

# Social Entrepreneurship

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## How Doing Good is Good for Business

A multiple case study of Tetra Pak and Danone Group

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## Abstract

<b>Examensarbetets titel:</b>	Socialt Entreprenörskap- Hur att göra gott kan föra gott med sig, en fallstudie på Tetra Pak och Danone Group
<b>Seminariedatum:</b>	2011-01-14
<b>Ämne/kurs:</b>	FEKP01 - Examensarbete på magisternivå inom Företagsekonomi, inriktning Strategi, 15 högskolepoäng
<b>Författare:</b>	Aylia Feim Salif, Melina Kornia
<b>Handledare:</b>	Thomas Kalling
<b>Fem nyckelord:</b>	Socialt Entreprenörskap, Tetra Pak, Danone Group, BoP,CSR
<b>Syfte:</b>	Genom analysen av våra fallstudier, bidra till en ökad förståelse av fenomenet Social Entreprenörskap.
<b>Metod:</b>	Studien omfattar en kvalitativ forskningsmetod med en abduktivt ansats och är en multiple fallstudie på två multinationella företag; Tetra Pak och Danone Group.
<b>Teoretiska perspektiv:</b>	Under studien har vi använt oss av teorier om Socialt entreprenörskap, andra begrepp och teorier som skapar ett ökat förståelse för fenomenet som Prahalads teori om BoP, Carrolls CSR, intressentteorin samt skapat egna ramverk.
<b>Empiri:</b>	Vi har samlat in empirin genom att intervjua respondenter hos respektive företag. Intervjuerna har varit i form av telefonintervju och via mail. Vi har även utgått mycket ifrån deras hemsidor, dokument och hållbarhetsredovisningar.
<b>Slutsatser:</b>	Vi kunde konstatera att det finns starka band mellan den långsiktiga och finansiella aspekten vid val av implementering av socialt entreprenörskap. På basis av vår empiriska studie kunde det påvisas att socialt entreprenörskap kan vara ett strategiskt beslut för företaget genom att integrera det inom sin affärsmodell.

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<b>Title:</b>	Social Entrepreneurship- How doing good is good for business, A case study of Tetra Pak and Danone Group
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<b>Authors:</b>	Aylia Feim Salif, Melina Kornia
<b>Advisor:</b>	Thomas Kalling
<b>Five key words:</b>	Social Entrepreneurship, Tetra Pak, Danone Group, BoP, CSR
<b>Purpose:</b>	To contribute, through the analysis of our case studies, to the increased understanding of the phenomenon of social entrepreneurship.
<b>Methodology:</b>	We have chosen a qualitative research strategy with an abductive approach through a multiple case study of two multinational corporations, Tetra Pak and Danone Group.
<b>Theoretical perspectives:</b>	For the frame of this paper we have employed theories linked to social entrepreneurship as well as other terms and theories that increase the understanding of the phenomenon such as Prahalad's BoP theory, Carrolls CSR, stakeholder theory as well as the creation of our own frameworks.
<b>Empirical foundation:</b>	We collected the empirical data through interviews with respondents in each company. The interviews have been in the form of telephone interviews and through e-mail. We have also been using company homepages, publicly available documentation as well as sustainability reports.
<b>Conclusions:</b>	We were able to establish that there are strong ties between the long-term and the financial aspect in the choice of implementation of social entrepreneurship, On the basis of our empirical study we were able to show that social entrepreneurship may be a strategic choice for the company through its integration in the business model.

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## 1. Introduction

The corporate world has been under scrutiny since companies like Enron put bad corporate governance on the map and became the prime example of unethical action and corporate criminality<sup>1</sup>. The media coverage of such scandals has led to increased levels of distrust from the public, creating thus an environment where a company's image is more volatile than ever and where the word corporate for some people may even be perceived to have a negative connotation. In the eve of a rather pessimistic sentiment towards the corporate world, in particular while riding out one of the worst financial crisis of the century, there is greater need than ever to work towards lifting the corporate image.

We live in a hyper communicative world where the tone of a social media, meaning the way in which consumers and stakeholders voice their views can determine a company's wellbeing as well as direction. The public's easy access to information has invariably led to the unprecedented power that today's consumers hold over companies and may be considered as a key reason for the shifts we see from the classic shareholder model towards a stakeholder model<sup>2</sup>. One way of looking at social media in regards to dealing with stakeholders is through "*the importance of listening to the point of need*"<sup>3</sup> in reference to the fact that businesses today have to answer to more than just their shareholders through dividends. Businesses need to recognize the demands of their entire stakeholder chain which can directly impact not only on the products but also on the entire value chain of the product.

The need to improve on the corporate image through a response to stakeholder needs has led to the development of a multitude of strategic alternatives. We talk about green thinking, corporate social responsibility, conscious capitalism, social innovation, social entrepreneurship, sustainable development and certifications. It would seem that the corporate world has heard the public's demand for substance and added value and is responding to it by setting goals that transgress those of mere sound financial responsibility

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<sup>1</sup> www.tni.org

<sup>2</sup> Smith, H. Jeff (2003), *The Shareholders vs. Stakeholders Debate*

<sup>3</sup> Volmar, P. (2010), *How to use social media to forge corporate identity*

towards their investors. The ideological foundations of creating added value and adding substance to a product as well as a company's image through social as well as ethical efforts within the business environment are not new, yet they seem to be a topic today that is hotter than ever.

## 1.1 Background

Given the highly complex and competitive environment that today's companies operate within, there is a need to connect to the public in more intimate ways. One may argue that in order to compete successfully in this competitive environment there is value to be created for the company by becoming less anonymous and less impersonal towards their consumers. One way to become less anonymous is to connect with the public through the communication of company norms and values; this communication of company culture may thus create a bridge and connect to the public's culture. In order to project a more relatable side to the public, the corporate world needs to find alternative ways to communicate a more moral, contributing, even altruistic side to businesses that speaks to the public's values. It has been said that transparency is crucial to consumer understanding of sustainability<sup>4</sup> thus highlighting the importance of communicating in the right way in order to reach ones audience. By becoming transparent<sup>5</sup> in a relatable to the public way, businesses may start communicating their efforts in more credible ways consequently enhancing and legitimizing their message.

There are many ways in which the corporate world can improve its image, contribute to society as well as take responsibility for their actions. When these themes are on the table, the influences of CSR, Social Entrepreneurship, Sustainable Development along with charity work may be introduced. Currently there is partial acceptance that the corporate world may have the opportunity to place themselves in win-win situations with potential for future competitive advantages by combining ethical and altruistic actions - be that through activities linked to corporate social responsibility, sustainability, social entrepreneurship or others - with transparency in their communication channels to company stakeholders.

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<sup>4</sup> [www.lohas.com.au](http://www.lohas.com.au)

<sup>5</sup> Mellow, C. (2003), Corporate governance: Business under scrutiny



Authors Austin and Reficco<sup>6</sup> further develop their point of view in the way through which companies may benefit from incorporating social entrepreneurship within their strategic thinking by introducing the term of corporate social entrepreneurship thus establishing the term of social entrepreneurship within the profit making sector. The authors claim that corporate social entrepreneurship is a process that is a part of, yet distinctly different, from corporate social responsibility. They find that corporate social entrepreneurship is rather a way that will enable a company to develop more advanced and powerful forms of CSR. The close ties that CSR concepts have to both sustainable development notions as well as philanthropic actions enhance once again the message that all theories are connected yet set apart.

The concept of social entrepreneurship within the corporate environment is a rather novel concept breaking away from the classic non-profit aspect of the terminology. This is the reason why there is limited amount of literature currently developed within the field. This is further acknowledged by Austin, Stevenson and Wei-Skillern in their 2006 article on the fusion between social and commercial entrepreneurship. The authors note that the concept of social entrepreneurship within a commercial setting is still emerging within the academic sphere and that given that the theoretical foundations have yet to be adequately explored they emphasize that the need for theoretical contributions within the field are pressing<sup>7</sup>. The close ties that the subject has on the other hand to corporate social responsibility, social entrepreneurship, sustainable development as well as BoP thinking may allow us to further study this new phenomenon through the usage of analogous established theories.

Many theories have been developed since the early 70s in regards to corporate social responsibility and although no particular approach or model is considered as the main theoretical approach to the subject, there is a tendency to lean towards Carroll's pyramidal framework. Carroll developed his approach to corporate responsibility by the late 70s through the introduction of a multilayered framework where several liability aspects of the company had to co-exist within it. The main focus of Carroll's approach is based on the

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<sup>6</sup> Austin, J. E. & Reficco Ezquiél (2009), Corporate Social Entrepreneurship

<sup>7</sup> Austin, Stevenson & Wei-Skillern (2006), Social and Commercial Entrepreneurship: Same, Different, or Both?

voiced need for a balance between the financial responsibility, social responsibility and ethic responsibility while introducing the concept of philanthropic responsibility<sup>8</sup>.

Charity work and partnerships with non-profit organizations have traditionally been used in the past by companies in order to promote an altruistic aspect of the company. At the same time, decades of misplaced charity work as can be seen in the African example where foreign aid has led to corruption and ended up hindering development has raised questions regarding the actual impact of such approaches and fuelled a demand for more conscious types of investment<sup>9</sup>. Following the groundbreaking footsteps of Muhammad Yunus and his innovative approach to micro-loans, a new type of conscious investment has risen where the purpose is of a less charitable nature and more of an empowering one through the investment on people wishing to invest on themselves<sup>10</sup>. Amongst other, Yunus work has led to a flourishing interest towards what is referred to as social innovation and social entrepreneurship approaches to business.

Parallel to the public's request for accountability as well as philanthropy, voices are also being raised towards a look towards the broader perspective, towards global issues and the environment which has lead nations as well as companies to introduce the concept of sustainability all the more in their mission statements and their vision for the future. In the United Nations 2005 Outcome Document it stated that: *"We reaffirm that development is a central goal in itself and that sustainable development in its economic, social and environmental aspects constitutes a key element of the overarching framework of United Nations activities"*<sup>11</sup>. The concept of sustainable development may have many interpretations but generally speaking is founded on the concept of regarding the economy as an open system that directly impacts on its environment through the extraction of resources as well as creation of wastes that have to be disposed back into that very same environment and the need for a way to create a balance within this exchange<sup>12</sup>. Sustainable

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<sup>8</sup> Carroll, A. (1991), *The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders*

<sup>9</sup> [www.business.timesonline.co.uk](http://www.business.timesonline.co.uk)

<sup>10</sup> Seel, S-J. (2008) *Microfinance for the poor: A sustainable solution to poverty?*

<sup>11</sup> [www.un.org/summit2005](http://www.un.org/summit2005)

<sup>12</sup> Harris et al 1995

development is a concept regarded in all levels of society but remains yet another key feature that may be utilized by a company in order to assist in shifting both company as well as stakeholder focus from the heavily economical towards an interest in both social as well as environmental questions in order to respond to stakeholder's expectations.

Unlike the general point of view towards sustainable development where the concept of a greener and more holistic way of thinking seems to be more widely accepted, both social entrepreneurship as well as CSR approaches are under constant scrutiny in regards to the true nature and purpose of the firm as well as its role as a possible complement to today's welfare society. At the same time, talk of sustainability as well as CSR work and socially entrepreneurial action is sometimes being greeted with a high amount of skepticism due to the highly promotable nature of the concept that can lead to the public mainly receiving the message more as a promotional effort<sup>13</sup> rather as an actual "raison d'être" of the firm.

Strong criticism is also being directed towards companies newfound interest in the less fortunate also referred to by Prahalad as the Bottom of the Pyramid segments of society. Critics accuse that companies using the bottom of the pyramid segments merely wish to diversify their segment portfolio to simply reach new customers as opposed to actually following an altruistic sentiment. The reason for this distrust may be due to Prahalad's argument stating that "*the world's poor represent trillions of dollars' worth of pent-up spending power*"<sup>14</sup>. At the same time others argue that Prahalad managed to "*challenge the view of corporate titans who were ignoring the bulk of humanity and that of humanitarians who regarded profit as a dirty word*"<sup>15</sup>. Regardless of whether Prahalad's point of view may be perceived as an expansion tactic or a way to address a segment that has been neglected by a larger portion of the corporate world, the bottom of the pyramid theories are impacting on the way companies perceive the world creating thus new opportunities.

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<sup>13</sup> [www.venturedefinite.com](http://www.venturedefinite.com)

<sup>14</sup> [www.economist.com](http://www.economist.com)

<sup>15</sup> Ibid

In a world filled with cynicism towards the corporate world with mixed sentiments towards companies attempt to do “good”, how do we interpret a company’s efforts to give back? How do we rationalize the need for the insertion of accountability in the corporate framework and can we really condemn any results that arise from this pressure for corporate social responsibility, social entrepreneurship and sustainable conduct as a mere marketing tool when it may have immense potential of leading to positive effects in society and our world as a whole?

Our initial glimpse within the subject of a social and ethical action in the corporate world has led to a multitude of new questions given the complexity of the subject and the close relationship between the different strategic approaches. The flourishing and sometimes confusing terminology within the field of corporate social and ethical action leads to the need to better understand the difference between the alternative theoretical approaches in order to better distinguish them. For the frame of this paper, we find that we need to focus the theoretical approach within a specific field in order to permit its optimal analysis, this, based on the assumption that the different approaches can be clearly separated from each other. Though many of the concepts have existed for a longer period of time, we find as previously mentioned that there have been more studies focused on the subject of CSR and Sustainable Development rather than the subject of Social Entrepreneurship. Given that all subjects are so closely related to each other and managements fondness for “it”-words it could be that the recent focus towards social entrepreneurship is merely a transition from previous approaches towards CSR and Sustainability towards something novel. It may also be that the focus today towards social entrepreneurship is simply a terminological transition and a further development of a subject that is, as always, deemed relevant for the firm. We have thus opted to focus this paper on the aspect of social entrepreneurship in order to better understand a phenomenon that we still consider new from a corporate perspective and where we feel there is room for further theoretical development.

## 1.2 Questions

Our initial glimpse in the subject of social as well as ethical action from the corporate world is indicating that separating CSR strategies from sustainable thinking and socially entrepreneurial approaches may prove difficult. We notice certain tendencies nonetheless of CSR and sustainable thinking having clear ties to the corporate world whereas social entrepreneurship seems to be more often tied in the studied literature to the non-profit sector. Given the importance that we deem socially entrepreneurial actions may have for the corporate world we wish to further study whether this approach may have strategic value in the profit making sector as well. Following this train of thought, we as ourselves two main questions:

- How do companies work with social entrepreneurship today?
- What do companies expect to gain from working with social entrepreneurship?

## 1.3 Purpose

To contribute, through the analysis of theoretical and empirical research, to the increased understanding of the phenomenon of social entrepreneurship.

## 1.4 Outline of paper

**Chapter 1- Introduction** – *Preliminary discussion in regards to the phenomenon of social entrepreneurship and fields deemed closely related to it, leading towards the questions and purpose formulation of this thesis.*

**Chapter 2- Theoretical Framework** – *A combination of theories, deemed of high relevance for the purpose of this thesis, are being introduced in order to provide with insights of the research field. Introduction to the definitions of an eclectic mix of terminology parallel to a more in-depth focus in the field of CSR, BoP as well as theories revolving around the stakeholder model as well as the profit versus non-profit point of view will aim to provide the reader with a deeper understanding as to the factors that may have an impact on the phenomenon of social entrepreneurship.*

**Chapter 3- Research methodology** - *Having established the papers research questions and purpose, we aim to give details in this chapter as to the methods employed within this paper. The main focus of the chapter is based on a thorough clarification as to the conscious choices made within the frame of this paper and any possible implications said choices may have.*

**Chapter 4- Empirical Data Collection** – *Presentation of the primary and secondary data collected for the purpose of this paper. The data will be presented for each company apart in order to permit a more in-depth analysis of each company.*

**Chapter 5- Analysis** – *Analysis of the case studies based upon pattern matching between the empirical data and theories that culminate in a framework that was developed for the frame of this paper to provide increased understanding in regards to factors affecting the choice of implementation of the phenomenon of social entrepreneurship.*

**Chapter 6- Conclusion** - *A brief synopsis of the findings of this paper.*

## 2. Theoretical Framework

*The subject that we aim to study is rather complex given that the terminology seems to be utilized rather liberally, especially in regards to whether it is related to a profit or rather a non-profit perspective. Certain terms seem to have set theories and models connected to them whereas others seem to be more open to interpretation. In order to provide increased understanding for the reader this chapter will commence with a smaller definition list of eclectic aspects of the terminology in order to provide increased understanding in certain of the significances set terminology may have. Certain terms as CSR and BoP are receiving more space in this chapter given the close ties that they have to the phenomenon of social entrepreneurship. CSR and social entrepreneurship are sometimes difficult to separate from each other and within a company the same department seems to usually work with both aspects. The chapter further develops notions of the profit versus the non-profit sector given the differences that can be perceived in regards to how each respective sector understands the phenomenon of social entrepreneurship and utilizes it. This is followed by a smaller discussion in regards to the paradigm shift from the classic shareholder model towards a stakeholder model, the need to introduce these notions here are because the stakeholder model as we see it is a key instigator pushing the corporate world forward within this field of social and ethical action. Finally in this chapter we aim to introduce a framework that was created for the purpose of this paper based on the analysis of examined theory and our initial impressions of how the business sector may implement social entrepreneurship within a corporate setting.*

### 2.1 Social Business – Social Innovation – Social Entrepreneurship – Sustainable Development

The purpose of this paper is based on the need to establish what Social Entrepreneurship is in order to determine how it can be best implemented within a firm's tactical framework. At the same time we are aware that there is a certain amount of discrepancy linked to the terminology used within the field and what respective term actually stands for. In order to face this discrepancy issue we chose to present a general introduction into the terminology

in order to identify our interpretation of the set terminology in order to better explain our meaning of the term Social Entrepreneurship and what it may entail as well as how it relates to the rest of the terminology.

**Social Business:** The social entrepreneurship forum of Social Edge which is a program of the Skoll foundation refer to Muhammad Yunus's work "Creating a World without Poverty - Social Business and the Future of Capitalism", in order to clarify the way in which the term social business can be defined<sup>16</sup>:

1. "social objectives: it needs to have positive social objectives (help comes from the altruistic social services that the business provides to the poor): e.g. health, education, poverty, environment or climate urgency
2. community ownership: it needs to be owned by the poor or disadvantaged (dividends and financial growth return to the poor where their fiscal situations are helped bringing them out of poverty): e.g. women, young people or long-term unemployed
3. non-profit distribution: investors may not, after having had their investments paid back, take profits out of the enterprise<sup>17</sup>"

This definition has come to be further developed by activists within the field of social business and social entrepreneurship to encompass a wider range of organizations through the definition of: any business which is focused on optimizing Social Capital and Profit rather than just maximizing profit<sup>18</sup>.

**Social Innovation:** "Social Innovation refers to new ideas that resolve existing social, cultural, economic and environmental challenges for the benefit of people and planet. A true social innovation is systems-changing – it permanently alters the perceptions, behaviors and structures that previously gave rise to these challenges<sup>19</sup>."

**Sustainable Development:** When attempting to define the term sustainable development one encounters the same debate over the true meaning of the terminology, but most sources end up initially referring to Brundtland Commission who in 1987 defined the concept of sustainable development as "a development that meets the needs of the present without

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<sup>16</sup> <http://www.socialedge.org/>

<sup>17</sup> <http://www.socialedge.org/>

<sup>18</sup> Ibid

<sup>19</sup> <http://socialinnovation.ca/>



compromising the ability of future generations to meet their own needs<sup>20</sup>". There are many ways in which to interpret that comment but the general idea is based on how our actions today impact on the generations tomorrow. According to the UN's definition of Sustainable Development the following requirements are to be considered:

- "a political system that secures effective citizen participation in decision making.
- an economic system that is able to generate surpluses and technical knowledge on a self-reliant and sustained basis
- a social system that provides for solutions for the tensions arising from disharmonious development.
- a production system that respects the obligation to preserve the ecological base for development,
- a technological system that can search continuously for new solutions,
- an international system that fosters sustainable patterns of trade and finance, and
- an administrative system that is flexible and has the capacity for self-correction.<sup>21</sup>"

**Social Entrepreneurship:** In "Social Entrepreneurship: The Case for Definition", Martin et al discuss the ways in which the terminology can be interpreted given the wide range of interpretation of both the word social as well as the word entrepreneur<sup>22</sup>. The key difference according to the authors between an entrepreneur and a social entrepreneur lies in their point of view in the value proposition where for an entrepreneur lies in providing products and services to a market in order to create a financial profit whereas for the social entrepreneur the value proposition does not lie in the financial profit but rather in contributing to society as a whole. According to this definition one understand the reason why the concept of social entrepreneurship is more classically linked to non-profit and non-governmental organizations<sup>23</sup>. The terminology has, by some, been further developed in order to properly include the corporate world by focusing on CSE – corporate social responsibility with the definition being set according to Austin et al<sup>24</sup> as "*the process of extending the firm's domain of competence and corresponding opportunity set through innovative leveraging of resources, both within and outside its direct control, aimed at the*

<sup>20</sup> Jensen, K. (2007), *Sustainability and Uncertainty: Bottom-Up and Top-Down Approaches*

<sup>21</sup> <http://www.un-documents.net/>

<sup>22</sup> Martin, R. L. & Osberg, S. (2007), *Social Entrepreneurship: The Case for Definition*

<sup>23</sup> Ibid

<sup>24</sup> Austin, J. E., Leonard, H. B. & Quinn J. (2006), *Timberland: Commerce and Justice*

*simultaneous creation of economic and social value*". According to Austin et al<sup>25</sup> CSE aims to produce a significant and comprehensive transformation of the way a company operates. The following elements are according to the authors central to that process: "creating an enabling environment, fostering corporate social intrapreneurs, amplifying corporate purpose and values, generating double value, building strategic alliances<sup>26</sup>". Austin et al clearly state that the development of corporate social entrepreneurship is that of a further development of the more established concept of corporate social responsibility creating thus a framework that encompasses an approach to social entrepreneurship that transgresses that of the pure social effort<sup>27</sup>.

For the frame of this paper we aim to employ the definition established by Austin et al<sup>28</sup> for corporate social entrepreneurship while employing the simplified terminology of social entrepreneurship given that the new term is so recent that it may risk confusing the reader from previously set terminology.

## 2.2 Profit versus Non-Profit organizations

Initial research in the field of social entrepreneurship is showing different tendencies regarding the role of social entrepreneurship and the societal actors expected to act within the set environment. There are tendencies of automatically relating the classic social entrepreneur with a non-profit organization. Martin et al<sup>29</sup> argue that *"The social entrepreneur neither anticipates nor organizes to create substantial financial profit for his or her investors – philanthropic and government organizations for the most part – or for himself or herself. Instead, the social entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large"*. According to their interpretation the social entrepreneur may not have financial gains as a side objective of the social efforts in order to qualify within the set terminology. At

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<sup>25</sup> Austin, J. E. & Reficco Ezquiél (2009), Corporate Social Entrepreneurship

<sup>26</sup> Ibid

<sup>27</sup> Ibid

<sup>28</sup> Austin, J. E. & Reficco Ezquiél (2009), Corporate Social Entrepreneurship

<sup>29</sup> Martin, R. L. & Osberg, S. (2007), Social Entrepreneurship: The Case for Definition

the same time, the authors own 3 step definition setting of social entrepreneurship does not necessarily exclude a profit-minded organization from implementing the same framework. Nevertheless the general point of view of linking social entrepreneurship to volunteer and non-profit segments of society is a fact for the moment, but one that does not seem to perturb companies in general who seem to be embracing the terminology.

Even so, in order to distinguish classic socially entrepreneurial efforts from those from within the corporate world, we see that the terminology is constantly evolving in order to create more inclusive terms. Later years have also seen the rise of the CSE, also known as corporate social entrepreneurship. Austin et al <sup>30</sup> define CSE as: *“the process of extending the firm’s domain of competence and corresponding opportunity set through innovative leveraging of resources, both within and outside its direct control, aimed at the simultaneous creation of economic and social value”*. The terminology is not set in stone given that researchers, authors, managers as well as the media seem to be liberally alternating within the available terminology.

In spite of the initial connotation of social entrepreneurship and the terminology naturally linking it to the non-profit sector, the general sentiment in research and literature today seems to be, in the end, focused mainly around the internal values of the socially related effort of the organization. This fact reinforces the opinion that in the end one may interpret available theories to be implemented also within profit-making sector.

### 2.3 CSR – Corporate Social Responsibility

CSR is associated mostly with the way companies work with human rights, environmental responsibilities and civil freedoms. There is no clear international determined definition of CSR, but there are several guidelines regarding how the companies should operate. One description is when the companies integrate their corporate strategy and business work with sustainable development. There are generally 3 aspects in CSR known as the corporate contribution for sustainable development; economic growth, social development and

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<sup>30</sup> Austin, J. E., Leonard, H. B. & Quinn J. (2006), *Timberland: Commerce and Justice*

environmental consideration.<sup>31</sup> These three aspects are highly correlated to each other. If one aspect gets ignored it may impact the company in a negative manner. The different aspects of the framework influence heavily on each other and should therefore be well balanced in order to achieve a sustainable development. If the profitability gets ignored it will be hard in the long term to finance environmental development and thus be able to maintain the company's responsibilities towards the community it operates within. If the environmental work gets ignored, the company risks its reputation and risks alienating its customers which will have a negative impact on the company's performance.

If a company does not pay any attention to their social responsibilities, with focus on the human resources issues, it risks affecting internal performance and may lead to loss of internal skills which may also impact on profitability.<sup>32</sup>

From a multinational company's perspective, working with CSR may become more complex due to the difference in norms, values as well as legislation between countries.<sup>33</sup> By using a proper implementation of CSR, the company may gain social legitimacy, improved reputation, free alternative marketing and increase the value for the company's brand.

### Carroll's theory on CSR

When it comes to CSR theory, there are several alternative views, but the framework that is considered as a classical approach is Carroll's pyramidal framework. The framework introduces four components of responsibility in order to get a consistent view of CSR – *the economic, legal, ethical and philanthropic responsibility*.<sup>34</sup>

Carroll refers to the *economic responsibility* as the importance for a company to make profit and returns for its investors. He defines the *legal responsibility* for the companies by ensuring them of fair competition, good working conditions, safe products and preventing undesirable environmental action. In order to be seen as a good citizen, the companies have to take their *ethical responsibility*. The company must follow and respect the norms and

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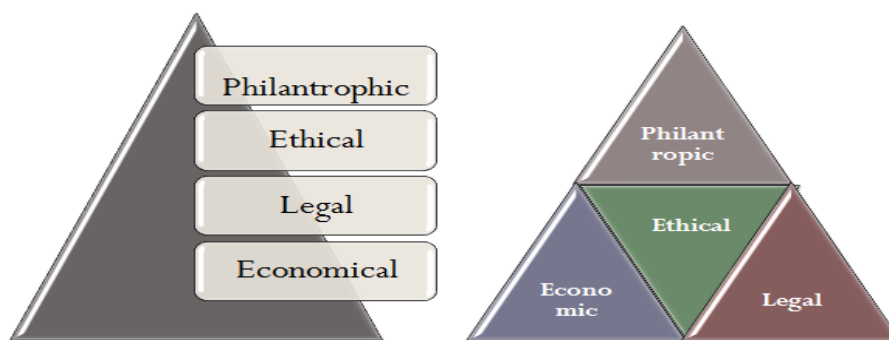
<sup>31</sup> Göran Norén (2004), [svensktnaringsliv.se](http://svensktnaringsliv.se)

<sup>32</sup> Ibid

<sup>33</sup> Göran Norén (2004), [svensktnaringsliv.se](http://svensktnaringsliv.se)

<sup>34</sup> Carroll, A. (1991), The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders

values of society, in order to become good role models.<sup>35</sup> Being an ethically responsible also relates to the need of management to be responsible within the company and inspire the organization to a more ethical approach, both internally and externally.<sup>36</sup> The last component in Carroll's framework is the *philanthropic responsibility*, which is about a contribution to society and humanity through charity. The main reason why a company should engage in philanthropy is to be a good role model and contribute resources to the community in order to improve the quality of life.<sup>37</sup>



**Figure 1** – Our interpretation of: Carroll, Archie B. (1998), The four faces of corporate citizenship, *Business and Society Review*, Vol: 100 Issue: 1 Pages: 1-7

Carroll further developed his CSR-theory in an article that he published in 1998. The pyramid had been previously presented as a bottom-up-pyramid where one had to climb up each responsibility level through an active commitment to each level with the goal to reach the top tier of the pyramid consisting of the philanthropic responsibility. In his developed model of the pyramid he claims that three of the responsibilities can be perceived as highly correlated. The explanation of the correlation is based upon his view of what it means for a company to be a "good citizen" which according to him is through simultaneously taking care of its financial responsibility, legal responsibility while at the same time acting ethically before a company can reach to the top-tier of the philanthropic responsibility.<sup>38</sup> For

<sup>35</sup> Ibid

<sup>36</sup> Carroll, A. (1998), The four faces of corporate citizenship

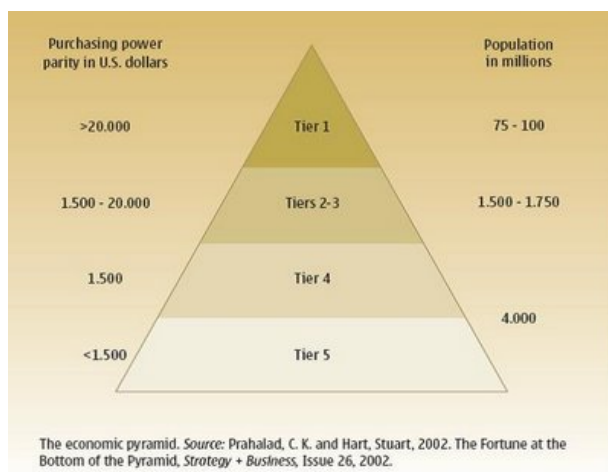
<sup>37</sup> Carroll, A. (1991), The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders

<sup>38</sup> Carroll, A. (1998), The four faces of corporate citizenship

the frame of this paper, it is important to note that when we refer to a philanthropic approach we are doing it through Carroll's interpretation by giving it a charitable association.

## 2.4 BoP –Bottom of the Pyramid

Of late, the economy in developing countries has had the opportunity to grow through private investments and entrepreneurial activities. These activities have not only allowed the economy to grow but also contributed to create more jobs as well as wealth while it has at the same time brought hundreds of millions of new customers to the global marketplace every year. Big multinational corporations have entered the world's poorest markets in order to make investments, in an era of intense innovation and competition.<sup>39</sup>



**Figure 2** – Prahalad, C.K. & Hart, S. (2002), The fortune at the Bottom of the pyramid, Issue 26

This research phenomenon has come to be known as the Bottom-of-the-Pyramid (BoP), invented by C.K Prahalad and S.L Hart. The concept refers to the strong business opportunities that are to be found at the bottom of the economic pyramid.<sup>40</sup> Most companies target their customers at the upper tiers of the pyramid and looking at its business potential base rather than consider lower level ones. At the same time, there are 4 billion people who earn less than 1500 \$ a year that can be found at the bottom of the pyramid (this number has recently been raised to approximately 2000\$ a year but no revised

<sup>39</sup> Prahalad, C.K & Hammond, A. (2002), Serving the world's poor profitability

<sup>40</sup> Olsen, M. & Boxenbaum, E. (2009), Bottom-of-the-pyramid: Organizational Barriers to implementation

version of the pyramid is available). Prahalad and Hart mean that there is a colossal market with immense opportunities linked to what is actually the biggest majority of the world's population found at the very bottom of the economic pyramid.<sup>41</sup>

By looking at these consumers in the developing world as resourceful entrepreneurs as well as aware customers rather than see them as victims, large multinational corporations can generate significant profits while at same time establish ventures that will help to diminish poverty levels and improve on the quality of life by selling products that have been created and produced with the BoP segment in mind.<sup>42</sup>

What most firms assume is that poor people are too concerned with fulfilling their basic needs rather than be buying nonessential goods, which is incorrect. In fact, it is quite the opposite; BoP consumers often buy what may be considered as luxurious items. The reasons for this is based on the fact that the BoP target group may not be able to afford the basic necessity of say a house in an urban setting and therefore saving money is not a first priority to them. They rather spend their money then on items/goods that can improve their quality of life. Another misperception is based on the fact that corporations think that there is limited to no room for new competitors in the developing markets and that the goods who are sold there are incredibly cheap, when in fact, sold goods in the developing world are often more expensive for the BoP consumers than the middle class consumers. In the urban slum regions of some developing countries, goods can sometimes be anything between 4 to 100 times more expensive depending on the type of product, the cost of drinking water and food can cost 20- 30 % more in the poorest communities. The reason for that is mainly based on the lack of discount stores who can offer higher quality goods at lower prices. Therefore there are big opportunities for multinational corporations with good economy and efficient supply chains to capture a market share in the developing market areas. This is the reason why Prahalad argues is a way in which multinational corporations can help the poor by reducing costs and improve on the standard of living for the BoP segment while at the same time be able to generate acceptable revenue on the investment creating thus a win-win situation for everyone. What Prahalad means multinational corporations have to do is to not approach these BoP-targeted initiatives as charity. The companies have to act in their own

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<sup>41</sup> Olsen, M. & Boxenbaum, E. (2009), Bottom-of-the-pyramid: Organizational Barriers to implementation

<sup>42</sup> Prahalad, C.K & Hammond, A. (2002), Serving the world's poor profitability

self-interest in order to be able to generate business revenues that may lead to higher operating efficiencies, the possibility to uncover new sources of innovation that may lead in turn to important competitive advantages that do not have to be limited just in the developing world.<sup>43</sup>

One of the key components of the BoP motivation is founded on the belief that the companies can gain profit by “doing good”. This component tells it apart from firm’s philanthropic work that generally does not require an income-generation. Another element in the BoP theory is based on the conceptualization of market opportunities by the new products that can be introduced in the BoP markets or a reconfiguration of the already existing ones. In general the BOP concept stands as a business strategy designed to gain profit by selling products to low-income segments while at same time contributing to the resolution of societal problems in the developing regions. This strategy is closely linked to the framework set forward by the United Nations’ Millennium development goals; one of the goals set by the UN is to reduce extreme poverty to half by the year 2015.<sup>44</sup> Prahalad and Hammond mean that the BOP initiative will not only reduce poverty but also cure economic stagnation, deflation, governmental collapse and civil wars and that thus multinational corporation’s involvement is thus essential to the achievement of these goals.<sup>45</sup>

Firms need to properly consider the implication of implementing BoP-targeting strategies and the radical impact it may have on the firm’s core business. Much of today’s corporate sustainability activity consists of the development and communication of their policies and targets. In order to implement BoP-targeting focus, the firm will be required to come up with new products and ventures in order to best respond to the needs of these new markets with a concrete sustainable development component. Entirely new business solutions related to buying, manufacturing, packaging, marketing, distributing and advertising products will be needed in order to successfully enter these new BoP markets. It is also vital to keep in mind that the BoP-projects must be integrated into key areas in the company and can not be executed by only a few people. For many companies BoP requires a complete organizational

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<sup>43</sup> Prahalad, C.K & Hammond, A. (2002), *Serving the world’s poor profitability*

<sup>44</sup> Olsen, M. & Boxenbaum, E. (2009), *Bottom-of-the-pyramid: Organizational Barriers to implementation*

<sup>45</sup> Ibid



change and big involvement of key business areas for the new market creation, which creates thus a need for a higher level of commitment than other sustainability activities.<sup>46</sup>

## 2.5 Stakeholder versus Shareholder

There is a shift in the perception regarding the reason for a company's existence and who it may be accountable to. The original model of the company that mainly focuses on shareholder value is perceived by an ever growing number of people as an outdated approach and new theories are evolving regarding the possibility of the long-term wellbeing of the firm possibly being better served by focusing on its stakeholders rather than its shareholders. Both shareholder and stakeholder theory are theories aiming to establish what the role of the firm is and who it answers to and the debate seems to have been flourishing for decades.

*“There is only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game”*  
(Friedman, 1962)

The introduction of the use of “foreign” capital in the form of shares that allowed companies to further grow and develop themselves led to the need to establish rules and regulations to establish the proper usage of capital and thus control of the resources in order to assure the well being of the firm. Shareholder theory asserts that shareholders advance capital to a company's managers, who are supposed to spend corporate funds only in ways that have been authorized by the shareholders<sup>47</sup>. The need to properly control and oversee the use of company resources in order to assure shareholder dividends led economic theory in the path of theorizing on corporate governance in order to find ways to avoid agency issues in the form of managers not working in an optimal way towards satisfying the shareholders needs. The foundation of shareholder theory, being based on the sound financial performance of the firm is still the key aspect that is legally recognized by the law in most countries today.

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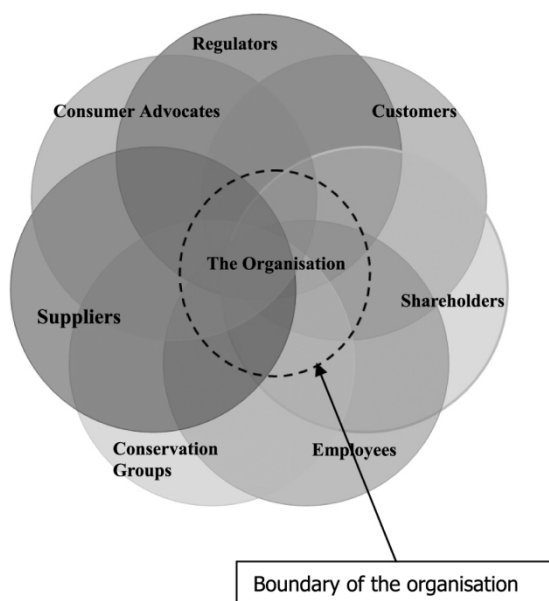
<sup>46</sup> Olsen, M. & Boxenbaum, E. (2009), Bottom-of-the-pyramid: Organizational Barriers to implementation

<sup>47</sup> Smith, H. J. (2003), The Shareholders vs. Stakeholders Debate

*“Stakeholder theory begins with the assumption that values are necessarily and explicitly a part of doing business”<sup>48</sup>*

The last couple of decades have created a rising need for corporate accountability towards society in itself. The foundation of CSR is based around forcing moral values upon the firm in order to assure responsible actions from the firm. The idea is founded upon the need to allow the firm to step away from the blind sighted and egocentric approach to its existence in the form of maximizing profits for its shareholders and instead regard the larger picture and the way in which the company is affecting its environment.

*“Simply put, a stakeholder is any group or individual who can affect, or is affected by, the achievement of a corporation’s purpose. Stakeholders include employees, customers, suppliers, stockholders, banks, environmentalists, government and other groups who can help or hurt the corporation”<sup>49</sup>*



**Figure 3** - A point of view to the stakeholder model according to Foster and Jonker (2007), International Journal of Quality & Reliability Management

The debate seems to be flourishing regarding who can be perceived as a stakeholder to a firm and how they can impact on it. The debate extends further into a firm’s legal obligations towards its stakeholders and how far these can stretch given that they are not actually incorporated in the set legal system. And as always, the main question remains regarding the

<sup>48</sup> Freeman R. E. & Wicks, A. C & Parmar, B. (2004), Stakeholder Theory and The Corporate Objective Revisited

<sup>49</sup> Freeman, R. E. (1984), Strategic Management: A stakeholder approach

extent to which the stakeholder approach clashes with the shareholder imperatives already deeply rooted in our business legal system<sup>50</sup>.

The need for corporate accountability following recent events, meaning scandals that have shaken the corporate world and thus the public's trust in it the last couple of decades, are proving that the firm has less choice than ever to incorporate a stakeholder point of view in its reason of existence. As Freeman et al<sup>51</sup> state it; the import of values and relationships with stakeholders is a critical part of their ongoing success.

So what theory is telling us so far is that the legal system only enforces the firm to be financially responsible towards its shareholders by maximizing profits whereas the stakeholder impact on the firm and the demand for corporate accountability and ethical action is rather one enforced from outside the firm's boundaries through a mix of channels and with different possible impacts. Nevertheless, more and more firms today seem to be adopting a stakeholder model in their mission and chose to articulate and visualize exactly how they relate to their environment and the public in order to better express in which way they wish to further develop this relationship.

## 2.6 Our own Framework

Based on our main question regarding the way in which Social Entrepreneurship can be used and what companies may expect to gain from it, we have chosen to create a matrix in order to create a visual aid as to the ways in which social entrepreneurship may be implemented and where our companies may be found. The idea is to, optimistically, through the use of the matrix, provide increased understanding within the implementation range of the phenomenon as well as a means of visualizing what Social Entrepreneurship can be and what goals can be attained through it.

By combining the theoretical framework that is based on an eclectic mix of theories that we deemed relevant for the purpose of this paper with a deeper research of our case study companies we aim to attempt to analyze how companies can chose to incorporate and implement Social Entrepreneurship within their activities. More specific we aim to

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<sup>50</sup> Philips, R. (2003), *Stakeholder Theory and Organizational Ethics*

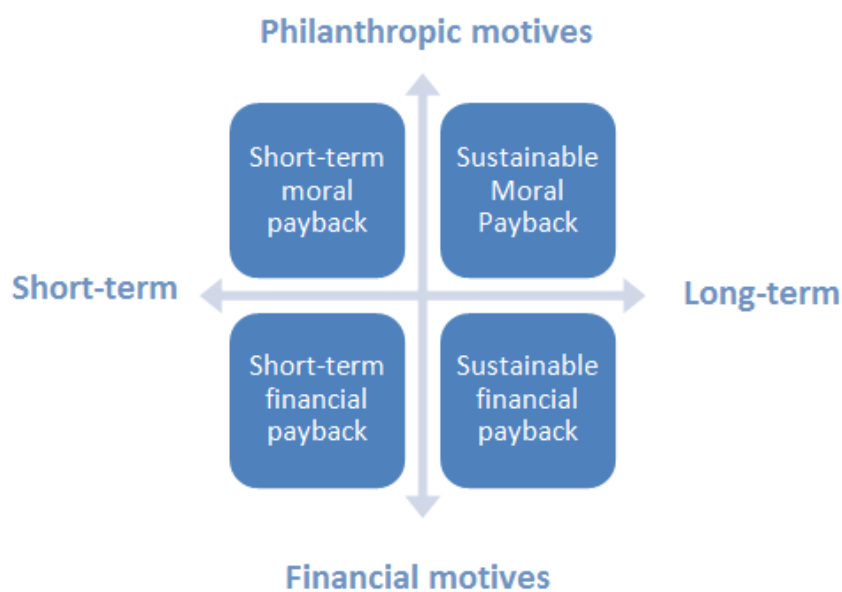
<sup>51</sup> Freeman R. E. & Wicks, A. C & Parmar, B. (2004), *Stakeholder Theory and The Corporate Objective Revisited*

investigate as to the actual purpose of embedding Social Entrepreneurship in the strategic framework of a firm and whether the efforts are mainly based on a financial aspect, a philanthropic aspect or a combination of the two.

Within the matrix that we created for the purpose of this thesis, the horizontal axis aims to indicate what each company's Socially Entrepreneurial-related effort has for purpose and effect in order to pinpoint what kind of strategy they are employing. The different "boxes" of the matrix describe alternative strategic points of view; be they to promote a financial or philanthropic turnover. Through the use of the matrix, we aim to determine whether our case study companies have one set strategy with a set turnover purpose or whether they use a multilayered strategic framework in order to achieve multiple goals at the same time. By multiple goals we refer to a mix of both financial as well as philanthropic aspects as opposed to having one main direction.

Another interesting aspect that we hope to be able to analyze through the matrix, is whether the companies have more of a short term or rather a long term goal with their respective projects in order to attempt to determine whether their work with Social Entrepreneurship is of a sustainable nature or not. This is based on our initial instinct, based upon the studied theory, that the longevity of the project combined with the nature of it, be it financial or philanthropic in nature, may help to indicate whether a firm's social effort is more of a strategic and thus sustainable nature or rather of a temporary nature and thus fleeting choice, a trend if you will, that is predestined to change nature over time. The reason for wishing to establish, if possible, a correlation between the choice of strategy and the longevity of the projects is in order to add to the current discussion relating to the cynical approach towards Social Entrepreneurship that claims that any socially entrepreneurial efforts of the firm are nothing short of a transitory marketing ploy, a trend that is bound to disappear only to be replaced by the new latest fad for good publicity. At the same time, the aim is also to attempt to indicate whether Social Entrepreneurship may prove to be a sound strategic and consequently possible a sound financial choice for the firm. This could possibly allow yet another addition to the debate relating to Milton Friedman's point of view as to the true purpose of the firm mainly revolving around the financial turnover towards its shareholders.

The choice of case-studies may be a clear indication as to where we expect to place our companies, meaning that we are hoping to be able to prove that the companies have a long-term/financial commitment to social entrepreneurship which would then allow the phenomenon to be embedded within a strategic/tactical framework. The reason why we are making this connection is because we deem that any choice within the company that has a sustainable financial impact on it has to be analyzed through a strategic point of view.



**Figure 4** – Matrix defining the correlation between longevity and strategic approach. Created by the authors for the frame of this paper.

As seen above in our matrix created for the frame of this paper, we believe that there are four main ways in which social entrepreneurship can be implemented. Each “box” can be linked to some kind of socially linked effort that we have already encountered within our initial research, this can be seen below in our list that aims to provide with an actual application of social entrepreneurship in regards to the matrix. It is vital to note that this is entirely based on our interpretation of the phenomenon and its applications.

**Short-term moral payback** – This is where we place a company’s work with relief in different forms of times of calamity, for example in the way relief aid was sent to Haiti following the earthquake of 2010. This is, generally speaking, a rather anonymous type of financial

contribution which has today become more of a way of doing things rather as an exception. This means, that it is rather expected of a company, with the means available, to contribute in times of dire need. This is thus not a type of contribution that would be generally be communicated to the public since it is already expected of a company to do so.

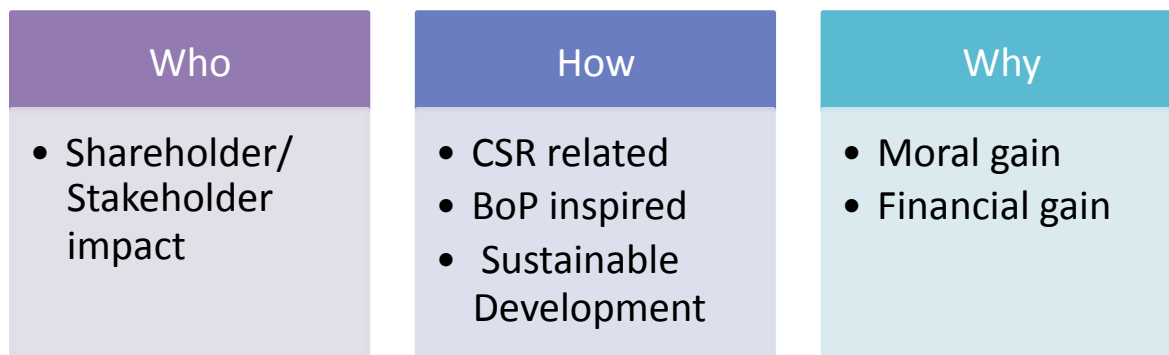
**Sustainable moral payback** – Actively working with charity on a long-term basis by continuously funding specific causes. This could be the case for an organizations continuous work with NGO's and non-profit organizations like the Red Cross, Action Against Hunger, Doctors Without Borders, WWF, Amnesty etc. This is a type of dedication that may be communicated to the public as a means to communicate company values and thus create a connection to the public.

**Short-term financial payback** – This box may be more difficult to find practical applications for, but we deem that this is where one may place short term micro-loan investments with a profitable interest rate. For example we found a Danish company, MYC4, who focuses on micro-loans to Africa and whose homepage functions as an online interest rate auction/bidding forum to place smaller investments in numerous smaller private entrepreneurial endeavors. A contribution to such a forum could be communicated to the public in an attempt to raise awareness of the issue at hand.

**Sustainable financial payback** – This is where we place companies that apply the social entrepreneurial framework that we aim to research within this paper where a combination of the long-term commitment in combination with the financial focus, create an environment of strategic importance for a company. This kind of socially entrepreneurial effort is usually explicitly communicated to the public in order to raise awareness and increase commitment from the public.

In addition to the use of the matrix, we aim to further analyze the information gathered from each company in order to discuss what underlying patterns can be perceived to be influencing each respective company's choice of implementation of social entrepreneurship by focusing on the source for the push towards implementation (the who), research the way

in which it is being implemented (the how) as well as analyze what each company expects to gain from its investment (the why).



The reason why the fields have been separated is not in an attempt to provide a specific framework/model to analyze the research questions with, but rather in order to differentiate three vital yet separate points of our discussion.

We wish to research the underlying factors that push forward the need for implementing social entrepreneurship in order to establish wherefrom the initiatives come and whether there is indeed a paradigm shift that can be perceived moving the influence factors from a shareholder towards a stakeholder perspective.

Social entrepreneurship can take many forms, as has already been established in this chapter, and can thus be implemented in many alternative ways. We wish therefore to research the way in which social entrepreneurship can be applied in order to contribute to the debate in regards to its practical application within the corporate world.

Finally we wish to research the underlying motives for a company's wish to implement social entrepreneurial aspects in order to attempt to comment on the phenomenon's viability in the long run and thus attempt to comment on its possible strategic application.

### 3. Research Methodology

*Having established the papers research questions and purpose, we aim to give details in this chapter as to the methods employed within this paper. The main purpose of the methodology chapter is to describe how we have collected the data and what kind of strategy we have been using for the thesis in order to best respond to our questions and purpose. Our paper is going to be founded upon a qualitative research method through the use of a multiple case study.*

#### 3.1 Choice of methodology

##### 3.1.1 Research approach

There are three methodological approaches through which one may study a subject in order to draw conclusions and these are the abductive, the deductive and the inductive approach. We have chosen to apply an abductive approach for the frame of our research which is a method that is founded upon a combination of both the deductive as well as the inductive approach<sup>52</sup>. We initiated our research based upon an empirical foundation in accordance with the inductive approach, whereupon we defined our questions and purpose based on our initial research of the phenomenon of social entrepreneurship. The pros of utilizing an abductive method are founded upon the combination of the two different approaches in an integrated manner. The concept of the abductive method is based on an initiation of the research on an empirical foundation, as is in the case with the inductive method, but at the same time maintain a connection to the deductive approach given that the research is not founded upon the rejection of theoretical preconceptions<sup>53</sup>. We initiated our research with an empirical foundation and used the information gathered in order to form our research questions. We chose thereafter to continue with a deductive approach through an eclectic selection of theories<sup>54</sup> on which we based our own theoretical framework. Having created our own theoretical framework, we returned to a new collection of empirical data in order to further strengthen our research.<sup>55</sup>

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<sup>52</sup> Alvesson, M. & Sköldeberg, K. (2009), *Reflexive methodology; new vistas for qualitative research* p. 3

<sup>53</sup> Alvesson, M. & Sköldeberg, K. (2009), *Reflexive methodology; new vistas for qualitative research* p. 5

<sup>54</sup> Alvesson, M. & Sköldeberg, K. (2009), *Reflexive methodology; new vistas for qualitative research* p. 3

<sup>55</sup> Alvesson, M. & Sköldeberg, K. (2009), *Reflexive methodology; new vistas for qualitative research* p.4



One of the main drawbacks with using an inductive approach is that the phenomenon that is being researched is not included in the whole picture but only as a mechanical and external connection. Furthermore it creates a risk linked to the empirical collections inability to generate a general truth regarding the researched phenomenon.

One of the main drawbacks with using a deductive approach is based on the fact that the approach does not necessarily go into depth within a phenomenon but rather attempts to clarify a phenomenon through an authoritarian statement whilst avoiding explanations.<sup>56</sup>

We have chosen to implement an abductive approach for the frame of our thesis on account of deeming it appropriate for the purpose. This is based partially upon the fact that we wish to interpret the finding of our case study through a hypothetically overlying pattern search and partially study them through the focus of our thesis questions. Thus we aim to interpret the phenomenon through a deeper analysis that would not have been possible through the unique use of either of the methods on their own.<sup>57</sup> Also, the abductive approach is common practice within the field of case studies and thus was the case for the purpose of ours.

### 3.1.2 Research strategy

There are two main strategies which can be implemented in the research frame, the qualitative or the quantitative. We have chosen to implement a qualitative strategy given the fact that we have focused on a non-standardized strategy for the frame of our paper given the fact that we are doing an explorative research through an abductive approach.<sup>58</sup> With a qualitative research strategy, one focuses on the generation of theories rather than a standardized theory testing that is more common for the quantitative study.<sup>59</sup>

Given the fact that the phenomenon of social entrepreneurship is such a complex subject, it was deemed preferable to approach this research through an explorative qualitative method thus allowing us to create our own framework in order to attempt to increase the understanding of the field. One of the main drawbacks of this approach is linked to the fact that the research does not include a statistic research which would have permitted for a

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<sup>56</sup> Alvesson, M. & Sköldeberg, K. (2009), *Reflexive methodology; new vistas for qualitative research* p. 4

<sup>57</sup> Ibid

<sup>58</sup> Alvesson, M. & Sköldeberg, K. (2009), *Reflexive methodology; new vistas for qualitative research* p.7

<sup>59</sup> Bryman, A. & Bell, E. (2007), *Business Research methods* p. 403

wider generalization of the findings in order to attempt to make a stronger comment on how companies today are implementing social entrepreneurship.<sup>60</sup> We have made a conscious choice in this matter by yet focusing on the qualitative approach given the fact that we deem that the chosen approach will provide us with a deeper kind of knowledge of this phenomenon and thus aid us in responding to the purpose of the thesis while at the same time permit us to respect the time restraints of the thesis.

### 3.1.3 Case study

The thesis will be based upon the study of two multinational corporations through a qualitative study in order to provide with increased understanding on the ways in which a company today may work with social entrepreneurship. Case studies are preferable when studying complex phenomenon given the fact that they provide a mean to study in a more profound manner the phenomenon in question through the study of one specific or multiple organizations.<sup>61</sup>

## 3.2 Choice of Case

We chose to do a multiple case study based on two multinational corporations that have been known to have been active with socially related efforts for several decades and thus pioneering in some ways within the field. The companies are known to have social entrepreneurship as part of their business model and are known to implement it at a higher degree. The reason why we chose to use two case studies in our qualitative research was to allow for an increased perspective of the subject rather than just study one company and the way they implement social entrepreneurship.

We acknowledge the fact that following our reasoning on the choice of 2 multinational corporations one may argue that studying additional companies would provide us with an even larger perspective from which to generate our theories but we deemed that this would not be possible given that the timeframe of this thesis is set for 10 weeks. We firmly believe

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<sup>60</sup> Bryman, A. & Bell, E. (2007), Business Research methods p. 425

<sup>61</sup> Yin, R. (2003), Case study Research Design and Methods p. 2

that it would not be possible to study, in an acceptable manner, supplementary companies within the set timeframe.

We chose Tetra Pak and Danone Group as our case studies given the fact that both companies are large multinational corporations that have been active with socially entrepreneurial activities for a longer period of time. This study is not of a comparative nature, we do not aim to compare these two companies; even though they do belong in adjacent or even complementing industries linked to the food industry. What we aim to study is the way in which each company has worked with socially related efforts in the past, how it has evolved to the active involvement the companies currently have with social entrepreneurship today in order to understand not only how companies may work with the phenomenon today but rather also why they do it and what they expect to gain from it, which is the purpose of this thesis.

### **3.3 Choice of Data Collection methods**

#### **3.3.1 Primary Data**

The primary data collection for the frame of this paper has been founded upon interviews that took place with representatives from each company in combination with documentation made available by the companies themselves mainly through their publication on their homepages. By documentation we refer to social, environmental and sustainability reports as well as financial data and also reports that we were provided with directly from the studied companies.

#### **3.3.2 Secondary Data**

The secondary data collection is partially founded upon electronic sources, either through each company's homepage or information about respective company made available in newspapers and other electronic publications. A large portion of the secondary data collection is also founded on literature within the subject, newspaper articles and other public information. We have also utilized to a high degree the Lund University electronic database (ELIN) for the foundation of our theoretical framework.

### 3.3.3 Conducting the interviews

The primary data made available on each company's homepage in combination with the initial research on the subject of social entrepreneurship created the foundation upon which our interview questions were based upon. The interviews were mainly conducted through the phone with the exception of one where all answers were provided through e-mail.

For the phone interviews, a semi-structured form was utilized thus providing the respondents with the opportunity to freely express themselves in their own way. The general outline of the questions we aimed to ask was e-mailed to the respondents in advance allowing them a certain amount of preparation. The interview took form as a regular conversation, which allowed us to slightly alternate the questions as we saw fit in order to gain as much information as possible from the respondent. By slight alternation we refer to the fact that the questions were not posed in a specific manner, rather in the order that became natural during the interview and at the same time more probing questions were posed when opportunity to do so arose.<sup>62</sup> The additional e-mail interview was founded upon the same question outline that was e-mailed to the other respondents and in that case the answers followed the exact set outline.

Information on the respondents:

Tetra Pak: Erik Lindroth – Currently employed as an Environmental Manager for Tetra Pak.

Danone Group: Frida Keane – Currently employed as a Nordic Health and Corporate Affairs Director.

Danone Group: Xavier Marcadé – Currently employed as a CSR Manager for the company's headquarters in France.

### 3.3.4 Criticism on the data collection

One main point of criticism towards the use of qualitative interviews as a source of primary data is that it may become quite time consuming given that a lot of effort is put into the research for relevant contacts as well as the attempt to establish a connection with them.<sup>63</sup>

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<sup>62</sup> Bryman, A. & Bell, E. (2007), *Business Research Methods* p. 474

<sup>63</sup> Lundahl, Ulf & Skärvad, Per-Hugo(1999), *Utredningsmetodik för samhällsvetare och ekonomer*, p. 118-119

This is something that we experienced when we spent weeks at a time contacting alternative divisions of both Tetra Pak and Danone Group in several countries in order to get as many people as possible to talk to us but had to settle with fewer sources than initially planned given that no more could respond within the set time frame. The respondents, their position within each company as well as their knowledge within the subject were more than satisfactory, but at the same time there is reason to be careful with a theoretical commentary based on a more limited amount of sources. We also noticed that the respondents had a tendency to refer to each company's sustainability reports for some of the questions but at the same time given the degree of commitment from both companies in the field of social entrepreneurship we can see how that may have been in order to save time on data that is easily available elsewhere in order to focus on questions that could be better provided by a human source.

We wish to additionally acknowledge that there is a certain amount of loss in the quality of the interview given our inability to meet the respondents in person. The lack of observational information, the inability to read their body language does affect the analysis of the information provided. The reason why meetings could not take place was mainly due to the fact that the respondents were either in a different region in Sweden, in a different country or were simply not available for a physical meeting on account of very tight schedules.

In addition to the interviews, we utilized to a high degree social, environmental and sustainability reports made available on each company's homepage as well as other data e-mailed to us directly. We acknowledge the fact that this information may and is probably used above the informational aspect as a direct marketing tool in order to promote each company's social and ethical efforts and thus we have to question, to a certain extent, the objectivity of the information provided in them. At the same time, some of the reports are following the G3 Guidelines<sup>64</sup>, the G3 guidelines are the cornerstone of the GRI sustainability reporting framework which has become the most widely used standardized framework for reporting sustainability corporate action today; we deem thus that most of the reports are still of such high quality to be considered valid for the frame of this study.

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<sup>64</sup> <http://www.globalreporting.org>

We generally deem that a large portion of the secondary sources we have utilized for the frame of this thesis can be considered to be reliable. Any articles used come from either established researchers within the field and/or have been publicized in respected, by the academic world, newspapers and reviews. A large portion of these articles have been accessed through the University database ELIN as well as other university's publications. We have, to a smaller extent, used alternative homepages that have not been academically revised and acknowledge that these commentaries may have been written through a journalistic, political or social perspective which is something we have tried to take into account in a critical manner.

### 3.4 Choice of theories

Given that the phenomenon of social entrepreneurship, especially through the point of view of its corporate implementation, is a rather new phenomenon, we deemed it necessary to introduce a mix of theoretical approaches within this thesis in order to introduce to the reader a selection of fundamental notions from adjacent research and theory that we found relevant.

It is difficult to talk about social entrepreneurship without bringing in to the conversation notions of CSR given the importance that the corporate social responsibility framework has had for the development of ethical notions within today's corporate world. At the same time we also deemed necessary to introduce notions of the BoP framework that in many ways I starting to define a very concrete approach as to how social entrepreneurship can be implemented in today's society, especially in the developing world.

We created a minor definition section in order to introduce some of the most utilized terms in connection to the subject in order to show whereupon the similarities and differences lie. This is in regards to the use of terms such as: social entrepreneurship, social business, social innovation as well as sustainable development. We acknowledge that completely separating the definitions from each other is impossible, even within the frame of this paper, which made it even more necessary to introduce a general definition of each term used in order to avoid any confusion. We also increased to a certain extent the focus on the definition of

social entrepreneurship in order to clarify exactly what we refer to with the terminology for the frame of this paper.

Given the general point of view that has been established in regards to social entrepreneurship more naturally being linked to the non-profit sector as well as the discussion as to wherefrom the influence to implement social entrepreneurship may come from, we deemed it necessary to further develop these notions within the theoretical framework.

Our theoretical chapter is concluded with an attempt to create our own framework. A matrix has been created in order to show our own interpretation of the ways in which social entrepreneurship can be implemented. Through the study of the short term / long term axis in combination to the philanthropic / financial axis we aim to study where our case study companies will end up in regards to their own way of implementing social entrepreneurship. The main reason for creating the matrix is first and foremost linked to the fact that a lot of the available theory within the frame of social entrepreneurship tends to link the phenomenon to non-profit organizations and NGO's whereas our study is more focused on understanding the ways in which a profit-seeking organization may experience the very same phenomenon. It is essential to point out that in our matrix, the chosen case-study companies are most likely to fall within the frame of a combined long term and financial importance which is highly linked in our opinion to a strategic frame of mind and this is something we are conscious of and hope to establish. The matrix has been created to be utilized solely within the frame of our thesis and is not created with regards to future research within the field.

We are firm in our belief that our eclectic choice of theories is providing us with the necessary theoretical equipment to best analyze and understand the phenomenon of social entrepreneurship. At the same time, it is important to understand that the research specifically targeting the corporate world in regards to social entrepreneurship is limited and rather imprecise. The reason for that may be linked to the fact that it can be very difficult to sometimes separate different notions within the field of social business. Thus, research within the field can be produced under a wide range of terminology from studies focusing on

CSR and Sustainable Development to Social Business and Social Entrepreneurship. The inconsistency of the terminology combined with the lack of a defined theoretical framework within the field opens up our eclectic choice of theories to a debate. At the same time our eclectic mix of theories is validated by the very same lack of established, for the field, theory.

### 3.5 Choice of analytical method

For the analytical methodological approach we used a pattern matching given the fact that we are starting off from a collected empirical foundation upon which we have weighed in our own findings. Through our findings we have attempted to analyze whether any patterns can be perceived in the way the companies work with social entrepreneurship and what they expect to gain from it. We have not attempted to compare the case study companies to each other but rather just focused to establish whether any similarities or patterns can be established in each company's approach. Any patterns established have formed the foundation upon which our analysis is based in order to best respond to our questions and purpose through a deeper more interpretive point of view.<sup>65</sup>

We have chosen to describe the way in which each company works with social entrepreneurship as well as any patterns that were established through the empirical collection in our empirical chapter. Our analysis chapter is rather an interpretive summary of the established findings and patterns in order to best respond to the thesis purpose as well as increase the readers understanding into the subject. In order to best explain what has been established through the collection of our empirical data and following our initial interpretation of it in the empiric chapter, we have created our own models that are to be used as a visual aid in order to identify the patterns that were established and how they can be connected to each other.

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<sup>65</sup> Yin, R. (2003), Case study Research Design and Methods p. 116



### 3.6 Reliability and Validity

Reliability and validity are two essential criteria in the evaluation of a research. These two aspects can be analyzed through both an internal as well as external aspect.<sup>66</sup>

By having conducted a qualitative research, we may have affected the external reliability making the study difficult to utilize for further research given the fact that the researched phenomenon is highly complex and constantly evolving.<sup>67</sup> In an attempt to increase the reliability of our research we have chosen to not only collect empirical data only on current projects but have also focused on the underlying values within each company as well as studied their short term as well as long term commitment. We consider this research to be of high external reliability should this type of study be repeated resulting in similar findings in regards to general motivation and way of implementation connected to social entrepreneurship. In an attempt to increase the internal reliability

With regards to the internal reliability, the authors that conducted the case studies are in agreement with the interpretation of the collected data in combination with the theoretical framework which increases the reliability of the study.<sup>68</sup>

In order to increase the validity of our qualitative research, we have combined the empirical data collection with the theoretical framework, but at the same time the internal validity of the research can be commented upon given the amount of interviews conducted and the manner in which they took place. Should have been possible, it would have been preferable to study each company more closely by physically meeting a larger number of respondents as well as being given the opportunity to observe the culture up-close for a longer period of time. Unfortunately given the thesis time restraints, geographical restraints as well as scheduling issues this was not made possible.<sup>69</sup> In order to increase the internal validity, we have instead chosen to focus on the link between the theoretical and the empirical framework through a pattern match analysis which is still a foremost method of analysis for case studies<sup>70</sup> upon which we created our own theoretical model in an attempt to provide a

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<sup>66</sup> Bryman, A. & Bell, E. (2007), *Business Research Methods* p. 40

<sup>67</sup> Bryman, A. & Bell, E. (2007), *Business Research Methods* p. 410

<sup>68</sup> Bryman, A. & Bell, E. (2007), *Business Research Methods* p. 410

<sup>69</sup> Ibid

<sup>70</sup> Yin, R. (2003), *Case study Research Design and Methods* p. 116

visual and logical interpretation of the phenomenon of social entrepreneurship within the corporate world. Through the case study of two companies in a qualitative study there is limited room provided for generalizations on a larger scale, which highly affects the external validity of our thesis. This is at the same time a conscious risk given the purpose of our study is to show ways in which a company may implement social entrepreneurship and its purpose rather than to attempt to generalize on a larger scale for a specific manner in which to do so.

## 4. Empirical Data Collection

*In this chapter we aim to introduce each company based upon a combination of the primary as well as secondary data collected combined. The information gathered is presented in a factual manner while at the same time analytical comments from an interpretive point of view are to be introduced in this chapter.*

### 4.1 Tetra Pak

- Founded in 1952 by Ruben Rausing
- Belongs to the Tetra Laval Group
- Parent company within the corporate group
- Headquarters situated in Lausanne, Switzerland
- Over 21000 employees worldwide, whereof 4000 employees in Sweden
- Active in more than 170 countries
- Net sales in 2009: 8,955 billion Euro

(Ref: tetrapak.se)

#### 4.1.1 General facts

Tetra Pak belongs to the Tetra Laval Group and is one of the three corporations along with DeLaval and the Sidel Group. DeLaval has been driving progress within the milk production sector since they patented the cream separator, 125 years ago.<sup>71</sup> The Sidel Group works with design, manufacturing, assembling, supplying and selling complete packaging lines for liquid foods within 3 package categories: glass, plastic and drink cans.<sup>72</sup>

Tetra Pak on the other hand is developing, manufacturing and marketing systems for the processing, packaging and distribution of liquid products. Tetra Pak is not only a Swedish based company but also a parenting company for the corporate group which is privately owned and therefore not listed in the stock-market. Several business departments of the Tetra Pak group are therefore based in Sweden, like Market Area Nordics, who work with smaller both local and international dairy producers with questions in market sales and services to Baltic countries, Denmark, Finland, Norway, Iceland and Sweden. Other departments of the Tetra Pak group include Tetra Pak Packaging material, Tetra Pak Packaging solutions and processing solutions, Tetra Pak Business Support, Tetra Pak Global

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<sup>71</sup> [www.delaval.com](http://www.delaval.com)

<sup>72</sup> [www.sidel.com](http://www.sidel.com)

Information Management as well as the Research and Development center are also located in Sweden.<sup>73</sup>

Tetra Pak believes that their corporate culture guides them towards decisions they make and their core values form their corporate spirit. They see themselves as a big team that shares core values and ethics, which they believe is a source for gaining competitive advantages.<sup>74</sup>

Tetra Pak claims on their website that their core values can be separated into 4 parts<sup>75</sup>:

**Customer focus and Long- term viewing:** by working with their customers and suppliers in order to deliver the best solutions wherever and whenever food is consumed as well as by being highly focused on innovation and always putting the customer's needs first. Tetra Pak aims to add value and inspire their customers given that they know that they have been selected over their other competitors. They urge to lead a long- term focus and wish to learn and grow from every opportunity that arises.

**Quality and Innovation:** by refusing to compromise when it comes to quality and driving for better, fit-for-purpose solutions and innovations.

**Freedom and Responsibility:** by believing in having the freedom to take initiative as well as take action in the best interest of the company and its customers, while at the same time take responsibility for their actions as well as contribute to the companies they are active in.

**Partnership and Fun:** by respecting and relying on one another and their stakeholders in order to achieve what they believe is the source of exceptional results. Within the group the main focus is on working together and celebrating each other's achievements.

The mission of the company as indicated on their website:

*"We work for and with our customers to provide preferred processing and packaging solutions for food. We apply our commitment to innovation, our understanding of consumer needs and our relationships with suppliers to deliver these solutions, wherever and whenever food is consumed. We believe in responsible industry leadership, creating profitable growth in harmony with environmental sustainability and good corporate citizenship."*

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<sup>73</sup> [www.tetrapak.se](http://www.tetrapak.se)

<sup>74</sup> Ibid

<sup>75</sup> [www.tetrapak.com](http://www.tetrapak.com)

#### 4.1.2 Tetra Pak and their Social Entrepreneurship work

Through the observation of Tetra Pak's motto "Protects what's good" one may unmistakably see the way in which the corporate group is directed. Within Tetra Pak there is a belief in the inclusion of the whole value chain- from suppliers to consumers, distribution, employees, consumers and society in order to oversee and control the quality of their product. The collaboration Tetra Pak has with its subsidiary DeLaval is functioning in the same spirit in regards to their agriculture- and dairy-product development program that also covers the entire food chain, "from cow-to-consumer".<sup>76</sup>

Tetra Pak protects the nutrition value of products through their packages and in such endeavor to help, not only the consumers, but also the environment in a responsible way. The company has several projects and programs that aim to assist disaster affected areas as well as support programs for children in underprivileged regions. Within Tetra Pak there is a strong awareness towards the environment, the company uses carton board taken only from well managed forests and the company also works actively in collaboration with recycling activities worldwide. All of Tetra Pak's factories are also certified to an international environment standard and all the market companies work dynamically with environmental activities.<sup>77</sup>

Tetra Pak have been actively working with their corporate social responsibility focus for many years and there are 3 main sectors within which they are active today; *Food for development program, Global compact and Environmental sustainability*.<sup>78</sup> They have been working with above mentioned sectors for the past five decades (since 1960) and all of these sections they have an active Social Entrepreneurship effort integrated. It all started when Tetra Pak's founder Ruben Rausing came back from a trip in Pakistan, where he saw the nutrition deficiency in the impoverished areas and the food surpluses that was destroyed in the wealthier parts of the country.<sup>79</sup>

According to Mr Lindroth, the environmental manager at Tetra Pak, Social Entrepreneurship is about companies taking an active part in the local community, which is based on taking

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<sup>76</sup> [www.tetrapak.se](http://www.tetrapak.se)

<sup>77</sup> [www.tetrapak.com](http://www.tetrapak.com)

<sup>78</sup> [www.tetrapakprotects.se](http://www.tetrapakprotects.se)

<sup>79</sup> Ibid

one step further than the core business interest, to be a good corporate citizen.<sup>80</sup> Within Tetra Pak, there is a strong belief that working with Social Entrepreneurship is an important component for the company especially when working with developing countries.

Tetra Pak is highly focused on its environmental work, which is well structured and has led to the creation of an environment specific, for the company, policy. The company is committed to conducting business in an environmentally friendly and sustainable manner. Tetra Pak sets these goals in order to promote continuous improvement in operations all through their value chain from the raw material used to the moment the product reaches the consumer.<sup>81</sup> Tetra Pak may have clearly formulated policies in regards to their environmental activities but are still lacking a more formalized approach in regards to their social activities.

In regards to their social activities, Tetra Pak considers that any active work with social issues should be determined by the local Tetra Pak offices in the markets they operate within. They believe that the local offices will invest and work with projects that fit best into the local strategy. Most of the social work may be formed from the local market, but Tetra Pak also has global partners and programs they work with devotedly.<sup>82</sup>

Tetra Pak have received a very positive response for their efforts with Social Entrepreneurship both internally and externally. Within Tetra Pak there is a solid belief that if the projects are naturally connected with their core business that it will have a positive effect both internally and externally.<sup>83</sup> They mean that, internally, their employees appreciate to work within a company that works outside the perimeter of their core business and they are also expected to participate and generally get involved with the projects the company is active with. This also helps the company to increase its appeal as a company; this part is considered vital not only in order to improve the company's image externally, but also and especially in order to attract the right kind of future employees. By connecting the Social Entrepreneurship projects to their core business, Tetra Pak has also received a positive response from the external plan and they believe it is a key aspect and a credible path on which to build the company's credibility.

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<sup>80</sup> Interview Erik Lindroth, Tetra Pak 2010-12-06

<sup>81</sup> [www.tetrapakprotects.se](http://www.tetrapakprotects.se)

<sup>82</sup> Interview Erik Lindroth, Tetra Pak 2010-12-06

<sup>83</sup> Ibid

In regards to a more purely philanthropic approach, Tetra Pak acknowledges that there may be a positive response from the stakeholders in regards to giving away money as charity, but at the same time there is also a risk that the stakeholders may question the purpose of such an “easy-way-out” approach in regards to the low level of commitment. Mr. Lindroth emphasizes that in the end, in order to be perceived by the stakeholders as a trustworthy company and thus contribute to their image in a positive way, the best way to do this is through long-term engagements rather than eclectic charity contributions.<sup>84</sup>

Tetra Pak releases an environment and social report globally every other year where they communicate their work to their stakeholders. They also advertise in trade publications in order to further inform the stakeholders of their socially entrepreneurial projects, the main focus is usually their main project “School Milk program”.<sup>85</sup>

In regards to the main source of motivation for working with social entrepreneurship within Tetra Pak there is a mix of internal as well as external influences from both shareholders as well as other company stakeholders. The choice of projects is also highly influenced by the collaboration that Tetra Pak has with its customers as well as the local authorities in order to target new projects.<sup>86</sup> The reason why Tetra Pak is so keen in including a full spectrum of their stakeholder model into the choice of projects is in order to embrace once again their entire value chain in the process.

Given that Tetra Pak is a privately owned company with a substantial history within the social frame, they believe that it is a key factor why the company is enjoying today a strong position as a socially aware actor in a way that is credible to the market. The company also believes that by not being traded on the stock market they are given the opportunity to focus on projects with a longer perspective than a public company might be able to. For example Tetra Pak was quick to enter markets in developing countries such as Russia and China even before looking into further opportunities in the western world, but at the same time it took a long time before the company could gain any dividend on these investments. Within Tetra Pak there is a strong conviction that the company’s great sales today are a direct result from being present and active amongst other in the developing world in the

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<sup>84</sup> Interview Erik Lindroth, Tetra Pak, 2010-12-06

<sup>85</sup> Ibid

<sup>86</sup> Ibid

early 1970's in order to build up their contact network. At the same time they had the opportunity to form important business relationships as well immerse themselves in the local needs. The key to this point of view is not just in reference to the initial contact in the developing countries but rather the fact that they went there early and they chose to stay. Within Tetra Pak there is also a firm belief that public companies are not able to do the same given the focus on short term profitability that they believe represent the strategic focus of a public company.<sup>87</sup>

Tetra Pak claims that there is no formal policy with demands from its owners or stakeholders; it is more about the projects being connected to the company's core business and the avoidance of purely philanthropic projects since they do not serve an optimal, according to them, purpose. They believe this kind of business creates value in the end and satisfy the stakeholders. In times of economic crisis and especially in the aftermath of the recent financial crisis, Mr Lindroth believes that many companies step back from their philanthropic projects, but for companies as Tetra Pak that is not an option given that they have highly integrated social entrepreneurship projects tied to their core business. Being this closely tied to their projects in a long-term basis, they believe, will be the best solution during hard times, for all involved, and assist in the creation of future true win-win situations. Pure philanthropic projects are not an active choice for Tetra Pak, but philanthropy is still something the company may be active with on a temporary basis rather than a project basis.<sup>88</sup>

The fact that social entrepreneurship is a part of Tetra Pak's business model is something they believe will have a positive outcome in the long run for both their industry as well as their stakeholders.<sup>89</sup> Tetra Pak's goal is not only to build a long-term market for their processing and packaging products but also to help develop local industries and communities which is once again consistent with the company's win-win approach to social entrepreneurship.<sup>90</sup>

Many of these projects can also be perceived as an investment for the future, partially as a mean to establish themselves in future markets as well as assist in the creation of a pattern

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<sup>87</sup> Interview, Erik Lindroth, Tetra Pak 2010-12-06

<sup>88</sup> Ibid

<sup>89</sup> Ibid

<sup>90</sup> [www.tetrapakprotects.se](http://www.tetrapakprotects.se)



of consumption in regards to packaged foods. In the developing world, milk is usually purchased from street vendors, Tetra Pak is thus not a trademark of packaged liquids as it is in the western world. Hygiene-wise this is not an optimal form of distribution for milk and dairy products in general due to the lack of heat-treatment and processing. Another issue Tetra Pak wishes to fight in the developing world is linked to the wasting of food on account of it going bad in extreme weather conditions of elevated temperatures, as is the case in countries with tropical weather. Tetra Pak wishes therefore to enter these markets in order to not just attack a new business opportunity but also as a mean to aid the local population with health issues and thus contribute to the wellbeing of the consumers. Tetra Pak chooses thus to enter these markets in the developing world where they can help educate the population on the importance of hygiene in relation to food while at the same time introducing them to their products.<sup>91</sup>

Tetra Pak's main goal with its social entrepreneurship work is in the end about a mix of partially gaining competitive advantages in developing countries while at the same time contributing to the local communities which in turn may have a positive impact on their image, which they firmly acknowledge. They want to associate themselves with projects that are in accordance with the company's norms and values and thus contribute in strengthening the company image.<sup>92</sup>

Social Entrepreneurship can, by some, be perceived as an alternative marketing method, but Tetra Pak, while acknowledging the image effects this may have, does not want to directly relate their social entrepreneurial efforts to direct marketing. Mr Lindroth states that companies who do not work with projects regarding social entrepreneurship are missing out on opportunities, not just from a marketing perspective. He also states that a company's mission is to gain revenue, because without the financial profit a company may not be sustainable in the long term. At the same time, he states, it is no longer a question of a choice between gaining high revenue for ones shareholders or a question of pure philanthropy but rather a combination of both creating new opportunities. Mr Lindroth also believes that many have the wrong impression of companies by expecting of them only to be responsible for the distribution of dividend. Mr Lindroth, in accordance with Tetra Pak's

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<sup>91</sup> Interview, Erik Lindroth, Tetra Pak 2010-12-06

<sup>92</sup> Ibid

point of view, believes that the only way to achieve a sustainable responsibility work is to focus on a combination of both an ethical as well a financial focus in their strategy.<sup>93</sup>

#### 4.1.3 Tetra Pak's Food for Development program

Food for Development Office was founded in 2000 with its headquarter in Stockholm, Sweden and with a broad network with its colleagues worldwide.<sup>94</sup> They works is working with a variety of partners to start, launch and support school-milk and meal programs around the world linked to the agriculture and dairy development, with a collaboration with governments, UN agencies, national development agencies, NGOs and their local customers. The close collaborations are mainly because they believe it is the best way to promote to a sustainable and financial development between the private and public sector.<sup>95</sup>

The mission for the Food for development program, which is closely related to the company's mission and vision:

*"We work with partners to promote socially, economically and environmentally sustainable agricultural, feeding and food development programs, building on our core knowledge and experience."*<sup>96</sup>

Food for Development Office's strategy is:

- To actively build and support partnerships for development
- To employ the knowledge, products and expertise of Tetra Pak and DeLaval in development projects
- To build local capacity and ensure sustainability by working actively with knowledge sharing and training
- To support the development of high nutrition and cost effective products

(Ref: tetrapak.com)

Each country and each project faces different problems and therefore no approach is the same, the Food for Development Office helps to evaluate each case in order to pinpoint the its specific solution. The Food for Development is mainly involved with and assists with questions in *agriculture/food production, processing, distribution and consumers/school meals*, practically in accordance to Tetra Pak's entire value chain. The results of the Food for Development support turn out to be; reduced starvation and poverty, improved health

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<sup>93</sup> Ibid

<sup>94</sup> [www.tetrapakprotects.se](http://www.tetrapakprotects.se)

<sup>95</sup> Tetra Pak's Environmental & Sustainability Report 2009

<sup>96</sup> [www.tetrapak.com](http://www.tetrapak.com)

status of children, revenue to the locals, creation of work opportunities, increased school attendance and improved agricultural production.<sup>97</sup>

The Food for Development Office is currently active in numerous projects, approximately 40-50 projects globally. One of the ground criteria in order to work with social projects is that it must be of both a long-term as well as sustainable nature that the local offices can actively work with, through support from the Food for Development.<sup>98</sup> The existence of the Food for Development Office is a rather significant commentary into the level of commitment that Tetra Pak has towards its socially entrepreneurial projects further reaffirming the company's long-term point of view within the field.

#### **4.1.4 Tetra Pak's collaboration with "Global Compact"**

Tetra Pak does not only work with social entrepreneurship within the frame of social issues but also with environmental issues such as the environmental policy and collaboration with UN's program "Global Compact".<sup>99</sup>

Tetra Pak's project in Brazil for example where the company works closely with the recycling of their packages. The recycling system in Brazil is founded upon the notion that a corporation assists with the collection as well as the further transportation of the recycled packages. Through this system, Tetra Pak, manages to create more jobs for the locals, create a behavioural habit for them to recycle, as well as taking their environmental responsibility by using a socially entrepreneurial method. Just like the Brazil example, many of Tetra Pak's projects are a mixture of both social and environmental activities.<sup>100</sup>

Aside from their long-term projects, Tetra Pak works with limited investments/projects on a short-term. It is mostly within projects in collaboration with other organisations such as UN, NGO's etc. or in the form of relief work.<sup>101</sup> Even these short term projects are still not in a philanthropic aspect in the form of charity. When a disastrous situation arises as it did say in Pakistan with the 2010 floods, Tetra Pak will enter to support the affected people with basic supplies that temporarily alleviate the living situation for the vulnerable and the exposed. Tetra Pak does not wish to communicate this kind of work to its stakeholders, because they

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<sup>97</sup> [www.tetrapak.se](http://www.tetrapak.se)

<sup>98</sup> Interview, Erik Lindroth, Tetra Pak 2010-12-06

<sup>99</sup> [www.tetrapak.se](http://www.tetrapak.se)

<sup>100</sup> Interview, Erik Lindroth, Tetra Pak 2010-12-06

<sup>101</sup> [www.tetrapakprotects.se](http://www.tetrapakprotects.se)

just want to be there and support when these kinds of calamities occur without using them in any way to their advantage.<sup>102</sup>

## 4.2 Danone Group

- Founded in 1966
- Founded through the combined efforts of Daniel Carasso et Antoine Riboud
- Ownership form Public limited company
- Headquarters 9<sup>th</sup> arrondissement in Paris
- Employees worldwide: 80,976
- Global presence
- Turnover of €14.982 billion in 2009

(Reference: danone.com)

### 4.2.1 General facts

One of the world's leading producers of fresh dairy products with a global market share of approximately 27% and a presence in over 40 countries in the world. The Group Danone Group was initially founded within the industrial glassmaking sector in the 60s. Following a chain of acquisitions and mergers in the following decade, the company expanded into vertically integrated businesses branching out into the water and beverage sector. Following a merger in 73 with Gervais Danone the company entered the dairy industry. The group has since entered and exited several sectors such as the biscuit and cereal as well as the beer sector and in recent years has entered the baby food sector. Today the Danone Groups focus is mainly within the fresh dairy products while maintaining a strong interest in both bottled water as well as baby food<sup>103</sup>.

The Danone Mission is "To bring health through food to as many people as possible". This ambitious and vast mission is to be achieved through a strong focus in 4 specific priorities that have been entitled health, for all, nature and people.

*"Health*, which stands for our contribution to public health through food; *for all*, referring to affordability and the development of products and business models that allow access for low-income groups; *nature*, for our efforts to sharply reduce the environmental impact of our operations throughout the product life cycle; and *people*, for our commitment to

<sup>102</sup> Interview, Erik Lindroth, Tetra Pak 2010-12-06

<sup>103</sup> www.danone.com

offering all our staff members opportunities to grow, prepare for change and find meaning in their work”<sup>104</sup>

#### 4.2.2 Danone Group and Social Entrepreneurship

Already back in 1972 the then CEO of Danone Group, Antoine Riboud, announced a double commitment in order to introduce CSR principles in the DANONE Group his message being that: business success is to go hand in hand with social responsibility<sup>105</sup>. This point of view has been made official through the Danone model that follows the principle that economic performance, attention to people and respect for the environment go hand in hand. In 2008 Franck Riboud (current CEO of Danone group and son of previous CEO) at the launch of the Danone Group – HEC Chair in Enterprise and Poverty made it clear his father message still stands strong within the company when stating that: *“An enterprise exists and lasts only because it creates value for society as a whole and that the raison d’être of the enterprise lies in its social usefulness...”*<sup>106</sup>.

The Danone Groups management is firm in their belief that the company’s business model (founded upon the notion of the double commitment) can be a source of competitive advantages through the creation of collective efficiency, internal motivation while at the same time providing a source for a deeper relationship and increased trust between the company and its partners.

The Danone Groups dedication to the double commitment, whereupon both economic and social aspects are considered when making decisions within the group is firmly re-affirmed by one of the group’s Corporate Social Responsibility Managers Xavier Marcadé working for the group’s Parisian headquarters.

The company is, according to Mr. Marcadé, a leader and a pioneer in successfully mixing a social engagement with business and affirms that the group’s strong ties to CSR is what drew him to work for the Danone Group in the first place. He expresses how the values that the Danone Group is promoting “Humanism, Enthusiasm, Openness and Proximity”<sup>107</sup> are what

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<sup>104</sup> [www.danone.com](http://www.danone.com)

<sup>105</sup> Danone Corporate Social and Environmental Responsibility Report 2006-2009, Poland

<sup>106</sup> Danone Sustainability Report 2009

<sup>107</sup> Danone Sustainability Report 2009

made him certain that the Danone Group was the right place for him<sup>108</sup>. He explains that what started from within the group as a choice based upon values and ideals has come to be developed as a real strategic axis for the Danone Group. When talking about the development of the social effort with the groups Nordic Health and Corporate Affairs Director Frida Keane, she re-affirms that the company has always been in some ways focused on the wellbeing of the people given the type of products produced (referring to the dairy products). She explains that the company has a strong R&D focus in producing products that will increase the nutritional value, thus increase the positive effects of the product. The groups work with health and wellbeing she further develops has been a point of interest since the creation of the company and thus is today deeply rooted within the value chain of the product.

Though the company has been active in social aspects for many decades, Mr. Marcadé points out that the real socially entrepreneurial turn for the company was founded following a meeting between Franck Riboud and Muhammad Yunus back in 2005.

When enquiring where the main source of initiative is located in regards to pushing the company forward in their social efforts there can be a slight discrepancy that can be perceived between the respondents. Mr. Marcadé, having established that internal values launched foundation of the group's social efforts, claims that today there is a strong push from the outside from both private as well as public sources to further evolve the group's efforts within the social field. By public and private sources, he explains, can refer to a combination of the customer's direct requests for action, to goals set by the United Nations as is the case with the Millennium Project<sup>109</sup>. He states that there is an ever increasing demand for ethical action from the corporate world and that the customers are there to motivate the group whereas the group's R&D department, their connection to NGO's as well as their open dialogue with stakeholders in general through [danone.communities.com](http://danone.communities.com) are the channels through which ideas for improvement and further development arise from. Mrs. Keane on the other hand maintains that the main influence for pushing the company forward within the field still lies internally within the company's management. In our point of view this most likely re-affirms the shift we are seeing in many regards in today's

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<sup>108</sup> Interview, Xavier Marcadé, Danone 2010-12-26

<sup>109</sup> [www.unmillenniumproject.org](http://www.unmillenniumproject.org)

corporate world where there is a shift in the paradigm and the influence is being moved from a pure shareholder perspective towards a larger and all-encompassing stakeholder perspective.

In regards to the importance of working with social entrepreneurship today, the respondents are in agreement that it is a key factor for the wellbeing of the company, that it can become a source of innovation, a driver for improvement and a foundation for sustainable development in general. At this point Mr. Marcadé refers once more to the 4 strategic axis set in motion by the company's management as an instrument in order to realize the company's mission, referring to the health, for all, nature and people perspective.

When asked upon how the group's social efforts are communicated to the outside world we are corrected in not talking about efforts but rather about projects and goals. There is urgency in getting the message across to us that the initiatives, directives and projects set within the company are as well managed as new product development, that they really are a key strategic feature of great value and importance for the Danone group. In regards to the communicative approach, there is talk of the regular media, homepage, the sustainability reports, the [danone.community.com](http://danone.community.com) forum and other web 2.0 and social media channels but at the same time with the underlying comment that the importance of the communication is in regards to it being two sided, a discussion that will help the company push forward rather than just a means to tell the world what the Danone Group are doing.

According to both of the respondents, the Danone group's efforts are very well received both internally as well as externally. More than 50% of Danone's employees invest in the [danone.communities](http://danone.communities) fund, internal surveys show strong motivational incentives linked to social business initiatives, stakeholder feedback is very positive and there is an ever-growing request for continuous additional development of the company's investment in social entrepreneurship and social business.

In regards to the choice of socially related projects that the company invests in, both respondents refer to top management for the choice of the projects but emphasize that a lot of the inspiration for projects is founded upon an open dialogue that they have with company stakeholders and that a key channel for this communication is based within the

danone.community.com forums. The projects in general do have certain factors in common, they have to be long-term, close to the core product of the company (thus mainly related to nutrition and health values), there is to be a high level of commitment in them rather than just a smaller contribution to them and the projects need to be financially sustainable in the long run. The company states in their documentation on the subject of philanthropy that: “Danone fully promotes the co-creation with NGO’s, while respecting the principles of economics given the need to find a financial balance”. This is further reiterated during the interview with Mr. Marcadé when he talks of the necessity for the projects and initiatives chosen to be financially viable, we are told clearly that this is neither philanthropy nor charity. As Mrs. Keane puts it “to give money to philanthropic causes is good, but we cannot pay our way out of a guilty conscious through charity, we ought to rather work for the long term and be a part of the change”. At the same time Mrs. Keane claims that there is no necessity for a project to be financially viable in order to be maintained something that goes against the CSR manager’s point of view from the company headquarters. According to Mr. Marcadé, investments in danone.communities.com are engaged on 5-7 years basis with a profitability objective clearly set in place, there is a clear performance plan set in place both economical and social and that plan is presented to a committee, challenged and then validated and then closely monitored for performance.

When asking outright what the Danone group expects out of their socially entrepreneurial investment, once again we stumble upon a certain amount of discrepancy where the CSR manager in Paris is straightforward that in the end this is all about a combination of an image investment as well as a financial one through an ethical approach while straight out denying any philanthropic/charitable tendencies. The Nordic Health and Corporate Affairs Director on the other hand, rather talks about a moral and ethical investment and relief work in times of calamity. In this aspect, it is vital to note the type of position each respondent occupies within the company, by doing so it is logical to conclude that the CSR expert will tend to be more straightforward within the subject of social entrepreneurship whereas a corporate affairs manager may tend to attempt to sell the concept through a softer and more marketable aspect. Mr. Marcadé chose to also further develop within this question the importance of the BoP approach and reaching BoP customers, about gains on socially entrepreneurial investment through the innovative drive it promotes, the way it



affects in a positive manner employee mindset, the way it permits the company to address world issues and thus contribute to a global sustainable development. According to Mr. Marcadé, social entrepreneurship and social business in general is simply the new way in which the Danone Group can contribute globally while staying true to their mission of bringing health through food to as many people as possible.

When confronted with the comment that there are those who criticize the corporate world's immersion into social questions, considering them a direct marketing tool both respondents seem in agreement. They state that they are open to debate the question but that any critic ought to do their homework on the impacts of globalization before attempting to comment upon the question. They are both firm believers that the world would be a much worse place to live in if the corporate world was not continuously motivated to take an interest and help improve and develop the world that they are active in.

In regards to Milton Friedman's comment on the role of the corporation being focused on the maximization of profits, both respondents agree that it is indeed a vital factor in the question. Without the financial aspect in order the company would be in no position to sustain either itself or any other activities it is involved within. Mr. Marcadé further develops his reasoning when stating that Friedman's point of view is valid but at the same time the question may change meaning when considering what one may refer to with the word profit. He follows this comment by stating that at the end of the day any profit comes from wealth creation and that the wealth creation is based upon natural resources, be they human or environmental ones, which are limited. In the end he concludes, if you do not take care of your resources, you will end up losing the source of your profit.

#### **4.2.3 Danone Group's projects**

The group Danone is active in a plethora of projects and initiatives aiming to promote as well as cultivate social awareness as well as social activism both internally as well as externally. Attempting to reiterate all the specific policies they are implementing as well as projects in which the company is involved is not a viable choice but certain key projects and initiatives are introduced in order to increase the understanding in the approach as well as the level of commitment of the Danone Group within the socially entrepreneurial field from both an internal as well as external perspective.

The Danone Group's Way Initiative was created in 2001 in order to endorse internally the standards that are to transgress the actions taken within the company and thus ensure the proper adoption of the culture. Within the initiative Business Units from around the world are enabled in introducing economic performance in combination to social and environmental efforts through an assessment plan focusing on 5 key aspects: Human Rights, Human Relations, Environment, Consumers and Principles of Governance<sup>110</sup>.

The Respect Program was put into motion in 2005 in order to promote and oversee the compliance with the group's values and engagement in the dual commitment all through the group's value chain<sup>111</sup>.

The Danone Group's Ecosystem Fund was created in the eve of the financial crisis in 2009 in order to "reinforce the notion of there being a need to intensify the understanding of the economic and social impact companies have on their stakeholders"<sup>112</sup>.

As previously mentioned the Danone Group has as key mission to bring health through food to as many people as possible. Such an extensive mission can only be achieved through the creation of very specific strategies and goals. Following the need for a certain amount of restraint in connection to the ways in which the company can actively work in order to follow the company's mission, the Danone Group has set up 4 main strategies that encompass activities and initiatives that can permit the company to stay true to its mission.

#### 4.2.4 Danone Group and Health

As a manufacturer of nutritional products, the Group Danone takes its responsibility in helping the fight against global malnutrition very seriously. In order to contribute to the battle against malnutrition, especially in the developing world, Danone Group has formulated 5 key aspects.<sup>113</sup>

1. Developing products tailored to nutritional needs and recommendations, as well as consumer tastes and incomes
2. Developing products with relevant, scientifically proven health benefits that meet real needs

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<sup>110</sup> Danone Sustainability Report 2009

<sup>111</sup> Danone Sustainability Report 2009

<sup>112</sup> Danone Sustainability Report 2009

<sup>113</sup> Sustainability Report, Strategic Highlights 2009, Danone

3. Developing products with high nutritional value specifically for low and extremely low-income groups
4. Promoting healthy diet and lifestyle
5. Helping to expand scientific and practical knowledge of the links between diet and health

#### 4.2.5 Danone Group and For all

Social Business aspect on Danone's social approach, the seed for which aspect was planted following a meeting between Franck Riboud and Muhammad Yunus. This led to the creation of danone.communities.com in order to endorse a new forum that would promote the creation of societal innovation. The initial aim of the project was based upon the pinpointing as well as the funding of projects that would lead to significant social impacts while at the same time remaining true to the Danone Group's mission. This has been since further developed to include a directly BoP-related approach through the focus on locally tailored programs aiming to promote a social growth, while still remaining true to the company's mission, in targeted communities in developing countries, mainly in India and Africa<sup>114</sup>.

#### 4.2.6 Danone Group and Nature

Within the Danone group, the health aspect is not considered separate from the environmental aspect; the group recognizes the impact that its production has on nature and launched its initial effort to combat environmental issues through its carbon emission program. The environmental battle has since been broadened to include various areas of interest<sup>115</sup>.

1. Combating climate change throughout the production chain – both directly and indirectly
2. Protecting our springs, reducing water use and helping to preserve water resources worldwide
3. Rethinking packaging to turn waste into a resource over time
4. Supporting more eco-friendly farming methods
5. Preserving biodiversity

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<sup>114</sup> Sustainability Report, Strategic Highlights 2009, Danone

<sup>115</sup> Ibid

#### 4.2.7 Danone Group and People

Without the involvement and commitment of their stakeholders the Group Danone deems that their work would not be as relevant. It is this internal as well as external motivation that is an essential driving factor in aiding to further develop the company's social efforts.

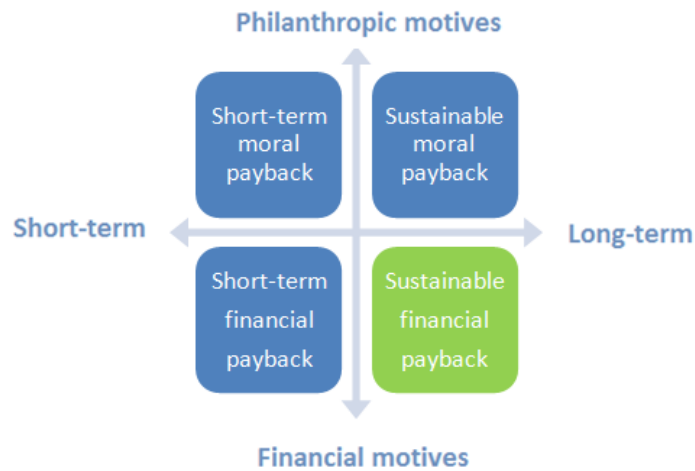
When the financial crisis had a powerful impact in 2009 leading to increased unemployment levels, the Group Danone worked harder in implementing systems to allow the preservation of jobs. Other areas in which the Group Danone focuses on its stakeholders are through 3 main priorities<sup>116</sup>.

1. Reinforcing fundamental issues for all employees
  - Daily commitment to the safety of employees and sub-contractors
  - Promoting health and well-being at work
  - Consolidating dialog with employee representatives at international level
  - Enhancing employability for all employees
  -
2. Promoting employee initiative and efficiency
  - Continuing the CODE program (for Committed, Open, Doer, Empowered) and the Danone Leadership College
  - Promoting greater staff diversity
  - Encouraging and supporting a culture of agility
3. Continuing to make work meaningful, underpinning commitment and differentiation
  - The Danone Ecosystem Fund
  - Danone Supporting Life
  - danone.communities

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<sup>116</sup> Sustainability Report, Strategic Highlights 2009

## 5. Analysis

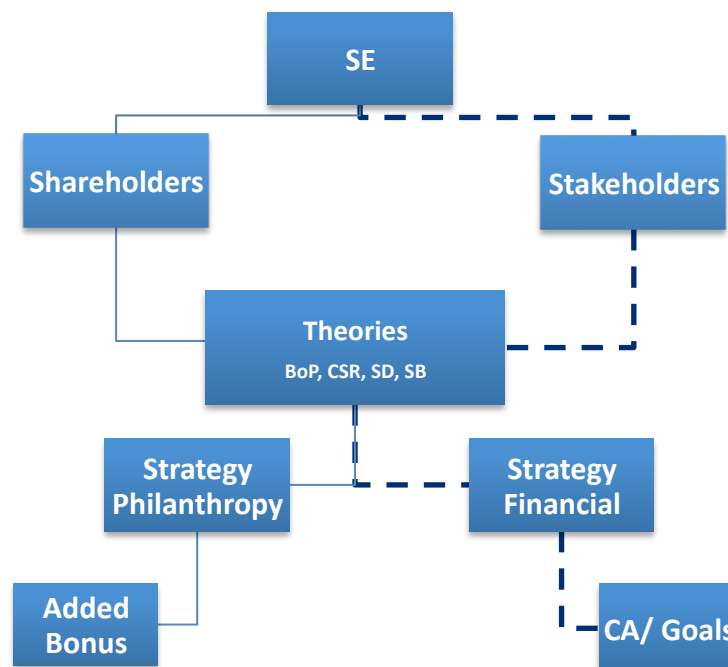


**Figure 5** - Application of the Matrix created by the authors

For the frame of this thesis we chose to focus our choice of case studies on companies that would be likely to end up in the sustainable financial payback box of our matrix. The reason for this choice, as previously stated, was founded upon our wish to determine whether a long-term/financial combination was indeed the preferable choice for the profit-making organization in order to create a strategic relation to the choice of implementation of social entrepreneurship. At the same time we wished to create this distinction given that a large portion of the currently available research on the subject of social entrepreneurship tends to relate it to the non-profit and non-governmental organization through a rather philanthropic approach. Having conducted the empirical research we can establish that both of our companies implement social entrepreneurship through the same combination of criteria in direct opposition to the general approach of the non-profit organization. Through the combination of the long-term and financial approach the company can thus find a strategic channel of putting into action the phenomenon in a sustainable manner.

Within our theoretical framework we presented our point of view in regards to the analysis of the implementation of social entrepreneurship through the use of a who/how/why approach. The reason why this distinction was deemed valuable was because the three approaches attack three valuable sources of insight within the field in order to better comprehend how social entrepreneurship can be used. Following the same reasoning of our

three key criteria we chose to further develop our point of view towards an analytical framework in order to show how the different criteria are connected to each other as well as how our studied companies are currently affected and implementing social entrepreneurship while at the same time showing what they expect to gain from it. Despite the differences within the companies, be it in regards to their fields, their history as well as their ownership structure, we find interesting the fact that the companies are showing identical paths in the implementation of social entrepreneurship. The path both companies are following is conveyed through the drawn broken line (the path established within the right side of the framework). The path of the framework is to be read from the top-down.



**Figure 6** - Analytical framework created by the authors for the frame of this paper.

### 5.1 Second level

On the second level we encounter what we previously referred to as “the who” aspect where we introduce the dichotomy between the shareholder and stakeholder model. The shareholder aspect is in clear reference to a more classic approach to the subject of decision making linked to a “from the top down” approach closely tied to the ownership and

management portion of a company. The stakeholder aspect is inclusive of the ownership portion of the company while at the same time encompasses all other parties with a stake in the company, meaning that they can affect or be affected by the actions of the company. On the basis of our empirical study we can establish that there is indeed a shift that can be perceived within the companies where the stakeholder influence is overshadowing the shareholder influence. The stakeholder influence is perceived as a valuable asset to the company from within both studied companies and is both considered necessary and sought after. The interesting aspect in this tier is also based on the fact that ownership form does not seem to impact heavily on this aspect despite Tetra Pak's private nature and the Danone Group's public nature.

## 5.2 Third Level

On the third level we are once more referring to our choice of theories in an attempt gather the eclectic selection of theoretical applications and frameworks that we deemed are highly relevant as well as connected to the concept of social entrepreneurship. The third tier refers as previously stated in the ways that social entrepreneurship can be implemented or to adjacent theories that are deeply connected to the subject. This is closely tied to "the how" question of our theoretical framework aiming to answer the question of how companies wishing to implement social entrepreneurship may approach the subject. In both studied companies we can establish that similar approaches are present. Both companies make reference to an early stage CSR-application, over new found approaches to BoP as a source to future win-win situations as well as talk about environmental issues and innovation within the field as a source of sustainable development. What can once again be established through our interactions with what we consider to be insiders in the field given their active connection to our subject, meaning their work with social entrepreneurship on a daily basis is that there is a certain amount of discrepancy in the use of the set terminology. Though theories studied would like us to clearly distinguish between the different terminologies, we find that the specialists themselves, though highly knowledgeable in the distinction between the terms, can have hard time always properly differentiating between them. This is linked to our own uncertainty linked to the research within the field especially in regards to previous studies established within it. The terms are too closely related, too closely tied, and sometimes correctly or incorrectly interconnected to each other and considered as direct

developments of each other, as is the case for example of viewing social entrepreneurship in certain regards as a natural evolution of the well-established phenomenon of CSR.

### 5.3 Fourth level

Within the fourth level of our model we encounter the strategic aspect of our overall question which is linked to “the why” companies may wish to implement social entrepreneurship within their strategic framework and the ways in which they can do it. In both researched companies there was an emphatically voiced detachment from the philanthropic approach and a clear focus towards the financial approach. The philanthropic approach would have tangible if there was an established detachment from a financial stake in the investments established within the field of social entrepreneurship, meaning that no profit or financial viability was required of them. Both companies make it very clear that social entrepreneurship and the values and ideals it entails is not just a tool to apply in order to introduce a socially applicable framework within the company but rather an active choice to deeply integrate the phenomenon within each respective companies business model. In both researched companies the underlying comment in regards to social entrepreneurship was that this is not just something that the companies DO but rather something that the companies ARE which further reinforces the financial viability aspect of the question. Without a sound profitability aspect the companies would not have the possibility to either survive in their respective environments or further develop themselves within the social field.

### 5.4 Fifth level

Within the fifth and final level of the model we find the discussion on the underlying expectations of the strategic choice of the company. In this tier we discuss the question of added bonus in regard to a philanthropic effort by interpreting it as a type of source of moral payback that does not need to be communicated and whereupon the knowledge of one’s moral deed and satisfaction it entails can be considered an adequate payment. On the opposite side we find the discussion lined to competitive advantages that may be achieved through the implementation of social entrepreneurship and the goals that a company may wish to achieve through the use of social entrepreneurship. Based on the information gathered through the empirical research, both companies agree that they have in many aspects managed to achieve competitive advantages through the use of socially related



efforts linked to social entrepreneurship and sustainable development in general. The focus on financial gains is as ever present and a conscious goal to achieve with every project they invest in while at the same time the improved image the company may receive from their activity in the socially entrepreneurial field is also considered an active key factor to consider towards implementation. Communication in this aspect is a key factor as well, the competitive advantages and image effect would not be possible without the existence of channels to promote a discussion with the stakeholders that allow the companies to further develop as well as improve their conceptualization of the phenomenon of social entrepreneurship. Finally what we can conclude from following the set path of our analytical framework is that it may be possible to become financially profitable by doing good, thus creating true win-win situations for both the company as well as the society it operates within.

From what we can see in the way our case study companies are implementing social entrepreneurship and the way they are influenced by it, there is an important number of common denominators that have been established with regards to the way of implementing this relatively recent phenomenon in a successful and sustainable manner.

Despite the fact that this paper is not a comparative study, we will present these findings in an integrated manner given the high amount of similarities established between them.

Having already recognized the factors that push forward the initiative for implementing social entrepreneurship, the ways in which it can be implemented, through which strategy and for what purpose, what remains to further establish on the basis of our empirical research are any factors that we deem may be linked to the successful implementation of social entrepreneurship in both of our case-study companies.

What can be perceived in the companies studied is that both started applying socially related approaches to their strategic framework early on, several decades ago to be more precise. The companies themselves express their firm belief that their success today is to a high degree linked to this initial approach, linked to the action of jumping onboard early on and staying on. Staying close to one's core product and core competencies is also of the greatest importance.

A genuine belief in the concept of social entrepreneurship as well as the action of implementing it all through the entire value chain of the company are also considered key factors for getting the stakeholders motivated and active. The communication channels are considered vital for several reasons, on one hand for the action of keeping the stakeholders informed of the company's efforts within the field. At the same time the creation of two-way communications channels, as is the case with the forum communication, permits the companies to access vital information on stakeholder interests allowing them to further develop and adapt the socially entrepreneurial approaches to meet the explicit needs of the stakeholders. Keeping an open mind is also considered of high value as well as seeking inspiration everywhere.

Transparency as well as honest engagement is essential in regards to working with social entrepreneurship given the close ties the phenomenon has to the value connection between the stakeholder and the company. It is important for the company to constantly keep the stakeholders aware of what they are doing, why they are doing it while always being truthful about it. According to the information gathered in this regard, the chain of events is based on true engagement leading to increased credibility with the stakeholders, which may lead to an improved image for the company thus contributing to a possible improved financial performance.

The long-term aspect of the projects in both case-study companies is another vital aspect that both respondents strongly refer to. The interesting aspect in this regard is that on the Tetra Pak there is a strong belief that the company can implement projects on a long-term basis on account of the private nature of the ownership structure. Within Tetra Pak there is a firm belief that had the company been public, the socially entrepreneurial development of the projects would have been stagnated by what they perceive as the public company's focus towards short-term solutions and short-term profit maximizing. Within the Danone Group, a public company, on the other hand there is an opposite point of view where the application of the long-term commitment in projects is rather linked to creating a commitment that cannot be broken. What they mean by that is in regards to the company's point of view that short term commitments are more easily influenced by the shifts of the economy rather than long-term ones. Following their reasoning being unable to get out of a

possibly financially difficult situation will force you to look in to the matter in alternative ways in order to locate the most financially optimal solutions.

From what we can see from the empirical research, everyone is in agreement that the phenomenon of social entrepreneurship may prove to be a sustainable source of true win-win situations with positive ripple effects. This further affirms our initial aspirations and preconceptions of establishing whether doing good can be good business.

## 6. Conclusion

Through the study of two multinational corporations we were able to get an insight into the phenomenon of social entrepreneurship and the way in which it can be implemented within today's corporate world. Unlike the initial theoretical approach to the subject linking it firmly to the non-profit sector, we were able to establish strong bonds of the phenomenon to the profit-making corporate world which permits us to voice our preconception that it may be good business to do good. Due to the fact that this research has been founded upon the exploration of two companies, it is not possible to make any generalizations from it. At the same time, this was never the purpose of our paper. The focus was instead set upon increasing the understanding of the phenomenon of social entrepreneurship through a focus on how a company may work with social entrepreneurship as well as what they expect to gain from it. This we deem that we have managed to answer and hope thus to be able to add to the theoretical discussion within this field. Finally, we hope that our point of view, firmly linking the corporate world to social entrepreneurship, may add to the validity of the approach within the theoretical sphere in order for it to be eventually considered as a viable strategic choice for the profit-making sector.

### 6.1 Suggestions for further studies

Our matrix and framework are solely created for the purpose of this paper and are thus intended for internal use only within the thesis and not as models to be implemented in other researches. At the same we believe that there are valuable lessons to be learned from further developing/researching certain aspects, as is the case with our matrix. The matrix that we created is consisting of what we see as 5 main points of analysis, the 4 boxes with in addition the center of the model that can be by some viewed as a point of interest on its own. For the frame of this paper we have been mainly referring to the 4 boxes given the highly subjective nature of the framework as well as the degree to which it is founded upon or personal interpretation of material from primary and secondary sources. At the same time we recognize that there may be value in researching this further by studying companies

that may fall in either of the other “boxes” in order to see whether any other distinct patterns can be perceived.

Our study has been founded upon a qualitative analysis given the highly complex nature of the subject, at the same time we recognize the need to apply the theoretical framework in a larger perspective through a quantitative study in order to attempt to see whether similar patterns can be perceived from researching the phenomenon in other profit-making companies as well as study what kind of differences may be established when comparing to the non-profit sector.

Finally we deem the connection between the classically philanthropic and the financial aspect of social entrepreneurship is a subject worth studying further in order to determine to which extent there is an expressed/actual paradigm shift from the philanthropic towards the financial and to which extent charitable aspects are getting sidelined on account of charity becoming hygienic factor. If the shift can be established further research could be of interest in analyzing if and at what point social entrepreneurship may go through the same paradigm

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## Figures

**Figure 1** – Our interpretation of: Carroll, Archie B. (1998), The four faces of corporate citizenship, *Business and Society Review*, Vol: 100 Issue: 1 Pages: 1-7

**Figure 2** – Prahalad, C.K. & Hart, Stuart (2002), The fortune at the Bottom of the pyramid, *Strategy + Business*, Issue 26

**Figure 3** - A point of view to the stakeholder model according to Foster and Jonker (2007), *International Journal of Quality & Reliability Management*

**Figure 4** – Matrix defining the correlation between longevity and strategic approach. Created by the authors for the frame of this paper.

**Figure 5** - Application of the Matrix created by the authors

**Figure 6** - Analytical framework created by the authors for the frame of this paper.

## Literature

Alvesson, M. & Sköldeberg, K. (2009). *Reflexive methodology; new vistas for qualitative research*. (2 ed) Los Angeles: SAGE. (p. 3-7) Retrieved from Google Books.

Bryman, Alan & Bell, Emma (2007), *Business Research Methods, 2 Edition Oxford University Press*.

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Yin, Robert K. (2003), *Case study research- design and methods, Vol 5, SAGE Publications*

## **Interviews**

### **Phone interviews**

Erik Lindroth- Environmental Manager, Tetra Pak, Lund 2010-12-06

Frida Keane- Nordic Health and Corporate Affairs Director, Danone, Stockholm 2010-12-07

### **E-mail interview**

Xavier Marcadé – Corporate Social Responsibility Manager, Danone Paris

## **Appendix**

### **Interview questions**

#### **Interview in Swedish**

- Vad är din position på Tetra Pak/Danone?
- Vad har du för akademisk bakgrund?
- Vad har du för historik inom företaget
- Vad betyder Social Entreprenörskap för Er?
- Hur kommer det sig att ni arbetar med Socialt Entreprenörskap?
- Varifrån kom initiativet att arbeta med Socialt Entreprenörskap? (Ägarsidan? Intressentsidan?) Hur ser ägarstrukturen ut? Vilka intressenter ställer högst krav på socialt entreprenörskap?
- Hur uttrycktes kravet på Socialt Entreprenörskap på företaget?
- Hur länge har ni arbetat med Socialt Entreprenörskap?
- Hur viktigt är det att arbeta med Socialt Entreprenörskap idag?
- Hur kommunicerar ni ert Socialt Entreprenörskaps arbete?

- Hur tas era ansträngningar av Social Entreprenörskaps arbete emot internt? Externt?
- Vem ansvarar för val och implementering av projekt inom Socialt Entreprenörskap?
- Vilka projekt är ni aktiva med? Hur många?
- Hur väljs dessa projekt? (medvetenhet om överensstämmelse till kärnverksamheten?  
Baserat på kostnaden? Måste de vara vinstgivande? Kan de gå med förlust? I så fall hur länge kan de gå back?)
- Hur långsiktigt hållbara är era projekt?Dvs. Vad påverkar val av projekt och dess långsiktighet, vad skulle få er att släppa ett projekt?
- Har ni några projekt som är mer kortsiktiga?
- Vad förväntar ni få ut av ert arbete med Socialt Entreprenörskap? Finansiella vinster? Image? Filantropi?
- Vilka är fördelarna / nackdelarna av att arbeta med Socialt Entreprenörskap?
- Vad skulle du säga till de som betraktar på ett cyniskt sätt näringslivets sociala ansträngningar, att det kan betraktas som bara en alternativ marknadsföringsstrategi?
- Vad säger du till Milton Friedman som påstår att företagets roll är att tjäna pengar?

### **Interview in English**

- Current position in Danone?
- Background (your educational/professional background)
- History (how you came to Danone and ended in the CSR department)
- What does Social Entrepreneurship mean for Danone?
- Where did the initiative come from to work with Social Entrepreneurship?  
(Influenced from the shareholders or stakeholders?).
- What does the ownership structure of Danone look like?

- Which stakeholders in the company would you say influence Danone the strongest?
- If Social Entrepreneurship was introduced on account of external influence, how was the request for Social Entrepreneurship expressed?
- How long has Danone worked with Social Entrepreneurship?
- How important is it to work with Social Entrepreneurship today?
- How do you communicate your socially entrepreneurial efforts?
- How are your Social Entrepreneurship efforts received internally and externally? (meaning are you aware of how people within as well as outside the company are perceiving Danone's social efforts)
- Who is responsible for the choice and implementation of socially entrepreneurial projects at Danone?
- How many projects is Danone currently involved with and what are they?
- How are Danone's projects chosen?

Is there a conscious choice of remaining close to the company's core competencies?

Is it based on costs? Do the projects have to be profitable?

Is it acceptable for a project to have financial losses?

If a financial loss is acceptable, for how long is it deemed acceptable?

- How sustainable are Danone's projects? (meaning what affects the longevity of a project and what would make Danone drop a socially entrepreneurial effort you are currently active with)
- Does Danone have any short-term projects or are most of the projects based on a long-term vision?
- What does Danone expect to gain from being involved with Social Entrepreneurship?

Financial gains?

Improved image?

Philanthropy?

- What are the pros and cons of working with Social Entrepreneurship according to Danone?
- Finally what would you say to those, outside the company, that perceive today's corporate worlds effort into socially responsible action with a cynical frameset claiming that all such efforts are merely a PR/Marketing maneuver?
- Also, what would you say to Milton Friedman's comment claiming that a business has no other responsibility than to maximize its profits?