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**Corporate Social Responsibility as a Strategic Management Tool:  
A Comparative Case Study Between Yalla Trappan and The Vegan Bar**

by

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## **Abstract**

### **Purpose**

First, this study aimed to explore the development of CSR as a discourse and theoretical concept from the 1950's until today. The purpose of this was to generate insights into how CSR agendas have changed over time and to better understand where it is today. The second aim was to better grasp the business-societal dynamics and implications of CSR as a practice today, so we conducted a comparative case study of two local SMEs.

### **Methodology**

Adopting an exploratory and comparative case-study strategy, CSR as a strategic management tool was analyzed using a qualitative research design. The empirical findings in this study arose from the literature reviewed, as well as from the qualitative data collected through purposefully selected companies and interviewees.

### **Findings: Literature review**

CSR has evolved from a normative and moral perspective in the 1950s, shifting to a strategic CSR perspective in the 1990s. There has been a gradual reversion to the normative moral ideas of CSR, such as for the social responsibilities and obligations of businesses. Nevertheless, with the acknowledgment that businesses and society live in symbiosis, continuously affecting each other, the discourse of CSR has more recently been coupled with strategy. Businesses also have to actively attend to their stakeholders as there is a positive association between managing relations with key stakeholders and firm performance, specifically for SMEs.

### **Findings: Case studies**

Yalla Trappan is a small business focusing on providing work opportunities and employment for marginalized women in Rosengård, Malmö. The Vegan Bar focuses on serving the vegan community in Malmö, and its strategy and business operations focus on providing the public with what is missing, as well as focusing on contributing to a more sustainable future. Both business models are innovative and value-creation focused businesses, where they have gained competitive advantage because of their CSR-oriented business strategies. Furthermore, we found that Yalla Trappan and The Vegan Bar have adhered to the principle of shared value - creating both financial and societal value.

### **Limitations:**

The main limitation lies in the fact that of only having studied two SMEs for a short period of time; we are cautious about drawing overarching generalizations for CSR as a business management tool in SMEs. We are merely able to shed light on this complex issue. This thesis is, additionally, built upon our own perceptions and values, and that of our interviewees. Therefore, this means that the results are subjective to our own understanding of CSR and what it entails.

**Keywords:** Corporate Social Responsibility, Strategy, Stakeholder Management, SMEs and Malmö

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## **Chapter 1: Introduction**

The topic of sustainability has gained attention in the last couple of decades and it has become somewhat of a buzzword across academic and non-academic fields, with journals, books, websites, discussion lists and blogs discuss and dispute it regularly (Carroll & Shabana, 2010). Some are pleased to see this increase in momentum, claiming that the topic of sustainability should become encrusted in everyday business life, and a mainstream strategic business goal (Porter & Kramer 2006, 2011; McWilliams & Siegel, 2001, 2006). In the business context sustainability is coupled up with Corporate Social Responsibility (CSR). Whilst it is clear that an overarching definition of CSR does not exist, we agree with Katsoulakos et al. (2004) that CSR can be viewed as a company's verifiable commitment to operate in an economically, socially, and environmentally sustainable manner that is transparent and increasingly satisfying to its stakeholders. We also agree with McWilliams et al. (2006) in explaining CSR as: "situations where the firm goes beyond compliance, and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (McWilliams and Siegel, 2001 in McWilliams et al. 2006, p.1).

Over the last couple of years, the topic of CSR has become all the more prominent in business life, especially in business strategies as a management tool to compete in the market and gain competitive advantage (Lee, 2008; Grayson & Hodges, 2004; Jenkins, 2009). Amongst prevailing strategy and management scholars, CSR is most often referred to as strategic CSR, as when utilized correctly, it is believed to capture value for businesses as well as for society. As aspiring managers, who wish to work with CSR in the future, we aim to acquire new knowledge and enhance our understanding on the topic. We also wish to gain a deeper understanding of the complexities and possibilities that exist in the business-society relationship.

### **1.1 Background and problem discussion**

Since the 90s CSR has been strongly connected with strategy literature. It is argued and suggested that CSR can help companies achieve a unique market positioning if they apply and incorporate CSR into the core of their strategies (Porter & Kramer, 2006, 2011; McWilliams et al., 2006; Panwar et al. 2016). Strategy is argued to be a process of value

creation, where accordingly the objectives of companies are to capture a share of that value by answering to the demands of the consumers in the market (Kumar et al, 2000; Florin et al. 2007 & Charitou and Markides, 2003). The growing recognition of CSR comes from the acknowledgement of the mutual dependencies between businesses and society's promising, as well as challenging, social conditions (Carroll, 1999). Whilst CSR has generally been associated with larger companies and businesses, there is now a growing recognition of the role of small and medium-sized enterprises (SMEs) in the CSR context.

SMEs, which usually employ fewer than 250 employees, represent 99% of all businesses operating inside of the EU (European Commission, 2017). They are accordingly responsible for 66% of total employment and half of the total value added in the EU (Lepoutre & Heene, 2006), figures that make SMEs important players in the EU's corporate world. Furthermore, with the growing importance of CSR at the local level, SMEs also become an important player for society as a whole.

As Panwar et al. (2016) explain, small firms have traditionally received much less attention than large firms in the CSR literature. Conventional approaches to CSR are based on the assumption that large companies are the norm, and CSR research has predominantly been developed in the context of, and for, large corporations (Jenkins, 2004). Various scholars, such as Hitchens et al., and Wolff and Pett (in Panwar et al., 2016), argue that small firms are less likely to engage in social responsibility. This view is still prominent as there is a general assumption that the impacts SMEs have on society and on the environment are small; similarly, there are also assumptions that small firms lack the time and resources needed to focus on social responsibility activities (Panwar et al. 2016). Counter arguing this, Spence and Lozano, (in Panwar et al. 2016) suggests that small firms differ fundamentally from large firms and argue they should not be viewed simply as smaller versions of large firms – especially with respect to their social responsibility behavior. Some studies even argue that small firms are better positioned to participate in social responsibility than larger companies, since SMEs are flexible and adaptable, and can therefore respond quickly to changing circumstances (Jenkins, 2009; Hammann et al., 2009). Furthermore, as Jenkins (2009) argue, SMEs are often creative and innovative in their business approaches, which can be applied to the development of innovative approaches to CSR.



Panwar et al. (2016) argue there exists considerable evidence suggesting that SMEs approach CSR in a different manner than larger firms. Specifically, in at least three ways: first, they approach social responsibility in a personalized and informal manner; secondly, their social responsibility engagement often reflects the owner's own values and are often adapted to the needs of the surrounding community; and lastly, they tend to engage in social initiatives more out of genuine concern for the community rather than for anticipated business benefits.

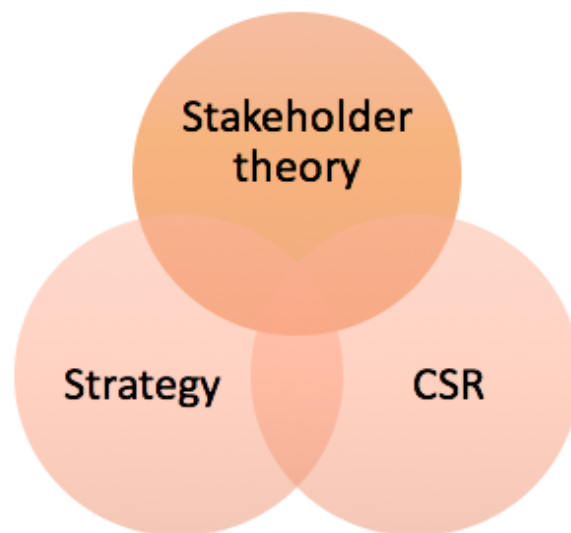
## **1.2 Identifying the gap**

There is currently a gap in the existing literature regarding CSR as a business strategy, specifically in relation to SMEs, and the impact their business operations have on the local business-society relationship (Lee, 2008; Jenkins, 2009). As residents of Malmö, we have observed that there are many SMEs that constitute the thriving business sector, and we would like to deepen our understanding on how the SMEs have combined CSR and strategy in their contemporary business operations. Moreover, as management students we have also observed a gap in the existing academic literature covering the society-business relationships in Malmö. This thesis attempts to fill these gaps.

## **1.3 Purpose**

The purpose of this study is twofold. First, we aim to explore the development of CSR as a discourse and theoretical concept from the 1950s until today. The purpose of this is to examine and generate insights into how CSR agendas have changed and evolved over this timespan. We believe it is important to understand its development in order to be able to define and implement it in today's context, but also to be able to understand company strategies and business decisions. Second, in order to better grasp the business-societal dynamics and implications of CSR as a practice, we aim to conduct a comparative case study of two local SMEs. We aim to better understand how SMEs apply CSR as a strategic management tool, how important CSR is as a part of their business strategy, and how they use it to stay relevant and to gain competitive advantage in an all-the-more globalising world.

Our purposes are rooted in the acknowledgment and acceptance that CSR remains embryonic, and as a possible future challenge for societies and businesses. We believe it is important to understand the development of CSR as both a business management philosophy, that is encrusted within companies, and as a response to the responsibility they have in enabling sustainable development in societies. Our contribution is to add to current CSR literature, by exploring the society-business dynamic and relationship in the SMEs sector in Malmö. In order to achieve our objectives, we aim to use the concepts of stakeholder theory, CSR and strategy as our theoretical lenses (see figure 1).



*Figure 1: The theoretical lenses (Twingler & Afriyie, 2017)*

## **Chapter 2: Literature Review & Conceptual Framework**

This chapter presents the literature review, its finding, and the conceptual framework of this study. Thus, the chapter is divided into three parts; literature review, literature findings and conceptual framework. The first part is the development of the CSR field. Second, is the findings of the CSR research and literature. The third part presents the conceptual framework that will be applied to achieve the overall purpose of this study.

### **2.1 Literature Review**

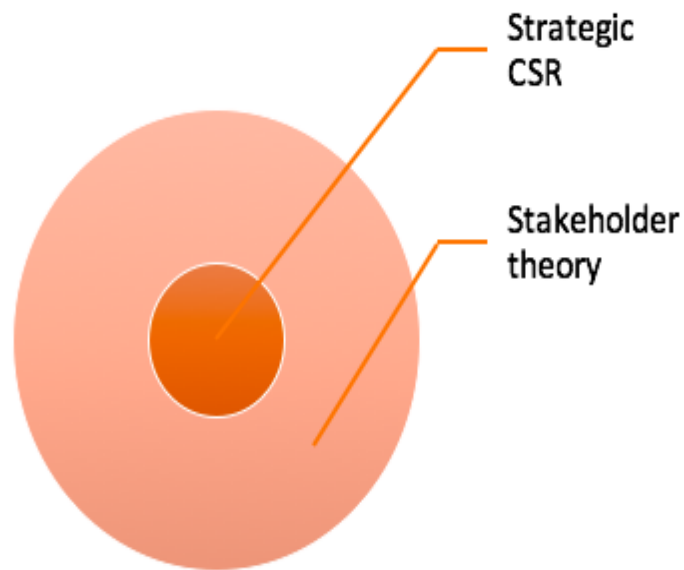
#### **2.1.1 Stakeholder management: An essential component of contemporary CSR**

Stakeholder theory and management has been useful in helping scholars identify and specify corporate responsibility (CR) (Parmar et al. 2010) and, as a result, it has become one of the most important components of CSR theory today (Crane et al. 2014). Stakeholder theory suggests that managers should take into account a range of groups and individuals that can affect, or are affected by the actions of the firm (Freeman, 1984 and Laplume et al. 2008, in Balakrishnan et al. 2017). In the discourse of CSR, stakeholder management could be defined as the decisions and actions that influence a firm's relationships with key stakeholder, such as employees, customers, suppliers, creditors, and shareholders. It could also further be defined as the strategic changes that help to create and preserve value and overcome competitive disadvantages (James, 2016). Stakeholder theory and management can be viewed as providing a foundation, which may be used to evaluate a firm's influences and its relationships with key stakeholders, in decisions, actions and strategies for improving long-term performance (James, 2016). Thus, by analyzing and utilizing stakeholder theory and management perspectives as a base, strategy scholars (Porter & Kramer, 2006, 2011; Panwar et al., 2016; McWilliams et al. 2006; Lee, 2008) have been able to make theoretical arguments to argue whether a firm is likely to make value-enhancing strategic changes in their overall business strategy, corporate social agenda and CSR activities.

According to Lankoski et al. (2016), stakeholder value is at the core of stakeholder theory. As the authors explain, “[c]entral to all perspectives and variants of stakeholder theory is the concept of stakeholder value, that is, the utility experienced by stakeholders as a result of corporate decisions and actions” (Lankoski et al. 2016, p.228). In line with Lankoski et al.

(2016, p.33), we would agree on defining stakeholder value as “the subjective judgment of a stakeholder, occurring at the individual level of the total monetary and non-monetary utility experienced” as a result of decisions or actions taken by businesses and organization. Further to this, Donaldson and Preston (1995 in Balakrishnan et al. 2017) proposed three justifications for using a stakeholder model for the modern corporation: descriptive, instrumental, and normative, with the core justification being normative. Several prominent scholars agree that stakeholder theory is outlined into these three components (Jones & Wicks, 1999 in Balakrishnan et al. 2017; Parmar et al. 2010). The descriptive justification represents the authenticity in which businesses operate, i.e. how managers practice stakeholder management. The instrumental justification argues that practicing effective stakeholder management should result in higher firm performance and survival. Finally, the normative justification argues that moral and fair practices require attending to stakeholder interests. Building on the stakeholder theory and management perspectives, strategy scholars have emphasized the importance of understanding how managing relationships with all stakeholders influences a firm's competitive advantage and performance.

As James (2016) argues – along many other scholars in the field – managers have to attend to their stakeholders, as they believe there is a positive association between managing relations with key stakeholders and firm performance. In the contemporary CSR and strategy literature, CSR management recommendations are highly influenced by stakeholder theory and management, that is understanding and attending to the needs of stakeholders. Further on this, as Crane (2014) argues, the stakeholder concept is influential today because it is dominant, and urges businesses to engage with society and social issues in a concrete way. For the last decade, prominent strategy scholars have stressed that businesses can enhance their competitive advantage by practicing a business based on shared value, benefiting both the firm and society. Therefore, becoming a business with successful CSR practices is rooted in strategically managing stakeholder relations as well as the business-society relationship – see figure 2.



*Figure 2: Sustainable CSR practice (Twingler & Afriyie, 2017)*

### **2.1.2 Historical development of CSR as a field**

Prior to the 1980's discourse on stakeholder management, CSR was based on normative moral ideas and macro-social terms, such as the ethical and social obligations of businesses vis-à-vis society. As one of the most prominent and well-known CSR researchers, Carroll's (1999) work provides valuable background information on the nature and development of CSR throughout history. As Carroll (1999) writes, the construct, evolution and modern era of CSR should be traced back to the 1950s, even though some of the first writings about social responsibility appeared as early as the 1930s.

Going back to the 1950s, Bowen's (1953 in Carroll, 1999) publication "Social Responsibility of the businessman" can be marked as the beginning of modern literature on the subject of CSR. Bowen's (1953 in Carroll, 1999) viewpoint derived from the idea that businesses were vital centers of power and, accordingly, their decisions and actions affected the lives of citizens and society at large. Bowen's (1953 in Carroll, 1999, p.6) original definition of the social responsibility of the businessmen "refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable

in terms of the objectives and values of our society". Importantly as Bowen (1953 in Carroll, 1999) previously acknowledged, social responsibility is no panacea, nevertheless, it contains an important truth regarding the power of businesses and businessmen in regards to society. Rightfully argued by Bowen (1953 in Carroll, 1999) it was a truth so vital that it ought to guide businesses in the future. McGuire (1963 in Carroll, 1999) argued along the same line, claiming that corporations have economic and legal obligations, but also responsibilities that extend beyond these basic obligations. In his view, corporations must act "justly", as a proper citizen should, and take an interest in politics, in the welfare of the community, in education, in the happiness of its employees and, in fact, in the whole social world around it.

As the topic, and concerns regarding businesses and their socially responsible role emerged, the literature covering the issue expanded as well. Davis (1960) referred to social responsibility as "businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest" (Davis, 1960, p.70). As one of the first and most important scholars in the field, Davis (1960) stressed that social responsibility is a complex and nebulous idea, however, it should be comprehended in a managerial context. He claimed that socially responsible decisions have a good chance of bringing long-run economic gain to businesses, thereby arguing that businesses could have socioeconomic return for their socially responsible outlook. In 1967 Davis (1967, in Carroll, 1999, p. 272) revisited the subject, arguing that "[t]he substance of social responsibility arises from concerns for the ethical consequences of one's acts, as they might affect the interests of others".

Walton (1967) addressed many aspects of CSR, focusing on the role of businesses and businessmen in modern society. In her view, social responsibility recognises and reflects the intimate relationships between society and business. These relationships ought to be kept in mind and safe-guarded by business managers while corporations and related groups pursue their respective goals. In contrast to previous scholars and theorist, Walton (1967) elaborated and emphasized the meaning of social responsibility on a higher level. She shed light on the aspect and significance of "voluntarism" in social responsibility and business life. In her view the word "voluntarism" first meant offering to do something rather than being

coerced into doing it, and secondly, it signified the acceptance that there are costs involved with social responsibilities, of which it may not be possible to measure direct economic returns. In summarizing the evolution of CSR in the 60s, one could reason that the scholars from this era had developed a view of mutual beneficence regarding CSR, for society and businesses.

The 1980s marked the era where “the core concerns of CSR began to be ‘recast’ into alternative concepts, theories, models and themes”, such as corporate social responsiveness, business ethics and stakeholder perspectives (Carroll, 1999, p.284). For instance, Drucker (1984) argued that CSR was compatible with profitability, stressing that businesses ought to convert social responsibilities into business opportunities, thus turning the responsibility in CSR to opportunity. Accordingly, he argued that “the proper ‘social responsibility’ of business is to tame the dragon, that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth” (Drucker, 1984, p.62).

Jones (1980) revised the concept of CSR to be understood as a process. In his view, a business could engage in a series of decisions that could constitute CSR behavior. He explained corporate social responsibility as the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law. Two parts of this definition are critical. First, the obligation must be voluntarily adopted; behavior influenced by the coercive forces of law is not voluntary. Second, the obligation is a broad one, that extends beyond the traditional duty to shareholders and to other societal groups such as customers, employees, suppliers, and neighboring communities (Jones, 1980).

Scholars such as Tuzzolino and Armandi (1981) developed a tool for assessing CSR by proposing a need-hierarchy framework pattern after Maslow's (1954 in Carroll 1999) need hierarchy. They reasoned that businesses like people had certain criteria that needed to be achieved, criteria such as organisational safety and self-actualization. Furthermore, scholars such as Dalton and Cosier (1982) introduced their 2x2 matrix, which presented legality on one axis and responsibility on the other – see figure 3. They claimed that there were four

faces of social responsibility; illegal, legal, irresponsible and responsible, and emphasized that cell D, the legal and responsible cell was the CSR behavior that business should aspire to and follow. Wartick and Cochran (1985) advanced the conceptualization of CSR with their “corporate social performance model”. The author revamped three aspects of CSR – thus corporate social responsibilities, corporate social responsiveness and social issues—into a framework of principles, processes, and policies.

**THE FOUR FACES OF SOCIAL RESPONSIBILITY**

	Illegal	Legal
Irresponsible	A	C
Responsible	B	D

*Figure 3: The four faces of social responsibility (Dalton and Cosier, 1982, p.40)*

Since the late 1990s “CSR has been coupled with strategy literature” and its relationship with market outcome has been made more explicit (Lee, 2008, pp.54-55). Furthermore, as Katsoulakos et al. (2004) describe, CSR is increasingly being comprehended as a company’s verifiable commitment to operate in an economically, socially, and environmentally sustainable manner that is transparent and increasingly satisfying to its stakeholders. McWilliams and Siegel (2001 in McWilliams et al. 2006, p.1), describe CSR as “situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law”. They argue that CSR has several strategic implications and that it can be considered as a form of strategic investment that can enhance competitive advantage and stakeholder relationships (McWilliams et al. 2006). To our understanding, this explanation adjoins Carroll’s (1991) argument and reflections on moral management in business management, as here the notion and focus is about doing what is right and good for society.

In the vast publications on strategy theory, and among prominent scholars, business strategy is rationalized as the ability to create a competitive advantage through market



positioning and value creation, which attracts customers as a result (Porter, 1985, 2008; Panwar et al. 2016). The notion is that a useful and dynamic strategy is a process that explores and exploits the internal and external perspectives of the business (Porter, 2008; Barney, 1991; Prahalad & Hamel, 1990). The internal perspective, for example, can facilitate and enhance a company's capability to differentiate itself in the market. Prahalad & Hamel (1990) and Barney's (1991) Resource Based View (RBV) suggest to invest in and exploit the internal resources, such as core competences like employees and physical assets, and link and align them with external opportunities. However, no matter the approach, the process and strategic choices ought to reflect 1) the industry structure and conditions, 2) strategic positioning, accordingly it needs to 3) create options, 4) create value through 5) alignment and strategic fit (internal resources and external demand) (Porter, 1985). The last three strategic choices are of relevance and of interest for this study and accordingly, where this thesis will place its research focus. It is important to point out that CSR should not be seen as a bull-print, step by step recipe, because CSR is highly contextual and can therefore vary substantially across nations, regions, and lines of business (McWilliams et al. 2006; Porter & Kramer 2006, 2011).

In the last decade, strategic management scholars like Porter and Kramer (2006, 2011) have devoted their work to mapping-out social opportunities and explaining how "CSR can be much more than a cost, a constraint, or a charitable deed – it can be a source of opportunity, innovation, and competitive advantage" (2006, p.80). In their recent work Porter and Kramer (2011, p.64) talk about how "[c]ompanies must take a lead in bringing business and society back together". They explain that CSR has emerged as an inescapable priority for business leaders and propose a new approach to look at the relationship between business and society. In essence the arguments and recommendations fit alongside the reasoning that shared dependence of corporations and society entails that both business decisions and social policies must follow the principle of shared value (Porter & Kramer, 2006). Neither society nor business can survive without the other and a temporary gain to one will undermine the long-term prosperity of both.

In recent years, businesses' activities have increasingly been viewed as a major cause of social, environmental and economic problems, with firms all the while prospering at the

expense of the broader community; however, now society and consumers are demanding business to be more socially responsible. According to Porter and Kramer (2006, 2011) part of the problem lies with companies and business, as they remain trapped in an outdated approach to value creation. The business world still lacks an overall framework for guiding these efforts, and most companies remain stuck in a social responsibility mind-set in which societal issues are at the periphery and not the core. In line with our own judgement, Porter and Kramer (2006) argue that corporate response in CSR management has been neither strategic nor operational but cosmetic, with a focus on managing public relations and media campaigns, solely publishing glossy CSR reports that showcase companies' social and environmental good deeds. Furthermore, Porter and Kramer (2006, p.80) worry that "[t]he prevailing approaches to CSR are so disconnected from business that they obscure many of the greatest opportunities for companies to benefit society." In their view "[a]n affirmative corporate social agenda moves from mitigating harm to reinforcing corporate strategy through social progress." (2006, p.84). Therefore, to advance the strategic management of CSR business-people must root CSR in a "broad understanding of the interrelationship between a corporation and society while at the same time anchoring it in the strategies and activities of specific companies." (2006, p.83). In Porter and Kramer (2006) we can observe that the moral management in business is inescapable even for scholar. They explain interdependencies and affirmative corporate social responsibility as follows:

*"Successful corporations need a healthy society. Education, health care, and equal opportunity are essential to a productive workforce. Safe products and working conditions not only attract customers but lower the internal costs of accidents. Efficient utilization of land, water, energy, and other natural resources makes business more productive. Good government, the rule of law, and property rights are essential for efficiency and innovation.... Ultimately, a healthy society creates expanding demand for business, as more human needs are met and aspirations grow Any business that pursues its ends at the expense of the society in which it operates will find its success to be illusory and ultimately temporary"* (Porter & Kramer, 2006, p.83).

In the business context, the interdependencies between society is what business Porter and Kramer (2006) refer to is the inside and outside linkages. The inside-out linkages are when a

company imposes upon society through its operations in the normal course of business, while the outside-in linkages are the external social conditions that also influence corporations, for better and for worse. Social conditions are more important than businesses may acknowledge, however, its importance does not lie in the short-term, but in its impact on a firm's ability to compete in the long run. Furthermore, according to contemporary scholars, social conditions are a broad array of opportunities and challenges and some may have both implicit and explicit impact on businesses (Porter & Kramer, 2006; Jenkins, 2009; Galbreath, 2008). In line with Porter and Kramer (2006), we believe strategic CSR should be understood as a strategic opportunity. Accordingly, "CSR is not whether a cause is worthy but whether it presents an opportunity to create shared value – that is, a meaningful benefit for society that is also valuable to the business" (Porter & Kramer, 2006, p.64). Therefore, creating the affirmative corporate agenda is looking beyond community expectations and legal regulations, towards business opportunities that creates social and economic benefits simultaneously. This is where a business can choose its corporate social agenda and level of CSR commitment either by applying a responsive CSR or Strategic CSR (see figure 4).

Responsive CSR is when a firm addresses generic social issues and act as good corporate citizen. Here, the aim and wish is to create good will and manage stakeholder relations with locals. Strategic CSR is the higher level of commitment, the corporate social agenda and strategy must go beyond best practice. Strategic CSR involves both inside-out and outside-in dimensions working simultaneously. It is a long-term commitment and "[i]t is about choosing a unique position– doing things differently from competitors in a way that lowers costs or better serves a particular set of customer needs. These principles apply to a company's relationship to society as readily as it does to its relationship with its customers and rivals" (Porter & Kramer 2006, p88). Through strategic CSR a company can make significant social impact and reap the greatest business benefit.

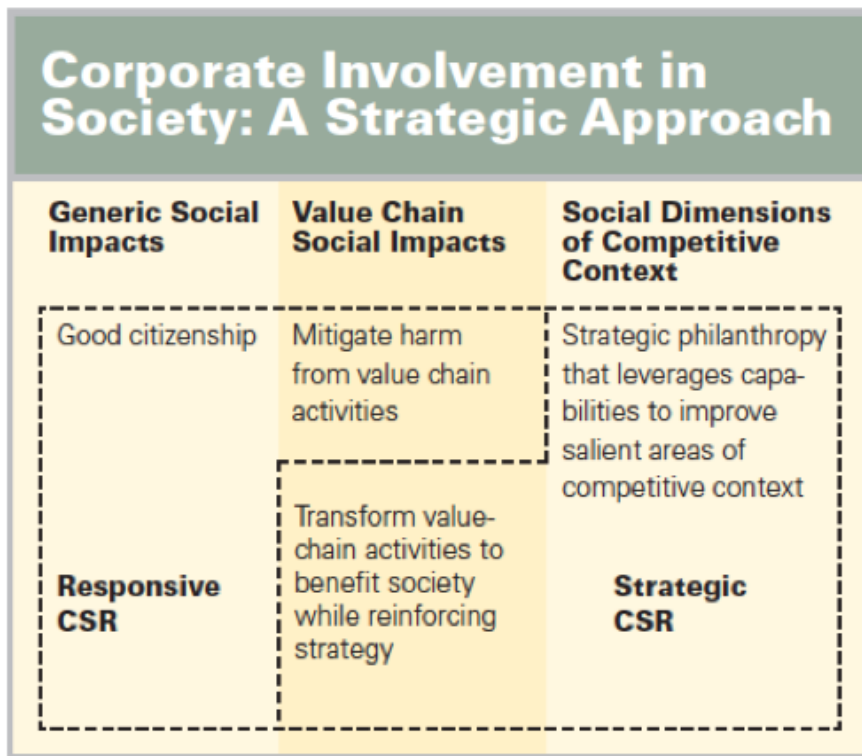


Figure 4: Corporate Involvement in Society: A Strategic Approach (Porter & Kramer, 2006, p.89)

The solution lies in the principle of shared value (Porter & Kramer, 2006, 2011). It is a principle and understanding whereby shared value is not social responsibility, but a new way to achieve economic success, and it should be considered as a form of strategic investment and sustainable business strategy (McWilliams et al. 2006). Grayson and Hodges (2004) argue that the driver for business success is entrepreneurialism and capitalizing on corporate social opportunities (CSO). Thus CSO is “a competitive instinct and a willingness to look for innovation from non-traditional areas such as those increasingly found within the CSR agenda” (Grayson & Hodges, 2004, p.9). Jenkins (2009) argues there are three dimensions to corporate social opportunity (CSO) – innovation in products and services, serving unserved markets and building new business models. Porter and Kramer (2011) believe that the transformative power of shared value requires a deeper appreciation of societal needs, a greater understanding of the true bases of company productivity, and that one collaborates across profit/nonprofit boundaries.

In our judgement, strategic CSR management should be utilized as a business tool to capitalize on the benefits and opportunities enabled by CSR and CSO. In strategic CSR there

is no longer a separation of corporations' social and economic performance, as well as value creation (Grayson & Hodges, 2004; Jenkins, 2009; Galbreath 2008, Porter & Kramer, 2006, 2011). As Lee (2008, p.62) argues "[t]he concept of CSR is stretched", and it can be applied to all the activities a company engages in while doing business (Porter & Kramer, 2006). Additionally, strategic management scholars suggest that CSR focus in business strategy should be considered as a form of strategic investment (McWilliams et al. 2006; Siegel & Vitaliano, 2007). In line with Jenkins (2009) and Galbreath (2008) thoughts and recommendations, we also believe that corporate social agenda and CSR is increasingly becoming necessary in today's competitive business environment. Thus, integrating CSR into the core of a business strategy is vital in sustaining one's business and developing a competitive advantage.

## **2.3 Findings of literature review**

### **2.3.1 The development of normative ideas about moral CSR**

The discourse of CSR has gained greater attention in academic literature and amongst business practitioners for quite some time. In 1917, Henry Ford (in Lee, 2008, p.54) wished to reinvest some of the operational profits back into society. The purpose was to 'give back' in a way that would benefit both consumers and society, as a whole. Ford (1917 in Lee, 2008) defended his corporate social business ideas and mindset by reasoning that "[b]usiness is a service not a bonanza", hence the business and society relationship should not solely be seen as an opportunity for exploitation. Unfortunately, Ford (1917 in Lee, 2008) failed to convince shareholders about the company's social responsibility in regards to society. In 1999, almost 80 years later, Ford's great-grandson William C. Ford. Jr (in Lee, 2008) similarly tried to persuade the company's shareholders/stakeholders of the importance of business as a service to society. Both Fords' (in Lee, 2008) reasoned and argued along the same judgement, and advocated for the interdependencies and reciprocity that existed between businesses and society, however, only Ford Jr. (in Lee, 2008) managed to do so. Over this 80-year time span, the business-society relationship seems to have evolved and had a positive influence on the shareholders of Ford, and enhanced the shareholder's willingness to give back to society.

In the 50s and 60s, CSR research focused on how macro-social institutions could implement CSR (Bowen, 1953 in Lee, 2008). Our findings from the literature review demonstrate the evolution and shift from normative and moral perspectives about CSR in the 50s, to the focus on strategic CSR in the 90s (see figure 5). There are two main shifts in the rationalization of CSR according to Lee (2008). First, in terms of the level of analysis, researchers have progressively moved from the macro-social effects of CSR to the organization’s effect of CSR on business strategy and performance (Lee, 2008; McWilliams et al. 2006; Panwar et al. 2016). Second, in terms of theoretical orientation, researchers have moved from explicitly normative and ethics oriented studies, to implicitly normative and performance-oriented research (Lee, 2008). Our findings are similar to various prominent scholars in the CSR academic field. Just as Panwar et al. (2016, p.578) summarizes the evolution of CSR, our findings indicate that over time the discourse attention on moral CSR morphed into a strategic CSR.

	50s & 60s		90s
Level of Analysis	Macro-social	→	Organizational
Theoretical Orientation	Ethical/Obligation	→	Managerial
Ethical Orientation	Explicit	→	Implicit
Relationship between CSR & CFP	Exclusive/No discussion	→	Tight coupling

Figure 5: Trends in CSR research (Lee, 2008, p.56)

While researching and exploring CSR literature post 90s and up to this day, we observed that there has been a gradual reversion to some of the fundamental features of the normative moral ideas and macro-social terms of CSR, such as the ethical and social obligations of businesses. These grand and normative ideas about corporate responsibility served as the fundamental guidelines in the debate regarding the concept of CSR already in the 50s and 60s.

Compared to the 1990s, today we can observe that elements of the moral aspect have come back into play in the CSR discourse. With terms and theories such as shared value and values that creates value, there is a strong suggestion that the relationship and interdependencies between business and society have come closer than ever before. Whilst it was very separated in the 50s to the 90s, and based on our research and our findings, we created an adaptation of Lee’s model (see figure 6), which shows how CSR literature seem to look today. Whilst it is argued here that CSR was either macro-social or organizational on the analytical level, ethical or managerial theoretically, and explicit or implicit in its ethical orientation, we argue that the post 90s/2000s literature covering CSR argues for CSR as a dual and dynamic theory, concept and perspectives. Consequently, contemporary literature writes about CSR in both macro-social and organizational levels, with ethical and managerial viewpoints, in both explicit and implicit argumentations.

	50s & 60s	90s	2010-15
Level of Analysis	Macro-Social	Organisational	Macro-Social ↔ Organisational
Theoretical Orientation	Ethical / Obligation	Managerial	Ethical / Obligation ↔ Managerial
Ethical Orientation	Explicit	Implicit	Explicit ↔ Implicit
Relationship between CSR & CFP	Exclusive/No discussion	Tight coupling	Tight coupling

Figure 6: Trends in CSR research post 2000s (Twingler & Afriyie, 2017)

Additionally, prominent scholars have stressed that researchers today ought to broaden the scope of their contemporary studies. For instance, Lee (2008), Jenkins (2009) and Hammann et al. (2009) recent work suggests including SME’s in the scope of CSR research, in the context of globalization. Jenkins (2009) stresses that SMEs can take advantage of the opportunities presented by CSR. She describes how businesses can niche themselves by implementing CSR in business operations that contribute to accomplishing economic, social and environmental sustainability, otherwise known as CSO (Jenkins, 2009). She argues there are three dimensions to CSO – innovation in products and services, serving unserved markets and building new business models (Jenkins, 2009).

### **2.3.2 CSR is ethically and virtuously good for businesses and society**

We can observe that contemporary research and publications conclude that international institutions, business managers and shareholders have begun to realize and accept that serving society is not a financial loss but can rather lead to financial rewards in the long run (Andreescu & Popovici, 2016; Torres et al. 2012). Furthermore, coupling CSR with business and operational strategies has been argued to have a positive market outcome if implemented correctly in business decisions and actions (Porter & Kramer 2006, 2011; McWilliams, 2008).

As mentioned in chapter two, strategy is best comprehended as a dynamic process. Accordingly, CSR is to be viewed as a dynamic relationship between businesses and society. Porter and Kramer (2006) subjectively argue that corporations need a healthy society in order to be successful, and the mutual dependencies between businesses and society implies there is a win-win situation for both parties. Porter and Kramer (2006) successfully mapped out the points of intersection between businesses and society, and thereafter categorized social issues (see figure 7) that could serve as a basis and platform on how firms can formulate a business strategy that serves both parties. They stress that the affirmative corporate social agenda moves from easing harm to strengthening corporate strategy through social progress. They further explain that, “[t]ypically the more closely tied a social issue is to a company’s business, the greater the opportunity to leverage the firm’s resources – and benefit society” (Porter & Kramer, 2006, p.88). Hence, the mutual dependence of corporations and society implies that both business decisions and social policies must follow the principle of shared value. Our findings show that, even today the proper strategic social responsibility of business is to tame the dragon – similar to Drucker’s (1982) suggestions almost 40 years ago – thereby turning a social problem into business opportunity, creating shared value that benefits both the business and society simultaneously.



<b>Prioritizing Social Issues</b>		
<b>Generic Social Issues</b>	<b>Value Chain Social Impacts</b>	<b>Social Dimensions of Competitive Context</b>
Social issues that are not significantly affected by a company's operations nor materially affect its long-term competitiveness.	Social issues that are significantly affected by a company's activities in the ordinary course of business.	Social issues in the external environment that significantly affect the underlying drivers of a company's competitiveness in the locations where it operates.

Figure 7: Prioritizing Social Issues (Porter & Kramer, 2006, p.85)

Interestingly, we find that a large share of the post 2000s research and publications suggest CSR to be a field of business opportunities. Prominent scholars have focused their research in ways that point towards providing strategic CSR frameworks for businesses, and these strategic frameworks suggest how businesses can help society. In Porter and Kramer (2011), they argue in favor of the shared value perspective, stressing that businesses must reconnect company success with social progress. As previously mentioned, Grayson and Hodges (2004) coined the concept of CSO, thus the potential opportunities social responsibility could entail for the corporation. Additionally, Porter and Kramer (2006 & 2011) stress that businesses should see their relationship with society as an exchange that benefits both parties. Hence, these authors stress that business strategies should utilize their inside-outside linkages, by formulating and establishing business operations that create both a value to the business as well as society.

The stakeholder concept and the normative, instrumental and descriptive components perspectives has been useful in CSR theory, and it is one of its most important components (Crane et al. 2014). Firstly, in terms of business strategy, the normative justification is rooted in the moral and ethical considerations such as the mutual dependencies and

responsibility of corporates. Secondly, the instrumental justification has helped to attract the value creation, financial gain and, accordingly interest amongst businesses. Finally, the descriptive justification has provided perspectives within stakeholder management. Our findings indicate that the current development of CSR literature includes strategy and society, showing that there is an increased awareness and acceptance that businesses are rather forced to acknowledge that firms do not operate in a vacuum – since business and society live in symbiosis, continuously affecting each other (Porter & Kramer, 2006, 2011; Lee, 2008). In light of stakeholder theory and perspectives, we find that the current literature both explicitly and implicitly stress businesses should realize that their operations do affect society, and that society likewise affects their competitive advantage and market outcomes. When the three components of stakeholder theory and management are combined with CSR and strategy, it exemplifies how businesses can create strategy and competitive advantage through value differentiation, which rests upon utilizing CSO and catering to the needs of society.

#### **2.4 The Conceptual Framework**

In the post 2000s era, scholars point out that CSR can be used as a strategic management tool to differentiate businesses and enhance competitive advantage. Thus, strategic CSR choices and activities may successfully contribute to a positive effect on corporate financial performance (CFP). However, whilst there is a vast amount of coverage on the role of CSR and strategic CSR for large organisations, scholars such as Lee (2008) and Jenkins (2009) and many more stress that more researchers ought to investigate the role of strategic CSR in SMEs. Thus, our findings indicate that the CSR management amongst SMEs still remain unclear and open-ended. Nonetheless, it was found that socially responsible management practices towards employees, customers and the local society can have a positive impact on the firm and its performance (Hammann et al. 2009).

In the business context, Porter (1985, 2008) argues that competitive advantage grows out of value, and in the post 2000s CSR literature scholars point out that competitive advantage grows out of creating both economic and societal value (Parmar et al. 2010; Panwar et al. 2016, Porter & Kramer 2006, 2011). In line with many scholars, we acknowledge CSR as a

framework of principles, processes, and policies that arise out of opportunities presented by CSO. In order to better understand what strategic CSR entails today, we explore how SMEs in Malmö use CSR as a strategic management tool. Thus, the conceptual framework of this study is based on three themes: strategic CSR, stakeholder management and SMEs in their local context (see figure 8).

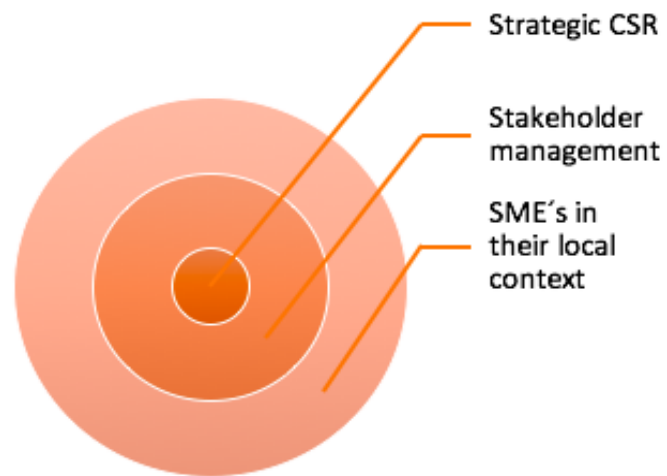


Figure 8: The conceptual framework (Twingler & Afriyie, 2017)

## Chapter 3: Methodology

The overall purpose of this study is to explore the development of the CSR discourse, from moral CSR to strategic CSR and to see how strategic CSR is practiced amongst SMEs in Malmö. To achieve these objectives, we have made certain methodological choices and, inspired by Saunders, Thornhill & Lewis' (2012) we created our own research onion model (see figure 9). This chapter provides an overview of our qualitative research design and case study strategy. Additionally, it presents the relevance and justifications of the choices we made, how we applied them to the case study, and consequently produced knowledge. Thus, this chapter aims to report, evaluate, reflect upon and support the methodological choices.

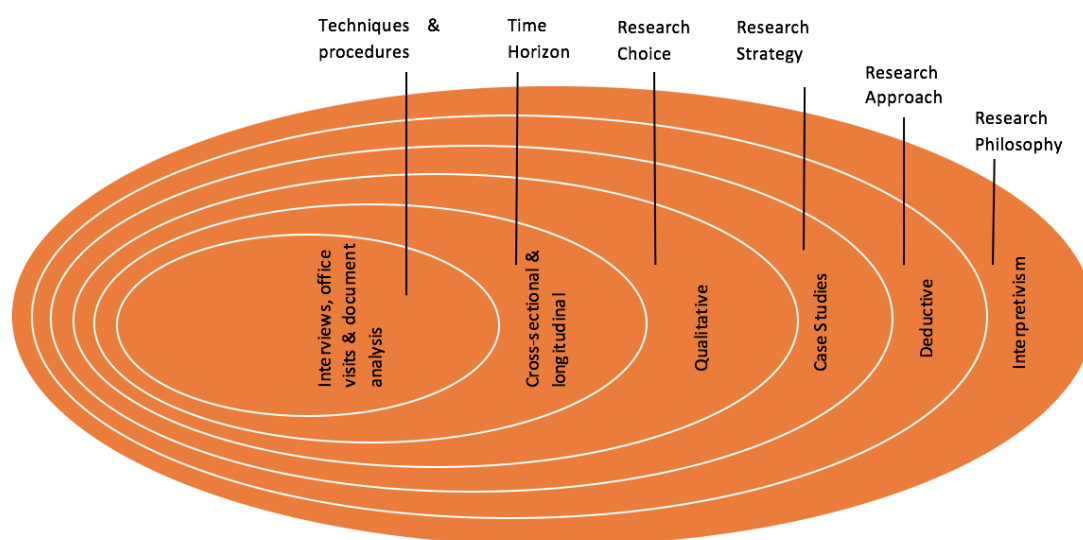


Figure 9: The Research Onion (Twingler & Afriyie, 2017) adapted from Saunders, Thornhill & Lewis (2012)

### 3.1 Research philosophy

Research philosophy deals with worldviews, basic beliefs and the knowledge available in a particular field. The creation of research philosophy and knowledge is influenced by our understanding of the world around us, and accordingly what serves as a reality in our subjective perceptions (Easterby-Smith, Thorpe, & Jackson, 2015). In other words, our

understanding of reality has influenced our research design and methodological approach. We acknowledge that knowledge is socially constructed through experiences and mindsets, and it is given meaning and justification by individuals themselves. Knowledge is also context-dependent and subject to change over time, thus the approved meanings, truths and its consequences might differ depending on the context, time and the observer (Bryman & Bell, 2011). This study therefore takes a social constructivist stand, since we believe there are many truths and realities (Easterby-Smith, Thorpe & Jackson, 2015). This study is shaped by our relativist ontological viewpoint, thus we adhere to the justification of multiple co-existing viewpoints, that are context-dependent and socially constructed by the beholder. Hence, the truth is constructed and interpreted subjectively and that is why the results and findings of this study may be understood differently by others.

### **3.2 Research approach**

This study applied a deductive approach, thus a top-down theory driven approach serving the clear purposes of this study (Saunders, Thornhill, & Lewis, 2012). Our deductive approach began by studying the overarching ideas about CSR and its discourse, and how it has changed and evolved over time to include a more specific set of perceptions and claims. We chose to adopt a clear theoretical position that was studied and analyzed through the collection of qualitative data from our two case studies.

### **3.3 Research Design**

#### **3.3.1 Qualitative Research Choice**

We conducted a literature review in order to comprehend the evolution of the CSR discourse. Keeping the research philosophy and approach in mind, with the objective to find examples of CSR businesses in Malmö's SME sector, we adopted a qualitative research design, with an exploratory and comparative case research strategy. Hence, the intention was to explore and discover, as well as compare the two cases for similarities and differences in relation to their CSR and strategic practices.

#### **3.3.2 A Comparative Case Study Strategy**

As Yin (1989) argued, the distinctive need for a case study research "arises out of the desire to understand a complex social phenomenon" (p.14). He argued that a case study design

should be considered when one wants to cover contextual conditions because one believes they are relevant to the phenomenon under study (Yin, 2003). This strongly resonated with what we wished to do, however, instead of only choosing one case to study, we decided to conduct a comparative case study. As argued by Goodrick (2014) a comparative case study can produce more generalizable knowledge about causal questions, as comparative case studies involve the analysis and synthesis of the similarities and the differences across two or more cases that have common focuses or goals (Goodrick, 2014).

### **3.3.3 Time Horizon**

The time perspective of this study is both longitude and cross-sectional. For the literature review about the CSR discourse, we conducted a longitudinal study with several observations of the same subject over a period of time. Due to the limited time frame of this study, we conducted our comparative case study under a short period of time. Here we conducted a cross-sectional observing and comparing two CSR cases at a given time (Saunders, Thornhill & Lewis, 2012).

## **3.4 Data Collection: Literature Review**

### **3.4.1 Sampling**

The primary sources that were used along this research paper for the literature review were various books and theoretical articles on CSR, ranging from the 1950s to post 2000s research and literature, to get a broad spectrum of CSR and a fuller understanding of how it has evolved. To identify relevant literature for the literature review, and with the aim of being transparent and trustworthy, the research process followed three distinct steps. First, to identify relevant literature we searched for key concepts on Lund University's online library as a start, specifically our research scope included key words such as: CSR; Strategy; CSR (and) Strategy; CSR (and) business strategy; CSR (and) competitive advantage; CSR (and) management; SME's; Stakeholder management. Thereafter, we conducted an in-depth literature search, where we read through a substantial amount of articles in order to identify the ones that would be most relevant for our study. Finally, after having identified the most relevant articles, we went through the reference lists of these in order to find further relevant academic literature.

### **3.4.2 Document Analysis**

Document analysis can be understood as a systematic procedure used for reviewing and/or evaluating documents that can take on many different forms, and can be both printed and electronic (computer-based and internet-transmitted) (Bowen, 2009). As Merriam (1988 in Bowen, 2009) points out, documents of all types can help researchers discover insights relevant to the research problem. Like other types of analytical methods in qualitative research, document analysis requires that the data should be examined and interpreted in order to incite meaning, gain understanding, and develop empirical knowledge (Corbin & Strauss, 2008; Rapley, 2007, in Bowen, 2009). As aforementioned, for this study, the types of documents that were analyzed were books and theoretical articles on the topics of CSR, Strategy, Strategic CSR and Stakeholder Management, ranging from the 1950's to present day.

As Bowen (2009) states, "documents can serve a variety of purposes as part of a research undertaking" (p.29). He argues there are five specific functions. First, documents can provide data of the context within which research participants operate. Second, the information retrieved from documents can suggest questions that need to be asked. Third, information derived from documents can provide one with supplementary research data. Fourth, documents can provide a means of tracking changes and developments that have taken place over time; and lastly, documents can be used in a way to verify findings, or validate evidence from other sources. Furthermore, the qualitative researcher is expected to seek convergence and confirmation through the use of different data sources and methods. Apart from using documents, other sources could include interviews, participant or nonparticipant observation, and physical artifacts (Yin, 1994 in Bowen, 2009). Hence, document analysis was an appropriate method to use as it yields data, such as excerpts, quotations, or entire passages, which could then be organized into major themes and categories, specifically through the use of content analysis (Labuschagne, 2003 in Bowen, 2009). There were some advantages of conducting document analysis. It was an efficient method, documents were available as they were in the public domain, document analysis was less costly than other research methods, documents provided broad coverage, and the inclusion of exact names, references and details of events made documents advantageous

in the research process (Yin, 1994 and Merriam, 1988 in Bowen, 2009). Nevertheless, there were also some limitations with document analysis. It is possible that they had insufficient detail, low irretrievability, and a biased selectivity (Yin, 1994 in Bowen 2009).

### **3.5 Qualitative Data Collection: Cases**

#### **3.5.1 Sampling**

We used two forms of non-probability sampling in the selection of cases for the study; snowball and purposive sampling. For this research paper we chose to study The Vegan Bar and Yalla Trappan and how they utilize CSR in their business strategy. In the initial selection process, we used snowball sampling— in we did not search for the cases on the internet, instead we heard of them through talking to people working with CSR questions in Malmö. Following this, we ended up carrying out a purposive sampling based on word of mouth. The purposive sampling was applied since we had a clear idea of the needed cases in accordance with the purpose of this study (Easterby-Smith, Thorpe & Jackson, 2015). We selected the cases based on the following criteria; first, both of the businesses had to be SMEs located in Malmö. Second, the SMEs had to be smaller than 50 employees, and third, both businesses had to serve Malmö's community in sustainable and responsible ways.

#### **3.5.2 Semi-structured Interviews**

We conducted semi-structured interviews with key informants, such as founders and managers of the businesses. Accordingly, we the interviewers, asked questions drawn from those we had already prepared (see table 1 in appendix). We chose to conduct qualitative interviews as we believed it would offer ways by which rich and detailed information could be gathered from respondents (Saunders, Thornhill & Lewis, 2012). With our selected topics and research objectives, a semi-structured approach was most suitable as it allowed for a guided open interview (Easterby-Smith, Thorpe & Jackson, 2015). Furthermore, all of the interviews were carried out in Swedish, since the organisations are located in Sweden, and their daily activities are carried out in Swedish. By carrying out the interviewees in Swedish, our interviewees felt more comfortable talking in their mother tongue about what they do and why. Thus, we could gather more answers from them without having to overcome language barriers first. Additionally, the choice of semi-structured interviews in the



interviewees mother tongue allowed for flowing and natural conversation that generated rich and detailed information about how the two businesses applied CSR in their business management. Depending on the situation we either recorded our interviews, took notes or both. We ended up electronically recording the two longest and main interviews we had with the founders and managers, as there we felt it was not enough to simply take notes. We wanted to tape every word to make sure we did not miss out on important information, however we were also aware that a possible limitation with recording interviewees would be their reluctance to open up as much. Throughout the interviews, we took notes on our observations and our thoughts, and reflected upon them. We acknowledged that qualitative data could be overwhelming and include copious notes, so we attempted to categorize our data in emerging themes whilst interviewing, and subsequently connected them to key words or theories we had read during our literature analysis.

At Yalla Trappan we interviewed Christina Merker-Siesjö, who is the founder and acting chairman. We spent approximately four hours with her and conducted two shorter interviews over phone. She was one of our key informants as she has played a big role in bringing Yalla Trappan to life. She provided us with a lot of information about CSR considerations at Yalla Trappan, its market positioning and competitive advantage, the hardships they have been through, and how they look upon its future developments. With Yalla Trappan we carried out three office visits. We visited their restaurant in Rosengård Centrum, as well as their catering business, which is also located in Rosengård Centrum, and we also visited their sewing store at the IKEA store in Malmö. At the Vegan Bar we interviewed the managers Ömur Balsever Öztürk and Pelin Balsever. We spent approximately four hours with them at the restaurant in total. We interviewed the managers as they were the first ones we came into contact with, and they were the most relevant people to talk to for our study, as they founded the restaurant and managed it. For The Vegan Bar we carried out four restaurant visits, three of which we interviewed the managers, both together and separately and one in which we observed the customers and the staff in their natural environment.

### **3.5.3 Triangulation**

For our second purpose, in order to reduce biases and weakness and enhance the validity and reliability of our study, we applied a triangulation method in the form of office visits, interviews and document analysis. As argued by Yeasmin (2012), triangulation should be viewed as a process of verification that increases the validity of the study by incorporating several viewpoints and/or several methods. She argued that by combining multiple observers, theories, methods, and empirical materials, researchers potentially overcome intrinsic biases and problems that arise from single method studies, as well increase their in-depth understanding of the phenomenon under investigation (Yeasmin, 2012). Furthermore, Eisner (1991, in Bowen, 2009) argues that triangulating data increases credibility as researchers can corroborate findings across data-sets, thereby reducing potential biases that can exist through a single study.

Bekhet and Zauszniewski (2012) argued there are two types of methodological triangulation - *across method and within method*. Whilst across-method studies combine both quantitative and qualitative data-collection techniques (Boyd 2001, Casey & Murphey 2009 in Bekhet & Zauszniewski 2012), we used the within-method triangulation method, as it only used one sort of data collection as opposed to using both quantitative and qualitative data collection methods. In this method, the qualitative data may be collected using interviews, participant observations or other similar methods (Denzin, 1989; Kimchi et al. 1991; Thurmond, 2001; Casey & Murphy, 2009; in Bekhet & Zauszniewski, 2012).

## **3.6 Data Analysis**

### **3.6.1 Content and Thematic Analysis**

During the course of this study we conducted content and thematic analysis when organising, evaluation and analyzing the collected qualitative data. Thematic analysis, Bowen (2009, p.32) explains is “a form of pattern recognition within the data, with emerging themes becoming categories for analysis”. Stemler (2001) argued that content analysis is useful tool for examining trends and patterns in documents. Bowen (2009) further explains content analysis as “the process of organising information into categories related to the

central questions of the research” (p.32). Babbie and Mouton (2001) talked about two types of content analysis. Firstly, conceptual analysis, and secondly relational analysis. For the purposes of this research study, we made use of the conceptual analysis as it is the most useful in determining and establishing recurrent themes (Babbie & Mouton, 2001).

We drew inspiration from Bowen’s (2009) paper, when analyzing the qualitative data and content of what was provided and collected. As aforementioned, we collected primary sources such as first hand quotes and company statements about their values and social responsibilities, and media documents. The analytical procedure with these types of documents entails finding, selecting, appraising, and synthesizing the data that these documents contain (Bowen, 2009). As Stake (1995) and Yin (1994) explained (in Bowen, 2009), document and content analysis as a research tool is particularly applicable to qualitative case studies, as they provide the study with rich descriptions of a particular phenomenon. When conducting the analysis, we drew inspiration from some of the core trends, specifically theoretical perspectives from previous studies regarding CSR as both a theoretical and practical subject. We chose theories that fit with our study, and that were relevant to what we were searching for. This assisted us when analyzing the content-bounded information, as well as explaining claims and arguments, thereby enhancing our ability to draw accurate conclusions/results. In order to develop valid and reliable data we conducted content and thematic analysis. By conducting content and thematic analysis we planned to obtain an accurate assessment of relationships, patterns, trends, and possible contradictions found in the data collected and provided by both companies.

### **3.8 Data Quality**

#### **3.8.1 Validity, reliability & limitations**

As Bryman and Bell (2011) argue, credibility refers to the acceptability of the research findings whilst acknowledging that multiple social realities exist. Whilst the findings in this paper will be relevant in the context of our case studies, and whilst we acknowledge that multiple realities exist, it is difficult to state that the credibility of this paper will be same for all. Nevertheless, this study attempted to amplify its credibility by, as mentioned previously, making use of triangulation. As the findings in this study occurred within a specific context,

and because only two SMEs were studied and compared, the transferability, the generalizability and the replicability of this study might be limited. Similarly, even though this study was conducted as transparently as possible, because only two interviews were recorded, due to the fact that the other interviews conducted were preliminary and useful in setting the scene and defending our own dependability as researchers, future researchers might not be able to fully depend on this study when replicating this research. Confirmability, which describes the study's approach to authenticity and potential biases, were reduced by using a triangulation of several research methods, as well as ensuring that the work's findings were the result of the informant's story and not that of the researcher (Shenton, 2004). Similarly, to further reduce potential subjectivity and biases of the researchers, the beta version of this study was sent to the managers for to confirm that their experiences and ideas had not been misrepresented.

## Chapter 4: Case Studies

### 4.1 The Vegan Bar

*“It is right on the central place Möllevången, between all the bars. It has cozy outdoor seating, and inside the environment is nice and clean. If you want to sit a bit by yourself, you can go a bit further in and sit there in your own corner.”* (Happycow, 2016)

*“The food was absolutely awesome, with many choices. The menu is filled with so many great ideas for all types of tastes. Meat eaters seems to love this place along with vegetarians and vegans. Absolutely recommended.”* (Happycow, 2016)

Our first case choice is The Vegan Bar, a small business located in the center of Malmö, in the fashionable district Möllevången. The Vegan Bar is, as true to its name, a vegan bar, serving fresh homemade vegan burgers, as well as a big assortment of beer, most of them being organic. The Vegan Bar is a family-owned business with two general managers, one financial manager and eight employees. The employees are all students working part time, and all of them are vegans/vegetarians.

The Vegan Bar opened in 2015, and has been up and running for approximately two years. The founders/owners, Ömur Balsever Öztürk and Ahmet K. have been in the hospitality business for many years, but this is the first time they decided to do something new, different and out of the box. The idea to open The Vegan Bar initially came to mind when continuously hearing people in Malmö complaining that there were no vegan bars in the area. Generally, these people were vegans or animal activists, searching for a cruelty free place to eat. The founders of The Vegan Bar therefore decided to directly respond to a consumer demand, and provide these consumers with what was missing from the market. The aim of The Vegan Bar is to provide vegan people, those that are interested in the vegan movement, or those that just want some good food, with nice homemade burgers. The owners discovered that there were other restaurants in Malmö that had vegan dishes on their menus, however, most of these were very healthy meals. The owners were not interested in jumping on the healthy movement, but rather interested in entering a niche that was missing from other Vegan places.

## 4.2 Yalla Trappan

*“Employment is a large and essential part of our identity and when we are excluded from the collective, we lose our sense of affinity and fellowship, that is when we lose our dignity”*

(Merker-Siesjö, 2014, p.7)

*“Yalla trappan enable people to be a part of the collective, this enhances their sense of self-worth and usefulness”*

(Merker-Siesjö, 2014, p.7)

**N.B. The quotes are translated from Swedish into English from the book, *Yalla Trappan, så gjorde vi* (Merker-Siesjö, 2014)**

Yalla Trappan is our second case choice. Initially, Yalla Trappan was a project created by the European social fund, to be conducted between 2008 and 2010. Presently, Yalla Trappan is a well-known social enterprise with business operations located in the heart of Rosengård in Malmö. It has a large network today and collaborates with local as well as global businesses such as IKEA, E.ON, Green Furniture and Möllans Ost (Merker-Siesjö, 2014; Satz, 2014). Yalla Trappan’s business operations combine social integration, cultural diversity and multiplicity, democracy, and it is a participatory workplace (Merker-Siesjö, 2014). It is a business that has work integration, social norms and long-term perspective as its main organisational and business objectives. Furthermore, among many of its unique characteristics, Yalla Trappan has a circular return of their profit, in the sense that all additional sales and revenues are reinvested into business and the social enterprise.

Rosengård is the birthplace and home of Yalla Trappan. Rosengård is a district area and multicultural neighborhood in Malmö with over 25 000 inhabitants. The population is multicultural and comes from 111 countries, which together represent around fifty different language groups. According to the police official report from 2015, parts of Rosengård are considered to be problem areas or classified as vulnerable area from a criminal point of view (Polisen, 2015). The district has a young population; 33 percent is under 20 years old, and about 6, 5 percent is over 70 years (Dolda Jobb, 2017). Despite the benefits of a young population and labour force, Rosengård is known to have one highest 14.7% rates of

convicted youth population in Sweden (Svensson, 2013).

High unemployment rates is an additional socio-economic challenges that many local residents, especially women. According to the founder Christina Merker-Siesjö, Yalla Trappan is a new type of social enterprise, which provides opportunities and enables local women of Rosengård to become part of a collective that enhances self-worth and dignity through participative management of the social enterprise. The aim of Yalla Trappan has been to provide work for immigrant women in Rosengård who would have otherwise have had severe difficulties entering the labor market. Yalla Trappan started with six employees in 2010. Presently, Yalla Trappan employs 34 women, and utilizes each one's knowledge and capabilities to run an innovative business that strongly focuses on social sustainability. Their wide spread business, that is quickly growing, generated approximately 14 million in 2016. Yalla Trappan is a successful business strategy based on shared values, as they aim to value for their employees and surrounding community while serving the local society at large.

Yalla Trappan currently offers four distinct services; cleaning and conferences, catering, restaurant, and sewing; in addition, they have a shop where they sell various products. Cleaning and sewing services has been Yalla Trappan's core business units for the past couple of years – the ones that have sustained the possibility of offering the other activities. Over the last couple of years, Yalla Trappan have published two books that are to be viewed as handbooks by the public as a source of inspiration when aiming to start social enterprises (see figure 1). Since partnering with IKEA, Yalla Trappan has received a lot of media coverage in newspapers. By having an atelier in IKEA's store in Malmö, where the women sew different items, Yalla Trappan has gotten their name out and recognized by a bigger public as well. Similarly, some of Yalla Trappan signature products, such as their armchair can be found at international airports like Frankfurt, giving them an international recognition as well. Moreover, Yalla Trappan has received media coverage from national television stations such as SVT1, that made a documentary about Yalla Trappan, highlighting their unique business operations, focus, and what they were doing for Malmö.



Figure 10: Yalla Trappan, så gjorde vi (Merker-Siesjö, 2014)



## **Chapter 5: Findings and analysis**

This following chapter explains our findings and analysis from the case studies, and it highlights the similarities and differences observed across the cases. The focus lies on demonstrating how both businesses utilize CSR as a strategic management tool.

### **5.1 Case studies – Findings**

#### **5.1.1 Yalla Trappan - A business that takes care of society**

Yalla Trappan is a non-profit association with business activities. It is a business whose operations focus extensively on providing work opportunities and employment for women who otherwise would not have had these opportunities, consequently enhancing individual well-being, empowerment, and dignity (Merker-Siesjö, 2014). Yalla Trappan's basic idea, and overarching concept, was initially rooted in the type of society they wanted to live and work in, and it was, and still is, based on the normative ideas that our society should reflect basic democratic values such as social inclusiveness, participation, acceptance of diversity, and positive work communities (Merker-Siesjö, 2014). Yalla Trappan, located in Rosengård, is a small-sized labor integrating social business, and a women's cooperative where everyone who is engaged in the organisation gets to develop working skills and abilities, as well as get remunerated for what they do (Dialog, 2017).

Yalla Trappan as Christina describes it, is "one big CSR" (interview, 18 April 2017). She explained that the organisation exists for two reasons – "firstly for the individual that works for the organisation, and secondly for society as a whole, contributing to bigger issues such as diminishing polarization and creating a more gender equal society" (interview, 18 April 2017). Christina explains that Yalla Trappan's services are eligible for "anyone who can pay, whether they be private individuals, privately owned companies, or national organisations" (interview, 18 April 2017). She further explains that whilst many companies in Malmö might not have their own CSR work, many use Yalla Trappan's services as their active CSR contribution; "Right now we have about a dozen cleaning assignments in the city, and we just started a collaboration with E.ON" (interview, 18 April 2017). Some companies use their catering services, and other companies rent out Yalla Trappan's restaurant for conferences or meetings (interview, 18 April 2017).

As Merker-Siesjö (2014) discusses, working life is an important part of a person's identity, and if one is outside of this work arena, it is likely that one loses their sense of belonging and consequently their self-value can shrink. She argues that if society deprives people of the opportunity to be part of the work arena, society will most likely face conflicts and problems, as instead of being united it will demonstrate a polarized front. As stated previously, the normative idea of social inclusion and participation, which are an essential part of the employee (stakeholder) management, are fundamental values that are key to the successful business operations of Yalla Trappan. Therefore, Yalla Trappan works actively to give women their basic human right to be part of a bigger context than the household, and to provide them with a feeling of being useful and being needed (Merker-Siesjö, 2014). When asked why women in particular, Christina answered that "women, particularly of immigrant background, are those who often find themselves the most separated from everyday life – they are the ones that land furthest away from the job market and society at large" (personal communication, 18 April 2017). Yalla Trappan's jobs provides women with positive self-esteem, and gives them the strength to believe in themselves, and the power to stand up for themselves, and their children in the society within which they live (Dialog, 2017).

### **5.1.2 The Vegan Bar - the customer's restaurant**

The Vegan Bar, as a concept, was born out of a simple observation that Malmö's vegan community was displeased with the choice of restaurants they had at their disposal. Ömur Balsever Öztürk and Ahmet K. started the restaurant after hearing people around Malmö, saying that there were only healthy raw-food and vegan restaurants that were quite pricey and boring, and that they wanted something different. These people wanted a nice and homey vegan restaurant, where they could sit back, relax and drink a beer with their food. Similarly, many people in this community were tired of going to restaurants that served meat, and were searching for a 'safe haven' where they could simply fit in and be themselves (interview, 26 April 2017). Upon further research within the vegan restaurant sector in Malmö, Ömur and Ahmet discovered that there was an emptiness in the market just within the niche of vegan restaurants serving vegan burgers, pointing towards the fact that it was the perfect opportunity to dive right in it. Accordingly, The Vegan Bar is a small-sized business which focuses on serving the vegan community in Malmö, as well as anyone

else who is interested in the vegan movement, or who simply wishes to try out a vegan dish. Its strategy and business operations focus on providing the public with what is missing, as well as focusing on contributing to a more sustainable future (interview, 26 April 2017). The core competence of The Vegan Bar lies in the fact that every part of their value chain strongly resonates with the vegan movement. As Ömur and Pelin stated:

*“We always aim at choosing locally grown food in Skåne, however, depending on the season and if the produce is not available in Skåne then we buy it from other parts of Sweden. At least 25% of our produce has to be ecological, our electricity and water is generated from renewable energy sources, the few products we buy outside of Sweden are non-GMO, and all of our employees adhere to the vegan/vegetarian movement”* (interview, 26 April 2017).

When asked about their policy on non-GMO products, they explained that “the soy-mince, for example, is produced in the European Union (EU), alternatively from the USA, and its DNA is randomly tested by the owners of the factory to ensure that it has not been modified” (interview, 26 April 2017). When asked about their employees’ involvement in the vegan/vegetarian movement, they said that “there is no direct requirement that our employees have to be vegan or vegetarian, however, 90 percent of our job seekers are vegan or vegetarian, which makes it easier for the employees to integrate the company, and it also makes for a better representation of what we are doing here, and of why we are doing it” (interview, 26 April 2017). As argued in Hammann et al., (2009) values are essentially part of an organization’s culture, hence it affects various activities such as business/competitive strategies, as well as its relationship with different stakeholders. The Vegan Bar is overall a great concept and business strategy, seeing as whilst they create value for their customers, their employees, and Malmö as a community, they also do good for the environment and society at large, and still manage to make a profit.

When asked about if they were scared of the competition from other bars around Malmö, specifically around Möllevångstorget, which is known for having many beer and burger bars, they reported not to be that scared. They explained that they were “not in direct competition with them as they adhered to a completely different clientele” (interview, 26 April 2017). Nevertheless, they were somewhat worried about their higher priced burgers,

however, “because there are no other vegan burger bars in Malmö that offer similar services, and because we have a really regular clientele, that live sustainable lifestyles, shown in their consumption habits, this has not been a direct problem yet” interview, 26 April 2017).

## **5.2 Case studies - Analysis**

Our findings describe and explain some of the features of how Yalla Trappan and The Vegan bar operate in Malmö, and as well as how they alter their business operations in a new CSR management era. Thus, these findings cover some aspects of the contemporary business-society dynamics and relationships between the SMEs and Malmö. In short, we find that The Vegan Bar and Yalla Trappan’s business models are innovative and value-creation focused. Both businesses have gained some sort of competitive advantage in regards to competing firms, because of their CSR-oriented business idea, and because of how they are contributing to Malmö’s community and society at large.

### **5.2.1 Social context and conditions that influence CSR strategies**

Porter and Kramer (2006) argue that an affirmative corporate social agenda moves from mitigating harm to reinforcing an organization’s corporate strategy through social progress. They contend that normally, the more closely a company’s business is tied to social issues/conditions, the greater will be the opportunity to leverage the firm’s resources and benefit society (Porter & Kramer, 2006). Rightfully stressed by the authors, strategic CSR can create shared value by investing in social aspects within the context it is operating in, in order to strengthen its competitiveness. Malmö social conditions serve many CSO and challenges for the thriving business sectors. The city is known for its vivid and innovative business sector, as well as for its burgeoning service sector, specifically in the hospitality sector. Malmö is currently the third largest city in Sweden with a young (average age 38 years) and multicultural population of over 328 000 people (SCB, 2016). The multicultural population poses both socio-economic opportunities, as well as challenges, in areas such as human resources for businesses, unemployment and crime rates, social inclusion, housing segregation and more.

As pointed out in our findings, Yalla Trappan is a thriving business with a turnover of 14

million in 2016. Yalla Trappan's business strategy has completely emerged itself in the idea of CSR, and CSR has become part of their identity amongst local media, politicians, businesses and competitors. Yalla Trappan observed an opportunity in a social problem, and created a business model that was simple, innovative, forward thinking, and easily replicable. Yalla Trappan as a business, specifically in terms of the common services they offer, may not be groundbreaking, as they are many cleaning services, catering services, restaurants, and interior designer shops around Malmö. Nevertheless, the foundation and values upon which Yalla Trappan lies, as well as its overarching vision, makes it different and makes it gain competitive advantage over other businesses in Malmö offering similar services. Several companies in Malmö regularly make use of Yalla Trappan's cleaning services, because they know it is rooted on a good cause, and because they know they are contributing to improve a social issue by hiring these women, hence seeing a CSO in Yalla Trappan.

Greatly different from Yalla Trappan, The Vegan Bar is a unique CSR-business creating value by providing its local customer group situated around Möllevångstorget – often described as the youthful heart of Malmö – with food. The Vegan Bar did not think of CSR in generic terms, but instead saw the opportunity to adapt their business idea and business model to the vegan movement. We find that The Vegan Bar has created an innovative business model (BM), of which the whole value chain adheres to the movement of sustainability and animal rights. The Vegan Bar did not see CSR as a cost or a constraint to their business, and they did not see it as a charitable deed. For them, CSR is incorporated into the business model as a whole, and they strategically see it as a source of opportunity where they provide value for a specific community, and where they provide value for themselves and their employees in terms of cash flow and personal fulfillment.

### **5.2.2 The social and economic value of strategic CSR**

Shared value is incorporate in both The Vegan Bar and Yalla Trappan's business strategy, as they create value for themselves and for society. As argued by Porter and Kramer (2006), in order to advance CSR, contemporary businesses must integrate it in the interrelationship between a corporation and society, while at the same time anchoring it in corporate

strategies and activities. This interdependence between a company and society takes two forms according to Porter and Kramer (2006); first, a company impacts society through its business (inside-outside linkages), and secondly, external social conditions also influence corporations (outside-in linkages). We find that both The Vegan Bar and Yalla Trappan have utilized their outside-in linkages by establishing a business that responds to the external social conditions in their surroundings. Yalla Trappan has managed to serve society by exploiting on their inside-outside linkages. For instance, as many of Yalla Trappan's staff are from the Middle East, their catering service is focused on Middle Eastern cuisine. As most of them were already accustomed to cooking at home already, cooking this type of food was a capability and knowledge that they already had. Yalla Trappan has managed to pair their inside knowledge and skills with food and flavors that are appreciated amongst the Malmö consumers.

According to Porter and Kramer (2006) any company's strategy must go beyond its best practices. It is about choosing a unique position, and doing things differently from competitors in a way that will lower cost, or better-serve a particular set of customer needs. They argue that strategic CSR involves both inside-out and outside-in dimensions working in tandem, as it is there that opportunities for shared value truly lie. In relation to Porter and Kramer's (2006) idea of CSR (see figure 4), The Vegan Bar has a responsive CSR approach with some elements of strategic CSR. They have a generic social impact as they are good citizens, they have a fixed ideology about the sustainable world they want to live in, their value chain activities to mitigate harm, and it does benefit society – whilst still reinforcing their business strategy as a whole.

Yalla Trappan, being "one big CSR" (interview, 18 April 2017) has a holistic strategic approach to corporate involvement in society, adhering to both responsive and strategic CSR in Porter and Kramer's CSR framework. In accordance with figure 4 we see them as good citizens, as their fundamental idea is based on creating opportunities for marginalized women in Rosengård, Malmö. All of their business activities are centered around what the women of Yalla Trappan are capable of doing, and by offering them a job and also playing to the strengths of their core competences, they are benefiting society whilst still reinforcing their strategy. Taking this even further, Yalla Trappan being 'one big CSR' also strongly

connects to Carroll's CSR pyramid. Carroll (1991) argues that four kinds of social responsibilities constitute total CSR; economic, legal, ethical and philanthropic. Yalla Trappan provide services and produce goods that consumers need, such as cleaning and food, and the profit they make in the process is used to compensate the working women, as well as invest back in the firm itself for further development. Furthermore, they have a codified ethics of work that they closely follow, allowing for fairness, justice and equality in the workplace (Merker-Siesjö, 2014). Lastly, in terms of philanthropic responsibilities, the whole idea of Yalla Trappan is to engage in acts that will promote human welfare and goodwill – again, strongly adhering to Carroll's ideas of what constitutes total CSR.

### **5.2.3 Managing CSR in SMEs**

Fox (2005) and Maclagan (1999 in Hammann et al., 2009) argue that the term CSR cannot be perfectly applied to SME's, but that instead, the term socially responsible management should be used. They both argue that socially responsible management is more of a process through which ethical values and concerns of owners, managers or entrepreneurs can be articulated. Entrialgo (2002, in Hammann et al., 2009) argues that as entrepreneurs and managers directly influence the direction of their company, specifically in regards to SME's, it is necessary to align the company's activities with its personal characteristics in order for the company to succeed. We find that some of the social, ethical and moral values of the founders of Yalla Trappan and The Vegan Bar are found in the business management.

As managers at The Vegan Bar Ömur and Pelin adhered to the vegan image themselves. They were firm believers in the social movement to protect animal and environmental rights, and they wanted every part of their business to reflect not only their own beliefs in it, but also the beliefs of their customers. The Vegan Bar strategically aligned every part of the company to its overarching vision, ranging from solely hiring staff that believe in the company values, refusing entry to people wearing fur or leather, and to strongly defending their ideology on their social media pages. Similarly, Yalla Trappan is a new sort of workplace, it's a non-profit association and business that is established of moral and business-ethics beliefs such as participation, co-determination and entrepreneurialism. According to the founder, Christina Merker-Siesjö, Yalla Trappan is the new type of business

where social inclusion and solidarity coexist with a financial interest. Yalla Trappan seems to have managed to connect their company success with social progress. In line with Porter and Kramer's views on shared values, Yalla Trappan believes in the principle of shared value, which involves creating economic value in a way that also creates value for society by addressing its needs and challenges.

The successful operation of both businesses, specifically in their socially responsible ways of conducting business, are reflected in the actions of the SMEs managers. According to Hammann et al. (2009), larger organisations are more likely than SMEs to have formally written CSR codes of conduct, CSR certificates, or CSR managers, because it is often required or viewed as essential for them. This claim is mostly right and applicable for many SMEs, but not all SMEs. For instance, The Vegan Bar does not have their social responsibilities and their CSR work written down in terms of codes of conduct, as big established enterprises might have had. Their CSR work is reflected in everything that they do. Nevertheless, there are exceptions in SMEs. In 2014, Christina Merker-Siesjö wrote a book about the business strategies and codes of conduct of the social enterprise Yalla Trappan, in order for others to easily replicate Yalla Trappan's business concept.



## **Chapter 6: Discussion**

CSR has become an inescapable priority for businesses around the world. However, unfortunately companies remain stuck in thinking of CSR in generic terms. The contemporary strategy scholars suggest companies take elements of social responsibility and adapt it to their business decisions and actions. The following discussion will focus on how CSR can become a core part of a business, specifically discussing Porter and Kramer's (2006) suggestion that, CSR should be seen as a source of opportunity, innovation and competitive advantage.

### **6.1 Strategic Innovation: Competitive advantage for SMEs in CSO**

As Jenkins (2009) explained, CSO should be seen as innovation in products and services, serving unserved markets, and building new types of business models. Additionally, prominent strategic management scholars emphasize CSR and CSO as one of the main contemporary strategies for remaining competitive, since the adoption of strategic philanthropy offers new opportunities for innovation, opens up a previously undiscovered market, and develops valuable social relations that can help with the firm's reputation (Grayson & Hodges, 2004; Porter & Kramer 2006, 2011; Lee, 2008; McWilliams et al. 2006). According to Charitou and Markides (2003) strategic innovation means an innovation in one's business model that leads to a new way to compete. Strategic innovations contain dimensions of unique differentiation of products and services in relation to competitors (Kumar et al, 2000; Jenkins, 2009). It offers a fundamentally different way of competing, which may focus on uniqueness in differentiation, or segmentation/market positing.

Value creation in contemporary CSR management can be becoming, in relation to Porter and Kramer (2006) a responsive CSR, as well as moving towards strategic CSR (see figure 4). We found that Yalla Trappan and The Vegan Bar innovative business strategies look beyond the strategies of their competition, and looked for ambitious ideas that can have substantial leaps in value creation for stakeholders. Identifying customer value and relating that to a firm's value chain may assist in establishing an innovative business model. Through our findings we found that Yalla Trappan is innovative in their BM, and that The Vegan Bar is serving unserved markets.

During the last two decades, the concept of CSR has become associated with broader organisational goals such as reputation and stakeholder management (Lee, 2008). Hunt et al. (1989 in Hammann et al., 2009) and Valentine and Barnett (2003, in Hammann et al., 2009) argue that values are essentially part of an organization's culture, and that they strongly affect various activities such as business/competitive strategies, and relationships with different stakeholders. Other strategy scholars have, furthermore, emphasized the importance of understanding how managing relationships with all stakeholders can influence a firm's competitive advantages (Bosse, Phillips, & Harrison, 2009; Choi & Wang, 2009; Harrison, Bosse, & Phillips, 2010; in James, 2016). CSO may facilitate a CSR strategy that focuses on value innovation, by offering customers something more than the contemporary customer value (Kumar et al. 2000; Kim and Mauborgne (1997). We found that both Yalla Trappan and The Vegan Bar, with their innovative strategies have created new demand and attracted new customers by overwhelming customers' expectations and satisfying latent and emerging needs (Bower & Christensen, 1995; Charitou & Markides 2003; Kumar et al. 2000).

## **6.2 SMEs**

As aforementioned in the findings from the literature review, scholars are moving beyond simply defining and identifying CSR activities, towards examining the strategic role of CSR in businesses and organizations (McWilliams et al. 2006). The ubiquitous presence of strategic CSR among SMEs and their more intimate interactions with communities means that the social influence of SMEs cannot be ignored. We aim to emphasize the unique strategic business and social behavior of Yalla Trappan and The Vegan Bar. Our findings are in line with previous literature which generally assumes that small firms engage with local communities due to relational motivations (Jenkins 2009; Hammann et al. 2009). In line with Hoffman (in Lee 2008) we see that Yalla Trappan and The Vegan Bar are SMEs that have socially 'incorporated' themselves and become indispensable members of Malmö's community.

Yalla Trappan is an employee-focused business. It is a strategic CSR-oriented business that attends to the needs of the marginalized women in Rosengård, Malmö. The strategic value process that largely focused on providing the women that work there with social inclusion

and work through Yalla Trappan as the empowering workplace. Yalla Trappan has created opportunities for themselves through providing Malmö's community with basic services such as catering, sewing and cleaning. What has attracted customers to buying Yalla Trappan's services has been their innovative business idea of coupling basic services with a higher purpose. The fact that the business as a whole revolves around CSR, offers customers something more than the contemporary customer value they would receive at another firm offering the same services. The use of such CSR orientation to capture value is referred to as strategic CSR by Baron (2001, in McWilliams et al. 2006), who points out that it is the motivation for the action itself that determines whether it was a socially responsible action as compared to a privately responsible one. Yalla Trappan adopts progressive human resource management practices, effectively promoting women empowerment in the Rosengård area, because they believe in a more fair and equal society. These findings are in line with Deal and Kennedy (2000), who argue that values serve to give a sense of identity to the members of an organization (in this case, business), hence enhancing the stability of its social system, as well as guiding the decisions and thought processes of the organisation.

The Vegan Bar is a customer-focused business. It is a strategic CSR-oriented business that differentiates itself through processes which aim to offer what consumers value. Malmö's vegan community is a relatively 'young' and educated consumer base with economic capabilities and freedom. Their consumer behavior and preferences for sustainable options transcend a full array of considerations (Florin et al. 2007). We see that the Vegan Bar attends to these wishes with consumer-focused restaurant based on strategic CSR that creates options and value by harnessing consumer insights. The insight to respond to consumer needs, and consequently attracting socially responsible consumers is also a type of strategic CSR. Hence, The Vegan Bar firmly exercise strategic CSR since they provide a public good in conjunction with their business strategy. The Vegan Bar exercise a strategic CSR management as they are providing consumers with a restaurant that adheres to the sustainability movement in many ways, and at the same time they are making a profit.

### **6.3 Managing stakeholder relationships**

Contemporary strategic CSR is about businesses practicing corporate social responsibilities and responsiveness to 'mitigate' social issues or improve conditions through sustainable

business practices and business offerings. If a business's model and strategy are implemented according to these guidelines, it could be viewed as tapping into the CSO in the modern business-society dynamics and relationship. These businesses choices facilitate strategic CSR business practices/model, which are believed to facilitate achieving a unique competitive advantage based on shared value, thus societal and economic value. Essentially, Porter and Kramer (2006, p.80) stress that “[w]hen looked at strategically, corporate social responsibility can become a source of tremendous social progress, as the business applies its considerable resources, expertise, and insights to activities that benefit society”. In the perspective of SMEs, strategic CSR and stakeholder management in the business context is about a firm knowing its society, its people, their needs as well as wishes (like in the case of Yalla Trappan and The Vegan Bar). That means, implementing the strategic choices, and acquiring the strategic positioning that reflects socially responsible management practices in business principle, processes and policies, a value creation processed that is based on the contextual social conditions.

Stakeholder relationship and management is coincided with reputation, and having a good reputation is of paramount importance to the competitiveness of small businesses. As we found, these SMEs engage in practices that are aligned with their stakeholders wishes and they would behave more socially responsible manner (Panwar et al. 2016). According to Lepoutre and Heene (2006) small businesses are often socially responsible, however they rarely know that they are. Contrary to this statement, Yalla Trappan and The Vegan Bar proved to be very aware that they were socially responsible, and found pride in it. However, only Yalla Trappan described themselves as ‘one big CSR’.

Furthermore, as Perrini et al. (2007) rightfully stressed, SMEs rarely use the language of CSR to describe their business strategies. Indeed, the founders of both SMEs shared that the underlying reasoning behind their strategic CSR were their personal beliefs and values. Therefore, while some of the notions associated with CSR in large corporations relate to the process, in small businesses other factors need to be taken into account, such as local consumer and societal needs, and contributing to the community in which you live. In terms of stakeholder value, as McWilliams et al. (2006) suggests, consumer demand for CSR could be difficult to measure because CSR management is context-dependent. Additionally, CSR

attributes can be found among many features and operations within businesses, such as principles, processes and policies, therefore making it difficult to make generalizations about what they entail. However, business ethics and stakeholder management are themes that may indicate the level of CSR engagement (Swanson, 1995). These themes can be found in the strategic choices of businesses, which reflect its strategic positioning, its decisions and actions for creating options and value, and its strategic management its inside-outside linkages (Porter, 1985, 2006, 2011). In connection to Porter and Kramer's ideas about shared value and inside-outside linkages, Gandhi advocated his trusteeship model, "in which business managers and stakeholders integrate various rights and responsibilities to create both economic value and a just and prosperous society" (Balakrishnan et al. 2017, p.133). Balakrishnan et al. (2017) explain that Gandhi's trusteeship model advocated that the wealth created by businesses should be used to improve society, after businesses have kept a reasonable amount of profit for themselves.

In the case of The Vegan Bar, and especially in the case of Yalla Trappan, financial wealth and societal value are created simultaneously by strategic differentiation through their contextually-oriented businesses activities. As Gandhi contended, when businesses learn to attend to both the needs of stakeholders and society, shared value in a capitalist system would be created (Balakrishnan et al. 2017). Moreover, building on Gandhi's trusteeship model, Davis et al. (1997, in Balakrishnan et al. 2017, p.141) describe the stewardship theory "as a model of a steward who values pro-societal and pro-organisational behaviors more highly than individualistic, self-serving behaviors". Preston (1998, in Balakrishnan et al. 2017) further argue that the key strength of this model lies in the fact that it offers managerial obligations that should lead firms to attend to those interests of all relevant stakeholders. At the core of stakeholder theory and management is stakeholder value creation and offers. Thus, stakeholder management practices ought not to be placed at the periphery or be acknowledged solely as an add on in a firm's business strategy. The importance of stakeholder management is a) it provides managerial and strategic orientation in CSR influenced management decisions and actions, b) it facilitates in creating and offering value that is appreciated amongst a firm's shareholders and stakeholder and c) it offers a business orientation that enhances competitive advantage amongst competitors. Thus, in the perspectives of shared value, the managerial and strategic orientation offered

in stakeholder management provides guidelines and an approach for sustainable business management based on ethical business practices that serve society as well as businesses.

## **Chapter 7: Conclusion**

The purpose of this study was two-fold. First, we wished to explore the change and development of CSR as a discourse and theoretical concept from the 1950's until today. Consequently, we hoped to generate insights on how CSR agendas have changed over time and to better understand where it is today. Second, we wished to improve our understanding on how SMEs applied and utilized CSR as a strategic management tool. In order to achieve this purpose, we conducted a comparative case study of two local SMEs in Malmö.

### **Findings and research contributions**

In the context of research, we find that CSR has evolved from its normative and moral-focused orientation in the 50s, and has gradually shifted towards a strategic CSR orientation in the 90s. In the post 2000s CSR research, we found that there has been a continuous reversion towards the fundamental moral and normative ideas concerning the CSR discussion, as today, we find more and more prominent scholars arguing in favor of the ethical obligations of businesses. In the light of strategy and stakeholder management, we and many scholars in the CSR debate believe that businesses ought to understand and appreciate CSR as business opportunities, as opposed to a negative cost and a constraint.

Since the 1980s, scholars have stressed and acknowledged that businesses and society live in symbiosis, continuously affecting each other. Accordingly, the discourse of CSR has since then increasingly been coupled with strategy in accordance to stakeholder theory and management. In the contemporary CSR research, businesses and managers are advised to attend to the needs of the local context, to society and its stakeholders, by strategically implementing CSR in their business models, decisions and actions. It is suggested that CSR business management ought to be understood as a strategic investment, as well as an important element in a firm's differentiation strategy. Businesses that comprehend and implement CSR as a strategic management tool/framework, are able to gain competitive advantage through creating a shared value that is appreciated by their consumers and the surrounding society. In the case of SMEs, acting as a responsible business is crucial in order to differentiate themselves and stand out, to create value for all parties, and to survive in the long run.

Yalla Trappan is a small and successful business that provides work for marginalized women in Rosengård, Malmö. Their CSR-oriented business is financially profitable, with a remarkable social impact based on social inclusion and employee empowerment. Accordingly, Yalla Trappan have gained a great deal of recognition for their socially responsible business operations. The Vegan Bar is a small and successful business, focusing on serving vegan burgers and organic beer to a large consumer base that value sustainable lifestyles and consumption patterns. By adhering to the vegan movement, the owners of the bar found a niche in the market, and have been able to operate successfully without fearing surrounding competing pubs and restaurant. Their sustainable business model has proved to be socially appreciated and financially profitable. While investigating the CSR management of Yalla Trappan and The Vegan Bar we found that both businesses acknowledged their co-existence with the local society. By scanning the social conditions of the society they were going to operate, Yalla Trappan and The Vegan Bar formulated business models that served society while also enhancing their competitive advantage as businesses. The Vegan Bar and Yalla Trappan are appreciated by stakeholders for being responsible businesses, as the former answers to consumer wishes and demands, and the latter takes care of those who are socially excluded from the job market. We find that both businesses utilize CSR as strategic business opportunity and a management tool to create shared value and to gain competitive advantage.

In the vast publications of CSR as a business strategy, we found that SMEs were somewhat overlooked. As aforementioned, and as argued by numerous scholars, we believe that SMEs should be better incorporated in the CSR research scope in the future. Since SMEs make up a large part of most national economies, and because they have a unique and close relationship with their local society and stakeholders – perhaps even more so than big multinational organizations – we believe it is important to explore this subject further in the future. We have merely been able to shed light on the complex, yet auspicious, subject of how CSR business-practices can at the same time assist businesses in creating economic profit, and in enhancing/developing social progress.



### **Research limitations**

With regards to our findings, we have come to understand that a successful CSR business practice ought to be context-dependent. Nevertheless, as we have only studied and compared two SMEs, and their CSR-oriented business strategies, over a short time span, we are cautious about making any overarching generalizations and conclusions in regards to CSR as a strategic business management tool for SMEs. Furthermore, this study, its finding and its conclusions, are built upon our own perceptions and values, and those of our interviewees. Therefore, the results are subjective to our own understanding and limitations of CSR and what it entails; and we acknowledge that our results may be interpreted differently depending on the receiver and his/her own understanding of the topic at hand.

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## Appendix

**Table 1: Types of questions posed to the participants**

<p><b>Background:</b></p> <ul style="list-style-type: none"><li>• Can you introduce yourself?</li><li>• Can you describe your company/what it does?</li><li>• What is your role within the company?</li><li>• Why did you start such a company/business?</li><li>• What challenges and opportunities did you face in the startup phase (now)?</li></ul>
<p><b>Vision &amp; Mission:</b></p> <ul style="list-style-type: none"><li>• What was the initial vision? Current and future vision?</li><li>• What is the mission?</li><li>• What makes your business different from competing companies?</li></ul>
<p><b>Target audience:</b></p> <ul style="list-style-type: none"><li>• Who do you serve?</li><li>• Who is your company targeting? (various stakeholders, groups, cultures)</li></ul>
<p><b>CSR:</b></p> <ul style="list-style-type: none"><li>• What does CSR actually mean to a mid-level organisational business manager as yourself?</li><li>• Where did it all begin?</li><li>• What is the source of the CSR effort at X?</li></ul>
<p><b>CSR as a strategy:</b></p> <ul style="list-style-type: none"><li>• What is your business values and views on CSR?</li><li>• Is your company's strategy aligned with your business values and views on CSR?</li><li>• Do you set concrete and measurable CSR goals?</li><li>• What are the major costs and benefits that X gains from its CSR effort?</li><li>• Do you think it is possible to measure the benefits of voluntary activities for which the company expects intangible benefits such as increased corporate reputation and employee motivation?</li><li>• What kind of organisational leadership or communication systems do you have in place to ensure that the CSR effort will last beyond the current leadership?</li></ul>
<p><b>Resources:</b></p> <ul style="list-style-type: none"><li>• What resources are you putting into CSR?</li></ul>

**Policies:**

- What rules or policies do you have connected to CSR?

**Marketing scope/culture:**

- How do you communicate your CSR goals with your customers?
- What function helps to promote CSR?

**The future of CSR:**

- Can I ask you to prognosticate a bit about the future of CSR and firm sustainability/firm competitive advantage/sustainability?
- There is a lot of debate about whether CSR will remain a distinct function in business or whether it will become absorbed into the fabric of each business and part of the general responsibilities of managers and the way they do things. How do you see the evolution and future of CSR?
- How do you see CSR 10 years from now? And will it play an important role in a firm's sustained competitive advantage?