MAKING RESPONSIBLE BUSINESS THE NORM



Civil Society Organisations (CSOs) have a critical role to play in supporting the piloting, expansion, replication, adaptation, and institutionalization of Responsible Business Models (RBMs). Oxfam has been working together with partners for over a decade to enable and develop inclusive, responsible, and sustainable business models around the world. This work takes many forms, such as a public campaigns to pressure companies to improve their land rights policies, or as direct business advisory support for small and medium enterprises on gender inclusion. In the FAIR for ALL programmme, for example, Oxfam and civil society partners influence businesses and governments to change their policies and practices so that RBMs can move from niche to normal.

This document summarizes key findings from research by AidEnvironment commissioned for the FAIR for ALL programme with advice on the most effective roles that CSOs can play in promoting RBMs, along with real examples on the ground.

WHY DOES THE WORLD NEED MORE AND MORE RESPONSIBLE BUSINESSES?

Deeply-rooted, systemic problems (such as wealth inequality, gender discrimination, and environmental exploitation) are rampant in today's global economy and contribute to a lack of transparency, trust, long-term investment, and fair sharing of benefits among value chain actors. These system failures tell us that we must find another way: to make responsible business the norm by co-creating value chains that have explicit goals to address root causes of current system failures.

WHAT IS THE ROLE OF CSOS IN MAINSTREAMING RESPONSIBLE BUSINESS?

Research by AidEnvironment for the FAIR for ALL programme provides a helpful framework to understand how RBMs can be scaled and the most effective roles that CSOs can play to contribute to economic systems change. The framework has been interpreted into the illustration below.



INCEPTION PHASE

In order to change the dominant way of doing business, first movers – i.e., innovators and early adopters – pilot inclusive, sustainable, and responsible business models and practices.



HOW DO PILOTS BECOME PART OF CORE BUSINESS?

The research shows that pilots become more substantial when they expand throughout the business or across different geographies.

WHAT ARE THE NECESSARY ENABLING CONDITIONS?

Business support services, capacity building, and access to finance, especially for small-scale entities.

WHAT ROLES CAN CSOs PLAY, TO ENABLE BUSINESSES TO PILOT INNOVATIVE RBMs?

- Build capacities and provide funding to create / develop RBMs and support those who want to replicate.
- Together with media and innovators, raise awareness and generate public pressure for development of RBMs.

HOW DO OXFAM AND PARTNERS SUPPORT PILOTING RBMS?

INCREASED INCOME AND WOMEN'S EMPOWERMENT THROUGH COFFEE MICRO-STATIONS IN UGANDA.

WHAT WE'VE DONE

- **Producer and farmer organization:** Oxfam's partners reached out to marginalised (women) farmers in a region neither known for coffee production nor for women's participation on farms.
- Ecosystem services and human resources base: Partners built
 the capacities of marginalised farmers and procured equipment
 (micro-stations) so that value addition could take place at
 the local level.
- Influencing local norms and values: Partners advocated to change regional land tenure laws so that women could own and farm their own land. They also addressed gender norms in the communities to enhance the acceptance of women working on farms.
- Access to tailored knowledge and financial services:
 The micro-stations project involved efforts of diverse actors such as CSOs, business support providers, government

agencies, and technical advisors to build the capacities of local producers on harvesting and processing the coffee crop to improve the quality of the produce to meet international import requirements.

WHAT WE ACHIEVED

- Fair market price much higher than the market average for the coffee producers.
- Quality coffee that scores high on the Specialty Coffee Association scoring system.
- Buyers in several countries, with some offering to pay social development costs i.e price higher than market average.

ADOPTION PHASE

Innovators inspire other like-minded businesses - the early majority - to take up RBMs.



Research suggests that this often happens when the early majority start to replicate RBMs, inspired by the innovators in the previous phase.

WHAT ARE THE NECESSARY ENABLING CONDITIONS?

Broader applicability of the business case beyond specific (niche) success factors, and recognizing that the early majority could require as much support as the first movers to thrive.



WHAT ARE ROLES CSOs CAN PLAY TO ENABLE BUSINESSES TO EXPAND AND REPLICATE RBMs?

- Promote and publicize proofs of concept and position RBMs as competitive advantage in public discourse.
- Share lessons and insights from successful RBMs with other businesses to promote replication.

HOW DO OXFAM AND PARTNERS SUPPORT EXPANSION AND REPLICATION OF RBMS?

LEADING DUTCH SUPERMARKET COMMITS TO PAYING LIVING INCOME REFERENCE PRICE FOR ALL COCOA PRODUCTS ON ITS SHELVES.

WHAT WE'VE DONE

- Raising the bar: For decades, Oxfam and partners have applied public pressure (see Behind the Barcodes) on cocoa retailers and directly engaged them on the importance of paying a living income to cocoa producers.
- Power concentration and transparency: Oxfam and partners shed light on the inequalities and power imbalances within the cocoa value chain through investigative research and public campaigning, which increased public pressure on and demand for transparency from powerful cocoa value chain actors.
- Market incentives: The engagement involved educating retailers in the Netherlands that investing in resilience and livelihoods of farmers is an investment in the sustainability and quality of their supply - a win-win-win situation!

WHAT WE ACHIEVED

Following intense advocacy, a leading Dutch supermarket announced that it's moving away from the "race to the bottom" for the lowest price, and has committed to paying a living income reference price (LIRP) and entering into long-term contracts with all cocoa producers involved.

CRITICAL MASS PHASE

The first movers and early majority attract the late majority to adapt to the shifting paradigm.

HOW DO RBMs GAIN ENOUGH SUPPORT BEYOND THE EARLY MAJORITY?

Research shows that this often happens when other businesses get inspired to adapt RBM principles to their own contexts and business environments. This could be motivated out of fear of losing a competitive edge as RBMs become more mainstream and are perceived as a viable way of doing business – and is no longer niche.



WHAT ARE THE NECESSARY

Understanding of specific markets, contexts, and different segments of business operations to adapt RBM principles.

WHAT ARE SOME ROLES CSOs CAN PLAY TO **ENABLE ADAPTATION BY LATE MOVERS?**

Together with multi-stakeholder platforms, industry groups, and funders, CSOs can collaboratively influence businesses and key stakeholders to promote the adaptation of RBMs by the late majority.

HOW DO OXFAM AND PARTNERS PROMOTE ADAPTATION?

DUTCH CHOCOLATE RETAILER ADAPTS TO SHIFTS IN THE SECTOR AND COMMITS TO PAY A LIVING INCOME TO COCOA FARMERS.

WHAT WE'VE DONE

- Raising the bar: A few months after the leading Dutch supermarket announced its commitment to paying LIRPs and entering into long-term contracts, a Dutch chocolate retailer known for its low prices announced a similar commitment.
- Sharing lessons from the early majority: Oxfam partners published an important piece of research on best practices in cocoa procurement to support farmers, which came out around the same time as the Dutch supermarket announced changes to its cocoa procurement policies.

WHAT WE ACHIEVED

Years of campaigning and awareness raising by Oxfam, its partners, and others; sharing of best practices and examples from frontrunners; and regulatory requirements on living income traceability led to the Dutch retailer adopting best practices for cocoa procurement.

INSTITUTIONALIZATION PHASE

Together, the late majority, early majority, and innovators advocate for legislation that brings the laggards into the new way of doing business.



Usually, this only happens through regulation. Businesses that have adopted RBM principles, together with CSOs and others, influence legal norms to level the playing field and move the whole sector in a new direction.

WHAT ARE THE NECESSARY ENABLING CONDITIONS?

Engaging the "willing" through supportive efforts; leveraging legal norms to compel sector-wide compliance, and working in coalitions to advocate for replication and changes in legal norms.



WHAT ARE SOME ROLES CSOs CAN PLAY TO ENABLE INSTITUTIONALIZATION TARGETING THE LAGGARDS?

- Collaboratively advocate for better policies through research, campaigns, communication, multi-stakeholder dialogue and policy influencing.
- Together with governments, industry bodies, and multi-stakeholder platforms, promote RBMs as license to operate, prompting the laggards in the sector to change, thus creating a level playing field within the sector.

HOW DO OXFAM AND PARTNERS INFLUENCE LEGAL NORMS ON RBMS?

EU ADOPTS CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE AND CORPORATE SUSTAINABILITY REPORTING DIRECTIVE TO MAKE RESPONSIBLE BUSINESS A REQUIREMENT IN THE EU.

WHAT WE'VE DONE

- Policies and regulations: Oxfam and its partners worked with business and human rights innovators and early majority and late majority actors to lobby for due diligence regulation at the EU and Dutch levels through public campaigns, direct advocacy, industry group lobbying, and more.
- Frontrunner companies lobbying for change: Oxfam supported leading European companies to advocate for legislation at the European Parliament and Council.

WHAT WE ACHIEVED

The engagement motivated several companies in their respective sectors to send lobby letters and speak out publicly on the need for mandatory human rights due diligence legislation, which ultimately led to the EU adopting two critical directives on responsible business practices.

OXFAM NOVIB'S VISION TO MAKE RESPONSIBLE BUSINESS THE NEW NORMAL

BMs A

Oxfam Novib's work to influence enabling environments and support RBMs to scale is not over; there's much more work to be done. Based on the lessons from the last five years of the FAIR for ALL programme, Oxfam Novib aims to do the following in collaboration with partners around the world to continue making RBMs the norm:

- → We will continue to learn from and support innovations to expand through access to finance, technical advisory, and business case development.
- → Convene frontrunners and laggards to exchange on best practices and overcoming challenges to promote replication and adoption.
- → Promote investment and access to finance for innovators and early movers to scale.
- → Engage and support laggards, such as in the cocoa sector, to change their practices.

- → Promote learnings from frontrunners, such regenerative agriculture and agroecology alternatives to pesticides.
- → Engage and support corporations with global market power in the Netherlands to implement RBM policies and practices.
- → Facilitate knowledge and technology exchanges between frontrunners and other actors who want to transform.

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To learn more about the topics raised in this paper or to explore potential collaborations, please email info@oxfamnovib.nl or call us at (+31) 070-3421777.

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