Creating shared value through business models based on sustainability and CSR
An empirical study of Swedish companies

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Abstract

Businesses and humans in general have led to a variety of different social and environmental problems. In this thesis we call on businesses to be the solution to these problems. Therefore, we have developed two research questions:

*How do Swedish companies incorporate CSR and sustainability into their business models?*

*and*

*How do Swedish companies create shared value through business models based on sustainability and CSR?*

The purpose of these research questions is to discover how Swedish companies incorporate CSR and sustainability into their business models. Also, we aim to see how a business model based on CSR and sustainability can create shared value. We have focused our view of a business model on Bocken et al.’s (2014) three pillars: value proposition, value creation and delivery, and value capture. Furthermore, we have made a distinction between the concepts of sustainability and CSR to see how they impact these different business model pillars. We divided sustainability into two types: weak and strong and broke CSR into internal and external CSR. Porter and Kramer (2011) gave seven examples of how the concept of shared value could be created. Shared value is created when society benefits at the same time a company is making economic gains. To combine the concepts of business model innovation, business models, sustainability, CSR, and shared value we have created a model. The model’s purpose is to see how companies can practically integrate CSR and sustainability into the three business model pillars. Business model innovation was the purpose arena in which a company could change in order to create shared value.

After conducting interviews with seven different respondents from six different companies located in northern Sweden we were able to see that both strong and weak sustainability are visible in the value proposition pillar and somewhat visible in the value creation and delivery pillar. On the other hand, both internal and external CSR were only visible in the value creation and delivery pillar. Moreover, we could conclude that shared value was created by all of the respondent’s companies and in addition to Porter and Kramer’s (2011) examples added a new way shared value can be created through spreading ‘green’ knowledge. By using our research as a starting point we were able to identify directions for future research in the fields of business model innovation, business models, sustainability, CSR, and shared value.
Acknowledgements

We would like to begin by thanking our supervisor Peter Hultén. His guidance and advice helped challenge and motivate us throughout the thesis process. Furthermore, we would like to thank all of the respondents for taking the time to help enrich us with interesting and valuable information. Without them, this thesis would not have been possible. We would also like to thank our friends and family for the continued support throughout our entire education and especially this thesis.

May 23, 2016

Lucas Haskell and Johan Pålhed
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1. Introduction

In this first chapter we introduce our research topic with the intent to give the reader an understanding of its significance. We introduce the theories and concepts that are going to be discussed further in our theoretical framework and identify the gap in the current literature. Finally, we will present our research questions, what purpose this degree project aims to fulfill, and the intended theoretical and practical contributions.

1.1 Background

200 years of industrial development has led to economic wealth and prosperity but not without severe ecological consequences (Shrivastava, 1995, p. 936). Our planet is undergoing drastic environmental changes due to human activity. Our climate is changing, our ecosystem is being destroyed, natural resources are becoming depleted along with the ozone layer, and our ocean is acidifying (Stockholm Resilience Centre, 2015, p. 2). According to the Stockholm Resilience Centre (2015, p. 2) report, we are currently “beyond the zone of uncertainty (high risk)” in four areas: the level of phosphorous and nitrogen is exponentially increasing and causing harm to land and animals, we are converting to much land from its original form and thus damaging the eco-function it provides, the rate of extinction of animals is at all-time high, as well as climate change where the temperature has risen to a threatening level. According to NASA, the world temperature has increased and carbon dioxide is at its highest level it has ever been in the last 650 000 years (Shaftel, 2016). Intense environmental issues combined with socio-economic problems that include things such as inequality and poverty to create real concerns about the future health of humanity (Hopwood et al., 2005 p. 39). This means that the planet is currently in a void and we cannot accurately predict with certainty what the future is going to look like. With these ongoing negative environmental changes our society cannot continue to function the way it does today, so then we ask: who is responsible for putting us in this drastic situation?

A simple and vague answer to this question is everyone. More specifically, it can be traced back to many different culprits and businesses are one of the major players. Trucost (2010, p. 24), found that 3000 of the world’s largest publicly listed businesses are responsible for $2,15 trillion USD of environmental damages, which amasses to roughly 35% of the entire global environmental costs in 2008. This environmental impact can be viewed in terms of the population multiplied by affluence and technology (Ehrlich & Holdren, 1971, p. 1212). In other words, one can see that environmental impact is equal to and caused by a combination of the population, the consumption per person and technology (Chertow, 2001, p. 15). This view on how the environment is impacted by humans can be traced back to society’s anthropocentric view (Chertow, 2001, p. 18) which has been embraced and abused by companies worldwide. The following quote is a great illustration of how our current paradigm embraces an anthropocentric approach in which we view that “...humans are exempt from the constraints of nature,” and that nature simply exists for humans to exploit (Borland & Lindgreen, 2013, p. 175). Thus, for our own economic growth, we can use our planet as we see fit, no matter the cost. However, we should adapt a different approach, an ecocentric approach, in which we view nature as being central; our ecosystem has just as much right to life as we do (Borland & Lindgreen, 2013, p. 176). Shrivastava (1995, p. 937) and Porter and Kramer (2011, p. 4) claim that corporations have a role in leading us to a more ecocentric paradigm.
We see the necessity of companies changing their way of conducting business, and thus agree with Shrivastava (1995, p. 941) who said that corporations need to be redesigned, reconstructed, and reformed if they want to truly minimize their environmental impact. This call for a change, from anthropocentric to an eco-centric paradigm, has fostered the idea of sustainability being an integral part of businesses. Sustainability in its core is being: “Able to be maintained at a certain rate or level” (Oxford dictionary, 2016a). Some companies are already trying to implement a sustainability approach. For instance, Nestlé helped its farmers, that cultivated the coffee used in their capsules, by providing bank loans and cultivation advice in order to increase productivity (Porter & Kramer, 2011, p. 10). The Nestle example serves as an example of companies trying to adopt an eco-centric approach and think in a sustainable way. This idea follows the train of thought of Shrivastava (1995, p. 954) who claimed that: “Environmental sustainability must be integrated into the logic of corporations and sustainability should become an integral aspect of any corporation’s effectiveness.” Thus for this thesis we have chosen a definition of sustainability with a focus on corporate sustainability which is: “meeting the needs of a firm’s direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities etc), without compromising its ability to meet the needs of future stakeholders as well” (Dyllick and Hockert, 2002, p. 131). In addition to companies who have taken a sustainability approach, other companies have taken a different route, namely a corporate social responsibility (CSR) approach. CSR is defined as “companies voluntarily going beyond what the law requires to achieve social and environmental objectives during the course of their daily business activities” (European Commission, 2016). Companies who have adopted a CSR approach have done it in two ways, through internal and external CSR. Internal CSR consists of policies and programs that have been introduced to the firm (Aguilera et al., 2007, p. 839) while external CSR consists of policies that are being conducted outside the firm (Longo et al., 2005, p. 31-32). Porter and Kramer (2011) claim that CSR has become a necessary kind of policy for businesses to have. For example, Nike has had problems with exploiting workers back in the early 90’s (Niesen, 2013; Porter & Kramer, 2006, p. 80). By having a CSR policy in place, it is easier for companies, like Nike, to avoid these types of problems.

As we can see, both the concepts of sustainability and CSR aims to create some sort of change in how businesses conduct themselves and impact society and nature. This makes both concepts crucial to understand so we can make the change to reverse the situation that we are currently in. As we mentioned earlier, Shrivastava (1995, p. 937) and Porter and Kramer (2011, p. 4) call for businesses to lead this change, however, they must still remain competitive in order to exist. This puts them in a difficult situation in how to balance competitiveness and helping the world. Shrivastava (1995, p. 954) argues that the best way to do this is by integrating sustainability into the core of the business. Therefore, the best way for businesses to enact change is through the incorporation of these concepts into their business models.

“A business model articulates the logic and provides data and other evidence that demonstrates how a business creates and delivers value to customers” Teece (2010, p. 173). According to Bocken et al. (2014, p. 43), a business model rests on three pillars: value proposition, value creation and delivery, and value capturing. Teece (2010, p. 173) identifies that business models aim to help explain how a firm creates this value for its customers, entice payments, and convert payments to profit. Chesbrough and Rosenbloom (2002, p. 535) discuss the fact that business models differ from business
strategy in three distinct ways: business models are purposed to create value for the customer, business models create value for the business not just the shareholder, and lastly, business models assume that firms have limited knowledge that stems from the earlier success of the firm. The aims of a business model are to: clearly communicate the value proposition, identify an appropriate customer segment, identify the value chain, identify a cost structure (how revenue will be attained), identify the firm’s position in the value network between suppliers and customers, and finally to identify a competitive strategy that aims to develop a competitive advantage (Amit & Zott, 2012, p. 41; Boons & Lüdeke-Freund, 2013, p. 10-11; Chesbrough & Rosenbloom, 2002, p. 534; Demil et al., 2015, p. 4; Girota & Netessine, 2011, p. 105; Lüdeke-Freund, 2010, p. 14; Porter & Kramer, 2011, p. 6; Osterwalder et al., 2005, p. 16; Teece, 2010, p. 173; Zott & Amit, 2008, p. 2; Zott et al., 2011, p. 1030).

In order to foster a competitive advantage, firms need to have a differentiated business model that is both effective and efficient (Teece, 2010, p. 180). Amit and Zott (2012, p. 41) argue that focusing on developing a new product or processes can be time consuming and costly for a business. In addition, it is relatively easy to undermine a product or process, but if a business changes the way their company functions by altering the pieces (mentioned above) they have the opportunity to achieve a sustainable competitive advantage. In order to design a new business model to gain a competitive advantage, customers, competitors, as well as supplier information and intelligence is vital in addition to creativity (Teece, 2010, p. 187). Amit and Zott (2012, p. 44) claim that an innovative business model can create an entirely new market or supplement an already established market. Technological changes are a large part of innovating business models (Teece, 2010, p. 187) and consumers’ needs often serve as the fuel for business model innovation in which innovators discover a “deep truth” about these expressed needs (Teece, 2010, p. 188). If these consumer needs are left unsatisfied and technological, as well as organizational capabilities, can fulfill these needs through business model innovation (Teece, 2010, p. 188).

Previous research has pointed to the fact that business models can be innovated through the establishment of policies and activities related to sustainability and CSR in order to deal with environmental and socio-economic issues. The combination of these issues have led to a concept known as sustainable business models. A sustainable business model can be described as “...a business model that creates competitive advantage through superior customer value and contributes to a sustainable development of the company and society” (Lüdeke-Freund, 2010, p. 23). Moreover, Porter and Kramer (2011, p. 4), argue that sustainability needs to be implemented into a company’s business strategy. However, they argue that sustainability in the sense of Corporate Social Responsibility (CSR) is not enough as it is located in the peripheral of the business. They argue that in order to create a better world a company needs to bring the sustainability issue into the core of its operations, meaning to create value in an economic and societal way which they refer to as shared value (Porter & Kramer, 2011). Shared value is 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).

However, researchers claim that Porter and Kramer (2011) are not adding something new to the debate of sustainable business model innovation, but instead they are borrowing ideas from stakeholder theory (Crane et al., 2014; Strand et al., 2015). Stakeholder theory
is concerned with how different stakeholder groups (customers, suppliers, shareholders, employees, the local community, and managers) can join together for the common goal of creating and trading value (Parmar et al., 2010, p. 406). This implies that stakeholder theory is trying to explain the structure of a business and give directions of its operations (Donaldson & Preston, 1995, p. 70). This discussion boils down to a difference in opinion about where the idea comes from. However, we believe that the fundamental point should not be lost. We believe that businesses should try to incorporate a sustainable mindset into the core of its business model, thus shared value is relevant, and it does not matter if it is its own idea or if it stems from stakeholder theory. What is important is what it is trying to accomplish; a better world through innovating environmental and societal value into companies’ business models.

1.2 Research gap

The discussion on sustainability and CSR has been ongoing for a while. Throughout this debate, these concepts have become semi-integrated and sometimes used interchangeably, thus causing some confusion and has disturbed researchers’ focus on the end-goal (Sheehy, 2015, p. 631). The end-goal of both concepts is for businesses to contribute to a better tomorrow but in different ways, and in order to do so we need to improve our understanding of these separate and distinct concepts. Further, Daly (1991, p. 45) calls for sustainable development to be studied qualitatively. Both concepts are important which is highlighted by Lüdeke-Freund (2010, p. 4) saying “the business case for sustainability is about integrating societal and environmental matters into the core business of a firm.” This integration needs to happen through business model innovation.

The interest in the concept of business models has increased since the 1990’s (Bocken et al., 2014, p. 43; Chesbrough & Rosenbloom, 2002, p. 532-533; Demil et al., 2015, p. 1; Osterwalder & Pigneur, 2004, p. 2; Osterwalder et al., 2005, p. 3; Teece, 2010, p. 174; Zott & Amit, 2008, p. 1; Zott et al., 2011, p. 1019-1020, 1022). Chesbrough and Rosenbloom (2002) and Amit and Zott (2012) studied how business models capture value from new innovations, while others have utilized a strategy lens (Demil et al., 2015; Teece, 2010), along with a large focus on e-businesses (Amit & Zott, 2001; Amit & Zott, 2011; Osterwalder et al., 2005; Osterwalder & Pigneur, 2004). Although there has been research on business models in general, there is also a call for future research to discover what partners, key activities, and other resources are needed if one wants to offer value propositions and create a sustainable competitive advantage which was suggested as future research by Lüdeke-Freund (2010, p. 22). Another gap in the research was pointed out by Michelini and Fiorentino (2012, p. 572-573) who studied business models and called on future research to use in-depth interviews to investigate the topic further. Other researchers have started to discuss business model innovation by incorporating sustainability and CSR. Bocken et al. (2014) for instance, focus heavily on sustainability and the use of resources. Boons and Lüdeke-Freund (2013) also focus solely on integrating sustainability, while Yunus (2010) discussed social business models. However, these previous studies have been on a conceptual level and have not been able to study the concepts in a practical sense. In addition, Boons and Lüdeke-Freund (2013, p. 17) believe that we have not reached enough maturity in the field of sustainable business model innovation to warrant a methodological debate, but instead they welcome fellow researchers to start develop a research agenda that “… integrates the crucial aspect of creating sustainable value through business models for sustainable innovation.” In other words, Boons and Lüdeke-Freund (2013, p. 17) point to the need for more research.
on the subject, and Lüdeke-Freund (2010, p. 22) suggests to try to better understand how companies implement these concepts.

As we can discern, there is still a need to figure out more about how companies integrate sustainability and CSR into their core. Some researchers have started research on sustainability into business models but as a consequence CSR has been somewhat left out. To the best of our knowledge, there has not been a study that has combined the concepts of sustainability and CSR related to the business model pillars. Furthermore, we were unable to find a study that attempted to discover how business model innovation through sustainability and CSR leads to shared value which is an extension of these two concepts.

1.3 Research Questions and Purpose

The problem background and research gap have lead us to the following research questions:

How do Swedish companies incorporate CSR and sustainability into their business models?

and

How do Swedish companies create shared value through business models based on sustainability and CSR?

The purpose of this paper is two-fold. The first purpose is to learn more about if, and in that case, where and how Swedish companies incorporate sustainability and CSR into their core. More specifically, the purpose is to explore and identify how sustainability and CSR are incorporated into certain pillars of Swedish companies’ business models. Secondly, we aim to explore if Swedish companies create shared value. If they create shared value, we want to discover how Swedish companies create shared value through the incorporation of sustainability and CSR used in their business models.

1.4 Intended Contribution and Delimitations

From a theoretical standpoint, we want to contribute by providing a model of how businesses in Sweden incorporate sustainability and CSR into their business models. Furthermore, this model should serve as a starting point for future researchers to test and refine in order to contribute to adding more knowledge to the field of business models and shared value. This model should also serve as a compliment to previous research conducted in the field of business models to further the field's research agenda. On the topic of shared value, we want to contribute by testing Porter and Kramer’s (2011) examples to see how they fare in another setting, as well as contribute with additional ways in which to create shared value.

From a practical standpoint, we want our model to serve as a reference point for managers to try to implement sustainability and CSR into their business model. This reference point can serve as examples how others have done and others can follow suit, or it can serve as a way for managers to spot gaps to exploit for the benefit of their business.
Due to time constraints and resources we are forced to make some delimitations. This study will be delimited to Sweden. Furthermore, we will not try to make statistical generalizations about the relationship between the concepts.

1.5 Continued Outline of the Thesis

After our introduction chapter we will continue on with our theoretical framework chapter. In this upcoming chapter we start by introducing our proposed conceptual model and then we discuss, in detail, the different theories and concepts that are relevant to our research question: business models, business model innovation, sustainability, CSR and shared value. Then, in chapter three we discuss our methodological point of departure and our strategy behind how the research we will be conducted from a theoretical standpoint. In chapter four, the practical methodology chapter, we discuss how we sampled our data, collected the data, and how we are going to analyze our data. Next, in chapter five we have our empirical data. We go theme by theme and describe what our respondents had to say about each theme. At the end of the chapter there is a table summarizing who discussed what. The following chapter, our analysis and discussion chapter, includes an analysis of the data listed in chapter five which is related back to previous research. A discussion then follows in which we try to explain why we received the results we did. Our conclusion follows where we state our general conclusions, practical contributions, and theoretical contributions. Lastly, we list our truth criteria in which we try and describe how our thesis is reliable and credible, for example.
2. Theoretical Framework

In this chapter we discuss, in more detail, the theories and concepts related to our research question and purpose. We begin by explaining our proposed conceptual model. Then we describe business models and then continue with sustainability, CSR, and shared value. We discuss what other authors have said about the different concepts and then we state their relevance to this thesis.

2.1 Conceptual Model

In order to explicitly visualize our research question we have devised a conceptual model that combines CSR, sustainability, business models, business model innovation, and shared value (see figure 1 for our conceptual model). We will use Bocken et al.’s (2014, p. 43) three pillars (value capturing, value proposition, and value creation and delivery) to represent the different aspects of a business model. As one can see, we investigate what pillars CSR and sustainability are integrated to and how they create shared value, which we argue is to be created as a result of business model innovation. In other words, business model innovation is, in this thesis, how well or to what extent sustainability and CSR are implemented within a firm’s business model in terms of their value proposition, value capturing, and value creation and delivery.

As a criterion to determine what constitutes as CSR and what constitutes as sustainability we will turn to the definitions used in this thesis. In order to then see how they relate to shared value we utilize Porter and Kramer’s (2011, p. 9-11) seven examples of how firms can create shared value, which is the ultimate goal of the model. We note that our results can reflect factors that are not discussed by Porter and Kramer (2011), so we therefore use these factors as a guideline and as an example of how these factors can be measured practically. In order to determine how CSR activities can affect Bocken et al.’s (2014, p. 43) value proposition, value capturing, and value creation and development, we have determined which of Porter and Kramer’s (2011, p. 9-11) examples pertain to CSR activities. Thus, we determined that that clusters, distribution, employee productivity, and location affect mainly internal CSR activities while clusters and procurement could impact external CSR activities. As we will discuss in more detail later, we have distinguished between weak and strong sustainability. Location, energy use, and resource use impact weak sustainability while location, energy use, resource use, and clusters have an impact on strong sustainability. Thus, we will be subjective in our analysis to see, in the context of the data we have collected, in what situation what factor is being affected.
2.2 Business Models

“Equilibrium and perfect competition are a caricature of the real world. Customers don’t just want products; they want solutions to their perceived needs” (Teece, 2010, p. 175). This quote implies that companies are competing against one another in different ways to satisfy their customer’s needs, which are encapsulated through business models. However, business models, as a field of study, are relatively new and have not been explicitly explored until the 1990’s (Bocken et al., 2014, p. 43; Chesbrough & Rosenbloom, 2002, p. 532-533; Demil et al., 2015, p. 1; Osterwalder & Pigneur, 2004, p. 2; Osterwalder et al., 2005, p. 3; Teece, 2010, p. 174; Zott & Amit, 2008, p. 1; Zott et al., 2011, p. 1019-1020, 1022). Teece (2010, p. 173, 191) argues that whether a business model is implicitly or explicitly stated, it nonetheless exists in some form, thus we need to define the concept and its components.

2.2.1 The Definition of a Business Model

A simple definition claims that a business model is a “...blueprint of how a company does business” (Osterwalder et al., 2005, p. 2). This definition stems from breaking down the words business and model. Business in its simplest form can be explained as “... the activity of providing goods and services involving financial, commercial and industrial aspects” and a model is described as “... a simplified description and representation of a complex entity or process” (Osterwalder et al., 2005, p. 2). A more complex explanation of what a business model is: “... a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm” (Osterwalder et al., 2005, p. 3) and this view is shared by other researchers (Bocken et al., 2014, p. 42; Morris et al., 2005; Timmers, 1998). However, Teece (2010, p. 173) argues that “a business model articulates the logic and provides data and other evidence...
that demonstrates how a business creates and delivers value to customers” which is similar to the view of others (Johnson et al., 2008; Magretta, 2002). Zott and Amit (2008, p. 3) and Amit and Zott (2012, p. 42) argue along those same lines when it comes to business models, defining it as “... a system of interconnected and interdependent activities that determines the way the company “does business” with its customers, partners and vendors.” Boons and Lüdeke-Freund (2013, p. 10) define a business model differently than the others above, but they still maintain the same line of logic. They claim that a business model is “... a plan which specifies how a new venture can become profitable” which stems from an anthropocentric viewpoint since they are referring to the old-school version of a business’s ultimate goal which is to maximize shareholders value (Boons & Lüdeke-Freund, 2013, p. 10). Chesbrough and Rosenbloom (2002, p. 533) argue along this anthropocentric viewpoint by defining a business model as “the essence of the idea is ‘how you get paid’, or ‘how you make money’, with a taxonomy of alternative mechanisms.”

These definitions demonstrate a pattern of what a business model is. All of the above definitions operate from an understanding that a business model offers a holistic view on how a company conducts its business. Some state it explicitly, like Osterwalder et al. (2005, p. 2) and Boons and Lüdeke-Freund (2013, p. 10), while Teece (2010, p. 173) and Amit and Zott (2012, p. 42) state a plan more implicitly. Since we want to go into the core of what a business model is, we will utilize a definition that highlights the importance of creating and providing some sort of value to its customer base but not from an anthropocentric point of view, thus we define business models as:

“A business model articulates the logic and provides data and other evidence that demonstrates how a business creates and delivers value to customers” Teece (2010, p. 173).

The purpose of the business model is then to show an overview of the interlinkage between different aspects of the firm and the value it creates for its intended customers in order to provide a competitive advantage (Amit & Zott, 2012, p. 41; Boons & Lüdeke-Freund, 2013, p. 10-11; Chesbrough & Rosenbloom, 2002, p. 534; Demil et al., 2015, p. 4; Girota & Netessine, 2011, p. 105; Lüdeke-Freund, 2010, p. 14; Porter & Kramer, 2011, p. 6; Osterwalder et al., 2005, p. 16; Teece, 2010, p. 173; Zott et al., 2011, p. 1030; Zott & Amit, 2008, p. 2). So what is value? We turn to Harrison and Wicks’ (2013, p. 100-101) definition of value as anything that is of worth for stakeholders. Porter and Kramer (2011, p. 6) state that value consists of “benefits relative to cost, not just benefits alone” while Harrison and Wicks (2013, p. 98) state that a stakeholder approach to defining value takes into account more than just economic value, but also approaches value from how value is created for all stakeholders whom help to create said value. Trying to solely improve economic value can diminish value for other stakeholders which in turn, diminishes a firm’s sustainable competitive advantage over time (Harrison & Wicks, 2013, p. 99). In support of that argument, in this thesis we will use Harrison and Wicks (2013, p. 100-101) definition of value which is anything that is of worth for stakeholders because we are not solely focused on the economic part of value.

### 2.2.2 Components of a business model

We will now proceed to look at how a business model provides a holistic view on how a business’s activities are intertwined in order to provide value. Osterwalder et al. (2005,
argue that there are four pillars that serve as the foundation of a business model. These four pillars include product, customer interface, infrastructure management, and the financial aspects (Osterwalder & Pigneur, 2004; Osterwalder et al., 2005, p. 10).

The product pillar refers to the question of “what” a firm does in order to create value for its customers (Osterwalder & Pigneur, 2004, p. 3). This pillar consists of one building block, which is referred to as value proposition, that aims to explain what type of value the company is creating for its customers through its products or services (Chesbrough & Rosenbloom, 2002, p. 533; Osterwalder & Pigneur, 2004, p. 4, 5).

The customer interface consists of three building blocks trying to answer the question of “who” value is created for (Osterwalder & Pigneur, 2004, p. 3). These building blocks are: target customer, distribution channels, and customer relationships (Osterwalder et al., 2005, p. 10). The target customer is the type of customer the company wants to supply with its value proposition, and this is decided by identifying an appropriate customer segment (Chesbrough & Rosenbloom, 2002, p. 533; Osterwalder & Pigneur, 2004, p. 8; Osterwalder et al., 2005, p. 10), for example, segmentation can be based on age, income, sex, or interests. Distribution channels refers to the connection points through which value is delivered between the company and its target customer (Osterwalder & Pigneur, 2004, p. 9; Osterwalder et al., 2005, p. 10), which can include examples such as external retailers or web shops. Finally, the customer relationship specifies what type of connection the company is trying to establish with its target customer(s) (Osterwalder & Pigneur, 2004, p. 8; Osterwalder et al., 2005, p. 10), for example, having a personal salesman.

Infrastructure management deals with the question of “how” to derive value for a target customer (Osterwalder & Pigneur, 2004, p. 3) and also consists of three building blocks: value configuration, core competencies, and partner network (Osterwalder & Pigneur, 2004, p. 8; Osterwalder et al., 2005, p. 10). Value configuration consists of the way a firm utilizes its resources and activities in order to leverage their value proposition (Osterwalder & Pigneur, 2004, p. 15; Osterwalder et al., 2005, p. 10), for instance a clothing company needs its textile resources to properly operate. Core competences concerns the necessary knowledge that is needed to leverage the value proposition (Osterwalder et al., 2005, p. 10), for instance a marketing company needs to have fundamental competencies within marketing methods. Partner network relates to the inter-firm agreements made in order to increase the value proposition for its target customers (Osterwalder & Pigneur, 2004, p. 21; Osterwalder et al., 2005, p. 10), an example being a web shop using a delivery company to deliver its sold goods.

Financial aspects try to answer the question of “how much” (Osterwalder & Pigneur, 2004, p. 3) and it constitutes of two building blocks: cost structure and revenue streams (Osterwalder et al., 2005, p. 10). The cost structure deals with the inherent cost of the activities, resources, partnerships, distributions channels, and customer relationships that are required to create and leverage the value (Chesbrough & Rosenbloom, 2002, p. 533; Osterwalder et al., 2005, p. 10). Revenue streams refers to how the company receives money from its different value propositions (Osterwalder et al., 2005, p. 10).

Bocken et al. (2014, p. 43) have relaxed the business model a bit compared to Osterwalder et al. (2005). They argue that there are three pillars instead of the four aforementioned ones, and those are: value proposition, value creation and delivery, and value capture (Bocken et al., 2014, p. 43) (see figure 2). Their value proposition is a combination of
Osterwalder & Pigneur’s (2004) value proposition and parts of the customer interface, namely the target customers and customer relationships, while the distribution channel goes into the value creation and delivery pillar (Bocken et al., 2014, p. 43). The value creation and delivery pillar also constitutes of activities, resources, and partners (Bocken et al., 2014, p. 43) which is part of Osterwalder and Pigneur’s (2004) infrastructure management pillar. Bocken et al. (2014, p. 43) have only changed the name of Osterwalder and Pigneur’s (2004) financial aspects into value capturing but they both constitute of the same building blocks.

Since we have defined a business model as “…articulat[ing] the logic and provid[ing] data and other evidence that demonstrates how a business creates and delivers value to customers” (Teece, 2010, p. 173), we feel that Bocken et al.’s (2014) three pillars are most appropriate for this thesis. This is because it offers a good combination of Osterwalder and Pigneur’s (2004) building blocks since it combines the value proposition and customer segment into one pillar, which according to our definition, is the core of a business model. The other two pillars then become two supplemental, but critical, parts of the business model. We also believe that these three pillars are optimal since they refer to how each pillar is connected to the ultimate goal of a business model: to create value for customers. Furthermore, we will mainly use the pillars and not refer too much to the segment within each pillar since we intend to further the research agenda. By focusing on the pillars instead of the more specific segments of each pillar; it serves as a good starting foundation for the future which is part of the purpose of this thesis.

### 2.2.3 Business Model Innovation

Business models are not static and therefore the value proposition, value creation and delivery, and value capture are subject to change. Thus, business models are subject to being innovated in order to help a firm remain competitive in their respective market.

Innovation in its simplest form is: “The action or process of innovating” (Oxford dictionary 2016b), and innovating is referred to as “Make[ing] changes in something established” (Oxford dictionary, 2016c). Amit and Zott (2012, p. 44) argue that the purpose of business model innovation is to introduce novelty into the current business model. By novelty, they refer to introducing a new aspect into one of the pillars in the business model but new does not necessarily have to be a never-seen-before aspects, but something that has not existed in the company’s business model previously. For instance, HTC changed their value proposition from being a contractor for original equipment to selling its own brand of mobile phones to individual customers (Amit & Zott, 2012, p. 43). Bocken et al. (2014, p. 44) argue along the same lines saying “…business model innovation involves changing ‘the way you do business’” similarly to Teece (2010, p. 173).
187), who states that “changing the firm’s business model literally involves changing the paradigm by which it goes to market.” Demil et al. (2015, p. 5), provide a different argument, claiming that simply introducing a technological change is not enough to be called a business model innovation, but one should work from a customer-oriented perspective, which will result in long-term success. In other words, one should be sensitive to changes in customer preferences and market trends. By combining these different definitions of innovation and business model innovation with our definition of business models, we can say that business model innovation is:

*the act of making changes in the logic of how a business creates and delivers value to its customers.*

Through business model innovation a business changes its make-up of how it creates and delivers value. This means that a company can use business model innovation in order to incorporate sustainability and CSR into its core.

### 2.3 Sustainability and Corporate Social Responsibility

We will be using sustainability and CSR as two distinct concepts. The reason for this is that they concern two separate concepts according to Sheehy (2015). He states the following: “the term sustainability came to CSR from the disciplines of environmental engineering and environmental science” (Sheehy, 2015, p. 631), which implies that they are from different disciplines and should be treated as separate concepts. This statement does not remove the importance of sustainability’s impact, as we argued for earlier. The issue created by not separating them into two distinct concepts is that there cannot be a clear focus on the end-goal (Sheehy, 2015, p. 631). In other words, if these two concepts are not separated into two concepts, they can become too intertwined and cannot properly contribute to answering the research questions of this thesis.

#### 2.3.1 Sustainability

Sustainability “embodies the promise of societal evolution towards a more equitable and wealthy world in which the natural environment and our cultural achievements are preserved for generations to come” (Dyllick & Hockerts, 2002, p. 130). Carter and Rogers (2008, p. 361) state that sustainability “increasingly refers to an integration of social, environmental, and economic responsibilities.” Farrell and Hart (1998, p. 6) discuss two views on sustainability, with one being the “critical limits view” of sustainability where we are concerned about the earth’s carrying capacity and its diminishing resources. Thus, to be sustainable, we need to actively preserve our environment and be aware of our increasing populations’ effect on it (Farrell & Hart, 1998, p. 6). Shrivastava (1995, p. 940) discusses the critical limits view of resources as one of the ecologically sustainable development strategies; he focuses on the importance of managing earth’s resources. Properly managing ecological sustainability provides the opportunity to reduce the risk of fewer resources, variations in energy costs, product liabilities, pollution, and the management of waste (Shrivastava, 1995, p. 955). On the other hand, Farrell and Hart (1998, p. 6) discuss the “competing objective view” of sustainability in which one needs to try and balance the economic, social, and environmental goals. The three dimensions that make up sustainability, the economic, social, and environmental dimensions, are shared by Dyllick and Hockerts (2002, p. 132) and are commonly seen in sustainability literature as the triple bottom line. Positive social, environmental, and economic
performance creates a more sustainable firm with long-term financial success and a long-term sustainable competitive advantage (Carter & Rogers, 2008, p. 364-365). Thus, sustainability can be described as utilizing resources with future generations in mind while trying to balance economic, social, and environmental goals.

The term sustainable development was first defined by the Brundtland Commission in 1987. They defined sustainable development as: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987, p. 43). Redclift (2005, p. 213) criticizes this original definition by pondering this question: how can one say that future generations will have the same needs as our generation? Furthermore, needs vary across different cultures which brings a great deal of ambiguity to the definition because cross cultural differences are ignored (Redclift, 2005, p. 213). This idea is supported by Shrivastava (1995, p. 941) who highlights the western-centric nature of the concept of sustainable development. Hopwood et al. (2005, p. 40) criticize the definition further, by stating that it allows governments and organizations to be in favor of sustainable development without actually doing anything. Haughton (1999, p. 234) suggests that sustainable development actual means the long-term existence of our planet and the process of evolution amongst the different species on earth. As humans, we need to live “in harmony” with our planet and other species, and we cannot use resources that are in excess of the earth’s capacity (Haughton, 1999, p. 234). In order to make our planet more sustainable, it is necessary to develop “...economic and social systems that encourage environmental stewardship of resources for the long term, acknowledging the interdependency of social justice, economic well-being, and environmental stewardship” (Haughton, 1999, p. 234).

Lélé (1991, p. 608-609) provides a literal translation of sustainable development as any sort of development that continues for an infinite amount of time. As a concept, sustainable development initially developed as a result of the rising global awareness for the relation between environmental problems and socio-economic problems such as inequality and poverty issues (Hopwood et al., 2005, p. 39). The concept of sustainable development personifies the evolution of society towards a fairer and equal world where the natural environment and cultural achievement remain unchanged for the future (Dyllick & Hockerts, 2002, p. 130), which is similar to Lélé (1991, p. 609) who claimed that development itself means “process of directed change.” In order to foster a more sustainable planet, renewable resources should be used primarily and non-renewable resources shall be disposed with caution if we want to extend viability for future generations (Hall et al., 2010, p. 440). If achieved successfully, society can ‘have their cake and eat it too’ as a result of sustainable development because resources would not be wasted for future generations but yet we could still benefit from using these resources (Hall et al., 2010, p. 441). However, a drastic change is needed because as Hall et al. (2010, p. 441) note, a second earth is necessary if we keep up our current rate of consumption.

Daly (1991, p. 45) notes that sustainable development should not be confused with sustainable growth, which he refers to as an oxymoron because being sustainable and growth are opposites. In other words, society cannot grow and be sustainable, but society can develop into a more sustainable society if we adapt our ways. Eventually, society will use too many resources in order to try and be sustainable that it will in turn be unsustainable, because of the vast amount of resources needed to make society sustainable.
Therefore, we need to view this as an ongoing process where we as a society will need continuous sustainable development.

Earlier, we noted the fact that companies will benefit from using sustainable business practices (Shrivastava, 1995, p. 937). Therefore, we turn to the following definition of corporate sustainability:

“meeting the needs of a firm’s direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities etc), without compromising its ability to meet the needs of future stakeholder as well” (Dyllick and Hockert, 2002, p. 131).

We use this definition in order to see how sustainability is defined from the company’s point of view. Thus, we will use Dyllick and Hockerts’ (2002, p. 131) definition of corporate sustainability because we feel that it is most relevant for this thesis in terms of it being stated from a business perspective, while still maintaining the core of sustainability from the definitions mentioned above regarding sustainability and sustainable development.

2.3.2 Weak Versus Strong Sustainability

Sustainability relies on the management of capital stock; of which there are four types: manufactured, social, natural, and human (Ekins et al., 2003, p. 166-167). Sufficient use of these four types of capital creates wealth (Ekins et al., 2003, p. 167) for current and future stakeholders. Pelenc and Ballet (2015, p. 37) have identified that there are two types of sustainability: strong and weak. The largest difference between the two types of sustainability is the concept of whether or not one can substitute natural capital with human capital, strong sustainability says it is not possible while weak sustainability says it is (Haughton, 1999, p. 234-235; Redclift, 2005, p. 214). Natural capital is capital that comes from our earth that can provide us with some sort of economic, social, or ecological value (De Groot, 2006, p. 175). Irreversibility is a characteristic of natural capital which sheds light on the fact that it is a finite resource (Pelenc & Ballet, 2015, p. 37).

Natural capital serves several purposes, making it difficult to be substituted by manufactured capital (Pelenc & Ballet, 2015, p. 37); for example, a river can be used for transportation, drinking, providing a natural habitat to fish, and for hydropower. An assumption of weak sustainability is that there is no difference between the type of wealth created and the type of capital used to create that wealth (Ekins et al., 2003, p. 168), which means that it is possible to substitute between different types of capital. Haughton (1999, p. 234) refers to technology as a type of weak sustainability which holds an anthropocentric perspective of sustainability. Technology attempts to alleviate population and consumption per capita effects on the environment, however, technology is costly, time consuming, and often shifts the environmental impact instead of eliminating it (Ehrlich & Holdren, 1971, p. 1215). Using technology to improve environmental problems often causes new problems, for example, if we replace all fuel cars with electric cars, new environmental problems are likely to arise (Ehrlich & Holdren, 1971, p. 1216). Nonetheless, Chertow (2001, p. 26) concludes that technological development is necessary in trying to improve sustainability problems. However, if technology is developed with the purpose of making “sustainable profits” then it is an example of weak sustainability because of the desire to accumulate profit or new customers (Haughton, 1999, p. 234). Conversely, strong sustainability distinguishes natural capital from the
other types of capital and can therefore help in determining how natural capital, by itself, contributes to wealth creation (Ekins et al., 2003, p. 168). Ekins et al. (2003, p. 169) also note that natural capital is needed for manufactured capital thus meaning that manufactured resources can never replace natural resources. Furthermore, strong sustainability has a view on nature in which we do not overuse resources so that they can be regenerated (Haughton, 1999, p. 235).

### 2.3.3 Corporate Social Responsibility (CSR)

The concept of corporate social responsibility (CSR) has been debated about over the last 40 years in both research agendas and in a practical sense (Carroll, 1991, p. 39). Back in the 1960’s, CSR was thought about in the sense of what it is and how it should be defined, and it was believed to be about the decision and actions that a business conducts beyond the economic scope of their business (Carroll, 1991, p. 39). From this time there has been different lines of argumentation based on the field of study (economics, business, legal and political lenses) that have wanted to define and test a definition (Sheehy, 2015, p. 625-626). In his review article, Sheehy (2015) discusses the fact that there is a need for a universal definition that transcends the issue of different fields within CSR, thus he defines CSR in its simplest and most overarching form as “international private business regulation” (Sheehy, 2015, p. 643). He argues that this definition provides clarity and focus on what CSR is trying to achieve and should be used as a foundation to work from (Sheehy, 2015, p. 643), which with we agree. The main idea of CSR is to try and dictate a framework of how the firm will conduct its business from its own view-point.

Carroll (1991, p. 42) categorizes CSR into four elements in the form of a pyramid starting from the bottom to the top: economic, legal, ethical, and philanthropic. This pyramid structure means that Carroll (1991) believes that a company must pass through one stage before it can reach the next. In other words, a business must first gain economic profit and fulfill legal requirements before it can turn towards ethical and philanthropic activities. This view lacks the idea that a company can incorporate CSR into its way of business before it starts making profit which is not true, look at Fairtrade, for instance, who have worked ethical behavior into their business from the start. CSR was defined by the European Commission in 2001 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” (Strand et al., 2015, p. 2). This definition was updated roughly 10 years later to a more simplified version, namely “the responsibility of enterprises for their impacts on society” (Strand et al., 2015, p. 2). If you look at their website today they define it as “companies voluntarily going beyond what the law requires to achieve social and environmental objectives during the course of their daily business activities” (European Commission, 2016). Aguinis (2011, p. 855) defines CSR in the following way: “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance.”

As we can see from these definitions above, the consensus is for companies to intertwine activities that take societal and environmental factors into consideration. Combining this insight with the overarching definition provided by Sheehy (2015) and our setting of companies trying to create value for its customers we see CSR as:
2.3.4 Different Types of Corporate Social Responsibility

Porter and Kramer (2006, p. 78) argue that the concept of CSR in today’s society is too generic and in turn generates CSR policies that have nothing to do with the business itself. Take, for instance, a clothing company that has a CSR program where they help animals, such as baby-monkeys. This has nothing to do with creating, leveraging, or capturing value in their business. What this line of argumentation is trying to propose is that businesses need to adapt and incorporate their attempts at CSR into their long-term strategy. Skudiene and Auruskeviciene (2012, p. 52) further cements this point by stating “the evaluations of CSR activities often infer that the real motive for the company’s CSR activities is only to attract more customers and sell more products rather than create social value to its stakeholders.” Porter and Kramer (2006, p. 91) and Burke and Logsdon (1996, p. 496) state that choosing an issue between a magnitude of different social issues to work in a proactive way in order to create a competitive advantage is known as strategic CSR. On the other end of this spectrum, responsive CSR is two-fold as it “comprises two elements: acting as a good corporate citizen, attuned to the evolving social concerns of stakeholders, and mitigating existing or anticipated adverse effects from business activities” (Porter & Kramer, 2006, p. 85).

A business can incorporate its chosen CSR program into the company in two major ways; internally and externally (Skudiene & Auruskeviciene, 2012, p. 51). Internal CSR refers to introducing CSR policies and programs to the inside of the firm (Aguilera et al., 2007, p. 839) or it can also be about the way activities and operations are carried out within the business (Brammer et al., 2007, p. 1702). This implies that internal CSR is related to introducing ethical programs for the employees of the firm and can help boost employee motivation (Forsgren & Haskell, 2015, p. 80). External CSR, on the other hand, concerns CSR program and policies that are being done outside the business’ metaphorical walls (Longo et al., 2005, p. 31-32). Skudiene and Auruskeviciene (2012, p. 52) mention different ways that external CSR can be done: customer related, business partner related, or local communities related. Customer related refers to a business responding to customer requirements of goods or services that are in compliance with socially responsible criteria (Skudiene & Auruskeviciene, 2012, p. 52). Business partner related external CSR means to make sure to influence their partners to make ethical choices concerning products or services (Skudiene & Auruskeviciene, 2012, p. 52). Local community related external CSR deals with introducing philanthropic activities to the community in which the company is based (Skudiene & Auruskeviciene, 2012, p. 52).

2.3.5 Why Corporate Social Responsibility Matters

Porter and Kramer (2006) argue that CSR is no longer a voluntary component to have incorporated into a business but instead a must-have to remain competitive in the market. They state that there are four reasons to utilize CSR: moral obligations, sustainability, license to operate, and reputation (Porter & Kramer, 2006, p. 81). Carroll and Shabana (2010, p. 88-89) claim in their review article that the following are arguments for CSR: (1) it is in businesses’ long-term interest to maintain a healthy market to operate in; (2) if an appropriate CSR policy is put in place it will decrease costs of future government
regulations; (3) businesses have access to resources to contribute with benefits towards society.

Previous articles have looked at CSR’s impact on financial performance and found that it has a positive impact (Saeidi et al., 2015, p. 342). In their study, Saeidi et al. (2015) conducted their research by using customer satisfaction, reputation, and competitive advantage as mediators on CSR’s effect on firm performance, and found that CSR has a positive effect on all three of the mediators and a positive effect on firm performance. Financial gains are important to all stakeholders, especially shareholders, but financial gains provide a very narrow perspective in terms of value creation (Harrison & Wicks, 2013, p. 109). However, Husted and Allen (2007, p. 595) state that the jury is out on whether there really are any conclusive results on this topic by saying: “After more than two decades of research on the relationship between CSR and firm financial performance, the results are mixed, at best: some studies show a positive relationship between the two; others, a negative relationship; and still others, no relationship.” Other articles have looked at CSR and value creation (Burke and Logsdon, 1996; Husted & Allen, 2007; Husted & Allen, 2009). In a study of Spanish firms, Husted and Allen (2007) found that CSR can create value. Furthermore, Husted and Allen (2009, p. 794-795) found that CSR has a positive effect on value creation in multinational enterprises, however this study was limited to providing a generalization in Mexico only. We can see from these findings that CSR is important for firms since it can potentially offer enhanced financial performance or enhance the value creation if it is implemented correctly.

2.4 Sustainable Business Model Innovation

A sustainable business model can be described as “…a business model that creates competitive advantage through superior customer value and contributes to a sustainable development of the company and society” (Lüdeke-Freund, 2010, p. 23). Bocken et al. (2014, p. 44) classify sustainable business model innovation as “innovations that create significant positive and/or significantly reduced negative impacts for the environment and/or society, through changes in the way the organisation and its value-network create, deliver value and capture value (i.e. create economic value) or change their value propositions.” We argue along those lines in this thesis. Previously, we classified business model innovation as: the act of making changes in the logic of how a business creates and delivers value to its customers. We view sustainable business model innovation to be: the act of changing the logic that demonstrates how a business creates and delivers value to the society and environment through internal regulations without compromising the ability to meet the needs of the future. The purpose of a sustainable business model is still to create value for customers, but with a greater focus on environmental and societal aspects. Bocken et al. (2014, p. 48) developed three archetypes of how a company can integrate sustainability into their business model: the technology, social, and organizational archetypes. The technology archetype deals with how you can more efficiently use materials or resources to enhance value (Bocken et al., 2014, p. 48). The social archetype helps in addressing customer needs and wants through, for example, long-lasting products and sufficiency while proactively addressing stakeholder trends (Bocken et al., 2014, p. 48). Third, the organizational archetype involves innovating the business through re-purposing or through the development of scale-up solutions (Bocken et al., 2014, p. 48).
2.5 Shared Value

As we alluded to in the problem background, companies’ narrow view of value creation has resulted in them overlooking their customers’ well-being, destruction of the natural environment, overlooking of their suppliers’ viability, and the placing of too much pressure on the local community (Porter & Kramer, 2011, p. 4). In other words, companies create some of these issues that sustainability and CSR are trying to solve for its stakeholders. A stakeholder can be defined as “persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future” (Clarkson, 1995, p. 106). The claims, rights, and interests that stakeholders have can be moral ethical, collective or individual (Carroll, 1991, p. 43; Clarkson, 1995, p. 106). Those who have similar rights, interests, and claims are classified into and make up the different stakeholder groups (Clarkson, 1995, p. 106). Value can be created by stakeholders by conducting productive activities or by providing resources, or a combination of the two (Bridoux & Stoelhorst, 2014, p. 108). A difficult task for managers is how to prioritize the wants and needs of different stakeholders; some have a more legitimate claim (legal right) while others have their power claim (large investments in the company) (Carroll, 1991, p. 43). Freeman et al. (2012, p. 1) claim that the aim of stakeholder theory is to help provide managers with tools that help to create value. Furthermore, stakeholder theory has helped in trying to understand two interrelated problems in business: how value is created and traded and how ethics and capitalism are connected (Parmar et al., 2010, p. 404).

In order to solve companies’ narrow view of value creation for stakeholders, shared value should instead be considered. This is attained through the creation of economic value that in turn creates societal value (Porter & Kramer, 2011, p. 4). Shared value is a new way to create economic success by putting social values into the core of the business, it is much more than simple CSR, philanthropy, or sustainability (Porter & Kramer, 2011, p. 4). The reason why is that shared value has nothing to do with personal values or the redistribution of wealth, but instead, it is about increasing economic wealth and societal wealth simultaneously (Porter & Kramer, 2011, p. 5), thus it is beneficial for the business as well as society and the environment. Porter and Kramer (2011, p. 6) define shared value 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.” The focal point of shared value is on the integration of societal and economic progress and how they can expand together (Porter & Kramer, 2011, p. 6). Crane et al. (2014, p. 130) summarize the concept of shared value as the act of a company trying to solving societal issues while creating economic profit. However, Crane et al. (2014, p. 136) contend that Porter and Kramer (2011) ignore the fact that economic progress will likely be diminished when trying to progress socially. Nonetheless, the success of a community is closely related to an organization's success because a strong backing from the local community is needed in order to increase a product’s demand (Porter & Kramer, 2011, p. 6). Similarly, the local community needs a strong company to help with job creation. In order to maximize the value a firm has promised, managers need to evolve relationships, inspire stakeholders, and create communities (Freeman et al., 2004, p. 364). Porter and Kramer (2011, p. 7) state that economic value can be created through the creation of societal value. This value can be created in three different ways: through product innovation and reconceiving markets, through new categorization of how
to be productive in the value chain, and through the creation of industry clusters in the geographical areas of operation; each of these can help improve the value of the other two (Porter & Kramer, 2011, p. 7). Harrison and Wicks (2013, p. 112) also discuss how to create value and state that the essential components a business needs to create shared value include: understanding that a firm’s purpose is based on how much value they can provide for their stakeholders, understanding that stakeholder utility should include monetary and nonmonetary factors, insertion of measures for primary stakeholders, understanding that stakeholders have different desires, and stakeholder expectations should be exceeded by performance.

Porter and Kramer (2011, p. 9-12) provide seven examples of how companies can create value in the value chain: through energy use and logistics, resource use, procurement, distribution, employee productivity, location, and by enabling local clusters. Reevaluating how energy is used in buildings, transportation, distribution of products, or production companies can improve a company’s energy use and logistics (Porter & Kramer, 2011, p. 9). Companies need to also improve the way they use resources; better waste disposal, water use, choice of materials, and less packaging can help create shared value (Porter & Kramer, 2011, p. 9). Next, procurement, or the buying power of suppliers, can help in creating shared value if increased because they can create things in a more environmentally friendly way without thinking about negative effects of increasing their product’s price (Porter & Kramer, 2011, p. 10). Distribution is another way in which companies can create shared value through the internet, for example, where products have been redistributed through online avenues where no paper or shipping is necessary (Porter & Kramer, 2011, p. 10). Porter & Kramer (2011, p 11) further discuss how shared value can be created through good wages, health care, safety, training, and advancement opportunities leads to increased productivity. Another way shared value can be created is through location. Cheap production in a third world country is not beneficial, however investing in the local community through local production is (Porter & Kramer, 2011, p. 11). Lastly, by enabling local clusters, firms located in close proximities can collaborate with other firms and organizations to create value for the community (Porter & Kramer, 2011, p. 12). When one company succeeds, so do other companies in addition to the local community.
3. Scientific Methodology

Our philosophical point of departure along with our epistemological and ontological stances are discussed in detail in this chapter. Further, we discuss our philosophical point of view in terms of our research approach and our research design. Lastly, our reasons for choosing our theories are argued for and an explanation of how we found the theories are described.

3.1 Ontology

Ontology is a philosophical question regarding the nature of the reality in which we exist (Ritchie et al., 2014, p. 4-6). Long et al. (2000, p. 190) provide a more specific definition of social ontology, referring to it as “assumptions held about the nature of social reality that is, whether reality is objective and external to the individual, or whether it is subjective and cognitively constructed on an individual basis.” There are two different ontological positions one can take in social sciences, either that of the objectivist or the constructionist (Bryman & Bell, 2011, p. 36). An objectivist views that social phenomena’ existence and influence are independent of social actors (Saunders et al., 2009, p. 110). On the other hand, a constructionist’s ontological position incorporates the viewpoint that social phenomena are dependent on social actors and are being revised consistently (Bryman & Bell, 2011, p. 37).

As we are investigating business models, which in themselves are derived from the ever changing trends of stakeholders in order to provide value, our study is rooted in a constructionist viewpoint. The way in which we have worded our research question exhibits constructionist tendencies as it points to the fact that context specific individual’s answers are needed to answer the question. Not only are we dependent on the social actors who are answering the questions but yet we are also dependent on ourselves as researchers and social actors. We have an impact on our research and we are constantly changing which further supports why we have taken a constructionist ontological stance.

3.2 Epistemology

Epistemological assumptions are assumptions that deal with the “basis of knowledge” and how knowledge can be transferred to others (Long et al., 2000, p. 190; Ritchie et al., 2014, p. 6). Similarly, Bryman (2008, p. 29) and Saunders et al. (2009, p. 112-113) refer to epistemology as ‘what is knowledge’ and ‘what can be considered acceptable knowledge’ in specific fields of study. Long et al. (2000, p. 190-191) discuss epistemology in terms of whether or not the social sciences can be studied in the same context as that of the natural sciences. There are four main epistemological stances that one can have as a research philosophy, they include positivism, realism, and interpretivism (Saunders et al., 2009, p. 113-115). Long et al. (2000, p. 191) note that positivism is difficult to define but state that it incorporates an epistemological position in which methods used in the natural sciences can be applicable to social reality. A positivist point of view helps researchers develop hypotheses that can be tested on a value free basis (Bryman, 2008, p. 30). Another epistemological position is realism, which is similar to positivism in the sense that it also incorporates methods used in the natural sciences (Bryman, 2008, p. 31). According to Saunders et al. (2009, p. 114), realism defines reality by using our senses, therefore
leading to the fact that objective reality can be viewed differently. Finally, interpretivism, the third epistemological stance, argues that the social world is complex, too complex to be defined by scientific principles (Rubin & Babbie, 2014, p. 56-57). Interpretivism is subjective in nature, meaning that it advocates that humans are different as social actors and that it is the responsibility of the researchers to capture the subjective meaning of a particular social act (Rubin & Babbie, 2014, p. 56-57). In addition to these three proposed epistemological positions one can also adopt a combination of these, also known as pragmatism (Saunders et al., 2009, p. 109). Pragmatism means that the different positions can be seen as complementary to each other instead of competing and contradicting (Van de Ven and Poole, 2005, p. 1393-1394).

After reviewing the different epistemological positions, we see that we are using the epistemological position of an interpretivist. Similarly, to our ontological position, we are placing a lot of pressure on the differences between social actors. Thus, by highlighting these differences of how different companies innovate their business models it is important for us to be subjective in nature of interpreting their answers. The basis of the knowledge we seek to acquire will not be generalizable and objective but yet will depend on the specific actors that we seek to observe. Moreover, we believe that it is not possible to look at the context of business models and their innovation as a something that can be viewed from a strict scientific approach since they are so context specific, therefore we can see that an interpretivist approach is appropriate since there is no one-size-fits-all scenario.

3.3 Axiology

Axiology as a concept deals with the way values affect the results of our thesis. Saunders et al. (2012, p. 137) state that values have an effect from the outset of this work since we as authors have to select a topic over others based on our background and interest. This idea is shared by Heron (1996, p. 11-12) who believes that a researcher is showcasing his or her axiological skills when they are being transparent with their values. We acknowledge that our values and preconceptions affect our current research. Before we started writing this research paper, both authors had ideas about the subjects discussed in this paper which is referred to by Bickman and Rog (1998, p. 77) as preconceptions. Gilje and Grimem (2007, p. 182) discuss that previous experiences are a large part of our preconceptions. Preconceptions provide an explanation of our faith and beliefs which has a significant impact on how we identify problems and identify relevant theories to use (Gilje & Grimem, 2007, p. 182). As researchers, it is important to be aware of our pre-understandings because they guide our knowledge about not only the theories and concepts used, but also organizations (Saunders et al., 2009, p. 151). To be aware of our preconceptions is important because they serve as a bias that, according to Bickman and Rog (1998, p. 78), should be forgotten instead of used. Our preconceptions guide the direction of our attention during the writing and research process (Gilje & Grimem, 2007, p. 179) and thus this should be avoided to avoid being any biases. We acknowledge the fact that our preconceptions have impacted us as researchers and we will therefore try our best to avoid them impacting our study.

It should first be pointed out that we stem from two different countries, namely the US and Sweden, which leads us to act and think in different ways. However, this is not a negative aspect as we can use these differences in analyzing our result from different
perspectives. We have a common ground beyond this nationality background. As two business students at Umeå University we have learned a great deal about sustainability, stakeholder theory, and business models. This information has influenced our choice of subject but yet we have tried to learn as much new information about these subjects in order to try and eliminate our preconceptions about the various subjects. The news, movies, pop-culture, travelling, and our overall life experiences have also been significant influences on our choice of subject because of the relevance of sustainability. We have tried our best to only concentrate on the articles used and the data that was collected now in order to try and eliminate our preconceptions as much as possible.

In regards to the six companies that we interviewed, we had several preconceptions. For instance, one of us worked for one of the respondents and therefore he had more insight into that company than the others. Nonetheless, we attempted to not ask any leading questions about things we already knew about the organization. For the other companies, we had little knowledge about them but only tried to find out what they did before the interviews. That way, we felt we could respect the respondents by not being clueless about what their company does. To conclude, we tried to be as open as possible and not let any prior thoughts or knowledge about the companies affect the questions we asked or the things we wrote about them.

### 3.4 Research Approach

Deduction, induction, and abduction are three examples of approaches a researcher can use when conducting research (Saunders et al., 2012, p. 143-145). Deductive reasoning is reasoning that involves developing “...hypotheses to be tested against the predictions implied...” (Adams et al., 2007, p. 29) and is furthermore, an approach that starts with general statements in order to find more concrete conclusions (Ketokivi & Mantere, 2010, p. 316; Ketokivi & Mantere, 2013, p. 71). When using a deductive research approach, researchers should follow six sequential steps according to Blaikie (2009, p. 85-86); which starts by developing hypotheses, discovering theories to aid in making conclusions, identifying whether or not a new hypothesis can help add useful information to the subject, collect data to discover if the hypotheses can be accepted or rejected, and lastly accept or reject the original hypotheses. In conclusion, a deductive approach is an approach in which on test hypotheses about existing theory to see whether or not they hold true in the aim of identifying if the hypotheses “can be accepted as an adequate explanation” of a given topic (Blaikie, 2009, p. 86). On the other hand, induction goes from specifics to generalizations, making it the opposite of deduction (Ketokivi & Mantere, 2010, p. 316; Ketokivi & Mantere, 2013, p.). An inductive approach is defined by Saunders et al. (2012, p. 145) as “collecting data to explore a phenomenon and you generate or build theory.” Adams et al. (2007, p. 29) refers to inductive reasoning as reasoning that uses a specific number of observations for the purpose of making general conclusions. Blaikie (2009, p. 83) agrees by stating that the main reason for using an inductive research approach is to make limited generalizations about the social phenomena or group of people that are being observed. In order to make generalizations, the researcher needs to be able to identify certain patterns and characteristics in the collected data (Blaikie, 2009, p. 83-84). The third type of research approach is an abductive research approach that involves the researcher using elements from both the inductive and deductive approaches (Saunders et al., 2012, p. 147). Abductive research is defined by Saunders et al. (2012, p. 145) as “collecting data to explore a phenomenon, identify themes and explain patterns, to generate a new or modify an existing theory which
you subsequently test through additional data collection.” Conducting an abductive approach aids the researcher in developing theory based on the observations of specific social actors (Blaikie, 2009, p. 89). For example, a unique fact is observed and then the researcher attempts to discover why this surprising fact exists (Ketokivi & Mantere, 2013, p. 71-72).

In this thesis we have used an abductive research approach as we aim to explore the concepts of sustainability, CSR, business models, and shared value by going back and forth between developing new theory and supporting existing ones. In other words, this thesis intends to develop a model that combines and demonstrates how the aforementioned concepts are related to one another by using both elements of the inductive and deductive research approaches. We do not pose hypothesis to be tested, nor are we collecting additional data to test our generated theory, thus we are not using a purely deductive or inductive research approach.

### 3.5 Research Design

The quantitative and qualitative research design strategies are the two major research design strategies a researcher can use (Bryman & Bell, 2011, p. 27; Creswell, 2009, p. 3; Saunders et al., 2009, p. 151). Our previously mentioned ontological and epistemological stances affect our choice of research design; and these three philosophical stances have to be coherent with one another (Bryman & Bell, 2011, p. 27). A researcher's research design helps identify the plan and procedures for the research that will be conducted, in terms of the collection and analysis of data (Creswell, 2009, p. 3). Quantitative data is often associated with data that produces numbers from data collection techniques such as surveys (Jones, 2011, p. 202-203). Furthermore, quantitative research tests relationships between different variables of which can be analyzed using statistical methods (Creswell, 2009, p. 4; Jones, 2011, p. 202-203). On the other hand, qualitative research tends to create non-numerical data that is collected through procedures such as interviews (Ritchie et al., 2014, p. 31). Qualitative research helps the researcher gain a deeper understanding of why people act in a certain way and why they make certain decisions (Creswell, 2009, p. 4). Finally, a researcher can have a mixed-method research approach which combines the qualitative and quantitative methods (Creswell, 2009, p. 4).

A quantitative research approach does not help answer our research question, since we are not interested in statistical relationships between variables, and a mixed-method study would go beyond the scope of this paper. Thus, we will use a qualitative research approach. We asked a ‘how’ question which is best answered through the use of a qualitative study in which we receive non-numerical data. The in-depth and context specific data will be subjective in nature and helpful for us in answering our research question. A qualitative research design is aligned with our epistemological and ontological assumptions. For example, by using a constructionist epistemological approach and an interpretivist ontological approach it is only natural for us to conduct a qualitative study in which we aim to gain insight into how individual actors view business model innovation.
3.6 Research strategy

Research strategies deal with how the researcher intends to collect data to use for analysis in order to answer their research question(s) (Saunders et al., 2012, p. 173). There exists a large quantity of strategies to utilize in order to acquire data, some of them being experiments, surveys, case studies, and narrative inquiry. We will only provide reasons for our chosen strategy and discuss the inherent strengths and weaknesses of it. We decided to use interviews as it supports our philosophical assumptions, choice of research design, and our research question.

Our aim was to interview employees from various firms in northern Sweden to discover how CSR and sustainability are incorporated into their business models and how they create shared value. In order to answer our research questions, we will use interviews, which according to Saunders et al. (2012, p. 372) help in collecting data. Three types of interviews that one can conduct according to Saunders et al. (2012, p. 347) are structured, semi-structured, and unstructured interviews. For our thesis, a semi-structured interview will be used because it is rather open-ended as far as an interview is concerned but still keep the interviewee focused on the topic. The semi-structured has become more and more common over the past few years (Blaikie, 2009, p. 207) and it helps to identify and clarify the context specific organizational nature and how it is related to the research question (Saunders et al., 2009, p. 320).

In terms of open-ended interviews, there are three types: informational conversational interviews, general interview guide approach, and the standard open-ended interview (Patton, 1980, p. 197). For our purpose, the general interview guide is most relevant because we want our interviewees to be able to speak freely during our interviews. Our goal has been to ‘let them speak’ so therefore we have used an interview guide with general topics. It is then the interviewee’s job to answer the question in the way they understand it. Interview guides provide the interviewer with a list of several predetermined questions (Patton, 1980, p. 200). We based our predetermined questions on the theories we have used which are relevant to our research question (see table 1 in chapter 4 for a summary). Thus, we asked questions regarding their business model, how they innovate their business model, how they incorporate CSR and sustainability into their business model and lastly, what stakeholders are most important for them in terms of their business model. Our questions were meant to be rather general so that we could get a good understanding of how they understood the business model concept in their line of work. We had follow-up questions to ask if they had left our important parts of the business model according to how we have defined a business model in this thesis.

3.7 Data Collection

Primary data and secondary data are two types of data that can be collected (Bickman & Rog, 1998, p. 23). Primary data is data that is collected firsthand by the researcher and is purposed to fulfill the needs of the study at hand (Blaikie, 2009, p. 161). On the other hand, secondary data is data that someone else has gathered for a different study (Blaikie, 2009, p. 161) such as raw data and compiled data (Saunders et al., 2009, p. 256). An advantage of secondary data is that it saves the researcher time and money (Shiu et al., 2009, p. 141) because it has already been collected. However, secondary data has been collected with another purpose in mind, thus it may not be as relevant for one’s research
(Saunders et al., 2009, p. 269-270). Also, it may be costly and the researcher has to rely on data they have no control over in terms of quality (Saunders et al., 2009, p. 269-271). For this thesis we have instead collected primary, first hand data through the use of interviews. The unreliability of secondary data and the lack of relevant secondary data made it easy for us to decide to collect primary data because we want data that is specific to our research questions and context. To the best of our knowledge, no one has studied the effect CSR and sustainability have on business model innovation in the same regard that we are, so we therefore need to collect our own data. Finally, through the collection of primary data we could increase the authenticity, dependability, and confirmability of our data because it collected by us.

3.8 Literature search

We have conducted a literature search in order to see what authors and other researchers have already written about the subjects that we are studying. Hart (2001, p. 3) notes that the existing literature on a subject helps researchers identify gaps and subjects that should be studied further. In turn, existing literature aids researchers in designing an appropriate methodology for designing a research question and data collection techniques (Hart, 2001, p. 3). The key terms that we started with searching were business models, business model innovation, CSR, sustainability, stakeholder theory, shared value, competitive advantage, and various combinations of the previously mentioned terms. Furthermore, we used the Umeå University Library search engine, EBSCO, Web of Science, and Google Scholar as our primary search engines. Moreover, we did our best to only use peer reviewed articles from reliable journals. The theories that we have chosen have helped influence the formulation of our research question and the way in which we have collected data (Bickman & Rog, 1998, p. 78). We chose our theories and concepts based on our literature search which resulted in our choice of studying business models, business model innovation, sustainability, CSR, and shared value.
4. Practical Methodology

In this chapter we will discuss how we collected our data in a practical sense. We begin by describing how we chose and gained access to our sample and then we describe our interview guide. Next, we describe how we conducted the interviews in terms of location, length, and with whom we interviewed. Finally, we describe how we analyzed our data and discuss our ethical and societal considerations.

4.1 Data collection

4.1.1 Sampling

According to Patton (1980, p. 100), the research question is the best determinant of what population is most suitable to use for data collection. We felt that the most suitable population to answer our questions concerning our topic would be those who had deep insight into the different aspects of the business and preferably had studied the general topics before. Thus, this criterion led us to mainly targeting managers, such as innovation managers, sales managers, business developers, and CEO’s.

There are two approaches to how a researcher can sample a population; a random or nonrandom sample. A random-sampling technique infers that all samples within the sample population have the same chance of being asked, and is most commonly used in statistical analysis (Copas & Li, 1997, p. 55). On the other hand, non-random samples deal with gaining data from a population that does not possess the same probability of getting selected (Copas & Li, 1997, p. 55). As we have already established, we do not seek to make statistical generalizations and we are conducting interviews, thus it is not optimal to utilize a random sample as we may then have to interview people that do not fulfill our aforementioned criteria. As a result, a random sample is not appropriate nor necessary to answer our questions and they do not add value for us in trying to fulfill our purpose, thus we deemed a non-random sampling technique to be most appropriate (Guest et al., 2006, p. 61; Saunders et al., 2012, p. 281).

Furthermore, we attempted to use a snowball-method to help increase our amount of respondents. Snowball-sampling is when one uses a person to get a hold of another one to interview (Goodman, 1961, 148). We started by trying to get a hold of one person in a business to setup an interview, and in conjunction with this request we asked for additional people within the company that could serve as suitable interviewees. In other words, the non-random sample was the initial contact and the snowball-sample was the person/people that we were recommended to contact by the initial person we contacted. The reason we tried to use snowball sampling was to try and increase our number of potential interviewees. In several cases we discovered that the initial person we contacted was not the right person to interview, thus they were able to help us find someone more appropriate. However, this proved to be difficult due to the time scope of this thesis in combination with the limited availability of our target sample (managers). We only had interviews with two different people for two out of six companies. In one case we had two separate interviews and in the second case we had an interview with two employees at the same time.
We are aware that this approach might not be perfect, however, we maintain that this approach does not corrode the data collected but instead was used to save time and resources. This is due to the fact that even though the most of the participants have some kind of link to us, they are still chosen mainly for their ability to answer our questions. Concerning bias, we did not know most of the respondents as first level contacts prior to this study and thus we maintain our stance that this has not created any sort of personal bias and they participated in their interviews of their own interests.

4.1.2 Access

As a researcher, it is necessary to have a strategy for how to obtain and access information when collecting data (Bryman & Bell. 2011, p. 277). One way in which a researcher can gain access to an organization is through familiarity (Saunders et al., 2012, p. 219). We mainly tried to utilize our personal networks when gaining access due to the limited time frame of this project. We felt that the probability of the interviewee agreeing to an interview was more likely if we have had previous contact with them or if we could utilize a name of someone who recommended them to us. When we were attempting to find and set up interviews this proved to be true. In those cases, when we did cold calls, we were usually not successful by either being turned down directly, they did not have time or they were not the person to talk to. For instance, we were unable to hold an interview with one of the interviewees despite their initial willingness to participate. Initially we rescheduled that interview due to time-related issues on their part, and at the new agreed upon time the interviewee was not responding to phone calls or emails. However, when using a person's name, or own contacts, they showed more willingness to participate or at least help us get in touch with the right person. We also faced the situation where we contacted several potential respondents via email who agreed to participate in an interview with us, but when we attempted to schedule a date and time they did not respond.

Our aim was to contact potential interviewees via telephone, which we tried to use as our main means of contacting them. We felt that by calling them we could get in contact with them right away which would lead to a quicker and more timely response regarding their availability to take part in our study. It was our assumption that potential interviewees would have a more difficult time saying no to us over the phone; if we only sent an email, they could easily ignore it or respond that they did not have time. However, we did contact three interviewees via email because we have had previous contact with them. As a result of having previous contact with these interviewees, we felt that it was more likely that they would answer an email in a timely manner. Furthermore, we gave the interviewees the offer to have the interview in Swedish if they wanted, since we both understand the language. This reason was two-folded. First, we believed that it will encourage them to participate and secondly, it can make them more comfortable and talk more freely and thus provide more in-depth answers. We wanted them to be more focused on providing a thorough answer than on speaking a second language.

In our initial conversation, both through phone and through email, with each potential interviewee, we gave a brief explanation of what we aimed to accomplish with our study and asked if they could and would be willing to participate. We stated that we were interested in business model innovation with a focus on CSR and sustainability and thought that they may have good insight into the subject. If they were unwilling or unable to participate we asked if there was anyone that they knew or worked with, who could contribute to our study. This reflects the snowball sampling technique described...
previously. After contact was established, we kept in contact, either via email or by telephone to remind the respondents of the interview time. Respondents were sent the “respondents interview guide” (see appendix 1) in advanced upon request.

4.1.3 Interview guide

Our qualitative data was, as we discussed earlier, collected through semi-structured interviews in which we used an interview guide. The interview guide comprised of nine primary questions with four overall themes which included business models, sustainability, CSR, and stakeholders. In addition to the nine primary questions, we had follow-up questions that we asked depending on how much the respondent's covered in their answer to the primary questions. For example, when we asked them to describe their business model they mentioned several aspects. However, if they left out a discussion of one of Bocken et al.’s (2014) pillars, then we asked about it as a follow-up question. However, our aim was to mainly let them speak freely and not influence their answers.

Our first three questions were background questions, to serve as warm-up questions, in which we first asked, in their words, what their company does. We had our own perceptions and ideas of what each company does but wanted to see how the employees themselves perceived what their business does or aims to do. Second, we asked what their role in the company was and how long they have been working there. Third, we asked one last warm-up question to try and discover what their general view of a business model was. By asking this general question, we attempted to gain some insights of how the business views business models, which helped us ask follow-up question further along the interview. These warm-up questions were asked in order to make the respondents feel comfortable and allowed them to discuss things they are knowledgeable about.

The next set of questions concerned business models in more detail. Our fourth question was: “can you describe your company’s business model?” This question was asked in order to determine how value was created and for whom, how they leverage their value and how they capture value. Initially, we gave the respondents the chance to mention all of these aspects which are in accordance to Bocken et al.’s (2014) three pillars, which is how we chose to define and view a business model in this thesis. However, if an aspect was not referred to then we asked about it as a follow-up question. These were only used as follow-up questions and not initial questions because we wanted to have as little influence as possible on their answers. Next, in order to discover how their business model has been innovated we asked how their business model has changed over time. Business model innovation is one of the most important concepts discussed in this thesis, thus it was important for us to ask. As a follow-up question we asked if CSR activities and/or sustainability have had an impact on the decision to innovate their business model. These questions were asked as follow-up questions because we wanted to give the respondent the chance to discuss CSR and sustainability without us bringing up the two topics because one of our research questions is aimed at discovering whether or not CSR and sustainability have influenced business model innovation.

Another question we asked to find out how different companies incorporate CSR into the business was: “how is your company involved with the local community?” Our follow-up question was: “is the local community considered in your business model?” We only asked the follow-up question if the respondent did not refer to their business model in their answer. Next, our seventh question was “how does your company think about the
“environment?” We asked this question because we wanted to know what activities are done with the environment in mind. “What actions do you do in order to help the environment” was our follow-up question which was just another way or rewording the question to help get a more fruitful answer from the respondent. Stakeholders have been a part of every concept and theory discussed in this thesis, thus we asked what groups they think about most when innovating their business model. This question helped us in determining how different concepts were related, for example, if they mentioned they updated their business model with employees well-being in mind, the stakeholder group would be employees and it relates to CSR activities and if perhaps shared value was being created. Lastly, we asked a general stakeholder question about what groups are most important in order for the business to success. The final question was very open but gave them a chance to restate who is most important for them which could help us determine if they thought about groups that we could connect to either sustainability or CSR. One concept that we did explicitly ask about was shared value. This was due to fact that shared value is a very specific term that we did not think respondents would be aware of. Thus, we decided not to ask about it and we will instead discuss the concept in the analysis but we could use the other questions used in order to determine if shared value was being created or not.

Table 1 below summarizes what questions are related to what overall theme and to what authors those themes stem from.

Table 1. Summary of interview guide

<table>
<thead>
<tr>
<th>Question</th>
<th>Related to what theme</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>What does your company do?</td>
<td>General information about the company</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>----------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>How does your company think about the environment?</td>
<td>Sustainability</td>
<td>Dyllick &amp; Hockerts (2002), Hall et al. (2010), Haughton (1999)</td>
</tr>
<tr>
<td>In general, and in terms of your business model, what groups are most important for your businesses’ success</td>
<td>Stakeholder theory, shared value, and business model innovation</td>
<td>Porter &amp; Kramer (2006, 2011), Bocken et al., (2014), Teece (2010), Clarkson (1995)</td>
</tr>
</tbody>
</table>

### 4.1.4 Conducting the interviews

A number of different medias were used when conducting our interviews; we conducted interviews face-to-face, via telephone, and via Skype. We allowed the interviewee to decide what form of media would be utilized to conduct the interview if they were unavailable for a face-to-face interview. Interviews with respondents who were not based in Umeå were conducted via telephone or Skype in order to save time and money in terms of travel. It was most convenient for all parties. In table 2 we have provided information of the length of each interview, location, media, interviewee working title, and interview language. Each interview started with us asking if we could record the interview and if they would like to remain anonymous or not. Interviewees are likely to be more relaxed during the interview if they know they have the possibility of remaining anonymous (Saunders et al., 2012, p. 389). After the interview, we asked each respective interviewee if they would like the opportunity to read through the transcript to double check if they were content with us using their name. We chose to leave all respondents anonymous so we therefore refer to them as R for respondent followed by the number of which interview they were, for example R1 was for our first respondent.

The first interview was held with R1 who works as a R&D engineer with insight into the commercialization of the company. The initial contact was made via phone. The interview was held 2016-04-11 in a face-to-face meeting in Lindelhallen at Umeå University. The second interview was held with R2 who works with competence and innovation at the same firm as R1. The initial contact was done via phone which was recommended by R1. The interview was held 2016-04-15 through a Skype interview. The third interview was held with R3 who works as an Innovation Manager. The initial contact was made through phone contact. The interview was held 2016-04-20 through a phone interview. The fourth interview was held with R4 who works with Business Development. The initial contact was done via phone. The interview was held 2016-04-20 through a phone interview. The fifth interview was held with R5 who is the CEO and co-founder. The initial contact was made via email. The interview was held 2016-04-22 in a face-to-face meeting at their office. The sixth interview was held with Rs6. This interview was held with two people
hence Rs6 where the lowercase “s” stands for respondents. The interview was held with the CEO and a Sales Executive. The initial contact was made through mail to the Sales Executive who organized the group interview for us. The interview was held 2016-05-02 at their office. The seventh interview was held with R7 who works as an Operations Manager. The initial contact was made via email. The interview was held 2016-05-03 in a face-to-face meeting in their office. A summary can be seen in table 2 below.

**Table 2. Summary of interviewees**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Title</th>
<th>Interview Language</th>
<th>Type of Meeting</th>
<th>Location</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>R&amp;D engineer</td>
<td>Swedish</td>
<td>F2F</td>
<td>Lindelhallen</td>
<td>29:04</td>
</tr>
<tr>
<td>R2</td>
<td>Competence &amp; innovation</td>
<td>Swedish</td>
<td>Skype</td>
<td>-</td>
<td>27:21</td>
</tr>
<tr>
<td>R3</td>
<td>Innovation Manager</td>
<td>Swedish</td>
<td>Phone</td>
<td>-</td>
<td>32:46</td>
</tr>
<tr>
<td>R4</td>
<td>Business Developer</td>
<td>Swedish</td>
<td>Phone</td>
<td>-</td>
<td>36:34</td>
</tr>
<tr>
<td>R5</td>
<td>CEO</td>
<td>English</td>
<td>F2F</td>
<td>Their Office</td>
<td>1:21:11</td>
</tr>
<tr>
<td>Rs6</td>
<td>CEO and Sales Executive</td>
<td>English</td>
<td>F2F</td>
<td>Their Office</td>
<td>1:35:47</td>
</tr>
<tr>
<td>R7</td>
<td>Operations Manager</td>
<td>Swedish</td>
<td>F2F</td>
<td>Their Office</td>
<td>1:03:41</td>
</tr>
</tbody>
</table>

As one can see from table 2 the telephone interviews were much shorter than the majority of the face-to-face interviews when held in their office. One face-to-face interview, with R1, was a similar length to that of the telephone interviews. We attribute this fact that it was our first interview, so we were not as comfortable at that stage. Interviews with R5, Rs6, and R7 all exceeded an hour and we can attribute this to the fact that the interviews were held in their respective offices and to the fact that they held a high position within their firm. Thus, we believe this made them more relaxed which led them to open up more and thus speaking longer. We can note here that three of the respondents, R5, Rs6, and R7 pointed out that they only had roughly 30-40 minutes to conduct an interview when we made initial contact. Therefore, the fact that they spoke with us for twice as long demonstrates how much more relaxed and interested they were. The telephone interviews seemed to be more “business like” to us where they simply answered the questions and did not speak quite as openly as the interviews that were held face-to-face. In other words, they were much more directly when speaking on the telephone.
4.2 Transcribing

After collecting a large amount of qualitative data from our interviews we need to put the data into a useful format. Transcribing is the act of writing down the information that was said during the interviews (Saunders et al., 2012, p. 550). The process of transcribing takes time but helps the researcher make more sense of the data (Saunders et al., 2012, p. 550). We recorded the interviews because as Bryman and Bell (2011, p. 482) state, it is easier to pay attention during the interview when one knows the information will be transcribed later. In other words, it is unnecessary to spend time taking lengthy notes during the interview but instead we could listen more carefully to what the interviewee had to say in order to ask appropriate follow-up questions. During the interviews we took very brief notes which we used to ask follow-up questions but besides that we just wrote down everything that was said during the interview afterwards. Transcribing helped us tremendously with our data analysis which will be discussed further in the following section.

Since we offered interviewees to have the interview in Swedish or English, we first transcribed the interview in the language it was held. Then, we had to translate the interviews held in Swedish into English which can cause some translation issues. It is a fine line to translate an interviewee’s sentences word by word without making it sound awkward. We tried to maintain an objective view and not take liberties with the text, but we put emphasis on portraying the content of the sentence as opposed to simply doing a word-for-word translation. Furthermore, we are confident in our ability to properly translate since one of us is a native Swedish speaker and the other is a native English speaker but yet both of us have good proficiency in both languages.

4.3 Analysis technique

It is more difficult to work with words than with numbers because words can have multiple meanings and can be quite ambiguous depending on the context (Miles & Huberman, 1984, p. 54). This is a challenge that we faced since we collected qualitative data. In order to reduce the large amount of text, one should code data (Miles & Huberman, 1984, p. 56). Coding data is the first step of our data analysis which in accordance to the data analysis conducted by Coule and Patmore (2013, p. 987). A code is “an abbreviation or symbol applied to a segment of words” (Miles & Huberman, 1984, p. 56) and they are categories which are derived from the research question. By creating codes, one can easily categorize the data according to what question, concept or theory it is relating to (Graneheim & Lundman, 2004, p. 107; Miles & Huberman, 1984, p. 56). However, one should be careful when coding to avoid using too broad or too narrow codes (Graneheim & Lundman, 2004, p. 110) and there should not be any data classified into two or more coded categories (Graneheim & Lundman, 2004, p. 107). From the transcribed interviews, we were able to search for codes and discovered the following codes: “sus” for sustainability, “CSR,” “BM” for business models, and “Sth” for stakeholders. These codes all relate back to the research question as they should, according to Miles and Huberman (1984, p. 56).

Next, the second step of our qualitative data analysis allows for the researcher to create higher-level themes which are extracted from the codes that are created in step one (Coule & Patmore, 2013, p. 987). In other words, we first classified statements according to the
overall themes of this thesis and then in this second step we discovered second order themes by finding common ground within the themes. In step three, one discovers links between first-order categories in an effort to create theoretically distinct clusters (Coule & Patmore, 2013, p. 987). Lastly, the developed clusters are used to create dimensions that underpin the theorized model (Coule & Patmore, 2013, p. 987). From the second-order themes we were able to create overarching themes that related to the concepts that make up our conceptual model. These themes will be revealed and argued for in chapter 6 of this thesis.

4.4 Ethical and Societal Considerations

As we alluded to in our introduction, our entire planet is changing for the worse in terms of climate change. Thus, everyone is affected by the actions of corporations which makes this thesis relevant for all stakeholders. As a result, society at large was kept in mind during our entire research process. Society can benefit if companies can learn from things that our respondents have done in order to become more sustainable, and for those who have already started this journey can find inspiration and aspiration to continue their work. All actions have consequences which is another way in which society is affected by this thesis. In other words, we are help creating a heightened awareness by highlighting these issues. Furthermore, we have been careful to not provide any conclusions or implications that have a negative effect for any group of stakeholders. We have done our best to try and keep all stakeholders in mind when writing this thesis.

In addition to thinking about society at large, we have tried to be as ethical as possible during the entirety of this research process. We have kept all respondents and organization/companies anonymous in order to ensure we do not give away any sensitive information that may negatively affect them. We have also tried to be as open and transparent with our respondents about the purpose of this thesis by providing interview guides for those who wanted to see the questions in advance. We have tried to be transparent and not withhold information from our respondents as well as trying to the best of our abilities utilize proper sources for our research.
5. Empirical Findings

In this section we will “let the text speak” and provide the reader with the themes that we could find from our conducted interviews. The themes stem from the different theories and concepts that we discussed in our theoretical framework, namely, business models, sustainability, CSR, and stakeholders. This will be a purely objective section where we argue for the themes we found and is to be discussed in our analysis section.

Below is figure 3, our conceptual model. We have inserted the model again here because we want the reader to keep our main themes: business model innovation, sustainability, CSR, business models, and shared value in mind while reading through our empirical findings.

![Figure 3. Reiteration of our conceptual model](image)

5.1 Business model related content

5.1.1 Value proposition pillar

When we asked the interviewee about their company's current and general business model they responded accordingly concerning the value proposition pillar:

R1 stated that they “work for wood based industries in Sweden, like forestry but the most common examples are paper industries or energy companies that uses biofuels” and the value they want to create is “to get more out of the tree, meaning that for every truck with timber we want to extract more value from that,” and in order to do this R1 “partly work as consultants for companies who are interested to receive aid with these kinds of questions. We also have a test facility in [northern Swedish city], a larger lab, where we have the possibility to test chemical processes on a larger scale that what you can do at for instance a university... and we also work on various research projects.” In addition to this R1 also stated “we have a cluster of companies who are members in our network that we do extra amount of work for. They are provided a bit of extra service. There are 23 companies in this region who wants to take part on this journey” and R1 said this
concerning this cluster: “the member companies are our most important customers [...] we see them as our reason of existence.” When asked about how their business model has changed over time R1 said: “We didn’t used to have any consultancy services which is kind of new.” Furthermore, R1 said: “Then we try to find new customers who are more interested in scaling up chemical processes and want to pay an hourly rate, and it’s the [type of industry] that is interested of this.”

R2 said the following concerning this topic: “you can say we have worked a lot with being an innovation network or a growth initiative or cluster” and “this is created from the industry, it was them who found the need for this test facility that we started with and now have grown to an international bio-refinery that it is today” and “because we are partially owned to [percentage] by another institute we now have a need to do more customer specific assignments” which causes them to “[...] have two legs that needs to be offer.” When asked how the business has developed over time R2 said: “… when we think of new business models and how we have changed them have we changed focus towards the next part of the value chain. We talk about the [type of industry], [type of industry] and such. To orient us more towards customers and actually focus on aspects that can generate revenue for what we develop.” Beyond this, R2 also said about how they want to change: “Re-focus us on for example [company] or [company] when it comes to plastic wrapping or petroleum down in [place] to create their fossil based products from forestry products and so forth.”

R3 said this about the value proposition part: “I represent the [department] and work mostly with forestry product. These are paper, tree products for bioenergy, including a wind power project we are doing, and of course printing paper.” and he also stated that “a vision to make life easier for all ages, from that one is born and need diapers and those kinds of products to feminine products, so we are active in a lot of countries, more than 100 countries.” When we dove deeper and asked the respondent how their business model has changed over time, R3 responded by saying: “When it comes to new products, and the whole forestry industry, you could say that it is a challenge in finding new products, as you know, and make them into bio economy.” R3 then continued on saying: “Some markets have been stable and strong for a long time, for example newspapers, is no longer a strong and stable market, instead it is in decline and there has been devoted a lot of capacity when it comes to newspapers, and then of course we look at different types of products and markets.” R3 also said: “Those products that we offer should create a value that the customer or user experience as extra utility and that will then be connected back to the business model and in that way we generate more revenue for the company.”

R4 stated that they are a “consulting company that sells their expertise within many different areas. That is kind of the foundation, classical consulting sales by the hour, but we try not talk hours, we do not sell hours instead we sell value.” When asked to explain it further R4 said: “We help companies with digital transformation. It is a wide and abstract term, but we mostly look at how new digital aids affect us as people and how it changes our behavior. [...] We have three main areas today. Aiding managers is the first way. Customer and user experience is the second. The third area are more of a product or service innovation, which means that we help customers to produce new offers that are anchored in new technology and these behavioral changes these customers have.” When asked about how their business model had changed R4 said: “From the beginning it was a web-business called [name] and they worked a lot with develop webpage at that point at the 90’s and sometime into 00’s and then they noticed that it became limited business
to only develop web pages and concerning everything new with cellphones and big-data and cloud-computing and all new technologies that arrived in the 00’s. That is when we took in [name] and [name] and [name] who started to talk more visions and we changed the name to [company name] in [year]. Under this new business umbrella, the business has been in its current form since [year].” We then continued to ask about where they want to go in the future and R4 responded by saying: “We will work more with education and perhaps even with research about this [refers to behavioral changes]. That is the next area we are delving into.”

R5 said this about the questions about their value proposition: “The most straightforward answer is sustainable marketing solutions, promotions, exclusions.” When we asked to develop on this R5 said: “We said to ourselves are we going to have a price war thing over the lifetime of this company because everyone else has a fast delivery time and low price. We said we don’t want that. We want quality and we want it to be done right.” When asked to go further into their business model R5 said “Actually, we have three customer groups-the first one is a small company or maybe a band that wants to sell their shirts during the tour or something like that. Small designers they maybe want 50-150 tee-shirts or something like that. Then we have like middle/large companies that maybe have customers that believe in the environmental questions or that they want their staff to feel, how can I say? When you buy organic let’s say work clothes we show the personal, the staff, that we think in the long term, small small bits that make a coherent view, so that’s the second group, the one that buys for themselves so they can make the company staff feel better. Then the third group is big companies maybe municipalities, different, big hospitals and stuff like that that have rules, if they buy something they have follow some rules and that group is like getting more and more important because of the knowledge so that’s the three groups, small brands/designers/bands, companies that want to do it for themselves, and the big institutions that have rules.” R5 then continued to talk saying that “what we can see at 6 or 7 of 10 customers come back even if we make a bad job, let’s say that the print are not 100% quality and we say let’s do it again, you have to wait a week longer but we want it to be right right right. So let’s give these shirts to someone who really needs them and even then they will come back because of how we want to do it, both when it gets wrong. We can show that we can make something good of it and that we have the same ideas of how to be and act and how to…how we impact. So that’s the biggest win economically it’s, you get this feeling of ok we understand each other. This is easy.” R5 also answered our question of how they have changed over time: “Yeah, the only thing we did [at the beginning] was to print the actual clothes. We never had contact with the end customer, we never had the ability to help the customer pick the garment. It was marketing, PR agencies, or other agencies that sold to the customer and said we have 500 tees with this print, can you do it? It was all from sports clubs, the army, to everything and what we said after a year and a half was that we could have companies that have a pretty clear profile of how they work with the environment but when they made shirts for the staff they were not organic but to their customers to everyone else it was organic, it didn’t match. So we said let’s go straight to the end customer. And that’s the big change, we stopped printing as much, we used other companies so we can talk to the end customer and send the clothes to a printer that prints them and sell it to the end customer.”

Rs6 had this to say on this particular topic: “So we need to solve that and we need to help them tell the customer this is the reasons for the [product name], it’s better, more longevity, doesn’t affect the bottom and the environment…. And all these things that the
customer needs to know why they should pay the money for it.” Furthermore, Rs6 said “I think it’s different who defines these things but we try to find business in the marine environment, building marinas and I must also say already that we also have another company that’s called [product name] that is within the use of [product name] but in another area, application. So, but the main application is mooring of marinas. So we find those projects, we define what kind there is and we quote that and we try to sell it and we try to install it correctly, so that is the main business. And we sell the product only actually now mainly and there is no service fee attached to it, but we have now added the service cost for engineering. And we are looking also at the inspection and after-market sales but so far it is the product that is the main thing that we sell product but it covers all the services.” Rs6 had this to say when discussing how the value proposition has changed: “We have created the [product name] energy system that is working with moorings with [product name]. For moorings of energy devices like wave energy, offshore wind, current tidal things. We have in a European financed program called tidal wave that got a couple of companies that go a lot of money to investigate the best solution for mooring. This is the that is like a big snake on the water that when it moves it creates energy in these joints there. And then they had problems with the chain moorings and some high peak, low peak destroying the system up here. So then we found that using [our product] we [are] reducing the peak levels by 70%. 70% is a big difference. So by these things we are trying to actually develop a new market, new applications because this is pretty close.”

On this topic R7 gave the following answers: “You can divide our business into two branches. One is commercials and the other is not, meaning that we carry out a service for Umeå Kommun. Starting with the non-commercial part, which is for various cultural and club to get someone to serve them with facilities, equipment and personnel so they can arrange activities or meeting. [...] On the conference and congress part we are one of Sweden’s 5 largest.” [...] We deal with hotel bookings, travel arrangements and such and then administer all of it if a customer wants it.” He further summed it up into “the people of [local city] gets a much richer cultural life with our help.” We continued to talk about customers and R7 said: “I meet customers and potential customers since 90% of all our customers have their headquarters in Mälardalen in Stockholm.” R7 was also clear that “when it comes to the conference side it is crucial that we maintain a good relationship. It is why the personal contact is extremely important. This is not a new way to work and a large portion of those customers are returning ones. When they want to book something or discuss a meeting they call [name] over there, or [name], or [name] or [name]. They don’t call to [business’ name] so those personal interaction between us is extremely important.” Further, R7 mentioned that they have changed their value proposition over time by discussing a new service: “we have something for green meetings where you can choose an all green package with us, but you can choose a green hotel otherwise when you book as a guest with us. You can choose Eco-taxi so that the whole meeting will be green.” and continued with: “S.M.A.R.T. food and food with more vegetable protein. Partly from a sustainability perspective and then we don’t want our guests to get tired from eating too much [paltkomma].” Also, R7 stated: “the last three years have been a lot about construction” in reference to how they have been updating their facilities and that they “have a new niche so to speak. The background is that we have had a number of our guests who choose a different location every year or every other year. For a number of years ago a few companies came to us and said they were going to be in [a different city] but we are so happy with your organization and wonder if you can come to [a different city] and we did that of course.”
5.1.2 Value Creation and Delivery Pillar

When it comes to the pillar of value creation & delivery the respondents had this to say:

R1 said “we work [...] together with universities and other companies... we also have a very close connection with Umeå and Luleå University, but also deal a bit with Chalmers and KTH.” R1 also discussed other aspect related to value creation and delivery, R1 said: “we have this test facility, and we see it as a critical strategic infrastructure in our business. It is unique for northern Europe and for those who have the need of this opportunity it is something we can offer that is unique. It is very important to us.” R1 then reflected further on how they create and deliver value by saying: “As I said, the contact network we have is crucial for us to function properly. As I said, those who are working in our industry don’t have the time to talk to researchers in Luleå simply because it is interesting and to see what they can get out of it, but perhaps I do have more time for those and can then help them by discerning the important things.”

R2 said on the topic: “because of this journey [referring to a project they took part in] we became connected to Umeå University. We had the need for more research and Umeå University had the need for a collaboration closer to industries, especially on the chemistry side. Because of this collaboration we were able to become part of a large research project netting us financing.”

R3 stated the following concerning these questions: “We have a logistics division where we have our own boats that we use to ship products to Europe and so on.” R3 also mentioned another important resource “We have large areas of forest and it is our mission to increase the value of this forest that we work with... We are Europe's largest private owner of forest with roughly 2.6 million hectares, almost the size of Belgium or something like it... that is a lot of forest that we take care of and enhance in multiple ways.” Furthermore, R3 also did say: “it can be advantageous to have a close collaboration with Mitten University. [company's name] research center is in the building next door with their forest department, so we have close help which is good to have.”

R5 said: “These types of work take so much longer. This material is recycled bottles and we find a factory that recycles them and then a factory that can make the fibers and so on... and that’s a big difference with big orders we make everything overseas.” When we asked further about this factory’s importance and other partners R5 stated: “that is companies that certify the materials. For example, these bottles are from India and the plastic and we couldn’t be in India and check every bottle that gets recycled, so what we do is we send them to Hong Kong so SGS, is one of the best, biggest testing houses in the world, they have facilities all over the world but we like Hong Kong best. So we send them there to get exactly what’s in the raw material and companies like that we cannot exist without.” and R5 divulged the criteria for them “it has to be a non-profit and third party and those are the type of organizations we cannot be without.” When asked if they have local key partners R5 said they do: “both with [Company name] in [City’s name], they print papers, they are licensed by Svanen and with them for example they have the expertise, the machines, they have everything, and we want to be high end, we don’t want basic paper, even if it is a certified printer, we even use recycled papers, this is from old branches. Same with [Company name], here in [local city]. They make stickers, stuff like that for example. And we give them the materials we want them to use and it’s the same
way with screen printers and stuff like that, they use the color we want them to use, otherwise it is not a collaboration. We earlier did a lot of work with [Company name] but they sold their machines last summer. So we don’t print as much clothes here anymore in [local city].” When we asked about what activities are required R5 said: “when we started this we were 18 and 20 and when we looked at the middle age of screen print owners it was like 57 so we understood that ok they are tired, they are like pleased, and that was the feeling we had and it exists and when you provide the new material or new technique or something like that you have to like be aware of it, it’s going to take a half a year for them to agree to it.”

Rs6 had the following to say about the topic: “In the process we have the engineering companies that we also rely on that they support our concept. And then obviously it is the pontoon manufacturers where we have to educate them to sell more [product name] and be more efficient in the sales process and that is a hard thing because we are not in directly contact with all these people and we don’t have basic elaborate and good education for these so we see that the sales process is diluted over the process from us to the dealer to the local contact to the client. So the more steps there are in this process, it gets diluted.” When we asked about what was required to make the product Rs6 said the following: “You see that fabric that’s around the center core so it’s not only a rubber thing and that means when you pull it, that weave compresses the inner core, it’s something, there is a game where you can put your fingers into a weave, a Chinese finger puzzle, so that’s how it works. It means that the characteristics are a little bit, or quite a lot different than a 100% rubber compound. When you pull it the response curve is actually progressive, the more you pull it, the more force it takes and it's also an internal dampening, that means we absorb energy in away, so when we pull it and release it, there are two different curves, so there is a dampening inside it as well. Which is nonexistent when it's only rubber, there is no dampening in that.” A key activity discussed by Rs6 was: “...we just educate them [the engineers], but in the process of defining [our product] we do our own engineering for that, I mean detail engineering, what kind of [product name] and what kind of, the length of it and the angles and those kind of things.”

R7 also discussed partners saying: “We have a number of suppliers that can easily be exchanged. Then there are some suppliers that are crucial since what they provide is critical, and then i like to call them partners.” R7 did implicitly mention their building as a key resource: “We want to build a large room that can take about 250 people so we can diminish the pressure on our smaller room, and that will only be used for cultural and club activities. That is what it is built for men in order to maintain this function we need a large room.”

5.1.3 Value Capture Pillar

During our discussion about business models the topic of value capture came up a few times.

R1 said: “We have so many different types of financing, for example we get money from the Swedish government, from EU, from member companies and consulting jobs.”

R2 said: “We have quite a bit of public financing. Our history and our background includes a lot of public funds.” Furthermore, R2 said: “we have a pretty long-term financing through this program [refers to a research project], that has been
internationally reviewed two times every third year. We were first awarded [sum] that was then matched by other partners, so that is a large part of our revenue streams.”

R4 said on the subject: “We probably have had some sort of vision of where we want to go and that we should have multiple continuous revenue streams but that has happened more spontaneous than we have actively forced it, to be honest.”

R5 said the following: “the biggest cost is the raw material; in clothes it’s often cotton. So that’s the biggest part of the sale amount. We always use invoices, doesn’t matter if you’re a small music band or if you are a government branch. We tackle them in the same way. We let them come to us. It doesn’t matter if it has been a little farm down in Skåne or if it has been the UN. We handle them in the same way, they have the same price list and stuff like that. When it comes to more promotional items it’s about quantities. The big difference is you pay a lot less per item for these big companies.”

Rs6 had this to say on the topic: “I have this drawing and then you offer the pontoon and mooring systems and pedestals and electricity and when we are successful in that sale together with the pontoon manufacture some of them will win this project and we will supply the [product name] after as I told you we designing it but we supply the [product name] and charge the pontoon manufacture of the [product name] and he would sell it further to the end customer. So it is not an agent relationship, it is a dealer relationship, they buy from us and they resell it.” When asked if they ever thought of updating their payment system Rs6 said the following: “I’ve been thinking about that, [...] Nordea had this service they called export cash, where we would deliver something and invoice Nordea, more or less, and they invoice the customer. And they would invoice in like 90 days later, but we would get the money when we delivered. So we would get it as a prepayment and the customer could have credit. And if they bellied-up there was an insurance that would pay for it, we would lift the risk. So it makes a lot of sense, there is no risk, we get that money and customers pays at a later date and everybody is happy. It’s called export cash and it was a no-brainer. Everyone understands how good it is, despite this we were the only company in Sweden that used that service, despite every Nordea office were offering this. [...] So we finalized with SEB and then after that I continued looking for someone who we could team up with, and we found IKANO that had started to think about this concept. And we kind of were part of the development of that process with IKANO, so now we have a solution together with IKANO. But our basic bank don’t like this. They are forcing us to acknowledge all of these transactions with IKANO, they are forcing us to ok them.”

5.2 Sustainability Related Content

The seven respondents discussed sustainability at different points of our interviews. First, R1 stated that that: “our vision and idea is to replace oil based products with tree based product. For example, new fuel alternatives and new materials” in response to what his company does. His specific role dealt with sustainability and was explained as: “my main area of expertise is waste, for example the piles of scrap that are left over from paper production, I try to see if i can get better use out of them than just putting them into a pile.” Furthermore, we asked how the environment is considered at their office and R1 responded that: “No, there is absolutely no oil [in the office], then there is, I don’t dare guess who our electricity provider is, but it is something I could try to find out. I’ve never thought about it.”
R2 stated: “When you look at the investment costs and similar you can compare a single cell protein with a soy protein but with the right marketing and the right packaging, one could create a higher value by making green the priority, in a sense. Maybe we haven’t really realized that yet because we maybe take the forest for granted in an industry sense because we all understand how sustainable it is. We have a lot to discuss in the future.”

In response to how sustainability has influenced their business model, R2 also said this about sustainability: “Where we spoke a lot about sustainability and the green value and that we should find it.”

R3 discussed how one of their main goals for their main resource is “to get to the most out of the forest.” R3 continued to discuss how sustainability affects their company by stating that: “We are talking a sustainable society and the forest goes in cycles. One can take down trees and refine the forest and then it’s recycled over and over into paper, for example. Also, the forest helps lower carbon dioxide levels. If you consider the following, we cannot take away trees but then after a while these same trees get old and rot and die by themselves, and then the harmful gasses are released again. So to sustainable in the forestry industry is actually done through binding carbon dioxide.”

R4 discussed sustainability as something that: “is in our DNA. Now, sustainability and CSR are quite broad concepts, both of them, but we are extremely aware as humans and it is something within us that is natural from all aspects so it’s not something we discuss that much. It is to be totally climate neutral as a permanent ambition. We continually do everything we can to minimize our impact on the climate.”

R5 discussed sustainability a great deal. When discussing their main product offering R5 stated: “for what we work with, it’s an everyday truth because even if everyone wanted organic cotton there isn’t enough farmland to produce the cotton, we have to find new ways to do it, maybe new materials or something like that and when India, Africa, and China middle classes are raising, we are going to have big problems. Europe and North America are like 15% of the world but we use around 50% of all the textiles in the world so when the others catch us and they also want to have 3 different shirts a week then we really need to start.” Also, R5 views his products in a sustainable manner by seeing that: “every item has a pre-production life, production life, and after-use life and we like to think of every part as being equally important and then if we can take some wrong printed shirts and give them away then we give the afterlife a pretty valid life. So it’s to validate us as a company, what we do and how we do it.” Sustainability was also considered when choosing an office: “Also the house is built on materials from Västerbotten, that was part of why we wanted to move in here. The heat, the energy is from the ground and its build with wood from the first floor and up and all the wood is from around here and the heating and cooling is made from that. That provides an evenly heated air in the house.” Furthermore, R5 stated that they think about sustainability in their distribution processes and they use “boat but that takes 4 months so often it is how you explain it to the customer, you have to plan it. And if you send it by plane, if you want it now, you have to pay extra for it because we want to compensate [the environment], that’s the least we can do but not what we prefer to do. In Sweden we often use [transport services] who has a mission option that they use cars with like biogas and other types of fuels. They can’t guarantee that it goes the whole way by those trucks, but when possible they use those trucks. So if we have 10 packages to Stockholm they may put it on a regular truck here but in Stockholm it changes truck to a more sustainable one...But what they do when they can’t
guarantee it all the way they compensate and say they plant trees or something like that.” Lastly, when R5 travels he “use[s] the train as much as [he] can and travel with [he has] electrical bikes and regular bikes for local meetings.”

Rs6 explained that sustainability is a good argument for why their product should be used. “One of the main arguments of [our product] is life time, [the] life expectancy and that it is not corroding and it is not deteriorating over time. That is also why it is a high cost stepping into this. The first installation is more costly than a chain, it can be 3-4 times as a chain. But since this lives for longer period time there is the total cost of ownership is less on [our product] than with a chain. Our initial first market was obviously Sweden and we have customers in Sweden who has been using [our product] for more than 30 years. And compared to other neighboring marinas that has been using a chain they have outlived them by 2-3 times even with the same [product name], which is extraordinary, but that is not the same way in all areas in the world.” Rs6 also discussed how the fact that their product is so sustainable it hurts their business. Banks usually asked them: “Ok, so what is the returning business from [your product’s] sales. We say it’s nothing. Then they put down their pens and say; “Ok, then we are not interested.” So the traditional business model where you have the quick returning sales because of low-quality [is what these bankers are focused on], since our business model is based on long-term and longevity, so it contradictory to their basic belief that they back out of this.” In comparison to their competitors, Rs6 said that: “We know that our products do not send out those chemicals [referring to zinc and lead], but then pretty early on we say where the chain is on the bottom and moving with the pontoons especially if you have a buoy on a boat that is dragging the chain around so that it actually kills the bottom, it’s like an excavation process and it creates what is called a dead spot and those are very hard to revive. So, that, maybe 10, 15 years ago, that was a big environmental reason. At this point environmental reasons were not really the first factor. I mean we told customer and showed them and most people said ok, so what. It was kind of seen as this thing that you would just say because you had to say it or something like that. But now I think that the situation in the market is different because the boaters also understand the environmental implications and why they also have to support good products with good environmental aspects so now there is more and more of these projects where environmental issues gets lifted up as a major reason to look at [our product] instead of the traditional types. Because again the chain moves, destroys the bottom, when you pound the pile down you stir up the bottom and in some areas you are not allowed to do that, so the environmental aspect has always been there, but it is growing in importance for us. So that’s maybe something that has changed overtime as well.”

R7 discussed how the employer has always had a sustainability focus: “We started 20 years ago with our own compost that we experimented with and that just broke, but we tried. [...] So eventually we were able to certify the restaurant with the swan criteria. And the swan criteria a lot more hands-on than ISO because the swan says that 80% or 70% of the chemicals should be environmentally certified. We are not allowed to have genetically modified things in the restaurant and can’t use disposable gadgets and so on.” R7 continued by explaining how recent changes have helped improve their overall sustainability: “Another thing that we do, that does a lot for the environment, is that we stopped selling buffet a year ago...I didn’t believe my own numbers but one buffet portion generated 3 times as much food waste than one served portion. Therefore, when you have a buffet that consists of a row of food that needs to be filled until quarter to 1, when we close at 1 or else it looks minimalistic...It’s not that the guests take too much and throw
away [food] but it’s mostly from the serving trays and that’s why we throw away so much. If you have a served plate you can know exactly how many people are going to eat every day so there will be almost zero waste.” R7 continued on this point by saying “At the same time we also changed the portion of meat and fish protein from 130 grams till 100 grams per portion and instead added more vegetarian protein like beans. And it is the animalistic part that is one of the largest contributions to carbon dioxide releases. We have decreased the carbon dioxide in this way.” Following this R7 also stated: “we have something called green meetings where one can choose when you are at our place, everything is green, men you can also choose a green hotel when you book as a customer with us. You can also choose [name of taxi company] and the whole meeting becomes green.”

5.3 CSR Related Content

Our next theme is CSR which was discussed by all of the respondents. R1 discussed CSR from the perspective of who they would choose to work with or not: “We opt not to choose projects that we think ‘do not contribute to a better society or environment’ because we don’t want it to be associated with us and then we don’t believe in it either. It’s a very clear part of our philosophy.” R1 continued with when choosing member groups to their cluster that: “We are selective with our members. You cannot go on the internet and apply to be a member. But there is an application process where the organization decides if you get to join. For example, if [a gas company] was to apply then we would think ‘aha, is it because they want to develop a new sustainable fuel, or is it because they want access to our equipment? We would never let that type of company become a member just to have easy access to our equipment, but then it would be to influence them and their interest to change to a new fuel from wood, and only to wood.” In order to state how they help the local community, R1 stated that: “What we see as a challenge, is that we can offer very technical knowledge about something and we can write a very nice report about it and give it to whoever but the challenge is implementing this knowledge in real life.” Also, R1 said that part of their goal is: “That is a part of it, that is what our entire financing aims towards: to increase growth in this region.” R1’s colleague, R2 added to how they help contribute to the local community: “We have a commitment when it comes to the competence question that we deal with in different control groups, we try to participate in open house days and those types of events. but we don’t do so much sponsoring with money, but what we can offer and do is give time.” R2 also added that: “We have worked a lot with being an innovative network or a growth initiative or cluster.” R2 continued by saying “…we have created an attractiveness in the region and for the city that maybe the citizens are not aware of but we definitely [attract] political visitors and visits of our ministers and departments in order to understand our new bio-economy.”

Next, R3 discussed their obligations to their employees: “Employees health and safety is a high priority, if not highest on the agenda so it’s those areas that we are thinking about all the time, risk, health and those parts that we take care of right away.” R3’s firms try to do as much as they can for the local community. One example is: “We are in different types of networks; we are very committed to [our Northern City]. [we are] Partly in control of different projects, there are an important part of the growing of the region is done in a good way. I would say that we are very engaged.” Also, they sponsor local organizations: “Absolutely, we sponsor everything from youth sports to other events and it and it can be, for example, student competitions at the university, so we absolutely do it.” and continued that “it can be via sponsoring of some sort but when it comes to other
business networks, there are in the control group and nominating committees, even leaders and we are a part of discussions and workshops where you discuss development questions and entrepreneurship and so on.” R3 also mentioned that they try to help local organizations in other ways than sponsoring, they open their doors to visitors: “There can be anyone from retirement associations and students and others who we show our operations to.” Also, R3 said: “Then, we have thesis students, we have engineering students from high schools as interns.” CSR is also evident in R3’s firm's operations as he explains how they acquire resources: “It can be so that the forest, for example, needs to be certified so that deforestation is not done in the wrong way. We are very careful that we don’t enter areas that are classified as deforested, so that is something we are very strict and careful with.”

R4, similarly to R1 stated that they can be selective of who they work with when asked if they would work with anyone: “In the sense that it is a part of the evaluations we do, now we haven’t gotten those kinds of questions yet but we would decline certain customers.” which was in reference to companies that promote, gambling, alcohol, or tobacco. Not only did R4 state that they would choose to not work with certain customers but that they would help others if it was for the right reasons: “We will do certain kinds of customer projects and instead we sometimes maybe do it for free or give them a good discount, certain types of projects contribute to the whole society perspective.” and gave an example that: “We did [a customer’s] website, we did it basically for free but, if we have the opportunity and we are asked to do so, then we do it. It is something we will do, we continue working. It is also what our employees demand, that they can continue to work on it.” R4 wants also wants to promote other local companies: “We are based [in a particular city], but we primarily try to help our startups in [our city], so we try to help.” R4, similarly to R1 and R2 discussed how they work with trying to promote their local community: “We have worked a lot with [the local municipality] and this ‘impressions office’ to get them to understand what types of conditions are necessary in order to lock in the type of talent that is needed today. To get them to understand the new conditions is, these old industry companies, they have other needs than digital, new types of business model companies have. There is both a paid and unpaid help in order to support the local society a lot with those types of competencies and networks. [Our city] is an important base for us, it’s here, if get a 1000 employees [our city] still be our knowledge network, this is a clear ambition to keep, to at least define ourselves.” R4 continued by saying: “We do everything we can to continuously minimize our impact on the climate. We put a lot of time and resources on helping NGO’s and similar organizations, there, we help them with advice and coding etc. in order to create modern solutions. It is something that is in our DNA. We don’t discuss it so much. We definitely don’t talk about it externally for any kind of marketing strategy.” Lastly, within the office R4 tries to go above and beyond what is necessary: “But, it is natural to, that we choose environmentally friendly furniture that costs twice as much as long as it isn’t too ugly. Designs is a very important, if there is a lot to choose from we choose the one that looks good and is good for the environment.”

R5’s company also tries to do a lot in terms of CSR, even when the company was first started: “Even little things, especially when you’re trying to make the brand it was hard from the beginning, when we had to say no to customers because they don’t want to do it our way. And that was a hard struggle from the start, to say no customers, especially 8 years ago, people could care less sometimes.” When a product is not up to quality, R5 tries to do his best to get the most out of it: “And sometimes something goes wrong, the
print doesn’t get the quality we want or something like that, then we try to give it to refugees or other people in need. Here in the local area, but also in like, in Tahiti, after the earthquake a couple of years ago. We sent 300 tee-shirts and stuff for them to wear so we try to interact but also not just in the local area because we are so spread around the world, our materials and everything, so we try to think about that. We try to make goodwill if you can call it that.” Moreover, R5 discussed how they try to help not only locally but across the globe: “The hard thing is: cotton can’t be grown here, so we see the places they are grown as our local area, that’s our world too. So we put a lot of energy on those areas too. Here in Sweden, we have been, for 6 years been advisers for those kids [young entrepreneurs], we are often outside, out talking to schools and for organizations here in Sweden. We try to make some of the work for free. And that’s only because we want the knowledge [awareness] to come out, so if we get contacted by a group we can say [that] we can do this for free but can we send you information because we really want the kids to know.” To further help the local community R5 stated that they try to help change old behavior: “...many times the workers have worked for like 20 years and haven’t done it the same way so and that’s often why people or companies don’t want to change, we have used this color for 20 years we know how it works, we don’t want to change, so often you have to explain, show, and give them some kind of aha! Feeling.” R5 discussed how their businesses values have impacted their customer’s behavior: “the big difference from the first years [was that] we said we are going to be green and sustainable, it’s, the customers keep returning in a whole other way, we are on the same page, it’s not about the price as one of the most important things, [instead] it’s other values that make the sell.” R5 continued by stating: “...and the good thing for us is if we can get one person from one company to understand us, then they will talk about it for the rest of the company or organization because you feel a part of something and when it’s all about prices you just leave it to the guy or woman who decides about budgets and that’s a big difference.”

Rs6 have a very international company and try to help the local community through sponsoring: “...in terms of support we have over the years also supported some, where we send money to diving communities, we try to do it for sponsorship that is related to the business. We have actually been sponsored to sailboats many years ago that was called [our company’s name] and we are doing the same this year...So it is a local sailing group from [our city] that we are sponsoring. So I guess that is a local community involvement in a way. But we have also been involved in, where is that project, with the bamboo houses, in the Philippians, so there is a student project in the Philippians where we are going to put out these floating bamboo houses, where we supported them with the [our product] and money, so we try to do these kind of things.” Moreover, Rs6 discussed how they attempt to reach out to the university and how working together can be mutually beneficial: “I have been to the University so many time telling them that we need to have a different approach on how to interact with the university because it is so important for you guys, you need these kind of things to do you education and also we need that kind of dialogue to develop and the work you do, we read it and it is so important, even us talking here is a development process for me because I have to think about these things.”

R7’s organization does a lot in terms of CSR, for example: “We subsidize culture and club related groups a lot, they get an average of 80-85% discount in comparison with commercial customers” in addition to sponsoring local organizations. Also, they “...place, i think it’s 2kr per guest which is over 200,000, to a sustainability project in Africa, we support those kinds of projects, they plant trees where they have been taken
down, we are very much for sustainability.” R7 also tried to change the behavior of guests:
“The biggest sustainability impact that is positively being changed is the attitude of our
guests, we have maybe 200,000 to 250,000 guests [per year], if you can change their
attitude just a tad, it can have a much larger effect than if we stopped serving genetically
modified shrimp for example. That is part of the reason why we put up solar panels, they
give very little, like 1% of our use, but they sit on the roof and it’s going to be on display
where you can see how much of your own energy we generate and I hope that people
think and that it can hopefully influence their attitude. So that is more of the argument for
why we have solar panels.” Another thing they do is they give back to less fortunate they:
“fix soup lunches a few time a week, there it’s us that send soup there. They have some
kind of gala to bring in money and the get to be at our place without having to pay. Also,
we have had [a children’s organization] once, or more times. They didn’t need to pay
either, so we do those kinds of things but not directly with money.” Next, in terms of
helping locally, R7 stated: “We have our own self-interest for a healthy group of
organizers, that there are a lot of people and organizations that can plan event because
it’s them that use our venues for their activities. We have very few of our own events, but
yet we mostly rent out [our venues]. So that’s why we have done kind of a lot to engage
young organizers to gain experience. We have subsidized prices, if you are under 25 you
get a more favorable price and if you rent [the venue] that is made for those [kinds of
events]. Further, these young people hate planning, they are the worst. In the adult world
you have to decide several months in advance, you have to budget and so on, but cannot
because that want to do something now! So that’s why they get to rent a package deal
from us that includes our employees and security and so on and we have an extra
subsidization so that they can concentrate on what is happening onstage and at the venue.
So, in that way it has contributed to there being more event coordinators than there would
be otherwise.” Finally, R7 stated: “The sooner you can out with it, the bigger competitive
advantage you have. Today, it is almost a hygiene factor. Maybe not in all eco-labeled
product but everyone needs to have an environmental policy. So, from the start it was
important from a competition perspective to highlight this.” when it comes to using eco-
friendly products.

5.4 Stakeholder Related Content

The final theme that was discussed during our interviews was stakeholders.

R1 mentioned one main group that has had an effect on their business: “we have been
bought by [a company] a couple years ago, before that we were fully owned by our
members and now the members own a certain percent and the [other company] owns
another percent. Thus, the owning company are a majority stakeholder...this means there
were some changes in culture and how you view profit, results, and other things.” When
we asked R2 if there are any important stakeholder groups, R2 said: “no it’s not like that,
historically our business model has in many respects been with the forestry industry, pulp
industry focused, some energy companies as well...” Thus, R2 mentioned industries as
being stakeholders that are of relevance.

R3 mentioned two different stakeholder groups of which they were affected by,
employees and customers. R3 had this to say about customers: “The customer is a very
important channel to get input about offers that are both sustainable and interesting from
an economic perspective.” Furthermore, R3 stated: “Then, besides that, of course, we
work with trying to understand the market, the customer, and to understand needs is an
important part. This is an important part of how we work by taking advantage of other organizations and external partners, you can be the best at everything so then building partnerships and taking in external collaborators in that case, so that is also an important puzzle piece when you start working with development: to understand that you need other competencies in addition to those you have internally.” Lastly, R3 discussed the importance of employees when asked who the most important stakeholder group was: “Yeah, the employees overall. It is like, we need a building to be in when we create new products and employees need to be happy, so it is a natural thing. There is a hygiene factor that needs to be in place, so it’s not only in the context of product development, it is expected of us.”

When we asked R4 who the most important stakeholder group for their firm, R4 responded: “Thus, where we see there being the biggest problem is the whole school and education system. There, we want to go in and support them more from an overall societal perspective.” R4 continued by saying: “Then we lean on the NGO perspective, how we can help that type of organization to create and deliver more so that they can get in more income so that society can benefit from that help. We are working on looking at creating new business areas where we can focus specifically on that. Then, in reality it deals mostly with those that we work with most, industrial companies, and the like who need to get sharper in order to survive, simply put. There we see, back to [our city], we work today with a majority of large local industrial companies which we are happy to do. Then we can help them to make the changes that are necessary a little quicker than if they were going to do it by themselves so that they can pursue their own development and still be relevant in the region. So there are a lot of perspectives that we relate to, and we can make a difference.”

R5 had this response to their most important stakeholder group: “Actually I think it’s society as a whole. I talked about these three customer groups. In each and every one of these is regular people and if they have the knowledge then we will... sell and educate and that’s a big difference, what we can see now these past 3 years is the knowledge is so much better...if people don’t know why to use organic food, clothes, or whatever, they are not going to buy it. It is often more expensive. so for us to succeed, people have to know what chemicals do to our bodies and our environment so I think that’s the main thing.”

Rs6 had a very short and concise answer to who their most important stakeholder was: “Obviously it is the end customer that is the player in this process. We want their money. And as much of it as possible. So that’s obviously an important group.” Finally, R7 also answered shortly and concisely with this for their most important stakeholder group: “The first, and most important is the commitment of our employees.”

5.5 Summary of Our Empirical Findings

In table 3 below we have provided a summary of what our respondents said. We provide information about how they use sustainability, how they use CSR, how they create shared value and how they innovate their business models in general.
Table 3. Summary of our empirical findings

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Sustainability is incorporated in...</th>
<th>CSR is incorporated in...</th>
<th>Shared value is created through...</th>
<th>BMI is done by...</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>Their service and vision</td>
<td>Spreading knowledge to the local community and by being selective with partners/members</td>
<td>The way they use resources, and by enabling local clusters</td>
<td>Adding another service and new customer segments</td>
</tr>
<tr>
<td>R2</td>
<td>Their service</td>
<td>Participation in the local community</td>
<td>Enabling local clusters and by spreading ‘green’ knowledge</td>
<td>Find new customers higher up in the value chain</td>
</tr>
<tr>
<td>R3</td>
<td>Providing products for all ages</td>
<td>Introducing policies to protect the safety of their employees and participate in the local community through sponsoring as well as visits</td>
<td>Energy use and logistics, resource use, employee productivity, location, by enabling local clusters, and by spreading ‘green’ knowledge</td>
<td>Changed products and introduced new ones</td>
</tr>
<tr>
<td>R4</td>
<td>A selectiveness of what companies/industries they work with, can offer certain projects with heavy subsidy or for free and work with the local community</td>
<td>Energy use and logistics, distribution, location, enabling local clusters, and by spreading ‘green’ knowledge</td>
<td>Has updated the services that they provide</td>
<td></td>
</tr>
<tr>
<td>R5</td>
<td>Providing sustainable marketing solutions and high quality products</td>
<td>Being selective of what companies they are working with, donate bad quality products to people in need, helping young entrepreneurs as well as the local community and try to spread ‘green’ knowledge</td>
<td>Energy use and logistics, resource use, distribution, location, by enabling local clusters, and by spreading green knowledge</td>
<td>Changed their target customer segment</td>
</tr>
<tr>
<td><strong>Rs6</strong></td>
<td>longevity of their product and it is environmentally friendly</td>
<td>Sponsoring local charities and try to help the local community</td>
<td>Location, and by spreading ‘green’ knowledge</td>
<td>Added a new product</td>
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</tr>
<tr>
<td><strong>R7</strong></td>
<td>Offering green meetings as a service</td>
<td>Subsidize certain events or have them for free, give to charities, helping young event coordinators</td>
<td>Energy use and logistics, resource use, employee productivity, by enabling local clusters, and by spreading ‘green’ knowledge</td>
<td>Has updated their venue overtime, has changed their product offering, and added new choices</td>
</tr>
</tbody>
</table>
6.0 Analysis and Discussion

The analysis and discussion chapter provides an explanation of the different themes that we derived from our empirical data. Also, we describe how we arrived at the different themes and how the themes relate to our theoretical model. Further, we discuss the different concepts and relate them to previous research and try to provide an explanation for why we received the results we did.

6.1 Sustainability and CSR Analysis

6.1.1 Effective and Efficient Use of Resources

The first overall theme that we found from our data was the effective/efficient use of resources. This overall theme relates back to the overarching topic of sustainability as discussed by the interviewees. “Sus,” which stands for sustainability, was the first code we identified after sifting through our empirical data and it was chosen because it related back to the research question which is how one should identify a code according to Coule and Patmore (2013, p. 987). From the code “sus,” we were able to pinpoint vision, product life cycle, local materials, and environmentally friendly as second order themes that were discussed by the interviewees. These second order themes combine to create the theoretical dimension that we refer to as the effective and efficient use of resources.

Many of the respondents stated that they were looking towards a more sustainable future, which is how we identified vision as being a second order theme. Interviewees named things that they want and aim to achieve in the future which relates to the definition of sustainability which has to do with meeting the needs of future stakeholders (Dyllick and Hockert, 2002, p. 131). R1 stated that their vision was to replace oil based products with wood based products. R1’s vision was shared by R2 who mentioned the replacing of a single cell protein with a soy protein as an example of another way in which resources can be replaced. These are both examples of weak sustainability because in this context a key resource is to be replaced which relates to how we define weak sustainability in accordance to Haughton (1999, p. 234-235) and Redclift (2005, p. 214). Another respondent, R5, mentioned a vision of the future in which there will not be enough cotton in the future if third world countries catch up with the likes of the US and Europe in terms of consumption. As a result of this respondent mentioning the fact that this key resource cannot be replaced, he is referring to strong sustainability. Sustainability is considered strong when one recognizes that resources cannot be replaced (Haughton, 1999, p. 234-235; Redclift, 2005, p. 214). R3 discussed strong sustainability and the fact that it is necessary to learn how to get more out of the forest so that it can last for a longer amount of time.

Next, product life cycle is another second order theme that makes up the theoretical dimension effective and efficient use of resources. R1’s main responsibility is to figure out how to get better in using wasted tree based materials that go unused, which thus means his job is to extend the product life cycle. R5 discussed how they view every product having a preproduction life, production life, and afterlife of which are all equally important. Furthermore, Rs6 and R5 referred to the fact that one of the main selling points of their product is the fact that it is a more sustainable product. The product, which is the main value proposition that these companies offer, has a longer life expectancy than its...
competitors/substitutes and does not corrode or deteriorate over time. The longevity and sustainable properties of this product can even be seen as a negative for the company because it eliminates repeat purchases. In other words, the product for these two companies is so sustainable that it is often seen as a one-time purchase. This provides yet another example of how companies are looking towards strong sustainability, which demonstrates that they are aware of the need of getting the most out of the existing resources because our natural resources cannot be replaced. Similarly, R7 stated that they have developed a sustainable “package” that allows guests to choose all sustainable, green alternatives. These examples support Shrivastava’s (1995, p. 955) discussion of ecological sustainability. He stated that by successfully managing ecological sustainability, one can reduce wasting resources, fluctuating energy costs, product liabilities, pollution, and waste in general (Shrivastava, 1995, p. 955). Furthermore, this also relates to what Hall et al. (2010, 440-441) state in that today and tomorrow's society can benefit from managing resources and products which our respondents strive to achieve.

Lastly, the use of environmentally friendly resources is the final second order theme that makes up effective and efficient use of resources theoretical dimension theme. R5 discussed that they prefer to use boats to transport goods and when that is not possible they use fuel efficient cars as much as they can. Additionally, this respondent stated that they use train when travelling long distances and bikes for local meetings. This relates to the recommendations of Shrivastava (1995, p. 941) who claims that businesses need to reduce the negative impact by using cleaner ways of creating and delivering value. They also ensure that they recycle paper and that everything in the office is as environmentally neutral as possible. R3 discussed that it was necessary to use the forest, their main resource, in the most effective and efficient way possible. This includes using trees before they rot and become useless. Moreover, R1 stated the fact that he was unsure of how environmentally friendly their office was but that he was sure no oil was used in the running of the office. Another respondent, R5 discussed how their product is environmentally neutral. Their product does not hurt the environment like its competitors’ products and it does not release harmful chemicals into the ocean like their competitors’ products. Lastly, R7 discussed that over the last 20 years they have tried to use their own compost to dispose of excess food. Also, R7 stated how they have gone away from having a buffet in order to reduce food waste. R7’s effort to reduce consumption by having single plates of food as opposed to a buffet supports Hall et al.’s (2010, p. 441) claim that a second earth is needed if we were to continue consuming at our current consumption level. The different respondents’ efforts to have sustainable value propositions is in alignment with the competing objective view of sustainability because they are thinking of the economic, social, and environmental goals simultaneously (Farrell & Hart, 1998, p. 6).

6.1.2 Company Image

The second major theme that we established from our primary data we collected was company image. This theme stemmed from the code “CSR” which led to the second order themes of personal values, goodwill, transparency, and society benefiting as a whole. All of the respondents discussed CSR in some explicit or implicit capacity. This supports Porter and Kramer’s (2006) statement about how it is necessary for firms to have a CSR program in order to survive in today’s business world. The second order themes represent different CSR themes that they discussed which led us to the creation of the higher order
theme company image. A company's image is very important and can serve as an ulterior motive for using CSR. However, the second order themes we developed helped us decipher the basis of for what reasons the different firms had for using CSR. From that we observed that most companies mainly use strategic CSR, however, there are occasions where responsive CSR is utilized which supports Porter and Kramer (2006, p. 91) who note strategic CSR is one of two ways in which a firm can utilize CSR.

The first second order theme we identified that relates to company image are personal values. From our interview, we were able to identify that the personal values of employees were directly related to why CSR is important for them. Also, in this secondary theme we discovered that most of the respondents were very selective of who they work with as a result of their personal values. For example, R5 discussed that even from their infancy stage they had to say no to certain customers if they did not have the same values when it came to the environment. This type of statement was supported by R1, R5, and R7 who stated that they would choose to not work on projects that would not create a better society. R4 explained further that as a company they are very selective when it comes to what companies are allowed to work in a cluster with them. This relates to the business partner related external CSR which was discussed by Skudiene and Auruskeviciene (2012, p. 52) because they choose partners based on whether or not they are ethical. Personal values are also the reason for why a different respondent stated why they would turn down customers who stand for unethical products and services; such business would reflect negatively on them and would go against their personal values. Selectivity as a result of personal values does not only affect the choice of whom to work with and for. Moreover, R4 stated they will always choose office furniture that is environmentally friendly over furniture that is not. They would pay twice as much to ensure that it is good for the environment as long as it still aesthetically pleasing. This provides us with a perfect and more literal example of how personal values are related to a company’s image. Furthermore, R3 cited personal values of the company for why they choose certain forests over others when it comes to cutting down trees. The forest has to be certified or else they will not use that timber. Lastly, R5 discussed how they use CSR as a way to teach partners about more sustainable behavior. As a result of their personal values, they attempt to teach others why it is important to be environmentally friendly and how they can do it. We can relate this to our definition of CSR as the companies are not required by law to have values and preferences of who to work with. These are instead derived from within the company, thus it is also related to internal CSR in accordance with Aguilera et al. (2007, p. 839) and Brammer et al. (2007, p. 1702).

Another secondary theme that relates to company image is goodwill. R4, R5, and R6 discussed that they have done several jobs for free because it benefited society, while both R7 and R4 have provided large discounts for good causes that wanted to use their services. Similarly, R5 mentioned that if an order comes back in a poor quality, then they send the product to people who are in need. A majority of the respondents explained that they sponsor local sports clubs in the form of donating money. By sponsoring local sports clubs, they are giving goodwill while enhancing their company’s image. This sponsoring of local clubs can be related to acting as a good citizen since they want to help but it does not directly contribute towards their business. This can, according to (Porter & Kramer, 2006, p. 85), be deemed as responsive CSR. Furthermore, this is an example of local community external CSR because these examples explain how they have philanthropic activities in the community in which they are based (Skudiene & Auruskeviciene, 2012, p. 52) which is also a layer in Carroll’s (1991) CSR pyramid. In addition, these are
examples of how different companies go above and beyond what is required of them by law which is how CSR is defined by European Commission (2016).

The final secondary theme that contributes to company image is helping society benefit as a whole. The following examples relate to local community external CSR (Skudiene & Auruskeviciene, 2012, p. 52). For instance, R5 cited the fact that they want to raise awareness for environmentally friendliness so therefore they try to go to schools to educate children. This helps society because everyone becomes more knowledgeable and it also relates to the company’s image because they are demonstrating how their company is green. R3 discussed how their company likes to give back to the local community through the leading of certain projects that help the region in which they are based grow. Similarly, R2 discussed how they like to sponsor local organizations with their expertise and time, as opposed to money. Moreover, R4 mentioned that they do what they can to help local companies succeed because they know it can help business in their region. Finally, R7 discussed how they like to help young event coordinators by helping them gain practical experience. These examples help magnify how society can benefit from the CSR programs that various firms have. We are, again, relating CSR activities to the company’s image because CSR activities are a good means to demonstrate how one cares about the environment and society.

6.2 Business models

6.2.1 Sustainability and Business Models

Another theoretical dimension that we identified from our empirical data is sustainability and business models. This theme is based on two of Bocken et al.’s (2014) business model pillars as second-order themes. We can use this theme to answer our first research question: “How do Swedish companies incorporate CSR and sustainability into their business models?”

The first second-order theme that makes up this dimension is sustainability and the value proposition pillar. R1’s value proposition includes trying to increase the efficiency in the use of wood which further supports the second order themes of vision and extending the product life cycle that make up the efficient and effective use of resources theme. We argue that this is not a resource or activity since this is what the company is trying to provide, which according to Osterwalder and Pigneur (2004, p. 3) is part of a company’s value proposition. This is a good example of strong sustainability because R1 is recognizing that lumber is a finite resource and cannot be replaced (Haughton, 1999, p. 234-235). Also, this is an example of using a renewable resource which fosters a more sustainable planet (Hall et al., 2010, p. 440). R3 discussed sustainability in their value proposition through providing products for all ages, from birth to death. This is in line with the definition of sustainability as it exemplifies that they are meeting the needs of future generations (European Commission, 2016). It also relates to the value proposition pillar, defined by Osterwalder and Pigneur (2004, p. 3) and Bocken et al. (2014, p. 43), since it contains a definition of their customer segment and what they want to achieve. R5 mentioned that they provide sustainable marketing solutions thus making sustainability part of their main value proposition. Therefore, from Teece’s (2010, p. 173) definition of a business model we can see how R5 is creating value through providing a sustainable marketing solution for customers. Another part of R5’s value proposition that
supports this is their choice to produce high quality products that are environmentally friendly which have the needs of future stakeholders in mind which is supported by the definition of sustainability used in this thesis. Rs6 has a sustainable product that is environmentally friendly which further supports Teece’s (2010, p. 173) definition of a business model because they are also providing value for their customers through a sustainable product. One of Rs6’s biggest challenges is to educate their customer base on the fact that their product has more longevity than its competitors and does not hurt the ocean or the environment in general. Also, Rs6 wants to change the perception of their product by being chosen because it is a sustainable product not for the product itself. In addition, Rs6 is adding another service by introducing their product to be used for other applications than first thought to help with sustainability. All of Rs6’s quotes above showcase what they try to offer to their customers, thus in accordance with Osterwalder and Pigneur (2004, p. 3) and Bocken et al. (2014, p. 43), this is part of the value proposition pillar. Finally, R7 discussed how they have developed their value proposition over time in order to include disposing of less food waste. Respondents further exemplified what Bocken et al. (2014, p. 48) describe as the organizational archetype for bringing sustainability into a business model since they show that the fundamental purpose of the business has changed or stem from an idea of change, thus our respondents give examples of how they are repurposing the value that they are offering.

In our first theme we were able to see that almost all of our respondents’ value propositions are sustainable through the fact that they are trying to use resources more effectively and efficiently which relates to the first theme that we discovered in section 6.1.1. R4 was the only respondent who did not discuss sustainability as being a part of their value proposition, however, we can argue that being a technology company that is focused on digital transformation that by nature their value proposition is affected by sustainability. Although, we felt it was a bit farfetched to include this respondent with the rest of the respondents since it was so implicitly stated and was our own conclusion about the respondent's company. We can attribute our respondents having sustainable value propositions to the fact that we contacted companies that we thought of as being environmentally friendly and it was mainly these types of companies that were interested in taking part in our study. Therefore, it was not a surprise to see that they had sustainability in their value propositions. We further believe that customers are now starting to demand more sustainable products and services, probably due to the increased awareness and easy access to information. Thus, our respondents exemplify how they are changing to fulfill these new customer wants and needs. This pull from customers forces businesses to change their products or services or update their customer segments. It is worth noting that this pull for sustainability is a reason why some of our interviewee’s companies exist. For instance, R5’s company started out with sustainability incorporated into their value proposition, similar to R1 and R2’s company. This means that some companies are not innovating their business model directly but instead using an innovative business model in already established industries, thus innovating indirectly with a sustainable value proposition.

A further discussion of how sustainability is included into the first pillar of our respondents’ business models is the discussion of whether not sustainability is weak or strong. As Haughton (1999, p. 234-235) and Redclift (2005, p. 214) state, strong sustainability is when one realizes that natural capital cannot be substituted. Thus, if one incorporates strong sustainability into their business model, then they are recognizing that we cannot overuse resources. It can then be argued that R3, R5, and Rs6 have a more
sustainable value proposition than the other respondents because they use strong sustainability. R1 and R2 have weak sustainability and then be seen as having a value proposition that may not be as sustainable in the long run because they are trying to replace natural resources instead of addressing the fact that their resources are finite. From this, it is interesting to note that both strong and weak sustainability are used in the value proposition pillar. We can explain this by pointing out that the two of the respondents who have strong sustainability are in the manufacturing industry and as Ekins et al. (2003, p. 169) state, natural capital is necessary in order to manufacture products which leads to the fact that the natural resources cannot be replaced. On the other hand, service companies do not necessarily need natural resources in the same way which can provide an opportunity for them to innovate their business model using weak sustainability.

The second second-order theme that we found for sustainability and business models was value creation and delivery. Value creation and delivery is a pillar described by Bocken et al. (2014, p. 43) that includes distribution channels, key activities, key resources, and partners. This pillar was discussed by respondents in general, however when it came to sustainability and value creation and delivery, it was not as commonly discussed. R5 discussed how they prefer to use boats and cars that use environmentally friendly fuel when transporting goods. Similarly, R3 mentioned that they also use boats for transporting goods. These examples of transportation can be related back to the distribution channel (Osterwalder & Pigneur, 2004, p. 9; Osterwalder et al., 2005, p. 10) which is part of the value creation and delivery pillar (Bocken et al., 2014, p. 43) since it is trying to answer how they provide value in a more environmentally friendly way. By trying to be more environmentally neural, both R3 and R5 are supporting Farrell and Hart (1998, p. 6) who stated that we need to actively preserve our environment. R3 also discussed that they have a key resource in the forest which needs to be certified which means that it needs to be sustainable. Having more sustainable resources is part of the critical limits view of sustainability (Farrell & Hart, 1998, p. 6) and part of value creation and delivery (Bocken et al. 2014, p. 43). R7 has changed their key resources over time; they have started using more vegetables instead of traditional proteins in an effort to be more environmentally sustainable. These examples exemplify Bocken et al. (2014, p. 48) technology archetype since they are incorporating more efficient use of their resources, for example sustainability, into their key resources and activities.

This means that we can only say that sustainability is somewhat incorporated into the value creation and delivery pillar. However, we can see, for example, R1 and R2, that their lab is a sustainable resource that is necessary for them to create a sustainable value proposition. This argument can be extended to other respondents such as R3 and Rs6 who, without key resources in the production process, cannot create sustainable products. Moreover, the respondents did not explicitly state everything that contributed to them being a sustainable company. This raised a further question of why did they not discern more about this. Some of the interviewees discussed the topic of sustainability as being a part of their DNA. This means that they are not actively thinking about it which means that they would not discuss it since it is so implicitly imbedded into their activities. Perhaps if we would have probed a bit more, we could have discovered more sustainable activities and resources, however, this was something we found after we did the transcribing and the analysis so we had no opportunity to ask future interviewees to talk more about this.
In relating weak and strong sustainability to the second pillar, it is difficult to make a distinction between the two. R5 and R3 discussed how they use sustainability in their value creation and delivery by using boats, a sustainable means of distribution. For us, it was too difficult to categorize whether it was the boat itself or the fuel the boat runs on as being the sustainable aspect in distribution. We think about it in the sense that these respondents choose boats because less fuel is consumed then we are looking at an example of strong sustainability because the respondents would be seeing fuel as a natural resource that cannot be replaced. However, if we think of the fact that boats are being used as a way to replace another transportation means than the resource would be substituted which is an example of weak sustainability according to Haughton (1999, p. 234-235) and Redclift (2005, p. 214). As a result of the difficultness of making this decision we have not taken a side and therefore believe that a conclusion cannot be made on whether or not it is strong or weak sustainability that is being used in a firm's value creation and delivery pillar.

As we can see, no one discussed how sustainability affected the third pillar used in this thesis: value capture. Despite this, we could argue that R1 and R2 receive money because of their attempt to be sustainable. They are financed by governmental organizations that give them funds with the idea that they will create a more sustainable product. Thus, if they succeed in helping our planet be more sustainable, they stand to receive more funding. This demonstrates the fact that financing was discussed by several other respondents. R56 discussed the issue they had with banks not providing an option they wanted, while R4 discussed how they want to have multiple revenue streams of various kinds. However, these statements did not contain any type of wordings related to that of sustainability thus we cannot say it relates to our model. We believe that this is a somewhat expected result because from a value capture perspective, sustainability does not lead to economic benefits. We attribute this to the way in which firms receive money as it has nothing to do with sustainability. Consider the following: if you have the choice between a regular paper invoice or an electronic invoice most people will probably choose the electronic invoice due to its convenience, not for the sustainability in the sense of paper reduction. Businesses are still about making profit and if there are no incentives to improve their revenue streams in a sustainable manner they will not. Although, this does not imply that there are no economic benefits to be had by doing this we just do not see it as of right now.

6.2.2 CSR and Business Models

We did not find enough discussions from our interviewees to warrant us to conclude that CSR has an effect on the value proposition. R7’s value proposition can however be seen as being influenced by CSR. They are trying to improve society by giving them a richer cultural life through their value proposition. Thus, they are supporting our use of the European Commission’s (2016) definition of CSR which states that they are going above and beyond what is required by them. So why did the other respondents choose to not implement CSR into their value proposition pillar? We think it is due to the way that we have defined CSR in this thesis, which could cause conflicting views. In the definition of CSR, there is a focus on regulations, which is the act of regulating, meaning that CSR is more related to policies and code of conduct which has little to do with what value the company tries to provide or what customer segments are targeted (European Commission, 2016). However, we maintain the view that CSR should be separated from sustainability as they are two distinct concepts, although similar.
Furthermore, as we found in section 6.1.2, CSR related themes were identified as part of the theoretical dimension company image. A company’s image has nothing to do with the actual products or customer segments since it does not offer tangible value which we defined as anything that is of worth for stakeholders (Harrison and Wicks, 2013, p. 100-101). A company image is a tool to help leverage value through enhanced reputation, which according to (Porter & Kramer, 2006, p. 81) is a reason for why companies have an CSR policy. It can be argued that this enhanced view is not creating actual direct value since they are not offering specific products or services with CSR in mind, or target customers. It could be argued that CSR can help with customer relationship, which is part of the value proposition pillar, however, the way it was discussed it was more referred to as an activity (see below for further discussion on this point). This idea reflects earlier findings about CSR and financial performance (see chapter 2.3.5) that said that there are mixed results in finding effects on financial performance (Husted & Allen, 2007, p. 595). Since they are not part of the value proposition, it can be hard to find significant financial performance, thus it can help in supporting our findings.

CSR and value creation and delivery is a theoretical dimension theme that we were able to identify which relates to our conceptual model. We will start by discussing how CSR affects key activities and then how CSR affects key partners. Thus, CSR and key activities is the first second-order theme that will be discussed under the theoretical dimension CSR and value creation and delivery. R5 gives poorly made products to the less fortunate which relates to key activities which is in accordance to Bocken et al. (2014, p. 43) pillar and describes “how” value is created (Osterwalder & Pigneur, 2004, p. 3). We argue this is belonging to this pillar since it is an act of giving that is necessary for them to establish their desired customer relationships. Additionally, this only happens when there is a mishap in the production process which constitutes it as being a key activity and not part of pillar one, value proposition. As a key activity we can see that this is an example of responsive CSR (Porter & Kramer, 2006, p. 85). Earlier in our analysis, we identified the respective goodwill activities that all respondents do. We argue that these goodwill activities are an example of key activities. As Porter and Kramer (2006) stated, it is no longer voluntary for businesses to have a CSR program but yet it is necessary in order to remain competitive. Thus, we believe our respondents would see negative effects if they took away their sponsoring and similar activities that they have in place in terms of goodwill.

Another second-order theme we discovered is CSR and key partners. Key partners are a key aspect of the value creation and delivery pillar. R1, R4, R5, and R7 explicitly stated that they will not work with certain companies who are unethical or unsustainable which is a key activity that relates to being socially responsible. To explain further, it is a key activity (Osterwalder & Pigneur, 2004, p. 15; Osterwalder et al., 2005, p. 10) because they are actively sorting out who they want to work with, and who they do not want to work with. R5 discussed that they have a key partner who inspects materials to ensure they are actually environmentally friendly. This partner is critical as it ensures the quality that R5 wants to provide, thus it is classified as a key partner (Osterwalder & Pigneur, 2004, p. 21; Osterwalder et al., 2005, p. 10). This is not required by law in anyway so they simply use them because they want to know to the best of their ability that they are only using environmentally friendly materials which is in line with our definition of CSR from the European Commission (2016). This is also an example of strategic CSR (Burke
& Logsdon, 1996, p. 496; Porter & Kramer, 2006, p. 91) because they are working proactively to ensure good corporate behavior.

Although it was not very salient in the value proposition pillar, CSR was prevalent in the value creation and delivery pillar. We can attribute this to the fact that most CSR activities were seen as being more key activities and partner related. Thus, they were not part of “what” value that they were offering but yet the CSR activities are more part of “how” the value is being created. The “how” it is created attributes it to the second pillar that we have focused on in this thesis. For example, we identified company image as a main theme which demonstrates how CSR can be used to promote a company’s perception amongst customers. Furthermore, we could identify that both strategic CSR and responsive CSR were part of this pillar. We can attribute this to how we defined CSR, as going above and beyond what is required by law (European Commission, 2016) because it is a choice to be both proactive and reactive when necessary. Therefore, we can see that companies are proactive when possible but yet need to use responsive CSR when a problem does arise.

None of the respondents discussed how CSR influences the way in which they capture value. Despite that fact, we can argue that the value capturing pillar is still a part of CSR if we look at CSR from Carroll’s (1991, p. 42) pyramid perspective. One of the layers of the pyramid is the economic layer which is at the bottom of the pyramid (Carroll, 1991, p. 42). Thus, we can see that CSR has a purpose to not only help society and the environment but also to lead to economic gains. Therefore, we can argue that CSR can affect the value capturing pillar even though it was not explicitly discussed by our respondents.

6.3 Business Model Innovation

The final theme that we were able to identify was business model innovation, from the code “BMI.” Business model innovation was most evident when it came to the changing value propositions amongst our respondents. R3, Rs6, and R7 innovated their business model by introducing new products which supports Amit and Zott (2012, p. 44), who stated that bringing something new into the business model constitutes as business model innovation. One of the reasons they innovated their products were due to changes in customer preferences which supports Demil et al. (2015, p. 5) and Bocken et al.’s (2014, p. 48) social archetype, that state companies should work from a customer orientation. R5 changed their value proposition by changing their target segment while R4 has developed the value proposition overtime with a vision of changing behavior in the long run. R1 has changed their target customer overtime by adding new groups and new kinds of services for these new customer groups. They have also incorporated green meetings as an alternative for customers to choose. This is an example of how R7’s firm has innovated their business model over time by providing a green option, thus adding to their value proposition (Chesbrough & Rosenbloom, 2002, p. 533; Osterwalder & Pigneur, 2004, p. 4, 5).

None of our respondents discussed how they have changed the way in which their value has been created and delivered. In other words, we can see that the companies have changed, but they did not specify how this change has occurred. Therefore, no one explicitly stated how their key resources, key activities, distribution channels, or key partners have changed overtime. We discovered what they offer has changed but not how they create the ‘what’ which we attribute to the fact that respondents simply chose not to
focus on the ‘how.’ We believe that if the ‘what’ has changed or been added to in some cases, then the way in which it is created must have changed somehow. Thus, it is likely that the way companies create and deliver value has changed overtime but was nonetheless not discussed by our respondents. A possible explanation for why our respondents did not discuss how their processes have changed, but instead focused on their changed value proposition, could be attributed to the sensitivity of such information. It is easy for anyone to see that a company has developed new products and services but as a consumer we do not know how they were developed; this is more of a company secret. Amit and Zott (2010, p. 41) illustrate this point by stating: “it’s important to innovate in areas where our competition does not act.” Since CSR and sustainability are starting to become more central into business practices not every company is doing it, thus we can argue that the innovation where the “competition does not act” is currently in the value proposition. As time progresses, more and more companies will hopefully adopt this approach into their core, and perhaps then we can see more of a discussion about value creation and delivery. Also, it could be that the change in the value creation and delivery could be so subtle and obvious for the employees that they do not realize how much change has actually occurred, thus it will not be discussed as much as their change in value proposition. This argument can be supported by Teece (2010, p 175) who stated that: “Customers don’t just want products; they want solutions to their perceived needs.” This, in combination with the intangible nature of the rest of the business model, can be argued that the respondents are used to use the value proposition as a method of arguing and talking about their business, thus leaving out value capture and delivery as well as value capture. Customers do not really want to hear everything that goes on in the background, thus value propositions are the main selling point. We as researchers probably should have picked up on this earlier in the processes and prompted them to speak more about the other two pillars, however, the purpose was to provide a starting point for future research and thus we have to let the respondents speak freely about what they want to talk about within the subject.

6.4 Shared Value

From our thematic analysis in the previous sections of this chapter we can identify how shared value has been created. We use that analysis since the purpose of this paper is to see how Swedish companies use business models based on CSR and sustainability to create shared value. Thus, this analysis section helps in answering our second research question: “How do Swedish companies create shared value through business models based on sustainability and CSR?” In this section we will use the information that we have already analyzed to help us apply it to the concept of shared value. Most of the information in this section relates to Bocken et al.’s (2014, p. 43) second pillar, value creation and delivery. This is a result of how Porter and Kramer (2011, p. 6) define shared value: “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.” The salient part of their definition is the policies and operating practices which we attribute to key resources, key activities, key partners, and distribution channels which fall under the value creation and delivery pillar (Bocken et al., 2014, p. 43). We identified multiple second-order themes which are based on the seven examples that we previously stated would serve as a criterion of creating shared value according to Porter and Kramer (2011).
The first second-order theme we will discuss is energy use and logistics. We saw R3, R4, R5, and R7 discuss how they utilize energy use and logistics in order to create shared value. R3 talked about their boat division, while R4 claimed they try to be coal neutral. R5 discussed several points, one concerned the energy usage of their office, modes of transportation both for products and for themselves. R7 discussed the usage of solar panels and certifying their buildings’ energy usage in accordance to the ‘Svanen’ criteria. These respondents exemplified how they have reevaluated how they use energy in their office buildings, and in distribution and logistics, which is how Porter and Kramer (2011, p. 9) defined energy use and logistics. Furthermore, we can relate this to sustainability as these measures to improve logistics and energy use have the wellbeing of direct and indirect future stakeholders in mind, keeping it in line with how Dyllick and Hockert (2002, p. 131) define corporate sustainability.

Resource usage was another second-order theme that falls under shared value. This second-order theme is very reminiscent of the first theoretical dimension we identified which was effective and efficient use of resources. In the first theme we focused on how it is, from a sustainability perspective, important to use resources effectively and efficiently. From a shared value perspective, we can see that it is not only sustainable but a driver of the creation of shared value. Therefore, in terms of shared value, better resource use contributes to all parts of the value chain and thus will positively impact suppliers and channels (Porter & Kramer, 2011, p. 9). R1, R3, R5, and R7 all discussed how they are improving their use of resources. We can see an example of how shared value is created through better resource use from R5 who not only uses more sustainable materials but also tries to educate their suppliers and partners about why these types of things are important. Thus R5 described how they could see a trickle-down effect that positively impacts their suppliers and partners.

A third second-order theme that was discussed by multiple respondents was distribution which was discussed by R4 and R5. This theme is similar, yet different, to the logistic part of the energy use and logistic theme we discussed earlier. This theme focuses more on packaging and less on the actual freight, which is more related to logistics. R4 uses technology to deliver their service, thus it is online and that helps in creating shared value according to Porter and Kramer (2011, p. 10). As a result, there is no plastic or packaging necessary to deliver this service which means that are helping create shared value through their distribution channel. In addition, R5 discussed how they distribute with sustainability in mind. Thus, they are creating shared value and a better society for us to live in by having less packaging and energy efficient transportation. This is an example of key activities that they have when distributing.

Another second-order theme and way in which our respondents create shared value is through employee productivity. Both R3 and R7 referred to employees being their most important stakeholder. Shared value can be created through ensuring safe working conditions, health, and by empowering employees (Porter & Kramer, 2011, p. 11). R3 discussed safety as being extremely important for their employees and R7 said by empowering employees more sustainable practices can be established. These are good examples of how shared value is created in practice through employee productivity. In relation to business models, employees can be seen as a key resource in some organizations and thus fits in the value creation and delivery pillar (Bocken et al., 2014, p. 43). This also helps explain why both R3 and R7 referred to employees as being important stakeholder because without them, they cannot function.
Location is another secondary theme and an example of how shared value can be created by companies. None of our respondents mentioned having solely production abroad. Porter and Kramer (2011, p. 11) discuss that society benefits by having production in a location close to where one has operating offices and not in a third world country where labor is cheaper. Rs6 is an international company and does most of their business abroad, however they still have production in Sweden. They do, however, have an office in the US as well because they do a lot of business there, thus it is convenient and keeps the local idea in mind but just extends it to two locations. R3, R4, and R5 all have local production. By having local production, they hire people in the area in which they operate which creates jobs. Location relates to the value creation and delivery pillar (Bocken et al., 2014, p. 43) in that distribution, key resources, and key activities are all relative to where a business is located. For example, R3’s key resource is lumber which is located where they operate and is thus necessary to create value.

Also, enabling local clusters is an effective way of creating shared value. R1, R2, R3, R4, R5, and R7 all discussed ways in which they work with other local companies. Enabling a local cluster means just that, helping other companies located in the same region create value and increase the probability of being successful (Porter & Kramer, 2011, p. 12). As Porter and Kramer (2011, p. 12) state: “the success of every company is affected by the supporting companies and infrastructure around it.” Our respondents exemplify how they benefit from the help of others and how they, vice versa, help them succeed. This is an example of key partners, or partners that these companies could not survive without which also falls in the value creation and delivery pillar (Bocken et al., 2014, p. 43). R4 discussed how they help NGO’s which, according to Porter and Kramer (2011, p. 12) is another type of group one can create a cluster with. In other words, it does not have to be other for-profit businesses in order to be considered a cluster.

In the discussion about our theoretical model we stated that the seven criteria presented by Porter and Kramer (2011) should be viewed as a guideline. We acknowledged that it would be possible to add other indicators of shared value depending on what our respondents answered. From our empirical data we can pinpoint the spreading of so called “green” knowledge as being another way our respondents create shared value. Porter and Kramer (2011, p. 5) state that shared value is about increasing economic wealth and societal wealth simultaneously. Thus we were able to derive our respondent’s activities of educating society as being another way that they can create shared value because they are benefiting economically while society is benefiting simultaneously. Rs6 helps educates pontoon engineers about how their product works which in gives the engineers knowledge about how their product is more environmentally friendly and Rs6 benefit because they stand to make more sales if more manufacturers know why they should sell their product. Furthermore, Rs6 stated that they communicate with the university which helps them by providing knowledge and helps students by providing experience. R3 mentioned that they have interns who help them, this is free labor for them, thus saving R3 money (the economic benefit) and the students gain practical experience (societal benefit). R5 goes to schools to educate students about sustainability and being “green,” this allows them to promote themselves and gives them a channel to sell their clothing. So yet again we can see this as an example of how they teach the local society which can lead to them benefiting financially. R4 educates children which provides a similar benefit as the one R5 provides. In relation to Bocken et al. (2014, p. 43), these can be seen as key activities and part of the value creation and delivery pillar where R2 also discussed spreading knowledge to the local community.
From the seven examples that we provided, procurement, or the buying power of suppliers was the only one that was not mentioned by any of our respondents. Procurement helps in creating shared value by allowing them to think sustainability instead of worrying about providing the lowest price (Porter & Kramer, 2011, p. 10). It was not stated by our respondents but we could argue that R5 and Rs6 have good buying power as sellers because they do not think about keeping a low price but are more concerned with a quality environmentally friendly product. We can also argue that both R5 and Rs6 sell to other businesses and not the end customer which makes them a supplier in some regards. The other respondents are not suppliers so therefore they would could not discuss procurement. Similarly, none of the other respondents discussed the buying power of their own suppliers because it was not a focal point of the interviews. The focus was more on them and their customers, not their suppliers.

It is interesting to note that Crane et al.’s (2014, p. 136) criticism that economic progress is suffering because a business tries to improve their social agenda is not supported by our results. As we can see, companies are implementing social agendas to aid society and the planet. Perhaps not from a distinct created value perspective, but instead from a value creation and delivery perspective. We can see that companies are trying to leverage their business’ value by implementing social agendas, thus shared value can be implemented in order to achieve both economic and social benefits.

### 6.5 Revised Conceptual Model

From our empirical data we can now revise our conceptual model. As we stated previously, at least two respondents needed to discuss something for it to be considered relevant. Thus, as one can see in figure 4, CSR only affected the value capture and delivery pillar. A full dark arrow means that we found a large majority of interviewees discussing the topic while a dotted unfilled arrow means that it was discussed but not by a majority of the interviewees, while all seven respondents referred to some sort of CSR activity that was a part of their value capture and delivery. Further, we can also identify from the evidence of R1, R2, R3, R5, Rs6, and R7 that sustainability mainly impacted the value proposition pillar and R3, R5, and R7 discussed that sustainability had an effect on the value capture and delivery pillar. This is showcased by a fully shaded dark arrow. Neither sustainable nor CSR had an impact on the value capture pillar. However, we could see that with the combination of CSR and sustainability integrated into the three pillars lead to the creation of shared value because all respondents discussed shared value being created in one way or another.

From the discussion and analysis of our thematic analysis one can see why we revised the model as we have in figure 4. In the business model innovation arena, we can see that companies innovate but focus on discussing how the actual product or service is being innovated or how the customer segment may have changed. Despite it not being discussed, we still believe that the other two pillars, value creation and delivery and value capture, are being innovated continuously even if it was not explicitly stated. Moreover, we saw that sustainability was the focus of the value proposition while CSR was considered when creating and delivering the value. So why did we get these results? One explanation could be attributed to our question about what stakeholder group is most important for their company’s success. The groups that the respondents focused on most frequently were customers and employees. The respondents that focused on customers...
focused mainly on the importance of their value proposition and from those respondents we could see that sustainability had an impact on their value proposition. On the other hand, respondents that focused on employees had a larger focus on CSR and the value creation and delivery pillar. Furthermore, one company cited society as a whole was the most important stakeholder group and they happened to attribute both CSR and sustainability as having an effect the first two pillars. Thus, we can see that the stakeholder group that is of highest importance for a given company impacted how respondents answered when it came to what CSR and/or sustainability affected in their business model.

*Figure 4. Our revised conceptual model*
7.0 Conclusion

In this chapter we begin by making conclusions about our research as well as providing our practical and theoretical contributions. Finally, we will give suggestions for future research and discuss our limitations.

7.1 General Conclusions

The purpose of this paper was to explore what parts of the business model Swedish companies are incorporating sustainability and CSR into. We also wanted to explore how companies create shared value through the sustainability and CSR Swedish companies have incorporated into their business models. We intended to provide a model showcasing this which could serve as a reference point for future research and for companies to follow.

Our first research question was: “How do Swedish companies incorporate CSR and sustainability into their business models?” From Bocken et al.’s (2014, p. 43) three pillars we were able to identify that CSR impacts the value creation and delivery pillar through company image while sustainability impacts the value proposition pillar and somewhat affects the value and creation pillar through the effective and efficient use of resources. We discovered that the companies differed in how they use sustainability and CSR in their business model but nonetheless incorporate both weak and strong sustainability as well as internal and external CSR in some way or another. Also, we can see that both strong and weak sustainability are a part of the value proposition that a company offers. It can be concluded that a company has weak sustainability when they are providing a service while a company has strong sustainability when they are a production company. Furthermore, we were able to identify that both internal and external CSR are present in the value creation and delivery pillar.

“How do Swedish companies create shared value through business models based on sustainability and CSR?” was our second research question. From our study, we can conclude that companies create shared value through energy use and logistics, resource use, distribution, employee productivity, location, and enabling local clusters which were six of the seven examples provided by Porter and Kramer (2011) in addition to finding a new way to create shared value through creating awareness and spreading ‘green’ knowledge. Energy use and logistics, resource use, enabling local clusters and spreading ‘green’ knowledge were the most common ways in which companies create shared value.

7.2 Theoretical Contributions

Theoretically, this paper contributes to Bocken et al.’s (2014) three pillars by identifying how CSR and sustainability can be incorporated into them. In turn, we are also contributing to the field of business models in general by providing a model that can be tested and further revised. In turn, we are also contributing to Chesbrough and Rosenbloom (2002), Osterwalder and Pigneur (2004), and Osterwalder et al. (2005) who Bocken et al. (2014) derived their three pillars from by increasing the knowledge of business models and by testing them in real life situations. By doing so we are contributing to the general research field of business models. Our use of in-depth
interviews contributes to Michelini and Fiorentino (2012, p. 572-573) who called for in-depth interviews in the field of business models.

Furthermore, we contribute to the work of Porter and Kramer (2011) by discovering a new way in which shared value can be created and by seeing how their examples of creating shared value are conducted in a practical setting. We also provide arguments for shared values importance in creating both societal and economic benefits.

Finally, we are contributing to the fields of CSR and sustainability by identifying how companies use these concepts, thus trying to bridge the concepts together for future research. We also contribute by showcasing that these two concepts can be separated in order to generate further knowledge about each specific concept.

7.3 Practical Contributions

Practically speaking, this thesis has contributed to discovering how companies have actually implemented sustainability and CSR into their business models. This can serve as an inspiration for those managers who aspire to do the same but do not really know how. For some of the companies that participated in this study, they were able to learn more about what a business model is in a theoretical sense.

Furthermore, our conceptual model can serve as a reference to spot a potential gap to be exploited for those who want to innovate their business model to gain a competitive advantage. For instance, companies can try to exploit the fact that no one is using CSR in their value proposition. Our model gives a starting point or set of guidelines to see where sustainability and CSR can be implemented into a business model. From a shared value perspective, practitioners can see how other companies are creating shared value.

Moreover, this paper can contribute practically by hopefully encouraging companies to incorporate sustainability and CSR into their businesses and to encourage them to strive to create shared value by showing both the societal and economic benefits of the concept if they do not already do so. Lastly, this paper contributes practically by raising awareness about the need to shift from an anthropocentric paradigm to an ecocentric paradigm.

7.4 Limitations and Suggestions for Future Research

A limitation of this study is that it is was limited to Northern Sweden. Moreover, this study was conducted through a qualitative method, thus we cannot make too many generalizations of our results in terms of reliability. The reader should be aware that due to the nature of qualitative studies, and our relatively small sample of interviewees (due to time constraints) should lead this study to mainly serve as an initial reference point. Furthermore, we are limited only to the types of sustainability and CSR that are mentioned throughout this thesis. In other words, if companies are incorporating other forms of sustainability or CSR, they might not have been covered. We have also limited ourselves by unintentionally choosing to use specific definitions for the concepts of sustainability, CSR, a business model and its components, and shared value which has in turn unintentionally affected our analysis.

Concerning future research, we would find it interesting to test our model further by conducting replication studies in different industries, locations and firms’ sizes through
both qualitative and quantitative methods to increase the reliability and validity of the model. A further investigation of how CSR and sustainability are incorporated into all of the business pillars separately, would also be interesting. In other words, if future research could delve deeper into every aspect of a business more concrete findings could arise. It would also be interesting to conduct research of the drivers behind why companies incorporate sustainability and CSR into their business models. Additionally, we would recommend a longitudinal study to gain deeper insight into how exactly companies incorporate these concepts over time. Similarly, a cross-cultural examination of how different firms incorporate CSR and sustainability in their business models would be interesting to study to see whether or not there are any differences between cultures. It would be beneficial to conduct more research on the difference between sustainability and CSR to ensure proper distinction to be used for similar studies. Furthermore, we would like future researchers try to find how we can change shared value from the value creation and delivery pillar to the value proposition and to see if shared value can be created through products and services.
8.0 Truth Criteria

In this final chapter we state the truth criteria for this qualitative study. We state how we tried to keep the study as reliable and valid as possible. Furthermore, we discuss how we kept our work trustworthy by stating the credibility, dependability, and transferability of our work.

It is important to use reliability and validity to ensure credible and quality research when conducting qualitative research (Bryman & Bell, 2011, p. 396). Reliability deals with the issue of if the compiled results are somewhat similar in relation to other research (Johnson and Christensen 2012, p. 245; Saunders et al., 2012, p. 192-193) and can be seen in two different forms, internal and external reliability (Bryman & Bell, 2011, p. 395). Internal reliability is the chances of another researcher discovering the same results if they tried to replicate a study using the same parameters (LeCompte & Goetz, 1982, p. 32). On the other hand, external reliability is concerned with how easily a study can be replicated (Bryman & Bell, 2011, p. 395). Validity is achieved when the presented results of a study represent what they are really about (Saunders et al., 2009, p. 157). Just like reliability, there are also two types: internal and external validity. Internal validity deals with how well the results support previous theory while external validity is whether or not the results can be generalized (Bryman & Bell, 2011, p. 395). It was not our intention to make a generalizable study, thus, according to Saunders et al. (2009, p. 158) we do not need to be concerned with our reliability and validity because it is difficult to replicate the results of a qualitative study due to its subjective nature as we discussed in chapter 3.1. However, we tried to be as transparent as possible in this thesis by carefully describing every step of our research process to help increase the reliability and validity.

When conducting an analysis, it is crucial that the data fulfills certain criteria in order to fully reach its potential. We will thus discuss the issue of trustworthiness in our collected data, for example the credibility, dependability and transferability of our qualitative data (Graneheim & Lundman, 2004, p. 109).

Credibility deals with how the data and analysis method complements the proposed research questions (Graneheim & Lundman, 2004, p. 109), which we tried to ensure by including arguments for our choice of analysis method and steps that we conducted in our analysis in the methodology chapters. The credibility of a study is based on how believable or realistic the results are (Bryman & Bell, 2011, p. 43). A researcher has been credible when: “the research has been made in accordance with the guidelines that exists and that one report the results to the people that are part of the social reality that has been studied so they will confirm that the researcher perceived that reality correctly” (Bryman & Nilsson, 2008, pp. 354-355). To ensure our credibility, we sent our transcriptions to our interviewees so that they could look over what we said. By doing this, they could see if we understood what they discussed in the way they wanted us to. Confirmability is another way in which a researcher can ensure the credibility of their research. Further, confirmability is achieved when a researcher is aware of his or her subjectivity while trying not to allow his or her values to have an effect on the research (Bryman & Nilsson, 2008, p. 355). In order to be as objective as possible, we attempted to set aside all preconceptions that were described in chapter 3.3. We tried our best to be as transparent and open when analyzing our data, with our mantra being ‘let the text speak,
not us’ which supports Graneheim and Lundman (2004, p. 111) who stated “let the text talk” in order to not change the meaning of what others have said.

Similarly, dependability refers to whether or not a researcher's results would be the same in another situation (Bryman & Bell, 2011, p. 43). Dependability is also concerned with how the answers collected from a sample population varies and how the purpose of the research has changed during the data analysis process (Graneheim & Lundman, 2004, p. 110). In order to ensure the dependability of our study, we tried to create a complete and clear description of every step of our research process which is how Bryman and Nilsson (2008, p. 355) describe how dependability can be achieved.

Transferability is another important part of determining the quality criteria of a research paper. If the results of a study can be used in another time or situation, then one can say that the research study has transferability (Bryman & Nilsson, 2008, p. 355). In order to achieve transferability, and something that we tried to achieve, one should use a variety of interviewees and contexts (Carson et al., 2001, p. 69). We attempted to ensure transferability by interviewing respondents who held a variety of different positions in a variety of different industries. However, transferability is up to the reader to decide whether or not a study can be used in another context (Graneheim & Lundman, 2004, p. 110).
References


Appendix

Appendix 1: Interview guide

Our Interview Guide:

1) What does your company do?
2) What is your role?
   i) How long have you been working there?
3) What do you consider a business model to be?
4) Can you describe your company’s business model?
   i) How do you create value and for whom? (what services/products for what customer group?)
   ii) How do you leverage value? (Resources, activities, key partners, distribution channels)
   iii) How is value captured? (costs/revenue streams)
5) How has the business model changed over time?
   i) Have CSR activities or sustainability influenced any change?
6) How is your company involved with the local community?
   i) Is the local community considered in the business model?
7) How does your company think about the environment?
   i) What actions do you do in order to help the environment?
8) What groups do you think about most when innovating (changing/updating) your business model?
9) In general, and in terms of the business model, what groups are most important for your businesses’ success?

Respondents Interview Guide

1) What does your company do?
2) What is your role?
3) What do you consider a business model to be?
4) Can you describe your company’s business model?
5) What groups are most important for your businesses’ success?
6) How has the business model changed over time?
7) What groups influence you most when innovating (changing/updating) your business model?
8) How is your company involved within the local community?
9) How does your company think about the environment?

Translation of the respondent’s interview guide

1. Vad gör ditt företag?
2. Vad har du för roll i företaget?
3. Hur skulle du beskriva en affärsmodell?
4. Kan du beskriva er affärsmodell?
5. Vilka grupper är viktiga för att ni ska lyckas?
6. Hur har er affärsmodell förändrats genom tiderna?
7. Vilka grupper påverkar er mest när ni ändrar i er affärsmodell?
8. Hur är ditt företag involverade i det lokala samhället?
9. Hur tänker ditt företag kring miljön?