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Shared Value Creation – For a Profitable Business and Healthy Society

A multiple case study of Swedish SMEs

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SUMMARY

Title of the degree project: Shared Value Creation – for a profitable business and healthy society

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Key words: Shared Value Creation, SMEs, Firm Resources, Stakeholder Approach, Value Exchange

Purpose: To describe and investigate shared value creation in SMEs

Methodology: With a deductive approach and a qualitative information collection method, a multiple case study was conducted. Semi-structured interviews with two interviewees from each of the four case companies constituted the empirics collection. The analysis of the empiric material is divided in two parts, one analysis of the individual case companies and one subject centric analysis where focus lies on the different theoretical themes presented in the literature review.

Theoretical perspectives: Shared value creation constitutes the main research subject in this thesis. It refers to how firms can simultaneously deliver social benefits and business value (Pfizer et al., 2013). The concept is relatively new within business literature and can be viewed as stemming from research areas treating “corporate responsibility” and “value creation”. Corporate responsibility generally refers to CSR activities (Carroll, 1991; 1999) and sustainable enterprising (UNWCED, 1987), which have been criticized because of the disconnection from firms’ profit generating business (Hart & Milstein, 2003; Porter & Kramer, 2006). Theories on value creation emphasize how value is perceived subjectively and should be created with regard to the recipient. In addition, to create value a company must possess a competitive advantage (Fitzroy & Hulbert, 2005). Theories on corporate responsibility and value creation are both influenced by the stakeholder theory (Tricker, 2012). Hence a stakeholder approach to shared value creation could be meaningfully applied.

Empirical foundation: The empirical material is collected from Swedish SMEs, which are currently applying shared value strategies. Dissimilarity maximization has been applied in the selection of research entities in order to better reflect the whole population of Swedish SMEs. The case companies constitute both goods and service producers, and operate in industries varying from human capital, management consultancy, clothing, and soft plastics.

Conclusions: The study indicates that SMEs have good potential to create shared value. The key to successfully apply such a strategy for them is to move focus to local social issues, leverage their existing value creating internal resources in the shared value creation and match the value creation with a social need among a stakeholder group. Resources and possibilities for experimentation and risk taking constitute good foundations for the development of shared value strategies. Even though SMEs generally have less of those than large corporations, this study has shown that SMEs possess some advantage that large corporations lack, which mainly lie in their organisational structures and business processes.

SAMMANFATTNING

Examensarbetets titel: Shared Value Creation – för ett lönsamt företag och hälsosamt samhälle

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Nyckelord: ”Shared Value Creation”, SMEs, Företagsresurser, Stakeholder perspektiv, Värdeutbyte

Syfte: Att beskriva och undersöka ”shared value” skapande hos små och medelstora företag.

Metod: Med en deduktiv ansats och en kvalitativ datainsamlingsmetod, har en flerfallstudie utförts. Semistrukturerade intervjuer med två intervjuobjekt från var och ett av de fyra fallföretagen utgjorde insamlandet av det empiriska materialet. Analysen av det empiriska materialet är uppdelat i två avsnitt, en analys av de individuella fallföretag och en ämnescentrerad analys, där fokus flyttats från fallföretagen till de olika teoretiska teman som presenterats i litteraturgenomgången.

Teoretiska perspektiv: ”Shared Value Creation” utgör huvudforskningsämnet i den här uppsatsen. Det syftar till hur företag simultant kan leverera samhällsnytta och företagsvärde (Pfizer et al., 2013). Konceptet är relativt nytt inom ekonomilitteraturen och kan ses som en utmyning av forskningsområdena ”ansvarsfullt företagande” och ”värdeskapande”. Ansvarsfullt företagande avser generellt CSR aktiviteter (Carroll, 1991; 1999) och hållbart företagande (UNWCED, 1987), vilka har blivit kritiserade på grund av deras bortkoppling från företagets vinstdrivande verksamheter (Hart & Milstein, 2003; Porter & Kramer, 2006). Teorier om företags värdeskapande belyser hur värde uppfattas subjektivt och ska genereras med avseende på mottagaren. Vidare måste företag inneha konkurrensfördelar för att kunna skapa värde (Fitzroy & Hulbert, 2005). Teorierna om ansvarsfullt företagande och värdeskapande är samtliga influerade av ”stakeholder” teorin (Tricker, 2012). Därför borde ett ”stakeholder” perspektiv meningsfullt kunna bli applicerat på ”shared value creation”.

Empiri: Det empiriska materialet är insamlat från Svenska SMEs som för närvarande tillämpar ”shared value” strategier. Olikhetsmaximering har tillämpats vid urvalet av undersökningsenheterna för att bättre reflektera hela populationen av svenska SMEs. Fallföretagen utgörs av både tjänste- och varuproducenter, verksamma i branscher som varierar från human kapital, management konsulting, kläder, och mjukplast.

Slutsatser: Studien visar på att SMEs har goda förutsättningar att skapa ”shared value”. Nyckeln till att framgångsrikt anamma en sådan strategi för dem är att fokusera på lokala samhällsproblem, utnyttja deras existerande värdeskapande interna resurser i ”shared value” skapandet och matcha värdeskapandet med ett samhällsbehov hos en stakeholder grupp. Resurser och möjligheter till att experimentera och ta risker utgör goda förutsättningar för att utveckla ”shared value” strategier. Även om SMEs generellt sätt har färre av dessa saker än stora företag så har denna studie visat att SMEs innehar vissa fördelar som stora företag saknar, vilka främst ligger i deras organisationsstruktur och affärsprocesser.

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1. INTRODUCTION

In following introduction chapter we will provide a brief insight of the theoretical area our thesis is built on, namely *shared value*. Furthermore, we will present the empirical field in which we have applied our theoretical research, *small and medium sized firms in Sweden*. The chapter ends with a presentation of the purpose of the thesis and the research questions.

1.1. Shared Value Creation

“The concept of shared value can be defined as policies and operating practices that enhance competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which they operate. Shared value creation focuses on identifying and expanding the connections between societal and economic progress.” (Porter & Kramer, 2011: 66).

The idea of shared value is based on the fact that the competitiveness of a company and the health of the communities around are closely linked, since a business needs a successful community and a community needs successful businesses. Succeeding in creating shared value enables long-term success and profitability (Porter & Kramer, 2011). The concept of *shared value* can be viewed as deriving from the branches of business literature treating *value creation* and *corporate responsibility*.

The concept of shared value has emerged from *corporate social responsibility* (CSR). Pioneers within the development of shared value are Michael Porter and Mark Kramer (2006; 2011). They argue that traditional CSR do not see the interdependence between business and society but focuses on its tensions. When applying shared value strategies, the creation of social value is integrated into the business model instead of being kept as a separate mission (Porter & Kramer, 2006; 2011). A part from mentioned authors, the contribution within the field is very limited.

Advocates for the concept of shared value argue that the classical approach to *corporate social responsibility* (CSR), involving companies conducting charity or philanthropic work, is not economically efficient and is often eliminated as soon as the company faces budget constraints. Instead companies should focus on transforming social issues into a business opportunity and economic benefit (Drucker, 1984; Porter & Kramer, 2006). In other words,

the concept of shared value takes corporations responsibility towards society one step further by integrating business and society.

Value creating is a cornerstone in business. A company must create and deliver some sort of value in order to be successful and survive in the marketplace. Depending on focus and desired outcome, firms' value creation can be investigated by using models treating for example: value chain and value appropriation analysis (Brandenburger & Stuart, 1996; Langley, Coyle, Gibson, Novack, Bardi 2009; Porter, 1980; 2008), shareholder value maximization (Rappaport, 1998; Tricker, 2012), stakeholders interests (Tricker, 2012), revenue formula (Anderson & Narus, 2004), and so on. In companies' attempts to create value it is necessary to have a competitive advantage (Fitzroy & Hulbert, 2005). According to the Resource-Based View (Barney, 1991) the creation and sustaining of competitive advantage demands that a firm possesses internal resources that are valuable, rare, imperfectly imitable and non-substitutable.

As an outcome of increased awareness among today's customers, companies are faced with an increased pressure to act in society's best interest, including adapting the businesses to CSR and sustainability requirements. Basically, CSR means that companies commit to the provision of sustainable economic development (WBCSD, 2001). In practice, CSR is intended to make sure that a company's operations have positive impacts on society (BSR, 2003). Sustainability refers to meeting the needs of today without compromising the possibility for future generations to meet their needs (UNWCED, 1987).

It is argued that companies are legitimate institutions for efficient solutions to societal problems, and not necessarily the government (Drucker, 1984). Corporations today have great influence on society. They can affect politicians and they function as society's drivers for development as well as force of globalization. As companies are driven by profit generation, a shared value strategy makes a more attractive choice than CSR. It is also a more attractive choice from society's perspective since it enables companies to more efficiently solve societal issues than by applying CSR strategies.

1.2. Problematizing

Given the relative youth of the shared value concept in academic literature, several gaps can be identified since only a limited number of authors have contributed to the field. Existing literature within the field is dominated by the work of Michael Porter and Mark Kramer (2006; 2011).

When studying the literature on shared value, we discovered that the field to a great extent is influenced by elements from the stakeholder theory, but there is no existing theoretical model or theory on shared value creation with a stakeholder approach. Moreover, we argue that the literature misses to take into account the firm's internal resources and how these can form the basis for a shared value strategy (Porter & Kramer, 2006:2011; Pfitzer, Bockstette & Stamp, 2013; Christiansen, N. 2008). The formation of a company's shared value strategy could possibly become more efficient and effective if it was based on and leverage the company's internal resources, which already generate its competitive advantage. In that way, the shared value strategy would also automatically be incorporated into the overall business strategy and enhance the competitiveness of the firm. In this thesis, we therefore wish to fill a theoretical gap in the shared value literature by creating a framework that shows how firms can create shared value by simultaneously taking internal firm resources and the stakeholders into account, and which mirrors the correlation in between them.

Literature on business strategy in general and shared value in particular, almost exclusively empirically investigate large corporations operating on international arenas, which leads to theories and models being developed and adapted accordingly. This becomes a problem since small firms differ from large firms in many aspects, such as resources, organizational structures, strategic planning and business processes, geographic dispersal etc. (Blom, Kärreman & Svensson, 2012; Kukalis, 1989; Robinson & Pearce, 1984). It can therefore be motivated to make an empirical contribution to the literature regarding shared value creation among SMEs.

SMEs are defined as companies employing less than 250 employees (The New SME Definition, 2005). They represent 99 per cent of all Swedish companies (Ekonomifakta, 2014) and together, their businesses contribute to almost 60 per cent of the Swedish BNP (SCB, 2013). Since SMEs in Sweden correspond to a significant portion of the country's total BNP, the productivity and profitability of SMEs are of vital importance to the Swedish economy.

Hence, there are great incentives for encouraging responsible business operations and increased profitability in these companies because this improvement will consequently lead to improved national productivity (Jones & Tilley, 2003). If an increased number of SMEs were to improve their strategic management practices and better understand the positive effect these practices have both on economic growth and profitability, as well as on society, a mutual gain could be accomplished.

However, it is not only the economic gain in our country's businesses that could be beneficial to society. If more firms were to adopt and integrate the concept of shared value into their business models, it would result in both a growing contribution to the Swedish economy but also in solving social issues simultaneously.

1.2.1. Research problem

We have identified gaps in the shared value literature corresponding to a need for a theoretical model that takes a stakeholder approach to shared value creation, and which shows how internal resources can be leveraged in shared value creation strategies. In addition, there is an empirical gap corresponding to how shared value can be created in small and medium sized firms.

1.3. Purpose of the Thesis

Based on the identified research problem, the purpose of this thesis is to describe and investigate shared value creation in SMEs. In order to accomplish this, the thesis has three sub-purposes: (a) develop an extended and integrated theoretical framework based on existing theory, (b) test the framework empirically, (c) analyse the empirical results based on the framework.

Subpurpose A will be solved in chapter two, and subpurpose B and C in chapter four and five respectively. Hence, a theoretical contribution on shared value in the form of the extended framework will be developed in chapter two. Since it will be based on existing literature, which makes no distinction between SMEs and large firms, this framework will not be developed with regard to theories treating SMEs' specifically. An empirical contribution on what shared value can look like in SMEs will however be made in chapter four and five,

where we test the framework empirically on SMEs. In our conclusions in chapter six we will then adjust the framework empirically to SMEs.

1.3.1. Research questions

RQ1: *What can shared value creation look like in SMEs in practice?*

RQ2: *What conditions have SMEs to create shared value?*

RQ3: *How do the firm's internal resources and stakeholders affect the development of a shared value strategy?*

2. LITERATURE REVIEW & THEORETICAL FRAMEWORK

As familiar, this study takes its origin in shared value creation, with the empirical scope of SMEs. To shed light on the identified research problem, we have chosen to treat theories from the two branches of business research that the shared value concept derives from: *value creation* and *corporate responsibility*. Under the research branch *value-creation*, we present literature on e.g. value-based strategies and competitive advantage, and under the *corporate responsibility* branch, literature on CSR and sustainable enterprising. The different theoretical fields are also discussed from an SME perspective, to reflect our empirical scope. The chapter starts with an introduction to the concept *business strategy* and culminates in an explanation of the concept of *shared value*. Since theory says that value should be created in relation to the receiving stakeholder, and CSR to a large extent is inspired by stakeholder theory, we argue that the *stakeholder theory* constitutes a meaningful complement to our literature review, and will therefore finish up this chapter.

2.1. Business Strategy

Broadly speaking, strategy is about making decisions regarding the future and in what direction one is heading. From a company perspective it is common to use the term *business strategy*, which is closely connected to a company's purpose and mission, and through which it establishes its core values and long-term goal (Tricker, 2012). From here on in this thesis, the two terms *strategy* and *business strategy* will be used as synonyms.

In essence, a strategy's core purpose is to enable the company to create value. Hence a strategy revolves around how the company will adapt its resources, develop capabilities and skills in order to be successful (Fitzroy & Hulbert, 2005; Winter, 2003). Companies' strategic decisions, which are based on the underlying strategy, are meant to affect the success in the long-run. Thus, the strategy explains where the company aims to be in the future (Fitzroy & Hulbert, 2005).

A company's strategy is context-dependent, both externally (Porter, 2008) and internally (Barney, 1991). Porter (1991; 1996) argues that a successful strategy involves being different, meaning performing activities differently from the competitors and having a unique position in the market. In other words, a strategy should be created with regard to the company's

external business environment (Porter, 2008). In addition, the strategy considers how to leverage the company's resources and capabilities to achieve success in the short- and long-run (Anderson & Narus, 2004; Barney, 1991; Winter, 2003), plus it tends to mirror a company's culture (Tricker, 2012). All on all, these facts all prove a strategy's formulation and success to be dependent on its context.

Staying competitive and successful requires continuous creation of new capabilities and sources of competitive advantage (D'Aveni, 1994). Naturally, strategy creation thus includes making decision about change (Fitzroy & Hulbert, 2005).

The set of activities that translate strategy into action and transform the resources into actual value for the customers are referred to as *business processes* (Hammer & Champy, 1993). These processes are flowing through the company, affecting different functions and individuals (Kastberg, 2009).

2.2. Company Success & Value Creation

The process in which strategy is developed is referred to the strategic management process. The fundamental purpose with strategic management is to make the firm successful. A firm can only be successful if it creates and delivers some sort of value, which hence constitutes the overall goal with a firm (Fitzroy & Hulbert, 2005). Value is created by a firm through transforming resources into products and services, which satisfy needs among customers. The resources that a firm uses to create value are: capital, labour and raw material (Besanko, Dranove, Shanley & Schaefer, 2010; Brandenburger & Stuart, 1996).

2.2.1. Definition & estimation of value

What defines value differ depending on stakeholder, since it is perceived subjectively and depends on the context in which it is created (Fitzroy & Hulbert, 2005). Consequently, there is not a value creating formula that can be applied at all times. In order to define value, it is therefore necessary to first identify who the recipient of the value is. In this section four different kinds of value exchange are illustrated and explained, namely between a firm and four different groups of contractual stakeholders, i.e. stakeholder who are connected to the company through some sort of formal contract (Tricker, 2012): customers, suppliers, shareholders and employees.

Value from a firm or business perspective is generally measured in monetary terms. Value received from customers by a firm corresponds the revenues earned relative the costs related to the delivery of the product or service. Thus value received by a firm ($value_{fc}$) from customers can be illustrated by following value equation:

$$Value_{fc} = \text{revenues (price} \times \text{volume)} - \text{costs}$$

For a customer, value constitutes what is received in exchange for the price paid, in other words perceived benefits of a product or service relative the costs. Thus, value for a customer is almost impossible to measure accurately in monetary terms. In the attempt to measure the total value created, and the size of the buyer's and seller's captured parts of it, the concept of customers' maximum *willingness-to-pay* is often used to put a monetary number on the customers' perceived benefits (Anderson & Narus, 2004; Besanko et al., 2010; Best, 2005; Brandenburger & Stuart, 1996; Fitzroy & Hulbert, 2005). Hence, the value created for, and captured by a customer ($value_c$), can be illustrated by following value equation:

$$Value_c = \text{Willingness-to-pay} - \text{price}$$

The value exchange between a firm and its suppliers is similar to the one between the firm and its customer, since in the former case the firm constitute the customer and the supplier the selling firm. The major difference is that service or good traded is one step up the value chain and thus less processed and manufactured (Anderson & Narus, 2004).

The value exchange between a company and its shareholder can be depicted as shareholders providing equity to the company and getting dividends in return, as well as the right to vote (Tricker, 2012). The shareholder value is dependent on the company's ability to provide customer value, because without customer value the company cannot capture any value in terms of economic return, and thus cannot pay dividends (Rappaport, 1998). The value created and exchanged between a company ($value_{fs}$) and its shareholders ($value_s$), can be illustrated by following value equations:

$$Value_s = (\text{Dividends} + \text{voting power}) - \text{Share price}$$

$$Value_{fs} = \text{Share Capital} - \text{Dividends}$$

The labour constitutes one of the firm’s essential value creating resources. The value exchange between a company and its employees correspond to the trade of labour and wages (Eisenhardt, 1989) and can therefore be illustrated as follows:

$$Value_{fe} = Labour - Wages$$

$$Value_e = Wages - Labour$$

The figure (2.1) below illustrates the value exchange between the firm and four of the most common contractual stakeholder groups, discussed above. .

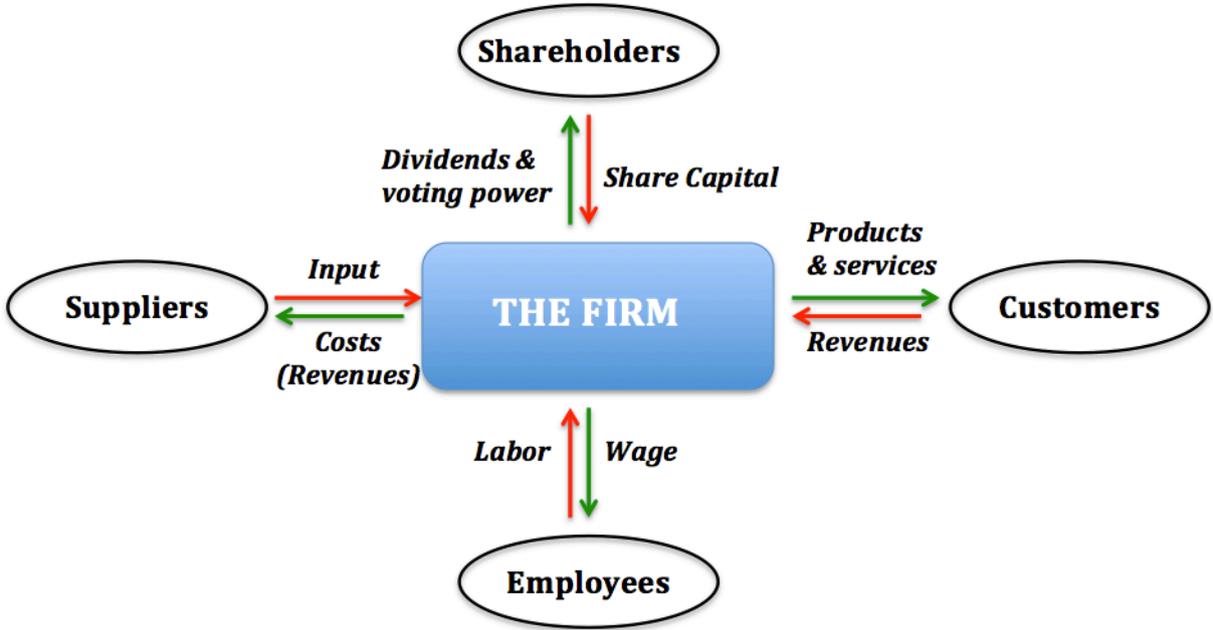


Fig 2.1 Value Exchange between Firm and Contractual Stakeholders, inspired by Tricker (2012), Anderson & Narus (2004) and Eisenhardt (1989)

What can be concluded from this section is that in order for a company to create and deliver value, it is necessary to first identify the company’s value receivers, i.e. stakeholders, and then what they define as value. Only then can the company develop strategies on how to use their resources to successfully create the desired kind of value. Examples of value-based strategies are further presented in the next section.

2.2.2. Value-based strategy

One way to develop value-based strategies is to start from a value chain perspective. Theory says that value is jointly created by the combination of activities and actors along the value chain (Porter, 1980; Langley et al., 2009). Porter's (1980) depiction of the value chain constitutes three groups of actors: suppliers, firms and buyers. This illustration of the value chain has been applied to other theories of value-based strategies as well (Brandenburger & Stuart, 1996). However it has also been criticized for being too short and simplified, missing many important links between e.g. the suppliers' suppliers and buyers' buyer (Langley et al., 2009; Shank & Govindarajan, 1992; Shank 1996).

Brandenburger and Stuart (1996) advocate for taking the value chain perspective when creating value-based strategies because creating value demands meeting needs of both suppliers and buyers. The total value created within a supply chain is then defined as:

$$\text{Value created} = \text{buyer's willingness-to-pay} - \text{supplier's opportunity cost}$$

Value captured by the customer is often referred to as "buyer surplus value" and the correspondingly term for the company as "producers surplus value". Focus in the theory about value appropriation and value-based business strategies lies in how the individual actor can capture as much of the created value as possible. The rightful corporate objective hence becomes to maximize the appropriation of the value created, which therefore the business strategy should revolve around (Besanko et al., 2010; Best, 2005; Brandenburger & Stuart, 1996; Fitzroy & Hulbert, 2005). The division of the total value created in chain between the three actors is illustrated in figure 2.2.

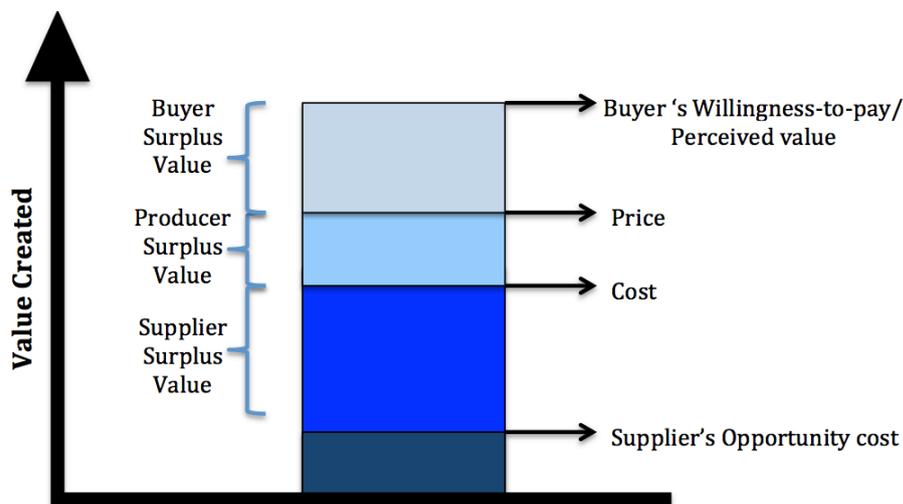


Fig 2.2. Division of Total Value Created inspired by Brandenburger & Stuart's (1996) and Fitzroy & Hulbert (2005).

There are many examples in literature on value-based strategies that are based on increasing customers' relative willingness-to-pay, i.e. *customer-centric value-based strategies*. However, such strategies will not be further discussed in this thesis. Given the purpose of our thesis, it is enough to know that the core of those strategies is to carefully target a specific market segment and understand what that segment regard as value and how to provide it (Anderson & Narus, 2004; Porter, 1996; Treacy & Wiersema, 1993). In other words, focus lies in understanding that the perception of value differ among consumer groups and therefore it requires to deliver the right kind of value to a specific group in order to be successful. It is, moreover, argued that successful companies are able to affect what consumers define as value, by being innovative and change markets and industries (Kim & Mauborgne, 2004; Treacy & Wiersema, 1993).

2.2.3. SME performance & strategy creation

Most theories about value-based strategy are developed with regard to large organisations and the literature often treats smaller businesses as if they were miniatures of large firms (Blank, 2013; Keats & Bracker, 1988). This gives a deceptive picture of smaller businesses and fail to describe the dynamic and flexible structures that characterizes their operational and strategic work. Small firms differ from large firms in many aspects, for example in management characteristics, geographic delimitation, budget constraints, resources and range of strategic opinions (Robinson & Pearce, 1984). It has been proved that as the size of the organisation grows the cash flow and need of strategic forecasting increases, the planning processes tend to be more extensive and strategic, and the organizational structure becomes more complex (Kukalis, 1989).

Keats and Bracker (1988) have developed a multifaceted framework that can be used to understand and explain small firm performance, organisational processes and motivation. The main findings in Keats and Bracker's (1988) study are that small firm performance outcomes are substantially influenced by individual characteristics and behaviours of the owner and this is defined as entrepreneurial intensity.

In their developed framework on small firm performance, Keats and Bracker (1988) are using the SME definition provided by the U.S. Small Business Administration, which suggests that:

A small business is one that is independently owned and operated, and which is not dominant in its field of operation.

Another, formally accepted, definition of SMEs is one that is instituted by the European Commission (The New SME Definition, 2005):

“The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro.” (Art. 2, Annex of Recommendation, 2003/361/EC)

In our thesis we will use a combination of the two definitions above to define SMEs, namely:

Small and medium-sized enterprises (SMEs) constitute enterprises which are not dominant in its field of operation, employ fewer than 250 people, have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro.

Small firms, in terms of few employees, often lack a clear overview of the division of tasks and responsibility among employees (Birnbaum, 2004). It could be a result of the fact that in smaller firms, an employee's area of responsibility may be spread over a broad range of business functions (Blom, Kärreman & Svensson, 2012).

2.3. Competitive Advantage

A company's ability to create value is closely linked to its sources of competitive advantage. To succeed as a company, in other words to be able to create value, it is essential to have a competitive advantage (Fitzroy & Hulbert, 2005). Basically, a competitive advantage enables a company to successfully compete in the market. It is achieved by combining the company's resources and capabilities into a value-creating strategy that exploits the company's strengths and which competitors cannot imitate. Since, as already mentioned, a company's ability to create value depends on its attractiveness relative competitors, so does also its competitive advantage (Besanko et al., 2010; Best, 2005; Fitzroy & Hulbert, 2005).

The research on how a company can create competitive advantage and sustain it is vast. Some authors focus on the need for constantly creating new competitive advantages in dynamic markets (D'Aveni, 1994; Schumpeter 1942). Others build their research on the concept of dynamic capabilities (Helfat & Winter, 2011; Stalk, Evans & Lawrence, 1992; Winter, 2003). A framework that is widely used and referred to in literature on competition is Porter's five forces (1980; 1991; 1996; 2008), where a firm's competitive advantage is analyzed based on factors in the firm's external environment. In this thesis, however, we will build a framework based on the internal view of competitive advantage, namely the resource-based view (Barney, 1991).

2.3.1. The Resource-Based View of competitive advantage

The resource-based view (RBV) of competitive advantage and strategy formation acknowledges that within an industry, companies are not homogenous but differ internally in their resources and strategies. This theory focuses on how firms should develop strategies based on their firm resources, and thereby create competitive advantage which can be sustained over time, independent of industry structure. Put differently, RBV explores the connection between firm resources, or internal characteristics, and sustained competitive advantage (SCA) (Barney, 1991).

The RBV explains firm resources as “all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness” (Barney, 1991; 101). Firm resources are grouped into three categories: *physical capital resources*, including the firm's technology, plant and equipment, geographic location, and access to raw materials; *human capital resources*, counting for training, experience, judgement, intelligence, relationships and individual employees and managers; *organizational capital resources*, including the firm's formal reporting structure, informal relationships within the firm and to those in its environment, formal and informal planning, controlling, and coordinating system (Barney, 1991).

Barney (1991) further specifies under what conditions firm resources constitute a source of SCA. In order to gain SCA, a company must possess resources that are *valuable, rare,*

imperfectly imitable and *non-substitutable*. Hence, a company should seek to identify their internal resources that fulfil these requirements, formulate a strategy that exploits them, and thereby gain SCA.

A resource is *valuable* if it enables the firm to implement a strategy that increases the effectiveness and/or efficiency of the firms. Being *rare*, means that the resource is not possessed by a large number of the firm's current and potential competitors. A resource is considered *imperfectly imitable* only if one, or a combination of, the following three requirements is met: (1) it was created under *unique historical conditions*, in other words the resources is path dependent; (2) it is surrounded by a *causal ambiguity*, which means that it is not being understood how the resource is connected to the SCA; (3) it is *socially complex*, and therefore not even the firm can systematically manage and influence it. The last condition, *substitutability*, implies that there is no a strategically equivalent substitute to the resource, i.e. there is no alternative resources that can be used to implement the same strategy (Barney, 1991).

2.3.2. Competitive advantage in SMEs

Improving management practice in SMEs is an important element in improving national productivity, due to the fact that they constitute a significant portion of the country's total BNP (Jones & Tilley, 2003). The need for competitive advantage focus in small firms is therefore vital. However, studies made by Gadenne (1998) show that small firms often connect *success* and *performance* with single organisational functions such as marketing strategies, management competence or good management practices. This stands in contrast to existing theories about how to create competitive advantage which focus on how a company must possess scarce resources and capabilities, commonly explained as complex patterns of activities embedded in organisational routines, that competitors cannot imitate (Barney, 1991; Besanko et al., 2010; Winter, 2003). Thus often more complex and intangible than a single organisational function.

2.4. Corporate Responsibility

This section of the literature review aims to investigate two research fields related to how companies perform their business from the environment's and society's perspectives. The two

chosen research fields we will discuss are *corporate social responsibility* and *sustainable enterprise*.

2.4.1. Corporate social responsibility

According to the World Business Council for Sustainable Development (WBCSD), Corporate Social Responsibility (CSR) is when businesses commit to provide for sustainable economic development, working with employees, their families and the local communities (WBCSD, 2001). In practice, CSR is intended to make sure that a company has positive impact on society. It constitutes a range of policies, practices and programs, which should be seamlessly integrated in a company's operations and decision-making processes (Business for Social Responsibility, 2003).

The pressure put on companies to take responsibility for their actions and how they affect society has increased and comes from a broad range of stakeholders today. For example, it is in the interest of customers, governments, employees and shareholders that the company in question conducts sustainable and responsible businesses (Carroll, 1999; Jamali et al, 2008; Jeurissen, 2004; Tricker, 2012). Despite the increasing advocating for companies to perform CSR activities, the concept has faced some opposition and criticism. One opponent to CSR is Friedman (1970), who argues that the sole purpose and responsibility for business is to increase its profits as long as it does not violate any regulation. He further states that taking society's interest into account may include acting against the interest of shareholders and that the proper authorities should handle society related issues.

Carroll (1991; 1999) has developed a renowned four-part CSR definition model. The model takes the form of a pyramid, decoupled into four different levels each representing one social responsibility: economic, legal, ethical and philanthropic. Together these four categories constitute the total CSR. Carroll (1999) further states that each of the four responsibilities should be fulfilled at all times, and not in a sequential order. Not until in recent years has greater emphasis been put on the ethical and philanthropic parts (Carroll, 1991).

CSR can also take on an institutional approach, in which case it is more commonly referred to as *corporate citizenship*. Advocates of this approach argue that companies are obligated to act as social citizens and give something back, in exchange for all the privileges they have

granted from society. The cornerstone of corporate citizenship is that companies must act in the best interest of future generations and prevent organizational risks (Jeurissen, 2004).

There are several aspects of the CSR concept that are inspired by the stakeholder theory, which will be presented below in chapter 2.6. For example, CSR policies explain how the company has responsibility to its stakeholders (Tricker, 2012).

2.4.2. Sustainable enterprise

A related concept to CSR is sustainability and sustainable enterprise. Corporations have for some time faced an increasing degree of external pressure to develop a sustainable business in order to gain legitimacy and license to operate on the global arena. The United Nations World Commission on Environment and Development defines sustainability as following: “development is sustainable when it meets the need of the present without compromising the ability of future generations to meet their needs.” (UNWCED, 1987: 8)

In order for companies to integrate global sustainable development in their business strategy it must involve economic, social and environmental concerns. However, strategies on sustainable development are today often associated with extra costs and considered by companies as a necessary evil to maintain legitimacy and the right to operate (Hart & Milstein, 2003). Companies recognize social problems as constraints to their business and limitations for growth (Pfitzer et al., 2013).

2.4.3. Sustainability & SMEs

Studies have shown that there is a specific reluctance in SMEs to align with the sustainable development agenda, environmental issues in particular. Reasons for this could possibly be that (1) SMEs lack environmental awareness, (2) there is a gap between environmental attitudes and following behaviours among SMEs, (3) SMEs have limited access to resources including finance, expertise and information, and (4) there is a presence of inappropriate environmental management techniques among SMEs (Jones & Tilley, 2003).

Another explanation to why SMEs have not succeeded in applying sustainability into their strategy is that there is an absence of external pressure and encouragement. Currently they have trouble seeing the interdependence between the mutual gains of competitive advantage

and sustainable development. The fact that most literature focus on solutions for large corporations and these solutions do not necessarily apply to SMEs could be a reason for this problem (Jones & Tilley, 2003).

2.5 Shared Value Creation

In recent years, an increased number of authors and researchers have criticized the classical view of CSR, and its philanthropic and charity focus. Mainly because of its disconnection from the corporation's profit generating activities (Drucker, 1984; Pfitzer et al., 2013; Porter & Kramer, 2006; 2011). Drucker (1984) states that *doing good*, e.g. providing charity and other non-economic purposes, should not come as a response from when the company is *doing well*, i.e. creating a surplus of business profit. Instead it should be the other way around: *doing well* should come as a result of the company *doing good*. Making profit on society and turning societal issues into economic business opportunities is, according Drucker (1984), the proper *social responsibility*. This view has many similarities with the shared value concept later developed by Porter and Kramer (2006; 2011). It is considered to be a more effective approach to solving social issues. The shared value concept not only solves a social problem but turns it into production capacity, human competence, job opportunities and wealth. Contrary to governments, businesses are paid to create solutions that generate profits, and it is only those kinds of capital generating solutions than can effectively solve social needs (Drucker, 1984). Hence, a shared value strategy is to prefer prior to traditional CSR from an economic perspective.

As the name indicates, the concept of shared value is rooted in theories of value-creation. The concept is defined by Porter & Kramer (2011) as:

“policies and operating practices that enhance competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which they operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress.” (2011: 66)

Pfizer et al.'s (2013) definition of shared value is a bit shorter and undeveloped. They define shared value as:

“innovating to meet society’s need and build a profitable enterprise”(2013: 3), or as *“delivering social benefits and business value”* (2013: 4)

The definition of shared value that we will use in our thesis is based on a combination of Porter and Kramer’s (2011) and Pfizer et al’s (2013) definitions, namely:

Shared value creation enhances a firm’s competitiveness while meeting society’s need. It involves creating business value and building a profitable firm while simultaneously deliver social benefits.

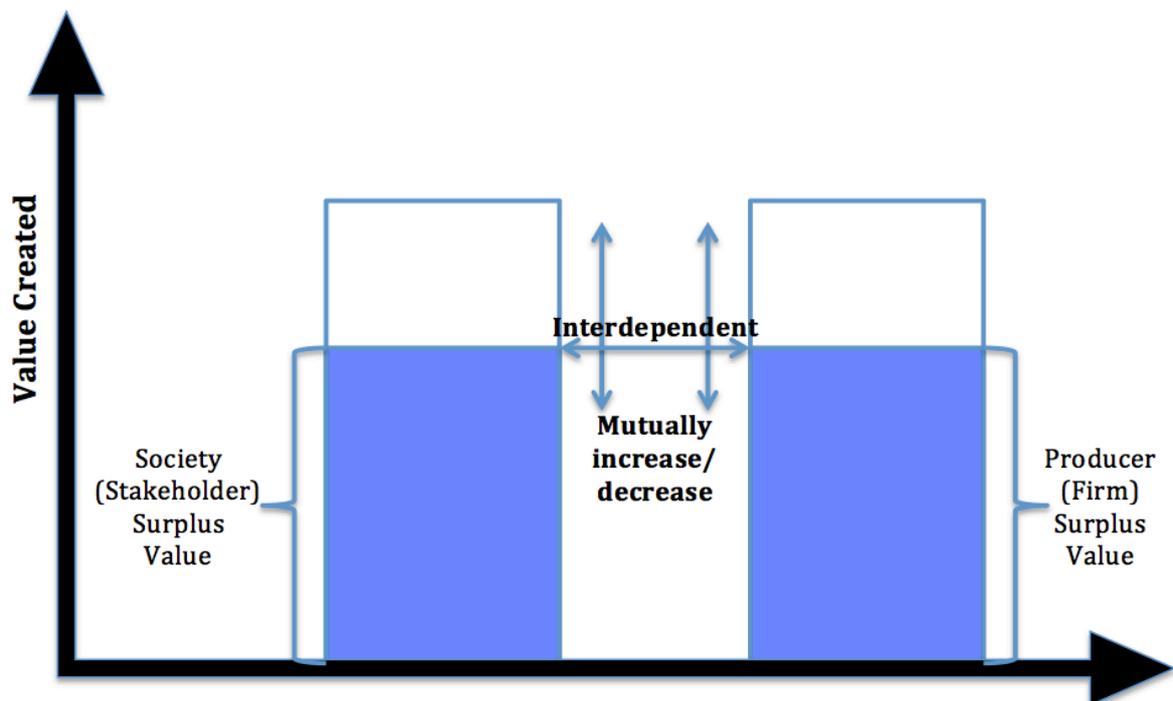


Fig 2.3 Shared Value Creation – Mutual Value Gains developed based on the work from Porter and Kramer (2006; 2011) and Pfizer et al. (2013)

However, contrary to the traditional theories of value-based strategies presented above, shared value creation strategies is not based on how the company can maximize the value appropriation by taking a portion from another actor’s captured value. Instead it is grounded in the assumption that value can be mutually created (see figure 2.3) and the captured portions can simultaneously increase for two actors (Porter & Kramer, 2006; 2011).

2.5.1. From CSR & sustainable enterprise to shared value

Shared value solves the existing debated problem with CSR, namely the fact that CSR is dispersed and disconnected from business' profit generating activities and strategy. Only performing CSR activities means missing out on great opportunities for the company to benefit society while simultaneously create innovation and competitive advantage (Porter & Kramer, 2006).

The two major authors and founders of the name of the research field "shared value" are Michael Porter and Mark Kramer (2006; 2011). Their main argument for why shared value strategies are to prefer over CSR is that traditional CSR too often "focus on the tension between business and society rather than on their interdependence" (Porter and Kramer, 2006: 83). The authors further argue that there is a mutual dependence of businesses and society and that business decisions should benefit both sides.

The shared value concept also differs from the sustainable enterprise theory. The *sustainable enterprise* is expected to follow the accepted rules and norms of society and the environment. In other words, companies should not violate the human rights legislation and cause disruption on the environment. The sustainable enterprise must take responsibility towards these kinds of actions or otherwise they will probably be questioned of their shareholder, media, society and other stakeholders. Contrary, the shared value concept focuses on how companies not only must work for a more sustainable society but also how they more proactively can create business opportunities on existing societal problems that actually generates profit (Hart & Milstein, 2003).

2.5.2. Untangling the concept of CSR and shared value

An implication in the business environment today is that the concepts of shared value and CSR are used as synonymous, which makes the meaning of the two concepts quite ambiguous. Porter and Kramer (2006) draw a distinction between *generic CSR* and *strategic CSR*. *Generic CSR* is often considered as necessary actions to maintain the company's legitimacy. Contrary, implementing *strategic CSR* means taking the idea of CSR one step further and gain additional benefits. It is accomplished when companies "transform their value-chain activities to benefit society while reinforcing strategy" (2006: 89) and simultaneously creating "strategic philanthropy that leverage capabilities to improve salient areas of competitive advantage" (2006: 89).

The concept of *strategic CSR* has been the foundation to what we today refer to as *shared value creation*. In other words, the *shared value* concept is a further development of strategic CSR. The actual definition of *shared value creation* was introduced to the world as late as 2011 (Porter & Kramer, 2011). For the reason that the concept is relatively new, there is some confusion between the meaning of it and CSR. Still, it is essential that this confusion is sorted out.

A denoted problem connected to companies creation of shared value is not lack of willingness, on the contrary, they are prepared to integrate shared value into their business model. However, they are struggling to design and implement initiatives that deliver both social and business benefits. A main reason for this is the absence of competence and knowledge that exist among management regarding how to research social problems and actually drive change (Pfitzer et al., 2013).

To be able to integrate shared value in the company's business model both companies and society must recognise the existence and dependence on the *inside-out linkages* and *outside-in linkages*, or the interdependence, between corporations and society. The inside-out linkages refer to how every activity in a company's value chain affect society in either a negative or positive way. The company should map the effects on society from every activity in the value chain and in that way identify where the company harms society and where they benefit society. The outside-in linkages refer to how external social conditions influence corporations. The social conditions form a key part of the competitive context companies operates in. These social conditions affect the company's productivity and execution of strategy. Example on social conditions that affect the competitiveness could be the existing infrastructure, enforced regulatory policies, the local customer needs, and availability of supporting industries (Porter & Kramer, 2006).

Important to remember is that a company alone cannot solve all social problems in the world but they can identify which social problems they are best equipped to resolve and from which the company can gain the greatest competitive benefit (Porter & Kramer, 2006).

2.5.3. Two major frameworks within shared value creation

Today, existing research on shared value is quite limited. Two main frameworks exist within the field. One contribution to the field has been made by Pfitzer et al. (2013), which suggests that in order to develop a shared value strategy, companies should follow a five-step guide. The guide describes the procedure to implement and execute a shared value strategy. Another framework is developed by Porter and Kramer's (2011) and focuses on the identification of an opportunity to create shared value. The two different frameworks on shared value will be deeper discussed below in sequence.

Three ways to create shared value opportunities: Porter and Kramer (2011) have in their research on shared value identified three key ways that companies can create shared value opportunities, namely:

(1) *Reconceiving products and markets*, which means that companies develop products and create new markets by identifying society's needs, varying from improved nutrition to help for the aging, companies can create shared value;

(2) *Redefining productivity in the value-chain*, which refers to doing activities differently and thus enabling companies to reduce negative effects and increase positive effects on society. This is possible since a company's value chain inevitably affect numerous societal issues, such as the use of natural resources, work condition, etc.;

(3) *Enabling local cluster development*, which is rooted in the fact that the success of a company is dependent on the network that surrounds that company, i.e. the supporting companies, labour availability, suppliers input, infrastructure. The company should therefore build clusters to improve company productivity (Porter & Kramer, 2011).

Five-step framework: The other major framework related to the development of shared value strategies is provided by Pfitzer et al. (2013). In their research, the authors studied more than 30 companies adapting a shared value strategy. The main pillars derived from this study can be presented and concluded in a step-by-step guide. The guide, or framework, consists of the following five steps: (1) *embedding a social purpose*; (2) *rigorously defining the social need*; (3) *measuring the social and business value*; (4) *creating the optimal innovation structure*; and (5) *co-creating with external stakeholders*.

The first step suggests that companies should identify current business threats and opportunities related to global change. In *the second step*, the company should seek to

identify the social problem they want to solve and then gain a comprehensive view about the problem in terms of people affected, barriers to entry and progress, options for change, etc. When mapping out these steps, the company need to find a way to measure the actual received profits related to social progress and their interdependence, which should be done in *step three*. *Step four* refers to the importance of creating an organisational structure, which encourages innovation, experimentation and allowance for failure, and gives financial support to emergent projects not making profits yet. The company should also seek possibilities for governmental support and funding, and if they lack the internal knowledge in a project or problem, they can fund external independent entrepreneurs to develop a solution to that problem. Finally, in *step five*, the companies should seek to identify stakeholders and leverage on their capabilities and together help to create a business and social value. These stakeholders could include government, universities, NGOs, and other companies (Pfitzer et al., 2013).

2.6. Stakeholder Theory

A commonly accepted definition of a *stakeholder* (Mitchell, Agle & Wood, 1997) is the one instituted by Freeman describing it as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (1984: 46). The stakeholder theory is a useful framework for investigating and depicting the many relationships between an organization and actors in its surrounding environment (Carroll, 1998). It can be applied on several different areas of business, for example from a corporate governance, strategic management or CSR perspective (Jeurissen, 2004; Mitchell et al, 1997; Tricker, 2012). Elements from the stakeholder theory have appeared recurrently in different parts of our literature review, for example: in the value creation, CSR and shared value sections. Therefore, we consider it appropriate to dedicate a separate section to the stakeholder theory. According to the stakeholder view, a company are indebt to everyone who is affected by their actions and must therefore take into account and balance the interest of these affected actors, including for example: employees, customers, suppliers, partners, the local community, government, shareholders and banks. Hence, applying a stakeholder approach means consider the interest of a broad range of stakeholders, and not only the shareholders (Tricker, 2012).

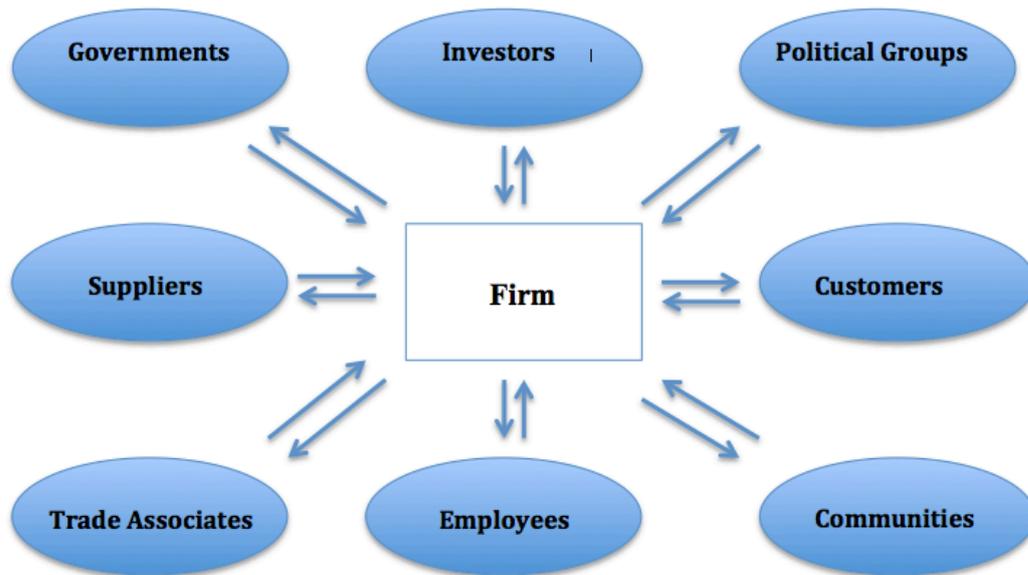


Fig 2.4. Potential Group of Stakeholders for a Firm in spired by Tricker (2012) and Mitchell et al. (1997)

A commonly known issue that is connected to the stakeholder approach is that given the large number of stakeholder affected by certain company's behaviour, it becomes impossible to simultaneously maximize their interests (Tricker, 2012). There are mainly two reasons for this. First, due to divergence in interest between groups of stakeholders, satisfying one group may result in neglect the interests of another group (Freeman, Wicks, & Parmar 2004). Second, the interest within one stakeholder group may be divergent (Jansson, 2005). Due to the importance of balancing stakeholders' interest, it is vital for companies to understand the different objectives and demands among each stakeholder group (Näsi, 1995). If a company is not able to balance the interests, there is a risk that stakeholders might withdraw from collaboration, which will affect the company destructively (Clarkson, 1995).

The vague description of what defines a stakeholder, which in turn leads to the number of stakeholders becoming too large for a company to handle, constitute the major sources of criticisms towards the stakeholder approach (Preston & Sapienza, 1990; Sternberg, 1997).

2.6.1. Company success from a stakeholder perspective

There is a strong correlation between stakeholder satisfaction and company success and long-term wealth. Stakeholders provide the company with resources in exchange for value created

by the firm, in terms of adhering to their different interest (Post, Preston, & Sachs, 2002; Tricker, 2012). Merely by satisfying stakeholders' needs can the company generate profits and thus also create wealth for shareholders. As already mentioned, what constitute as *value* depends on the receiver since it's a perception that varies among actors. Consequently, how and in what form value will be delivered depends on the targeted stakeholder (Anderson & Narus, 2004). Since the perceptions of value vary, so do also stakeholders' definitions of company success. In strategic management literature, a company's main stakeholders are said to be the shareholders, customers and employees (Fitzroy, & Hulbert, 2005). However, according to the stakeholder and CSR theory, a company owes and is responsible for a much broader set of stakeholder groups, among them suppliers, local communities and governments (Tricker, 2012).

2.6.2. Definition and categorization of stakeholders

Since value must be understood in order to be created and delivered, and the perception of value differs among stakeholder groups, a company must identify and categorise its stakeholder groups and define their value perception in order to successfully deliver value to them. For the identification of stakeholders and their interest, it is necessary to first clarify who and what is a rightful stakeholder (Donaldson & Preston, 1995).

2.7. Summary of the Chapter

In order to sum up the many different subjects and research areas that have been raised throughout this chapter, we will in this section summarize the main points and develop an extended and integrated theoretical framework based on existing literature. This framework will later be tested empirically and form the basis of our analysis.

The purpose with our literature review is to provide a foundation and deeper explanation of the research field and theories that the shared value concept is based on. Since it derives from research branches related to value creation and the corporate responsibility, those have constituted the two main areas in this chapter.

In conclusion, a firm must create value in order to be successful and survive in the market. Hence, to create value becomes the main objective for all profit-oriented firms. However, the perception of value differs substantially since value is perceived subjectively and depends on

the context in which it is created. Value must therefore be created in accordance to the recipient. Consequently, a company must identify its value receiving stakeholders and what they define as value in order to successfully create and deliver it as well as apply a value-based strategy. Traditional value-based strategies explain how companies can create value to customers, shareholders and even suppliers. They focus on how the company can maximize its value appropriation of the total value created by taking parts from the other actors, i.e. mainly customers and suppliers captured value. For a company to succeed and create value it is essential to have a competitive advantage. A theory on the creation of sustained competitive advantage that adopt the internal perspective is the Resource-Based View. It acknowledges that a firm must possess resources that are valuable, rare, imperfectly imitable and non-substitutable in order to achieve sustainable competitive advantage.

When discussing the field of corporate responsibility, most attention in the literature is given to CSR and sustainable enterprise. Both concepts concern how companies should move away from short-termism and shareholder-value-maximization, and take more responsibility for a broader range of stakeholders, the environment, society at large, and future generations. Authors within the fields argue that companies must give something back for receiving a licence to operate and use the environment and society's resources.

Contrary traditional value-based strategies, shared value strategies aims to simultaneously increase the value for the company and other actors in society. Contrary CSR activities, shared value creation is incorporated in the business model and enables the company to make profits while solving societal issues. Also, contrary a corporate sustainability agenda, the shared value concept focuses on a company's work for a more sustainable society by seizing business opportunities based on existing societal problems, which actually generates profit.

There are mainly two frameworks developed within the shared value creation field today. One developed by Porter and Kramer and one by Pfitzer et al (2013). Porter and Kramer (2011), address three ways to create shared value opportunities, namely: reconceiving products and markets, redefine productivity in the value chain, and enabling local cluster development. The framework developed by Pfitzer et al. (2013), provides a rather diffuse five-step framework, which could be considered a quite resource intensive strategy, since it, for example, encourages companies to create separate business units free from the usual budget constraints.

Since the empirical scope in our thesis constitutes SMEs, we have complemented the theoretical fields with literature specifically treating SMEs, in order to provide an SME perspective on the literature review. The main conclusions are that literature on business strategy generally misses out on providing an SME perspective or adapting their models to SMEs. In addition, research treats SMEs as miniatures of large firms, which they are not. Therefore, some of the existing literature that treats small firms, or SMEs, is misleading.

SMEs differ from large firms mainly in their structures that are more dynamic and the employees who often have multifunctions, their operations that are more geographically defined and the budgets that are harder constrained. In addition, SMEs often connect success with single organisational functions and not to internal competitive advantage generating resources, as literature suggests. When it comes to SMEs' corporate responsibility, it has been shown that there is reluctance in SMEs to align with the sustainable development agenda. There is also an absence of external pressure and encouragement on SMEs to incorporate sustainability into their strategy. To summarise, there is a need for additional literature that adapt and tests theories and models on SMEs, as well as increased external encouragement and attention to the importance of SMEs to incorporate shared value strategies in their business models, and the opportunities related to it.

The literature chapter is finished by a presentation of some aspects from the stakeholder theory because many of the research areas we have touched upon include elements influenced by the stakeholder theory. For example: value creation, since value should be created in relation to the receiving stakeholder; CSR, since CSR policies explain how the company has responsibility to its stakeholders; and sustainable enterprise, since it means that companies should take responsibility for society and the environment, which both constitute a type of stakeholders. We therefore argue that the stakeholder approach is a suitable complementary theory to our research and represent an adequate lens to view our literature review through.

2.8. An Extended & Integrated Theoretical Framework

The first sub-purpose (a) of our thesis is to *develop an extended and integrated theoretical framework based on existing theory*. Now that the existing theories have been presented we will summarize them into an extended and integrated framework. There are three overall conclusions we want to draw from the literature review and further apply in our developed

framework. First, the literature on shared value creation states that a shared value strategy should be incorporated in the business model and closely linked to the overarching business strategy and core value of the company. Similarly, literature on competitive advantage argues that the business model and strategy should leverage the internal resources that constitute the firm's sources of competitive advantage. Second, sustained competitive advantage can be achieved by possessing internal resources that are valuable, rare, imperfectly imitable and non-substitutable. Third, the stakeholder theory influences both research fields, *value creation* and *corporate responsibility*, which shared value creation derives from. Moreover, value is perceived differently depending on stakeholders. Thus, to create successful value exchanges companies must analyse and investigate what kind of value the stakeholders wish to be delivered. In our framework we must take these factors into account. Our framework is illustrated below in figure 2.5.

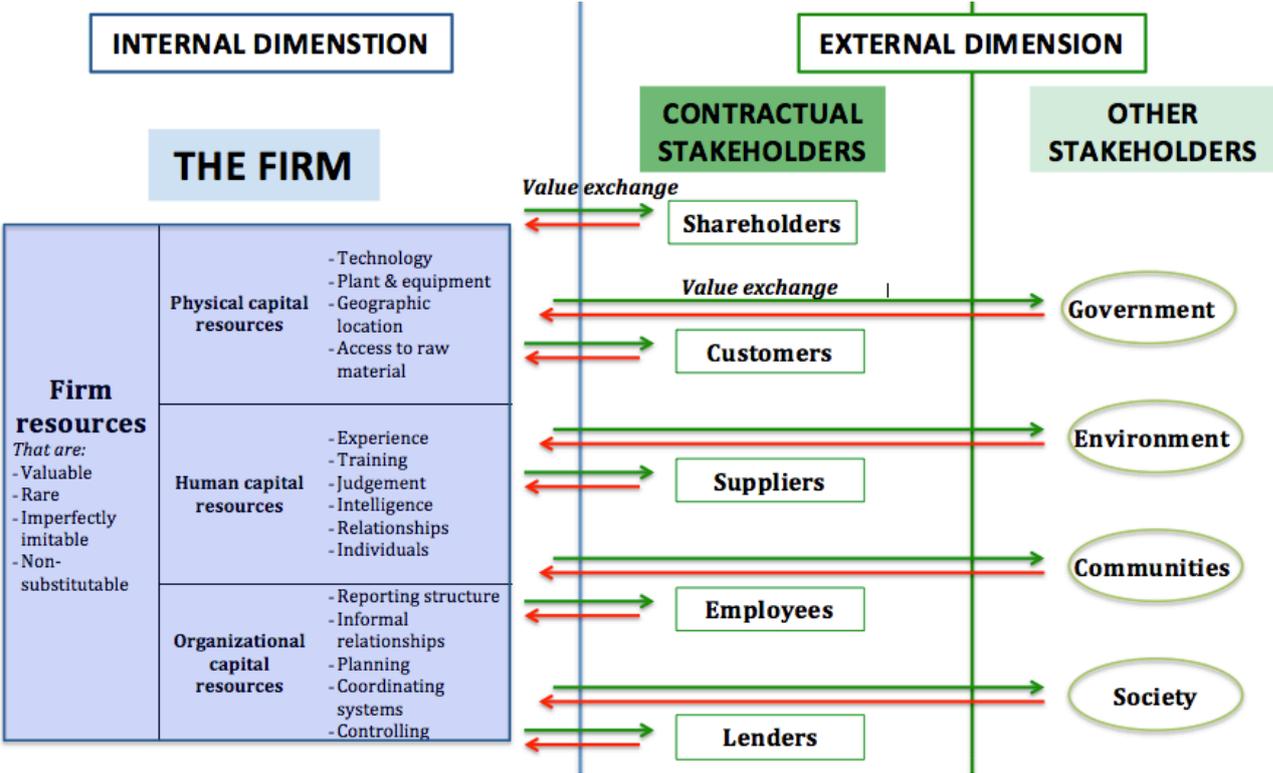


Fig 2.5. An Extended and Integrated Framework on Shared Value Creation by Aru & Waldenström (2014)

The framework is divided into one internal and one external value-creating dimension. The internal dimension represents the firm and its internal resources. The external dimension constitutes the firm's stakeholder groups, which are separated into two layers: contractual

stakeholders and other stakeholders. The arrows represent the value created and delivered by the firm to the different stakeholders, and what value the firm receives in return. The box in the internal dimension illustrates the firm's value creating resources, which are sources of competitive advantage according to the RBV definition. Thus, it represents firm resources that are valuable, rare, imperfectly imitable and non-substitutable, and which can be classified as physical capital, human capital or organizational capital. Those resources should lie as ground for the formation of the company's strategy in order to be competitive.

The purpose of the framework is for firms to use it when developing and analysing potential shared value strategies. Our model simultaneously embrace an internal and external perspective on value creating, which enables companies to match internal resources with external value recipients. We argue that companies' shared value creation could become more efficient and effectively if they leverage their internal value creating resources that generate competitive advantage in the shared value creation strategies as well.

There are four important points that should be kept in mind in the use of our framework: first, the company should identify its internal value creating resources, and ask if they fulfil the four conditions provided by RBV. Second, the firm's stakeholders must be identified and mapped, both contractual and other stakeholders. Third, potential value exchanges between the firm and the stakeholders should be analysed: i.e. an examination of what the different stakeholders perceive as value and what kind of value they could deliver to the firm should be done. Lastly, when choosing a value exchange to build the shared value strategy around, it should be an exchange that leverages the internal value creating firm resources, i.e. a firm resource which is a source of competitive advantage, thus enhancing the firm's competitiveness. The value achieved by the firm should deliver profit and the value achieved by the stakeholder should deliver some sort of social benefit.

It should be emphasized that this theoretical framework is built on existing literature, which makes no distinctions between small and large firms. However, the framework will later be tested empirically on SMEs and then its potential application in SMEs specifically will be analysed. It will enable us to investigate and describe how the dimensions and factors correlate to each other.

3. METHODOLOGY

3.1. Choice of Methods

3.1.1. Characteristics of the research problem

Our research problem is leaning to be descriptive and analysing rather than causal (Jacobsen, 2002), due to the fact that it concerns a description and analysis of how internal firm resources and external stakeholders can affect the development of a shared value creation. Furthermore, our research problem is more explorative than testing, since it will be solved by adding new insights and knowledge to the phenomenon “shared value creation”, both theoretically and empirically. The empirical scope concerns Swedish SMEs, which we know little about, i.e. a new practical environment (Andersen, 1998; Bryman & Bell, 2011; Jacobsen, 2002; Yin, 2007). In addition, the research problem will be solved by developing a theory, in the form of an extended and integrated theoretical framework based on existing theory and tested empirically.

To sum up, this thesis research problem is of an unclear, descriptive, analysing and explorative character.

3.1.2. Research design

Since we noted that our research problem has a descriptive character, the research is designed accordingly (Jacobsen, 2002). In other words, the thesis aims to describe under what conditions and situation a phenomenon, namely shared value creation in Swedish SMEs, can be present and what it can look like in practice.

Since our purpose is to describe and investigate shared value creation in SMEs, we will investigate several variables within the phenomenon to gain a broad overall picture and an in-depth understanding between the research entity and its surrounding context. Hence the research are most suitable to have an intensive design (Jacobsen, 2002). Furthermore, given the choices of having an intensive and descriptive research design it is suitable to perform a case study. Preferably a multiple case study since we aim to contribute to the collective knowledge of the phenomenon shared value, in the context SMEs in Sweden, by generating theory (Yin, 2007). Our choice of a multiple case study gives a stronger and more robust starting point to make generalisations about Swedish SMEs (Yin, 2007).

3.1.3. A Deductive & qualitative Method

Our first sub purpose was to develop an extended and integrated theoretical framework based on existing theory. The research method will continue to take a deductive approach since when we will test the framework empirically, we will have made assumptions on existing theory (Bryman & Bell, 2001; Jacobsen, 2002).

A deductive approach has some implications since it may affect our openness to collect new information negatively, meaning we may seek to proof our already existing expectations. However, no method gives a truly objective description of the reality. In addition, applying a purely inductive approach is nearly impossible, and it may seem naive to expect to get something out of an open mind, i.e. not grounding any assumption in theory (Jacobsen, 2002). Given the explorative character of our research problem, we need a certain level of flexibility due to the little knowledge within the area. It is therefore most appropriate to apply a qualitative method (Bryman & Bell, 2011; Jacobsen, 2002). It will give us a high degree of openness, flexibility and internal validity. A qualitative method is also more suitable since the purpose with the research is to generate new theories and develop hypotheses, rather than trying them (Jacobsen, 2002).

The main disadvantages with our choice of having a qualitative method is firstly the high resource consumptions in terms of time. Secondly, the high degree of flexibility may furthermore lead to difficulties in delimitating the results. Naturally we will not be able to generalize our result, since we will only investigate few entities, which decrease the external validity. But on the other hand, we do not aim to make generalizations but instead map out the phenomenon shared value. In addition, as with every qualitative research, the data will be complex to analyse and interpret and we may be affected by the so called “examination effect”, i.e. find what we are looking for (Jacobsen, 2002).

3.2. Choice of Empirics

In our literature review, we identified a deficiency in the shared value literature, which exclusively investigates large multinational corporations, possessing resources and possibilities for R&D to a much larger extent than smaller firms. We found that this identified gap in the literature gives us legitimacy to apply our study on small firms in order to expand existing literature.

In the few cases when smaller firms actually are considered in the strategy literature, they are generally treated as miniatures of larger companies. Small firms are often dynamic in its characteristics and structure and they usually have more flexible business processes, but they also suffer from limited resources and budget constraints (Blank, 2013; Keats & Bracker, 1988). These conditions implied that there was a need and interest for further investigation within the field that take the small firm perspective.

Furthermore, empirical contributions to the literature on shared value exclusively investigate large multinational corporations with well-established operations and financial strength (Pfitzer et al, 2013).

With this background we motivate our case companies to constitute SMEs operating in Sweden and performing a shared value strategy. This choice of empirics will enable our study to contribute both theoretically and empirically to existing literature within shared value. By investigating these companies we will be able to draw on and expand existing theories on shared value creation as well as investigate how it can be applied in SMEs in practice.

3.2.1. Choice of research entities

Given the purpose with the research we conclude that our case companies must constitute SMEs that currently apply some sort of shared value strategy. Considering the time and budget limitations we have, we concentrate our case companies to consist only of Swedish ones. Which in a sense will make a fairer ground for comparison in between them.

In our selection of case companies we proceed from our definitions of SMEs and shared value creation, recall:

“Small and medium-sized enterprises (SMEs) constitute enterprises which is not dominant in its field of operation, employ fewer than 250 people, have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro.”

“Shared value creation enhances a firm’s competitiveness while meeting society’s need. It involves creating business value and building a profitable firm while simultaneously deliver social benefits.”

Since the range within SMEs covers companies with between 1 and 249 employees, two SMEs may differ a great deal in organizational structure, budgets, operational work etc. Our objective is to find case companies that reflect the total population of Swedish SMEs. We want to have diversity in our selection of companies regarding size, revenue, number of employees and operation, as well as both service and goods producing. In addition, it is possible that the perceptions of strategy and shared value also differ within the boundaries of SMEs and therefore we want to investigate companies of different sizes and operations.

	Lunicore Student Consulting AB	Miljösäck AB	Nerdy by Nerds	Novare Human Capital AB
Revenue	4 MSEK	110 MSEK		120 MSEK
Employees	57	67	5	65
Industry	Consultancy	Plastics	Clothing	Human Resource
Goods or service Producing	Service	Goods	Goods	Service

Table 3.1. Presentation of the case companies

When identifying our case companies we will seek for companies in our own individual networks. If needed, we will do research within the different potential fields of shared value in order to find representative case companies.

In our choice of interviewees, we need to make sure that the persons have insight in the strategic work as well as the daily operation and internal resources. Thus, it seem most suitable to interview someone from the management. We are well aware of the risk that the management teams may differ a lot in size and design between the firms. Still we wish to make the interviews as equals as possible between the companies in order to make fair comparisons. We will interview two persons from each company possessing a management position. Our goal is to interview the CEO on each company and the other interviewee will constitute someone from the management team who has insight and knowledge in the strategic work and their shared value strategy. The characteristics of our interviewees are collected in table 1.1. in appendix.

Jacobsen (2002) recommends case studies with a small amount of entities, often just three or two entities. However, we chose to have four case companies. This is motivated by the fact that we will not be able to interview that many people from each company and some SMEs have very small management teams. Thus, we will perform a total of eight interviews in our research.

3.2.2. Critique to choice of empirical material

We will only interview people on management level or employees on high positions within the company, which eliminate the possibility for multiple perspectives of the phenomena. To gain a fairer picture on our case companies' shared value creation, an investigation of the perspective of customers, employees and other stakeholders would be required. However, the fact that shared value creation is related to strategic work, which in most cases is planned by management, we find it legitimate to only interview the ones that have been a part in the strategy formation process of shared value due to our time limitation.

Moreover, the time consumption constitute a main source of criticism as well as the fact that interviewing is the only information collection method we will use.

3.2.2. Collection of information

The collection of information will be done through semi-structured interviews (Bryman & Bell, 2011; Jacobsen, 2002). We base our choice of interviews as data collection method, firstly on the ground that it is the most commonly used method in a qualitative research. Second, because of the flexibility associated with conduction interviews (Bryman & Bell, 2011). Since our research questions is relatively open and in-depth, the flexibility aspect is especially vital for our purpose. During our interviews we will be able to ask questions and follow-up questions specifically, which will allow us to more accurately gather data that is of interest to our study. Contrary, when analysing documents and doing observations, you cannot control to the same extent what information you wish to achieve (Bryman & Bell, 2011).

Prior to our interviews we will put together an interview guide with broad theoretical themes (see appendix 1.2), and we will have some key questions that will constitute the core of the interview (Bryman & Bell, 2011). However, the questions will be adapted to the situation and

complemented by follow up questions if needed. The themes in the interview guides are: *shared value creation, internal resources and competitive advantage, stakeholders and value exchange, strategy formation and strategic work.* and *SMEs and large companies – differences and social responsibilities.*

All our interviews will be recorded and transcribed, to guard ourselves from the natural limitations of humans such as memory distortion and subjective judgment of what the interviewee is saying (Bryman & Bell, 2011).

The major criticism to our choice of information collection is the time consuming aspect with having interviews, as well as the risk for getting too much information, which will limit the possibilities to get a clear overview. We will take into account the so-called “interviewing effects”, and try to limit it (Jacobsen, 2002). Some other implications with the semi-structured interview are the fact that this type of structure encourages respondents to describe and talk about areas that may not be covered in the interview guide. Consequently, this could complicate the analysis process when deciding if the information should be included or not in the research (Bryman & Bell, 2011).

3.3. Choice of Analysing Method

3.3.1. Analysis process

In line with Jacobsen’s (2002) recommendations the analysis process of our collected empirics will be divided into three main steps with an iterative approach.

The first step is to *describe* all the collected information. Here we will try to keep the analysis as open as possible in order not to omit any relevant information. First, we will transcribe the “raw data”, i.e. the recorded interviews (Jacobsen, 2002) and then summarize it into the final empirical text that will constitute *chapter 4 – Empirics*. Each company will be presented individually after the four theoretical themes; *shared value creation, internal resources and competitive advantage, stakeholders and value exchange* and *strategy formation and strategic work*. The four categories will be referred to as the “categories”, “theoretical themes” or “phenomena”. The empirics from the last theme *SMEs and large companies – differences and social responsibilities*, will however be presented jointly for all case companies in a table, in order to provide a better overview and easier make comparisons.

The second step in the analysing process, *systematizing and categorizing* will include simplifying and creating a clearness of the information (Jacobsen, 2002). In this step, we will begin our analysis, which will be presented in *chapter 5 - Analysis*. Our collected empirical material will further be analysed and compared against theories presented in the literature review divided according to our four theoretical themes.

In the first part of the analysis, or chapter five, an “analysis of individual cases” will be made in order to create an understanding and description of the phenomena in different contexts (Jacobsen, 2002). In the second part, an analysis will be made according to the theoretical themes and comparisons of the themes will be made between the different case companies (Jacobsen, 2002). This part of the analysis aim to create a subject centric analysis in order to give a greater understanding of the entirety information.

The third step refers to *combination* or interpretation of the information. Here we will search for meanings and causes, and try to bring order to the information. In other words, simplify, conventionalize and present the key research discoveries in order to create an overview of what we have found (Jacobsen, 2002). We will search for correlations, similarities and differences between the theoretical themes and the research entities. In this step, it is important to critically examine our information in order to highlight deviations from the pattern found in order to evaluate our study’s validity.

3.3.2. Analysis method

Our choice of method to analyse the collected empirics will have an *analytical induction* approach according to Bryman and Bell (2011). Mainly because we will match and benchmark our collected information against our research questions and consistently relate back to our theory from the literature review. Since our thesis consists of several research questions instead of hypothesis, we will redefine or reformulate our research questions until we have the appropriate data that can answer it.

3.3.3. Critique to the choice of analysis method

Due to the low precision level with pattern matching, there will possibly be a large room for subjective interpretation. In other words, we may be too over interpretative considering a

specific pattern or too lenient with a pattern to fit in or not. We will therefore try to be more precise in the development of the pattern matching factors in order to prevent this implication (Yin, 2007).

3.4. Research Procedure

The different steps in our research procedure have been explained in detail in the separate sections in the method chapter. This section constitute a short presentation of the main steps in chronological order, which we wrote after finishing our study in order to create a better lucidity of the procedure.

Step 1: The research process started with identifying a relevant and interesting research subject, *shared value*, with corresponding theoretical and empirical problem areas. After the identification of research problems, the thesis purpose was formulated.

Step 2: The next step involved building a relevant literature review. In order not to neglect relevant theories, we aspired to keep an open mind towards literature not having direct connection to our purpose from the start, but might turn out to be important along the process. Our main sources to relevant literature consisted of academic books and research articles from academic journals. We have approximately processed around 15 academic books and 60 academic journals to be able to form our literature chapter. The references are carefully selected and we have focused on using renowned journals such as *Harvard Business Review*, *Strategic Management Journal* and *the Academy of Management Review*, and famous writers such as Michael Porter, Jay Barney and Adam Brandenburger in order to gain credibility to our research. The books selected are written by renowned researcher and authors and we have also used relevant books from our course literature from Lund University.

After having compiled the literature review, we formed an extended theoretical framework based on the existing literature presented. This framework is aimed to be tested empirically and lay as ground to the analysis.

In parallel with the literature review process, we started to identify potential case companies. After deciding on a suitable number of case companies, with regard to our purpose and research resources, we began to initiate contact with them, and set dates for interviews.

Step 3: This step refers to the collection of empiric material. The first step here was to formulate the interview guide and questions. All questions and topics of the interview guide were formulated to reflect the purpose of the study and to enable the answering of our research questions. Then the actual collection of information began, in other words, the interviewing process.

Step 4: In this step we began the processing and analysing of the collected information. It involved the implementation of the three steps in the analysis process: *describing, systematizing and categorizing*, and *combining*. The different elements of this step were performed in parallel and simultaneously, in an iterative process.

Step 5: The last step in our research procedure constituted the drawing of conclusions and answering of our research questions. In addition, we made recommendations and developed hypotheses to further research and brought the reasoning to a higher and level.

We adopted a structured and methodical research process, which will increase the ability for replication (Bryman & Bell) and it gave us a clear overview of our work. This research procedure clearly reflects our deductive approach.

3.5. Reliability & Validity

3.5.1. Validity

In order for us to create *internal validity*, i.e. to make sure a well operationalization of the theoretical concepts (Bryman & Bell, 2011), we have formed our interviews according to the theoretical themes investigated in the literature review, which also reflect our integrated framework (Figure 2.5). We have also based our analysis on the same themes. By gathering our empirical material according to these themes, we have assured ourselves that all theoretical concepts are mirrored in the empirics in a correct way.

Furthermore, to make our interviewees fully aware of the meaning of each theoretical concept, we developed a form with explanations and definitions of each theoretical subject. This form was sent out before hand to each interviewee. Also, since the interviews were held in person, we were able to give concrete examples of what was asking for and we have been

able to adjust the formulation of questions according to the individual interviewee. Hence, the theoretical concepts have been adjusted to operational and understandable concepts, which have reduced the risk for misinterpretations.

Our study has a relatively high degree of *external validity* since we have diversified our selection of case companies. The case companies represent four different contexts in terms of industry, revenue, employees, type of product (service or goods) etc. The selection can therefore be argued to be a proper representative for SMEs in Sweden. However, in order to draw conclusions from our result in other organisations, the other organisations must fulfil the same criteria as our case companies. Also, since we have not investigated SMEs between 100-249 employees we cannot make assumptions about companies in that group.

3.5.2. Reliability

For us it is difficult to measure the *external reliability* since we have made investigations in a social context under specific circumstances, which are impossible to “freeze”, hence impossible to identically replicate the process (Bryman & Bell, 2011). However, our careful and clear review of the research procedure (see chapter 3.4) increases the possibility to replicate the study and therefore the study’s external reliability.

Our deductive approach and categorising of themes before the interviews may have led to preconceptions of our expected results. Thus decreasing the study’s *internal reliability*. We were therefore aware of the risk for “leading questions” and a subjective interpretation of the empirical material. As a solution for this problem, we tried to keep the questions as open as possible. In addition, the work process was executed in a structured and methodical way, especially in the empirical and analytical part of the process. Since we were two observers in the research, a dual perspective on the research problem and findings have consequently been adopted throughout the process, hence increased the internal reliability (Jacobsen, 2002). However, we are aware of that it is impossible to fully eliminate the human factor and that other research groups of course could interpret our findings differently.

4. EMPIRICS

In this chapter we will present summaries of our collected empirics. It is aimed to represent the most vital parts that are of most interest to our analysis. The material will be presented individually for each case companies, divided into the theoretical themes we used in our interview guide, which represent the different parts of our framework (figure 2.5) and our research questions. The last theme, *SMEs versus large corporations - differences and responsibilities*, will however be presented in the form of a table, where we have compiled the answers from all four companies, in order to create a better overview, enable comparing and avoid unnecessary repetition.

4.1. Background of the Case Companies

The empirical material in our thesis concerns small and medium sized companies in Sweden. We have investigated four different companies in Sweden executing a shared value strategy in different ways. Two interviews have been done in each company with people having direct connection to the strategy work and who are part of the management team. In the choice of interviewees we have assured that they have the valuable insights about the company's strategy and internal resources, needed for our thesis.

Our four case companies are Lunicore Student Consulting, Nerdy By Nerds, Novare Human Capital and their subsidiary Peritos AB, and Miljösäck AB. In following sections, our empirical results will be presented for each company categorized according to our theoretical themes.

4.2. Lunicore Student Consulting AB

Lunicore Student Consulting AB hires top students at Lund University to perform consultancy services. The business idea of Lunicore is to sell qualified consultancy services to a lower price than their competitors and at the same time function as a bridge between the students and the labour market. Lunicore was founded in 2001 when two students identified a problem in the form of a gap between the university and real work life. Too often students do not get the practical experience and network that is expected from them by future employers.

Shared value creation: Lunicore takes responsibility for students' need for practical and relevant experience during their education. They also match the knowledge and skills

demanding by future employers by arranging education and training programmes in for example excel, case interview skills, programming of different apps, which functions as complement to their education from the university. Having Lund University as their owner, gives strength and legitimacy to their business idea. Lunicore uses this legitimacy together with knowledge of what skills the labour market demands, to advocate for and influence what is being taught at the university. This improves the education and hence also the University's ranking. While building a business model around a social issue they simultaneously create value for a two social groups, the university and its students, and generates profits for the company.

Internal resources and competitive advantage: The employees and the skills and competences they possess are the most important resource for Lunicore. Hence, the human capital is vital for their business. They also have some important supporting resources in terms of models and ERP systems that enhance the quality of the business. These systems function as a support to employees to develop their skills, steer a project, and also transfer knowledge, which is of vital importance for a company with such high turnover of employees.

The competitive advantage of Lunicore first of all lies within their consultants, which are young and driven, have high aspirations and new ideas. They contribute with a different mind-set and a high degree of innovation. Moreover, they are driven by other incentives than monetary since they want to achieve work experience and create a network of valuable contacts before graduation. Also, Lunicore has an encouraging culture where new ideas and initiatives can grow.

The price is also a competitive advantage for Lunicore. They can charge a lower price (500 SEK/h versus 2500SEK/h) since they hire students on an hourly basis, who possess the same knowledge as a junior consultant at a bigger firm.

Parts of the business model is easy to imitate since the barriers to this industry are very low, but having Lund University as owners makes them unique and create credibility. The bridge between the university, the students, and the industry is almost impossible to imitate since it is very unlikely that the university will become an owner of another consultancy company.

Stakeholders and value exchange: The identified stakeholders are the students/employees, customers and Lund University.

The value perceived by the student/employees, besides the wage, is the practical and relevant experience as well as the complementary education provided by Lunicore. Customer value is perceived to be the delivered consultancy services, but also the possibility to find future recruitment for their firm. The university receives value both in terms of increased reputation and feedback on the education, but they can also offer a complement to the student education by promoting Lunicore.

Lunicore do not actively work with identifying stakeholders but Emil tries to keep a good communication with people having some interest in their business, e.g. the principal.

Strategy Formation and strategic work: Lunicore has strategy meetings twice a year and reconciliation meeting every third month. Victor describes their strategy work as structured while Emil explains it as very floating, and equates it with having a strategic mind-set. There is a clear division of responsibility within the organisation but since they work in project based teams, the tasks shift for each project.

4.2. Miljösäck

Miljösäck's business idea is to produce bags and garbage bags out of recycled plastics, collected in Sweden. Their objective is to maintain the collection of plastics as local as possible, preferable within Scandinavia.

Miljösäck is created out of the company Celloplast AB, which in turn was founded in the 1930s. In the early 80s the different business units were successively cut-off and sold, as was the unit that later became Miljösäck. Today, Miljösäck is a Swiss family-owned holding company, located in Norrköping.

Shared value creation: the business idea of Miljösäck have mutual gains for both the environment and for the company. The recycling production technique used by Miljösäck requires less energy input than when plastics is produced from scratch. It requires less oil and has lower carbon dioxide emission than the usual productions techniques. Hence, their

business has both positive impacts on the environment while simultaneously lowering their production costs, by using less energy input, which thus increase profits. The short and local value chain used by Miljösäck can also be considered to have positive effects on the environment.

Internal resources and competitive advantage: the competitive advantage of Miljösäck is their “ecocycle mathematics”. The fact that they take care of and reutilize fossil material in their production makes them more environmental friendly which attracts customers that want to profile themselves accordingly.

Also, their history with Celloplast makes them competitive since they received much knowledge of the market and production, as well as the benefits from being supported by the Celloplast brand.

The plant and equipment, mainly in terms of the machinery, could however easily be replicated and copied. With enough capital, one could possibly buy both the machinery and the right knowledge. However, Miljösäck possesses an old environmental permission that gives them right to operate and which is hard and time consuming to achieve.

Some of Miljösäck’s customers also constitute their suppliers (e.g. Coop, Rusta, Statoil) since Miljösäck buys plastic waste from companies to whom they later sell finished plastic bags. Hence, they turn their customers’ costs into increased revenues since they otherwise would be forced to pay a disposal company to collect it.

Stakeholders and value exchange: Miljösäck’s stakeholders that receive some sort of value from their business are sanitation companies, customers and suppliers, from which they buy the waste plastics and to whom they sell the new plastic bags to, society at large and the owners. Miljösäck especially attract and deliver value to companies that wish to profile themselves as “green”. Every year, Miljösäck’s customers are donated a so-called “CO₂ certificate” that shows how big their CO₂ savings are, depending on their purchase volume. Miljösäck do not work actively with identifying and mapping their stakeholders. Focus lies mainly on their closest customers.

Strategy formation and strategic work: strategic work only occur occasionally at Miljösäck and they have no strategic focus. The core “strategy” Miljösäck applies is simply to “fill up the budgets and the stocks, and just keep running”. Focus lies in “here and now” and not so much in forecasting.

4.4. Nerdy by Nerds

Nerdy By Nerds (NBN), is a small entrepreneurial company producing tailored jeans. The business idea is to make “the perfect pair of jeans”, tailored according to every individual’s own measures and design preferences. Their high degree of customization is possible thanks to that they produce all their jeans onsite in their store. Their high quality and customized product in combination with the local value chain, i.e. local production and competence, is what makes Nerdy by Nerds’ business idea unique.

Shared value creation: NBN creates shared value in terms of hiring unemployed immigrant women to perform the tailoring, and by having a local value chain. They exploit the local expertise and competence and at the same time create value to society and the environment, as well as profits to the company.

A cornerstone of NBN’s business idea has from the start been to keep the value chain short and local. Also, they had a strong focus to find skilled and affordable labour. This became their starting point in their shared value strategy. They also found a business opportunity to apply a shared value strategy by hiring a social vulnerable group that are subjects to lower payroll taxes. Hence, mutual benefits could be achieved. The financial gains were from the start the main driving force in their shared value creation, but after realising the demands from all enthusiastic unemployed women, the passion became present.

Internal resources and competitive advantage: Nerdy by Nerds identifies their most valuable internal resources to be their employees and the competence and skills they possess. The company has competitive advantages in several aspects. Their unique business idea is considered to be a competitive advantage. Furthermore, running a factory and store in the same facility enables them to deliver higher quality and customized products as well as better service than their competitors. Also, the local value chain makes them flexible, responsive and efficient concerning adapting to different trends and demands. Finally, the network of

different organisations in the Skåne and Malmö region is valuable for their development and growth.

Their business model is considered to be easy to imitate for a company with a lot of resources. However, they have a first mover advantage, since they are the first clothing company in Sweden with this concept (in the modern days). Also, by keeping index of all measures taken on their customer they possess knowledge of the average man, in terms of measures and sizing, which makes them competitive.

Stakeholders and value exchange: NBN's stakeholders are perceived to be society, municipalities, customers, owners, "Malmö's Näringliv" and other related organisations and networks such as Ideon etc. By offering employment to a vulnerable group in society, NBN delivers value to society, municipalities such as "Arbetsförmedlingen", to customers, and to owners. Also, NBN creates value to the industry region in Malmö and Skåne in terms of good PR and decreased unemployment.

NBN try to work continuously to identify and analyse their different stakeholders but as a small entrepreneurial firm they suffer from time constraints and they often have to prioritize other tasks. But they confirm that they every day have some kind of meeting, formal or informal, when they discuss these topics.

Strategy formation and strategic work: Nerdy by Nerds have both a long-term goal and a few shorter goals, but no clear strategy to reach these specific goals. They have weekly meetings where they discuss what has happened during the week and what needs to be done, but since they are a small company they often have to focus on the present and what is needed to be done for the moment. However, they cooperate with people within the industry who help them with the long-term growth possibilities, for example possibilities to expand to Stockholm.

4.5. Novare Human Capital AB

Novare Human Capital is a Swedish corporate group providing consultancy services within human capital, in areas of executive search and assessment, executive and management development, young professional development, interim solutions, and recruiting. The Novare

group consists of six companies each specialist in one of the fields of operation. It was founded in 2001 by Investor AB with the purpose to provide HR-support for Investor's portfolio companies.

In 2012, Novare started the subsidiary Peritos, which works with recruitment of unemployed adolescents with learning disabilities, thus helping them to get out on the labour market. The business idea of Peritos is to offer labour to companies with a need for recruitment to more novel tasks and at the same time enable employment to adolescents with learning disabilities.

Shared value creation: Peritos generates profits by providing recruiting services while simultaneously helping a vulnerable group in society who otherwise is excluded from the labour market and creates costs for the government in the form of early retirement and lost of potential tax income.

The business idea was developed when the Swedish minister for social security highlighted the problem that 90% of the graduated adolescents from "särskolan" are subject for early retirement and almost never get a job in their whole life.

In the start-up of Peritos, a budget of 50 000 SEK was breached for the project. Lars Lööv, with experience from working with learning disabilities and knowledge of how the government work with these matters, was externally recruited to developed a potential business plan. Together with Novare's the valuable network and their recruitment skills, they could transform the business idea into reality.

The revenue formula is partly built on revenues from the public sector since the income is derived to 60% from "arbetsförmedlingen" and 40% from the customers. This enables them to maintain a very low price to their customers, which creates competitiveness.

In monetary terms, it is the municipalities who gain the biggest profits from Peritos' operations, since Peritos reduces a cost and instead creates a source of revenue. The revenue comes in the form of an increased number of taxpayers coming from a group of people who otherwise would have constituted costs in terms of spots in a "daglig verksamhet", subsidized by the municipalities. The government does not receive any direct revenues from Peritos business, but in the long-run unemployed citizens costs more in terms of illness than the

subsidies they provide companies with for hiring people with learning disabilities. In addition, the government makes a welfare gain.

Novare tries to emphasise the adolescents' actual capabilities to increase the positivism, in contrast to the public agencies that focus on their incapacities which makes the adolescents more of a "charity case". Novare has noticed that the employees at the companies that hire the adolescents become very proud.

Internal resources and competitive advantage: Novare operates in a very competitive industry with low barriers to entry and where no specific knowledge is needed in the start-up. Therefore the business model is easy to imitate. The sources for Novare's competitive advantages are their service-minded business, speed, reliability and network that they have achieved partly from Investor. They further have a competitive advantage in their pricing since they charge customers after a project, not parallel with the execution of the project as most of their competitors. Other important internal resources are the employees and their knowledge and expertise. Their unique competence in combination with their internal systems to transfer knowledge, and their valuable network, make Novare competitive.

The fact that Novare has grown with 15% every year since the startup in 2001 and today are among top five biggest search companies in Sweden, is believed to have been realized through service and the way to accommodate the customers.

Peritos have no direct privately owned competitors. In the public sector, "arbetsförmedlingen" and "Samhall" could be classified as competitors but Peritos is considered to be more competitive in the sense that they have the potential to make a better match since they spend more time on getting to know the people and their capabilities, in other words they can provide a higher quality.

Peritos is a privately owned, profit generating company and not a control agency, thus they have no obligation to live up to official instructions. On the other hand, publicly owned agencies have a competitive advantage in terms of capital, since they are yearly being donated billions by the government. However, Lars mentioned that "arbetsförmedlingen" not merely is a competitor but also one of their biggest stakeholders.

According to Lars, surprisingly few people understand Peritos' business model and how they make money.

Stakeholders and value exchange - Novare's most important stakeholders constitute their customers and clients, and for Peritos in particular the municipalities, the employees and society at large. Lars also mentioned "särskolan" and relatives to the clients, i.e. the adolescents with learning disabilities, as important stakeholders to Peritos, as well as customers, society, employees, government and municipalities.

The main purpose with Peritos is profit generation but there are other kinds of value gains than monetary. The stakeholders gaining some sort of value from Peritos are: *Novare*, which gets profits and enhanced brand and company value having Peritos in their group; *the customers*, who get cheap labour and positive feedback from their employees because the adolescents adds a positive energy and atmosphere; *the adolescents who gets hired*, in terms of a waged employment and self-esteem; *the municipalities*, since they do not need to provide for a costly "daglig verksamhet"; *Society at large* benefits from it since the adolescents becomes an asset instead of a load.

Fredrik claims that they work actively with identifying and mapping their stakeholders. Lars mentioned that they primarily work with maintaining a good contact with their stakeholders and analysing their interests and what kind of value exchange they demand, but not so much on identifying potential new ones.

Strategy formation and strategic work: Novare have no formal strategy and the CEO is not personally a fan of strategy. Novare's strategy is mainly to maintain their business idea. In reality it is more doing and executing. Fredrik quoted Novare's former chairman of the board, Percy Barnevik, who said, "10% of the work is strategy, 90 % is execution". However, he also states that he thinks that one often is more strategic than one realizes.

In contrast to Novare, Peritos as a separate business unit work with strategy, mainly during the board meetings and at a specific strategy meetings twice a year. Lars believes that every company that wish to develop and grow must work actively with strategy. But if the company is satisfied the way they are there is no need.

Novare have no clear division of responsibilities in the essence that there are no concrete work descriptions. This because they want to encourage creativity and entrepreneurism. However, a risk for duplication is present. At Peritos, the division of the work tasks is clear but the work load is unevenly divided because the small numbers of employees.

4.6. SMEs versus Large Corporations - Differences & Responsibility

The table below (table 4.1) shows a compilation of all case companies answers regarding differences between SMEs and large corporations, and their responsibilities towards society. The table consists of statements the case companies made during our interviews, grouped into categories. The marks under the company names indicate whether some of the interviewees from the company made a corresponding statement.

Category	Statement	Lunicore	Miljö-säck	Nerdy By Nerds	Novare
Resources	Large corporations have greater financial strength	X		X	
	Large corporations have more resources	X	X	X	X
Organisational Structure	SMEs have generally a flatter organisation	X	X	X	
	SMEs can communicate more easily through the organisation	X		X	
	Larger corporations have more complex organisational structures	X		X	
	Roles and functions are more clearly divided in large corporations	X			X
	Larger corporations have more information channels		X		X
Business Processes	SMEs are more flexible and therefore more efficient	X		X	X
	SMEs can easier adapt to changes	X		X	X
	Large corporations suffer from bureaucracy	X		X	X
	SMEs have advantages in innovation				X
Strategy Work	It is harder for large corporation to incorporate a shared value strategy into their core business model	X		X	
	Large corporations need to take a broader perspective into account in their strategy formation		X		
	Larger corporations forecast trends more in their strategic work		X		X
	The execution of the strategies vary between SMEs and Large corporations	X			
	Large corporations have a more structured and formal strategy development process	X			X
Responsibilities	Larger companies owe a bigger responsibility to society	X			
	Degree of responsibility is correlated to size of the company	X	X	X	
	All actors in society have responsibilities towards it	X	X	X	X
	Degree of responsibility depends on type of business operation		X		X
	Responsibility work in large corporations tend to lack true engagement				X
External pressure to act responsible	We do not feel a big external pressure to act in the interest of society	X		X	X
	The external pressure on SMEs should be greater			X	
	Media is a big source of pressure			X	X

Larger corporations have more external pressure	X	X	X	X
Government is a big source of pressure to companies (in terms of regulations)		X		X
Important customers are big sources of pressure to companies				X
Shareholders are big sources of pressure to companies				X
SMEs need more information of how to take responsibility		X		

Table 4.1. Compilation of the empiric collection of “SMEs and large corporations: differences & responsibilities”

A few of the comments on the statements in the diagram are worth to be mentioned further for our analysis. Regarding the statement about how large corporations have greater financial strength and more resources than SMEs, Lunicore believes that it gives large companies more room for experimentation and risk taking, as do Miljösäck. NBN reason in similar ways and argue that large corporations, as a consequence, have more possibilities to carry out their visions. Novare, on the other hand, states that SMEs do not always need that much resources to do what they want.

With regard to the statement on how SMEs do not have as clearly divided work tasks and functions among the employees, Miljösäck sees both benefits and disadvantages as a result of that. The negative parts represent the fact that employees may need to handle tasks that are not directly included in their work functions, but the advantage is that the knowledge among the employees’ becomes wider. NBN also states that mixed and more floating work functions often lead to having to do things outside your “official” responsibilities. Novare argues that a clearly division of tasks and employees harms creativity but leads to duplication of work.

In relation to the three statements about SMEs’ flat organisational structures, flexible business processes and good possibilities to make changes in the organisation, Lunicore argues that SMEs are better fitted to create shared value. Large corporations face more bureaucracy and resistance in the organisation in strategic change processes. In addition, when large corporations do something “good” or take responsibility it is often perceived as a result of harsh media coverage or demands from the public. Lunicore and NBN state that large corporations seldom enable to convey a genuine engagement and approach to corporate responsibility.

Both Novare and NBN believe that the external pressure on SMEs would be more effective if it came from local sources, such as the municipalities of local newspapers. Novare also thinks that the focus on the responsibility actions must be local not only on taking responsibility abroad, in e.g. developing countries. SMEs have a more natural connection to the national or even local markets, where thus the responsibility focus should lie.

5. ANALYSIS

In this chapter our analysis is presented. We have analysed our collected empiric material against the theories presented in the literature review, with particular focus on our theoretical framework (see figure 2.5). The same theoretical themes as we categorized the empirics after will be used in the analysis chapter as well. The chapter consists of two main parts. The first part, 5.1, constitutes “analysis of individual cases”, where we analyse the material from the case companies individually. The second part, 5.2, is a “subject centric analysis”, where we focus the analysis to the different phenomena and make comparisons between the cases. The different phenomena correspond to our theoretical themes. The last theme, SMEs versus large corporations, will not be presented separately. The material from this theme (see table 4.1) will be woven into the other themes, to create an SME perspective on the whole analysis. The whole analysis is based on our research questions.

5.1. Analysis of Individual Cases

5.1.1 Lunicore Student Consulting AB

Shared value creation: In accordance with our definition of shared value (see chapter 2.5), Lunicore creates shared value by enabling students at Lund University to get practical and relevant working experience before graduation, and therefore function as a bridge between the students and the labour market, and by complementing and enhancing the education at the university. They identified a social problem and built their business model around this problem to gain competitive advantage and generate profits for their business. The social issue corresponds to a gap or mismatch between the university education and the students desired competences, and the expectations and demands from the labour market. The shared value is therefore received by both the student ergo their employees, the university and by the company. The students receive value in terms of practical working experience and the network gained when executing different consultancy projects. Lunicore receives value in terms of profits and Lund university in terms of improved quality on education and as a result its brand too.

In relation to Porter and Kramer’s (2011) three ways to create shared value opportunities, Lunicore’s shared value creation has some links to and similarities with the third way, i.e. *enabling local cluster development*. The network, or local cluster, that surrounds and enables Lunicore’s business operations consists of their customers and Lund University. The

University constitutes their owner and provides their employees. In other words, Lunicore's success is dependent on the University, in terms of its funds, its students and ability to provide knowledge and skills to the students. Put differently, the University influences Lunicore's labour availability, supplier input in terms of knowledge and training, and equity. It can therefore be argued that Lunicore builds on the local cluster when Lunicore educates its employees, and offers them practical experience and useful business contacts, as well as participates in the improvement of the university education. Because all on all, this improves the University and its activity as a whole.

Lunicore's actual business idea is rooted in their shared value creation. The business and shared value opportunity emerged as a result of the identification of a social issue. In other words, they proceeded from the external perspective (see figure 2.5) when the shared value opportunity was created.

Internal resources and competitive advantage: Lunicore's internal resources that according to them constitute sources of competitive advantage are its employees together with their skills and competences, the company culture as well as the supporting systems. Thus they can be classified as *human capital resources* and *organisational capital resources*.

In relation to Barney's (1991) four conditions that the internal resources must fulfil to sustain competitive advantage, it stands to reason that Lunicore's resources mentioned above are valuable, since they enable the implementation of their strategy. It can be discussed whether they are rare relative to their competitors. They claim that part of their competitive advantage comes from the fact that they employ students, who according to them have higher motivation and drive, and which enables Lunicore to charge a lower price than their competitors. Since Lunicore is the only student consulting firm within their geographic area of operation, i.e. the Skåne area, this is a resource that could be considered to be rare. Both of the interviewees claim that their resources are possible to imitate, however the link to Lund University may be hard to imitate and could be classified as a "unique historical condition" according to Barney (1991).

It could be argued that Lunicore misses out on the last part of the criteria within sustained competitive advantage; namely non-substitutable. The supplies of consultancy firms in Sweden are enormous and it would be easy for a company to substitute the service to another

consultancy firm. However, in that case they would not receive the low price and the young and innovative competence.

Furthermore, it is important to consider that the low price strategy could not be possible if they did not have their shared value focus. It is the fact that they are hiring students that enable them to charge the low hourly price and still deliver the same competence as a junior consultant. This strategic move can be considered as both valuable, rare, imperfectly imitable.

Since the business idea emerged from the identification of a shared value opportunity, the business model and the internal resources are adapted to create the shared value. This indicates that they leveraged their sources for competitive advantage in their shared value creation, which we argue for is the main purpose when using our framework (figure 2.5).

Stakeholder and value exchange: Both interviewees at Lunicore do not seem to be truly familiar with the concept of stakeholders. They stated their key stakeholders to be their employees, customers and the university, i.e. their owners. These are all contractual stakeholders (Tricker, 2012), therefore they do not operate in line with the stakeholder theory, which states that the company must take responsibility to a broader spectrum of actors, such local communities, banks and the government (Tricker, 2012).

Contrary existing theory, which states that the company provides wage to its employees in exchange for labour (Eisenhardt, 1989), Lunicore claims that they provide their employees with useful practical experience, complementary education as well as business contacts for their future careers, in addition to the traditional wage.

Lunicore's description about the value exchange between them and their customers too differ from the one described in theory (Anderson & Narus, 2004; Besanko et al., 2010; Best, 2005; Brandenburger & Stuart, 1996; Fitzroy & Hulbert, 2005). Apart from valuable services, Lunicore offer their customers a possibility to find future employees. The value exchange between its owners look a bit different too than the one explained as equity in return for dividends and right to vote (Tricker, 2012). However, the fact that Lunicore is indirectly publicly owned can result in that the presented theories on value exchange between shareholder and companies might not be properly used in this analysis. What can be

concluded is simply that the University gains good reputation and feedback on the education as well as improvement proposals from Lunicore.

Strategy formation and strategic work: Lunicore seems to have a well and formally structured strategic management work, with elements such as regular strategy meeting and a long-term vision. In addition, the different work functions seem to be clearly divided, which stands in contrast to Birnbaum (2004) who states that small firm lacks a clear overview of the organisation and distinct division of tasks. Although, the operational work is organized as team-based projects, appointed for each projects, which means that the employees do not have fixed tasks but they vary from project to project. However, it must be illuminated that there were some differences in how the two interviewees described their strategy work, formal contra floating and unstructured, which questions the accuracy in their statements. In accordance with Keats and Bracker (1988), the operations of Lunicore seem to be influenced a lot by the personality and visions of the CEO. For good or bad, Emil states that the organisations have changed a lot since he became CEO in the beginning of 2014.

5.1.2 Miljösäck

Shared value creation - The shared value created by Miljösäck correspond to the value created for the environment in terms of reduced carbon dioxide emission and shortening of the value chain, and for the firm in terms of decreased production costs relative producing plastic from scratch. The cheaper production is enabled through the reduced use of energy and cheaper input of material. Miljösäck's shared value strategy also increases their revenues through attracting additional customers who want to label themselves as environmental friendly.

The shared value strategy is originally developed by former Celloplast AB and based on the existing knowledge and skills within the corporation. Miljösäck was founded in order to find a more efficient and profitable way to utilize the waste created from current production technique. Therefore, Miljösäck's shared value strategy is consistent with Porter and Kramer's (2011) second way to identify shared value opportunities, i.e. *redefining productivity in the value-chain*. They reinvented their value chain by using less energy input, and makes it shorter by keeping the supply sources local. Thus, decreasing the negative

effects on society. Moreover, the shared value opportunity was identified internally according to figure 2.5.

Internal resources and competitive advantage: Miljösäck believes their most competitive internal resource to be their “ecocycle mathematics”. In other words, their environmental friendly production. It makes them competitive since it attracts customers partly because the ability to transform costs into revenues and partly because of the environmental aspect which can help the customer to be responsible towards the environment and society and increase their brand. However, this is something that can be easily copied, and thus do not alone constitute sources of sustainable competitive advantage (Barney, 1991).

Their sustained competitiveness according to the RBV-theory is their history, or path-dependence, which create in-imitability according to Barney (1991) and seem to be both valuable and rare. Their history with Celloplast has provided them with inherited knowledge, a strong brand, and an environmental certificate. The last is obtained by the municipality and gives them permission to produce and operate. This certificate is hard to receive and impossible to substitute. Hence, it is even harder for competitors to start a similar production.

It can be concluded that it is the internal resources that has formed the basis for their shared value strategy since they have identified an opportunity internally, in terms of production waste, and leveraged the already existing internal resources in terms of their environmental certificate as well as knowledge and capabilities, originally gained from their history with Celloplast, to develop the new business. In relation to our developed framework (figure 2.5), the internal resources are therefore the foundation in their shared value strategy.

Stakeholder and value exchange: Miljösäck did not seem to understand the meaning of what a stakeholder really is and the importance to act in their interest. Neither did they indicate on applying a broader stakeholder approach (Tricker, 2012) since they only mentioned their customers and suppliers as their main stakeholders, both categorised as contractual stakeholder. After asking them directly, they did acknowledge their owners and society at large as stakeholders too. Apart from the monetary value exchange and products delivered, which are the most commonly type of value mentioned in theories (Anderson & Narus, 2004; Besanko et al., 2010; Best, 2005; Brandenburger & Stuart, 1996; Fitzroy & Hulbert, 2005;)

they mentioned that they deliver value to the customers and suppliers in terms of environmental gains.

Strategy formulation and strategic work: Strategy meetings and strategic management work are absent at Miljösäck. However, the fact that they acknowledged that they could benefit from working more strategically, proves that they are conscious of the advantages a strategy could bring. Despite their lack of an official strategy, Miljösäck still is a profitable company and hence creates value. This speaks against strategy literature which claims that it is a company's strategy that enables value creation (Fitzroy & Hulbert, 2005).

5.1.3 Nerdy by Nerds

Shared value creation: NBN's shared value creation can be depicted as the company achieving value in terms of economical profits derived from selling their jeans, positive PR and reduced costs in terms of payroll taxes. At the same time, society gains value in terms of integration and employment to a vulnerable social group, which otherwise constitutes a cost and load for the municipalities and "Arbetsförmedlingen". Moreover the society achieves value environmentally too since NBN keep their value chain short and local.

NBN's shared value creation consists of two parts. The first part constitute the local value chain. It can be argued to correspond to Porter and Kramer's (2011) second way to create a shared value opportunity, i.e. *redefining productivity in the value chain* and enabling companies to reduce negative effects and increase positive effects on society. NBN reduces negative effects on the environment created from e.g. long-distant transportation, by keeping their production local compared to most other companies in the textile industry. The second part of the shared value creation constitutes the employment of the vulnerable social group. This too seem to correspond to what Porter and Kramer (2011) classifies as *redefining productivity in the value chain*, since it increases the positive effects on society, in terms of integration and reduced costs for governmental agencies, such as unemployment allowance.

The driving force that lead to the shared value creation was at first economical since they needed to find cheap labour. In this processes they discovered an external social issue, which they could solve simultaneously as their internal economical issue, i.e. high labour costs.

Hence, in the case of NBN it was a combination of external and internal factors that led to the identification of a shared value opportunity.

Internal resources and competitive advantage: According to NBN the internal resources constituting the sources of their competitive advantage are the employees and their skills, local value chain and production. These resources are evidently valuable according to RBV (Barney, 1991). Local production and hiring a vulnerable social group is rare in the textile industry, but it could be imitated by a competitor. Skills in terms of tailoring is not something unique either. However, given the fact that they currently have a unique business model indicates a first-mover advantage, which they have used to create a strong network of supporting companies and organizations as well as a strong brand thanks to a lot of positive PR. Hence, this history with their first-mover advantage can be classified as “path dependence” according to RBV which is a requirement for the condition “imperfectly imitable” (Barney, 1991). A possible strategic substitute to their history and first-mover advantage could be capital in combination with a strong brand name. But it is difficult to determine because the "real" and “genuine” feeling can be difficult to replace.

Due to the fact that NBNs shared value creation is well incorporated in their business model, and the external social issue has in some degree formed their internal resources, their shared value creation constitutes in fact a great part of their competitive advantage sources. That is, the same internal resource that form their competitive advantage are leveraged in their shared value creation.

Stakeholders and value exchange: NBN’s stakeholders are society, the municipalities, their customers, owners, organisations, networks, and Malmö and Skåne region. This is in line with what is expected from a company in the stakeholder theory (Tricker, 2012) and indicates that the company applies a stakeholder approach in their business. The value delivered and achieved by NBN that are not explicitly stated in the literature on stakeholder theory and value creation (Anderson & Narus, 2004; Besanko et al., 2010; Best, 2005; Brandenburger & Stuart, 1996; Eisenhardt, 1989; Fitzroy & Hulbert, 2005; Tricker, 2012) are: integration, reduced unemployment, positive PR (both for the company and the region/community) and business contacts.

Applying a stakeholder perspective includes both taking responsibility for a broad range of actors the company affects (Tricker, 2012) and defining the stakeholders in order to investigate potential value exchanges (Post et al., 2002). NBN seems to have good conditions to apply a stakeholder perspective, given the fact that they work continuously to identify and analyse their different stakeholders.

Strategy formation and strategic work: NBN's long-term strategic goals and clear future vision are in line with what is recommended to in strategy literature to become a successful company (Fitzroy & Hulbert, 2005). Their cooperation with external experts to develop tactics to implement their goals, can be viewed as an strategic move as well.

5.1.4 Novare Human Capital AB

Shared value creation: Novare has integrated the shared value perspective into their business model through the subsidiary Peritos. Peritos generates profits by working as an intermediate between adolescents with learning disabilities and the hiring companies. By doing so they help solving the social issue concerning the unemployment and early retirement among this group of adolescents. The actors in society that Peritos delivers value to thus become Peritos and Novare, the municipalities, the government and governmental agencies such as "arbetsförmedlingen", the adolescents and their relatives, and society at large.

This type of shared value creation can be compared to Porter and Kramer's (2011) first way to create a shared value opportunity, namely *reconceiving products and markets*, since they have created a new type of service, previously not perceived as profitable, by identifying a social need and issue.

In relation to our framework (see figure 2.5) the opportunity for Novare to create this shared value emerged externally, through the recognition of the social problem from social security minister.

Internal resources and competitive advantage: Novare's internal resources that form the sources for their competitive advantages are: their pricing strategy, service minding, network and capabilities in terms of speed and reliability, all classified as human capital resources. These resources are definitely valuable and Novare claims that they are rare too because it is

not something their competitors possess to the same extent. It becomes harder to analyze whether they are imperfectly imitable. Factors that indicate they are are their history with Investor since it constitutes a “unique historical condition” and it seems unlikely that Investor will start another human capital firm offering the same services. The connection to Investor gives them legitimacy and a network which is hard to imitate. Another factor constitutes the fact that Fredrik claims that there is something which is hard to explain but lies in the employees’ relationships and attitude to their customers. This could correspond to the requirements referred to in the RBV theory as *causal ambiguity*, i.e. it is not being understood how the resource is connected to the competitive advantage, and *socially complexity*, which refers to relationships that the firm as a sole entity can not systematically manage or influence. Hence, these factors fulfil the condition for imperfectly imitability. As with the other cases, it is nearly impossible to analyse in practice all possible strategic equivalent substitutes for these resources, one alternative could be a very skilled sales function replacing the network of customers. However, it remains an unanswered question.

After the identification of the social issue, Novare utilized their already existing internal capabilities, i.e. business network, service-minding and recruiting skills, together with additional knowledge collected externally from Lars Lööv, to form the shared value strategy. Thus, they have leveraged their sources of competitive advantage in their shared value strategy.

Stakeholder and value exchange: The stakeholders to Novare as a corporation, thus including Peritos, is considered to be customers, clients, society, municipalities, the government and governmental agencies, employees and relatives of the employees. When analysing the stakeholder of the Novare group as a whole it is important to keep in mind that some of the stakeholder groups may have a greater or exclusive interest and a value exchange with Peritos. However, Peritos stakeholders will indirectly affect the parent company Novare as well.

With focus on Novare’s business operations connected to Peritos some of the value exchange between Novare and its stakeholders match the ones mentioned in literature. For example, profits, labour, wages, services (Anderson & Narus, 2004; Besanko et al., 2010; Best, 2005; Brandenburger & Stuart, 1996; Eisenhardt, 1989; Fitzroy & Hulbert, 2005). The value exchange mentioned by Novare that is not discussed in the traditional literature are for

example reduced costs for government and municipalities, reduced unemployment among a socially vulnerable group, increased self-esteem and positive atmosphere, increased pride and responsibility, increased positive reputation, and increased welfare.

Novare seems to consciously adapt an active stakeholder approach (Tricker, 2012) and understand the importance of it, since they have identified a broad range of social actors as their stakeholders and acknowledge the importance of the mutual value exchange. They balance the interests of the different actors that surrounds them and take a broader responsibility to society and not just within the boundaries of the company (Tricker, 2012). Moreover, they state that they work actively with identifying and mapping their existing stakeholder, however not so much on identifying potential new ones.

Strategy formation and strategic work: Novare do not work with strategy formation and their CEO Fredrik personally dismiss and dislikes strategy as a business concept. In contrast, Peritos as a sole unit claim that they work actively with strategy through board meetings and more specific strategy meetings twice a year. Peritos' CEO acknowledged that he sees many advantages with working with strategy. This is inline with Keats and Bracker's (1988) theory about how in SMEs the perceptions and individual views of the CEO affect the the operative work of a whole organisation

5.2. Subject Centric Analysis

In this part of the analysis we move away from the individual cases and focus on the different theoretical concepts used in our framework (figure. 2.5). In order to better mirror our framework we will start by analysing the theoretical theme *internal resources and competitive advantage*, which corresponds to the left dimension of our framework. Next comes the theme *stakeholders and value exchange*, which represents the right dimension of our framework, and the arrows between the external and internal sphere. Then we present the analysis concerning *strategy formulation and strategic work*, which we will use to be able to draw conclusions about SMEs' strategic work with regard to shared value strategies. The section ends with an in-depth analysis of *shared value creation* in SMEs.

5.2.1. Internal resources and competitive advantage

From our analysis we can conclude that all our case SMEs leverage the internal resources that lay as ground to their competitive advantage in the shared value creation. It could either be a strategic choice or a result of that SMEs have fewer resources and thus “use what they have”.

It can be questioned whether the RBV theory (see chapter 2.3.1) (Barney, 1991) can be meaningfully applied in SMEs. All our case companies are profitable and claim that they have competitive advantages, but that their business model is not unique and could technically be copied with enough capital and willingness. This perception could either depend on that they do not fully understand the theory behind RBV view, such as the meaning of “path-dependence”, “social complexity” and “casual ambiguity”, or that the RBV theory is too diffuse and theoretical to actually be applied in practice. It can be argued whether it is possible and how to investigate all possible strategically equal substitutes to an internal resource.

It could also be a result of that the success of an SME might depend on other factors than internal, for example the external industry factors used in Porter’s five forces (2008). Moreover, it is possible to reason that SMEs need not have a concrete “sustainable competitive advantage” based on internal resources fulfilling Barney’s four conditions to the same extent as large corporations do. SMEs may instead niche their target markets more specifically so that they float under the radar of large corporations. It is also possible that SMEs achieve competitive advantages by successfully applying customer-centric value-based strategies (see chapter 2.2.2) (Anderson & Narus, 2004; Porter, 1996; Treacy & Wiersema, 1993) and focus on develop intimate customer relationships, that large corporations do not find profitable enough relative the time-consumption and effort. In that case, theories stating that SMEs connect success with single organisational functions (Gadenne, 1998) is inconsistent with reality and should not be seen as something negative.

In conclusion, none of our case companies seem to base their analyses about their competitive advantage around the RBV-theory. It indicates that it is therefore not necessary that the conditions for having sustained competitive advantage according to RBV must be fulfilled by SMEs in order to be successful and create value.

In all our case companies it seems like the shared value creation constitutes a competitive advantage. They stated for example that it attracted customers, gave good PR and increased branding and company value. Their shared value strategies make their business model more unique since no other competitor in their respectively nearby geographic area of operation applies the same strategy.

5.2.2. Stakeholders & value exchange

We discovered an absence of understanding what a true stakeholder perspective (see chapter 2.6) (Carroll, 1998; Tricker, 2012) involves, among the majority of our case companies. We mostly found that they failed to acknowledge all possible stakeholders to the company's potential value exchanges. It can therefore be argued that SMEs could both achieve and deliver more value to different actors if they put more work in identifying and categorizing potential stakeholder and what they perceive as value, as theory encourages (Anderson & Narus, 2004; Carroll, 1998; Post et al., 2002; Tricker, 2012). Our empirical results show that SMEs especially have potential to gain capital and subventions from publicly owned companies or governmental agencies, but still fail to take the government into account when name dropping their stakeholders.

We have found several value exchanges between companies and their stakeholder, which are not covered in theory (Anderson & Narus, 2004; Besanko et al., 2010; Best, 2005; Brandenburger & Stuart, 1996; Eisenhardt, 1989; Fitzroy & Hulbert, 2005). For example, proudness among employees, business contacts from public organizations to the company, integration of social vulnerable groups to the labour market, reduced costs for government and municipalities, self-esteem among employees, positive atmosphere, increased welfare, and environmental gains.

5.2.3. Strategy formation and strategic work

From our empirical material we have found that SMEs often do not work with strategy in a formal and structured manner. It is however possible that they think and act more strategically than they believe without realizing, because strategy work is closely linked to their ordinary work functions and their business processes are more floating. In addition, it is also possible that the companies that claim that their strategic work is characterized as structured and continual, state it because it is the right thing to say according to management theory.

Theories that explain how SMEs' operations are noticeably influenced by individual characteristics and behaviours of the owner and/or CEO (Keats & Bracker, 1988), are consistent with our empirical findings. We noticed a pattern in how the interviewees who claimed that they were not a fan of strategies also stated that they did not work with it to any great extent, and the opposite statement followed a similar pattern.

It is commonly known that when a company grows in size it becomes necessary to structure and formalize the organisation and the operations to a greater extent in order to be able to control and organize the business (Kukalis, 1989). Therefore it might be of a greater importance vital for a large company to make their strategy work more formal and structured. SMEs, with the only objective to survive, are probably not as dependent on continuously and formally develop its strategy, as companies with growth aspirations.

5.2.4. Shared value creation

Our case companies together show that all three of Porter and Kramer's (2011) *ways to create shared value opportunities* (see chapter 2.5.3) can successfully be applied in SMEs in Sweden. What can be observed is that our empirical material corresponds to a more local and domestic focus in the application of shared value strategies, in contrast to what is illustrated in theory by Porter and Kramer (2006; 2001) and Pfizer et al. (2013). This indicates that it is not necessary to tackle social issues in for example developing countries, reconstruct the whole productivity in a complex value chain or build massive communities from scratch. It is possible, especially for SMEs, to do it in a smaller scale with focus on the domestic markets and issues. Our empirical results illustrate for example how part of the value chain can be located domestically, how it is possible to enhance part of the nearby and local communities, and how to help vulnerable social groups into the labour market and unload costs from governmental agencies.

In relation to the extended theoretical framework (see figure 2.5) we have developed, our case companies prove that it is possible to identify shared value opportunities both by starting from internal factors and investigate what possibilities the company currently has, as in the case with Miljösäck. It can also be done by starting from the external perspective and identifying social issues which the company could have possibilities to solve while generating a profit, as

in the case with Lunicore and Novare. Lastly, the starting point can mutually take an internal and external starting point, as in the NBN case. This indicates that our framework can be used in the identification of shared value opportunities both when starting from the external perspective by identifying a social issue, or when starting from internal perspective by investigating the possibility to leverage internal resources, or when starting from both perspectives simultaneously. Regardless starting point, internal or external, it is important the internal opportunities and external issues are properly matched in order to create a successful shared value strategy.

Our empirical results suggest that shared value creation can, from some aspects, easier be created in SMEs than in large corporations, which is not mentioned in existing literature. SMEs dynamic and flat organisational structure and flexible business processes are better adapted to strategic and organisational changes. In addition, a new concept can easier be incorporated in the core business model, since it is less complex. Larger companies face more resistance to changes within the organisation, suffer from bureaucracy as well as lengthy decision and implementation processes. Moreover, their history, which is often older than SMEs', makes it hard to change their established image. They often fail to genuinely show true engagement in responsibility actions, since it most often is a result of a compulsion from the government, customers or other gatekeepers such as media.

With regard to the five-step guide to create shared value by Pfizer et al. (2013) (see chapter 2.5.3), the first step, *embed a social purpose*, seems not to be well suited for SMEs given our empirical results. Since it claims that the company should identify threats and opportunities related to global change, it does not have the local focus that is better suited for SMEs' shared value creation. The second step, *define a social need*, seem to be important to SMEs as well since our results confirm our the assumption regarding the use our framework, in the sense that companies need to identify a stakeholder need corresponding to a social issue, which they can solve. In other words, take consideration to the external dimension of the framework. However, it is important the SMEs define a social need they actually *can* solve by leveraging and building on their internal resources, not only a social need they *want to* solve, as stated in the guide. The third step, i.e. to *measure the social and business value*, can be questioned to what degree it is necessary and what the numbers should be used for. We have not received any information indicating that the case companies actively measure the exact value created. In step four, *create the optimal innovation structure*, SMEs seem to have advantages since

their organisational structure is flexible and well suited for innovation and strategic change. However, due to resource constraints, the possibilities for experimentation are more limited than in large firms, although it might be equally encouraged. In the case of SMEs, it also seems to be of particular importance and usefulness to seek possibilities for governmental support and funding. The majority of our case companies have received governmental support in terms of subventions and capital. What is worth to be mentioned is that few of them stated that the government constituted a stakeholder to the company. The fifth and last step, *co-create with external stakeholders*, have been proved to work for SMEs in the case of Novare, who hired Lars Lööw in their start-up of Peritos.

Although less capital and resources, which are factors that constitute good foundation to develop shared value creation, on all it seems like SMEs have many advantages to create shared value that large companies do not. First, they can easier show a true and genuine engagement to a cause or social issue. Second, their flexible and flat organisational structure is well suited for innovation and strategic change in the business model, which constitute advantages for seamless incorporate of a new shared value strategy into the business model. Fluent work tasks and multi-work-functions, enhance creativity, which could benefit identification of shared value opportunities. These are facts that are not acknowledged in existing theory on shared value (Pfizer, et al. 2013; Porter and Kramer, 2006; 2011), which in a way takes for granted that companies are design and structured in a certain way, or at least does not acknowledge the opposite.

Some parts of our empirical results are consistent with the existing theory on SMEs. With regard to Jones and Tilley's (2003) research on sustainability in SMEs (see chapter 2.4.3) we have found some inconsistency with SMEs reluctance to align with the sustainability agenda, hence taking on a social issue. Our empirical results show that it does not seem to be the lack of awareness and willingness that is the core problem for SMEs not to be motivated for creating shared value, i.e. they do not seem to lack an environmental awareness. On the contrary, they are proven to be prepared to integrate shared value into their business model. All case companies find a strong importance of SMEs taking responsibility for society and the majority believe that the responsibility is for SMEs as for large corporation, but the responsibility should be relative to the size of their operations. The biggest concern towards SMEs engagement in social issues is the lack of external pressure and information on how to. Without external pressure and information provision, the incentives and motivation seem to

be weaker, as is the knowledge of how to. They therefore struggle to design and implement initiatives that deliver both social and business benefits. Thus the statement that there is a gap between environmental attitudes and following behaviours among SMEs, corresponds to our findings. So does also the one regarding the fact that SMEs limited access to resources including finance, expertise and information affect the sustainability operations in their business (Jones & Tilley, 2003). Whether there exist inappropriate environmental management techniques among SMEs, we have not found any information of.

When looking through the lens of shared value, we have found that the fact that SMEs have limited access to resources, including finance, expertise and information, are not necessarily a constraint to create such a strategy. Also, we have found that they are able to manage their limited access to expertise and information in a good way. SMEs do not necessary focus on the quantity of knowledge, instead they leverage the quality of knowledge and expertise possessed and managed to create competitive advantages with the limited resources they actually possess.

Our findings are consistent with Blom et al.'s (2012) study, which states that in small firms employees' areas of responsibility are spread over a broad range of business functions. However, literature arguing that SMEs lack a clear division of tasks and responsibilities among employees (Birnbaum, 2004) is only partly consistent with our study's result. Moreover, our findings show that absence of a clear division of tasks can be an active choice in an attempt to encourage creativity, or a result of how the operational work is designed. For example, project-based teamwork may include more varying work tasks.

6. DISCUSSION & CONCLUSION

The purpose of this thesis is, as known, to describe and investigate shared value creation in SMEs. In our literature review we identified a research problem, namely a need for a model that takes a stakeholder approach to shared value creation, and which shows how internal resources can be leveraged in shared value creation strategies. We also identified a gap in the literature, corresponding to an absence of empirical investigations of shared value creation in SMEs. Based on these discoveries we formulated three research questions.

So far in this thesis, we have developed an extended and integrated theoretical framework (figure 2.5) based on existing theory. It consists of two spheres, one represents the company internally with focus on its resources, and other represents the external environment and the company's stakeholders. Between the internal and external spheres there occur value exchanges, which are illustrated by arrows. The framework is developed based on existing literature within the theoretical fields, which makes no distinction between SMEs and large firm. However, the framework have in this thesis been tested in the empirical context "SMEs in Sweden". In this chapter we will draw conclusions regarding the framework as well as answer our three research questions.

We have through our study found that SMEs can use our framework in their identification of shared value opportunities both when taking an external starting point, i.e. identifying a social issue, and an internal starting point, i.e. identifying an opportunity in the firm resources. After analysing our empirical material against the framework, we concluded that the RBV theory cannot optimally be applied on SMEs. It is possible that their sources of competitive advantages lie in other parts of the business than internal resources that are valuable, rare, imperfectly imitable and non-substitutable. For example, it is possible that they gain competitive advantage through a successfully implemented value-based strategy, without having rare, imperfectly imitable and non-substitutable resources. Hence, to increase the accuracy in the use of our framework for SMEs, i.e. empirically adapt it to SMEs, we must eliminate the part in our framework stating that the internal resources that should be leveraged in the shared value creation must fulfil Barney's (1991) four conditions. Therefore, the empirical contribution to our framework constitutes the elimination of the four conditions from RBV-theory on internal resources and an updated version of our framework, adapted to our empirical findings, is therefore presented below in figure 6.1.

Furthermore, in our empirical investigation we have investigated the correlation between the different parts of our framework. Firstly, we have found that there is an important connection between the internal and external dimension of the framework. There is interdependence between the two dimensions and they need to be successfully matched in order to create a competitive shared value strategy. However, in the development of a shared value strategy the framework can be used both when taking an external and internal starting point. Second, the value-exchanging arrows should be viewed as cycles, constantly matching the internal conditions with the external needs. In addition, one value arrow can deliver value to several stakeholders, such as environmental gains and increased welfare.

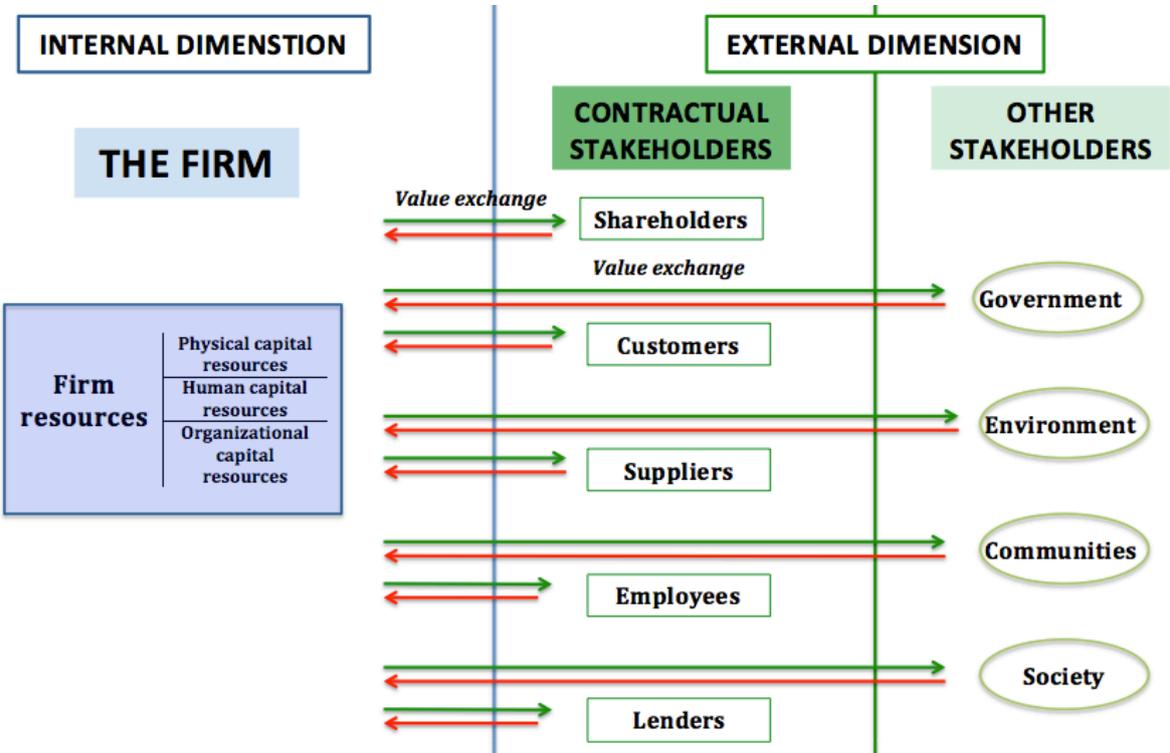


Fig 6.1. An Extended and Integrated Framework on Shared Value Creation with empirical adaptations to SMEs by Aru & Waldenström (2014)

The external dimension of the framework has been proven to be of particular importance for Swedish SMEs, since they often fail to identify all their potential stakeholders and thus apply a sound stakeholder approach. Our framework can therefore be used to increase the awareness of firms’ stakeholders and potential value gains, and could be viewed as a contribution to the stakeholder theory as well.

Existing literature misses many important prospective value-exchanges between a company and its stakeholders, which we have identified in this study. We have discovered that the company can provide value in terms of increased pride to the employees and positivism in the working atmosphere. Public organizations can provide business contact to the company in exchange for conducting business in society's interest. A company can deliver value to the society and government by integrating vulnerable social groups to the labour market and thus reduce unemployment, costs and increase the welfare. A company can also generate environmental gains, which is of interest to all actors in society. In addition a company can also enhance the education provided by the government, which improves schools' rankings and brands and the attractiveness of the students among future employers. Our identified gaps within the stakeholder theory become especially important in our framework concerning shared value. This because it is one of the two dimensions that need to be evaluated in order to create a successful shared value strategy. The research therefore makes a contribution to both stakeholder theory and shared value theory.

In conclusion, our framework has proved to have good potential to be successfully used by SMEs in their development shared value creation. However we find it more essential to consider our framework as a theoretical contribution than a practical tool. In addition, it can be discussed whether our framework can be applied on large corporations or not. We see no obstacle in using the framework (as shown in figure 2.5.) in the analysis of large companies, since it is built on theories that make no distinction between firms of different sizes. Still it must be emphasized that it has not been investigated or tested empirically in this study. In addition, a concern must be raised to the internal dimension of the framework if being applied on a large corporation. The updated framework is adapted to our empirical research. In other words we have eliminated the RBV factor of the internal resources since we find it too complex to apply on SMEs. Large corporations have a lot more resources than SMEs and they may operate on markets with competition with higher intensity where the need for the RBV analysis is strong. Therefore, if our framework should be applied on large corporations, it would preferably be the theoretical framework developed in section two (figure 2.5).

RQ1: *What can shared value creation look like in SMEs in practice?*

Based on our analysis we can conclude that all three of Porter and Kramer's (2011) *ways to create shared value opportunities* can be used by SMEs, i.e.: (1) reconceiving products and market, (2) redefining the value chain, and by (3) enabling local cluster development. They

should preferably focus on a local or domestic application of the strategy and seek business opportunities in social issues in the nearby environment. This can be done by keeping parts of the value chain domestic, utilising and enhancing the local communities and existing networks, employing social vulnerable groups and focus how the strengths and competence in these groups can enhance the firm's business and profitability, and by seeking possibilities to transform governmental costs into revenues for the business.

RQ2: *What conditions have SMEs to create shared value?*

Our study indicates that SMEs have good conditions for creating a shared value strategy. They may even have some advantages which large companies lack. Their dynamic and flat organisational structure and flexible business processes favour organisational change and communication of a responsibility purpose. Through quick manoeuvres they can smoothly adapt to changes and incorporate a shared value strategy into their business models. The flexibility of the organisation in combination with the fluent work tasks serves as a good foundation for creativity and innovation, conditions that encourages new-thinking and new ideas. These factors compensate the negative aspects of having fewer resources for e.g. R&D, less financial strength as well as possibilities for risk taking and experimentation.

However, we are aware of that the differences between SMEs and large corporations presented in this thesis represent the perceptions from SMEs' perspectives since we have not investigated the differences from a large corporation perspective. This may decrease the strength in our results.

Furthermore, SMEs tend to more genuinely show a true engagement. It has to do with their good conditions to incorporate the shared value to their business model and the fact that they are not "forced" to act responsibly by e.g. the government and other gatekeepers, to the same extent as large corporation.

There are good possibilities to obtain governmental support for SMEs when solving social issues, at least in Sweden. This should enhance the incentives for SMEs to pursue a shared value strategy. It is therefore possible that more Swedish SMEs would investigate the opportunities to embrace a shared value strategy if the government and municipalities better communicated the possibilities for subventions. Currently, we have found that there is a lack

of and a demand for knowledge of how SME can take more social responsibility and make it a part of their business model.

Our study show that SMEs in Sweden tend to not feel external pressure to act in society's interest to any large extent, and that potential pressure would be more effective if it came from local sources. Increasing the pressure on SMEs from e.g. municipalities and local newspaper and other nearby public institutions could therefore efficiently increase the application of shared value creation among SMEs. However, it is important to emphasis that an increased application of shared value strategies among SMEs should not only lay in the interest of society. Our study particularly aims to highlight firms' profit possibilities connected to shared value creation, and the many business opportunities than can be identified and leveraged.

RQ3: *How do the firm's internal resources and stakeholders affect the development of a shared value strategy?*

We have discovered that when a shared value strategy is to be developed in SMEs, they should seek to identify both their internal resources, which give them the competitive advantages, as well as their external stakeholders, and investigate the potential value exchange between. Leveraging the internal resources that form the basis of the competitive advantage is proved to be an efficient and effective way for SMEs to successfully create shared value. It is efficient since it is less costly and capital intensive to "use what you have", especially from a SME perspective because of their limited resources and weaker financial strength. It is effective because if an internal resource form a competitive advantage then it is proven to generate competitiveness, thus if those resources are used in the shared value creation as well, the shared value strategy should have good potential to be successful and generate competitiveness too.

When identifying a shared value creation opportunity, SMEs can either start by identifying an external social issue that their existing internal resources could profitably solve. Or they can start internally and identify unutilised opportunities among the internal resources. In order for a company to successfully apply a shared value strategy, the internal resources must properly match a social issue perceived by a certain stakeholder group.

6.1. Discussion of the Findings

We cannot claim that our result can be generalised due to our limited sample. Therefore, it must be stressed that these answers are not conventional “truths”, but should be viewed as hypotheses we have generated within the research field.

A concern needs to be raised towards our study and its empirical contribution. Since there is no officially formulated requirement companies must fulfil to be classified as shared value creators, our own subjective perceptions of what shared value is, have affected the choice of case companies to a great extent. This also raises a concern against what can be classified as shared value. We have discovered that the boundaries are rather diffuse and it is worth discussing how efficient a shared value strategy must be in order to fit into the definition. For example, obesity is a debated social issue today and if a company would start to produce healthy food, one could therefore argue whether it would be classified as a shared value strategy or not.

Moreover, the deductive approach to our study has resulted in an in-depth literature review and we have gained clear perceptions about the different theoretical fields which should be investigated empirically. However, there is a risk for potential blindness and neglect towards other factors that a business is influenced by outside the theoretical field.

6.2. Recommendations to Further Research

Our theoretical contribution to shared value literature constitutes a filling of the gap where existing literature fails to investigate the importance and influence of the stakeholder theory, and how the internal resources should be leveraged in the shared value creation . We have developed an extended and integrated framework that takes these perspectives into consideration. Also, existing literature fail to empirically investigate shared value creation among SMEs and therefore we have accordingly made an empirical contribution describing what shared value creation can look like in the field of SMEs in Sweden. In addition, we have tested the application of two the major frameworks within the field, i.e. the ones provided by Porter and Kramer (2011) and Pfizer et al. (2013), on SMEs

The purpose of our study has been to investigate shared value creation among SMEs. The results could possibly be applicable on larger companies falling outside the boundaries of

SMEs as well, but that is beyond the scope of this thesis. We recommend a more resource intensive study for future research to test our results on a broader sample, both in terms of a bigger selection of case companies and higher diversification among the interviewees as well as larger number of them. It would be of interest to interview representatives from both management and operational level. An investigation of the customers' and other stakeholders' perspectives could also be preferable in order to achieve a broader perspective on the phenomenon shared value creation.

A natural extension of our qualitative research is to test our findings with a quantitative approach. For example, our generated hypotheses, i.e. the answers to the research questions, could be measured quantitatively in order to make generalisations. Another suggestion to a future research within the field of shared value could be to measure the value created in monetary terms.

It could be of interest to conduct the same research in another context. That is, apply the same research methods and questions on a study of SMEs in another country or another industry, which would enable comparisons of shared value creation in different contexts. to test our framework on large firms, could also be an interesting contribution.

Finally, it is worth mentioning that due to the youth of the shared value concept within business research and the limited literature available, any contribution to the field would constitute a meaningful contribution.

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APPENDIX

1.1 Table of Presentation of interviewees

Interviewee	Company	Position	Part of the company since	Type of Interview
Person 1: Emil Eriksson	Lunicore AB	CEO	2013	In person
Person 2: Victor Hallengren	Lunicore AB	Business Unit Director	2013	In person
Person 3: Per Åkesson	Miljösäck AB	Production Manager	1999	In person
Person 4: Jimmy Steen	Miljösäck AB	Purchasing Manager	2005	In person
Person 5: Peter Arneryd	Nerdy by Nerds	Marketing Manager	2012	In person
Person 6: Adrian Roos	Nerdy by Nerds	Production Manager	2012	In person
Person 7: Fredrik Hillelson	Novare AB	CEO & co-founder	2001	In person
Person 8: Lars Löow	Novare AB (Peritos)	CEO & co-founder	2011	In person

1.2. Interview guide

Affärsidé och affärsmodell

1. Berätta om er affärsidé/affärsmodell
2. Hur utvecklades idén?
3. I vilken aspekt anser ni ert mest konkurrenskraftiga jämfört med era konkurrenter?

Shared Value strategi

1. Hur såg arbetsprocessen/strategiarbetet/analysen ut bakom utvecklingen av er “shared value” strategi/arbete?
2. Vad är den största styrkan med ert shared value arbete?
3. Hur ökar det värdet för ert företag och för andra intressenter?
4. Vilka andra intressenter förutom ert företag får ut någon vinning av ert “shared value” koncept?

Interna resurser

5. Vilka av era interna resurser är mest betydande för era konkurrensfördelar både i termer av fysiskt kapital, humankapital och organisatoriskt kapital
6. RBV-teorin anser att företag bör identifiera sina viktigaste interna resurser utefter om de är *valuable*, *rare*, *imperfectly imitable* och *non-substitutable*. Kan ovanstående svar fortfarande motiveras utifrån dessa grunder?

7. Har ni kartlagt era interna resurser och är dessa kommunicerade ut i organisationen?

SMEs och stora företag – skillnader och samhällsansvar

8. Vad anser du är den största skillnaden mellan SMEs och stora företag? Vad finns det för olika förutsättningar för verksamheten?
9. Vilket samhällsansvar anser du att ni som företag har?
10. Anser du att stora globala företag bör ta ett större ansvar än små och medelstora företag?
11. Hur upplever du den externa pressen på att agera i samhällets intresse, både i termer om miljömässigt- och socialt ansvar?

Intressenter och värdeutbyte

12. Vilka skulle du klassificera som era viktigaste intressenter?
13. Jobbar ni aktivt med att identifiera och kartlägga era olika intressenter?
14. Hur ser värdeutbytet ut mellan ert företag och era intressenter? (behöver ej vara fysisk eller monetär form)

Strategiformulering och strategiarbete

15. Hur jobbar ni med strategi i er organisation?
16. Har ni tydligt fördelade roller och arbetsuppgifter inom organisationen?
 - a. Hur tror du detta skiljer sig mest mellan stora och SME företag?
17. Vad tror du skiljer sig mest mellan strategiarbete inom stora och SME företag?

SKAPA LÖNSAMHET GENOM SHARED VALUE STRATEGIER

I dagens konkurrensintensiva affärslandskap blir det allt svårare för mindre företag med begränsade resurser och kapital att överleva. En nyckel till framgång är att ständigt identifiera unika och nya affärsmöjligheter. Det ligger i tiden att "think outside the box" och omdefiniera vad som är förknippat med framgångsrika affärsidéer.

Samtidigt har den externa pressen på företag att agera ansvarsfullt och att göra nytta för samhället ökat. Som ett svar på den allt hårdare kritiken riktad mot företags ineffektiva CSR verksamhet har konceptet *Shared Value Creation* satts på företagsekonomiska forskningskartan. Det syftar till att företag kan skapa innovation för att tillgodose samhällets behov och därigenom bygga ett lönsamt företag

Den ökade medvetenheten hos kunder om företags ansvarstagande och hur de bedriver sin verksamhet är ett faktum. Därmed har även pressen på företag att agera i samhällets intresse ökat kraftigt. Idag anses inte längre staten nödvändigtvis vara den självklara institutionen till att lösa samhällsproblem utan istället anses företag, med dess stora inflytande i bland annat globalisering, teknologiskutveckling, politik och ekonomisk tillväxt, som rättfärdiga samhällsproblemslösare.

Affärskonceptet "Shared Value" är ett fenomen som relativt nyligen uppmärksammats i företagsekonomisk forskning. Det syftar i stora drag till hur företag kan identifiera och bygga affärsmöjligheter kring lösningen av ett samhällsproblem. Den bakomliggande tanken är att företagets konkurrenskraft och lönsamhet kan öka samtidigt som det förbättrar sociala och ekonomiska villkor och förhållanden i samhället.

Shared Value Creation ses som ett mer attraktivt och effektivt sätt för företag att bidra till samhällsnyttan än genom klassiska CSR aktiviteter, främst på grund av den vinstgenererande aspekten men även för att det på ett bättre sätt är inkorporerat i kärnan av affärsmodellen. Jämförelsevis utgörs CSR aktiviteter mestadels av filantropiska ändamål, finansierade av en åsidosatt budget och som även är frånkopplade företagens vinstdrivande verksamhet.



Tidigare forskning inom *Shared Value Creation* har i största utsträckning fokuserat på hur stora och multinationella företag anammat sådana strategier. Nya forskningsrön från Lunds universitet tyder emellertid på att det finns goda möjligheter för små och medelstora företag, s.k. SMEs, i Sverige att genomföra *Shared Value strategier*. Detta trots att de är svagare finansiellt sätt än stora företag och därmed har tillgång till färre resurser samt har mindre möjligheter till att experimentera och ta risker.

Ur ett *Shared Value perspektiv* har det påvisats att SMEs har vissa fördelar som stora företag saknar. Dessa ligger i bland annat deras dynamiska och platta organisationsstruktur samt flexibla arbetsprocesser som möjliggör korta kommunikationsvägar och snabbt förändringsarbete. Mycket tyder även på att SMEs utstrålar ett mer genuint intresse och engagemang i samhällsproblem än stora företag, vilka ofta tar på sig ansvar som ett svar på hård granskning av exempelvis media.

Nyckeln till att skapa en framgångsrik *Shared Value strategi* för SMEs ligger i att flytta fokus till lokala samhällsproblem, istället för de i t.ex. U-länder. Det har i en ny studie visats att SMEs bland annat har möjlighet att allokera delar av aktiviteterna i värdekedjan till nationella nivåer, anställa folk från utsatta samhällsgrupper som både kan bidra med specialist kompetenser och även möjliggör subventionerandet av arbetsgivaravgifter till viss del, samt bygga på och förbättra delar av det lokala samhället och affärsnätverket som företaget utnyttjar.

Små och medelstora företag behöver bli mer medvetna om den potential för lönsamhet som existerar om man söker utanför gränserna i dagens traditionsenliga affärsvärld. Samhällsnytta är inte synonymt med välgörenhet. Samhällsnytta är en källa till lönsamhet och välfärd där ett delat värde medför det största totala värdet