

Oxfam's Future of Business Initiative

Promoting equitable businesses and fourth sector development

Context

Inequality is spiralling to absurd levels, and business can help drive the fight against it. Currently, our economies channel the vast wealth they generate to a tiny minority of people. Since the turn of the century, the poorest half of the world's population has received just 1% of the total increase in global wealth.¹ Meanwhile, half the new wealth has gone to the richest 1%.² Far from trickling down, income and wealth are being sucked upwards at an alarming rate. At present, mainstream business is driving, rather than reversing, this disturbing trend.

At the heart of the problem is how companies prioritize different stakeholder groups. For decades shareholder primacy has ruled supreme. But tackling inequality requires companies to prioritize the interests of workers, farmers, communities and consumers ahead of investors. Rather than being fixated on increasing margins and investor returns, they should be driven by creating decent jobs that pay a living wage, restoring the environment and treating everyone with dignity.

There is hope. A new fourth sector of the economy, consisting of for-benefit enterprises, has purpose, fairness and sustainability embedded into its model. These companies are lifting workers out of poverty, providing equal opportunity for women and men, sharing value more equally and giving voice and power to the most vulnerable and marginalized. These businesses are part of the vision of a 'human economy', where sustainability and fairness are at the heart of economic prosperity.

To help bring about a human economy populated by for-benefit businesses, Oxfam is participating in the Fourth Sector Development Initiative (FSDI). The FSDI is a newly formed multi-stakeholder initiative that brings together public, private, and philanthropic institutions committed to making our shared vision a reality. Oxfam strongly believes that we can only achieve meaningful change if we work together with a range of organizations.

Future of Business Initiative

Oxfam engages with business on multiple fronts, tackling issues such as low wages, tax avoidance, gender inequality, and precarious smallholder livelihoods. We use our influence and expertise to help those who genuinely want to improve their policies and practices. We also challenge companies and advocate for effective regulations, standards and practices that will help ensure business is a force for good.

Oxfam's Future of Business Initiative draws on over a decade of this work to understand and promote business structures that have the potential to lift millions of people out of poverty and drastically reduce inequality.

The focus of the initiative's research, piloting and advocacy strategy is on equitably for-benefit structured businesses. These enterprises use their governance, ownership and business model to lock-in mission. Rather than being fixated on maximizing shareholder returns, they ensure that all those involved in the success of the business, especially workers, farmers and local communities, get a fair share of the value created.

Our vision is to see a transformation of mainstream business and the growth of equitable for-benefit business structures in both domestic and international markets. Oxfam is committed to being part of this transformation, and is launching the Future of Business Initiative in association with the FSDI, which is helping create the ecosystem required for the growth of the fourth sector.

Strands of the work

Through the Future of Business Initiative, Oxfam is promoting the development of the fourth sector and equitable structures that can help drive down inequality. The work of the Future of Business Initiative is focused on:

- **Research:** High-quality, evidence-based research of the business and investment models, policies and sourcing practices that can grow the fourth sector and equitable businesses.
- **Pilots:** Through Oxfam's enterprise development programmes and partnerships with companies, we will continue to pilot and demonstrate that equitable businesses and other fourth sector models are both viable and desirable, and can be at the core of economies, especially when there is the right policy, governance, and market ecosystem.
- **Movement building:** Build networks and collaboration between global movements that already promote equitable business structures and the fourth sector more broadly.
- **Advocacy:** Advocate for policies, sourcing practices and investments that favour the fourth sector and equitable business structures, particularly in developing countries, where these economies can potentially grow such business models as a viable part of their economy.

Portfolio of projects

Oxfam is building several projects that will work across these strands and help deliver the strategic priorities of the FSDI. In particular, the research and pilots will contribute to and draw from the Fourth Sector Mapping Initiative that the Fourth Sector Group is advancing. Oxfam will engage other members of the FSDI to seek collaboration and help ensure these projects are delivering the broader goals of the FSDI effectively. The projects are being delivered in a range of ways, with some having discrete project teams (e.g. enterprise development), some being delivered by Oxfam staff as part of broader organizational goals (e.g. equitable businesses diagnostic tool and impact investment advocacy), while others are delivered by staff from a coalition of organizations that have a shared objective (e.g. inequality measurement). The specific projects Oxfam is reshaping or will be launching in line with FSDI aims are as follows:

Equitable businesses diagnostic tool: Oxfam is developing a framework for assessing the extent to which an enterprise's business model, ownership and governance are likely to lead to equitable outcomes. The tool will be piloted with our enterprise development projects and with the product procurement teams for Oxfam shops in the UK. This project will contribute insights into, and draw from the knowledge and business models activities under the FSDI.

Inequality measurement: Working with Social Enterprise UK, New Economics Foundation, Social Value International and Divine Chocolate to develop an understanding of the inequality impacts of different business structures as compared to different types of for-benefit enterprises. This project will provide tools and generate awareness-raising activities that support the knowledge and awareness strands of the FSDI.

Enterprise development: Oxfam's Enterprise Development Programme (EDP) has been running since 2008, and is now being reshaped to develop and implement innovative approaches to agribusiness development that go beyond cooperative ownership. EDP is staffed by eleven enterprise experts driving the programme in five countries. The enterprises that EDP supports pursue the interests of farmers, workers, consumers and communities alongside commercial viability. By more explicitly looking to support models beyond cooperatives, EDP will embody fourth sector principles and provide more direct insights and pilots of mechanisms that will help inform the knowledge, business model and investment model activities under the FSDI.

Fair Value Club: A research and collaboration platform jointly led by Oxfam, Forum for the Future and Fairtrade Foundation to support companies actively looking at the role of equitable businesses and for-benefit enterprises within their supply chains. This project will contribute insights to the knowledge, awareness and business models activities under the FSDI.

Impact investing advocacy: Building on the success of Oxfam's impact investing paper presented at Skoll World Forum 2017,³ Oxfam is conducting engagement and advocacy with impact investors, development finance institutions and private sector development programmes of donors to promote measures to deliberately favour for-benefits enterprises with equitable business structures in their investments. Oxfam staff work on impact investing and enterprise development across the Oxfam confederation. It will draw from the investment models, business models and awareness activities of the FSDI.

Policy labs: Oxfam is in the early stages of building ‘policy labs’ that foster cross-departmental collaboration within select governments (national and local level). These policy labs will design and pilot policies targeting fourth sector development. Oxfam will work with other organizations to shape and implement such labs (e.g. the British Council and Nesta). This will contribute to the policy activities under the FSDI.

Why Oxfam?

Oxfam has a long history of working with and challenging businesses to tackle issues around poverty, inequality and human rights. Through and alongside this work, Oxfam has supported and advocated for businesses that can embed fairness and a broader mission. Through its own commercial operations – a chain of shops across the world (around 650 in the UK alone) – Oxfam embodies for-benefit principles and itself grapples with giving primacy to a mission alongside revenue generation.

Apart from running shops, Oxfam has founded and supported a number of for-benefit enterprises that are structured to maximize benefits to farmers, workers and communities living in poverty. This has included founding now thriving enterprises such as Cafédirect and supporting dozens of community-level enterprises around the world through programmes such as the EDP.⁴ Oxfam’s role in the Fair Trade movement and as a founder of the Fairtrade Foundation has yielded lessons about the importance of business structures in determining which stakeholders benefit from trade and commerce. Meanwhile, in dozens of countries, Oxfam continues to support and strengthen farmer and producer cooperatives (from beekeepers to dairy cooperatives).

For Oxfam, influencing the private sector and building a fourth sector go hand-in-hand. Partnerships with companies such as Unilever⁵ and M&S, as well as campaigns such as Make Trade Fair and Behind the Brands⁶ have shown that the very structures of some of the world’s largest companies mean that their commercial and sustainability goals pull them in different directions. This work has shown that the incentives and decision making within businesses are often driven by their structures, and therefore that a re-engineering of the structures may be necessary if we are to achieve a fairer and more sustainable world.

Oxfam has also worked for decades to understand the challenges faced by workers, farmers, communities and consumers impacted by global businesses. Relevant examples of Oxfam’s experience include supporting labour rights in Indonesia,⁷ working with business, government and worker groups to achieve a fair minimum wage in Myanmar⁸ and influencing bank policies in support of small enterprises in marginalized areas.⁹ These insights will help shape how Oxfam contributes to the development of the fourth sector.

Supporting the growth of equitable businesses and the fourth sector overall is a natural progression of Oxfam’s work in engaging and challenging business to be part of the solution to some of the most entrenched problems facing the world.

About the FSDI

Oxfam is participating in the **FSDI**, a newly formed multi-stakeholder initiative of the World Economic Forum Global Future Council on International Governance, Public-Private Cooperation and Sustainable Development in partnership with the Fourth Sector Group (4SG).

FSDI brings together public, private, and philanthropic institutions committed to catalysing trillions of dollars of fourth sector growth by 2030 through fostering the enabling ecosystem required for for-benefit enterprises to flourish. FSDI mobilizes collaboration to enhance knowledge and raise awareness about the fourth sector, develop more enabling policy and regulatory environments for the sector, promote new business and investment models that are aligned with for-benefit enterprises, increase educational and training opportunities for fourth sector practitioners and leaders, and develop local and regional hubs to accelerate fourth sector development in communities.



People

Erinch Sahan leads Oxfam GB's Future of Business Initiative. His work at Oxfam has spanned programmes and campaigns. Erinch has worked in business, law and government and has an academic background in Law and Finance.

Alex Maitland is a Policy Officer for the Future of Business Initiative. He joined Oxfam GB from the think tank Tomorrow's Company, where he led corporate governance and social responsibility initiatives. He has an MSc in Corporate Responsibility and Sustainability.

Uwe Gneiting is a Research and Policy Advisor for the Private Sector Department at Oxfam America. He has expertise in how business relates to the sustainable development goals and human rights. Uwe holds a PhD from the Free University of Berlin.

Key publications, blogs and articles to date

- [Does business structure influence social impact?](#) – Briefing paper
- [Business Structures that Prioritize Human Rights](#) – Discussion summary
- [Oxfam Submission to Green Paper on Corporate Governance Reform](#) – Technical paper
- [An Economy for the 99%](#) – Briefing paper
- [Winnie Byanyima speech at the Skoll World Forum](#) – Speech
- [Here's How Theresa May Could Really Change The 'Unacceptable Face Of Capitalism'](#) – Blog
- [50 innovative business models](#) – Resource
- [Tackling inequality is a game changer for business and private sector development \(which is why most of them are ignoring it\)](#) – Blog
- [How businesses can save the world \(when their shareholders aren't breathing down their neck\)](#) – Blog
- [Building a human economy requires more than a quick fix to corporate governance](#) – Blog
- [Tackling inequality requires us to re-imagine business](#) – Blog

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Notes

- 1 D. Hardoon, R. Fuentes-Nieva and S. Ayele. (2016). *An Economy For the 1%: How privilege and power in the economy drive extreme inequality and how this can be stopped*. Available at: https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp210-economy-one-percent-tax-havens-180116-en_0.pdf
- 2 Ibid
- 3 M. Bolis et al. (2017). *Impact Investing: Who are we serving? A case of mismatch between supply and demand*. Available at: <http://policy-practice.oxfam.org.uk/publications/impact-investing-who-are-we-serving-a-case-of-mismatch-between-supply-and-demand-620240>
- 4 <http://policy-practice.oxfam.org.uk/our-work/food-livelihoods/enterprise-development>
- 5 <http://policy-practice.oxfam.org.uk/our-work/food-livelihoods/sunrise>
- 6 E. Sahan. (2016). *The Journey to Sustainable Food: A three-year update on the Behind the Brands campaign*. Available at: <http://policy-practice.oxfam.org.uk/publications/the-journey-to-sustainable-food-a-three-year-update-on-the-behind-the-brands-ca-605193>
- 7 D. Green. (2015). *The Indonesian Labour Rights Project*. Available at: <http://policy-practice.oxfam.org.uk/publications/the-indonesian-labour-rights-project-338442>
- 8 Oxfam. (2015, 22 September). *Three ways to end inequality – and two you can do yourself*. <http://www.oxfam.org.uk/get-involved/campaign-with-us/latest-campaign-news/2015/09/even-it-up>
- 9 <http://policy-practice.oxfam.org.uk/our-work/food-livelihoods/enterprise-development#2a31b4cd-6128-49fc-8f77-eab102f39787>