms of dominance, three groups appear:

- FTOs dominated by sales: Citizen Dream, Emile, Fair Trade Organisatie, Max Havelaar sc and Oxfam Fair Trade cv
- FTOs relying mainly on non-commercial resources: Max Havelaar asbl (mainly public subsidies), Oxfam-Wereldwinkels (mainly voluntary work) and Miel Maya asbl (mixed)
- FTOs relying on both sales and non-commercial resources: Oxfam-MDM and Weltladen.

The first striking observation is that these categories correspond almost exactly to the categories of in terms of goal mixes, a result which I will discuss later. It is also interesting to observe that both structures of Fair Trade groups (Max Havelaar and Oxfam) have a very clear and complementary positioning, splitting their resources according to the respective goals of each entity.

In terms of dispersion, the FTOs with a socio-political or mixed dominance seem to have a lower concentration (i.e. a higher dispersion) of resources with regard to the FTOs with a dominance of commercial resources. This means that the FTOs that do not rely mainly on sales (strikingly, the associative parts of the three “groups”) must look for a more diversified resource mix.

¹⁹ The inclusion of voluntary work in the resource mix has been possible by multiplying the approximate working time of volunteers with the average gross salary for the nonprofit sector in Belgium (Mertens & Lefèbvre, 2004).

5.4. Stakeholders' representation on the board

Table 6 indicates which stakeholder groups are represented on the boards of the different FTOs and presents the same concentration ratio as for the goal and resource mixes. The figures are based on the proportion of stakeholder-related members on the total number of board members.

Table 6: Stakeholders present on the boards of the Belgian FTOs

Organization	Stakeholder 1	Stakeholder 2	Stakeholder 3	Stakeholder 4	Dominance	Concentr. index
Citizen Dream	Founders	Fair Trade partners	Financial institution	Individual shareholders	Mixed	0.07
Emile	Founders	Individual shareholders			Commercial	0.32
Fair Trade Organisatie	Managers				Commercial	0.50
Max Havelaar asbl	Fair Trade partners	NGO partners	Founder		Socio-pol.	0.19
Max Havelaar sc	Fair Trade partner	Financial institutions	NGO partners	Founder	Mixed	0.24
Miel Maya asbl	Volunteers				Socio-pol.	0.50
Oxfam-MDM	Volunteers	NGO partners	Fair Trade partner		Socio-pol.	0.37
Oxfam-Wereldwinkels	Volunteers	Employees	NGO partners		Socio-pol.	0.34
Oxfam Fair Trade cv	Volunteers	Employees	NGO partners		Socio-pol.	0.34
Weltladen	Volunteers				Socio-pol.	0.50

Three types of “single-stakeholder” boards (or boards with two similar stakeholders) appear:

- The “volunteers” board: Miel Maya asbl, Maya Fair Trade and Weltladen
- The “founders” board: Emile
- The “managers” board: Fair Trade Organisatie.

As for the boards composed of multiple stakeholders, two patterns can be distinguished:

- “Socio-political” multi-stakeholder boards: Max Havelaar asbl, Oxfam-MDM, Oxfam-Wereldwinkels and Oxfam Fair Trade cv
- “Mixed” multi-stakeholder boards: Citizen Dream and Max Havelaar sc.

6. Analysis of the results

Beside differences in juridical statuses, different behaviors have been underpinned among the FTOs based on the dominance and dispersion of their resources, goals and stakeholders. The purpose, now, is to look for possible links between these behaviors in order to assess the different propositions.

Even though the number of observations (10) does not allow any statistically significant conclusion, it is possible to perceive a number of links when looking at the descriptive findings.

6.1. Interrelationship between goals and resources

The first finding concerns the interrelationship between the goal and the resource mixes, in terms of both dispersion and dominance. The link between pursued goals and resources sought could appear trivial, as an organization will obviously aim the specific types of resources that allow it to reach its goals. However, this link could be jeopardized in two cases. First, when the missions that are announced do not correspond to the actual goals of the organization. For instance, in the case of Fair Trade, an importer could announce socio-political goals in order to catch new consumers whereas actually not pursuing socio-political goals. Secondly, there could be cross-subsidization mechanisms. Typically, an FTO could rely on its commercial resources in order to achieve socio-political goals. If one excludes voluntary work, this phenomenon is partly observed in the case of Oxfam-MDM.

6.2. Assessment of the propositions

Next, let us check to what extent the explaining variables seem to have an influence on the dominance and dispersion of stakeholders' representation on the Board, as stated in the propositions.

6.2.1. Stakeholders' dominance

P1: Juridical status

The first proposition stated that socio-political-dominated boards were likely to be found with nonprofit and co-operative statuses, whereas commercial-dominated boards would rather be a typical feature of for-profit companies. This analysis indicates, indeed, that Belgian FTOs with socio-political-dominated boards are exclusively nonprofits and co-operatives. Interesting is that the co-operatives governed by socio-political stakeholders are the ones that are linked to a sister organization with nonprofit status (OWW, Max Havelaar and Miel Maya). This seems to indicate that the nonprofit keeps the control on the co-operative by having the former's board governing the latter's. However, interviews with the leaders of Max Havelaar and Miel Maya have revealed a willingness of these two groups to differentiate their governance structures, i.e. to include commercial-oriented stakeholders (or simply experts) on the co-operative board.

As for commercial-dominated boards, they cannot be linked to a particular juridical status. Indeed, the two Belgian FTOs that share this feature are a co-operative (Emile) and a nonprofit (Fair Trade Organisatie), while the only for-profit company (Citizen Dream) has a mixed board. Thus, in

Belgium, boards dominated by socio-political stakeholders are exclusively nonprofits and co-operatives, but all nonprofits and co-operatives do not necessarily have socio-political-dominated boards. This proposition is thus partly verified in the Belgian Fair Trade sector, but future research should be led on a wider scale to include more balanced proportions of the three types of players (especially a better representation of FPOs than in the case of Belgium).

P2a: Goal dominance

P2a stated that FTOs with socio-political (commercial) goals were likely to be governed by socio-political (commercial) stakeholders. The majority of the Belgian FTOs seem coherent with this proposition. The FTOs that have given a significant importance to commercial goals have commercial-dominated or mixed boards (except for Oxfam Fair Trade). In the other sense, the FTOs with strong socio-political goals all include socio-political stakeholders on their boards.

P3a: Resource dominance

P3a stated that socio-political (commercial) boards were more likely to be found in FTOs with socio-political (commercial) resources. This proposition seems verified in the Belgian sector. The FTOs that do not only rely mainly on sales have socio-political or mixed boards, whereas the FTOs with commercial resources include commercial-related stakeholders on their boards.

6.2.2. Stakeholders' dispersion

P1: Juridical status

The first proposition did not mention the dispersion of the stakeholders as a result of the legal status but only their dominance. The findings of this study confirm that the presence of multiple stakeholders cannot be induced from a particular juridical status.

P2b: Goal dispersion

Whereas strong differences in goal dominance are observable among the FTOs, there is less heterogeneity in terms of goal dispersion. Moreover, a quick overview of some individual behaviors shows that this proposition cannot be confirmed in the Belgian Fair Trade sector. Indeed, FTOs with very diversified goals may be particularly single-stakeholder (such as Emile and Weltladen), whereas a commercial-dominated FTO such as Citizen Dream has a particularly multi-stakeholder board. This inconclusive result could be due to methodological limitations:

- Assessing the goals of an organization by interviewing the director is questionable. It is very likely that extreme answers will be avoided (e.g. a director of a commercial-oriented FTO could be reluctant to give low scores to socio-political goals).
- Furthermore, directors could be tempted to confound the organization's missions with their personal opinions or with the objectives of the whole movement (e.g. when asked if the organization seeks to reduce the injustices in the economic system).
- The choice of the goals is definitely arbitrary. A grid established in collaboration with the organizations could provide better results.

Nevertheless, it is not sure whether these methodological improvements would lead to a clearer link between goal dispersion and multi-stakeholdership: only future research will tell.

P3b: Resource dispersion

Contrarily to goal dispersion, resource dispersion is both a less questionable and a more discriminant indicator. Indeed, strong differences have appeared between, on the one hand, FTOs such as Miel Maya asbl or Oxfam-Wereldwinkels that rely on diversified resources and, on the other hand, FTOs relying only on sales (Citizen Dream, Emile, Fair Trade Organisatie and Oxfam Fair Trade).

How do these differences impact the configurations in terms of stakeholders' representation? Unfortunately, there does not seem to be any correlation between both elements. Purely sales-financed FTOs may involve multiple stakeholders (e.g. Citizen Dream and Oxfam Fair Trade), whereas FTOs with diversified resources may be single-stakeholder (e.g. Miel Maya asbl). Thus, in the Belgian case, resource dispersion is not an explaining factor of stakeholders' dispersion.

7. Discussion: towards a typology of FTOs

The propositions seem much more verified when explaining the types of stakeholders that dominate the board than when trying to explain the diversity of stakeholders. The propositions that have received most supports are the links between, on the one hand, goal and resource dominance, and on the other hand, stakeholders' dominance.

However, the few number of observations do not allow to claim the validity of this link. Indeed, it could be, for instance, stakeholders' dominance that influences goal dominance and not the opposite. Therefore, instead of establishing causal relationships between the variables, this study only allows to underpin different types of behaviors among the Belgian FTOs. Therefore, a more adequate outcome at this stage would consist in the construction of a typology of FTOs according to these behaviors.

Throughout this paper, the Belgian FTOs have been categorized in function of their board configuration and goal-resource dominance. If we cross these two dimensions with three modalities each, nine possible categories appear, from which five find illustrations in the Belgian landscape.

Table 7: Typology of FTOs

Goals and resources	Commercial-dominated	Mixed	Socio-political-dominated
Board			
Commercial-dominated	Emile, FTO		
Mixed	Citizen Dream, Max Havelaar sc		
Socio-political-dominated	Oxfam Fair Trade	Weltladen	Miel Maya asbl, Max Havelaar asbl, Oxfam-Wereldwinkels, Oxfam-MDM

Even though this typology is based on the dominance and not on the dispersion of the goals/resources and of the stakeholders, it is obvious that the “mixed” categories correspond to high levels of multi-stakeholdership (Citizen Dream and Max Havelaar sc) or to multiple goals/resources (Weltladen).

It is very striking to observe that all Belgian FTOs are located on or below the diagonal line. The FTOs located on the diagonal (upper left and lower right boxes) have a “coherent” positioning in the sense that their board configuration corresponds to their goal and resource mixes, as stated in the “dominance” propositions. The other three boxes (lower left) are located below the diagonal, which means that these FTOs are close to a socio-political-dominated (or mixed) board with commercial-dominated (or mixed) goals and resources. This means that, if the board composition is divergent with the goal and resource positioning, it goes in the sense of a socio-political board watching over commercial goals and resources, and not the opposite. This is a logical but still interesting observation, because it means that FTOs that could appear more commercial-oriented in their goals and resources can find a kind of “safeguard” device through the inclusion of socio-political stakeholders on their board. Interviews with the directors suggest that this is definitely the case in FTOs such as Max Havelaar sc or Oxfam Fair Trade.

A wider analysis with other European countries would allow determining if the majority of FTOs lie on or below the diagonal, or if some FTOs are located above the diagonal, i.e. with a “commercial” control on socio-political activities, which seems less likely from a theoretical point of view. More fundamentally, a wider analysis would provide information on the validity of this typology, by assessing (1) the heterogeneity of behaviors among the different groups and (2) the homogeneity of behaviors within the same groups.

8. Conclusion

The purpose of this article was to investigate the extent and the determinants of stakeholders' representation within the boards of Fair Trade organizations in Belgium. The study of the Belgian Fair Trade sector has revealed several findings:

- The positioning in terms of goals pursued is similar to the positioning in terms of resources sought: these variables cannot be considered as independent.
- The types of stakeholders that dominate the board are generally coherent with the positioning in terms of goals and resources, even though the sense of the causal relationship cannot yet be confirmed. When this is not the case, it is that a commercial-oriented FTO is controlled by socio-political stakeholders and not the opposite.
- The juridical status of the organization influences the dominance of stakeholders on the board, with nonprofit and co-operatives more likely to involve socio-political stakeholders.

To summarize, there is much more to say in terms of stakeholders' dominance than in terms of dispersion. The findings must nevertheless be taken with caution, due to the methodological limitations of this study. Therefore, at this stage, it is more adequate to consider building a typology of FTOs. When crossing the positioning in terms of stakeholders' dominance with the positioning in terms of goals and resources, nine categories appear. Six of these categories find illustrations in the Belgian landscape. Whereas five FTOs have a coherent positioning in terms of both board dominance and goal-resource dominance, the five other FTOs show mixed patterns, with Oxfam Fair Trade as the main example of commercially active but socio-political-dominated FTO.

This typology could be interesting for the study of the Fair Trade movement in Europe and beyond. Indeed, it shows that there is no clear-cut frontier between totally "commercial" and totally "socio-political" FTOs. Rather, some commercial FTOs may be controlled by socio-political stakeholders, especially in the context of the Fair Trade "groups". FTOs may also be controlled by a coalition of stakeholders including both commercial and socio-political-oriented categories. Even though it is not yet possible to clearly determine the reasons for the different patterns observed, one can already have a better understanding of the heterogeneity of the Fair Trade landscape and perceive that the governance structure is a crucial and discriminating feature, beyond the juridical status.

However, the limitations of the study indicate that the representation of the stakeholders on the board is far from being the only indicator for assessing the governance structure. Therefore, future research should not only consider the Board of Directors but also other, probably more informal governance mechanisms in Charreaux's Grid. The numeric representation of stakeholder groups should also be

substituted by a more dynamic view of the concrete influence and power of the stakeholders, following recent work on this issue (Mattingly, 2004; Mitchell *et al.*, 1997) and taking into account time effects. Future research should especially determine the sequence of relationships between goal mix, resource mix and board configuration. Moreover, other variables should be taken into account, such as the age and the size of the organization, or the type of Fair Trade products proposed. Finally, the scope of the study should be enlarged at a wider level, both in the sense of the inclusion of “second-mover” mainstream companies and in geographical terms (a study of other European countries for instance). Such an enlarged study with a high number of organizations would provide statistically significant data that could allow having a better assessment of the different propositions and of the typology proposed in this study. More generally, a European study should allow highlighting the specific features of different European FTOs in terms of governance.

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Appendix 1: Questionnaire sent to the managers of the Belgian FTOs²⁰

Q 1: What is the juridical status of your organization?

- Non-profit organization, NGO, association,... (profit distribution prohibited)
- Co-operative (limited profit distribution)
- Commercial firm (unlimited profit distribution)

Q 2: Please rank the following possible goals according to the importance that they have in the missions of your organization? (1= not an important goal; 10 = very important goal)

Possible Goal	Importance
To generate profits	
To give marginalized producer groups access to the market	
To help producer groups to get access to local public goods (health, education,...)	
To raise consumers' awareness about production conditions in the South	
To promote the adoption of consumption habits in favor of the producers in the South	
To gain market shares in the Fair and Ethical Trade niches	
To sensitise consumers about injustices in world trade	
To provide a better income for producers	
To maximize the number of customers	
To promote the adoption of consumption habits in favor of the environment	
To achieve more justice in the economic system	
To push public authorities to reduce the import barriers for the producers in the South	
To foster economic democracy among producer groups	
To raise the quality of Fair Trade products	
To push public authorities to adopt legislations in favour of Fair Trade	
To control the trading activities of multinational corporations	

Q 3: Please indicate the amount and the proportion of your resources according to their origin.

Origin	Proportion of total incomes	Amount
Total Income	100 %	... €
1. Sales (individual and institutional consumers)	... %	... €
2. Public subsidies (including employment-related subsidies)	... %	... €
3. Private gifts (including donations and sponsorship)	... %	... €

²⁰ This questionnaire has been sent after having conducted qualitative interviews with the managers. It has been issued either in a French or in a Dutch version.

Q 4: How many members does the Board of Directors of your organization count?

Q 5: If we assume that all the members of the board have a pre-existing relationship with the organization (they are, for instance, consumers or shareholders), could you indicate to which categories of stakeholders the different board members are linked? Please indicate the number of board members linked to the different proposed stakeholder groups, with the principal group in case of different possible links. Do not hesitate to add a stakeholder group if the list of possible groups is incomplete.

Stakeholder group	Number of board members linked to the group
Consumers	
Shareholders	
Producer groups	
Managers	
Non-manager employees or workers	
Volunteers	
Donors	
Public authorities	
Financial institutions	
Partner Fair Trade Organizations	
Partner NGOs	
Individual experts	
Other:	