

Doing Well While Doing Good: How the Hybrid Business Model Promotes Sustainability in the Fashion Industry

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Abstract

Purpose: To examine the mechanics—social, geographical, and logistical—of producing sustainable fashion apparel as a hybrid company (a company that is part-commercial and part-altruistic; i.e., pursues two goals: profitability and environmental/social sustainability), beholden equally to employees, the worker-owned cooperatives with which the company partners, and environmental and ethical best practices; and to investigate the complex interplay of altruism and entrepreneurship endemic to hybrid organizations.

Key words

Sustainability, hybrid organizations, organic cotton, ethical labor practices, worker-owned cooperatives

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Methodology

Using a case study approach, we focus on a small representative apparel and accessories company, Maggie's Organics. We conducted extended interviews in 2016 and 2017 with the company's founder, Bena Burda, and examined the company's website, annual reports, media coverage, and online reviews, using an iterative, hermeneutic approach to analyze our resulting data.

Findings

This research paper presents a case that evidences how hybrid organizations can work, both in generating profit and in improving communities, including the lives of workers whose labor is key to the organization's success.

Introduction

Interest in sustainable fashion has surged in recent years, as both industry stakeholders and consumers increasingly recognize the value of apparel made from organic fibers and incorporating ethical manufacturing practices (Fletcher 2014; Fletcher and Tham 2015; Henninger et al. 2016; Henninger et al. 2017; More and Littler 2011). Last year, Global Fashion Agenda, a Copenhagen-based nonprofit devoted to promoting sustainability in the fashion industry, produced corporate action plans for sustainability. Their CEO Agenda 2018 defines core sustainability priorities: transparency through supply chain traceability, which will encourage collaboration and stakeholder engagement; the efficient use of water, energy, and chemicals (if used) for all fibers and other materials; and safe, secure work environments that honor universal human rights. The Agenda further lists transformational changes: the use of sustainable materials, including low-impact textiles such as organic cotton, and investment in new sustainable materials; a closed-loop fashion system, in which consumers purchase products that, over time, can be disassembled and recycled rather than entering the landfill; living wages; and embracing what the Agenda terms the Fourth Industrial Revolution—recognizing the rise of advanced technology in fashion and preparing for its inevitable impact on the workforce, particularly on those who live and work in the developing world (O'Connor, 2018).

This blueprint for commitment to sustainability is particularly notable because the fashion world, from fast fashion to luxury brands, had been largely silent on this pressing issue. That approach appears to be changing. Typically, staid mass-market catalog giants such as U.S.-based L.L. Bean now feature a handful of organic products; the company's marketing copy touts "environmentally responsible manufacturing" (L.L. Bean, n.d.). The minimalist American fashion designer Eileen Fisher

espouses a philosophy devoted to sustainability and social responsibility, with product lines including organic cotton and linen separates (eileenfisher.com, n.d.). Fast-fashion giant Zara debuted organic clothing in 2015 and introduced a sustainable clothing line in 2016, the Join Life initiative, which specifically embraces a corporate goal of reducing the company's environmental impact (Mackenzie, 2016). Noting that "sustainability goes way beyond organic cotton tees," H&M states on its website that sustainability "spans...our entire value chain" and therefore includes social as well as environmental obligations. Notably, the language employed in fast-fashion communications focuses overtly on sustainability for a collective better future; the H&M slogan "We are all part of it," emphasizes consumers as part of a greater whole (H&M Group, n.d). Notably too, some of these initiatives may be ironic in light of the inherent wastefulness of fast fashion (Brooks, 2015) and the potentially devastating effects of sending second-hand clothes to developing nations whose own textile industries may be unable to compete (Belk, 2015; Bloemer, 2001).

With the climate change emergency increasingly impossible to dismiss as a problem for future generations, consumer interest in sustainability has risen (e.g., Chernev and Blair, 2015; Princen, Maniates, and Conca, 2002; Mather, 2015; Syse and Mueller, 2015). Moreover, media has covered deadly working conditions in emerging economies, oceans and shorelines choked with plastic detritus, and other indications that disposable consumption endangers the environment and ultimately ourselves. This coverage has heightened consumer sensitivity to ethical issues in apparel production. The 2013 deaths of 1,134 Bangladeshi apparel workers in the collapse of Rana Plaza, the multi-story building in which they worked, elicited global outrage, in an echo of the Triangle Shirtwaist Factory Fire 102 years earlier, which had precipitated new standards for workplace safety (Cole, 2007). White (2017) reports that despite worldwide demands for change, safety regulations in garment factories remain all too often unenforced. While today's consumers care more than ever about safe working conditions and fair pay for apparel manufacturers (Henninger et al., 2017), headlines fade and attentions stray. The immediacy of the online world can counter such complacency, however, collapsing distances between cultures, and bringing to vivid light environmental degradation, animals' abuse, and the injustices of sweatshop labor and its concomitant horror, child labor. While young-adult consumers of the early 2000s perceived themselves as ecologically aware simply because they engaged in recycling (Joy et al., 2012), even as they eagerly embraced fast fashion (which epitomizes unsustainability), some millennials may gradually be setting their sights higher (Bucic, Harris, and Arli, 2012).

What's the Matter with Cotton?

While a financial powerhouse, cotton is by its nature a dirty industry; contrary to cotton's widespread image as wholesome and pure, the production of cotton is one of the most destructive practices in fashion (Environmental Justice Foundation, 2007). Growing cotton (a herbaceous plant whose seeds are embedded in the white fluffy material we know as cotton) requires intensive irrigation. The amounts of water withdrawn from various sources can be so substantial as to diminish river flows. India, which has the highest number of cotton growers in the world, uses groundwater for two-thirds of its cotton production (Beaudry, 2018). The World Wildlife Fund Global reports that producing only one kilogram of cotton (enough for one t-shirt) can use more than 20,000 liters of water. (WWF, 2017). Organic cotton production methods, on the other hand, require far less water—by some estimates, as much as seventy-one percent less (Boyle, 2014) (see also Aboutorganiccotton.org, 2016 and GOTS, 2018).

According to the Organic Trade Association (2017), the environmental impact of cotton production is massive, in terms of insecticides, herbicides, fungicides, and growth regulators, including defoliants and synthetic fertilizers; all contribute to the pollution of surface and groundwater (see Finch, Geiger, and Harkness, 2016). In contrast, farmers producing organic cotton could reduce their use of fresh water by more than 90 percent, and would reduce energy use by sixty percent (Boyle, 2014). Moreover, manufacture of cotton fibers into items of apparel requires the use of potentially carcinogenic materials such as flame-retardants, polyvinyl chloride, heavy metals, and formaldehyde, which can result in toxic waste entering supplies of drinking water. Consumers are generally unaware of the harm involved in growing cotton (Whitford et al., 2006).

In this paper, we examine the mechanics (social, geographical, and logistical) of hybrid apparel companies (organizations that are part-commercial and part-altruistic) through the lens of a small apparel and accessories company, Maggie's Organics, winner of countless awards, including the OTA (Organic Trade Association)'s 'Special Pioneer' Award in 2002 for founder and CEO Bena Burda's dedication to sustainability, and specifically for having developed organic fiber products and organic fiber industry standards (Organic Trade Association, 2002). We argue that because of Maggie's Organics' hybrid composition, small size, and years of accumulated expertise, it a well-positioned ethnographic case study of attempts to mitigate environmental issues associated with the use of cotton in apparel manufacture, and, further, to promote ethical labor practices through its partnership with worker-owned cooperatives.

Maggie's Organics

Based in Dexter, Michigan, Maggie's Organics was founded in 1992, and is the oldest organic apparel manufacturing company in the U.S.; the company sells organic cotton and wool apparel, including leggings, t-shirts, dresses, and socks available in such swirling psychedelic color palettes as tie-dye, along with more sober shades. Items are sold via the company's website, <http://maggiesorganics.com>, and are also available in natural foods stores and local chain grocery stores within the U.S. Maggie's Organics has been financially successful; while yearly sales figures are not publicly available, they are, Burda states, growing at ten to twenty percent per year—an astonishing figure for a relatively small company.

All the company's offerings rely on organic fibers produced in partnership with worker-owned co-operatives and family-owned and -operated businesses in Central and South America, India, and the U.S. As Maggie's Organics' website states, the company creates its products "From Farm to Finish." For a business to both commit to and sustain environmentally sound practices is no small feat; as Burda notes, "Sustainability... is a major shift in society and involves a concurrent shift in the management and strategic frameworks by which business is conducted."

Lessons learned from Burda's groundbreaking work creating fair-trade policies for the production of organic fibers and manufacture of sustainable clothing can be applied to the apparel industry at large, as consumers increasingly seek out companies that embody sustainability and ethical labor practices (Connolly and Prothero, 2008).

Hybrid Organizations

Hybrid organizations can change how businesses operate in the textile and apparel market by being responsible not only to shareholders and investors, but also to employees and the communities in which they operate. Companies defined as hybrid organizations typically incorporate sustainable and ethical practices into their business model, in an effort to contribute to positive social and environmental change (Cohen and Munoz, 2017; Eckhardt and Dobscha, 2018). Whether wholly for-profit, non-profit, or a combination of the two, hybrid businesses incorporate the assumption that conducting business ethically (Landrum, 2017) can be both commercially sustainable and successful (Haigh and Hoffman 2012; Hockerts, 2015). Further, they embody an inherent assumption that business as usual (i.e., non-hybrid), is in a greater sense antithetical to long-term success. In an effort to mesh both some of the moral/ethical strands of humanitarianism with the revenue seeking of commerce, hybrids have evolved in tandem with consumers who place a high value on wellbeing, social justice, and ecological sustainability (Holt and Littlewood, 2015; Stubbs and Cocklin, 2008).

Hybrid organizations are seen as a potential solution to the lack of real large-scale change that the traditional nonprofit vs for-profit dichotomy organization has evidenced so far (Boyd et al., 2017). The development of hybrid organizations follows the recognition of social and environmental responsibility by various traditional business that understand how this is of benefit for their bottom line (Beheiry et al. 2006; Hillman and Keim, 2001). Our case study will help better understand how hybrid organizations contribute to both their profit objectives while providing social/environmental solutions to the communities they work in/with. Using the case study of Maggie's Organics as emblematic of the issues apparel companies face in using certified organic fibers (and thus helping to prevent future harm caused by conventional cotton production); in relying on fair trade certified production and distribution channels, and in working ethically with worker-owned cooperatives, we examine those issues below in detail.

The Politics of Fair Trade

Equal Exchange, a social change organization, defines fair trade as ensuring a non-exploitative work environment, with the ability to raise and stabilize the incomes of smaller stakeholders, by equitably distributing economic gains; providing support for worker-owned and –operated cooperatives; promoting sustainable farming; and increasing consumer awareness of ethical practices (Equal Exchange, n.d.). The idea of Fair Trade originated post-WWII in attempts to sell handicrafts made by refugees from Eastern Europe in which the creators of the crafts received fair compensation for their labor. From the 1960s onward, fair trade evolved as a means of reducing the exploitation of workers in developing countries creating materials and goods for export. Fair Trade as we know it today (whether as 'fairtrade,' 'fair trade,' or 'Fair Trade') is "an international social movement" (Develtere and Pollet, 2005). Farmer cooperatives saw their organizations as literally a "means of survival" (Robinson, 2012). Essential to our current understanding of the Fair Trade movement is that cooperatives are partners rather than subordinates, and that profit is only one strand of cooperatives' *raison d'être*—other equally important strands are community improvement, and defining and sustaining the power of the group in pursuit of the common good.

Worker-Owned Cooperatives

Following the Industrial Revolution in the early- to mid-1880s, worker-owned cooperatives emerged as a bulwark against unfettered capitalism and worker insecurities. While rare in the U.S., such cooperatives exist through much of the developed world (e.g., Leeds Bread Co-op in the UK, Motion Twin in France, Organic Planet Worker Co-op in Canada).

Compared to conventional businesses with top-down management, worker-owned cooperatives are typically larger, sustain as well or better financially over time, offer more stable employment, and are more productive, providing a lower pay differential among workers, and allowing workers to keep a more significant share of company revenue (Ben-Ner and Jones, 1995; Pérotin, 2010: p. 2). A group of cooperatives, each focusing on a specific process, can result in streamlining production, a feature particularly relevant to the multi-process steps required to turn raw cotton into clothing.

Cooperatives can include open admission (typically after a trial period), a democratic organization that may comprise one worker/one vote, or alternatively, worker-elected representatives, the subordination of capital to community well-being, and a communal goal of improved living conditions, upward mobility, and accessible and affordable education (Cheney, Cruz, Peredo, and Nazareno, 2014: p. 593).

Methodology

We conducted two extended interviews (in summer, 2016 and summer, 2017) with the company's founder, Bena Burda, and examined the company's website, annual reports, media coverage, and online reviews of Maggie's Organics apparel, primarily on Amazon.com, following Kozinets' (2016) directive to consider inherent bias among such reviewers. Interviews were two hours each and were transcribed and analyzed. We used an iterative, hermeneutic approach to identify emergent themes (Thompson, Locander, and Pollio, 1989; Spiggle, 1994). Our two-stage analysis featured Intra-text analysis, in which each text was read and compared to others (inter-text) to get a sense of the whole, and further readings helped reveal the meanings conveyed by each text. We then focused on intertextual analysis, searching for differences and patterns across different sets of data (Thompson, 1997).

We focused the analysis on multiple strategic and operational decisions of a single firm, following an embedded design in which there are multiple levels of analysis within a single case study (Yin, 1984; Eisenhardt, 1989).

Maggie's Organics: Building Sustainability From the Ground Up

Historically, as Burda noted in the interview, apparel industry production employees have felt disenfranchised, isolated, and unenthusiastic about their work, holding a micro view of their role in the creation of finished products, which unsurprisingly led to lower-quality garments (an outcome undoubtedly further influenced by the misery of sweatshop labor). By forming partnerships with worker-owned and -operated cooperatives, Burda has deliberately connected workers to their roles in

producing finished products by providing a sense of ownership of the process of production.

The genesis of Maggie's Organics was Burda's stint working in an organic food company; in the process of growing organic corn, a farmer with whom Burda was working introduced organic cotton into his crop rotation in hopes of improving product quality. Faced with the resulting organic cotton, Burda grappled with the question of how to use it, and an apparel company was born. Initially unaware of the benefits of organic cotton ("When farmer Jim first called to tell me he had an organic cotton crop" said Burda, "I laughed and said 'who cares?')", but Burda researched the range of pesticides used in growing conventional cotton, and quickly began to care a great deal.

For Maggie's Organics, sustainability informs not only how the cotton the company uses is grown, but also every processing stage thereafter. Snyder (2008) notes, that,

a single foot of cotton thread might contain fibres from farms in Texas, Azerbaijan, India, Turkey and Pakistan" (p, 46) ... a spinning plant in Italy bales of cotton from countries across, Africa, America, Asia, and the former Soviet Union can all be spun together (p. 117).

After becoming acutely aware of the environmental pitfalls of cotton production, Burda was determined to take a different route. She recalls,

It was one thing to grow the organic fiber according to... food standards that are credible and measurable. But what about the processing that occurs between the raw fibers to the finished product, as in the case of cotton? There's ginning [the process of separating cotton fluff from cotton seeds], spinning, knitting, weaving, dyeing, sewing, and cutting, [and] at each of these stages... chemicals... are added. So I worked in the U.S. to spearhead the effort to write a standard for the Organic Trade Association [a membership-based trade organization of U.S. organic businesses] that did not just talk about pesticide use on the farm. [We produced] ...voluntary standards within our organization.

In addition, Burda and others worked with European groups in clarifying these standards and eventually helped convert the standards into what is now known as the Global Organic Textile Standard (GOTS), which remains a voluntary standard; since companies claim a product is organic without following that standard (GOTS, 2017). The GOTS website cites the contribution of Maggie's Organics for the launch of this program (Ibid.). Burda sees being certified organic as only one element in the process of becoming sustainable, while noting that there is no third-party evaluation of sustainability, only of the organic production of fibers.

Burda's driving force is on doing business while doing good, with the clear understanding that each can fuel the other. To be sustainable over time, both in terms of the environment and maintaining a healthy business, calls for a level of transparency that is perhaps unusual in conventional businesses, and goes far beyond outlining sustainability endeavors in annual reports (Haigh and Hoffman, 2014).

Burda pioneered the goal of a continuously improved sustainability program, without a hard and fast line between "good" and "bad" companies as stakeholders struggle to incorporate sustainability standards into their business practices, including monitoring and improving their supply chains. Overall, businesses have two main reasons to be certified as meeting Fairtrade Standards: first, because doing so appeals to them morally; and, more prosaically, so they can reap the profits generated by the higher prices commanded by ethical production, manufacture, and distribution processes while having a portion of a growing market niche (e.g., global sales of Fairtrade products grew 8% in 2017 (Fairtrade America, 2018)).

Enabling Worker-Owned Cooperatives

Maggie's was involved from the start (1992) in the development of several worker-owned cooperatives, with each handling different tasks, all within the Americas. Ginning is done using worker-owned equipment in Nicaragua. Next, the fiber is shipped to be spun in a family-owned and -operated mill in Peru that provides technical and financial support to the cooperative farmers. The spun yarn then travels to an independent family-owned knitting facility in North Carolina that manufactures socks and small apparel items and also handles dyeing and finishing. While workers in North Carolina may not know what transpires at other points on the supply chain, Maggie's Organics' representatives track progress and search for problems at every stage, and maintain relationships with all workers rather than limiting their contacts to those at the top, a deliberate decision on Burda's part. The company works with around 2,000 farmers in Nicaragua and about 250 farmers in Peru and has focused on keeping its entire supply chain in compliance with fair trade standards, from the organic materials used to the conditions in which employees work (Frank, 2017).

Setting up cooperatives involved significant time and dedication, from both Burda and cooperative members.

We ... started with cutting and sewing and setting up a cooperative in Nicaragua, and then we found out that farmers from their community could actually grow the cotton. They had chemically destroyed the land in the past because cotton was the largest export in the '80s and [therefore they could] ... [no longer] grow... any cotton. So, we had to decide how to ask these farmers

to start growing organic cotton ... that took four to five years. Then we put in a cooperative gin so at least [now] the farmers own and operate the gin and workers have stock in the gin. Then we tried to put a worker- owned cooperative in a spinning company ... but [doing so] was very expensive and never got off the ground We tried to control the entire chain by having workers [have ownership] all the way through ... that still is in my dream ... of a completely vertical supply chain where worker ownership is what's happening [resulting in] ... truly democratic cooperatives.

Far from simply handling the production and manufacture of apparel, company/worker cooperative partnerships can directly change the underlying economic structure, and in so doing affect the underlying power structure. Instead of being simply workers, disengaged from the finished products of their labor, workers become owners, with an emotional and financial stake in the corporate outcome. In response, common sense dictates that the quality, of workers' lives as well as of company products, will markedly improve.

Burda herself has witnessed such improvements over time. She notes:

[Worker ownership] takes the work off me because if there are issues, presumably the workers are going to solve these issues, because [they] ... have the power to do that.

However, at the moment, usually apparel travels from country to country, if not continent to continent, in its process of being made, and we work with someone in the country who's on the ground; usually, an NGO representative [NGOs are non- governmental organizations, typically nonprofit and active in humanitarian causes] who visits [facilities] [and] handles contracts.... We try to be as transparent as possible by taking the International Labor Rights Forum [representatives] [the ILRF is a U.S.- based nonprofit advocacy organization dedicated to global human rights for workers] down our supply chain and asking them to assess ... problems....

Burda aims to be thorough:

When I go to Peru, for instance, I do not just see the farmers or see the cotton, we ... see every step of the [production process]. So does that really mean we are aware of everything that happens at the factory on a daily basis? Absolutely not, but at least we try to be involved with more than just the owners /managers and be out on the production floor and spend time ... trying to figure out what's going on.

Supply Chain Processes: The Auditing and Certification of Fair Labor Practices

An auditing system is an ongoing verification system that ensures credibility and helps in the process of improving wages and working conditions. In addition to planned visits, an independent auditor serving 'on the ground' between planned visits provides checks and balances in the system. Once a company accepts a bid from a certifier, auditors visit each supplier in the production chain, spending at least a day once a year reviewing every element, from safety regulations to washrooms, in each facility, and then interviewing randomly selected workers to confirm observations. Their reports inform certification companies of any areas requiring improvement; once they have been made, certification is granted, a seal of approval key to company public relations and marketing efforts.

Maggie's participated in a Fair Labor certification pilot project run by the U.S. subsidiary of an international NGO in 2010, and in that same year was the first apparel chain in the world to be Fair Labor Certified, with every stage of production included, from cotton growing to apparel manufacturing. This certification was an important step for Maggie's because it covered all aspects of labor, employment, and workplace conditions. The company was certified again the following year. The Fair Labor Practices certification and Community Benefits Scientific Certification Systems (n.d.) confirmed that Maggie's supply chain used 100% fair labor practices in every aspect of employment, including worker access to healthcare and transportation (Green America, 2012).

Organic Certification

Burda's customers want assurance that when they purchase organic products, those products are precisely what the labels say they are. According to Burda, consumers want:

a quick fix but a simple system. Certification is one way. However, it is only as good as the inspector who's there ... in the factory. They come in and check off their list. I [endorse] a model that goes beyond certification. We would like a transfer of knowledge from one factory to another, one group of farmers to another...

Certification of organic cotton is a massive undertaking, one that most small companies on their own cannot reasonably take on. Instead, organic cotton certification is limited to the front and back ends: the farmers who grow the crops and the sewers who make the apparel. Not every action that occurs in between is monitored. While many consumers may consider certification overall as the last step in the apparel

manufacturing process, Burda sees it as a continuing verification of a supply chain's adherence to ethical standards.

Burda struggles with the limits of certification for organic cotton. Is the goal of leveling the playing field possible by addressing only growers and sewers (i.e., those workers involved in the very first and last operations in the apparel manufacturing process)? As of 2016, Burda started the process of phasing out Fair Trade, and Fair Labor certified clothes, based on feedback from members of the worker-owned cooperatives with whom she partners. When she first informed workers in Central America about the certification process, she was struck by their lack of interest—their concerns, unsurprisingly, focused on worker benefits such as healthcare:

Both our farmers and our workers asked why we found it necessary to put them through the time [required for completing certification paperwork] and disruptions. It did not gain them any extra access to the market, we did not pay them more because of it, and to them it was a useless exercise. They further balked at the idea of continuing with the certification process because restructuring their cooperatives to meet certification requirements was onerous.

Voluntary justice, in which consumers take pride and comfort in their moral purchases, has little connection to the lives and well-being of the workers themselves (Partridge, 2011). Rather, the people most likely to benefit from fair trade certification would be Maggie's employees, due to the potentially increased revenues based on the appeal of certification to customers. However, because the farmers already receive a price from Maggie's that is higher than the established fair trade price for their organic cotton, the benefits of the Fair Trade certification process seemed unnecessary. For their part, customers appear to have found sufficient confirmation of Maggie's ethical production methods on the detailed company website and product packaging copy. Based on these dilemmas, the company elected to discontinue certification.

Consumers, Workers, and a Fair Premium

Typically, organic products cost more than their nonorganic counterparts; consumers shoulder the higher costs as the price of taking a moral stance. The company's marketing underscores the moral value of ethical labor practices. Thus, a new pair of Maggie's socks features a recyclable tag informing the purchaser that, "The US workers who make these socks are provided health insurance from their employer. That should put a [sic] pep in your step!" Moreover, the tag states that Maggie's buys "direct from nearly 2,000 organic family farmers." Such triggers of moral affirmation attached to consumption raise the bar of what it means to be ethical (Thompson and Coskuner-Balli, 2007); now, ethical consumption

means caring not only about the environment, but also about workers' lives. It is the consumer who is the last link in the ethical product supply chain and often one of the most problematic (Devinney, Auger, and Eckhardt 2010).

Maggie's uses specific financing practices that benefit farmers, providing pre-financing to cover the costs of seed, training, labor, and the like, and forward contracting (offering a guaranteed price and purchase). Burda emphasizes that timely payments help farmers manage their risk, and in return provide her company with a more efficient and secure supply of organic cotton, which in turn allows her to meet the company's manufacturing and sales projections. For Burda, this arrangement, which cements loyalty from members of her supply chain, is decisively 'trade and not aid;' that is it is good business as well as doing good. She is investing in the future of these farming communities along with supporting the environment. For her, maintaining a healthy rural economy is a significant investment and is often reflected in what is called a 'fair premium': on top of a fair price that covers the cost of production and a reasonable premium for value-added organic production, farmers may also receive a fair trade premium, paid directly to the farmers or into a fund for community projects, which will be spent according to decisions made by the cooperative committee (Hughes, 2012). A fair trade premium does not necessarily translate into higher wages for individuals but may provide security by paying farmers a portion of their wages upfront, although the system is potentially flawed, since a committee may not represent all workers equally. Does it promote equality or hierarchy if members of the committee have more power in decision making than the average worker? Does the committee feel pressured to follow instructions from management in how to spend the money? Burda finds that workers are often confused by the fair trade premium and would rather receive higher wages, which could result in a higher retention rate. Burda says,

I feel workers come and go too much. It is another feel-good situation for the consumers to buy what they think is fair and not dig too deep; for the brands to say, 'I pay my fair-trade premium' although they do not even know who that community is. It is not a perfect system by any means.

Maggie's has attempted to organize production such that both farmers and the company are financially protected, at least to some degree:

Geographically it is never smart to work with a commodity and isolate yourself—to put all your eggs in one basket. How we have gotten around that ... [is by] contracting with farmers in Nicaragua to grow all the cotton for our socks, then with Peruvian farmers to grow the cotton for our apparel, and now we are starting with U.S. farmers again because we can't rely on

Nicaraguan farmers because they lost eighty percent of their harvest in the last two years [2014–2016] ... from the rainy season. So, we have to protect ourselves in other ways, but I still believe that [the] best model I have seen is once you are in a geographic region, you work in a small area of that region with a community-based group. Is it perfect? I do not think so, but it seems the most logical to me.

Charity and Economic Goals

Burda's outlook on charitable giving sees such activity as on the one hand a moral imperative, but on the other not a founding principle of her company's ethos, as opposed to, for example, TOMS, a for-profit company renowned for its simple and affordable shoes. For TOMS, charity is central to the company's identity, through its One For One campaign— purchase a pair of TOMS shoes or eyeglasses, and a child in need will receive a gift in kind. As a far larger corporation than Maggie's (in 2014 TOMS was valued at \$625 million (Associated Press, 2016)), the company has the infrastructure and deep pockets to incorporate ambitious philanthropic programs into its core mission. In a deliberate attempt to encourage self-sufficiency (Buchanan, 2016), TOMS works with more than ninety nonprofit organizations, or 'Giving Partners' in over seventy countries worldwide to implement programs related to promoting eyesight, access to clean water, safe births, shoe donations, and anti-bullying campaigns (TOMS, n.d.). That said, both TOMS and Maggie's see dedication to social responsibility as explicit in their business models, with both reliant on their customers being moral individuals.

Maggie's Organics makes charitable donations regularly, as detailed on the company website (e.g., 10% of the sales from their Bee Keeper Socks are donated to a non-profit organization dedicated to the protection of pollinators and their ecosystems). In 2017, for example, the company donated to Grow Ahead, a crowd-funding organization dedicated to what they term 'climate resilience,' whose work helps small-scale farmers combat climate change, as well as to Friends of the Earth, in a program aimed at reducing declines in bee populations. In common with TOMS, Burda guards against encouraging dependency and has a strong commitment to treating the workers with whom she does business as colleagues rather than as 'the needy' in search of handouts. As she recounts,

This [the expectation of charity] is what happened in our first cooperative ... These women [cooperative workers] expected that every time something went wrong, ... I would go in and bail them out. One of the biggest arguments I had with them was when they took ... excess material and used it to make products [that] they sold on the local market to get shoes for their kids, and they did

not even run the product sales through their cooperative. Then they divided the money up and ended up in trouble with [the] NGO [representatives] who insisted that they had to pay all that money back to the cooperative.

Burda recalls that she told the group of women:

'You ... just stole my fabric and you took it to the market. I could just give each of you \$150 so that it can be paid back to the cooperative and bail you out. But once that is done, there is no relationship between us. Because if I can't trust you not to steal my fabric, we don't have a business relationship.' They were upset with me for a while ... but ... they realized that it [our working relationship] was not about charity. This was not about me buying them shoes for their kids ... it was ... about trust. So, I think there is a big difference, there should be a big difference between what and how brands employ fair trade practices and sustainable practices. Also, about how and what charity is.

In addition, Burda states, the hard realities of the marketplace matter.

I have told these women, you are only as good as your last order ... if your last order is forty-percent irregular, that is it ... nobody cares if your kids are hungry; my customers don't care. They [consumers] just really want a nice thing that makes them look sexy or whatever.

Workers in this instance prioritized family over work and were willing to use the resources of the cooperative in order to send their children to school with shoes. To them, the logic of morality and ethics that governs an individual's behavior outside the market is also applicable within the marketplace. Burda describes this action as irrational behavior; they were stealing from her, which was a move of short-term benefit, whereas she wanted them to think long-term. How could they break the cycle of poverty? She wants them to understand the structural workings of the market, which is governed by the amoral logic of money (Habermas, 2005).

Discussion and Conclusions: Lessons from a Hybrid Organization

The primary lesson to be learned from the accumulated experience of Maggie's Organics is simply this: Hybrid organizations can work, both in the sense of generating profit and of improving communities, including the individual lives of those workers whose labor is key to the organization's overall success. According to Haigh and Hoffman (2012: p. 129), hybrid organizations challenge four fundamental and traditional concepts about business: the idea of perpetual growth at all costs; keeping social and environmental issues at arm's distance; treating nature as purely a resource to be plundered; and finally, seeing the

company mission as solely to create profit. In the history of Maggie's, we see that each of these four truisms of successful business outcomes is not inherently necessary (leaving aside that each is detrimental to the environment and overall social wellbeing). For Burda, accepting somewhat lower revenue in exchange for ethical and sustainable business practices is a reasonable course of action, provided business is stable, and that the market will sustain Maggie's economic viability into the future.

Social and environmental concerns are embedded in the business model rather than being external to it. Maggie's, for example, invests in supplier communities by spurring the creation of worker-owned cooperatives and grappling with the cooperatives' labor and community issues with a problem-solving approach. Hybrids such as Maggie's build their business models on environmental protection; nature is not viewed as simply a resource to be bled dry (Joy and Peña, 2017). Burda focuses on providing economic and social opportunities for the workers with whom she partners; as any one person improves their working lives, so others in the community see improvement as well, creating a ripple effect. She has also shared her knowledge with companies like Opportunity Threads to create worker-owned cooperatives in the U.S. based on sustainability principles. In sum, Burda sees her company's mission, in common with other hybrid organizations, as creating lasting societal and environmental value in tandem with generating revenue. This statement may run counter to basic tenets of late-stage capitalism; however, the existential problems of our age, from increasing extreme weather patterns, rising seas, economic instability, and the resulting migration, demand greater responsibility from our systems of commerce. Companies such as Maggie's present us with a blueprint of how such a system would—and already does—work.

While the issues of sustainability in the fashion industry are both complex and challenging to resolve, the rewards are legion, from increased consumer interest in responsibly produced articles of clothing to a commitment to ethical labor as a critical element in consumption choices. The real, long-term impact of sustainability in the apparel industry may be a breaking down of metaphorical walls between the producers (the farmer and textile workers); the manufacturers (the cutters, dyers, and sewers); and the individuals who ultimately purchase the clothing. Consumers are undergoing a sea-change in dissolving their social isolation, as they evolve from seeing themselves in a vacuum, oblivious to whoever made the clothing they covet, to being aware of other's needs and rights to humanitarian basics such as safe working conditions and fair wages. Particularly given the drastic decline in union membership in industrialized nations and the race to outsource clothing manufacture to low-wage countries in recent decades, the need for principled fiber production and apparel manufacture has never been greater. Coupled with the rise in awareness of environmental degradation

and the negative impact of pesticide use, interest in organic materials is poised to increase. Maggie's strategy of economizing on production costs by keeping designs simple and by enabling the creation of worker-owned cooperatives aid the shift in consumer demand for sustainability and ethical labor practices. The right thing to do can, over time, become the only thing to do.

Future areas of study on the impact of hybrid organizations on sustainability and ethical labor practices might focus on the processes by which consumers adjust their tastes, as they move from demanding low-cost clothing regardless of the cost to unseen others, to seeking out product lines incorporating sustainability and ethical labor practices. The marketing strategies driving this shift in public opinion are similarly ripe for further research: Which approaches are more or less effective? Moreover, what does the future hold for relatively small, privately owned hybrid organizations such as Maggie's? What happens over time as hybrid organizations become mainstream? TOMS, for example, in 2014 sold a fifty-percent interest in its company to the private equity/alternative investment company Bain Capital; by any measure, TOMS is today hardly an against-the-current upstart (Associated Press, 2016). What is the impact when bigger socially responsible companies, with deeper pockets that allow for easier navigation of, for example, certification processes, enter the marketplace (Cohen and Munoz, 2017)? And lastly, how do the members of worker-owned cooperative themselves feel about the future economic and social viability of working in partnership with companies in other countries? Surely, the time for workers to directly voice their concerns is long past due.

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