Beyond CSR
SMEs’ engagement in creating shared value

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Abstract

While climate change and societal issues involve individuals, corporations, and policy makers at a global and local scale; this study highlights the actions that can be taken by small and medium sized enterprises in order to create value for the society and their business.

This study focuses on creating shared value (CSV), a concept that goes beyond corporate social responsibility (CSR), and aims to expand the connections between societal and economic progress. This thesis aims to understand how SMEs can engage in CSV on a local scale, with a focus on the community of Northern Sweden. This study was written on commission for Esam consultant.

The theoretical framework is structured in two parts. The first one, creating shared value, introduces the different levels of the concept, two alternative business models to engage in it, and the important stakeholders. The second part focuses on SMEs, their characteristics, the business models that apply to them, and the stakeholders involved in their activities.

This study’s findings are based on data collected through 10 interviews conducted with SMEs having a focus on societal or environmental concerns, located in Västerbotten. Additionally, to get an overview of the concept and strengthen our findings, we conducted one interview with Mikael Brändström, a consultant from Esam and with an insight in SMEs’ sustainable actions.

The analysis combines theories and empirical data to offer new tracks on how SMEs can engage in CSV. The three levels of CSV are analyzed in order to find opportunities for SMEs to engage in concept. Some of the opportunities are: to identify a social issue that can be solved by the product or service; to minimize the negative impact of the value chain on the environment; and to corporate with actors within the local community.

To conclude, this study highlights both theoretical and practical implications linked to the concept of creating shared value, and brings ideas on how SMEs can engage in the concept of CSV. The findings are used in a handbook aiming to provide companies with a practical guidance to engage in the concept. Moreover, through the interviews and research, we can say that by having a business idea connected to a social or environmental issue, SMEs start create shared value and are most likely to have a positive impact. The conclusion gives an optimistic perception of the extent to which many companies already are interested in being responsible and sustainable.

Keywords: creating shared value, small and medium sized enterprises, business model, stakeholder, corporate social responsibility, multinational corporations, social and environmental issues, sustainability
Abbreviations

BOP    Bottom of the Pyramid
CSR    Corporate Social Responsibility
CSV    Creating Shared Value
GDP    Gross domestic product
MNC    Multinational Corporation
NGO    Non-Governmental Organization
SEK    Swedish currency
SME    Small and Medium Sized Enterprise
SV     Shared Value
USD    United-States Dollar
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1. Introduction
In this section, we present the problem background and introduce the concept of creating shared value. We further discuss our research gap based on SMEs engagement in the concept of creating shared value. Furthermore, we present our research question and purpose, and the delimitation we faced while conducting this study. Finally, we briefly introduce Esam, the consultant company we wrote this research paper on commission for and define the technical terms we use.

1.1 Businesses involvement in environmental and social problems
The global average temperature is higher today than over a thousand years ago and is radically impacting the climate which, according to Intergovernmental Panel on Climate Change, (Pachauri, 2014, p. 1-16) increases the risk for several societal consequences. The climate change is causing vulnerability when it comes to structural inequalities that drive poverty and uneven allocation of resources (Human Development Report, 2014, p. 3). The role of political-economic perspectives and their impact on the environment and social situation is not to be neglected. Most countries consume natural resources at levels higher than the global ecological system can support (Wackernagel et al., 2000; Jorgenson & Burns, 2004). Many factors impact the environmental degradation and social issues; one of them being the influence of multinational corporations on general awareness regarding the ecological and social deterioration. The unequal level of natural resources consumption is certainly a global problem impacting all living species (Jorgenson, & Burns, 2004, p. 112). Climate change and societal issues involve individuals, corporations, companies and policy makers at a global, national and local scale (Pachauri, 2014, p. 29).

When zooming in from a global view to a national scale, we have been examining what challenges Sweden faces today. The Swedish Government Offices have addressed four strategic challenges to prioritize: building sustainable communities, encouraging good health on equal terms, meeting the demographic challenge, and encouraging sustainable growth. (Regeringskansliet, 2006). Zooming in even further to understand the challenges on a local scale, the region of Västerbotten, in northern Sweden, has a sustainability project supposed to take place from 2014 to 2020, “From coast to mountain, a sustainable attractive region is created”. The three key issues faced by the region are: the attractiveness, the growth of the population, and maintaining sustainable development. (Region Västerbotten, 2013).

1.2 Preface
From Corporate Social Responsibility to Creating Shared Value
From the general concern for environmental and societal issues appeared the concept of Corporate Social Responsibility (CSR). The development of CSR has been studied by many researchers and can be retraced to the 1930s (Carroll, 1999, p. 269). In 1953, the book “Social Responsibilities for Businessman” was published and this is seen as the beginning of the modern period of CSR literature. In his book, Bowen (1953, p. xi) queried: “What responsibilities to society may businessmen reasonably be expected to assume?”. He argues that the concept is about the obligations of businessmen, to follow the lines of action which are desirable for the society (Bowen, 1953, p. xi). Later
Elkington (1997) conducted a framework called The Triple bottom line which have been greatly cited in CSR literature, and is referring to companies’ responsibility in social, environmental and economic aspects. The most resent definition of CSR is from 2011. The European commission defines the concepts as: “The responsibility of enterprises for their impacts on society”. Porter and Kramer (2011) argue that in spite of heavy CSR approaches, budgets and strategies, the connection between business and society remains fragmented. Businesses are blamed for causing the social, environmental and economic problems due to a too narrow focus on short term financial performance. Moreover, Porter and Kramer (2011) argue that since CSR primarily aims to behave socially, it is limited when it comes to creating business value.

Due to CSR’s shortcomings, Porter and Kramer (2006) introduced a new concept, creating shared value (CSV). They aimed for companies to transform their sustainability oriented strategies, and pursue both social and business values while integrating sustainable practices into their core activities. They further develop creating shared value (CSV) in 2011 as a concept that goes beyond CSR in order to create shared value by economic success and social progress. In contrast to CSR, Porter & Kramer, (2011, p. 66-65) argues that the concept of creating shared value is integrating the societal progress with business profitability and competitive advantage, instead of focusing on reputation and activities outside of the business. While CSR focuses on redistributing values already created by firms, CSV focuses on expanding the economic and social value on a more global perspective. In other words, CSR refers to separate actions or social value, while CSV combine it with the core activity of the company. Porter and Kramer (2011, p. 66) define creating shared value as a concept aiming to enhance the competitiveness of a company while focusing on the economic, environmental and social issues faced by the communities where the company operates. The concept gained publicity from researchers and newspapers. Many global companies quickly engaged in the new concept and there are several success stories, from companies like Adidas, BMW, Heinz and Danone (Klein, 2011). Nevertheless, the concept also involves possible limits and have gained academic critic. Crane (2014, p. 130) argues that the concept is unoriginal and that it is naïve about business compliance. The critic of the concept is further discussed in the Academic Debate chapter.

Porter and Kramer (2011) describe three levels of carrying out CSV; reconceiving products and markets, redefining productivity in the value chain, and enabling a local cluster development. In the following section, we describe each of these levels with concrete examples. The first level to engage in CSV is named by Porter and Kramer (2011), reconceiving products and markets, and implies for companies to identify societal needs, harms, or benefits that can be embodied in the product. As an example, Adidas Group (Browne, 2010), who’s usual target is high-end consumers, started to produce a low cost shoe for the poorest people in Bangladesh. This action created societal value while preventing parasitic diseases spread when walking barefoot. Hence, Adidas made profit from finding a new target group. Another example is the multinational food company, Danone (2015) who aimed to prevent poverty and malnutrition by starting local businesses in developing countries. Indeed, local women were employed by Danone to sell nutritional supplements door-to-door to the poor people in rural areas that can be hard to reach and target. When companies target underserved markets, they often have to find new designs for their products, and their
distribution chain (Porter & Kramer, 2011, p. 8). By their new business area, Danone aimed for social progress and a new profit opportunity.

The second level to create shared value is by redefining productivity in the value chain (Porter & Kramer, 2011, p. 8). Wal-mart (2014) is a good example of it by presenting its sustainability view as “Sustainability 360” and integrating it in the whole value chain - from its 100 000 suppliers, 11 000 retail units, all the way to its hundreds of millions of customers worldwide. By saving energy in their stores, cutting 150 km of delivery routes, and redesigning the packaging, Wal-mart was able to cut costs by around 200 million dollar during 2007, and simultaneously lower the carbon emission and environmental impact (Porter & Kramer, 2011, p. 9). Another example is the world’s biggest hotel chain, InterContinental Hotels (2013). The company reduced their carbon footprint by 2.4 % and lowered their water consumption per occupied room by 4.3 % in 2003. Their eco-friendly oriented actions led to costs reduction, value for environment, and competitive advantages (InterContinental Hotel Group, 2013). Porter and Kramer (2011) argue that local cluster development, the third level of CSV, is essential to the success of every company and a driving force for productivity, innovation and competitiveness. One of the most famous clusters is the start-up IT cluster in Silicon Valley, San Francisco, with a high concentration on some of the world’s biggest IT companies such as Google, Apple, and Facebook (Koenig, 2014). According to Kenney (2000, p. 9), the Silicon Valley can be described as an ecosystem of interdependent actors, social norms and communities, that all enhance innovation and new firm creation. Healthy societies bring business success. On the other hand damaged societies in terms of low education, poverty, and bad transportation infrastructure can restrain productivity (Porter & Kramer, 2011, p. 12). Nescafé (2015) is another example of a company helping societies in need, by investing in their coffee producers, the local farmer communities. Nescafé supports the farmers by providing technical assistance, expertise advices, and increasing local community projects for education, healthcare and water supply. Nescafé aims to strengthen the cluster of coffee farmers and indirectly secure the proving of high quality coffee in the long run (Nescafé, 2015).

From multinational corporations to small and medium sized enterprises

The United nations (UN) forecasts, the global environmental damage caused by humans could reach a cost of 28.6 trillion US Dollar by 2050, considering one third comes from the 3000 biggest companies in the world (Truecost, 2012). Among the world’s 175 biggest economic entities, 111 are corporations and 54 are countries or economic unions, meaning that some global companies exceed countries’ GDPs in economic value (White, 2012). However, small and medium sized enterprises (SMEs) play an important role in the business arena. In the European Union, 22.6 million SMEs are, in the nonfinancial business sector, representing 99 out of every 100 businesses, or in other words 2 out of 3 employees work in a SME and create 58 % of the added value (EC, 2014).

Dandridge (1978, p. 57) argues that small and medium sized enterprises are not “little large firms”. Their characteristics differ from multinational corporations (MNC) and therefore, other organizational theories, strategies and management principles should apply to them. The characteristics that differ appear on structural, functional and social levels (Russo & Perrini, 2019, p. 212). Some of the characteristics that differ from MNCs to SMEs are; the success of SMEs often dependent on the entrepreneurial style
while SMEs’ entrepreneurs are more likely to have a short-term vision; CSR activities usually appear in the everyday business in SMEs while it rather belongs to a specific department in MNCs (Russo & Perrini, 2010, p. 212-214) (Murillo & Lozano, 2006, p. 238). Lepoutre and Heene (2006, p. 258) argue that SMEs are better positioned to benefit society by adopting a responsible behavior, due to their natural contribution, such as creating jobs and introducing innovations. On the other hand, there are studies showing that SMEs face more barriers when it comes to social responsibility, including external stakeholder, environment, lack of power, and incapacity to recognize social responsibility issues (Lepoutre & Heene, 2006, p. 268).

As mentioned above, there are environmental and societal challenges facing us on global, national and local levels. Opportunities for creating shared value are different according to the industry, type of company, and geography, depending on how the business and strategy are linked to social issues (Porter et al., 2012, p. 3). Multinational corporations, as powerful economic entities, have the ability to make a difference on a global scale and some of them are great examples on how to create shared value by combining business success and social progress. However, SMEs are the backbone of the European economy and are therefore, highly important when it comes to make a difference for the environment and society.

1.3 Research gap

There are only a few empirical and theoretical academic studies about CSV. Since the development of the concept, the main focus had been on multinational corporations (Williams & Hayes, 2013, p. 7) (Lee D., et al. 2014, p. 463). When Porter and Kramer (2006) first introduced the concept of creating shared value in 2006, their main concern regarded the balance between social benefits and companies’ profit. When expanding the concept in 2011, the authors kept a focus on global companies (Porter & Kramer, 2011). Furthermore, through their report “Measuring Shared Value: How to unlock Value by Linking Social and Business Results”, Porter et al., (2012) aimed to develop a measuring framework for CSV based on 12 case companies. The common denominator among the case companies is their MNC status (Porter et al., 2012). Since small and medium sized enterprises have different characteristics than multinational corporations such as: organizational structure and time perspective, there is a need for separate theories and strategy principles (Dandridge, 1978, p. 57) (Russo & Perrini, 2019, p. 212).

1.4 Research question and purpose

Based on the previous discussion, we come up with two insights that lead to our research question. Firstly, the existing literature and case studies regarding creating shared value have mainly focused on MNCs. Secondly, the MNCs and SMEs differ in structural, functional and social characteristics, and therefore need separate strategies and theories. Hereby, we present the following research question:

How can Small and Medium sized enterprises engage in creating shared value on a local scale?
The purpose of this research project is to understand how small and medium enterprises engage in creating shared value on a local scale, such as in Västerbotten, Sweden. We interviewed SMEs with an already existing focus on social responsibility, in order to explore how their actions can be connected to the concept of CSV. By interviewing relevant companies, we aim to find opportunities and barriers to engage in the concept. We aim to contribute to the literature on CSV practices on sustainable marketing and management research area, in both theoretical and practical ways.

Theoretical contribution
The theoretical contribution of this study is to enhance the understanding of how SMEs engage in the concept of CSV, and how they can work with it. Furthermore, the theoretical contribution of this thesis is to add value to the academic debate regarding SMEs opportunities and barriers to engage in CSV.

Practical contribution
The practical contribution of this thesis is to raise the awareness of the concept of CSV, and provide a practical guidance based on our findings and concrete examples, to help SMEs engage in the concept. Indeed, by highlighting the opportunities, strengths, weaknesses and threats around the concept, we aim to contribute to SMEs’ engagement in CSV. The findings of this study will be gathered in a handbook. This thesis is written on commission for Esam. The company will be presented in the section 1.6 Presentation of Esam. We hope that our practical contribution will provide Esam with some useful insights for their consultant services. This would include an inspiration to develop their offer and ideas for future projects.

1.5 Choice of subject
During the past decades, CSR has been a popular and well established approach. The concept is now extended through the development of CSV. The importance of this topic and the ongoing discussion are two of the reasons why we, the authors of this thesis, chose to write about CSV. Moreover, we have a personal interest in social and environmental responsibilities. We strongly believe that as future business leaders, we need to be well equipped for the challenges that will face us. Writing this thesis will help us to be prepared. We are eager to learn more and dig deeper into this new way for businesses to create social and economic values.

The thesis is written on commission for Esam, an umbrella organization for consultants specialized in sustainable development with a focus on environmental, social and economic perspectives. Mikael Brändström, consultant at Esam, argues that the relatively new concept of creating shared value is interesting to explore because it might be a new opportunity and an alternative for businesses to take responsibilities. He perceives that multinational corporations have engaged in the concept to a wider extent than small and medium sized enterprises. However, he believes that it is as important for SMEs than for MNC to engage in CSV in order to create long term values for the society. Esam’s interest in this thesis is to get a better insight in the concept of CSV, understand how it can be applicable in SMEs, and get some guidelines for the implementation of CSV in SMEs (M. Brändström, personal communication, 17 February, 2015).
1.6 Delimitations
First of all, since we chose to gather our data from SMEs in the region of Västerbotten, Sweden, and more precisely, from the city of Umeå, we have a geographical delimitation. The purpose of this study is closely connected to regional awareness among SMEs and therefore, it is important for us to respect a specific context. To have a geographical limitation, we must be aware of the particular environment and demographic aspects of the region we study. The fact that Västerbotten is located in the northern part of Sweden involves a culture that differs from other regions and some characteristics specific to the city - including the presence of the university. Consequently, a generalization of our findings in other locations with different demographic characteristics needs to be made cautiously.

Secondly, while we aim to understand how SMEs can engage in CSV, we choose to focus on companies with an existing focus on social and environmental responsibility, in order to find good examples and best practices. This delimitation make the study partly restricted since the findings might not be applicable for companies with lower engagement in social and environmental responsibility. Moreover, since we collected data through interviews, we based the study on the respondent's' answers. Therefore, we considered that our respondents' perception of their activity is what we need to analyze. Yet, we must acknowledge that there might be a gap between our respondents’ answer during the interviews and the actions they actually take towards CSV.

1.7 Presentation of Esam
With the dream of changing the world, Torbjörn Lahti and Gunnar Brundin founded an organization of consultants called Esam in 1990 in Umeå. The business idea was to improve environmental sustainable development in regions and organizations through strategic management, knowledge, inspiration and process-leadership. During the initial years Esam’s main services was to educate municipalities’ in eco-friendliness. The educational service was successful and they got positive response and results in the municipalities they worked in. In 1997 Esam had the opportunity to give a lecture for the formerly U.S. vice president Al Gore at the White House in Washington BC. After ten years of operations, Esam expanded the target group towards the private sector with customers such as McDonald's and Statoil. Sustainability certification became one of the main commissions. A second office opened in Stockholm in 2002 and a third in 2010 located in Malmö (Esam, 2015).

Esam is one of the biggest consultant organization in Sweden when it comes to organizations with an exclusive focus on sustainability. The organization includes 14 companies and 21 consultants (M. Brändström, personal communication, 17 February, 2015). The vision of Esam refers to a sustainable development and their mission is “Together with our customers increase the understanding for sustainable development and create a power of action to change the world” (Esam, 2015). According to Mikael Brändström, their main customers are SMEs gathering from 15 to 100 employees. Esam’s most common mission is to help them with management system (ISO). The second largest category of customers are municipalities and county councils with the need of support for sustainability implementation, both for their administrative departments and within projects that are publicly financed (M. Brändström, personal
communication, 17 February, 2015). The services provided by Esam are divided into two areas: consultant services and education. The consultant services include contemporary social and environmental analysis, strategy planning, project lead, how to do green business, sustainable transportation, and more; while the education area includes courses in CSR, working environment, climate policies, solar power and more (Esam, 2015).

According to Mikael Brändström, a consultant at Esam, (Personal communication, 17 February, 2015) one trend he sees within businesses sustainability approach is that that it is becoming more and more a part of an integrated with the business's overall strategy, which goes well in line with CSV. Further, Mikael Brändström has noticed that MNCs have applied and understood the concept to a larger extent than SMEs. Although he considers the possibility for SMEs to engage in CSV without a specific knowledge of the concept.

1.8 Definitions
Corporate Social Responsibility (CSR)
The responsibility of enterprises for their impacts on society. European Commission (2011)

Creating shared value (CSV)
The concept of shared value can be defined as: policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Porter & Kramer, 2011, p. 6

Multinationals corporations (MNC)
A corporation that has its facilities and other assets in at least one country other than its home country. Such companies have offices and/or factories in different countries and usually have a centralized head office where they co-ordinate global management. Very large multinationals have budgets that exceed those of many small countries. Investopedia

Small and Medium-sized enterprises (SME)
The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro. European Commission (2003)

Sustainable development
Sustainable Development stands for meeting the needs of present generations without jeopardizing the ability of futures generations to meet their own needs – in other words, a better quality of life for everyone, now and for generations to come. It offers a vision of progress that integrates immediate and longer-term objectives, local and global action, and regards social, economic and environmental issues as inseparable and interdependent components of human progress. European Commission (2015)
2. Scientific method

This chapter presents our preconception and research philosophy in order to provide the reader with our perception of the aspects influencing us. Further, we develop the research approach and design, and finally, we describe how the literature was reviewed.

2.1 Preconception

We, Ebba and Chloé, are from different countries. Ebba is from Sweden and have been living in Umeå for the past four years, except for one exchange semester in Shanghai. Chloé is from France and have been living in Umeå for two years, except for one exchange semester in Mexico and a three months internship in The Netherlands. We are both studying business at Umeå University, one with a focus on marketing, and the other with a focus on service management. Through our education, we have been introduced to corporate social responsibility and the concept of creating shared value. We both had courses in service marketing, and marketing ethics and sustainability which made us realize the importance of these issues, and what potential solutions could be set up. It made us willing to dig deeper in the topic of creating shared value in our thesis to provide research with a practical and theoretical contribution.

We both have some professional experiences. Before her studies, Ebba created a social business; a café in her hometown aiming to be the perfect place to gather people and involve several local associations and organizations. This experience opened her eyes for creating social value and developed her interest for entrepreneurship. Ebba now runs her own consulting company besides her studies and is managing projects involving education and aiming to give students entrepreneurial inspirations. Moreover, she is a communicator at an incubator for startup companies in Umeå. Chloé on the other hand, was part of a working/training program during her two first years of studies, including one year in a startup specialized in asbestos’ regulations and one year in an international recruitment company, Synergie. Her experiences abroad, including an internship in a manufacturing company and the creation of an association aiming to develop the educational system in South America, forged her open-minded spirit and her interest for sustainable issues.

We are aware that our personal backgrounds and our interest for environment and social issues might affect our choice of theories. Therefore, we examined and presented the point of view of different authors. Since we are aware that subjectivity may be an issue in the writing process, we kept our preconception in mind and had a critical perception of our choices.

2.2 Research Philosophy

Since we are more interested in understanding a human behavior in order to apply it in SMEs, than explaining it, our epistemological consideration is based on an interpretivism strategy. Bryman and Bell (2011, p. 15) describe epistemological consideration as a philosophy questioning what is considered as an acceptable knowledge. Indeed, by understanding people’s expectations on CSV, we could present new ways of establishing it on a local scale. In order to understand the author's
perception of the world and the impact of their values, it is important to know their research philosophy (Saunders et al., 2009, p. 108). Since we study a social phenomenon, our choice of philosophy plays an important role in whether or not we use the same principles as natural sciences (Bryman & Bell, 2011, p.15). Interpretivism is based on the belief that the social world cannot be studied with the natural sciences’ models. Interpretivism is about respecting the differences between people and the objects of natural sciences and involves for the social scientists to catch the subjective meaning of social actions (Bryman & Bell, 2011, p.16-17). It is important for us to apply interpretivism to understand how SMEs we interviewed perceive the concept of CSV. Consequently, our results are based on our and our respondents’ interpretation of the concept and of their actions.

Ontology considers the nature of social entities. The ontological central question is whether social actors should be considered as objective actors with an external reality, or as a social construction developed from the social actors’ perceptions and actions (Bryman & Bell, 2011, p.20-21). Since this thesis is based on a qualitative study aiming to get a better understanding of a concept, we chose to apply constructivism as our ontological orientation. Constructivism describes the individuals as constantly reiterating the progress of constructing the social reality (Bryman & Bell, 2011, p.22). By choosing to apply a constructivist philosophy, we want to highlight the constant state of revision of the concept of creating shared value.

2.3 Research approach
A deductive approach first consists in developing theories and hypotheses and second, in testing the hypotheses in order to prove or reject them. On the other hand, an inductive approach is based on collecting data and generating theories from the empirical findings. Often, inductive is associated to an interpretivist and constructivist orientations, which goes in line with our previous choices (Bryman & Bell, 2011, p.27). The concept of CSV is relatively new and there is little research done in the field. According to Saunders et al. (2009, p. 127), an inductive approach is more suitable for a new research topic. Since we want to test the existing theory of CSV, and simultaneously understand how to apply the concept in SMEs, the combination of the deductive and inductive approaches is advantageous to our purpose. Saunders et al. (2009, p. 127), argue that it is perfectly possible to balance deduction and induction, and sometimes a combinational approach can be an even better choice. Our combinational research approach is based on deductive theories developed in the theoretical framework, while we collected inductive data through our interviews gathered in the emerging themes section.

2.4 Research design
The purpose of our study is to get an understanding on how SMEs engage in creating shared value on a local scale. According to Saunders et al. (2009, p. 139), the purpose of a research can either be exploratory, explanatory, or descriptive. An exploratory study is the most relevant to get an understanding of a particular topic. A researcher conducting an exploratory study can be seen as an explorer travelling in the unknown and collecting new insights. This type of study involves flexibility from the researcher since he might have to adapt to changes, due to unexpected data and insights occurring on the road.
Consequently, we must be open-minded and adaptive during the research process. Exploratory researches can be conducted in three ways: literature search, interviews from experts in the subject, and interviews from focus groups (Saunders et al. 2009, p. 140). This thesis consists of a theoretical framework based on literature search, qualitative interviews from SMEs, and an interview from a consultant from the company Esam.

In order to find new insights, we decided to conduct a qualitative research. Indeed, a qualitative research can be perceived as a data collection technique that gathers or use non-numerical data (Saunders et al. 2009, p. 152). A qualitative research highlights the understanding of a topic and focuses on empirical findings in form of words. In contrast, a quantitative research provides data that lead to an explanation of the topic. Hence, it fits better for our research purpose to focus on a qualitative research (Bryman & Bell, 2011, p. 386). The characteristics of a qualitative research method are a focus on words rather than numbers, the researchers’ involvement, the viewpoint of participants, the small-scale studies, the holistic focus, and the flexibility in the outcome from the data gathering (Daymon & Holloway, 2002, p. 7). Yet, a qualitative research can be questioned because it can be considered as too subjective, difficult to replicate, involving problems of generalization, and a lack of transparency (Bryman & Bell, 2011, p. 408-409). Since we are aware of the shortcomings of a qualitative research, we use the member checking strategy to make sure we avoid them. The member checking strategy, or member validation, aims to present a copy of the report to the interviews’ participants in order to get their feedback and to check the veracity and interpretation of the information (Daymon & Holloway, 2002, p. 96-97).

After the interviews, we sent the Empirical Finding chapter to our respondents in order to have their confirmation on the veracity of our transcript. Some of them wanted us to clarify certain aspects. Furthermore, we apply the triangulation strategy to ensure our objective approach. The triangulation strategy involves the implication of several researchers in the same study (Daymon & Holloway, 2002, p. 98-99). Regarding our thesis, we are two authors discussing every written section, in addition with our supervisor and the representative of Esam, Mikael Brändström.

2.5 Literature review

The literature collection and the review of the sources are fundamental parts of the writing process. David and Sutton identify the research of keywords as the first step in the literature search process (2011, p. 56-57). Hence, we brainstormed the relevant keywords for our topic, including: creating shared value, corporate social responsibility, stakeholder, business models, small and medium sized enterprises, multinational corporations, social and environmental issues, businesses global and local involvement. With these keywords as a starting point, we selected a wide range of articles that explain, develop, and criticize the key terms and offer a new line of thought. It allowed us to extend our knowledge and perception of the topic, and figure out what kind of findings we could expect from our thesis. Our main source of information was provided by the library of Umeå University and included books and articles with a focus on business, marketing and sustainability. To gather further information, we went through literature reviews to find articles related to our focus. Finally, we took advantage of the resources provided by the city library of Umeå.
As mentioned earlier, the concept of CSV is relatively novel since it has been introduced in 2006 and further developed in 2011 by Porter and Kramer. As the authors who introduced the concept of CSV, Porter and Kramer produced an abundant literature, yet with a single perspective on the concept. In order to find more perspectives on CSV and decrease the risk of subjectivism, we screened the articles citing Porter and Kramer. Despite the limited amount of peer reviewed articles regarding CSV, we managed to find a few relevant sources to our topic. Examples of these are: a literature review by Williams & Hayes (2013), a paper contesting the concept of CSV by Crane et al. (2014), and a case study made by Lee et al. (2014) exploring the transformation from CSR to CSV.

According to Saunders et al. (2009, p.58-59), there are two major reasons for reviewing the literature. The first one is to generate the research topic; the second one is to critically review the literature that will be included in the thesis. The aim of a research study is to provide new material to a specific field to ensure the credibility of the sources (Saunders et al. 2009, p. 61). Hence, we used published articles, scientific books and textbooks provided by the library of Umeå University and tried to avoid secondary sources. All scientific articles included in the theoretical framework are shown in Appendix 3, Literature Review, together with information on the publishing year and number of times the articles have been cited in other researches. The overview of the sources provided the study with an indication of the sources relevance and occurrence within the academia.

To conclude, we are aware of the impact of our personal background, research philosophy and we manage it by staying open minded all along the process. Due to the novelty of the CSV concept, it was challenging to find different perspectives on the concept, yet we did find a few. The sources have been systematically and critically reviewed in order to provide a credible foundation to the theoretical framework.
3. Theoretical framework

The theoretical framework chapter aims to explore the concept of creating shared value (CSV) and the theories around small and medium sized enterprises (SMEs). The figure 3.1 presents the structure of the theoretical framework. This chapter is divided into two parts; firstly the theories regarding CSV are examined through the components of the concept, the business models, and the stakeholders; secondly, theories applicable to SMEs explore their characteristics, business models and stakeholders. The Theoretical Framework first develops the two parts separately, and further combines them with the empirical data to identify opportunities and barriers for SMEs to engage in CSV on a local scale.

![Figure 3.1: Structure of the theoretical framework](image)

3.1 Creating shared value

3.1.1 The concept of creating shared value

As explained earlier, the concept of creating shared value (CSV) comes from the limits of corporate social responsibility (CSR), as a step forward. CSR grown from the idea that businesses have a responsibility to society and communities, other than making profit. CSR is a broad subject for researchers. However, the world’s development on political, economic, environmental, and social perspectives has led to new considerations CSR is not entirely covering (Carroll & Shabana, 2010, p. 86-89).
Indeed, from the beginning, CSR has both supporters and detractors arguing the pros and cons of the concept. The arguments in favor of CSR are mainly based on the opinion that businesses have a long term self-interest of being socially responsible. Also, since businesses have the resources in term of talent management, functional expertise, and capital, the supporters of the concept consider that there is no harm letting them take a chance to solve social problems where so many others have failed, e.g. government and nonprofit organizations (Davis, 1973, p. 316). Nevertheless, there are also some strong arguments against CSR, including that it is not up to businesses to solve social issues since they are not supposed to be equipped to deal with social activities, it is a governmental responsibility. Furthermore, people involved in businesses, such as managers, do not have the necessary expertise to take decisions related to social issues. Additionally, a strong case is made against CSR regarding businesses powerful position that should not be increased by a social power (Carroll & Shabana, 2010, p. 89).

Porter and Kramer (2011, p. 4) argue that businesses play a role in the increasing amount of social and environmental issues. While they are more and more involve in solving these issues, they are also more and more blamed by the society for causing them. To erase CSR’s weaknesses and carry on a new way of connecting businesses with social concerns, Porter and Kramer developed a new concept, creating shared value.

Porter and Kramer introduce the concept of creating shared value for the first time in 2006 and developed it in 2011. They define CSV as: “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (2011, p. 6). According to Porter and Kramer, social responsibility places social issues at the periphery of their interests, while shared value focuses on society's needs and challenges in their core activity. Thus, shared value can be perceived as a new way to reach social progress and perform business success (Porter & Kramer, 2011, p. 6). To engage in CSV, Porter and Kramer (2011, p. 15) highlight that the opportunities should be closely connected to the core business and in the areas important for the company. With a long time perspective, the companies can get an economic and sustainable benefit, and have a meaningful impact on the society. According to Porter and Kramer (2011, p. 7-15), CSV can be considered through three distinct areas; reconceiving products and markets; redefining productivity in the value chain; and enabling local cluster development.

Reconceiving products and markets
Poverty, malnutrition, environmental damage and lack of elderly care are examples of societal issues that need to be fixed. Porter and Kramer (2011, p. 7) argue that businesses should start seeing an opportunity for a new target market within social issues. Four billion people live under 2 $ a day. Prahaland (2012, p. 6) defines them as the bottom of the pyramid (BOP). By targeting the BOP’s untapped market, the poor people are able to access essential non-durables that will improve their nutrition, health and hygiene. Simultaneously, businesses make profit from a new market segment by selling low cost products in big volumes. Prahaland (2012, p. 6-7) calls this phenomenon “the fortune at the bottom of the pyramid”. In order to come up with innovations that reach out the BOP, there are four important aspects to consider: ensure
the awareness for the product among the poor, make small packages (one-time-use) to make it affordable, enable access to people in remote locations, and focus on availability in the supply of products.

By reconceiving products and markets, Porter and Kramer (2011 p. 7-8) argue that profound social benefits are reached while substantial profit are made by businesses. An example they highlight is Vodaphone. The company provides poor farmers with low cost cell phone with mobile banking service to help them save money and increase their ability to produce and market their crops. In Kenya, Vodafone got three million people signed up for their mobile banking service and are now handling funds to a value of 11 % of the country's GDP. Another example presented by Porter and Kramer (2011 p. 7-8) is the company Thomson, that provides farmers with information about weather, crop prices and agricultural advices for 5 $ per quarter. The service has reached two million farmers in India, increasing the income for more than 60 % of them.

Identifying the social needs, harms and benefits that can be embodied in the product is the starting point for CSV by reconceiving products and markets (Porter & Kramer, 2011, p. 7-8). Opportunities are constantly changing and there is a challenge for companies to keep up with the shifts related to technology development, changes in economy and societal priorities. Hence, companies need to be responsive to meet untapped markets, as well as design products and distribution channels in innovative ways.

Redefining productivity in the value chain

According to Porter and Kramer (2011 p. 8), social problems cause economic costs in businesses’ value chain regarding natural resources and water use, safety and health in the working conditions, as well as equal treatment at the workplace. They further argue that packaging and energy use are costs for the environment as well as for businesses. By effectively managing the activities in the value chain, great values can be reached. The opportunities for shared value arise when a company approaches a social issue by inventing new ways of addressing them within the value chain. Porter and Kramer (2011 p. 9-11) describe six important areas within the value chain to create shared value; energy use and logistics, resource use, procurement, distribution, employee productivity, and location.

Rising energy prices and a greater awareness of energy effectiveness resulted in a smarter energy use through better technology, recycling and cogeneration (Porter and Kramer, 2011 p. 9). Another important part of the value chain is the logistics. It has gained great attention by redesigned transportation routes to minimize the shipping distances. According to Porter and Kramer (2011 p. 9), this is a great example of cutting costs and minimizing the negative environmental impact. Another example is the improvement in technology that has led to a better utilization of resources such as water consumption, raw material use and recycling. Porter and Kramer (2011, p. 10) argue that multinational corporations have a great bargaining power over their suppliers, whereby they are able to push down the prices. Thus, the income for the suppliers is just close to the margin, which is not sustainable. By increasing inputs, sharing technology and investing in the suppliers, companies can ensure good quality, high productivity, and secure a growing volume. This is what Porter and Kramer (2011, p. 10) call
procurement thinking. Digitalization is a major force for companies to rethink their distribution chain. One example is music support that evolved from a CD shipped around the world to a digital platform. From holding down wages and employers benefits, Porter and Kramer (2011, p. 11) see that many leading companies realize their financial benefits on investing in health care and programs dedicated to their employees. The awareness has been raised regarding the positive effects on the productivity through safety programs, wellness training, good wages, and motivation incentives. Additionally, it reduces healthcare costs and expenses related to lost work days.

The sixth and final area, of redefining productivity in the value chain, is referred by Porter and Kramer (2011, p. 11) as Location. Even though technology has open up information flows and the global market, and made logistics inexpensive, the location is of a great importance for companies. Instead of moving activities to countries with the lowest labor cost, Porter and Kramer (2011, p. 11) argue that companies have started to move their activities closer to the head quarter, or started to establish deeper relation with the communities in which they operate, in order to create shared value.

Jonikas (2013, p. 74-76) developed a conceptual framework based on CSR for value creation that consists of three major groups: the society, the stakeholders, and the company itself. The goal of this new model is to be able to measure the value created and transfer it in the different stages of the value chain. The value chain is defined by Pietrobelli et al. (2006, p. 553-556) as all activities that are necessary to bring a product from idea to market, and involves product development, all stages of production, extraction of raw materials, distribution, marketing and recycling. Moreover, Pietrobelli et al. (2006, p. 553-556) argue that the value chain is an opportunity for companies to create competitive advantage, especially if the product is hard to differentiate. One additional conclusion drawn by Pietrobelli et al. (2006, p. 553-556) is the importance of clustering as a supportive key role throughout the value chain, which move us forward to the third level of creating shared value.

Enabling local cluster development
Rosenfeld (1997, p. 10) defines clusters as “systems in which membership is simply based on interdependence and making a contribution to the functioning of the system”. The success of all companies depends on the health of the supporting communities and infrastructures around them, while clusters are an important drive for productivity, innovation and competitiveness. Porter and Kramer (2011 p. 12) explain that companies can create shared value by engaging in the cluster creation. Thus, they gain benefit from the increasing productivity and boost of innovation in the infrastructures. By building cluster, a strong connection between companies and communities is created. When a company grows, it creates jobs, increases the demand for subsidiary products and services, and new companies are seeded. Simultaneously, regulations and conditions regarding the workforce affect the company's success (Porter and Kramer, 2011, p. 13).

Porter and Kramer (2011, p. 13) highlight an example from the mineral fertilizer company Yara. Because of bad infrastructures in many parts of Africa, local farmers face difficulties regarding the logistics of the crops. Yara corporates with the local governments and invested in ports and roads improvement. The investment has improved the agricultural clusters, helped several hundred thousand small farmers,
created 350,000 new jobs and contributed to Yara’s business growth. To support the cluster development in which a company operates, a gap in the infrastructure needs to be identified, such as educational institutions, transportation, logistics, suppliers, distribution channels, or market organization. Porter and Kramer (2011, p. 13) argue that the greatest opportunity for CSV resides in the biggest constraint facing the company, where the company can directly influence and manage most cost-effectively. They further state that the most successful cluster developments are the ones involving the private sector, trade-associations, government agencies, and NGOs.

According to Lee et al. (2014, p. 477), the cluster development can be perceived as related to the emerging issue of resilience achievement. In studies that go through the transformation of CSR to CSV, the authors found that CSV can effectively be developed within the triple helix model. The Triple helix model is beneficial as a roadmap to clarify the transformation of CSR into CSV, while it explains the innovation process with a particular focus on the interactions between the participants (Lee et al. 2014, p. 463). Etzkowitz & Leydesdorff (2000, p. 112-113) highlight the identity of the three actors within the triple helix theory; the university, the industry, and the government. They further argue that the model aims to explain the relation between them in order to understand the innovation process. Innovations differ from one level to another, e.g. at organizational, local, regional, national and multinational levels. The analytical model describes the dynamics between several institutional arrangements and policy models. The study made by Lee et al. (2014, p. 463) showed that CSV’s need for community involvement is higher than with a CSR approach.

**Academic debate**

CSV is a popular concept among practitioners and academic audiences since it overcomes CSR shortcomings. Though, there are academic debates criticizing the concept (Crane, 2014). According to Crane et al. (2014, p. 130), CSV suffers from several shortcomings. Among other things, they consider that the concept is unoriginal, that CSV ignores the tensions inherent to responsible business activity, that it is naïve about business compliance, and that it is based on a shallow conception of the corporation's role in society.

Crane et al. (2014, p. 134) qualify CSV as unoriginal based on two angles. Their first argument is that Porter and Kramer caricatured CSR’s literature in order to develop their own theory and introduce CSV. According to Crane et al. (2014, p. 134-136) the way Porter and Kramer define CSR in their research from 2006 and 2011 ignore several decades of research on the CSR business case. Their second argument asserts that Porter and Kramer did not come up with the concept of CSV; they simply developed an already existing literature.

Furthermore, Crane et al. (2014, p. 136-137) state that CSV ignores the tensions between economic and social goals. By that, the authors imply that CSV is not prepared to deal with a fair balance between economic and social value creation in the way the concept claims it to do. Also, we develop in the next section the role and importance of stakeholders in CSV. The authors of the article claim that CSV fails in dealing with negative impact on the stakeholders. CSV have a tendency to simplify and minimize the social and environmental issues that are actually extremely complex. Consequently,
there is a risk that corporations invest more in easy problems and put their efforts in their communication strategy instead of taking care of more important issues. This aims to make the public believe that they focus on social matters and deal with them to a greater extent that what they are actually doing. The authors raised the problem of the myopic focus on reconceiving new products and markets. The authors argue that some companies, such as Nestlé or Coca-Cola, highlight and communicate their positive impact on society and environment, while having a negative impact, such as deliberately addicting consumers by adding sugar, salt or fat, in their product. Hence, Crane et al. (2014, 136-139) consider that Porter and Kramer highlight success stories with little consideration on the actions that have a negative impact and could devalue CSV.

Another weak point of CSV highlighted by Crane et al. (2014, p. 139-140), is that CSV is naive about business compliance. According to Porter and Kramer, the CSV concept presumes compliance with the law and ethical standards since they consider that the success of CSV is due to the role played by the government. Nevertheless, Crane et al. (2014, p. 139-140), refute this argument and highlight CSV’s aim to restore trust in capitalism and re-legitimizing business.

The ultimate weak point Crane et al. (2014, p. 140-141) raised is that CSV is based on a shallow conception of the corporation’s role in society. As stated previously, the way CSV is integrated in businesses and the reason why this concept was introduced, to overcome CSR’s shortcomings, is based on the belief that corporations have a role to play in social and environmental issues. Since businesses have the means to achieve some improvement within the communities where they are located, some might believe that it is their natural responsibility to take actions. However, Crane et al. (2014, p. 140-141) highlight the role of financial markets and remind that not only CSR and capitalism need fixing and can be entirely improved by CSV. According to them, Porter and Kramer present an easy escape to all the problems faced by our century, while they see it more like a smokescreen to hide the fact that no model is the perfect solution (Crane et al., 2014, p. 140-141).

To summarize the academic debate, one of the arguments in favor for the novel concept of CSV is that it overcomes the shortcomings of CSR, and the main arguments against it are the lack of uniqueness and its simplification of businesses social actions. An interesting development of the article is the author's inclusion of the responses provided by Porter and Kramer. Indeed, the article ends with an exchange between Crane et al. (2014, p. 149-153) and Porter and Kramer that gives the reader the possibility to follow arguments from both sides. Porter and Kramer argue in response to the article that their concept actually substantially changed corporations’ behavior while it is a “distinct, powerful, and transformational model that is embedded in the core purpose of the corporation” (Crane, 2014, p. 149).

**Measuring CSV**

A framework for measuring shared value is needed in order to track the social and economic progress. Porter et al. (2011, p. 2) states that “companies cannot know the extent to which they are creating shared value if they do not measure their progress on social objectives and, importantly, the degree to which social performance improves economic value for the business”. Therefore, Porter et al. (2011, p. 4) propose a new
measuring process of shared value that needs to be integrated in the business strategy. The measurement tool is an iterative process which is described as an ongoing feedback loop where the new insights provide an understanding on how to unlock new opportunities for CSV. The measuring process aims to track the progress and result of a tailor made shared value strategy. For every shared value opportunity, the business performance along with the social progress is tracked. The measuring process consists of four steps, which are further described.

The initial step consists in identifying the social issue to target (Porter et al. 2011, p. 4). This requires systematic screening for social issues that represent opportunities for making social progress simultaneously as increasing revenue or reducing costs. According to Porter et al. (2011, p. 4), the goal of the first step is to make a list of priorities of social issues, and leads to the second step which consists of developing a business case based on research and analysis. The aim is to link the progress of the social issue to the business performance. This is done by specifying the actions and costs, modelling the results relative to costs, and making a no or go decision. Step three is about tracking the progress against the desired goals. By measuring inputs and business activities, output and financial performance relative to the projections are tracked. The fourth and final step consists of using the insights to unlock new value. If the link between the results for society and the results for business is valid, it implies that the resources and efforts provided the desired return. The insights will help to find new opportunities for CSV. Porter et al. (2011, p. 4-5) say that the unlocking of new shared value requires understanding from the measurement process. Creation of new jobs as a result of a job skills program is one example of unlocking new shared value. This might result in an opportunity to develop this program in other areas and communities.

3.1.2 Business models for creating shared value
When engaging in CSV, companies need to be innovative to increasing their competitiveness and their profits, while considering social issues. Porter and Kramer (2006, p. 4), argue that in order to create shared value, large companies have to come up with new business models to meet the requirements. The necessity for businesses to apply a business model adapted to create shared value can be explained by the obsolete character of business models focusing on profitability only. By implementing a relevant business model, a company ensures itself to succeed in different level such as finance, communication, marketing or targeting customers. Amit and Zott (2001) have defined a business model as “the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities”. The two business models we explore in this thesis are the ones applicable in for-profit companies engaging in strategic CSR who have chosen to implement a new hybrid business model. These models are the social business model and the inclusive business model (Michelini & Fiorentini, 2012, p. 563). We chose to focus on these two models because of the importance they have in various CSV literature reviews.

Yunus, Moingeon and Lehmann-Ortega (2010, p. 310-311) describe the social business model design as a regular enterprise, but with no-loss, no dividend and self-sustaining company with the primary aim to improve the society and the environment. A social business is somewhere in the middle of the two extremes; the profit maximizing businesses with the aim to create value for the shareholder, and the non-profit
organizations with the aim to fulfill social goals. According to Michelini and Fiorentini (2012, p. 564), there are two typologies of the social business model. The first one’s characteristic is that the owners can get their money back since there are no dividends. Since no dividends are involved in the process, surpluses are reinvested instead of being distributed. Even though the owners do not get any dividends the investor's will get the funding money back, since the social business aims to be a self-sustaining (Yunus et al., 2010, p. 310). By this mean, the investors can improve the quality of the product or the service in order to achieve the social objective investors aimed for. The second typology of social business model applies in profit-making companies where the owners have low revenue. Since their revenue are low, the business they own is considered as social business despite of the fact that it generate profit. Indeed, in this typology, the owner is the one improving his social condition (Michelini & Fiorentini, 2012, p. 564). Yunus et al., (2010, p. 316-319) show examples from multinational corporations such as Danone that have used the social business model as an internal business unit, as well as entrepreneurs starting a venture based on the social business model. “We believe these findings not only concern MNC’s wishing to engage in pro-active CSR policies, but can also be generalized to all entrepreneurs seeking to create social businesses” Yunus et al. (2010, p. 319).

The inclusive business model is the second type of business model we explore that can be used in companies engaging in social responsibility. The inclusive business model is based on the concept of “serving the poor profitability” (Michelini & Fiorentini, 2012, p. 564). The aim of the inclusive business model is to reunite the interests of businesses and the interests of the poor to achieve mutual benefit. Businesses aim for higher revenues and incomes that they can reach by improving their innovations, building markets and strengthening supply chains. The poor reach a higher life standard which includes the satisfaction of their basic needs such as access to essential goods and services. According to the United Nations development program, the model includes poor as part of the demand side as customers, and on the supply side as employees, producers and business owners (UN, 2008). The inclusive business model is differentiated from traditional models since it aims to combine the knowledge develop at the top levels of the hierarchy with the expertise develop at the bottom (Michelini & Fiorentini, 2012, p. 564). One example of the inclusive business model is the Nestlé’s case (Porter et al. 2012, p. 9-17). First, the company identified several issues such as unemployment and malnutrition. Second, Nestlé launched a product aiming to solve malnutrition problems in Bangladesh, a nutritive, healthy and rather cheap bar. The third step consisted for the company to hire unemployed women to go door-to-door sell Nestlé’s goods to the poorest. By choosing women over men for this job, Nestlé provided jobs to a part of the population having troubles finding safe positions and easier to trust when it comes to open a door to them. On a more strategic perspective, Nestlé reached a new segment of customers while poorest people are not usually consuming this type of bars. This example illustrate how a business model should take into consideration every aspect of the value chain including the product itself and its distribution to make more sustainable decisions.

Additionally, both the social and inclusive business models are similar in partner networks, use of knowledge and value chain, in the development of innovative distribution models and in terms of social benefit. Nevertheless, the social and inclusive
business models are different in terms of value proposition, governance systems, profits management model, social risks and economic profit equation (Michelini & Fiorentini, 2012, p. 572-573).

3.1.3 Stakeholders’ role to engage in creating shared value

Stakeholder management plays an important role in a company’s strategy by defining relationships among the actors and providing useful concepts on how to diagnose, analyze and prioritize (Carroll, 1991 p. 48). Friedman & Miles, (2006, p. 1) say that the concept of stakeholders was introduced in 1984 by Freeman M. who defined stakeholders as “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. Since the middle of the 80ties, the concept of stakeholders has grown in popularity among researchers, businesses, policy makers and media. Carroll (1991, p. 43) describes a company's stakeholders as the groups or persons who have a stake, a claim or an interest in the firm's decisions and operations. Freeman, et al. (2010, p. 240-243) reminds managers to consider two basic premises regarding their stakeholders. The first one is the importance of paying attention to a wide spectra of stakeholders, and the second one is to be aware of the obligations they have to all stakeholders, not only shareholders.

Clarkson (1995, p. 107-108) separates primary stakeholders from secondary stakeholders. Primary stakeholders refer to groups that the company dependents on for its survival. Secondary stakeholders influence and affect the company, but are not essential for its existence. There are several stakeholder theories. According to Freidman & Miles (2006, p. 13) it is most common to include the following as a company's stakeholders: shareholders, customers, suppliers & distributors, employees and local communities. According to Carroll (1991 p. 43) there are two key challenges in the stakeholder management. The first key challenge is to decide what stakeholder should be included and earn consideration in the decision-making. The second key challenge is to ensure the primary stakeholder to get the desired objectives meanwhile satisfying the secondary stakeholders. There are two virtual criteria when it comes to sorting out the importance of a stakeholder; their power and their legitimacy. Power is the factor that makes some stakeholders has great influence over the management due to the sheer magnitude of investments and how they are organized, while other small, individual, unorganized investors might have little power. Legitimacy refers to the amount of justifiable right the stakeholder claims (Carroll, 1991 p. 43).

Stakeholder theories are often discussed in relation to CSR, (Russo & Perrini, 2009, p. 209). In 2001, the European Commission’s defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (European Communities, 2001). Though we are aware that the definition of CSR had been rephrased by the European Commission in 2011, we chose to integrate the definition from 2001 as well, in order show the importance of stakeholder involvement in social actions. In order for CSV to be a success, Porter and Kramer (2011, p. 16) point out the importance of collaborating with stakeholders and connecting to the goals of all stakeholders. Thus, the first step in CSV is to identify the stakeholders who will be the most critical to successfully apply the concept. Experience shows that one big challenge when engaging in CSV relates to the starting process. Therefore internal stakeholders within the company’s management are important, including the CEO, the board members, the
business head, the executive committee members, the employees and, if the business is family owned, the key family members (Alpna, 2014, p. 65). Some of the external stakeholders that are relevant when applying CSV are customers, suppliers, distributors, communities and governments (Porter & Kramer, 2011, p. 6-8).

3.2 Small and medium sized enterprises

3.2.1 The Characteristics of small and medium sized enterprises
The European commission defines the category of micro, small and medium-sized enterprises in 2003 as “made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro”. According to Dandridge (1978, p. 57), SMEs’ structure is different than multinationals’, hence SMEs cannot be seen as “little large firms”. Since their structural, social and functional characteristics differ from multinational corporations, different organizational theories should be applied to them, including the strategies they use and management principles.

Russo and Perrini (2010, p. 212-214) state that SMEs are more seen to be independent than MNCs, since they do not cooperate with external stakeholders to the same extent. Furthermore, they argue that SMEs have a higher level of employees’ involvement thanks to a simple organizational structure, compared to MNCs. Due to their small size, SMEs often are the result of one good entrepreneur and its success relies on a very small amount of people (Jenkins, 2009, p. 24). The time perception also differs from MNCs to SMEs since these are more precarious. Indeed, most of SMEs have a short-term perception of their objectives and know little about how long they can survive (Gelinas and Bigras, 2004, p. 271). According to Murillo and Lozano (2006, p. 238), an important difference between SMEs and MCNs’ CSR practices it that the activities more often appear in the discourse of the SMEs daily business operations rather than belong to a specific apartment as the case for many MCNs.

3.2.2 Business models in small and medium sized enterprises
As explained previously, a business model is a recent concept that provides businesses with a structure in order to exploit their resources at the best, and increase their profits. Every company follows some sort of business model, since it applies the different aspects that constitute it but may not consciously knows the theoretical process behind. The social and inclusive business models defined above give a structure to develop businesses while increasing their impact on social issues. This section aims to explain why SMEs seem to apply business models different from multinationals to engage in CSV, and why their impact appears to be smaller when it comes to spread their values.

According to Jenkins (2009), the main reason why SMEs do not successfully take social actions is that they are seen as a smaller version of big companies, instead of a different type of structure. Hence, he developed business models based on a list of SMEs’ characteristics that can help them over cross their limitation and engage in social actions (Jenkins, 2009, p. 22). Among them, we can notice SMEs’ flexibility which makes them able to quickly respond to a change and adapt; their strong innovative and creative aspects which allowed them to find an innovative approach to CSR; and the
fluid and open communication leading to share information rapidly. JK Li and Tan (2004) summarize SMEs’ limitation in term of time, finance, and resources (JK Li & Tan, 2004, p. 199).

Even though the aim of this thesis is not to understand how SMEs could grow into multinationals, by understanding how SMEs’ managers operate and what barriers SMEs face, we can deduce how SMEs can efficiently engage in CSV (JK Li & Tan, 2004, p. 196). Indeed, the authors of “SMEs business growth model: A medium to big effort”, develop a three stages model to help SMEs to successfully grow. The first stage of the model is Breadth-on-top-of-depth (BTD) and aims to develop a technical or research area, essential for business success (JK Li & Tan, 2004, p. 200). At this stage, SMEs are supposed to identify their core competencies, their market, and develop their managing performance. The second stage of the model is Transformation and aims to carry out a market research, eventually identify a niche, increase the production and the customer base (JK Li & Tan, 2004, p. 204). The second level of the model attempts to help the company to develop itself into a new and more specific market in order to grow. The third level is Diversity. This level consists in three aspects: building on core technology or competency; increasing the product range; and expanding the market and customer base (JK Li & Tan, 2004, p. 205). By following this business model to successfully grow, managers are provided with a framework that helps them identify the most suitable strategy to their operations. JK Li and Tan (2004) identified a gap for SMEs to be able to structure their ideas into a clear strategy which is one reason why they might fail to develop their activities in order to grow.

3.2.3 Stakeholders in small and medium sized enterprises

As mentioned earlier, SMEs differ from MNC in many ways, including their relationship with stakeholders. According to Schlierer et al. (2012. p 49) stakeholder theory applied for MNCs cannot apply for SMEs. One example of the differences between these theories is that managers for SMEs have a greater focus on primary stakeholders, such as employees, suppliers, customers, and the local community. While, the stakeholder’s management applied on MNCs a wider extent includes relationships secondary stakeholders including non-government organizations and campaign groups (Schlierer. et al. 2012, p 49). Thus, managers for SME’s seem to have a clearer picture of their stakeholders’ value creation process than managers for MNCs. Another example of differences between these theories is the use of the term ‘stakeholder management’. Stakeholder management is a term well established in MNCs, but it does not naturally appear in the every-day vocabulary among SMEs’ managers. Therefore when talking to SMEs’ managers it is important to carefully use and explain the term ‘stakeholder management’. Instead it is preferable to use terms such as responsibility and relationship. A noticeable fact is that some SMEs’ managers have difficulties to identify which actors actually are their stakeholders (Sen & Cowlwy, 2013, p. 421).

Social interactions with stakeholders shape the responsible behavior of SMEs to a larger extent than what it does for MNCs (Fuller & Tian, 2006, p. 288). However, the decisions regarding CSR within SMEs are often taken by managers without the influence of stakeholders. Though, it occurs sporadically that close stakeholders have suggestions and participates e.g. suppliers (Sen & Cowlwy, 2013, p. 420-421). When it comes to stakeholders’ prioritizing by SMEs, it is clear that primary stakeholders, with
some kind of economic stake in the company, exceed the importance and influence of CSR activities over the external stakeholders (Sen & Cowlwy, 2013, p. 418). Furthermore Murillo & Lozano (2006, p. 238), confirm the prioritization of internal stakeholders above external stakeholders in the SMEs’ CSR approach, and highlight that CSR’s activities in SMEs usually start with activities that are closely linked to their core business.

The new concept of CSV gives opportunity for SMEs to innovate new ways of creating value, where it is crucial to include all stakeholders (Alpna, 2014, p. 65). Alpna (2014, p. 65) points out that CSV requires a shift in the mindset of the company from the traditional CSR approach, with an importance in close relation to stakeholders and a long term thinking when it comes to investments and such.
4. Practical method

In this chapter, we present the sampling method, followed by a description of the interview method, and the development of the research instruments we used. Finally, we describe how the data were transcribed and analyzed.

4.1 Sampling

To gather relevant data and build strong foundations for our thesis, our sampling method and the manner we reached our respondents were critical parts of the writing process. Our sample is based on three criteria. Firstly, the size of the companies we focused on, which are SMEs. The European Commission’s (2003) defines SME as an enterprise gathering 250 employees or less, an annual turnover of a maximum of 50 million Euros and/or an annual balance sheet that does not go above 43 million Euros.

Secondly, in order to respect our geographical delimitation, we exclusively sample SMEs from the region of Västerbotten, mainly the city of Umeå, northern Sweden. Our third criterion implies that the respondent companies already have an existing interest on social issues. Even though we do not need our respondents to be fully aware of the concept of creating shared value or the way their contribution to society is connected to some theories, it is essential for us that the companies have an interest in society’s concerns in order for us to explore the topic. By studying companies who are good examples of taking social and environmental responsibility we aim to understand how CSV can be applied in SMEs. Indeed, our interviews aim to define SMEs’ level of awareness regarding CSV on both theoretical and conceptual bases and determine either or not they are taking any actions linked to the concept.

Esam gave us access to the respondents, by providing us with a list of companies who fulfilled our three criteria and were found within their network. Therefore the sample is influenced and dependent on the perception of Esam’s consultants. We acknowledge the risk with their influence in the sample, which can be seen in both positive and negative ways. On one hand, Esam has a very clear view and broad knowledge of the industry we focus on. On the other hand, they aim to start work with CSV in the future and therefore there might be a risk that they exclude weaknesses of the concept. Their interest in this degree project is to get more knowledge regarding the concept, and do not plan to make profit or do marketing by this thesis. Therefore, we trust their expertise and are honest and objective in order to provide us with a relevant sample. To minimize the risk of biased sample we double-checked the companies according to our three criteria.

Since the sample comes from Esam’s network and relies on both our and their insights on which companies are relevant for this exploratory study, we designed a non-probability sample. According to Bryman and Bell (2008, p. 179), the non-probability sample allows some respondents to have a greater chance of being a part of the sample since the selection is not randomly made.

Since we use the qualitative method and according to the role played by Esam in our selection of relevant respondents, we decided to apply one form of non-probability sample, the purposive sampling technique. The purposive sampling, or judgmental sampling, applies for researchers seeking to select particularly informative cases based on their own judgment and is mainly used for small size sampling (Saunders et al. 2009,
Creating Shared Value  
Ebba Eriksson  
Degree Project, 30 ECTS, Spring 2015  
Chloé Szpirglas

Since the study aims to understand how SMEs can engage in CSV, this sampling strategy can provide the study with examples from companies already taking social actions. The relatively small size of our sampling, ten respondents, could appear as a weakness to achieve a completely relevant analysis. Furthermore, the relatively small size of our sampling, ten respondents, could appear as a weakness to achieve a completely relevant analysis. However, Saunders et al. (2009, p. 239) argue that it as well can be a strength since it allow the researchers to put more time and effort in every respondent. From this sample’s size, any pattern can emerge from one of our respondent and enable us to develop a new perspective or interest on our key terms (Saunders et al., 2009, p. 239). However, the interviews were relatively long, about one hour each, and therefore provided the study with rich data.

4.2. Interview method
The aim of our thesis is to explore how shared value can be created in SMEs hence we chose to collect data through interviews. We further develop the different steps of the interview design and structure.

This thesis is based on qualitative method and aims to explore a novel academic field, the engagement of CSV in SMEs. Due to the profile of the thesis, we chose to conduct interviews in order to gather empirical data. Interviews are differentiated in two categories, standardized or non-standardized (Saunders et al., 2009, p. 320). Since this thesis is exploratory and aims to provide an understanding and to answer the questions of ‘how’ SMEs can engages in CSV, we chose the non-standardized method. By this method we aim to find emerging themes in the interviews that has not been developed in the theoretical framework. Furthermore, we decided to semi-structure our interviews. According to Saunders et al. (2009, p. 320), semi-structured interviews are accurate when the researcher is willing to follow specific themes and questions yet he wants to keep the liberty of adding, reformulating or changing the order of the questions according to the flow and direction of the interview. Moreover, semi-structured interviews are more similar to a discussion that requires note taking or recording than to a formal type of interview based on a question/answer system (Saunders et al., 2009, p.320). We chose to conduct our interviews face to face, seeking for the advantages of making a personal contact instead of having a phone conversation or any other type of impersonal contact. The personal contact gives the respondents the opportunity to reflect upon events and give a personal and nuanced answer to an open question (Saunders et al., 2009, p.324). Yin (2011, p. 134) argues that this kind of interview lead to individualized relationships with every respondent, which might lead to the interviews to take different directions. We expected to face active respondents, formally lead the interview and get contributions that can take us to new ideas.

4.3 Development of the research instrument
In this section, we describe how the interview guides for SMEs as well as for the consultant at Esam were designed. We also provide a table with all the theory from the theoretical framework connected to each interview question.

Interview with SMEs
It was crucial for us while designing the interviews to keep in mind that we want to encourage our respondents to have the possibility to come up with their personal ideas and be free to openly respond. Indeed, since our study is exploratory, we aimed to ask open questions to get new ideas or perception on our problematic (Saunders et al., 2009, p. 337). Thus, we defined the key themes we wanted to explore during the interviews such as CSV, business models and stakeholders. The interviews are structured to help the respondents to move smoothly from one theme to the next one. We had a strong focus on the best way to formulate our questions without influencing the answers. Therefore, when we contacted our potential respondents, we gave them little details about our topic and focus so they could not prepare their answers.

To be as efficient as possible, we prepared an interview guide consisting of five distinguished parts, background information, business models, stakeholders, creating shared value, and additional inputs; connected to the theories developed in the theoretical framework. The theories are summarized in Table 4.1, and connected to one or more interview questions. The interview guide can be found in Appendix 1. We open our interviews with questions regarding background information, e.g. name, position, and how many year he/she have been working at the company. The business models part aims to help us define if the company applies the social or the inclusive business model theories and how the company’s strategies is connected to social or environmental matters. Furthermore, we want to analyze if the company we interview fits the SMEs’ theory regarding SMEs’ characteristics and growth. The third part concerns the stakeholders, aiming to connect the responses we get to the stakeholder’s theories for both SMEs and CSV regarding their impact and power. The fourth part aims to investigate the connections between the company we interview and the social and environmental issues. Since we aim to examine if companies are working with CSV regardless their awareness of the concept, we start by asking questions that might give us a clue of their engagement in CSV. These questions include the three areas of CSV, namely their products or services, the value chain and the cluster development. In the fifth part, additional inputs, we describe and explain the concept of CSV and our research purpose in order to apply an inductive approach and get new inputs. We aimed to use the same speech from one interview to the next one to provide every respondent with the same perception of the concept. These questions aim to let the opportunity to the respondent to come up with his/her own reflection track, to tell us how they engage in CSV, and to provide us with ideas for the practical handbook we will write based on this thesis findings.

*Interview with Esam*

The aim of interviewing Mikael Brändström, a consultant at Esam, is to confirm some of the findings from the interviews with the SMEs and a better understanding on how CSV can be implemented in SMEs. Mikael’s professional opinion is important for us, since the concept of CSV is fairly new. This interview differs from the SMEs when it has a more broad approach regarding the SMEs in general. In order to avoid any influence of this interview while collecting data from the SMEs, the interview with Mikael Brändström was conducted lastly. Consequently, the findings from SMEs could be kept relatively objectively.
The interview is based on the same theories as for the SMEs interview guide. The interview consist in four themes;  *SMEs engagement in the three levels of CSV, SMEs connection to social issues, strategies in SMEs and barriers for SMEs when taking social actions.* The last question is regarding Mikael’s personal beliefs of the weaknesses and strengths with the concept of CSV. Since Mikael Brändström have an already existing insight in the concept we aim to keep the questions as open as possible in order to find emerging themes regarding how SMEs can engage in CSV.

In the table 4.1, Research instrument, the theory from the theoretical framework is summarized and connected with the questions from the interview guides. Questions 1 to 27, refers to the interview guide for the SMEs, and question MB1 to MB5 refers to the interview guide for Mikael Brändström.
<table>
<thead>
<tr>
<th>Theory</th>
<th>Authors</th>
<th>Description / Motivation</th>
<th>Interview question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating shared value, CSV</td>
<td>Porter and Kramer, (2006 &amp; 2011)</td>
<td>Shared value can be perceived as a way to reach social progress and perform business progress. There are three levels of CSV: (1) by reconceiving products and markets, (2) by redefining productivity in the value chain and (3) by enabling local cluster development.</td>
<td>15 - 25, MB1, MB5</td>
</tr>
<tr>
<td>Corporate Social responsibility, CSR</td>
<td>Caroll &amp; Shabana (2010) Davis, (1973) EC (2011)</td>
<td>CSR grown from the idea that businesses have a responsibility to society and communities other than making profit.</td>
<td>14</td>
</tr>
<tr>
<td>Bottom of the pyramid BOP</td>
<td>Prahaland, (2012)</td>
<td>New markets are found at the bottom of the pyramid, among poor people. By targeting BOP social issues can be solved and new business opportunities created.</td>
<td>18, 19</td>
</tr>
<tr>
<td>Value creation, within the value chain</td>
<td>Jonikas, (2013), Pietrobelli et al. (2006)</td>
<td>The value chain is all activities that are necessary to bring a product from idea to market, and contains opportunities to create competitive advantage</td>
<td>20, 21, MB1</td>
</tr>
<tr>
<td>Triple Helix Model</td>
<td>Lee et al. (2014) &amp; Etzkowitz &amp; Leydesdorff (2000)</td>
<td>The Triple helix model is beneficial as a roadmap for clarifying the transformation from CSR to CSV, because it explains the innovation process with a special focus on the interaction between the participants. The actors included are: university, industry and government.</td>
<td>22, 23</td>
</tr>
<tr>
<td>Measuring CSV</td>
<td>Porter et al. (2011)</td>
<td>The measurement tool is described as an ongoing feedback loop where the new insights provide an understanding on how to unlock new opportunities for CSV. The steps included are: (1) Identify social issue. (2) Developing business case. (3) Tracking the progress against the desired goals. (4) Using the insights to unlock new value</td>
<td>9, 15, MB2</td>
</tr>
<tr>
<td>Social business model</td>
<td>Michelini &amp; Fiorentini (2012)</td>
<td>The owner get no, or very low, divides and the profit is reinvested in the company to achieve further social goals.</td>
<td>6-9</td>
</tr>
<tr>
<td>Inclusive Business model</td>
<td>Michelini &amp; Fiorentini (2012)</td>
<td>By include and combine the interests of the poor with the businesses interest mutual benefit is achieved.</td>
<td>6-9</td>
</tr>
<tr>
<td>Stakeholder when engaging in CSV</td>
<td>Carroll (1991) Friedman &amp; Miles, (2006) Freeman, et al.</td>
<td>Stakeholder is any actor who have can affect, is affected or have a stake in the company. Primary stakeholders: groups that the company</td>
<td>10-13</td>
</tr>
</tbody>
</table>
important when engaging in CSV are: Internal stakeholders: CEO, board members, business head, executive committee members, employees and key family members. External stakeholders: customers, suppliers, distributors, communities and governments.

Power: make some stakeholders have a great influence over the management. Legitimacy: the amount of justifiable right the stakeholder claims.

Small and medium sized enterprises

| SMEs characteristics that differ from MCNs | Russo and Perrini (2010) | SMEs are more independent, have a higher level of employee involvement, its success dependent on a fewer people, have a more short term perception and the CSR activities are closer to the core activities, than for MNCs. | 6-8, 12, 13, MB3, MB4 |
| Business model for SMEs | Jenkins (2009) | Characteristics for engage in social actions. (1) Flexibility (2) Innovative and creative aspects (3) fluid and open communication | 6 |
| Business model for growth in SMEs | JK Li & Tan (2004) | SME grow through four distinct stages: (1) the conceptualization and development (2) the commercialisation (3) the growth (4) stability. | 6, MB3, MB4 |
| SMEs Stakeholders | Schlieren. et al. (2012) Murillo & Lozano (2006) Sen & Cowlwy, (2013) Fuller & Tian, (2006) | SMEs have a greater focus on primary stakeholders: employees, suppliers, customers, and the local community. While, the stakeholder’s management applied on MNCs focus more on secondary stakeholders: NGOs and campaign groups. Stakeholders are part of influencing the responsible behavior in SMEs, even though decision making is usually made by the management. | 10-13 |

4.4 Data collection

The thesis’ empirical data were collected through semi-structured interviews conducted face to face. Below, we describe the process and the different aspects, positive or negative, we faced while conducting our interviews.

In order to gather relevant data and come up with interesting findings, we aimed to interview 10 companies fitting the criteria described above. Thanks to Esam’s support and network, we managed to meet 10 different companies over the 14 we have contacted. Indeed, four companies could not make time to meet with us due to the amount of work they had and because we conducted some of our interviews in April, when many companies were closed for the Easter holidays. Since we aimed to interview
10 companies, we did not push the others that we considered as a back-up plan in case one of our respondents withdraws.

Our intention behind the interview guide structure, described above, was to have a clear division of the questions. We attempt to ease the clarity of the connection between the themes and the theories we based our research on. Furthermore, we wanted to maintain a good dynamic and let one question smoothly lead to the next one. Indeed, some of the respondents answered the questions before we asked them.

Regarding the way the interviews were conducted, several aspects have to be taken into consideration. First of all, the companies we interviewed were all located in Västerbotten but one of them, Indexator, was not in Umeå. Furthermore, JohannaN started her company in Umeå but moved to Stockholm by the time we conducted the interview. However, we focus on the aspects of her company when she was still in Umeå. Secondly, we had to be very flexible during the interviews for several reasons. The respondent sometimes answered several questions at the same time or introduced new ideas at an unexpected point of the interview and we had to quickly react upon his reflection while keeping track on our interview guide. We also needed to adjust the interview questions to be less academic and more accessible to our respondents. Another aspect was the activity of the company that could mismatch our questions (e.g. company focusing on services while our question is product oriented). The last aspect was the language. Most of the companies we have met agreed to have the interview in English but some of them felt more comfortable in Swedish. We decided to let the respondent know from the beginning that we could start in English and switch at any time to Swedish. Since one of the author's does not speak Swedish, the other one had to make the transcription and the translation of those interviews.

All ten interviews with the SMEs, as well as the interview with consultant Mikael Brändström are summarized in Table 4.2. In total data from was collected from 10 h and 30 minutes of interviews with the SMEs, were each interview lasted for on average 63 minutes, excluding the chatting part before and after the interview officially began and ended. It is a long time considering the focus required from the interviewers and interviewees and the fact that most of the interview were conducted in a language that was no ones mother tongue. Hence, we conducted no more than one interview per day in order to stay focus and efficient. In order to get the most complete material for the transcript, we used two smartphones to record the interviews, with the prior permission of the interviewee, and one of the authors took notes during the interview. Besides, we always asked the respondent if he/she prefer to be anonymous before recording. Additionally 49 minutes of data was collected through the interview with Mikael Brändström in order to provide the study with a broader view of SMEs and their opportunities to engage CSV.

To conclude, the interviews went very smoothly; we have had the opportunity to meet inspiring people willing to share their knowledge and experience with us. We received positive feedback from them after the interviews when it came to judge the relevancy of our question and the coherence. We questioned ourselves from one interview to the next one in order to keep improving the quality of the outcomes we gathered.
Table 4.2 Interviews summary

<table>
<thead>
<tr>
<th>Company</th>
<th>Respondent</th>
<th>Position</th>
<th>Activity</th>
<th>Date of creation</th>
<th>Employees</th>
<th>Length of interview</th>
<th>Pages of transcripts</th>
</tr>
</thead>
<tbody>
<tr>
<td>JohannaN</td>
<td>Johanna Nilsson</td>
<td>CEO</td>
<td>Organic jewelry</td>
<td>2009</td>
<td>4</td>
<td>59 min</td>
<td>9</td>
</tr>
<tr>
<td>Gröna Tryck</td>
<td>Josef Baker, Joel Hellman</td>
<td>Founders</td>
<td>Printing organic clothes</td>
<td>2008</td>
<td>2</td>
<td>100 min</td>
<td>23</td>
</tr>
<tr>
<td>Chansen</td>
<td>Simon Miderfjäll</td>
<td>CEO</td>
<td>Unemployment care</td>
<td>2007</td>
<td>11</td>
<td>60 min</td>
<td>16</td>
</tr>
<tr>
<td>Umeå Etablerins-centrum</td>
<td>Åsa Örgren</td>
<td>Project leader</td>
<td>Immigrants’ shelter</td>
<td>2014</td>
<td>6</td>
<td>60 min</td>
<td>12</td>
</tr>
<tr>
<td>Eco Rub</td>
<td>Lars Erik-Lindstrom, Ulf Bergström</td>
<td>Marketing manager CEO</td>
<td>Tires recycling, Producing rubber mats</td>
<td>2012</td>
<td>11</td>
<td>70 min</td>
<td>7</td>
</tr>
<tr>
<td>Shift Education</td>
<td>Ingrid Lindelöw-Berntson</td>
<td>CEO - Founder</td>
<td>Coaching</td>
<td>2005</td>
<td>4</td>
<td>70 min</td>
<td>20</td>
</tr>
<tr>
<td>Glädje fabriken</td>
<td>Sandra Olofsson</td>
<td>CEO - Founder</td>
<td>Happiness consultant</td>
<td>2012</td>
<td>1</td>
<td>70 min</td>
<td>7</td>
</tr>
<tr>
<td>Indexator</td>
<td>Linda Lönnerskog, Staffan Engström</td>
<td>HR Manager</td>
<td>Producer of rotates - forest industry</td>
<td>1967</td>
<td>130</td>
<td>65 min</td>
<td>16</td>
</tr>
<tr>
<td>Dohi</td>
<td>Nicklas Berglund</td>
<td>Copywriter</td>
<td>Digitalization</td>
<td>2010</td>
<td>80</td>
<td>80 min</td>
<td>7</td>
</tr>
<tr>
<td>Pondus</td>
<td>Malin Johansson</td>
<td>CEO</td>
<td>Consulting</td>
<td>1991</td>
<td>16</td>
<td>65 min</td>
<td>7</td>
</tr>
<tr>
<td>Exam</td>
<td>Mikael Brändström</td>
<td>Consultant</td>
<td>Sustainability Consultancy</td>
<td>1990</td>
<td>14 independent consultants</td>
<td>49 min</td>
<td>10</td>
</tr>
</tbody>
</table>

Total: 634 min (10.5 h) 124 pages

4.5 Transcribing and Thematic analysis
We transcribed the recordings from the interviews word by word which provided us with a rich data material of 124 pages. Bryman and Bell (2011, p. 481) argue that by transcribing the interviews, the researcher can easier remember details and obtain a better overview of the answers. Additionally, transcribing makes the data available for
others to read which reduces the risk of bias. It also allows data to be used in other ways than the original intention without taking the data out of the original context. The transcribing was time consuming and we divided them so we transcribed five interviews each. Saunders et al. (2009, p. 486) argue that it is preferable to transcribe as soon as possible after the interview in order to keep the details in mind and avoid to build up a huge pile of work. After each interview, we individually transcribed them and made some notes that would help us to code the material.

When all the interviews had been held and transcribed, we read through the transcripts out loud to each other. Thematic analysis and networks were used to structure the transcripts. Attride-Stirling (2001, p. 387) describes a thematic analysis as finding themes at different levels of the text, and thematic network as a way of organizing thematic analysis and facilitating depiction of the themes in a qualitative study. Attride-Stirling (2001, p. 387-390) presents three themes in which the data can be systematized: basic themes, organizing themes and global themes. The basic themes are the lowest order premises in the text and separately they say little about the text as a whole. By grouping the basic themes according to similar characteristics the organizational themes are created. The global themes are the macro themes that summarize and make sense of the two other sub themes.

Instead of starting with the basic themes we started off by identifying five organizational themes based on the theoretical framework and the interview questions: Background information, Social & Environmental issues, Strategy and Business models, Stakeholders, and Additional input. The first theme, Background information was used to get an overview of each company. The next three themes follow the deductive approach which connects the empirical findings to the theoretical framework. To avoid losing any important input not connected to the theme, we created a fifth one, Emerging themes, to inductively utilize important new ideas.

Reading all of the transcripts out loud to each allowed us to identify what parts belonged to what organizational theme. Attride-Stirling (2001, p. 387) describes this step of the analyzing process as ‘Identify Themes’, where the basic themes are identified. Thirteen basic themes were developed from the five organizational themes. The basic themes were color-coded using different colors for each basic theme. For some parts we found more than one code could be applicable and these parts were colored in more than one color. The organizational themes and the basic themes, used for the color-coding, can be seen in Table 4.3. Since our interview guide included the same organizational themes it was easy to identify the themes in the transcripts. However, due to the semi-structured character of the interview, the codes showed up in other parts than to the specific question the theme was aimed for.

When the transcripts had been read through and coded, the colored text segments were put into separate documents. This meant that we had ten sets of documents, one for each interview, with only the relevant data from each transcript. Each set of document were organized according to the themes, which made it easy to not only look at one company at a time, but also to separately analyze one theme among the ten interviews. Attride-Stirling (2001, p. 387) state that the global theme of the theme network is the core and
encapsulates the main issue of the context. The global theme of this study is the concept of creating shared value.

The use of theme network and color coding provided us with an overview of the material and a foundation for the data analyze. By examining the basic themes one by one and comparing them among the ten respondents, we quickly found similarities and differences among the ten respondents.

In order to present the empirical data in an appropriate way the data was kept in the context of each SMEs, and divided in each organizational theme. In each organizational theme, the basic themes are listed. We were considering presenting the data just according to each theme without listing the companies in each theme. Since the companies differ greatly in terms industries and core activities we decided to keep the SMEs in their context. This makes the empirical data chapter relatively extensive.

With the intention of summarizing the analysis of the empirical data, a SWOT analysis was created. Helms and Nixon (2010 p. 216-) describe the aim of a SWOT analysis is to list the favorable and unfavorable internal and external issues. The analysis tool is a widely used in management literature and one of the benefits with is that it can help to start the innovation process and solve problems regarding the business. Among the limits with the analysis tool is that it have a tendency to simplify complex phenomena’s. In the end of chapter 6. Analysis and discussion, a SWOT matrix is presented, which summarizes the strengths, weaknesses, opportunities and threats concerning SMEs implementation of CSV.
### Table 4.3 Theme network color coding

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<th>Organizational Themes</th>
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**4.6 Grading system for analysis**

In order to analyze the qualitative data, which were coded according to a thematic network analysis, we created four tables. The tables were used as analyzing tools to help us grade, compare and draw conclusions from our empirical findings and theoretical framework. The three grades on the grading scale are: 1, 0.5 and 0. In general the grade 1 implies a ‘Yes’ to a certain question, the grade 0.5 implies a ‘To some extent’ and 0 implies the answer ‘No’. The specific criteria for each grade are described in the context of each table in chapter 6. *Analysis and discussion*. It is important to mention that the grading system is only used as an analyzing tool to help us compare the respondents of this study, and do not measure the degree of creating shared value.
When grading each company, the data from each theme was used to find the criteria for the grade. In a case when a certain grade was not distinct clear for a company the two of us discussed the case in more detail, to find criteria in the data which could show what grade was most applicable. Beforehand, we decided what solution to use in case of disagreement; if an agreement could not be reached a third person would be involved. We decided the third person would be our supervisor, since he has insight into the background of the study. During the process we did not have any disagreements which could not be solved by a discussion and therefore no third party was involved.

4.7 Ethical considerations and quality criteria

This chapter presents the different elements we had to take into consideration while we conducted our researches. The aim was both, to respect ethical considerations with our respondents, and to respect the quality criteria in our thesis so our findings reflect upon a reality.

4.7.1 Ethical considerations

Researchers often differ over what is or is not considered as ethically acceptable in a business research. This explains why specifying our ethical considerations are important for us and clarify our position upon the topic. Bryman and Bell (2011, p. 128-132) discuss the ethical principles through four main areas. First, ‘the harm to participant’ that has several aspects: physical harm, harm that generates stress, harm to participant’s development or self-esteem, and harm to their career or future employment. Of course, we consider harm to participants as truly unacceptable at any level. The second area is ‘the lack of informed consent’. This principle involves that the respondent is not provided with all the information he/she needs to have to decide either or not he/she wants to be a part of the research. Hence he/she is denied the opportunity to refuse to participate. The lack of informed consent is a subject to many debates within business researches since a distinction can be made between disguised and covert observation. Indeed, the first principle involves that the respondent is not aware of all the aspect of the research he/she will be a part of; while the second one, covert observation, refers to a principle where the respondent does not even know the researcher’s true identity (Bryman & Bell, 2011, p. 132-136). In this thesis, we chose to be as honest as possible with our respondents, so they can chose either or not they want to be a part of our research but we decided to wait until we were interviewing them to share the key concepts of our thesis. Indeed, we aimed for our respondents to ignore our focus on CSV so they could not be prepared for the interview and consequently, avoid their answers to be influenced. Another aspect of the lack of informed consent we experimented and struggled with while conducting the interviews was the time frame. The interviews being structured as set of open questions, we informed the companies that the meeting should last 45 minutes while we realized after conducting several interviews that they took from 60 to 90 minutes. The third principle of the ethical considerations is ‘the invasion of privacy’. Some researchers may think that their results will be more convincing if they investigate into the respondent's privacy (Bryman & Bell, 2011, p. 136). This study does not involve any investigation into our respondents’ privacy so we did not even consider this matter but we both agreed on how unacceptable it would have been to intrude individual’s privacy. The fourth and last principle is ‘deception’ which occurs when researchers provide respondents with a wrong idea of what their research really is about. Various degrees of deception exists
since it can be necessary for the sake of research to limit participants’ understanding of the subject (Bryman & Bell, 2011, p.136-138). As mention above, it is an aspect we had to consider before conducting our interviews in order to provide the respondent with the most information possible without influencing his/hers answers. A line is consequently drawn to balance sincerity and deception in research but it is very difficult to know where to situate it. We considered that this line is where deception leads to harm to participants. According to Bryman and Bell (2011, p. 138-143), some other ethical and legal considerations have to be taken into consideration in research such as: the data management or the affiliation, and conflicts of interest. But since they are not relevant to our research topic, we decided not to develop them further. However, qualitative research relies on several criteria that guarantee our paper’s validity and reliability.

4.7.2 Criteria for qualitative research

Validity

To know if the data are properly collected and interpreted, and if the findings are representative of the studied reality, the validity criteria need to be considered (Yin, 2011 p. 177). Low validity may indicate false findings and make the study useless. Bryman and Bell (2011, p. 395) argue that due to the nature of qualitative research, exploratory rather than focused on measuring a phenomenon, validity needs to be looked upon in relationship with the qualitative research method. Validity for qualitative research can be divided in internal and external validity. The internal validity refers to the match between the observations and the theoretical framework, and the external validity refers to the extent the findings can be generalized in other situations (Bryman & Bell, 2011, p. 395). Due to the lack of already existing theory about the concept of CSV, our internal validity may be questioned. With the concern of the novelty of the main concept of this thesis, other well-established theories have been used to strengthen the validity of the theoretical framework, such stakeholder’s theories and business models. Moreover, the concept of CSV has been studied from different viewpoints: both positive and more criticized. Another aspect of internal validity is time. A long time period will provide a higher level of congruence (Bryman and Bell, 2011, p. 395). Since the time is limited for this project, it may lead to some shortcomings. On the other hand, one can argue that the phenomena of social responsibility in companies might not be time dependent. Even though time was limited, we collected rich data through ten interviews of more or less one hour each, which is strengthening the internal validity. We provided each respondent with the text we aim to write in the empirical findings, in order to let them confirm the way we presented the interview. Some respondents wanted to add some information and to clarify some statements. The changes were made according to their requests. The external validity of this thesis has been considered when designing the interview guide. The main part of the questions concerns SMEs, while a few are related to the local community of Umeå. Consequently some of the findings will be possible to generalize to other locations, while some are specifically connected to Umeå.

Reliability

Internal reliability refers as if the studied phenomena can be described in the same way by more than one observer (Bryman and Bell, 2011, p. 395). Three out of ten interviews were held in Swedish. During the interviews in Swedish, only one of us was able to contribute and to transcribe the interview, which can be seen as lowering the internal
reliability. On the other hand, the translated transcripts were carefully explained to the other author and the findings deeply discussed. Firstly, both the authors were individually reading through all of the ten transcripts to reflect upon them. As a second step the authors were reading the transcripts out loud for each other while color coding them. Consequently, great discussions were held during the coding which led to a coherent and reliable analysis of the results. The two authors were closely working together and cooperating during the whole process of analyzing the data. External reliability is what Bryman and Bell (2011, p. 395) refers as if the study can be replicated and it is a challenge for qualitative research since social settings are constantly evolving. In order to strengthen the external reliability for this study, the practical method has been described in detail as well as the interview guide. Each interview has been held at the respondent’s workplace in order to make him or her as comfortable as possible. The respondent has been deciding if the interview should be held in English or in Swedish to make him or her comfortable during the interview. Thus, we aimed for settings as natural as possible in order to raise the external validity.

Alternative criteria for qualitative research

Because of the challenges with the validity and reliability criteria for qualitative research, two alternative criteria have been developed; trustworthiness and authenticity (Bryman and Bell, 2011, p. 395) which we will discuss below.

Trustworthiness

According to Bryman and Bell (2011, p. 395), trustworthiness is made up from four criteria: credibility, transferability, dependability and conformability. There may be several possible explanations of a phenomenon in the social reality, and it is the credibility of the researcher's interpretation that will determine the acceptance of the researcher explanation. One way of raising the credibility is to crosscheck data by collecting them through multiple methods (Bryman and Bell, 2011, p. 397). After the ten interviews conducted towards SMEs, an additional interview was held at Esam with Mikael Brändström. The aim of this interview was to get an overview of SMEs sustainability approach. Mikael Brändström has great experience of helping SMEs to apply sustainability concepts within their businesses. With this interview, we were able to confirm some of our findings and collect additional data. Transferability refers as if the findings can be generalized to other contexts (Bryman and Bell, 2011, p. 398). According to Lincoln and Guba, (1986, p. 19) it is important for the transferability to have a rich narrative description of the context in order to help others who would like to apply the findings or part of the findings somewhere else. In the theoretical framework the characteristics of SMEs and the concept of CSV have been described. Details about how the interviews were made are outlined as well as a description of all the respondents in the practical method. Though, every interview is unique and even if the social context is explained, it may appear different at other occasions. Consequently, the authors attempt to get a high transferability, while the uniqueness of every social setting needs to be considered. As discussed earlier some of the findings can be generalized to other places, while some are connected to the context of Umeå. The next criterion in trustworthiness is dependability. Lincoln and Guba (1986, p. 19) argue about the importance of keeping all the records and notes from all the stages of the research process so others have the opportunity to go through the material. The interviews were recorded by two smartphones in order to have a backup. The records have been stored
on computers and in the cloud service Dropbox. Notes, such as interview notes, ideas, and additional findings have been stored and were easily accessible in Google Drive during the whole process. Bryman and Bell (2011, p. 398) explain that the last criterion for trustworthiness is conformability. In business research it is impossible to have a completely objective approach. However, by ensuring that the authors didn’t let their personal values to interfere, which may have influenced the findings, conformability can be reached. From the start, the authors have been focusing on staying open-minded and not influencing the results. The authors’ different backgrounds and culture have caused great discussions, which resulted in reflections on their personal views and guided the study into a more objective approach.

**Authenticity**

Authenticity is a measure regarding the wider political impact and consists of five criteria: fairness, ontological authenticity, educative authenticity, catalytic authenticity and tactical authenticity (Bryman and Bell, 2011, p. 398-399). Fairness is what Lincoln and Guba (1986, p. 19) explain as, if the research have a fair representation of participants with different viewpoints. This study had been focused on SMEs, and therefore are all the respondents SMEs. Thought, we have not selectively collected SMEs from one particular industry. Instead, we kept the range of industries in which they operate as broad as possible to get several viewpoints. Our additional interview with Mikael Brändström (Esam) gave us an extra viewpoint with a deeper overview of SMEs. Ontological authenticity, concerns if the participants will gain a better understanding of the phenomena that was studied (Bryman and Bell, 2011, p. 398-399). Many of the respondents had never heard of the concept of CSV while in the end of every interview we explained the concept. The reactions were positive and often they saw that they somehow do engage in CSV. After completing this thesis, we will provide all the respondents with a handbook based on our findings. We aim to contribute to their engagement and understanding of CSV. Additionally, the handbook will contribute to the educative authenticity, which is what Bryman and Bell (2011, p. 399) refers as if the study is helping the respondents to gain a better picture on how others perceive the studied phenomena. The next criterion is the catalytic authenticity, and is either or not the results of the study have encouraged the respondents to take any action to change their situation (Bryman and Bell, 2011, p. 399). By having the respondents highlighting their own social and environmental responsibility, and the opportunities they see in engaging in CSV, we hope they became more aware of these concepts and started to take actions. The handbook will also encourage them to take further actions and help them to practically engage in CSV. Tactical authenticity is if the participants have gain any empowerment in taking the steps that are necessary to take any actions, and here we refer to the practical handbook, containing checklists and step-by-step process in how to engage in CSV.
5. Empirical data

This chapter presents the data collected through a total of eleven interviews. The chapter is divided in four parts that follow the same structure as the organizational themes: Background information combined with Social & environmental concerns, Business model & strategy, Stakeholders and Emerging themes. For each theme the empirical data from all ten interviews with the SMEs are presented. It is important to list the ten companies in order to keep the themes in the context of the company’s operations. An alternative structure would be to present each theme without the structure of the ten companies, where there is a risk of loosing the overview of each SME. The chapter ends with the presentation of the interview with one of Esam’s consultants.

5.1 Background information & Social and environmental concerns

In this section the first two organizational themes “Background information” and “Social and environmental issues” are presented. The aim is to provide a clear company background followed by the actions taken in each level of CSV as well as their conceptual awareness.

- **JohannaN**

JohannaN is a company created in 2009 in Umeå by Johanna Nilsson. The company has recently been relocated in Stockholm. The core activity of JohannaN consists in designing and producing fashion jewelries based on the fusion of North design and Thai handicraft. Beside Johanna Nilsson, the company is composed of three employees. The company’s values are transparency, quality, and service. The focus is to have transparency and fairness within the production, and to work with high quality material to produce jewelry that will last a long time - no wear and tear.

*Product/Service*

According to Johanna Nilsson who has a sustainable jewelry store, the product does not matter; it could as well be clothes or books. What does matter is to have it in a sustainable way. The materials she is working with are silver and brass.

*Value Chain*

By owning her own production, Johanna Nilsson takes small steps towards a more transparent and sustainable production. In the future, she aims to improve her packaging and transportation process from Thailand, to make it more sustainable. Another aspect of her value chain is her brand image, builds upon social media communication to spread awareness and sustainability. Furthermore, Johanna Nilsson aims to develop slow-fashion thanks to her sustainable background.

*Cluster*

Even though Johanna Nilsson does not directly invest in the local community of Umeå, she considers her brand as a strong symbol representative of Umeå in particular, and Norrland in general. She does not corporate with the government or with the university.

*Definition of CSR*

Companies having policies and values, that are willing to take responsible decisions to impact people, decrease their negative impact, and be a part of the society.

*Definition of CSV*

Integrating share value in solidarity.
Value for customers and society
Johanna Nilsson creates value for her customers by improving their way of consuming and making them more responsible. She impacts society by improving the working conditions of her production and creating jobs in Bangkok.

Identification of a social/environmental issue
The most important for Johanna Nilsson is to improve social conditions of people working at her production in Bangkok, e.g. increasing the wages.

- Gröna Tryck
Gröna Tryck was founded by Joseph Baker and Joel Helman in 2008. Most part of their activity consists of printing organic clothes with sustainable and responsible methods, and the rest of the activities consists in creating other types of commercial products. All their production is organic and fairly produced.

Product/Service
The founders of the company tell us that they are selling responsible clothes which are made out of organic cotton and printed in a sustainable way. They believe that by selling environmental friendly product without any bad chemicals, a company can make higher financial benefit.

Value Chain
Gröna Tryck describes its value chain as “quality and organic”. Most of the clothes are imported from all around the world and are together with several printing partners located in Europe, India and Sweden. The design of the value chain depends on the customer and the raw material. The handling of the customer is quick and gets deeper when it comes to the producer side. They have to contact companies, farmers and transportation companies to determine the process. They do not use any chemicals in the soil and they always work with organic materials. They are always looking for improvements for the transportation, energy solutions, and materials.

Cluster
By working with fair production around the world, some of the money goes back to the local community where the production is, and contribute to wealth, building hospitals and shelter in poor countries. About the local community of Umeå, Josef Baker states: “Our vision is that all Umeå Kommun can buy all their employees clothes from us that was made from trees from Umeå then we can give back some money to forest organizations, to plant new trees here in Umeå, to make it sustainable.” Gröna Tryck is engaged in some projects in the local community of Umeå, e.g. a project encouraging girls to do skateboarding; and another school project aiming to raise awareness on clothes’ environmental impact. They do not take any profit from these projects. Josef and Joel think that Umeå is a great city where young entrepreneurs receive a lot of support from governmental organizations. They corporate with the university in some projects.

Definition of CSR
Long term thinking; to influence in a good way; the importance of having an equal focus on the environment, social and economic aspects. CSR is also about having fairness for all people involved in the value chain.

Definition of CSV
How to engage people. Gröna Tryck cannot change the textile industry themselves. To make an impact, they need to work together with their clients and make small changes.

Value for customers and society
At Gröna Tryck, they want to be sustainable for their customers and producers. By influencing their customers to be more environmental friendly and to be transparent in their production, they aim to raise the awareness of sustainability and put more pressure on other companies in the industry. They have seen a positive trend. When they started, they were the only pure organic printing company in Sweden; now there are about 5-6 similar ones. By producing fair products they contribute to a better workplace with fair conditions. They engage in project regarding children's right to go to school, education for women who have suffered from trafficking and they also point out that when something goes wrong with their printing machines, they send the clothes to childrens houses around the world.

Identification of a social/environmental issue

At Gröna Tryck they see social problems with bad working conditions in the textile factories in poor countries, e.g. death, sickness, 18h workday and forced labor. Additionally, they mention a problem with employed people who can't afford staying home when they or their children get sick or need to let the children do the household tasks instead of going to school due to long workdays. The environmental issues they identify within their industry are bad chemicals in the non-organic printing and bad water treatment. Another issue is the low awareness of environmental issues among some customers, even lower when it comes to the production in poor countries such as India.

**Chansen**

Simon Miderfjäll is the CEO of Chansen, a company working with unemployed people, founded in 2007. By helping unemployed people to learn how to get a job, the company’s social goal is to help long time unemployed people to get back on the market. A part of the process of making them employable is to find them an internship at another company.

**Product/Service**

The social aspect is Chansen’s core business since their activity consists in providing unemployed people with jobs.

**Value chain**

Chansen’s value chain consists in three steps: get unemployed people to come to them and accept the social codes of the company; help them to find out what they want to do; figure out what their social skills are to match them with a job.

**Cluster**

Chansen corporates with public organizations working with the same goal they have. The company does corporate with the government, not with the university.

**Definition of CSR**

It is the way companies take their responsibilities towards society which is positive until they start making money out of it by including it in their marketing strategy.

**Definition of CSV**

Simon has no explanation for it.

**Value for customers and society**

To get people unemployed for a long time back on the labor market, Chansen contributes to provide these people with a better social life and life style. By taking one person from alienation, the company helps society to save money in a sector that the government should be taking care of.

**Identification of a social/environmental issue**
While swedes benefit from rather good living conditions when they are unemployed, Chansen is aware of the struggles for unemployed immigrants in Sweden. And of course, the company is aware of the problem of unemployment in general.

- **Etableringscentrum**

Etableringscentrum is a part of “LS Grupen” and was created in 2014. The company aims to take care and educate immigrants arriving in Sweden and waiting for their situation to be processed by Migrationsverket (The Immigration Office). Åsa Ögren, one of the six board members of the company and the spokesperson, defines the company’s activity as an answer to a great need when it comes to help people standing outside from the Swedish welfare system.

**Product/Service**

Etableringscentrum’s started their business in order to fulfill a piece that was missing in the welfare sector, taking care of immigrants outside from the system by taking care, helping, and educating them.

**Value chain:**

Since the company has not officially started the activity yet hence, there is no value chain but it will be created so that the immigrants get a positive experience of Umeå, and of Sweden.

**Cluster**

The cluster is made out of a win-win relationship between individuals or organizations who wants to be involved in a positive development of human resources and Etableringscentrum.

**Definition of CSR**

The concept is not familiar to Åsa Ögren but evokes her a firm or system inside the company.

**Definition of CSV**

A type of ownership.

**Value for customers and society**

By basing their company on values such as reliability and trustworthiness, Etableringscentrum aims to fulfill immigrants’ needs and give them a boost-start in Sweden. Hence, he/she can have a positive experience as refugee and get contacts for life. The company also aims to get “the Migration Board to change the procurement rules so that they are filled with any type of humanism or quality - not just a bed or shelter”.

**Identification of a social/environmental issue**

Etableringscentrum identified immigrants’ needs that have to be fulfill such as the knowledge of the language, the culture, and the access to a job. The company considers that the Migration Administration breaks down immigrants by giving them no information regarding their location. Therefore, they plan on creating ‘refugee homes’ with money from the state to help the immigrants. An issue related to immigrants is xenophobia. Furthermore, the company has identified the need of disable people who have the right to be independent but have no living possibilities. Finally, the company would like to strengthen the social situation of elderly, such as the loneliness for those who lost their partner, and the frustration of not being able to choose how to live. Åsa Ögren states that “individuals must adapt to the environment, but it is the whole system responsibility to ensure the resources to make it possible”.

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Eco Rub

Eco Rub is a family company created in the beginning of the 19th century by an inventor with a focus on rubber. In 2012, the company developed a branch gathering 11 employees, consisting in recycling tires to make rubber products. According to Ulf Bergström, the CEO, and Lars Erik Lindström, the marketing manager, tires should not be burned since they involve a huge amount of air pollution. Hence, the aim of the company is to reuse tires that are usually thrown in the nature.

Product/Service
By recycling rubber and plastic, the company exists because there is a need to take care of the environment and the untreated waste. The CEO highlights that rubber is never environmentally friendly but their products are still better than other alternatives.

Value chain
The company value chain is based on an agreement between the Swedish Tire Recycling Agency in charge of ensuring that the tires are collected, and Ragn-sells who collects the tires. The tires are cut into small pieces and grind up into a powder used by Eco Rub to make new products. This cycle can be done an unlimited number of times.

Cluster
Eco Rub does not have the money yet to contribute to solve social issues in Umeå but aims to do it once they have enough finances, since it shows the type of company they want to be. Eco Rub considers itself as “not big enough to have this kind of impact” referring to how they could spread their values around them to develop a local cluster. The company has some connection with the University, mainly through designers, but not with the government.

Definition of CSR
Feeling good about what we do, and do it right so it creates values for people outside from the company. Making money out of taking good environmental action.

Definition of CSV
No answer to this question

Value for customers and society
The benefit of using Eco Rub’s products is to save of 3.25 tons of oil per ton of products recycled; to protect the forest from being cut down to grow rubber trees; and to decrease the pollution due to the transportation of rubber from Indonesia. Furthermore, the company does sponsoring for local sports club. They provide jobs and spread good values. In order to be more responsible, Eco Rub would like to invest in a new machinery once they have more money and rebuild the factory. Since the factory is from the 60s, a lot of energy is wasted by inefficient systems.

Identification of a social/environmental issue
The social issue identified is the unemployment situation; hence the company aims to rehire Eco Rub’s former employees, fired when the company was shut down in 2011. The environmental issue is the impact of tires’ incineration or waste on the nature.

Shift Education

Shift Education was founded in 2012 and is a company educating in the coaching approach, both at individual level, and in project management. Ingrid Lindelöw-Berntson, the visionary leader of the company, states that there is a total of four employees and 15 associative freelancers coaches. The company’s keywords are genuine, joyful and easy.

Product/Service
The company core business consists in coaching people for individual improvement and contribute to create a better society through individuals. The coaching includes “Concrete tools that clarify your strengths, help you prioritize and that leads to development”. The company works with several projects based on finding solutions to social problems and runs a business out of it. As an example, they have a social enterprise within their business, which they call inhouse model. They provide internships to unemployed people and get paid by the Employment Service Office.

Value chain
Every project is designed in collaboration with the customer, tailor made, to target each customers’ specific need.

Cluster
They want businesses in Umeå to grow, and therefore they are cooperating with local businesses and organisations. Since the business world is male dominant, Shift Education works with projects aiming to support females in high positions. Shift Education corporates with Luleå University of Technology and with governmental organisations. Ingrid Lindelöw-Berntson believes in differences within the clusters, rather than similarities.

Definition of CSR
Ingrid Lindelöw-Berntson sees CSR in two ways; some companies donate money to any organisation or other companies may “bake” it (the CSR) into their core operations.

Definition of CSV
The actual value of things, since value is not only monetary. To share the value with others.

Value for customers and society
The value for customers is to coach them, to be able to help themselves to find their answers, and to create a positive environment. Since they see the society as composed by individuals, they do not see a difference between issues on a personal level and a community level. Therefore, by coaching people to be more responsible for themselves in all kinds of contexts, they contribute to a better society.

Identification of a social/environmental issue
People outside the labour market, people suffering from long time illness and burnouts, and gender equality. Another issue is young disabled people who are just about to take command over their lives, but cannot live a normal life due to so much administrative work, e.g. apply for special insurances and transportation. Another social issue appeared when 100 people lost their jobs after an industry shut down, near Umeå. Shift coached these unemployed people to get their motivation back.

- Glädjefabriken
Glädjefabriken was founded in 2012 by Sandra Olofsson, the owner and the only person working at the company. The service she provides is project management focusing on joy for companies, e.g. lectures about happiness and organizing kickoffs within the theme of joy. Sandra Olofsson wants to influence and inspire businesses about the importance of happiness in the workplace.

Product/Service
The CEO aims to improve people’s life quality by making them happy. This is an aspect woven in her business plan and the core of her activity from the beginning.

Value chain
She works closely together with the customer when designing a project.
Cluster
The vision is to make Umeå the happiest city in the world. By speaking about joy and encouraging to spread it, she aims to reach many people, and make them happier. Sandra Olofsson is sponsoring the local hockey team in Umeå. She is not cooperating with the university or the government, but she is thinking of doing it in the future.

Definition of CSR
“To have a social responsibility. And I think that it is at this time a very important issue that many companies are thinking of, it also is one thing that you want to show externally, showing to customers and other companies. The ability to show it. It has become a type of value.”

Definition of CSV
Working together for something.

Value for customers and society
When a company has participated in a project of joy, Sandra Olofsson helps them to do some marketing and they get some publicity as “Spreaders of joy”. Sandra Olofsson wants to raise the awareness and inspire people to see how easy it is to spread joy. Her goal is to strive for a better and happier society.

Identification of a social/environmental issue
Sandra Olofsson identifies a problem with people who feel bad at their workplace and with adult bullying.

- **Indexator**
Indexator is a rotates producer of rotators for the forest industry and to materials handling and recycling equipment. According to Linda Lönnerskog in charge of the human resources, and Staffan Engström, the manager of quality, environment, health, and safety, the company is in “constant development to meet customers’ requirements for higher functionality and product value”. Indexator was founded in 1967. Nowadays, the company gathers 130 employees and has customers in 40 different countries.

*Product/Service*
The company manufactures rotators and does not directly work with environmental issues through their product, but they indirectly contribute to environmental issues since the forestry industry itself is a renewable sustainable resource.

*Value chain*
The company’s value chain evolves through their different environmentally friendly projects for both, the working environment and the environment. It includes three steps: production; packaging; and shipment. The company’s production tries to minimize to negative effects of the metal production on the environment, e.g. energy and chemicals use; the transportation are environmentally certified though it is difficult to get data on that. The packaging aims to be as recyclable as possible and lighter to ease the transportation part: “For us, it is all about how we can minimize our negative impact on the environment”.

Cluster
Indexator aims to “spread out their philosophy and values on equality and diversity to both, other companies in the industry and the industry to have an impact on everyone from the suppliers to the municipality”. They are locally active through sponsorship, with a focus on youth. To pursue their goal of being sustainable and responsible, the company decided to maintain operations in Västerbotten despite of the difficulties to face, e.g. costs. Besides the sponsorship, Indexator signed up for trainees each years,
has partnership with different types of administrative authorities, and with the University. The company is a part of the Technical College, Technology Council and contributes to improve the future workforce for technology companies. The company is included in the Forest Technology Cluster 11 companies, were Indexator and three of the companies are involved in an Equality Project.

Definition of CSR
Having bigger perspective and contribute in a positive way to companies’ surroundings. Maintaining an economic development while being sustainable, including the environment, the working conditions, the responsibility to the community, and having a good business ethic.

Definition of CSV
It is to “have greater value than just towards the owners” and making money, but also towards shareholders, customers, employees, society. “It comes to getting sustainability into the core business, so that it is not a side issue”.

Value for customers and society
On an environmental perspective, Indexator aims to reduce its negative impact (e.g. reducing the energy and chemicals consumption, and the harmful emissions) and takes responsibility for noise. On a social perspective, the company does charity to help orphanages and to sponsor the "Hjältarnas hus". Furthermore, Indexator has a policy of reporting the risky behaviour to decrease the risk of accidents and donate 100 SEK per report to UN Women, an organization focusing on gender equality. Indexator promises their customers precision, involvement, and added value.

Identification of a social/environmental issue
The main issues identified are gender equality, diversity and integration.

- Dohi
Dohi Agency was founded in 2010 and consists today in 80 employees. The company helps its customers with a broad range of digital solutions. Nicklas Berglund, copywriter and communicator, states that their activity can either be more similar to an ad agency or to a solution consultant agency while they come up with digital solutions. Dohi helps and guides its customers and partners through digitalization.

Product/Service
According to Nicklas Berglund, Dohi contributes to solve environmental and social issues by engaging in partnerships with companies developing sustainable products or services. However, the core activity of the company consists in digitalization consultancy and finding solutions to make though things easier and funnier.

Value chain
The value chain is about building strong relationships and to have a lifelong corporation with their customers. They develop the projects and products together with the client.

Cluster
Dohi has a vision of taking the world to Umeå. They aim for Umeå to become a cool, fun, and nice place to live in, and attract more people and companies. By gathering and creating an ecosystem in Umeå, Dohi will be competitive on a global scale. One of Dohi’s step towards their vision consisted in founding Umeå Creative Industry Association, which gathers 50 artistic and digital companies. The aim of the association is to share knowledge and information among the members. According to Nicklas Berglund, it is the foundation of the ecosystem. Dohi invests time in The Region Västerbotten, since they share the same vision of developing the region. One example of
the investment is by being a part of the project “Mötesplats Lycksele” where innovations for social issues are developed. Dohi corporate in many ways with the university and with the government.

Definition of CSR
“Well being for society”.

Definition of CSV
“It is people meeting each other, people that never were with each other before”.

Value for customers and society
The value for their customers is to find solutions to make things easier, funnier and create more time for other things. Thanks to the “Mötesplats Lycksele” project, Dohi contributes to solve several social issues in the region. To contribute and find solutions to the integration and the social inclusion of people in the margin of the society, Dohi set up idea workshops. Another example are workshops with the theme of innovation within the health care. Additionally, Dohi wants to change the view of Norrland and make it more attractive.

Identification of a social/environmental issue
Nicklas Berglund says that “the biggest problem in Umeå right now is that people don't have anywhere to live.” Additionally to health care and integration issues, Dohi Agency helps people who lose power of speech, by creating games.

-o Pondus
Pondus is a company based in Umeå, founded in 1991, and gathers 16 employees. Malin Johansson, the CEO, states that Pondus is a communication office working with both, local and national organizations.

Product/Service
The company’s core business consists in brand communication, marketing campaigns, sustainability reports, and provides ideas on how to integrate sustainability in communication. By working exclusively with responsible companies, Pondus contributes to create role models for other companies and spread responsible communication. The company also engages in pro-bono actions to help associations to grow and spread their actions to a larger public.

Value chain
Pondus’ value chain consists in four steps: extract the message their customer wants to spread; get hold of the right target group; create a relevant communication to the message; send the message to the target group. The company maintains long term relationships with its customers to continue to develop their communication with the right solutions.

Cluster
Pondus develops a cluster through Umeå Creative Industry and a partnership with the university (e.g. internships, infotech). The company also develops a project of creating a network between their customers and the organizations they work pro-bono for.

Definition of CSR
“What companies want to do above the law” in term of responsibility and engagement.

Definition of CSV
“Being able to do business and do good at the same time, finding a way to contribute to a sustainable development of the society.”

Value for customers and society
By selecting companies and customers willing to have a responsible behaviour, Pondus spread its values and knowledge of human rights and sustainability. The company creates a communication that “changes the behaviour towards better health, safety and so on, for citizens” and aims to influence people.

Identification of a social/environmental issue
Since consumption is inevitable, Pondus aims to change the way people consume and make it more sustainable for everyone. The company considers “equality, social issues, and human rights as a core value”.

5.2 Business model and strategy

- JohannaN
  
  **Strategy**
  On a long-term, Johanna Nilsson grows her company organically to focus on quality rather than quantity. Her aim is to make people consume less while making profit which is a challenge. However, on a short-term, Johanna Nilsson works with social media (e.g. blog), traditional press, and ambassadors (e.g. celebrities using their voices to spread a sustainable message), to communicate about her products transparency and values. The company is involved in partnership with other brands that share a focus on sustainability and quality.

  **Business model**
  (No relevant data)

  **SMEs’ characteristics**
  A company “working with sustainability does not have to compete in the same way than other companies”. However, the company still has to find money to grow and develop.

  **Barriers**
  Since the company has to be as good as its competitors and be sustainable, it involves extra work which is challenging but also stimulating.

- Gröna Tryck
  
  **Strategy**
  The company has a great focus on make money while being sustainable for the owners, the customers, and the producers. Their strategy consists in “pure organic” and “aims to change the textile industry” on a long-term. The funders highlight the importance of their network in the process and of the connection with the customer and his demands. The company grows organically and aims the hire more employees in the coming years. Eventually, a long-term plan would be to grow internationally while reducing negative effects of chemical on people, and be creative. The next step for the company is to engage in social media in order to spread their values.

  **Business model**
  (No relevant data)

  **SMEs’ characteristics**
  The founders highlight the importance and impact of the EU decision that “from 2017, every European company of more than 500 employees will have to generate social or environmental revenues”. When this decision applies, the founder think that their organic products will be more important in bigger companies’ sustainable approach.

  **Barriers**
  (No relevant data)

- Chansen
**Strategy**  
The goal and long-term strategy are to make people employable. Simon Miderfjäll says: “it is hard, very hard, for us to have a long time strategy, because we are very dependent on political decisions.” The Employment office plans one year ahead. Since Chansen depends on their decisions, the company cannot make long-term plans.  

**Business model**  
Chansen is a non-profit organisation which reinvest the profit in the company instead of give it to the owners. “We don't do this for money, but like I said we reinvest our profits in our company just to manage to get more people from unemployment”.

**SMEs’ characteristics**  
Simon Miderfjäll is sceptic towards big companies’ sustainable approach. According to him, their aim can be to hide negative impact by investe on responsible actions.

**Barriers**  
(No relevant data)

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- **Etableringscentrum**  
  
  **Strategy**  
The company aims to earn enough money to keep the activity going. They want to help the immigrants to do something positive with their energy. Etableringscentrum wants to be driven by strong believes, not profit. Their strategy consists in making personal, life-long connections in an unexplored area.

  **Business model**  
The company focuses on people with needs that the society does not take care of. More than making profit out of beds and shelters, Etableringscentrum focuses on activities and education that will benefit the immigrants.

  **SMEs’ characteristics**  
(No relevant data)

  **Barriers**  
(No relevant data)

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- **Eco Rub**  
  
  **Strategy**  
The company needs to develop the trust on their product which is little known and in their company, which is very young. The strategy consists for them in finding partners to test their products, boost them on the market place, and raise the recognition. Eco Rub short-term strategy is to find higher volume of products while, the long-term is to hire more employees and stay competitive.

  **Business model**  
The company is aware of the gap between what they should do and what they actually do in term of sustainability, since profit has to be taken into consideration.

  **SMEs’ characteristics**  
(No relevant data)

  **Barriers**  
It is a big challenge to get the product recognition. Bigger companies have connections and a power to take bigger actions, “We can’t do that.”

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- **Shift Education**  
  
  **Strategy**
“Our strategy is ‘to practice what we preach’— ‘walk the talk’. And to always make sure we already have previous experience.” Ingrid Lindelöw-Berntson says that they just recently started on a long-term strategy, which they call Shift 2.0 and is a five year plan. In the strategy they have short- and long term goals and are looking at different parameters, not only economy. The parameters are connected to six energies; money, time, relationships, happiness, health and creativity. Each month, the employees evaluate their own energies on a scale from 1-10, and this is compared with the services they offer. “We then aim to see if there is a link between the energies and the profit of each service, but also in within the group.” Ingrid Lindelöw-Berntson say that this is new for them and it something they work on internally. To find new customers Ingrid Lindelöw-Berntson is networking and searching for what and where there is a need for their service.

**Business model**

Shift Education is 57 % owner of a business hotel, Leya, where they run the project Yoda. It aims to help long-term unemployed people to get work experience through internships at businesses who are at the business hotel. This is a win-win situation for businesses and interns. Ingrid Lindelöw-Berntson calls this project, In-house model rather than social business. “While we are a business hotel that rents out office space and can be seen as any other business, but on top of that we have this part as a separate profit unit, but is not its own business. So that’s what we mean by in-house model.” She adds that they want to spread the idea of having a sort of social enterprise within the company. It is and model that can apply in large companies too. “One does not have to create a new social enterprise to do this, you can do it internally. But you need training and coaching in this, and that is where Shift comes into this.”

**SMEs’ characteristics**

Barriers

- **Glädjefabriken**

  **Strategy**

  Sandra Olofsson’s current strategy is to work together with her advisory board, composed of experienced people at the incubator BIC Factory. The advisory board helps her to set her goals, and to “do the homework” until the next meeting. She is also getting help from coaches at BIC Factory. It has been difficult for Sandra Olofsson to have long term goals, since her service is under constant change. Right now she is mainly doing one-time efforts, such as kickoffs or lectures. In the future, she aims to be more long-term oriented. One step of her long-term strategy would be to stay at the same workplace to be able to follow up on her missions having a role similar to an HR consultant. Additionally, she aims to reach a larger public audience and she does researches on joy and happiness.

  **Business model**

  (No relevant data)

  **SMEs’ characteristics**

  Sandra Olofsson thinks it is important for small companies to have awareness on environment and society. Furthermore, small things small companies do will have an even greater impact.
Indexator

**Strategy**
Indexator have five overall goals set between 2014-2018: Growth in volume; to be the strongest brand in the industry; to have a product development in world class; to have processes in world class; and to be the most attractive employer in the region.

Staffan Engström says they are working with many separate projects and activities regarding social and environmental improvements, but they are lacking a total strategy for sustainability and social responsibility. He adds that it can be something they need to improve.

In order to be an attractive employer to attract talents, Indexator aims to show that they are taking responsibility for the society, the environment and that they have good working conditions.

Rather than selling on price, Indexator sells on quality and service. They have 99% deliver precision and are measuring customer satisfaction every year. According to Staffan Engström, Indexator “doesn't want to be just a supplier. We also want to be a partner”.

Indexator perceives some of their actions as right for their stakeholders and the environment in the long-term, even though they are not profitable in the short-term. An example is during the recession 2008-2009; instead of firing some of their employees which was actually needed, they educated them. When the economy returned, they gained from that decision since they had the skills and competences still in the company, and could very quickly increase the volume. Also after the recession, they invested a great amount of time and money in education and further job development for the staff. It is expensive, but they believe that in the end it leads to added value to the customer.

**Business model**
(No relevant data)

**SMEs’ characteristics**
Indexator is a family owned business.

**Barriers**
(No relevant data)

**Dohi**

**Strategy**
Nicklas Berglund describes the strategy at Dohi as based on what is used out on the market. He does not know of the company has any development plans for the next years, but he thinks the CEO has a big plan. They are working on building their reputation internationally, at least in Europe, but also in San Francisco. For the international approach, the name is important. They recently changed it from Dohi Sweden to just Dohi.

There is a struggle to get talents, so therefore it is important to have a fun and creative environment within the company. It is also important that people like to work at Dohi, since the company cannot afford to lose employees. Nicklas Berglund says that they are really good at taking care of their employees. “We are supposed to train every Monday. We get gym cards, social insurances, savings are taking care of.”

**Business model**
(No relevant data)

SMEs’ characteristics
(No relevant data)

Barriers
(No relevant data)

- Pondus

Strategy
Pondus’ strategy consists in customizing their service while keeping a flat organization to ease the internal communication. On a short-term, the company aims to keep working with branding, communication, and solutions for a sustainable and responsible development for customers sharing their core values. Though, Pondus aims to evolve into a problem solving company in a long-term.

Business model
The company has a strong focus on maintaining long-term relationships with their customers. Pondus’ values are spread through their carefully selected customers’ communication and aims to have a positive impact on the local community and the society. The company takes responsibility and engages in pro-bono actions.

SMEs’ characteristics
(No relevant data)

Barriers
(No relevant data)

5.3 Stakeholders

- JohannaN

Actors
The actors involved in JohannaN’s activity are the production in Bangkok: family workshop and bigger factory; her partner, a jewelry designer; her employees; and her retailers.

Ranking
The production is the most important part since there would be no product without it.

Power & Influence
The company is not isolated, it is influenced all the time by people who has an emotional informal power over it and can change the direction of the company by giving relevant positive or, negative advices.

- Gröna Tryck

Actors
The actors identified by the company are: various sustainable organizations, the Swedish chemical inspection, the government, and the commune. The company also has a lot of contact with young entrepreneurs.

Ranking
The most important actors are the tailors, followed by the printers, and the transportation company.

Power & Influence
The founders of the company consider that they influence the stakeholders more than they are actually influenced by them. Though, they consider the client as being in charge and having a strong power of decision.
Chansen

Actors
Simon Miderfjäll says that the stakeholders of Chansen is the society in general. He explain it as "what we do, we are doing a job that actually should be done by the public sector." Other stakeholders identified are the Employment Office, Umeå kommun (the Municipality of Umeå), Arbetsmarknadsenheten at Umeå kommun (The Municipality's unit for the labour market) and the shareholders. Simon Miderfjäll also mentions sub-stakeholders within the welfare system, such as the social service and health insurance office.

Ranking
Simon Miderfjäll ranks that the government highest because they are the ones giving decisions to Arbetsförmedlingen (the Employment Office). Second is the Arbetsförmedlingen and third Arbetsmarknadsenheten at Umeå kommun (The Municipality's unit for the labour market).

Power & Influence
Simon Miderfjäll says that the actors both have a big influence and power over the company. “If the government decides that we shouldn't have private actors in this area, then we are gone. We’ll be gone. And if they decide that private actors in this area will have less paid than today it is hard for us.” He thinks it affects the company’s everyday work since they can't make any long-term plans or strategies.

Etableringscentrum

Actors
The company identified “LS Gruppen”, the 6 members of the board, the partners, customers, employees, government, Umeå kommun (the municipality), and university as the important actors.

Ranking
“The power from the municipality is 100%, but it is also interesting to see how much power the employees have.”

Power & Influence
The company is executing the decisions of the municipality who has a huge power but does not want it to be a part of the process. The employees however, are very important since they “are the ones who fulfill the company's dreams”.

Eco Rub

Actors
The stakeholders are the competitors, the politicians, Ragn-sells, and the subcontractors.

Ranking
Ragn-sells is the most important actor since it provides the company with the material needed to create the final product.

Power & Influence
The company has to maintain a close collaboration with the Government Research and Sample Institute. Furthermore, the customers are more likely to be considered as partners since they actually contribute to the development of the company and provide ideas. Same goes for the suppliers. The company is still “learning where is its place in the food chain” and therefore, needs the influence from its partners. Though, they are aware they need to keep some barriers with the customers since they have a very strong
power over Eco Rub, and show no weakness. “We have to maintain some sort of barriers between us and the customer. We need them. Badly. And they know that.”

○ Shift Education

*Actors*
The stakeholders are: the business unit at Umeå Municipality, leadership developers at the municipality, Shift Educations associate coaches, the owners of the companies at the business hotel where Shift is part owners, the interns in the project Yoda, Region Västerbotten, Tillväxtverket (a government organisation for business growth), customers and a gender researcher at Luleå University of Technology.

*Ranking*
The customer is always the most important. Ingrid Lindelöw-Berntson considers her coaches as really important.

*Power & Influence*
Ingrid Lindelöw-Berntson states that the customers influence them greatly since they become more of a partner from the start, and work in close collaboration to find what is needed. The coaches, and the business office at the municipality also influence them to a great extent. Though, Ingrid Lindelöw-Berntson highlights that it is important for them to maintain the base of their philosophy: “We do not do everything. We want to feel that this is something we can do with the coaching approach and that it is something that we already have experience from.” When it comes to the power, Ingrid Lindelöw-Berntson states that they have it themselves.

○ Glädjefabriken

*Actors*
Customers, the recipients of joy, “Öppen gemenskap” (a non-profit organisation for people in need), the womens shelter, hospitals, the Youth Health, and BIC factory,

*Ranking*
“The most important is of course the customer, while BIC is very important. The recipients I could rank a little lower, because usually there it is always possible to find someone who wants to receive a little joy.”

*Power & Influence*
The BIC board and the coaches influence Sandra Olofsson a lot by developing ideas and helping her to make decisions. Her customers have a great influence on what she does through different requests. Sandra Olofsson perceives herself as having the power. “It feels as if I have the power, and then they have thoughts and suggestions about it.”

○ Indexator

*Actors*
Customers, employees, suppliers, government agencies and authorities, the Employment office, schools, shareholders, Vindeln municipality, the town of Vindeln, the Technical College.

*Ranking*
“Customers of course, without the customers we would not have any business.” After customers comes the employers and the owners.

*Power & Influence*
The stakeholders influence the company to a large extent. Indexator need to meet the customers’ demands. Customers have a lot of power since the company does not want
to lose any customer. The owners also have lot of influence, more for as a follow up than on a detailed level. Staffan Engström says that they are rather independent.

- **Dohi**
  - **Actors**
    Region Västerbotten, Pwc, Swedbank, customers, employees and the University.
  - **Ranking**
    According to Nicklas Berglund, the employees are the most important stakeholders, followed by the customers. Then comes the university.
  - **Power & Influence**
    Nicklas Berglund believes that power and influence are more equally shared today than what it was before. Dohi works close together with the customer and make changes during the process, providing customers with the same view of the project.

- **Pondus**
  - **Actors**
    The stakeholders identified by Pondus are the customers, the employees, Umeå commune, Umeå Creative Industry Institution, and the society to have a better picture of a global context.
  - **Ranking**
    The direct power comes from the board and the CEO’s decisions. However, the indirect power comes from the stakeholders outside from the company. Pondus aims to develop the city of Umeå and have a positive impact on the society.
  - **Power & Influence**
    Regarding how much power and influence Malin Johansson perceive the stakeholder have over Pondus her answer is: “100%, definitively.”

### 5.4 Emerging themes

This section presents the emerging themes which were identified during the interviews. The empirical data are considered as important since they were repeatedly showing up in several interviews, but are not directly connected to the theoretical framework.

- **Johanna**
  Johanna Nilsson sees the world in a very global way hence, she insists on the importance of community and on two aspects: “teaching and preaching”. She highlights the need to be pushed and supported by the others in the process of becoming more responsible and sustainable.

- **Gröna Tryck**
  According to Joseph Baker and Joel Hellman, it is not necessary for the leader of a company to be sustainably oriented to successfully implement a sustainable strategy. However, the money should be equally divided within the different parts of the value chain to make a real improvement, “Price and knowledge goes hand to hand”. The founders of the company highlight the importance of having role models and network in the society to create efficient clusters and spread values.

- **Chansen**
  Chansen focuses on social value rather than money. Simon Miderfjäll criticises today’s measurement of business performance. “To work with soft values it is not possible to
measure in money(...) if we want to look at different social responsibilities, or social impacts, or compare CSR approaches, we need a measuring tool”. Chansen has already started to work on measuring sustainable business performances through a project of a social annual reports funded by government’s organisations.

- **Etablerningscentrum**
  According to Åsa Ögren, people want to do good things but money is a driving force that tends to take over.

- **Eco Rub**
  “The plan B is that there is no plan B. There is no other Earth.” In order to create a business with a social profile, the first step is to identify a problem around you.

- **Shift Education**
  Ingrid Lindelöw-Berntson highlights the importance of having an enthusiastic person with a driving spirit, to start and drive social and environmental engagements within an organisation. For business performance, social values needs to be included. Today’s business success is measured in terms of turnover, number of employees etc. However, there is also a need to measure social values, e.g. how employees feel and how much fun they have. “Not only measure in monetary terms, but to look at other values such as social and environmental.”

- **Glädjefabriken**
  Sandra Olofsson thinks it is important to have the social values from the beginning, especially among small businesses.

- **Indexator**
  At Indexator, they believe that it is important for the performance of the company that the employees can identify themselves with the same values as the company and are feeling proud of what they stand for.

- **Dohi Agency**
  (No relevant data)

- **Pondus**
  A company should exist to contribute to change society. It is important to give employees more responsibility instead of considering them satisfy from just their salary; making them a part of something bigger. A challenging aspect of implementing CSV in a company is to make everyone understand how important it is to start with the core value from the bottom of the company. The equality within the different members of the company is a key aspect to have a sustainable company, as well as having positive people’s perspectives.

### 5.5 Interview with Mikael Brändström, Esam Consultant

The aim of this thesis is to provide the reader with the most complete overview possible on creating shared values and the most efficient way for SMEs to engage in this concept. In order for us, the authors, to confirm the information gathered through the SMEs we interviewed, we conducted one interview at Esam with Mikael Brändström to get his opinion on the topic from an expert perspective.
Product/Service
Mikael Brändström considers that the business idea of a company is the most important aspect to build a product or service strongly connected to social or environmental issues. “I think it is really important to start with your business idea: “Ok this is the core. This is why my company exists and this is what I am doing”, and see how you can work from that. So I think that should be the starting point and from that you can probably chose different way of doing that.” Furthermore, Mikael Brändström considers as very important to look at the company’s customer base to reach a new market and “sell a function, not just a product” to answer to a real need.

Value Chain
Mikael Brändström highlights the importance of including a new concept in the value chain; cradle to cradle. Most of the companies base their value chain on the concept of cradle to grave meaning that they create a product from a raw material, sell it, and the cycle ends when the product goes to waste after being used. According to Mikael Brändström, “we don't have to burn it right away, we can do something more, reuse, recycle it or some parts”. Hence, grave should contribute to start something new instead of being a synonyme of the end while “we are breaking and taking” all available resources provided by the environment and the society.

Cluster
Mikael Brändström considers that a company needs to interact with the local community, work with is, and take actions for it, in order to develop a cluster. He also highlights the importance of finding the right competencies to help the company grow and develop its activity and hence, develop a cluster. Another way could be be engaging in the education system or having places for free tuition. Indeed, Mikael Brändström considers that some companies cannot engage in major projects due to their limited resources and finance but they can still find other ways to spread their values and involve people in their actions.

Value for society/customer
Mikael Brändström highlights that some companies develop their activity “just for fun”. Indeed, their purpose is then to offer some form of entertainment while he considers that they should focus on creating value for both, society and environment. According to him, companies should rethink their activity to have a positive impact on their customers.

Strategy
Mikael Brändström considers the business idea as the foundation of a successful strategy for any company. According to him, the company’s long-term perception is critical in its strategy in order to be flexible and able to adapt to any development opportunity. He considers that a company should be able to “change its business idea in order to be more sustainable in the future”. By thinking long-term, he believes that companies “are much more likely to use the different parts of CSV, than those who are thinking short-term”. Of course, to think in a long-term, it is also important to survive on the short-term which consists in examining the economic situation of a key moment.
Business model
Regarding the inclusive business models, Mikael Brändström considers that a company could apply to it by working with a new customer group and providing it with a product that can serve these customers while the company can benefit from the feedback and experience. Hence, it is not just with the business idea that a company can engage in CSV, but also through their customer base to find new ones to reach and enhance by the product.

SMEs characteristics
Mikael Brändström perceives the toughest barrier for SMEs to engage in CSV as the fact that they are a “really small player in a big system”. When they want to change things, they might realize that it is extremely challenging to influence the system. The solution then is for them to work with cluster and be prepare to defend the company’s strategy. Mikael Brändström also includes the barriers to overcome in SMEs characteristics, in particular the lack of time.

Stakeholders
According to Mikael Brändström, “it is important to work with the stakeholder analysis. Because otherwise you will see yourself in a bubble that is not connected to anything else”. Through the stakeholder analysis, he highlights the importance for SMEs to realize how connected and dependent they are with the different stakeholders.

Emerging themes
The core issue for SMEs is to define if their business idea is making the business sustainable. Mikael Brändström also thinks that CSV should be implemented gradually in the company to examine how every measure taken benefits the company on both, short and long terms. Furthermore, Mikael Brändström considers that it is important for SMEs to see themselves “as a part of a system instead of looking at the details of their product”. Moreover, he highlights the importance of the risk analysis before taking any action or starting a business. He has a particular way to qualify profit: “profit for a company is like oxygen for a human being, it is important to survive but it is not the meaning of life” while he considers that many SMEs “do not realize that their product or service actually helps the society”. According to Mikael Brändström, “the weakness of CSV is the same than in CSR, sustainability, creating shared values, circular economy... The risk is that we are using different names for something that is actually almost the same. Making good business. But also, I think that the positive side is that all the new concepts could help to have new points of view on an existing subject”.

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6. Analysis and discussion

In this chapter we connect the theories developed in the theoretical framework with the empirical data. The chapter is structured in four main parts: an analysis of SMEs engagement in the three levels of CSV, a Business model analysis, a Stakeholders analysis and an Analysis of the emerging themes. We aim to through this chapter have a discussion that will guide us towards an answer to the question, ‘how can SMEs engage in CSV on a local scale’? The chapter ends by presenting a SWOT analysis and a figure summarizing the findings.

6.1 Analysis of SMEs engagement in creating shared value

Porter & Kramer, (2011, p. 6) state that creating shared value put society's needs and challenges in businesses’ core activity. Thus, shared value can be perceived as a way to reach social progress and perform business success. The levels of CSV are defined as; reconceiving products and markets, redefining productivity in the value chain, and enabling local cluster development. In order to analyze ‘if’, ‘how’, and ‘why’ the SMEs we studied engage in these three areas, we created tables summarizing our empirical data.

6.1.1 Practical engagement and conceptual awareness

This section aims to acknowledge the potential gap between SMEs’ conceptual awareness of CSV and the practical engagement they take towards it. Firstly we will describe the grading system used in the table; secondly we will analyze the findings.

Table 6.1 gives an overview of the practical engagement towards CSV and SMEs conceptual awareness of the concept. By rating how SMEs engage in the three different levels of CSV, and their awareness of the definitions of CSR and CSV, we aim to see the difference between what they know and what they do.

In the first part, the SMEs practical engagement in CSV, we analyzed three questions: Is the company reconceiving products and markets? Is the company redefining productivity in the value chain? Is the company enabling local cluster development? Table 6.1 shows the grades for each company. The grading system range on a three grade scale: 0, 0.5 and 1. In order to receive a grade of 1 the company needs to have mention that they somehow work to improve a social or environmental issue by their product or service; are taking actions to lower the negative impact within the value chain; and/or are corporation with local actors to improve the cluster development. If a company is not actively taking actions in the specific level, but mention opportunities or plan to start working on it they receive a grade of 0.5. If the company does not mention actions taken in the level they receive the grade of 0 for that specific level.

The second part of the table is about the conceptual awareness aim to grade the SMEs awareness of the concept CSR and CSV. All respondents were asked to define the two concepts with their own words. Their definitions were then compared with the European Commission’s definition of CSR, and Porter and Kramer’s definition of CSV. If the definitions contained the same words and meaning the company received a grade of 1. If the SMEs definition did not include all the components within the definition but still some of them, they received the grade 0.5. If the SMEs did not know the concepts or did not mention any of the components of the concepts they were graded 0.
### Table 6.1: Practical engagement vs. conceptual awareness

<table>
<thead>
<tr>
<th>Practical engagement</th>
<th>Conceptional awareness</th>
<th></th>
<th></th>
<th></th>
<th>Theoretical Total</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CSV Product</strong></td>
<td><strong>CSV Value chain</strong></td>
<td><strong>CSV Cluster</strong></td>
<td><strong>Practical Total</strong></td>
<td><strong>CSR Definition</strong></td>
<td><strong>CSV Definition</strong></td>
<td><strong>TOTAL</strong></td>
</tr>
<tr>
<td>1. Johanna-N</td>
<td>1</td>
<td>1</td>
<td>0,5</td>
<td>2,5</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>2. Gröna tryck</td>
<td>1</td>
<td>0,5</td>
<td>0,5</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>3. Chansen</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>4. Umeå Etableringscentrum</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5. Eco Rub</td>
<td>1</td>
<td>0,5</td>
<td>0</td>
<td>1,5</td>
<td>0,5</td>
<td>0</td>
</tr>
<tr>
<td>6. SHIFT Education</td>
<td>1</td>
<td>0</td>
<td>0,5</td>
<td>1,5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7. Glädje Fabriken</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>8. Indexator</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>9. Dohi Agency</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>10. Pondus</td>
<td>0</td>
<td>0,5</td>
<td>1</td>
<td>1,5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7</strong></td>
<td><strong>3,5</strong></td>
<td><strong>5,5</strong></td>
<td><strong>6,5</strong></td>
<td><strong>1</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>

An overview of Table 6.1 indicates that all the SMEs who were interviewed have, to some extent, a practical engagement in CSV. Indeed, 70% of the respondents have a total practical engagement of 1.5 or higher, when we look at the three levels combined. This shows that the SMEs have a relatively high practical engagement.

Next, we zoomed into detail of the concept to study the three levels of CSV separately. The level that receives the highest grade among the three is the first level, reconceiving products and markets. The level reaches 7 out of 10, on the grading scale. This result shows that among the three levels of CSV, it is most common that SMEs engage in CSV by their product or service. Interestingly, none of the SMEs have a grade of ‘0.5’ regarding the first level of CSV, which indicate that the SMEs have a product or service that is either connected to CSV or it is not.

After, reconceiving products and markets comes enabling a local cluster, which reaches 5.5 out of 10 points on our grading scale. This is the third level of CSV and the grade indicate that there are some SMEs working in this level, but there is also opportunity for further engagement.

The lowest grade is received by the second level of CSV, redefining productivity in the value chain, which reaches 3.5 point out of 10. This low score implies that many actions can be taken in order to improve SMEs’ value chain’s engagement in CSV. However, 60 % of the respondents hold a business focusing on service and therefore, do not have
a traditional value chain. The implication of the difference between a product and a service oriented company on the value chain will be discussed in section 6.1.4.

Interestingly, the companies with the grade 0 for the level of reconceiving products and markets, which is their product or service is not connected to a social or environmental issue, are more likely to engage in the local cluster development. This finding seems to equally work on the other way around; companies not engaging in the local cluster development have a product or service that aims to bring a solution to a social or environmental issue.

After analyzing the practical engagement in CSV, next step is to analyze the SMEs conceptual awareness of CSR and CSV. They respectively reach the grade of 6.5 and 1, out of 10. Thus, most of the SMEs are familiar with the concept of CSR, while very few of them know about CSV. This lack of conceptual awareness might be explained by the novelty of the concept.

To conclude, the SMEs we studied have a higher practical engagement in CSV than conceptual awareness. We can see that some SMEs actually engage in CSV without knowing the definition or the dimensions of the concept. Though, SMEs’ practical engagement mainly goes through ‘reconceiving products and markets’ than the other levels of CSV. Thereby, we identified opportunities for improvements on the second and third levels of CSV. These, will be further discussed in the following sections. The SMEs that do not indicate engagement in CSV by their product or service were found to have a greater focus on engaging in the local cluster.

6.1.2 Reconceiving products and markets
This section aims to connect the empirical findings regarding the business ideas, with Porter and Kramer’s theory through a table presenting the respondent's’ business ideas and social or environmental implication.

According to Porter and Kramer (2011, p. 4), companies engaging in corporate social responsibility place social issues at the periphery of their interests, while the ones engaging in creating shared value integrate society’s needs and challenges in their core activity. The CEO of Chansen states that “the social part is our core business”. The founder of Glädjefabriken says: “(...) somehow it's like woven into my business plan, and that is what has been my core from the beginning - that I've always wanted to do something for those who are struggling.” JohannaN is one example of a company placing sustainability in the core of her business: “I am doing jewelry but I can see my company in a long term to keep building my brand, but in five years, I don’t know? Maybe I am not interested in jewelry anymore, maybe I will write a book or, will start a clothing label or do anything else but the core is still sustainability or sustainable fashion.” From the additional interview conducted with Esam’s consultant, Mikael Brändström, the importance of examining the core activity of the company as a first step of the process was highlighted: “I think it is really important to start with your business idea: ‘Ok this is the core. This is why my company exists and this is what I am doing and see how you can work from that. So I think that should be the starting point and from that you can probably chose different way of doing that’.”
The Table 6.2 presents the respondents’ business ideas analysis according to the respondents’ definition of their core activity. The grades are 1 or 0, and aims to define whether or not the core activity is connected to one of the following areas; ‘social issues’, ‘environmental issues’ or ‘not connected to any issue’.

Table 6.2: Business Idea Analysis

<table>
<thead>
<tr>
<th>Company</th>
<th>Business idea</th>
<th>Social issue</th>
<th>Environmental issue</th>
<th>Not connected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Johanna-N</td>
<td>Sustainable jewelry</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>2. Gröna tryck</td>
<td>Organic clothes and printing</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>3. Chansen</td>
<td>Long term unemployment</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4. Umeå Etableringscentrum</td>
<td>Immigration</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5. Eco Rub</td>
<td>Rubber recycling</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>6. SHIFT Education</td>
<td>Individual coaching</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7. Glädje Fabriken</td>
<td>Happiness spreading</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>8. Indexator</td>
<td>Rotatores’ manufacturers</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>9. Dohi Agency</td>
<td>Digitalize communication</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>10. Pondus</td>
<td>Communication consultants</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>4</strong></td>
<td><strong>3</strong></td>
<td><strong>3</strong></td>
</tr>
</tbody>
</table>

In Table 6.2 it is found that out of ten companies, four have a business ideas connected to a social issue, three have it connected to an environmental issue, and three companies are not connected to any type of issue. For the companies with no connection between the business idea and a social or environmental issue, the engagement in CSV is made through the value chain, or the development of a local cluster.

Porter & Kramer (2011, p. 7-8) says that identifying the social needs, harms and benefits that can be embodied in the product is the starting point for CSV by reconceiving products and markets. For example, the purpose of Umeå Etableringscentrum comes from identifying an opportunity to fill in a gap: “We see that we can fulfil a piece where one have not find a good, solid and reliable connection for the services, in the welfare sector.” Umeå Etableringscentrum is not the only company who has identified social issues that can be embodied in the business. Chansen is by its product improving the unemployment issue. Eco Rub aims to improve the environmental concern that rubber production causes. The identification of a social issue to target is the initial step in the measurement instrument Porter et al. (2011, p. 4) have developed. This step requires systematic screening for social issues that represent opportunities for making social progress simultaneously as increasing revenue or
reducing costs. The empirical data show that the SMEs are able to identify social issues that are affecting the company. This study do not aim to measure CSV according to this measurement instrument, however we find it positive to see that all the respondents fulfill the first step in the measurement process.

When it comes to reconceive markets, Porter and Kramer, (2011, p. 7) argue that businesses should start seeing opportunities for a new target markets within societal issues. Prahalad (2012, p. 6-7) identified an opportunity to make profit from untapped markets by selling large volumes of low cost products to the poor, representing the bottom of the pyramid. Esam’s consultant, Mikael Brändström, argues that companies should see opportunities for CSV in new markets: “I think that you should also not just look at your business idea, you should also look at your customer base and see what type of customer do I not have today that I want to be able to enhance by my product.” To the question ‘How do you reach new customers?’, none of the respondent answered that the social or environmental aspects they work with is, is included in the process. None of the SMEs explicitly stated that when they want to target new markets, their strategy is to identify a social issue. Their original business idea however, is for many of them based on solving a social or environmental issue.

By reconceiving products and markets, Porter and Kramer (2011 p. 7-8) argue that social progress and business success goes hand in hand. The study does not measure the business profit gained by engaging in CSV. Instead, the respondents were asked what value they consider they create for their customers and for the society. For example, JohannaN creates value for society by improving the working conditions of her production staff in Bangkok, and creates value for her customers by making them adopt a responsible way of consuming through her transparent production. Another example is Eco Rub, which contributes to save the environment 3.25 tons of oil per ton of recycled product, while providing the customers with the value of a cost efficient recycled material. This finding enriches the study with the insight that SMEs perceive they can simultaneously create customer and societal value.

In summary, the empirical data show that SMEs to a wide extent combine their business idea with solving a social or environmental issue. Four companies have a connection between their product or service with a society issue and three companies on an environmental. Regarding reconceiving markets, none of the respondents based their strategy in identifying a social issue and an untapped segment to target new markets. Lastly we could see examples of companies who perceive that they create value for society and value for customers simultaneously, referring to social progress and business success.

6.1.3 Redefining productivity in the value chain
This section aims to analyze how SMEs manage to include sustainable preoccupations in their value chain to improve their whole process and have a greater impact on society and environment. According to Porter and Kramer (2011 p. 9-11) the opportunities for shared value arise when a company approaches a social issue by inventing new ways of addressing them within the value chain. They highlight six areas within the value chain that are important when creating shared value: energy use and logistics, resource use, procurement, distribution, employee productivity and location.
In order to get a clear overview of the value chain of the SMEs we interviewed, we gathered them into a table highlighting the different areas of the value chain. Since the traditional value chain differs according to companies’ activity, we divided the respondents into two categories: product and service. Among the 10 respondents, six companies are service oriented, and four of them are product oriented. Hence, the production and distribution areas we studied for product companies are not relevant for services companies. Porter and Kramer’s theory of redefining productivity in the value chain is based on product companies whereby, we used their model to analyze the four product oriented SMEs. Though we simplified the model into four areas instead of six, since we found it more relevant to the empirical findings. Energy use, resource use, and procurement are combined into the area ‘Production’, while logistics and transportation are merged into the ‘Distribution’ area. ‘Employee productivity’ and ‘Locations’ are maintained as in the original theory. Regarding the service oriented companies, we did not analyze the areas of ‘Production’ and ‘Distribution’. Instead, we added one category, ‘Customer relations’, because the empirical findings showed that customer relations are an important factor for all respondents, particularly the service oriented one.

The grading system used in Table 6.3 is based on our respondents’ perception of what actions they take regarding their environmental and social impact in the value chain. In order to get a grade of 1, the respondents have to mention that they are somehow making improvements in the specific area of the value chain. If the respondent is not actively making improvements in the specific area, but mentions the area important or have identified opportunities to improve, it will get a grade of 0.5. If the respondents do not mention this area of the value chain, the company receives the grade 0.
Table 6.3: CSV in the value chain

<table>
<thead>
<tr>
<th>Porter and Kramer's value chain areas for CSV</th>
<th>Additional areas of importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>Energy and resources use, procurement</td>
</tr>
<tr>
<td>Distribution</td>
<td>Logistics, transportation</td>
</tr>
<tr>
<td>Employee productivity</td>
<td>Location</td>
</tr>
<tr>
<td>Location</td>
<td>Customer relations</td>
</tr>
</tbody>
</table>

| PRODUCTS | | | | | |
|----------|---|---|---|---|
| 1. Johanna-N | 1 | 0,5 | 1 | 1 |
| 2. Gröna tryck | 1 | 0 | 1 | 1 |
| 5. Eco Rub | 1 | 0 | 1 | 1 |
| 8. Indexator | 1 | 1 | 1 | 1 |

<table>
<thead>
<tr>
<th>SERVICES</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Chansen</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>4. Umeå Etableringscentrum</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>6. SHIFT Education</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>7. Glädje Fabriken</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>9. Dohi Agency</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>10. Pondus</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

As can be seen from the Table 6.3 all four product oriented companies are graded 1 in the area of ‘Production’, meaning that they are all making improvements toward a more sustainable and responsible behavior at this stage of the value chain. According to Porter and Kramer, (2011 p. 9-10), the actions taken at the ‘Production’ are: smarter energy use; recycling; and better utilization of resources, such as water consumption and raw material use. Indexator is continuously working on minimizing the negative impact of the production on the environment. “For us, it’s all about how we can minimize the impact on the environment.” Some of the actions the company takes are made towards the energy and chemical use, as well as lowering the harmful emissions from the manufactory. “Lately we have had a great focus on lowering the energy use. We have made arrangements for the energy intensive processes. This has saved us money and energy.”

Indexator was the only company graded 1 in the ‘Distribution’ part of the value chain since they are working on improving the packaging to make it lighter and therefore, easier to transport and recycle. “We have started to use well-pap packaging, they are better when it comes to recycling, they are lighter which make it easier to transport, and it looks better.” Gröna Tryck aims to always work with organic materials and avoid bad chemicals in their printing yet, they mention opportunities for improvements regarding their distribution: “We always look for others and better solution, like transportation entirely on sun energy.” JohannaN owns her own production, which ensure her to be
transparent and provides her customers with high quality products. She sees opportunities to improve her packaging and transportation process from Thailand, to make it more sustainable, but is not doing it yet.

During our interview with Esam’s consultant Mikael Brändström, he describes a concept called ‘cradle to cradle’ connected to the value chain, meaning to see how resources can be used for something more. When the material is used, it do not have to go to waste, this can also be the beginning of something new. “When we produce products today we work kind of linearly, so we start with raw materials, and here is the material and then it goes to the grave as waste. But we also need to see that the waste can also be the start of something, we are breaking and taking.” Eco Rub is an example of a company developing a business from making new materials and products from recycled rubber. Porter and Kramer (2011 p. 9) argues that one of the opportunities to create shared value within the value chain is by reusing materials in new areas.

The ‘Employee productivity’ area gathers both product and service oriented companies. The table 6.3 shows that each company reaches a grade of 1, implying that all of the respondent's witness a strong connection between their activity and their employees’ personal involvement. Hence, they act towards strengthening the involvement of their employees based on their personal values. Indeed, Pondus’ CEO argues that “I think a lot of employees won’t be satisfied with just salaries. I think they need to see that they contribute to something bigger and take more responsibility. And they can do that and it contributes to more satisfaction at work”. For many of the SMEs we interviewed, working towards a more sustainable environment and responsible society is very stimulating for every employee. In line with the empirical findings, Porter and Kramer (2011, p. 11) state that from having a focus on holding down the wages and benefits for employees to keep the costs low, the awareness of the positive effect from safety, wellness training, good wages and motivation incentives on productivity.

By ‘Location’ Porter and Kramer (2011, p. 11) argue that many companies started to create value by starting to move the activities closer to home to establish deeper relations to the communities in which they operate. All of the studied companies are, according to our grading system, creating value in this area. For example, Gröna Tryck locates their printer in Umeå to have it close, and Glädjefabriken operates in Umeå with the vision of making Umeå the happiest city in the world.

The ‘Customer relations’ area is interesting to analyze since all the companies highlights the customers contribution within the value chain of the product or the service. At Shift Education, they stated: “We often build the projects together with the customers. Tailor made.” Furthermore, Dohi and Pondus both highlight that their customers’ relations are important within the value chain. In Pondus’ case, it is by carefully choosing their customers based on criteria such as, large companies with a focus on a responsible behavior. Pondus’ CEO tells us: “The company maintains long term relationships with its customers to continue to develop their communication with the right solutions.” For Dohi Agency, it is by involving themselves and their customers in various sustainable projects.
Pietrobelli et al. (2006, p. 553-556) define the value chain as all the activities that are necessary to develop a product from an idea to the market. In order to create value in the value chain, three important groups are involved: society, stakeholders, and the company itself (Jonikas, 2013, p. 74-76). The respondents were asked how they perceive their value chain affects the society. The four product companies all describe the impact of their value chain on the environment through the transportation process and the chemicals used in the production. JohannaN adds that her branding and communication also affect the society: “And also trying to communicate and to have an impact on and be inspiring for the customers. When they choose a piece of jewelry hopefully it is because they are interested and they will make other decisions on the same direction.” Pietrobelli et al. (2006, p. 553-556) describe an additional area in the value chain which is not included in Porter and Kramer’s model; ‘Marketing’. Pondus is an example of including marketing within their value chain, when they work with creating marketing messages for their customers.

To conclude, by redefining productivity in the value chain, the four product oriented respondents work towards improving the ‘Production’. Yet there are opportunities for improvements within the ‘Distribution’ section that they do not take action for. ‘Employee productivity’ and ‘Location’ are value chain’s areas where all of the ten companies take actions, which can be related to CSV. While talking to the service oriented companies, we witnessed the importance of including ‘Customer relations’ in the value chain. Additionally, the ‘Marketing’ area also needs to be carefully considered.

6.1.4 Enabling local cluster development
This section aims to analyze how the companies we interviewed engage in the development of a cluster in the local community of Umeå, if they do it. By enabling a local cluster, companies can build strong connections between their own success and community’s success (Porter and Kramer, 2011 p. 12).
Table 6.4 Triple helix analysis

<table>
<thead>
<tr>
<th></th>
<th>TRIPPLE HELIX</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>University</td>
</tr>
<tr>
<td>1. Johanna-N</td>
<td>0</td>
</tr>
<tr>
<td>2. Gröna tryck</td>
<td>1</td>
</tr>
<tr>
<td>3. Chansen</td>
<td>0</td>
</tr>
<tr>
<td>4. Umeå Etableringscentrum</td>
<td>0</td>
</tr>
<tr>
<td>5. Eco Rub</td>
<td>1</td>
</tr>
<tr>
<td>6. SHIFT Education</td>
<td>1</td>
</tr>
<tr>
<td>7. Glädje Fabriken</td>
<td>0</td>
</tr>
<tr>
<td>8. Indexator</td>
<td>1</td>
</tr>
<tr>
<td>9. Dohi Agency</td>
<td>1</td>
</tr>
<tr>
<td>10. Pondus</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

According to Lee et al. (2014, p. 463), CSV can effectively be developed within the triple helix model. The actors within the triple helix model are the university, the industry, and the government (Etzkowitz & Leydesdorff, 2000, p 112-113). Hence, we asked the SMEs with which one of these actors they cooperate with. The grade ‘1’ amounts to ‘somehow cooperating with the actor’, while ‘0’ amounts to ‘not cooperating’. We can see in Table 6.4 that five out of ten SMEs are cooperating with all the three actors within the model. This finding shows that the SMEs have a strong relation with Umeå local institutions. Furthermore, we can notice that there is a little difference in what actor SMEs engage with. Indeed, 6 of them engage with the university, 8 with the industry’s actors, and 7 with the government. This tends to show that SMEs are aware of the importance of cooperating with external institution to develop a local cluster.

Porter and Kramer (2011 p. 12) describe clusters as a driving force regarding productivity, innovation, and competitiveness. They argue that shared values can be created by engaging in the development of a cluster. The empirical data show that most of the respondents engage in the local community of Umeå (see Table 6.1). Some of the SMEs even include the local community within their vision; “My vision is to make Umeå to be the world's happiest city.” (Glädjefabriken); “We try to get the world to Umeå. We want Umeå to have the reputation to be a really cool, and fun and nice place to live, attracting people and companies.” (Dohi); “Our vision is that all Umeå Kommun can buy all their employees clothes from us that was made from trees from Umeå then we can give back some money to forest organizations, to plant new trees here in Umeå, to make it sustainable.” (Gröna Tryck). Esam’s consultant, Mikael Brändström, emphasizes the importance of first, connecting the business idea to the local community’s needs, and second, to find how the company can engage in it.
Porter and Kramer (2011, p. 13) highlight that, in order to support the local cluster development, a gap in the infrastructure needs to be identified, e.g. educational institutions, transportation, logistic, supplier, distribution channels and market organization. Regarding the question of identifying a social or environmental issue that affected the company, the respondents mainly identified global issues. Dohi is the exception and identified the current housing shortage in Umeå. Gröna Tryck identified several issues within the textile industry, both social and environmental. They state “(...) twenty two thousand people die every year because of the cotton industry”. Repeatedly during the interview, they mentioned the importance of changing the textile industry: “We want to change the textile industry. We have to, we can't wait for someone else to change it.” One opportunity for them to change the textile industry could be to engage in enabling local cluster for their suppliers, logistics, transportations etc. Esam’s consultant, Mikael Brändström, says that it is important for SMEs to see themselves as part of a system, and be aware of how the environment and circumstances around impact the company: “I think it is important to look upon, for example, competences, how important is competence for my company’s growth? For my company’s development? How can I see that I can ensure that competence will be in my reach? It is probably to engage yourself in ensuring that you have competences in the future. Engaging in the school’s systems, or having places for free tuition.” Indexator and Dohi are actively working with schools and the university, in order to raise the educational level and attract talents within their fields: «We are included in the Technical College, technology Council, contributing with our view of the future workforce and what is demanded from us” (Indexator). When it comes to attracting talents, Dohi states that “(...) programmers are hard to find. We had a day set up where student could come and meet up. There is a Dohi sponsorship and we try to be very close to the students.”

To summarize, half of the SMEs studied are cooperating with all three actors within the triple helix model, which is a beneficial finding for enabling in a local cluster development. We also saw that the total of ‘enabling local cluster’ reached 6.5 out of 10, meaning that SMEs engage in the local cluster of Umeå in a relatively wide extent. Three of the companies include the community of Umeå within their vision. The main part of the identified social and environmental issues was not directly connected to the local community of Umeå, except for the housing problem. The issues mentioned were how to attract talents, raise the education level to ensure future workforce, and overall bad environment and social conditions within the industry they operate in.

6.1.5 Measurement for CSV

Chansen is critical towards CSR agendas, since there is no good way of measuring the social impact of their actions. According to Simon Miderfjäll, every company has its own measurement tools hence, it is impossible to compare the social and environmental impacts they have. He adds: “Today’s business success is measured in terms of turnover, number of employees etc. However, there is also a need to measure social values.” Chansen takes a step towards a measurement tool for social responsibility by creating a social annual report. This report presents values which cannot be reported in a regular annual report, such as how their clients perceive their service and the equality between genders, “...to work with these soft values, social issues, it is not possible to measure in money”. Umeå Etableringcentrum also works with social annual reports: “[...]we will have a ‘social bokslut’ (annual report) in our company, because we think
the annual report is going to be built on social values because it is the social values that is driving us.“ Porter et al. (2011, p. 2) highlight the importance of measuring social progresses when engaging in CSV, in order to examine the results of the concept. They created a framework to measure shared values and thereby, track both the social and the economic performance of companies.

Shift Education also highlights the importance of measuring social values as part of the business performance: “There is a social value that should also be included. What is a successful business? In all projects, in terms of business development, will measure indicators such as, turnover, number of employees etc. If the company has received increased revenue and more employees, then it is successful.” (Shift Education). Similarly to Chansen, Shift Education also tries to find its own way of measuring the soft values: “It would be fun to get another way to measure growth and acceleration. We have done little with some of our projects. To start measure in other ways, as we do with the energies. Not only measure money, but to look at other values such as social and environmental.” (Shift Education). Porter et al. (2011, p. 4-5) argue that the aim of the measuring framework is to prove the progress to the stakeholders, as well as finding new opportunities to create shared value. The data collected shows that SMEs need tools to measure the value they create and be able to compare themselves with other companies, as well as having proof to present to their stakeholders: “So that you can measure your values against other companies who are doing the same. And you can present it to owners and costumer I think it could be a good way.” (Umeå Etableringscentrum).

These findings provide the study with the insight that SMEs find important to have a measurement system for creating shared value. Some of the SMEs have created their own tools to measure their social values, yet there is a lack for a generic one, applicable to any company. Since the SMEs do not have the conceptual awareness of CSV, it was not suitable to use the measuring framework developed by Porter et al. (2011). However, this will be discussed in future research.

### 6.2 Business Model Analysis

The research paper is structured around two main topics, CSV and SMEs. The first part of the business model analysis attempt to identify if the business ideas and strategies of the SMEs we interviewed fit the inclusive or social business model, if any of them. The second part of this section aims to explore a potential connection between SMEs’ business model for a successful growth, and a successful engagement in CSV.

#### 6.2.1 SMEs involvement in social or inclusive business models

**Social Business Model**

Michelini & Fiorentini, (2012, p. 564), describe social business model as a model where no dividends is handed out to the owners. Instead, the surpluses are alternatively reinvested in the company, or the owners receive a low percentage of it. Chansen and Umeå Etableringscentrum both state that they do not run their businesses for profit: “we have to make a profit, but we don't give out the profit to any owners. So we reinvest our profit in our own company.” (Chansen). “And if the demand only is about bed and shelter, of course the profit can be taken as a profit. But the profit margin, as we
see it, can also be meant to do immigration, to do activities so that the living there is meaningful and not only a bed and a shelter.” (Umeå Etableringscentrum). The two examples provide us with an understanding of how social business models can be used by SMEs.

Yunus et al (2010. p. 319) describe that social business models can be used to create a venture, as well as an internal unit within an existing company. Shift Education provides this study with an example of how the social business model is used internally. Shift Education calls this model ‘In-House business model’, and describes it as a separate profit unit with social goals, inside the company. The aim is to help long time unemployed people, while providing the customers at their business hotel with the help they need to get their tasks done. Shift Education is aware of the advantages ensuing from having a social unit inside their business, “This is much easier than starting a new social enterprises and I think more companies could follow this model.” (Shift Education).

### Inclusive Business Model

According to Michelini & Fiorentini (2012, p. 564), the inclusive business model is used to reunite the interest of a business and the interest of the poor, to achieve mutual benefit. The aim of this business model is for companies to achieve higher revenue by improving their innovations, building markets, and strengthening their supply chains. The empirical data show hints of the inclusive business model among two respondents: JohannaN and Gröna Tryck. For JohannaN, the working conditions within her production are a main concern. JohannaN works with small family owned businesses and contribute to improve their living standards: “Then we work with small families’ workshop. They do their work, on the first floor of their house. They are self-employed and decide what they want to do every day.” Despite of her social concerns, Johanna Nilsson’s first aim is to successfully run her company, make profit and eventually, grow: “I can also see that for me it is very important also to grow my company in a financial way because that’s makes the proof that sustainability is something you can make money off.” Gröna Tryck matches the same pattern. The product the company wants to develop is an organic clothes printing, while Gröna Tryck also attempts to solve social issues at the production stage. The funders of the company intend to improve the quality of their employees’ life by using less chemicals in the cotton production. Thereby, they hope it will contribute to improve their health and access to education as a consequence of a better life-style. In spite of their best intentions, Gröna Tryck aim is, as for JohannaN, to generate profit and run a successful business.

UN (2008) states that the poor can be included on both, the demand and the supply sides of the business model. The inclusive business model allows to identify companies with a positive social impact on poor while making profit out of their businesses. We identified opportunities for Pondus and Umeå Etableringcentrum to apply the inclusive business model on the demand side. Pondus does not fit the description of the inclusive business model regarding its core activity, communication consultant, yet the company is currently developing a project that can be linked to it. Pondus is creating a network based on a fusion of their customers and the associations they work pro-bono with. This network will contribute to solve problems linked to poverty in Umeå, while Pondus still makes profit out of it. Umeå Etableringscentrum is related to the inclusive business models’ definition. Indeed, by helping the immigrants when they are resource less, the
actions of the company can also be seen as an opportunity to apply to the inclusive business model.

6.2.2 SMEs characteristics and growth

SMEs’ characteristics and strategy connected to CSV
As Dandridge (1978, p. 57) says “SMEs are not little large firms”. Whereby, they need specifics strategies and structures. SMEs are more independent, have a higher level of involvement with employees, and have a shorter time perception, than large companies (Russo and Perrin, 2010, p. 212-214). The main part of the respondents perceives that they are independent, which will be further discussed in the stakeholder analysis. The majority of the respondents’ SMEs are composed of 1 to 16 employees. Dohi and Indexator stand out with 80 and 130 employees. Even though we did not explicitly asked about employees involvement, the empirical data indicates that within the smaller companies, the employees are part of the everyday work and influence SMEs’ strategy, «So they (the coaches) influence us so much.” (Shift Education). “But the indirect power? It is very very big from the stakeholders outside the company and from the employees” (Pondus). Dohi and Indexator highlight the importance of taking good care of employees since good employment conditions lead to be a more attractive employer. Dohi considers its employees as a stakeholder influencing the company. At Indexator, it is considered as important that the employees share the values of the company. Thereby, even among these two SMEs, employees receive high attention and are involved in the business strategy.

Eight of ten respondents have long term strategy and goals, on a span of five years or more. For example, Indexator has a strategic plan from 2013 to 2018; Shift Education has just conducted a new business model ranging five years ahead. Two of the respondents do not have a long term strategy: Chansen, due to their dependency on political decisions; and Glädjefabriken, due to the constant changes of the service and customer demands. In contrast to the theory, these findings tend to show that most of the SMEs do have a long term strategy and goals. Porter and Kramer (2011, p. 15) argue that the long time perspective is fundamental when engaging in CSV.

Murillo & Lozano (2006, p. 238) have found that usually activities towards social and environmental responsibility appear in the daily operations of the SMEs. As shown earlier, seven out of ten of the respondents include social or environmental issues within their business idea, and therefore these issues are parts of their daily activities. When engaging in social actions, Jenkins (2009, p. 22) highlights the importance of flexibility, ability to innovate, and to have an open communication. All SMEs highlight the importance of customer relations in order to develop products, projects, and services in corporation with them. The customer relations require flexibility from SMEs in order for them to suit any specific demand. At Gröna Tryck, Pondus, Glädjefabriken, and Shift Education, our respondents argue for the importance of customizing and tailor making the service or product in collaboration with customers. The SMEs were not explicitly asked about their ability to innovate, yet some of them spontaneously come up with their ideas. Dohi Agency engages in several projects, e.g. The Innovation Loop, to come up with ideas aiming to solve social issues; Eco Rub based their business on a innovational material and now try to find innovative ways to use it. As previously discussed, the empirical findings imply employees’ involvement among all the
companies. Thereby, the internal communication can be seen as open. JohannaN is an example of a company working with an open external communication, while transparency is one of the core values of the company, and the communication is mainly made through blogs and social media.

**SMEs’ growth models for success**

Through the interviews, we identified some barriers for SMEs to engage in CSV. Indeed, Johanna Nilsson mentioned the limited time: “you have to be as good as other companies or even better and then, you have to be good on the sustainability part as well, which they don’t. So in the end it’s more work. But on the other hand, you gain so much more!” (JohannaN). Eco Rub highlights the limited resources of the company compare to MNCs: “We, as a company, we are too small to do this [have impact] because Komatsu, Nestlé... They have other issues, the power to do this. We can’t do that”. Eco Rub also argues for that money is something that is a constraint when it comes to contribute to solve any social or environmental issue.

The factors that the respondents mentioned as barriers, time, resources and money, to engage in CSV are the same as the ones we identified in the theoretical framework to successfully grow. The barriers to grow from a small structure to a successful multinational are SMEs’ limited time, finances, and resources (JK Li and Hua Tan, 2004, p. 199). Hence, we assume that the SMEs’ growth business model could help us understand how companies can efficiently overcome barriers and engage in CSV.

The business model developed in the theoretical framework consists in three steps. In the first one, Breadth-on-the-top-of-Depth, companies identify their core competencies and their market. As Malin Johansson from Pondus told us, “the most difficult thing with CSV is to understand how important it is that everyone starts with the core values from the very bottom of the company”. As stated in the analysis section, the respondents’ business ideas are either connected to a social issue, an environmental one, or to no issue at all. To efficiently engage in CSV, SMEs must be sure that they identified the issue they want to work with, or solve, at the very first stage of their development. At the second stage, Transformation, companies identify their potential market to grow, e.g. a niche market, through carrying out market research. SMEs engage in this stage when they intend to grow. Indeed, identifying a new market is the most efficient way to develop a business. However, we believe that a company could engage in CSV by following the same steps. The respondents from Eco Rub told us that “If you are interested in doing business in a social profile, you just have to look around and see if there is any problem”. The third stage of the growth business model is Diversity. At this level, companies are supposed, among other things, to expand their market and customer base, and to increase their product range. If the company aims to engage in CSV instead of growing into a MNC our theory is that companies should target customers with a sustainable focus or societal concerns. Pondus is a good example of a company engaging in CSV, not through their core activity which is not related to any social or environmental issue, but by selecting their customers based on their values. Indeed, Malin Johansson, the CEO, states that they “are working on getting bigger customers now. Customers that really suit to our core values. [...] and that’s how we know that our knowledge and core values get spread, through our customers’ communication”. At JohannaN, it is by increasing the product range that Johanna
Nilsson aims to engage more in CSV. Indeed, the CEO of JohannaN intends to develop other sustainable products on a long-term, such as bags, to continue the combination of fashion and sustainability that inspires her.

To summarize this section, we have seen examples of SMEs using the social business model, both as a foundation of their business and as an internal unit. Additionally, we have seen examples of the inclusive business model on the supply side, and opportunities to apply it on the demand side. SMEs show high employees’ involvement and long-term thinking, which are qualities needed to engage in CSV. Additionally, they tend to be highly flexible, innovative, and have an open communication, which are all beneficial characteristics to engage in socially responsible actions. While conducting this study, we see a possibility for SMEs to engage in CSV by applying the same model as the one that aims to transform SMEs in MNC. By designing this model to fit a different purpose, SMEs could overcome the difficulties they have to face in term of time, finances, and resources.

6.3 Stakeholders Analysis
The Theoretical Framework chapter highlights the importance of stakeholders in both areas, CSV and SMEs. The stakeholders, or external actors companies have a relationship with, constitute a key aspect in companies’ growth and process. Based on Porter and Kramer (2011), Schlierer et al. (2012), and Murillo and Lozano (2006)’s theories, this section analyzes the importance of external and internal stakeholders, and their power over SMEs engaged in CSV.
Porter and Kramer (2011, p. 16) argue that in order to successfully implement and engage in CSV, it is important to collaborate with stakeholders. At the stage of implementing CSV, the internal stakeholders: the CEO, board members, business head, executive committee members, employees, and key family members; are crucial (Alpna, 2014, p. 65). The next stage, engaging in CSV, highlights the importance of the external stakeholders: the customers, suppliers, distributors, communities, and government (Porter & Kramer, 2011, p. 6-8). Esam’s consultant, Mikael Brändström, enhances the importance of taking the stakeholders in consideration: “I think, stakeholder analysis, it is important to know how connected and dependent you are with different kinds of your stakeholder.”

Based on the empirical data we have collected, we designed a table to efficiently analyze the stakeholders SMEs have a relationship with, identify the most important ones, and the power and influence they have. Table 6.5 is divided in two parts. The

<table>
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<th>STAKEHOLDER ANALYSIS</th>
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<tr>
<td><strong>Internal</strong></td>
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<tr>
<td>Management Owner</td>
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<tr>
<td>1. Johanna-N</td>
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<tr>
<td>2. Gröna tryck</td>
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<td>3. Chansen</td>
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<td>4. Umeå Etabliringscentrum</td>
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<td>5. Eco Rub</td>
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<td>6. SHIFT Education</td>
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<td>7. Glädje Fabriken</td>
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<td>8. Indexator</td>
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<tr>
<td>9. Dohi Agency</td>
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<tr>
<td>10. Pondus</td>
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<tr>
<td><strong>TOTAL</strong></td>
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external stakeholders’ part includes management/owners and employees represented, while the internal stakeholders’ part includes customers, producers/distributors, communities, and the government. To get the grade 1, the SMEs mentioned that they are somehow cooperating with this specific stakeholder. If there is no collaboration mentioned, the company gets no grade. Producers and distributors are not relevant for service companies hence, they have not been graded. There is a slight difference within the actors considered as cooperating with SMEs. This grading considers by how many SMEs they were mentioned as important, and are not ranking what actor is the most influential in the company. Out of out ten respondents, eight mentioned the government, seven mentioned communities, six mentioned customers, the same for employees, five mentioned the management and four mentioned producers/distributors. However, one finding might mislead us, five out of ten respondents mention management as a stakeholder. Many of the respondents actually were the CEO or manager and therefore, do not see themselves as stakeholders. It can explain that only half of the respondents mention management as a stakeholder. All the four product companies mention the production and distribution as stakeholders. The empirical findings show that most of the SMEs perceive the external actors, the government and the community, as important and do have a corporation with them. According to Porter and Kramer (2011, p. 13), the criteria for successful cluster development is to involve the external stakeholders, such as governmental agencies and NGOs.

Schlierer et al. (2012, p. 49) as well as, Murillo and Lozano (2006, p. 238) state that SMEs have a greater focus on primary stakeholders and rely on them for their survival. On the contrary, MNCs privilege their relationships with secondary stakeholders such as NGOs and campaign groups. We asked the respondents to rank the stakeholders they mentioned according to the impact they have over their company. The stakeholder ranked the highest is highlighted in grey in table 6.5. Three SMEs raked customers the highest; other three ranked producers as the most important; while the government was ranked highest by two SMEs; and employees by one. Subsequently, our empirical findings, as well as the theories we explore, show that SMEs consider the primary stakeholders as the most important.

Caroll (1991, p. 43) argues that there are two virtual criteria to highlight the importance of stakeholders; their power and their legitimacy. All the respondents perceive that stakeholders influence them to some extend; “The customer’s influences very much in what I do. They come with different requests” (Glädjefabriken); “They all influence us in many ways because we need to learn our place in the food chain. And the only way we can learn that is by the influence from the companies, partners around us” (Eco Rub). The empirical findings show that the influence from the customers is important to shape the company's service or product according to customers’ demand. JohannaN mentions the importance of learning how to listen and react to stakeholders’ influence: “First of all, a company is not an isolated thing so you are influenced by people all the time. I personally feel that over time, I get better at knowing who to listen to.” Regarding the power SMEs perceive stakeholders to have over them, most of the respondents consider they are the one owning the power; “We have our board and I can make some decisions, the board can make some decisions. That’s the direct power” (Pondus); “It feels as if I have the power, and then they have thoughts and suggestions about it” (Glädjefabriken);“We are rather independent I would say” (Indexator). Two of
the respondents, Umeå Etableringscentrum and Chansen, consider that the government has a significant power over them; “The power from the municipality is 100%” (Umeå Etableringscentrum); “If the government decides that we shouldn't have private actors in this area, then we are gone. We’ll be gone. And if they decide that private actors in this area will have less paid than today it is hard for us.” (Chansen).

To conclude the stakeholder analysis, the empirical findings show that most of the SMEs find the external stakeholders important. Within the external stakeholders, the government, the community, and the customers are the more often mentioned. This is an important finding, since the external stakeholders are crucial to implement CSV. Customers are the stakeholder ranked the highest according to the influence they have over SMEs. Most of the SMEs feel independent, while some of them feel that it is the government that has the power.

6.4 Analysis of the emerging themes
This part explores the emerging themes presented in the empirical data chapter. Through the interviews, some ideas were recurrently highlighted and not included in the Theoretical Framework. We divided these ideas in three categories: Education, Leadership style and Employee motivation.

Importance of customer’s education
The emerging themes collected through from the empirical findings; indicate that customer’s education is an important aspect to develop in order to help SMEs engage in CSV. Indeed, many of the respondents highlight that the customer should be more sensitive to environmental and social issues; that the awareness of the problems existing around us but also, of the solutions; are key aspects regarding the development of any company aiming to have a positive impact on its surroundings. Pondus for example, aims to orient their core activity toward sustainable solutions in the coming years, and to spread their values through their customers. To achieve this goal, Pondus is working on the creation of a network gathering companies with no focus on societal or environmental issues, with associations oriented towards these concerns that Pondus helps in pro-bono. An outcome of this network is that the associations are given the opportunity to educate and guide the companies in how to take actions according to these issues. Consequently, the companies will have a more extensive impact on environment and society, where they will act accordingly to the values they spread to the public. Hence, it is not about having a sustainable communication, but a sustainable behavior. Malin Johansson, Pondus’ CEO, states that “we try to integrate responsibility and sustainability for our customers’ communication. So they won’t mean that they say they are sustainable and responsible but they don’t act like it.”; “We want companies that really want to use their responsible core values to develop themselves and the society.”; “we are trying to get the customers to be role models for other companies”.
Johanna Nilsson, JohannaN’s CEO, summarized this idea in two worlds when we asked her how SMEs could engage in CSV, “Teaching and preaching”.

Importance of the leadership style
During the interviews, the leadership style necessary to successfully implement CSV in a SMEs were highlighted. Indeed, should the leader have a personal interest in any social or environmental issue, or can the company be responsible and sustainable even if the leader has no extensive interest in those matters? The respondents provided us
with different answers, contradictory enough to open a debate. According to Gröna Tryck, the leader of a company does not have to care much about the environment. As long as the customer has social or environmental concerns in mind, the company will adapt its offer to provide the most suitable product or service. On the contrary, Ingrid Lindelöw-Berntson, the visionary leader of SHIFT Education, considers that “it is important that there is one person with a driving spirit, enthusiast, who starts it and drives it”. Pondus offers another track to explore while the CEO considers that “the most difficult thing with CSV is that the companies and the board and the CEO really need to understand how important it is that everyone starts with the core values from the very bottom of the company. From the board. And how important it is that the board and the CEO really behave like they want their employees to behave, the company to create.” According to Malin Johansson’s (Pondus), the personal interest is not important regarding the implication a company has in environmental and social matters. The important part is the consistency among every actor of the company to focus on the same values. Another aspect Malin Johansson’s highlights is the importance of fair relationships within the company: “If we treat each other right and no one is better than the other, it is the core of everything.” However, Pondus’ CEO also asserts that having people bringing new ideas and positive energy can help develop companies since older CEOs can struggle to look at everyone at the same level.

Importance of the employee engagement
As previously mentioned, the employee involvement is an important for productivity in the value chain when it comes to CSV. Additionally, the respondents repeatedly mentioned the employee engagement as an important aspect when engaging in social responsibility. At Pondus they believe employee engagement needs to come from something more than just their salary: «It is important to give employees more responsibility instead of considering them satisfy from just their salary; making them a part of something bigger. A challenging aspect of implementing CSV in a company is to make everyone understand how important it is to start with the core value from the bottom of the company” (Pondus). At Indexator, they talked about the importance of feeling proud of the company you work for and added, “I think it is important that the company you work for stands for the same values”. This empirical finding provides us with an insight of the importance of employee motivation when engaging in CSV.

To conclude, the emerging themes show that SMEs considers customers’ education in social and environmental matters as important to engage in CSV. Furthermore, the leadership style can be based on a personal interest for these issues, yet it does not have to as long as the company’s strategy and values are consistent. Lastly, it is important to engage the employees by having them feeling proud of what the company stands for.

6.5 Summary of the analysis
This chapter presents the different findings gathered through the analysis and discusses them. First, we present a model based on the connection between the theoretical framework and empirical findings. The second part of this chapter presents a SWOT analysis regarding SMEs engagement in CSV on a local scale.

The SWOT analysis in Table 6.6, aims to summarize the results we found through theories, researches, and interviews to answer the question; ‘How can small and
Medium sized enterprises engage in creating shared value on a local scale? The table 6.6 presents the different opportunities and threats SMEs face from external influences in order to engage in CSV. Moreover, the table presents the strengths and weaknesses of these companies to highlight the possibility they already have or could develop internally to successfully implement the concept in their structure. Through the SWOT analysis, we aim to provide an overview and better understanding of our key findings affecting SMEs. We mainly aim to point out our findings. By highlighting and understanding the different factors affecting SMEs, we attempt to come up with new ways to help them develop their business goals and their strategies to achieve them.
### Table 6.6: SWOT analysis

**SWOT analyses of CSV in SMEs**

**How can Small and Medium sized enterprises engage in creating shared value on a local scale?**

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weaknesses</strong></th>
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<tbody>
<tr>
<td>• Some SMEs already have a practical engagement in CSV, to some extend</td>
<td>• Lack of conceptual awareness from SMES</td>
</tr>
<tr>
<td>• Most of the SMEs include a social or environmental issue to solve, in their business idea</td>
<td>• None of the SMEs actively use reconceiving markets to find social issues to solve, and new customers</td>
</tr>
<tr>
<td>• Ability to identify social issues</td>
<td>• Lack of generic tools to measure the social impact, which make it impossible to compare or prove the social progress to stakeholders</td>
</tr>
<tr>
<td>• Willingness to do good and have a positive impact around them, by creating value for the customers and the society</td>
<td>• Limited time, resources, and finances to engage in CSV</td>
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<tr>
<td>• Close relationship with customers</td>
<td>• SMEs are small actors in a big system</td>
</tr>
<tr>
<td>• Customer’s involvement in the process</td>
<td>• Some SMEs consider long term planning challenging due to government’s influence and power</td>
</tr>
<tr>
<td>• Perceived themselves as independent and having power over their own actions</td>
<td>• Small impact of SMEs’ actions on a bigger scale</td>
</tr>
<tr>
<td>• Long-term vision of their goals</td>
<td></td>
</tr>
<tr>
<td>• High employees’ personal involvement</td>
<td></td>
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<tr>
<td>• Characteristics such as flexibility, innovativeness, and open communication</td>
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<tr>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
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<tbody>
<tr>
<td>• Create value within the product/service, the value chain, and the cluster</td>
<td>• Trendy concept: trends come and go</td>
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<tr>
<td>• Social and environmental concerns more and more important for customers</td>
<td>• Novelty of the concept: unexplored shortcomings</td>
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<tr>
<td>• Find new market segments</td>
<td>• Customers’ lack of awareness on some complex social/environmental issues and solutions</td>
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<tr>
<td>• Development of CSV though social or inclusive business models</td>
<td>• Undetermined leadership style</td>
</tr>
<tr>
<td>• Close relationship with external and internal stakeholders</td>
<td>• Employees and stakeholders involvement and motivation to efficiently engage in CSV and work towards the concept</td>
</tr>
<tr>
<td>• Many SMEs cooperate with industry, government and university (Triple Helix Model)</td>
<td>• External stakeholders’ influence and power over SMEs might be a barrier</td>
</tr>
<tr>
<td>• Get governmental help (finances and resources)</td>
<td></td>
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<tr>
<td>• Educating people towards a responsible consumption</td>
<td></td>
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<tr>
<td>• Contribute to the development of a local cluster</td>
<td></td>
</tr>
<tr>
<td>• Ensure future workforce by engaging in education</td>
<td></td>
</tr>
<tr>
<td>• Increase the attractiveness of the local community</td>
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</table>

Figure 6.1 ‘Theories and findings’ provide a summary of the findings from the analysis and discussion part. The figure is built as an extension of the figure 3.1, introduced in Chapter 3. Theoretical Framework. Figure 3.1, shows the research question in the middle of the model, while Figure 6.1 provides a summary of findings regarding “How can SMEs engage in CSV on a local scale?”

The left part of the model, ‘CSV in SMEs’, combines the concept of CSV with the characteristics of SMEs, in order to identify opportunities how to engage in the concept.
In order to integrate the concept the SMEs have to start with the core business and integrate the issue to solve. The model provide the most important findings regarding each of the three levels of CSV, which are; to identify a social issue to solve by the product, service or by finding new markets; to minimizing the negative impact of the value chain; and to corporate with the actors within the local community, such as the university, the government and the industry. The middle part of the model, ‘Business models (BM)’, combine the business model and strategy needed for engaging in CSV with the business models and strategies used by SMEs. The most relevant findings are the importance of having a long term strategy, the opportunity for SMEs to apply the social or inclusive business model, and to be aware of some of the barriers in terms of time, finance and resources. The right part, ‘Stakeholders (SH)’, summarize the important findings regarding the stakeholders, when SMEs engage in CSV. The model highlights the corporation with external stakeholders, customer relations, employee involvement and to have power over their own actions.
7. Conclusion

The conclusion chapter will remind the research question this thesis aims to answer to. Moreover, this chapter will present the theoretical and practical implications of the results and their limits. Finally, the authors point out a direction for future research.

7.1 Conclusion

Concept reminder

The concept of creating shared value is relatively novel, aiming to combine social progress with business success. CSV is a concept that has been developed to overcome CSR limitations such as, the weak connection between business and society (Porter and Kramer, 2011, p. 130). Indeed, while companies engaged in CSR merely develop a sustainable or responsible project besides their core activity; companies engaged in CSV include a solution to a social or environmental issue in their core business, with the aim to be able to make profit out of it. So far, CSV is a concept mainly applied by multinationals enterprises on a global scale. Based on previous studies, we acknowledged that small- and medium-sized enterprises have a different structure than multinationals. This research project aims to understand how SMEs’ can engage in CSV through concrete examples, and therefore explore the following research question:

“How can small and medium-sized enterprises engage in creating shared value on a local scale?”

Context of study

To understand how SMEs can engage in CSV, it is important to highlight the current situation of SMEs regarding their social and environmental engagement, and emphasize the aspects of their business they could develop. Through interviews with ten SMEs in the region of Västerbotten, which we carefully selected based on their sustainable focus, we found out that despite of their lack of knowledge of the theoretical aspects of CSV, many SMEs engage in the concept. The first step to successfully engage in CSV is to connect a business idea to a social or environmental issue. Through their business idea, SMEs acknowledge that they need to grow and make profit however; they want to have a positive impact around them. They also perceive that people hunger for consumption; consequently, they offer their customers a responsible and sustainable alternative to fulfill their needs and wants. As described in the Theoretical Framework, there are three levels to engage in CSV, namely by the product/service or market, by the value chain, and by the development of a local cluster. In order for SMEs to engage in CSV, they need to go through these three levels and identify opportunities suited for their company.

Summary of our key findings

This study analyzed ten SMEs with a sustainable focus, in order to examine to what extent they engage in the three levels of CSV, and point out some improvement tracks. Most of the SMEs perceive they create value for customer, society, and/or environment through their product or service. By reconceiving products and markets, SMEs have an opportunity to further engage in solving a specific issue. The findings of the second level, redefining productivity in the value chain, show a difference between service oriented, and product oriented companies, in the way they work with their value chain. Product companies put much effort at the production level of their value chain to
improve the working conditions of their labor supply, and minimize their environmental impact. Moreover, the distribution area of the value chain does not receive as much attention from SMEs as the production area. Thereby we consider this as an opportunity for future improvement to create shared value. In order to improve the working conditions and living standards for the actors of the value chain, the empirical data show opportunities for SMEs to resort to an alternative business model, the inclusive business model. The model can act on either the supply or the demand side. Service companies, give a lot of importance to customer relationships hence, we identified an opportunity to create value during the process, and involve the customer in it. We identify the creation of customer relationship as an important aspect within the value chain, yet it is not an aspect included in the theories developed by Porter and Kramer. On the third level, enabling local cluster development, it appears that SMEs engage in the local community to a wide extent by cooperating with the university, the government, diverse organizations, and actors within the industry. Since our study focuses on a local scale, more specifically Västerbotten, we emphasize that the SMEs’ main aim to engage in the local community is, to increase the community’s attractiveness and competitiveness, as well as to ensure the future workforce. As SMEs have limited impact by themselves, it is important that they realize the value of these relationships and strengthen them. Therefore it is crucial for SMEs to involve the internal and external stakeholders to engage in CSV.

The interviews provided the study with three emerging themes not included in the theoretical framework. These are: the importance of educating the customers and raise their awareness for social and environmental matters; the leaders’ personal values and beliefs as a driving force in order to successfully engage in CSV, and the importance of employee engagement and motivate them something bigger than just the salary.

**Improvement tracks**

Through our respondents, we figured out some improvement track to follow so SMEs engage in CSV on a local scale. It is important to educate SMEs to increase their conceptual awareness of CSV so they can find opportunities to engage in every level of the concept. Indeed, the lack of awareness might be one of the reasons that explain the current gap between SMEs’ willingness to have a positive impact on society and environment, and their struggles to actually do it. Another way for SMEs to engage in CSV, since they are a small actor in a big system, is to engage in community projects to contribute to the development of the community. As stated above, an important step to engage in CSV is to connect a business idea to a social or environmental issue yet, not all SMEs implement these issues in their core activity. Furthermore, SMEs should identify and include both, external and internal stakeholders, in the process from the beginning. Additionally, an important aspect is to increase customers’ awareness of social and environmental matters by educating them so they are more sensitive to SMEs’ offers. Finally, this exploratory research paper identified SMEs concerns regarding the lack of a generic measuring tool in order to compare the impact of social responsibility from one company to another, and to prove their progress to stakeholders.

To conclude, this thesis provides guidance and improvement track on how SMEs can engage in all levels of CSV. By engaging in CSV, SMEs can simultaneously create
social value and value for their customers. Hence, these companies will have a positive impact on the society and their surrounding environment while growing their businesses.

7.2 Theoretical implications
This thesis has three theoretical implications. The first one is to contribute to research by combining the characteristics of SMEs with the concept of CSV, in order to find out how SMEs can engage in the concept. This study aims to show examples and improvement track on how SMEs engage in CSV within the three levels of the concept.

The second theoretical implication is to examine the importance of stakeholders for SMEs engaging in CSV. Both internal and external stakeholders are important and influence SMEs, which is can be either a success factor, or a threat. This study implies that SMEs feel independent and perceive that they have power over their businesses and actions.

The third theoretical implication of this study is the analysis of business models for SMEs engaging in CSV. The findings show that SMEs, to a wide extent, connect their business idea to a social or environmental issue. Finally, the two business models previously studied, the inclusive and the social, have been found to be applicable in SMEs engaging in CSV.

Furthermore, we can consider that this thesis contributes to the academic debate between Crane et al. (2014), and Porter and Kramer, by adding SMEs perception. Indeed, as mentioned in the Theoretical Framework, the theories and concept of creating shared value developed by Porter and Kramer (2006, 2011) are submitted to some limitations such as, the shallow conception of the corporation’s role in society. Through our thesis, we attempt to highlight some new line of thought that could contribute to overcome the constraints of the concept presented by Crane et al. (2014).

7.3 Practical and societal implications
By the practical and societal implications, we aim to take the concept of CSV usually used on a global scale in MNCs, down to a local scale in SMEs. We argue that the study contributes to increase the knowledge and the awareness of the concept of creating shared value and the way this concept fits to SMEs’ characteristics. The study provides examples on how SMEs can practically engage in CSV in each level of the concept. Moreover, it provides a SWOT analysis summarizing the strengths, weaknesses, opportunities and threats concerning the implementation of the concept in SMEs, found through our researches. Hence, the study can be used as an inspiration or guideline for managers and entrepreneurs who want to apply CSV in their companies. Additionally, the study contributes to identify what stakeholders are important for SMEs to consider when engaging in CSV, and which one of the two alternative business models is the most suitable to this purpose.

We will use the findings of this thesis as a foundation to write a practical handbook aiming to help SMEs to engage in CSV. The handbook will include guidance and step-by-step process. The handbook will be provided to Esam’s consultants, as well as to the ten SMEs involved in this study. It will contain a description of the concept of CSV,
good examples and bests practices in order to inspire SMEs to take actions at each level of the concept. In order to customize the handbook to suit all types of SMEs, questions will be asked to guide the reader to the pages that correspond the best to his/her business. Through our interviews, our respondents were asked what they expect from a handbook to help them engage in CSV. We will use their expectations to improve the content and design the layout.

The foundations of the handbook are our recommendations to managers and entrepreneurs who engage in CSV. They can be gathered in six steps. The first one is to connect the business idea to a social or environmental issue. Thus, SMEs improve a particular situation by running their core activity and make profit out of it. The second step consists in identifying the internal and external stakeholders who influence and are influenced by the company. The third step is to identify every company specific opportunities to engage in CSV. We recommend to search for opportunities in all three levels of CSV, and identifying in what area the largest social progress and business profit can be done. The fourth step is to be aware of the risks and barriers before taking any action. Risks, such as threats from bigger actors and external stakeholders, and the barriers regarding time, finance and resources. The fifth step consists in examining the business model in order to decide if any alternative business model, such as the inclusive or the social business models can apply to improve the company development into a more sustainable one. Finally, the sixth step of our recommendations consists of some practical tips to further engage in the concept of CSV, such as the importance of long-term thinking; the personal values and beliefs of the leader; and the employees’ involvement and engagement in the company’s activity and sustainable actions.

By providing SMEs with practical guidelines in how to engage we argue for this study provide societal implication in terms of an opportunity for SMEs to take more social responsibility. When the SMEs in Umeå engage in all three levels of CSV on a local scale, they can take part in solving social and environmental challenges facing the local community. As mentioned in the introduction Region Västerbotten, (2013) face three key issues: the attractiveness, the growth of the population, and maintaining sustainable development. We argue for when SMEs engage in the third level of CSV, enabling local cluster development, they have the opportunity to make the region more attractive and competitive.

7.4 Limitations and direction for future research
This research paper goes into the understanding of ‘how’ and ‘why’ SMEs engage in CSV and, explores the different theories and business models connected to stakeholders, SMEs and CSV. However, it only touches the surface of some aspects that are worth to be explored. Since we have written an exploratory study based on a qualitative method, it could be interesting to pursue the research based on a quantitative method. A quantitative study could provide realistic figures regarding the number of SMEs actually having and taking the opportunity to engage in CSV. A delimitation of this study comes from the decision of focusing on companies already taking socially responsible actions. Hence, the results might not be representative of SMEs in general, or the one with no social or environmental engagement. Therefore, it could be interesting to explore in a broader perspective the ratio of companies already engaging in CSV with the one that could find new opportunities in the concept.
The first suggestion would be to measure if engaging in CSV really is profitable for SMEs. The definition of the concept of CSV reminds that companies should be able to make profit out of their business idea based on a social or environmental issue. Yet, SMEs have to face many barriers and no generic measurement tool exist to measure how much they engage in the concept and how much benefit they gain from it. We do know that Porter and Kramer set up a measurement frame, yet no SME has heard of it, or knows how to use it. Thus, future research could evaluate if this frame actually is applicable, or conduct a framework suitable for SMEs.

The second suggestion is to find more opportunities for SMEs to improve their positive impact on society and environment, on each level of CSV. Indeed, the concept we explore is recent and very few researches had been already done. No research has been conducted yet on the concept in SMEs beside ours. Hence, even though we present several ideas and opportunity tracks for SMEs to develop their product, value chain, and cluster, a deeper study can bring more precise answers.

The third suggestion we have for future research is to find out how to overcome barriers SMEs face to grow and to become more sustainable. These barriers were defined previously as the limited time, resources, and finances SMEs have access to. By overcoming these barriers, their efficiency to be helpful for the community will be improved. Furthermore, SMEs have a limited impact since they are a small actor in a big system. Hence, it could be interesting to see how to broad their impact, make their voices higher.

Fourth, our research paper highlights the differences between companies focusing on a product or on a service, especially regarding their process. We suggest to conduct a study similar to ours but in separating companies’ activity in order to achieve a better understanding on the different ways they engage in CSV.

The sixth suggestion concerns employees’ productivity. Indeed, the findings show that when they work in a sustainable company, employees feel more willing to invest themselves in the company’s activity. An idea is that, it is important for people to witness the positive impact they have around them, instead of being satisfied with their salary only. A study could investigate if an individual is a better or happier employee when working in a sustainable company, than an individual working in a ‘traditional’ company.

The seventh suggestion regards the leadership style. Our findings show opinions that differ from one to the other when it comes to determine the most suitable type of leader to run a company focusing in CSV. It would be interesting to study if the leader of this type of company should have personal values and believes driving him, or if it should be a person who identify a demand for sustainable products and services, and decided to satisfy the customer.

The eight and last suggestions for future research is to apply the measurement tool developed by Porter et al (2011) to measure and unlock new value. This framework
could not be used in this degree project because the companies need to have a conceptual awareness on beforehand and this was not clear from the beginning.
8. Reference list


9. Appendix

Appendix 1: Interview Guide, SMEs

Before the interview
- The time is approximately 1 hour, 27 questions.
- Would you like to be anonymous?
- Are we allowed to record the interview?

Personal/Professional background
1. Name?
2. Can you tell us about what you do at (company name)?
3. What year were the company created and how many employees?
4. What is your position in the company?
5. How long have you been working in this sector and in this company?

Business Model & Strategy
6. How do you define the company’s business strategy in terms of management and goals?
7. Can you tell us about your business’ short-term and long-term strategies?
8. How are your short-term and long-term strategies connected to social matters?
9. What value do you create for customers? What value do you create for the society?

Stakeholders
10. Who are the actors that the company has a relationship with?
11. Please, rank these actors from the most important one to the less important one according to the impact they have on your business.
12. To what extent these actors, mentioned earlier, influence your company?
13. How much power do they have over your business?
Follow up: How do you think it affects your everyday work?

Creating Shared Value
14. Do you know the concept of corporate social responsibility? How do you define it?
15. What social issues are you aware of that affect the company?
16. Does the company take any actions to help the local community in social matters?
17. When we say “creating shared value” – what does it mean to you?
18. How do you reach new customers?
19. Do you contribute to solve any social or environmental issue by your product?
20. How do you describe the company’s value chain? (Activities from the manufacturer to the retailer/ the service process)?
21. How do you think it (the value chain) is affecting the society or the environment?
22. Is the company investing in the local community of Umeå?
Follow up: What are the benefits of the investments for the company?
23. Does the company corporate with the university and/or with the government?
Additional input
[Explanation of the concept of CSV]
24. After listening to our description of CSV, how do you perceive you engage in creating shared value?
25. How do you think the concept of creating shared value can apply in your company?
26. After we have finished our thesis we will write a handbook for SMEs. What would you expect from a handbook/guide lines? What do you think would be helpful for your company? What
27. Now that you are more familiar with our topic and key themes, do you have anything to add?

After the interview
- Thank you for your time!
- Can we contact you if we come up with further questions?
- Please, contact us if there is something you would like to add.
- We will email you when we have written the empirical findings and let you confirm what we write about this interview.
Appendix 2: Interview guide, Esam

Before the interview
- The time is approximately 45 min, 5 questions.
- Would you like to be anonymous?
- Are we allowed to record the interview?

Creating Shared Value
1. Based on your expertise and experience, how do you think SMEs can engage in CSV?
   a. With their product or service?
   b. Within their value chain?
   c. By engaging in the cluster development?
2. Do you consider that SMEs in Umeå connect their business performance to community’s social issues?

Strategy
3. What do you consider as important when you work with strategies oriented towards environment and society’s concerns within SMEs?

Barriers
4. What barriers have you faced when aiming to implement a more sustainable strategy in SMEs?

Weaknesses and strengths
5. What is your opinion about CSV, delimitations, weaknesses and strengths, and how do you think it benefits SMEs?

Thank you for your participation!
## Appendix 3: Literature review

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