



How sustainable are sustainable enterprises?
Examining sustainability and economic value trade-offs
in a Danish coffee company

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Abstract

Starting a sustainable business is challenging because growth decisions need to balance sustainability impact and economic feasibility. This thesis seeks to examine *what* trade-offs sustainable enterprises face and *how* they balance decision making when faced with these dual logics. We conduct a case study analysis of CleverCoffee, a Danish B-Corp certified coffee roastery, using qualitative data collection and analysis methods. We analysed our in-depth semi-structured interviews with a grounded theory approach. This enabled us to extract first order concepts and second order themes, to be synthesized into key aggregate factors shaping the decision-making processes of the company. Our findings identified three main trade-offs: (1) growth versus values, (2) conflicting relationships with stakeholders, and (3) impact versus cost. Our findings align with the framework introduced by Fischer, Brettel & Mauer (2020), identifying the impact of entrepreneurial preference, market opportunity, and stakeholder interactions on the initial prioritization of sustainability dimensions within a sustainable enterprise. Our findings further extend this framework by identifying three key tactics on how enterprises retain their sustainability dimensions when faced with these trade-offs. Namely these tactics include: (1) market positioning, (2) engrained mission and vision, and (3) transparency. Overall, the implications of our analysis provide sustainable enterprises with more comprehensive insights into *what* trade-offs they might face. The findings also suggest tactics they can utilize to unlock the formula of *how* these trade-offs can be balanced through their operations to ensure sustainable development alongside economic growth.

Keywords: sustainable enterprise, entrepreneurship, trade-offs, sustainability, triple bottom line, coffee roastery

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Glossary

B-Corp / B-Corporation – Globally recognized certification for “better” companies that is based on the entire measurement of environmental and social impact of given companies.

C-market – Central Commodity Exchange for all arabica coffee, where beans are purchased through contracts that are bought by importers/buyers according to the fluctuation of supply and demand.

Sustainability, sustainable values – Within this thesis we refer to sustainability as the activities, actions, and intentions that refer to the environmental and social impacts.

Sustainable Enterprise – Within this thesis we refer to sustainable enterprises as ventures that are balancing all three logics of triple bottom line, that is environmental, social, and economic.

1. Introduction

Environmental and social sustainability is becoming a top priority for many businesses; and it does not take much effort to witness this phenomenon in action. A quick search of mainstream news sources boast headlines like, “The future of business is digital and sustainable”, and “Moving the needle on sustainability”, (Challagalla & Dalsace, 2022; Ezzat, 2023). Additionally, the adoption of the sustainable development goals (SDGs) by the UN in 2015 showcased an increased global commitment for sustainable governance and regulation for businesses and the economy.

However, exactly how businesses balance the trade-off between economic growth and sustainability impact, if even possible, remains unclear. A recent Forbes article posed the question, “can profitable and sustainable growth coexist?” The author’s response, “the alternative cannot...sustainability is intrinsically connected to profitability. You must invest in it to survive” (Paul, 2023). And yet despite ongoing pressure from key stakeholders—customers, employees, and investors; incumbents are lagging to make the changes necessary to drive lasting impact. “We talk about acting more sustainably, but 37% of the Fortune Global 500 haven’t yet made a climate commitment” (Paul, 2023).

Research shows that while incumbents work to make existing processes and products more sustainable, it is often new ventures that drive higher environmental and social impact potential as they focus on introducing radically new products to the market (Fichter, Brettel & Mauer, 2023). Embedding sustainable practices into a business model from the start allows companies to more easily amplify their positive environmental and or social impact over time. This is because decisions made in the early phases of the innovation process have the most impact and leverage, despite a lack of data and when uncertainty is high (Bhatnagar, Keskin, Kirkels, Romme & Huijmen 2022). Additionally, having a sustainable business model from the start avoids high operational costs and unknown outcomes or consequences that accompany an incumbent adapting radical changes to their business.

While sustainable enterprises have high impact potential, they also face a great deal of challenges in the initial phases of growth. The venture must balance contradictory logics of environmental, social, economic sustainability, also known as the triple bottom line (Elkington, 1998). Essentially, sustainable enterprises face a double squeeze, having both the risks and

uncertainties that accompany entrepreneurship while also having to remain true to their mission of environmental and/or social sustainability. The core question is, in a world where up to ninety percent of start-ups fail to meet their projected goals, how can sustainable start-ups maintain their values while staying viable (Nobel, 2011)?

While several studies have researched factors for success amongst sustainable start-ups, they focus primarily on the *why*, leaving a lack of empirical evidence surrounding *how* sustainable start-ups balance the dual logic of sustainable and economic value (Fischer, Brettel & Mauer, 2020). “Despite the increasing interest in sustainability in practice and sustainable entrepreneurship, we know very little about sustainable entrepreneurship, the dual orientation that drives them and the logics they use when deciding between competing priorities...thus there is opportunity to gain insight about sustainability decision making through established entrepreneurial theory and framework” (DiVito & Bohnsack, 2017, p.572).

In this thesis we review the existing literature and provide new empirical insights examining the trade-offs faced by sustainable enterprises pursuing economic growth. We aim to not only analyse the dual nature of sustainable entrepreneurship but also how this duality impacts the decisions firms make along their entrepreneurial journey. We plan to contribute to research regarding sustainable entrepreneurship in the following two ways. First, we will adapt and expand upon existing sustainability research to highlight the contradicting dual logics that exist within sustainable entrepreneurship and establish *what* trade-offs they face. Second, we will expand upon existing research by exploring *how* sustainable enterprises balance these dual logics when faced with trade-off situations. We draw on the framework developed by Fischer, Brettel, & Mauer (2020), which outlines the process in which sustainable enterprises prioritize and reprioritize their sustainability dimensions. The framework focuses on the initial prioritization of sustainability logics as well as interactions with key stakeholders throughout their journey. We examine these critical decision points within the entrepreneurial journey, utilizing empirical evidence to analyse how sustainable enterprises balance the drive for economic business growth alongside their values of maximizing a positive sustainable impact when these trade-offs arise. We conducted qualitative research in the form of a single case study, CleverCoffee, a for-profit Danish Roastery who achieved B-Corp certification in 2021. This case is pertinent to our research as trade-offs are particularly relevant within the global coffee market, which in addition to being one of the world’s most largely traded commodity

markets, has been heavily criticized for both its negative social and environmental impact (Voora, Bermúdez, Larrea & Baliño, 2019). Our research was conducted through the triangulation of semi-structured interviews and documentary data to determine what trade-offs emerge as well as how they balance these dual logics when making decisions within the firm. Finally, we discuss our findings which not only point to the presence of trade-offs in nearly every decision faced by sustainable enterprises, but also indicate clear tactics a firm can implement to balance these decisions along the way.

To examine this, this study aims to answer the following research question:

How do sustainable enterprises balance the conflicting logics of sustainable values and economic growth?

- a) *What are the trade-offs faced by sustainable enterprises?*
- b) *How do they balance them over time?*

2. Theoretical Framework

2.1. The Domain of Sustainability in Entrepreneurship

The term ‘sustainable development’ was first introduced by the chairman of the World Commission on Environment and Development, Gro Brundtland (1987), and described as development that meets the needs of the present without compromising the needs of future generations (Redclift, 2005). The realization of resource scarcity led to changes in policies and laws, but also put more pressure on businesses and entrepreneurs to adapt. This was particularly impactful for entrepreneurs, as they bring radical technologies and innovative business models that can leverage the opportunities associated to the need for sustainable development (Cohen & Winn, 2007).

In his book ‘Cannibals with forks’ Elkington (1998) directly addresses the issues related to sustainable development and introduces the idea of a triple bottom line. The concept stresses the importance of business incumbents to report their impacts not only on the economic issues of the business performance, but also their effects on environment and society. He points out that businesses who consider sustainability as only a matter of pollution control are missing the bigger picture – especially in understating not only the financial and physical forms of capital,

but also natural, human, and social capital. That said, corporate level changes are not enough, the pressure needs to be stressed down the whole supply chain, changing partnerships, influencing smaller firms, and educating customers. In his words, “to refuse the challenge implied by the triple bottom line is to risk extinction” (Elkington, 1998, p.2).

2.2.Sustainable Entrepreneurship

The concept of *Sustainable entrepreneurship* views entrepreneurs as those who address market imperfections by recognizing opportunities for economic benefits while also tackling local and global social and environmental problems (Cohen & Winn, 2007). While there are many ways to define sustainable entrepreneurship, the definition proposed by Schaltegger (2013, p.2458) sums up it up well:

“Sustainable entrepreneurship is opportunity oriented and aims at generating new products, services, production processes, techniques, and organizational modes which substantially reduce social and environmental impacts, and which increase the quality of life.”

The emergence of sustainable entrepreneurship started with regulations and laws enforcing firms to become more environmentally and socially friendly (Criado-Gomis, Cervera-Taulet & Iniesta-Bonillo, 2017). At first, these laws were heavily criticized for hampering small firm’s competitiveness, but over time the view has shifted, allowing environmentally friendly operations to be seen as an opportunity (e.g., Natural Resource Based View), leading to increased efficiency and competitive advantage (Aragón-Correa & Sharma, 2003; Hart, 1995). Apart from laws, many entrepreneurs were drawn to sustainable entrepreneurship based solely on their intrinsic motivations, values, and beliefs (Fauchart & Gruber, 2011; Schaltegger & Wagner, 2011), affected by their background and social and political realities (DiVito & Bohnsack, 2017).

2.2.1. Sustainable Entrepreneurs

Sustainable entrepreneurs rely on two distinctive orientations that shape them as individuals and drive the success of their venture (Amankwah-Amoah, Danso & Adomako, 2019; DiVito & Bohnsack, 2017). The first of these orientations is the (1) Sustainable Orientation (SO), which works with the individual’s motivations to commit to environmentally and socially sustainable practices (DiVito & Bohnsack, 2017) and identifying the impacts of their venture on economy, environment, and society (Sivathanu & Pillai, 2020). The second orientation is

the (2) Entrepreneurial Orientation (EO), which targets opportunities aimed at generating new products, services, and techniques through proactiveness, innovativeness and risk-taking (Lumpkin & Dess, 1996). While EO is not exactly the same as economic sustainability, studies show that without a strong EO, sustainable enterprises would struggle with their viability and performance (Amankwah-Amoah, Danso & Adomako, 2019). This is because a strong EO allows the new venture to constantly monitor the operating environment for opportunities and take risks to introduce new offers to prospective markets (Lumpkin & Dess, 1996).

While there are many entrepreneurs motivated to build enterprises that directly contribute to environmental and social sustainable development, in order to be successful they need to sustain their own activities while also contributing to the socio-ecological system they are part of (Parrish, 2007). That said, the balance between what is good for one's self, others, and nature, comes with tension that can challenge the viability of these enterprises in competitive market context (Parrish, 2010).

2.2.2. Sustainable Enterprises

Ventures that aim to solve environmental and/or social problems while simultaneously balancing their economical aspect, hence enacting the full triple bottom line, are referred to as “sustainable enterprises” (Thompson, Kiefer & York, 2011). Despite the increasing need for sustainable development, scholars and researchers have been inconsistent in the terms used to describe organizations that aim to tackle it. Sustainable enterprises, social enterprises, environmental enterprises among others, have all been used to describe similar concepts. While differences in every definition occur, ultimately these organizations aim to solve social and/or ecological problems through economical market-oriented activities (Figge & Hahn, 2012). To avoid further nuances, we plan to use the term *Sustainable Enterprise (SE)* when referring to them.

Sustainable enterprises (SE) are especially important for their transformational mechanism within the market as they are able to create collective environmental and/or social impact not only within the venture, but also within markets and greater landscapes (Kim, Wennberg & Croidieu, 2016). However due to inconsistency in defining what sustainable enterprises represent, their environmental/social impacts are also very different. Some ventures put

environmental/social sustainability at the core of their operations, others utilize sustainability only on the surface level (Olteanu & Fichter, 2022), almost on the edge of greenwashing.

Sustainable enterprises are traditionally based on the centred intersection of opportunities and intentions coming from all three logics of the triple bottom line - the social, economic, and

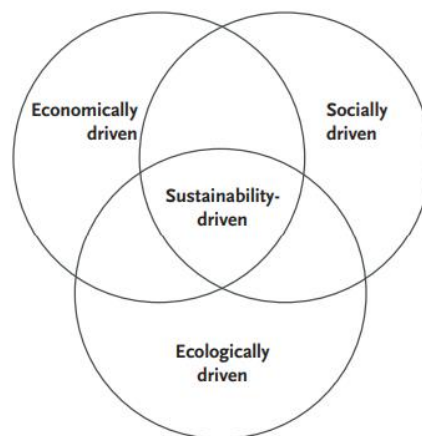


Figure 1 - Sustainability-driven Entrepreneurship as a Concept of Intersection (Schlange, 2006)

ecological, as seen in *Figure 1*. However, entrepreneurial research also mentions hybrid organizations, which concentrate on combining only two of the three logics (Schlange, 2006). Some combine their pursuit of economic value together with either the preservation and regeneration of the natural environment – environmental entrepreneurship (Isaak, 2016; Schaefer, Corner & Kearins, 2015) or with serving a social purpose –social entrepreneurship (Dees & Anderson, 2003). Alternatively, ventures like NGOs aim to tackle both social and ecological impacts. In the past, organizations primarily utilized only one of the logics, most notably economic, but over time, the market has seen a growing number of organizations aiming to balance two or three of these logics. The following section will go into more detail about these logics and their conflicting natures.

2.3. Conflicting Logics

While individual entrepreneurs are guided by their dual orientations - EO and SO, sustainable enterprises are guided by larger, conflicting institutional logics outlined in the triple bottom line. This can be seen as the institutional logics of sustainable enterprises. Institutional logics are *“the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality”* (Thornton & Ocasio,

1999, p.804). Institutional logics therefore provide a paradigm of thinking that guides decision making.

Institutional logic can explain how a venture's value systems affects the patterns and actions taken regarding their sustainable activities (Ball & Craig, 2010; Rivera, 2004). Sustainable enterprises combine environmental and/or social logics which were previously handled by non-profit organisations, governments or community groups, and are not driven by generating profit (Schlange, 2006), with economic logics of "traditional" businesses which are driven by maximizing profits (Kirzner, 2015). By combining these conflicting logics, sustainable enterprises find themselves in a difficult situation. While there are cases in which both logics coexist and serve a complementary purpose (Reay & Hinings, 2009), they are often contradicting and create conflicts from within.

Pursuing environmental and social impact alongside economic viability is the foundation of sustainable enterprises. This has led to sustainable entrepreneurs who are "dually oriented—on one side towards entrepreneurial growth and on the other towards sustainable development" (DiVito & Bohnsack, 2017, p.570). However, while both logics are important for the growth and stability of the firm, they can be contradictory to one another. This creates the need for sustainable entrepreneurs to make decisions among value trade-offs at different stages of business development (Sung & Park, 2018). These conflicting values are not easily balanced or reconciled (DiVito & Bohnsack, 2017). Nonetheless, there can be interdependencies that, when addressed, can align economic logics with the ability to recognize, interpret, and evaluate sustainable decisions (DiVito & Bohnsack, 2017). Being entrepreneurial offers the advantage of making these alignments early, not only to create market advantages but to create more potential for transformative business practices (DiVito & Bohnsack, 2017). Thus, having a high entrepreneurial orientation help firms navigate early phases of risk and uncertainty while also creating advantages through pursuing alternative types of impact that are increasingly valued by consumers. Subsequently it is also acknowledged that a solid financial basis is necessary for a firm to address the social or environmental problems at the core of their sustainable ventures (Belz & Binder, 2017).

2.4.Trade-offs

Literature suggests that there are win-win scenarios in which entrepreneurs can flourish financially while remaining true to their social or environmental values, however “given the often conflicting nature of environmental and financial aspects this appears as an overly simplistic view” (Figge & Hahn, 2012, p.95). In reality, “...trade-offs are more the rule than the exception” (Hahn, Figge, Pinkse & Preuss, 2010, p.217). In this context, trade-off situations are defined as, “...compromise situations when a sacrifice is made in one area to obtain benefits in another. It is usually impossible to optimize both of them, all at once” (Byggeth & Hochschorner, 2006, p.1420). The primary dilemma regarding conflicting logics is that at its core, the pursuit and success of one, inherently undermines the integrity of the other. Sustainable Enterprises are thus faced with trade-offs that force them to prioritize one of their contradictory logics. Moreover, trade-offs do not necessarily lead to less favourable outcomes; for example, relatively lower economic performance may result in greater sustainability (DiVito & Bohnsack, 2017). This can be seen as a success or a failure, depending on how the enterprise defines success. Success criteria vary at the individual enterprise level depending on the motives and actions within their conflicting logics as well as how they manage the trade-offs that arise along the way.

For that reason, it is difficult to foresee potential winners or losers in trade-off situations. There may be different outcomes depending on different perspectives, e.g., the customers’, the companies’, or the environments. (Byggeth & Hochschorner, 2006). Overall, the competing priorities make it very hard to define the success of sustainable enterprises on a broad scale, highlighting instead the importance of understanding a start-ups initial intention and measuring whether they hold true to them as dilemmas arise. Figure 2 visualizes a simplified view of the trade-offs that occur within sustainable enterprises. If both economic performance and sustainable performance is high, this would be a win-win situation. Though as noted above, this is generally the exception, not the rule. If both the economic performance and the sustainable performance of a venture is low, the firm is considered to have failed, as without economic or sustainable contributions, there is no value delivery (Figge & Hahn, 2012). While both win-wins and failures occur in business, the most common outcome amongst successful sustainable enterprises is the presence of a trade-off situation. Trade-off situations arise when

the firm is faced with a decision, ultimately forcing a choice of whether to prioritize their economic logic or their sustainable logic.

The Trade-Offs Sustainable Entrepreneurs Make

		Economic Performance	
		Negative value contribution	Positive value contribution
Sustainable Performance	Positive value contribution	Sustainable Orientation Prioritized	Exception
	Negative value contribution	Failure	Economic Orientation Prioritized

Figure 2 - Trade-offs Sustainable Entrepreneurs Make.

Adapted from Figge & Hahn (2012), "Economic value creation and environmental creation."

2.4.1. The Importance of Trade-offs

Trade-offs situations are important to consider within business because they put sustainability values on par with traditional economic values of the firm. "Focusing on trade-offs opens up a wide array of corporate contributions to sustainable development that are left aside by the mainstream corporate sustainability literature due to its focus on win-win situations" (Hahn et al., 2010, p.226). While literature highlights companies that build both economic and sustainable gains, there is a bias in that financial gains are always prioritized. With that, a significant gain in sustainable value at the slight loss of profitability (the trade-offs) are not taken into account in this perspective (Figge & Hahn, 2012). As it is unlikely that a company will make a choice that is not primarily economically driven, there is a risk that the environment will not be the highest priority in trade-off situations. (Byggeth & Hochschorner, 2006). As a result "corporate environmental strategies need to aim at the creation of environmental value *alongside* economic value rather than the creation of economic value *through* environmental management" (Figge & Hahn, 2012, p.92). This allows for the consideration of trade-offs, which equally value the contradictory logics and understand that a

gain in one can be beneficial despite a loss in another. (Figge & Hahn, 2012). All in all, exploring trade-offs is important as it generates insights into the conditions under which entrepreneurship can create economic growth while simultaneously advance social and environmental objectives (Hall, Daneke & Lenox, 2010).

2.5. Balancing Trade-offs

Trade-offs situations can occur at any point along the entrepreneurial journey, however they are most common both at the start of a venture, when the enterprise's internal values are set in motion, and in later stages when the enterprise faces external influence in the form of stakeholder interactions (Fischer, Brettel & Mauer, 2020). This process of balancing the logics of sustainability throughout the entrepreneurial journey can be categorized into three phases. The first phase occurs at the formation of a sustainable enterprise, during which the initial prioritization of strategic dimensions occurs. At this stage in the journey, the firm is primarily influenced by the market opportunity, the entrepreneur's preference, and stakeholders needed to acquire vital resources to gain legitimacy and overcome the liability of newness (Fischer, Brettel & Mauer, 2020). As the venture moves past the liability of newness and becomes a more established firm, enterprises are faced with the need to interact with key stakeholders ensuring their long-term viability (Dominguez, Montero & Bernal, 2021). How entrepreneurs respond to their various stakeholder interests can thus lead to a change in how they balance the dimensions. This can be seen as phase two in balancing the conflicting dimensions within sustainable entrepreneurship. From these stakeholder interactions, entrepreneurs can choose to either stick to their initial strategic prioritization or reprioritize the sustainability dimensions (Fischer, Brettel & Mauer, 2020). Depending on the stakeholder, their interaction may motivate the entrepreneur to maintain their priorities or to adjust the weightings they allocate to the respective dimensions. (Fischer, Brettel & Mauer, 2020). This can be seen as phase three in balancing the conflicting dimensions within sustainable entrepreneurship. Figure 3 outlines the various phases of balancing trade-offs within sustainable entrepreneurship as outlined by Fischer, Brettel, and Mauer (2020). The following sections dive further into the three phases of the process and how they influence the balance of sustainability logics within sustainable enterprises.

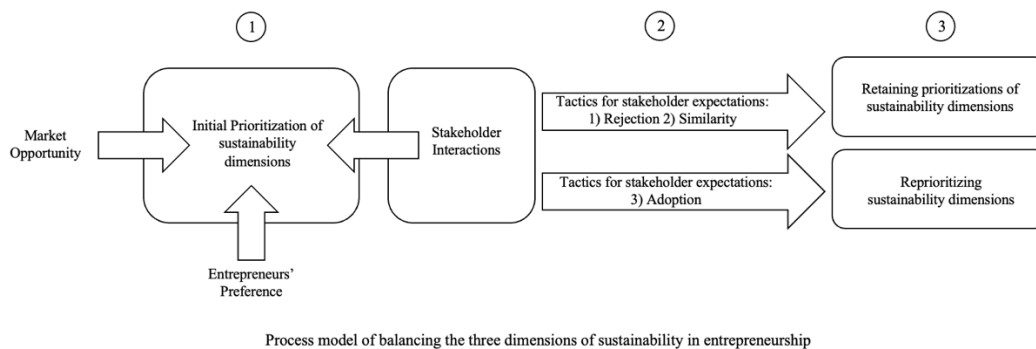


Figure 3 - Model of Balancing the Three Dimensions of Sustainability

Adapted from Fischer, Brettel, & Mauer (2020), "Process model of balancing the three dimensions of sustainability."

2.5.1. Phase 1: Initial Prioritization of Sustainability Logics

At the start of a venture, the founding team must establish a prioritization of the triple bottom line within the firm. This marks how a firm will balance economic, environmental, and social logics within the initial stages of their venture and within their business model. This will ultimately "...present a useful foundation for a discussion of the balancing of multiple wants desires by entrepreneurs, and needed in society" (Cohen, Smith & Mitchell, 2008, p. 110). That said, these conflicting logics can pose difficulties when it comes to decision making about which sustainability dimensions an enterprise should prioritize. Some businesses are bound by their values and strictly adhere to them by heavily investing in one dimension, leaving the other two nested within the prioritized one. DiVito & Bohnsack (2017) introduce this as singular decision-making profile which is heavily influenced by the entrepreneurial orientation component of risk-taking. These types of ventures will always prioritize their ultimate mission instead of making any trade-offs on it. Other ventures, usually highly innovative ones, concentrate their sustainability decisions on two dimensions. The order in which the two dimensions are prioritized is based solely on the venture's decision-making, which can be easily changed. The authors call this decision making profile flexible (DiVito & Bohnsack, 2017). The question that arises here is, to what extent can ventures be called environmentally or socially sustainable if they end up prioritizing the economic logic. Finally, the holistic

decision making profile, which is linked to the entrepreneur's strong proactivity and is based on the alignment and prioritization of all dimensions of sustainability (DiVito & Bohnsack, 2017). Why a firm prioritizes these dimensions can depend on several factors, with the level of emphasis on certain dimensions depending primarily on (1) the entrepreneur's preference (2) the ventures' business opportunity, and (3) stakeholder interests (Fischer, Brettel & Mauer, 2020).

2.5.1.1. Entrepreneurial Preference

During ideation and venture creation, founders have the largest influence on values and guiding principles. It is in this stage that "...founders' attitudes, beliefs, and convictions, in other words, their values about sustainability, are imprinted on new ventures and shape sustainability orientation in an enduring and persistent manner. This accordingly, influences their decision making" (DiVito & Bohnsack, 2017, p.571). Thus, it is argued that the founder's imprinting of sustainability orientation has a lasting influence on the sustainability decision making of the firm (DiVito & Bohnsack, 2017). By establishing clear priorities and principles early on, the firm increases their chances of making strategic decisions that will impact whether the firm is able to succeed in those priorities. The entrepreneur must balance their priorities within the conflicting logics of sustainable entrepreneurship. In this case, "balancing refers to how entrepreneurs evaluate and consider the weighing of their ambitions" (Fischer, Brettel & Mauer, 2020, p. 94). In doing so, the entrepreneur is able to determine the relative importance of their multiple objectives, given that not all goals can be maximized equally and simultaneously (Fischer, Brettel & Mauer, 2020, p.94).

2.5.1.2. Market Opportunity

In addition to the motivations of the founding team, the opportunity itself, as well as the market conditions play a guiding role in the influence of sustainability dimensions within a start-up. Depending on the industry, some business models may achieve stronger positive social or environmental impact due to the nature of the product or services (Fischer, Brettel & Mauer, 2020). Alongside this, existing and or growing demand for sustainable products within the industry can play a large role in the early success of the venture, especially if competition is low. Additionally, the market itself can play a role in whether a firm develops a sustainable model. In markets where the coercive pressure is high, ventures are more likely to have

sustainable values built into their business model. In this case, coercive pressure is defined as, “compulsory regulations and laws imposed by government authorities” (Dominguez, Montero & Bernal, 2021, p.830). That said, countries and markets that have stricter rules and regulations regarding both social and environmental policies will have a higher influence of the balance of sustainable dimensions within ventures founded in those markets.

2.5.1.3. Stakeholder Influence

In the early stages of a venture, the influences of key stakeholders also have a strong impact on the orientation of the business. As government, legislation, investors, suppliers, and consumers all shift towards a higher sustainable orientation, there is more pressure on new businesses to adopt more sustainable business models to attract the vital resources needed to survive (Mondal, Singh & Gupta, 2023). Studies show that the mounting pressure of stakeholders is one of the main reasons companies pursue sustainability strategies such as preserving the environment (Kang, 2013). As a result, businesses often engage in sustainable practices as a means to fulfil the legitimate interest of stakeholders, whom are vital to the viability of the venture (Dominguez, Montero & Bernal, 2021). In the early stages of a new venture, literature has shown that entrepreneurs often define the business objectives in favour of environmental issues in order to foster legitimacy, which is vital for them to overcome the liability of newness (LoN) and thus increase their chance of survival (Überbacher, 2014). In contrast, entrepreneurs in later stages of their venture have already overcome the difficulties derived from the LoN and have become established firms. These entrepreneurs tend to devote more efforts to other business imperatives such as profit maximization (Swinney, Cachon & Netessine, 2011). While this shift speaks more to the trade-offs that occur within sustainable entrepreneurship overtime, it can be established that the influences of key stakeholders at the beginning of a venture can strongly shape the logic and values of the firm. (Swinney, Cachon & Netessine, 2011). In the following section we will dive further into the trade-offs that occur throughout a firm’s lifespan and how the influence of stakeholders impacts these decisions over time.

2.5.2. Phase 2: Trade-offs as a Result of Stakeholder Interaction

Stakeholder interaction is defined as the interaction between an enterprise and an external party that is important and or imperative to the venture’s success (Fischer, Brettel & Mauer, 2020).

Stakeholders are divided into two categories, primary and secondary stakeholders; the former of which are necessary for the survival of the venture (Fischer, Brettel & Mauer, 2020). The process of pursuing an entrepreneurial venture is characterized by the continuous effort to gain higher levels of control over key resources. Typically, these essential resources such as funding, management capacity, or public support are not at the disposal of the entrepreneur but rather, are controlled by stakeholders (Schlange, 2006). Since stakeholder support directly influences the success of the firm, dealing with stakeholders becomes a central part of the entrepreneurial venture. With that, the amount of freedom entrepreneurs will experience in developing their business depends on the appropriate management of these stakeholders (Schlange, 2006). A key component of stakeholder management is the balancing of stakeholder interests, which is defined as, “a process of assessing, weighing, and addressing the competing claims of those who have a stake in the actions of the organization” (Reynolds, Schultz & Hekman, 2006, p.286).

Given the contradictory nature of the logics within sustainable enterprises, there is often a more comprehensive set of relevant stakeholders as well as a more challenging balancing act in managing them (Schlange, 2006). Whereas traditional economic-driven ventures rely largely on stakeholders such as shareholders, creditors, and customers, sustainable enterprises are additionally managing environmental, social, and governmental stakeholders. They are grounded in the principle of, “meeting the needs of present stakeholders without compromising the ability to meet the needs of future stakeholders” (Schlange, 2006, p.22). Thus, it is especially critical for sustainable enterprises to properly engage with stakeholders to realize an integrated and balanced system (Winn and Kircheorg 2005). How sustainable enterprises balance their sustainability dimensions and goals depends largely on the degree of stakeholder involvement and external expectations (Fischer, Brettel & Mauer, 2020). Ultimately, sustainable enterprises need to seek out stakeholders that align with their mission, goals, and needs to achieve success. As not all stakeholders are interested in sustainability, it is not only key to entrepreneurs to define and identify tenable business practices but also to evaluate how stakeholders over time construct, accept, create, and adopt those practices (Jennings and Zandberger 1995). To find the right stakeholders for a given sustainable venture, Schlange argues that “sustainability-driven entrepreneurs should build their relationships with stakeholders who comply with the established societal rules (legitimacy), share the

entrepreneurs' system of basic values (philosophy), and promise high potential to induce future change within the economic, social, and ecological layers of society (impact)"(Schlange 2009, p.26). Ultimately it becomes a balancing act of *what matters to me* and *what matter to them*, ensuring enterprises stay true their values and beliefs while simultaneously paying attention to external demands from stakeholders (Fischer, Brettel & Mauer, 2020). Essentially, ventures need to ensure they are balancing not only the relationships between the dimensions of sustainable entrepreneurship but also the external dimension of stakeholder demands, which can result in win-lose or win-win situations (Hall et al 2010).

2.5.3. Phase 3: Tactics for Stakeholder Expectations

As a result of stakeholder interactions, enterprises partially co-create balance by implementing one of the following three tactics: (1) rejection (2) similarity and (3) adoption (Fischer, Brettel & Mauer, 2020). Of these strategies, only adoption leads to a rebalancing of the prioritization of sustainability dimensions. "Sustainable entrepreneurs retain their sustainability weighting after rejecting certain stakeholders who do not share their beliefs and values (rejection tactic). They also retain their sustainability weighting by striving for more similarity and searching for stakeholders who share their values and beliefs (similarity tactic). However, if sustainable entrepreneurs cannot reject stakeholders with differing values (e.g., because they urgently need resources) or if stakeholder interests are supportive, entrepreneurs are likely to adjust their sustainability weighting (adoption tactic)" (Fischer, Brettel & Mauer, 2020, p.98). Entrepreneurs thus utilize these strategies to maintain an optimal balance for the survival of their venture.

Ultimately, entrepreneurs respond to stakeholder demands either by retaining or by reprioritizing their strategic sustainability dimensions and goals (Fischer, Brettel & Mauer, 2020). Research shows that entrepreneurs are more likely to adopt new priorities depending on the type of stakeholder. For example, Fischer, Brettel & Mauer's (2020) study showed, "that sustainable entrepreneurs allocate more weight to economic concerns after interacting with investors or B2B consumers even though they may have initially placed higher priority on environmental and social concerns" (Fischer, Brettel & Mauer, 2020, p. 99). This was often due to interactions with investors and the realization that sustaining their business was not possible without breaking even (Fischer, Brettel & Mauer, 2020). Subsequently it was also

acknowledged that a solid financial basis is necessary to address the social or environmental problems at the core of their sustainable ventures (Belz & Binder, 2017). On the other side, it was found that a higher level of interaction and involvement with consumers leads to an increased emphasis on the environmental and or social dimension (Fischer, Brettel & Mauer, 2020). Thus, companies that have higher direct interaction with consumers were more likely to lean towards sustainable motives to keep up with their demands. The increased pressure from consumers led companies to maintain their priorities when faced with a trade-off.

2.6. Concluding Remarks

Overall, sustainable enterprises engage in various balancing acts to address the often-contradictory sustainability dimensions. Both internal and external factors play a role in influencing how a firm will manage the trade-offs that come with the conflicting logics of sustainable enterprises. Understanding the decision-making process of these entrepreneurs helps us to better understand how firms will balance the trade-offs they face and what impact it will have on the success of the venture. Although research shows that it is possible for firms to pursue economic value alongside sustainable value, “research needs to pay more attention to entrepreneurs’ decision making and conflicting dimensions” (Fischer, Brettel & Mauer, 2020, p.101). Despite the increasing interest in environmental and/or social sustainability in practice and sustainable entrepreneurship, little is known about the duality that drives them and the logics they use when deciding between competing priorities. (DiVito & Bohnsack, 2017). As a result, there is an opportunity to gain insight about sustainability decision making through established entrepreneurial theory and framework (DiVito & Bohnsack, 2017).

3. Methodology

In this section, we will explain the rationale for using qualitative research methods as a research design in relation to our proposed research question and the purpose of our study. We provide a concrete description of the case selection criteria as well as insights as to why a particular industry has been selected for detailed exploration of the phenomena in sustainable enterprises. Details about the case are provided together with sampling and data collection methods. The use of triangulation within the research is also explained. We continue with a detailed approach to our data analysis as well as address potential limitations to our research methodology. Finally, ethical considerations within our study are explained.

3.1. Research Design

The aim of this study is to contribute towards the existing literature on sustainable entrepreneurship. We utilized the theoretical framework from Fischer, Brettel & Mauer (2020) to dive deeper into the factors of entrepreneur's preference, market opportunity, and stakeholder integration that influence the balancing of several sustainable logics. We argue that these factors play an important role in prioritizing either positive sustainability values, or their economic values within a sustainable enterprise.

We proposed an inductive research question that aimed to understand the “how” and “why” instead of trying to test a theory or framework through a deductive approach, (Bell, Bryman & Harley, 2022), which usually arises from quantitative methods. In order to answer our research question we conducted a single case study (Eisenhardt, 1989). Case studies offer the ability to extract context-specific knowledge held by individuals, which includes their motivations, history, and experiences. Case studies further enable detailed analyses of decision-making processes in real firms that can be used as an empirical basis for extracting more generalizable principles that apply to others in the sector (Dalton, 1959 cited in Dyer Jr & Wilkins, 1991). Such information is most effectively acquired through in-depth semi-structured interviews which allow structured questioning with flexible follow up inquiries. This in-depth qualitative data helped us to better understand the detailed relationship between sustainability dimensions (Fischer, Brettel & Mauer, 2020) and increased our understanding of social processes involved (Eisenhardt & Graebner, 2007). While sustainable enterprises have gained legitimacy over last decades, there is still a lack of in-depth research on early stage sustainable ventures (Belz & Binder, 2017). Furthermore, Fischer, Brettel & Mauer (2020) called for future research to continue to investigate different weightings and forms of sustainability logics used by entrepreneurs, as well as examining different stakeholder groups and their influence on the sustainability aspects of the venture.

When conducting our qualitative research, we took into consideration the epistemological position of an interpretivist, which strives to understand the social world and lived experience of the sustainable entrepreneurs through an examination of their interpretation (Scotland, 2012). Interpretivism is concerned with understanding human behaviour instead of trying to explain it (Bell, Bryman & Harley, 2022), which is line with our single case study approach.

By focusing on single case into more detail, it can help us understand dynamics of the firm and how processes of decision making in line with triple bottom line values unfold within (Eisenhardt & Graebner, 2007).

Case studies are a powerful tool for inductive theory development and are widely used for research design in business research (Eisenhardt & Graebner, 2007) to capture the complexities and contradictions of real life (Flyvbjerg, 2006). Case studies are viewed as a strong starting point for theory building (Yin, 1994) as they produce “concrete context-dependent knowledge” (Flyvbjerg, 2006, p.223). This allowed us to piece together patterns of relationships among constructs across, and within the individuals of a case company (Eisenhardt & Graebner, 2007) and therefore create a more complete theoretical picture derived from the case (Eisenhardt, 1991). Although some scholars identify multiple case studies as a more in-depth research of a phenomenon (Bell, Bryman & Harley, 2022), we selected single case study for two particular reasons. First, because a single case can provide better understanding of the researched subject (Dyer Jr & Wilkins, 1991) and second, due to time constraints linked to the thesis, as multiple cases usually require more time and resources (Baxter & Jack, 2008)

Due to the purpose of the study, we are conducting a purposive sampling method as it is the best way to answer our research question (Bell, Bryman & Harley, 2022). Our study calls for the use of theoretical sampling, because, “theoretical sampling is done in order to discover categories and their properties and to suggest the interrelationships into a theory.” (Glaser & Strauss, 1967, p.62) Theoretical sampling is directly linked to the use of grounded theory analysis that is explained further in next section. Theoretical sampling is a sequential approach to sampling, which means adding samples as the investigation evolves (Teddlie & Yu, 2007). In our thesis, we start by obtaining semi-structured interviews from the employees within our selected case. After the initial interviews, we conducted analysis and identified if additional interviews were necessary in order to achieve theoretical saturation (Bell, Bryman & Harley, 2022).

3.2. Case Selection

It is generally recommended that sample selection in case study research should be done based on their appropriateness to the purpose of the investigation (Bell, Bryman & Harley, 2022). As

our research targets sustainable enterprises, we identified the following selection criteria for our selected case to fulfil our research (Suri, 2011):

Criterion 1 – The sample is considered a for-profit sustainable enterprise.

To fulfil the definition of a sustainable enterprise used within this thesis, we conducted interviews only with an enterprise that was founded as for-profit business.

Criterion 2 – The sample is, to some extent, balancing all three logics of the triple bottom line.

To understand how sustainable enterprises balance conflicting logics, we only considered companies that worked within all aspects of the triple bottom line. This was verified through the presence of an internationally recognized certification, such as B-Corp. This certification is granted only to companies that undertook a thorough assessment of their social and environmental performance. They are further required to make a legal commitment on accountability towards all stakeholders and need to be transparent about their assessment afterwards (B Corp, 2023).

Criterion 3 – Sustainability is built into their business model.

To interview enterprises that truly care for the sustainability element, we added an extra data collection method before reaching out to the respective companies. We accessed company websites and social media, looking for a clear indication that the respective company was committed to sustainability.

After our initial screening, we reached out to several founders using LinkedIn and or e-mails listed on their website. While several interviews with founders were undertaken, we were not able to obtain commitment from one company for a deep dive single case study. That is, until we found Lars Frello, founder of CleverCoffee, a Danish-based specialty coffee roastery focused on delivering high-quality coffee with a special focus on transparency and sustainability (CleverCoffee, 2023). They are registered as a for-profit organization and as of 2021 they are certified B-Corporation, meaning sustainability is embedded in their core, balancing the economic, social, and environmental impact their business makes. It also means they meet all 3 proposed criteria and were interviewed.

3.3.Data Collection

We conducted qualitative research utilizing multiple methodologies to cross validate our findings. In combining both semi-structured interviews alongside documentary data, a triangulation approach was applied, enhancing the reliability and quality of our findings (Bell, Bryman & Harley, 2022). Additionally, having multiple sources of evidence and measures, we were able to better construct validity within our research (Yin, 2016).

First, empirical data was collected by conducting a first round of semi-structured interviews with each of the five people employed full-time at CleverCoffee. Semi-structured interviews were selected to ensure we generated in-depth and insightful responses in a free-flowing manner (Eisenhardt & Graebner, 2007). After our initial round of interviews, an additional interview was conducted with each of the two founding partners. Our aim was to conduct semi-structured interviews with employees until we reached a saturation point in which further interviews would no longer lead to new information to obtain an accurate reflection within our findings (Bell, Bryman & Harley, 2022). Semi-structured interviews were chosen over unstructured interviews as our investigation began with a clear focus rather than a general notion (Bell, Bryman & Harley, 2022). As we were not testing a strict hypothesis or claim, we focused on open ended questions utilizing inductive research, and the grounded theory approach (Bell, Bryman & Harley, 2022).

We created an interview guide which covered our key concepts, aligning subcategories to our theoretical framework and research question. We utilized loose questions which allowed for a more conversational flow, maintaining key points we wanted to touch on but also keeping the process flexible, with an emphasis on how the interviewee framed and understood the issue themselves (Bell, Bryman & Harley, 2022).

We began each interview with a consent form, signed by each interviewee, which gave us permission to record the interview and use their names and positions within our research. The option for anonymity was always presented, though all subjects agreed to the utilization of their personal information. The interview also began with a general explanation of the research intent as well as an initial opening question regarding the interviewee. Other than a few guiding questions, the interviews flowed according to the topics the interviewee found relevant and important. The interviews were recorded as a way of assuring validity of the material as well

as to be used for further analysis. Additionally, manual notes were taken during the interview. A copy of the interview guide for both founders and non-founders can be found in Appendix A & B. A copy of the consent form can be found in Appendix C. All interviews were conducted and recorded via zoom and lasted between 45 minutes and 1 hour and 30 minutes. Conducting interviews online ensured a safe, convenient, and flexible environment for the interviewees (Bell, Bryman & Harley, 2022). All interviews were conducted in English to avoid any misinterpretation when translating. All interviews were conducted between 31 March 2023 and 3 May 2023. A full list of interview dates and interviewees can be found in table 1 below.

Round 1: Initial Interviews		
Interview Date	Employee Name	Position
31/3/23	Kristian Thomassen	Digital Coordinator
3/4/23	Lars Frello	CEO /Founder
12/4/23	Lindy Brogaard	Head of Coffee and Partner
24/4/23	Sebastian Bjørnstad	Roastery Assistant
3/5/23	Johanne Thygesen	Communications Assistant
Round 2: Follow-up Interviews		
Interview Date	Employee Name	Position
1/5/23	Lars Frello	CEO /Founder
2/5/23	Lindy Brogaard	Head of Coffee and Partner

Table 1 - Interview Participants

In addition to semi-structured interviews, we utilized documentary data in the form of organizational documents. These documents included the company website, the company's annual sustainability report, social media platforms, annual financial statements, and other publicly available documents, such as the B-Corp website. These documents were analysed alongside our main method of data collection, semi-structured interviews, to cross reference and better understand the company mission and their commitment to social and environmentally sustainable logic in practice and in a public facing manner. These documents offered insights into past managerial decisions and actions taken by the company, and were useful in building a timeline for the company (Bell, Bryman & Harley, 2022). In addition to publicly available documents such as the annual transparency report, we also requested internal documents from the founders to help overcome issues of credibility and representativeness that may be found in publicly available sources (Bell, Bryman & Harley, 2022). That said, as a company founded on the notion of openness and transparency, most information, including

FOB coffee pricing compared to industry standards, as well as annual gross profit and financial statements were already publicly available.

Our primary source of documentary data was via the company's transparency report, which has been released annually since 2019. The fourth annual report, wrapping up 2022, was released in mid-April, amid our interviews with the company. The report is an 85-page document focusing on transparency within the organization. As stated at the beginning of the report, "*reporting transparently about how we do business is not only a great tool for self-reflection and improvement, but also the right thing to do*" (CleverCoffee, 2023, p.3). The report contains four key sections, first, an annual assessment and status update on their sustainability initiatives and their commitment towards net zero 2030. Second, a detailed description of each of their coffee farm partners including personal stories, the initiatives they are implementing, and the importance of their relationships. Third, a detailed overview of the current state of coffee trade globally and within Denmark as well as a transparent overview of FOB prices of all coffee purchased by CleverCoffee compared to the industry standard. Finally, an update on their B-Corp status alongside a partner Q &A and a company timeline. This report served as an excellent guide for our exploratory study revealing several trade-offs within the business, allowing use to utilize triangulation alongside interviews to increase the reliability and quality of our findings (Bell, Bryman & Harley, 2022) Additionally, as we were able to interview the authors of the documents, we were also able to validate the accuracy of the documents by the individuals who produced them (Bell, Bryman & Harley, 2022).

3.4. Data Analysis

To analyse our transcribed interviews a grounded theory approach was applied. As grounded theory is an iterative and cumulative approach, data analysis began shortly after the initial collection of data. The ideas that emerged from this analysis thus continuously shaped the next steps (i.e., questions and ideas) in data collection until theoretical saturation was achieved (Bell, Bryman & Harley, 2022). This is considered an inductive approach, where theory is the outcome of an analytical process rather than testing whether prior assumptions or ideas are present or valid (Bell, Bryman & Harley, 2022).

We began with a content coding process, utilizing open coding to generate initial concepts. With grounded theory, the researcher's interpretations of the data shape his or her emergent codes (Bell, Bryman & Harley, 2022). The process of dissecting the data essentially occurred over three main procedures of analysis. First, the interview transcriptions were meticulously inspected line by line, highlighting any instance of trade-offs within the business. We color-coded quotations and first took note of overlapping themes, forming several initial concepts. This phase resulted in a total of 116 initial identified trade-offs. From there, we attempted to generate coded groupings, taking frequency into account, and narrowing down by relevancy to our research. Groupings were color-coded and compiled into an excel file, allowing us to sort by group, interviewee, trade-off, and impact. Groupings were continuously evolving as we verified, discarded, and combined them throughout the process. As we collected additional data, we then began observing for repetition, similarities, and differences to gauge prevalence and relevance of the emerging concepts. This phase resulted in a consolidated total of 24 first-order themes, i.e., trade-offs, and a total of six second-order themes. For the six second order themes, we utilized axial coding to form connections between emergent themes, allowing us to group into higher-order conceptual categories (Bell, Bryman & Harley, 2022). From here, we were able to begin the development of broader overarching categories, in which we settled on a total of three aggregated dimensions (Gioia, Corley & Hamilton, 2012). Throughout the entire process, constant comparison was used to maintain close connections between data and conceptualization, allowing for accurate categories to be generated out of validated concepts (Bell, Bryman & Harley, 2022). A full view of this analysis is shown in Chapter 5.

3.5.Limitations

Qualitative design of this exploratory study allows for a deeper understanding of the researched case with a respect to identifying trade-offs and decision-making dilemmas based on the lived experience and in-depth knowledge of the sample (Bell, Bryman & Harley, 2022). With qualitative design, external validity and generalizability of the finding is not possible as they may be specific only to our case and therefore pursuing internal validity is a prioritized goal (Ferguson, 2004). Jimenez-Buedo & Miller (2010) however argue that internal validity acts as a prerequisite to external validity. While we believe that our findings are internally validated, we cannot claim that such findings are replicable to all other sustainable enterprises within the coffee industry.

This limitation is in line with the limitation of using a single case-study, which has been criticized as storytelling about one case instead of helping to identify trends and trade-offs that are generalizable (Eisenhardt, 1991). Additionally, issues with methodological consistency makes it difficult to compare and contrast findings from other studies, hence it is harder to identify what is relatively common across the sustainable enterprises within the coffee industry and what might be more of a unique problem linked to particular case (Bell, Bryman & Harley, 2022). Similarly, industry-specific trade-offs and strategies are highly likely to be identified, therefore our findings will be especially important within the coffee roasting industry. Hence part of the findings can hardly be replicable and testable within different industries.

Theoretical sampling does not allow for representative sampling. However it offers the ability to generate a detailed theory or framework that can be later tested through quantitative methods in a larger sample or other cases (Eisenhardt & Graebner, 2007). In our case, this means that we are developing a theory based on the study of Fischer, Brettel & Mauer (2020), identifying major trade-offs in the coffee industry.

In terms of theoretical saturation, O'Reilly & Parker (2013) argue that the term has been overused and does not respect the true meaning of it, and they therefore distinguish between data saturation that continues until no new findings are generated, and theoretical saturation that continues until the conceptual categories are fully developed and relationships between them are accounted for (Bell, Bryman & Harley, 2022). Additionally, they argue that data saturation in inductive research might be unrealistic, since the number of themes emerging

from the data set is potentially limitless (O'Reilly & Parker, 2013). Thus, we aimed for theoretical saturation of our case, using interviews and documentation.

3.6. Ethical Considerations

Ethical considerations were taken into account in line with four main areas introduced by Diener & Crandall (1978). Firstly, participants were informed in advance that (1) we are not collecting any material that *could create any harm* to them, be it jeopardizing their security of employment at CleverCoffee by talking to us or any other physical or non-physical harm (Bell, Bryman & Harley, 2022). Secondly, prior conducting of the interview the participants were provided with an (2) *informed consent form*, which clearly states the purpose of the research, together with a way how data are handled (Appendix C). At the consent form, participants could choose for their data to be anonymized within this study, to avoid (3) *invasion of privacy*. Full scope of the study and details were provided to the participants at the end of the interview, together with contact details to the researchers in case of further questions to (4) avoid any *deception*. Importantly, each interviewee was informed in advance that the interview is being recorded for further analysis and their consent can be withdrawn upon the point of data analysis.

4. Setting

4.1. The Global Coffee Industry

Working with a case from coffee industry is especially interesting because the industry has a large and direct impact on all three of the sustainability logics. Despite being one of the most produced and traded global economic commodities (Murthy & Naidu, 2012), coffee has been under pressure both environmentally and socially. From an environmental perspective, climate change continues to negatively impact the production of coffee, due to its sensitivity to climate (Barreto Peixoto, Silva, Oliveira & Alves, 2023). Additionally, poor management of the by-products that are generated by the industry often end up in landfills, creating yet another negative environmental impact (Barreto Peixoto et al., 2023). From social perspective, roughly 125 million people, mostly from developing countries, are dependent on coffee for their livelihood (Barreto Peixoto et al., 2023) and yet, nearly half of smallholder coffee producers continue to live in poverty (Cordes, Sagan & Kennedy, 2021). Farmers are also highly influenced by the fact that most of global coffee is traded on a centralized commodity market (the C-market) where prices are determined solely on supply fluctuation. The commodification

of coffee has left the prices for coffee beans virtually at the same level for the last two decades, even though a price regular cup of cappuccino has grown over 150 % (Miatton & Amado, 2020). Coffee farmers today are paid the same as they were in the 1980s, without adjustments for rising prices of production and living, not to mention inflation, which alone is an increase of 5-6 times the current price (Miatton & Amado, 2020). Additionally, the C-Market has a complete lack of transparency, commoditizing the product and thus making it hard to trace the source of origin of the beans to the farmer. As a result, the coffee industry has been highly scrutinized in both social and environmental sustainability. Scandinavia, albeit very far from where coffee is being produced, is a region with the highest consumption of coffee per capita (Czarniecka-Skubina, Pielak, Sałek, Korzeniowska-Ginter & Owczarek, 2021). Customers here care more deeply for the ethically sourced coffee (Euromonitor, 2022) and are heavily influenced by the sustainable attributes of products when purchasing them (SBI, 2021). This makes coffee industry in Scandinavia especially interesting case to research.

4.2. CleverCoffee

CleverCoffee suits our research well, not only by fitting the given criteria explained in Section 3.2., but also through their activities aimed towards sustainably impactful business. The company publishes an annual Transparency Report which tracks their efforts towards their environmentally and socially sustainable agenda (CleverCoffee, 2023). Apart from being a B-Corp certified, they are committed to achieve Net Zero emissions by 2030. Their approach starts with social aspect, rather than environmental, as the founder Lars puts it “...we start with people, we don't start with planet (...) we really want to purchase coffee at a premium so that the people on the coffee farm are paid fairly, and they are paid above what they need so they can develop their business...”. This is the essence of their business, and they cite their innovative approach of people before planet before profit as the reason for their name, CleverCoffee. However, as literature suggests, every sustainable enterprise comes across certain decisions that would require a trade-off on either side of the institutional logics. CleverCoffee's admits in their transparency report that this is also true for them: “When you are completely transparent, there are no half-truths or vague definitions to hide behind. And sometimes your flaws become painfully obvious. And that painful realization is completely necessary if we want to improve and move towards a more responsible and sustainable industry. We are still not where we want to be.” (CleverCoffee, 2023, p.3). While faced with

challenges, CleverCoffee continues to fight for their missions. These efforts towards their sustainability dimensions make them especially interesting and relevant case for our study.

5. Findings

Our analysis of empirical data highlights: (1) the clear trade-offs between profit and sustainability throughout the entrepreneurial journey and (2) the key tactics for how to balance these trade-offs. The identified trade-offs provide a deep understanding of how sustainable entrepreneurship shapes the venture's everyday work with social and environmental impact. These trade-offs are: (1) growth versus values, resulting in slow growth to stay true to their sustainable values at the cost of lost efficiency and opportunity; (2) conflicting stakeholder needs, arising from the need to meet the demands of customers while also prioritizing the social wellbeing of their direct trade partners; (3) impact versus cost, arising from the fact that long-term sustainable impact often requires more resources, time, and money to implement. The following sections dive further into *what* these trade-offs are, providing empirical data from our semi-structured interviews and documentary data, alongside the analysis of *how* they were balanced within the company.

5.1. What are the Trade-offs

Our empirical findings support the perception that win-win scenarios within sustainable enterprises are an overly simplistic view given the conflicting nature of the business (Figge & Hahn, 2012). Our discussions with CleverCoffee show that trade-offs are not only present, but also embedded in nearly every decision throughout the entrepreneurial journey. This reiterates the reality that, “..trade-offs are more the exception than the rule” (Hahn et al., 2010 p.217). That said, trade-offs do not necessarily lead to less favourable outcomes, but rather open up the definition of success in understanding that a gain in one logic can be beneficial despite a loss in another (Figge & Hahn, 2012). By taking a holistic approach to their business model, CleverCoffee leans on strong proactivity to balance all three of the triple bottom line logics, often sacrificing small economic trade-offs for the benefit of their social and environmental values and missions, as outlined in Table 2 and our findings below.

First Order Concepts	Second Order Themes	Aggregate Dimensions	
Transport by boat rather than air	Decreased Efficiency	Growth vs. values	
Agroforestry over sun monoculture, lower yields for long term sustainability			
Invest in relationship with farmers, leads to long term environmental gains, grow at a slow pace			
Gain suppliers at a slow pace, through word of mouth ensuring alignment of values standards			
Limited suppliers, must meet strict code of conduct	Decreased Growth and Opportunity		
Difficulty finding investors, switching to a slower, more transparent, sustainable bank			
Would have been easier to scale the business if they had the money, but that's not how they want to grow			
Luxury to say no, turn down customers			
Turn down high quality, great tasting coffee that wasn't transparent enough	Increased Customer Demand		Conflicting Stakeholder Needs
Using importers to bridge supply gap vs. direct trade when new customers come on			
Using importers when supply shipments are delayed			
Using importers to have rotating specialty coffees (maintain subscribers)			
Consumer growth poses a supply risk with direct farms			
Maintaining high-quality to meet customer demand	Increased Relationships with Farmers		
Paying farmers premium price for coffee			
Paying farmers in advance (they would like to, but they are not here yet)			
Increased risk to work with farmers directly vs. C market			
Broken system, need to share the risk to be able to make demands			
Lower quality standards from direct trade vs. an importer (farmers are already paid with importers)			
Suppliers don't have to be perfect, invest time to learn from each other and start initiatives	Increased Time & Work	Impact vs. Cost	
Communicating value of responsibly sourced coffee to customers			
Being Transparent in everything they do, increased documentation, (ex. B Corp)	Increased Costs		
CleverCoffee takes a lower profit to ensure ethical sourcing			
Investing in premium so they can help the planet			

Table 2 - Emerged Trade-offs Categorized into Concepts, Themes, and Dimensions (Gioia, Corley & Hamilton, 2012)

5.1.1. Growth versus Values

In the entrepreneurial world, companies are often pushed towards quick growth and meeting shareholders' demands to deliver results. However, quick uncontrolled growth is contradictory with the long-term social and environmental sustainability these enterprises aim to balance. To prioritize sustainability dimensions, there must be a compromise made on the economic spectrum. In CleverCoffee's case, this meant accepting slow growth to build a company that aligned with their values. This is outlined in two central themes - decreased efficiency and decreased growth & opportunity.

5.1.1.1. Decreased Efficiency

This theme, like others, is noticeable in many aspects of the business. In several scenarios their decision to prioritize their values impacted their overall efficiency. One example of this is seen through their time commitment towards building long-term relationships with their direct-trade coffee farmers. Lindy, the Head of Coffee, explained it,

“that’s how we want it, we will continuously add more [suppliers], but at a very slow pace. Because it’s also something that takes time to grow and to learn. (...) it can take maybe a year, two years before it’s up and running, because we need to work out the model for how to import their coffee.”

The driving mission behind the company is to work directly with coffee farmers, ensuring transparency and fair wages that are lacking in the existing C-market. That however means sacrificing the efficiency and convenience that comes in a commodified market.

A second example is seen in their decision to ship coffee via cargo ships rather than by air. In doing so, they prioritize the minimization of their footprint over speed and convenience. Their transparency report, states:

“At CleverCoffee we have always had our beans transported by cargo ships even though freight flights would have been more convenient and faster due to previous smaller quantities of coffee. We continue to receive our coffee by sea, as limiting our footprint is far more important to us than convenience and speed.”

Digital Coordinator, Kristian, also spoke to this, *“it’s much heavier on emissions if you fly by plane”*, but he also acknowledged the need to balance this decision economically, ensuring containers shipped by sea are full, and thus more economically efficient. *“This allows us to keep a more competitive price...and just helps keep the wheels rolling.”* While this trade-off

can be seen as a win-win, as they are able to act more sustainably and economically via cargo ships rather than air freight, the loss in time and convenience ultimately impacts the economic viability of the company. This highlights the prioritization of their sustainable logic, as they could more easily, quickly, and cheaply purchase coffee on C-market or from importers.

The theme of decreased efficiency is also evident in CleverCoffee's prioritization of quality over quantity. An example is CleverCoffee's prioritization of shade-grown agroforestry over the more common monoculture. *"Agroforestry is actually the traditional way of growing coffee, but has been pushed back in the era of efficiency"* (CleverCoffee, 2023). They argue that while monoculture is more efficient, *"agroforestry is better for biodiversity and farm resilience"*. That said, it also leads to lower yields, which roastery assistant Sebastian, explained, *"You don't want the trees to yield very high. When you want a really, really high-quality coffee, you want fewer cherries, and you want them to grow at a high altitude"*.

CleverCoffee's preference for long-term direct relationships with farmers and their use of agroforestry to build farm resilience, reveal their prioritization of sustainable logic. That said, their commitment to slow growth and high quality will positively impact their long-term economic gains.

5.1.1.2. Decreased Growth and Opportunity

An additional theme that emerged throughout the data was the refusal to compromise when it came to the values and mission of the company, even if it meant turning down opportunities for growth and expansion. As Lars, the founder, puts in, *"...if we start to compromise, then we lose everything that we've built."*

CleverCoffee's business model does not only include direct-trade farmers, but also the limited use of importers for increased variety and specialty beans for their portfolio. That said, even these importers need to adhere to high standards regarding transparency and strict code of conduct established by CleverCoffee. Kristian explains that they are *"very particular about requirements that the importer has to live up to..."* Lindy adds, *"We use very few [importers] because we need them to be aligned with our values, (...) they need to be as transparent as we are, (...) and they need to add value to the value chain."* Their commitment to these values gives them limited options and has even led to turning down good quality coffee that did not

adhere to their values: “...Lindy has turned down few coffees that were quite good, but they didn't have enough transparency in how they were made and what was paid for them” (Sebastian).

The same mentality was used towards investment, prioritizing values rather than growing quickly. Lars mentions,

“...we get interested parties every month for [purchasing] the business because we built something that you don't see in the coffee industry. (...), but we're not in it for that, we're in it for the long run. It would have been so much easier to scale this business if we've had the money (...) but it wouldn't be the way that I would want to build a business”.

That said, these high standards have also posed challenges, leading them to switch banks recently. “We moved to a slower, hopefully more transparent, sustainable way of running the business by switching banks (...) to Merker, they are B Corp as well, and much more aligned with our way of doing business.”

Additionally, despite being small company, they have “had the luxury to say no” to customers as well. Lars gives an example,

“If people say, ‘we would like some really dark Italian roast or, we would like some coffees that are way cheaper than what you can do’ we say well, this is the way we do things here and if you want to purchase from us that's great...but if not, then I think that you should go another way”.

Johanne, the communication assistant, also spoke to this,

“I admire Lars so much for saying you know, it's okay that you prefer really dark coffee, but we can't help you with that. Instead of seizing the opportunity for another customer and compromising their values and the core of their company, he's willing to say, we can't do that.”

By turning away customers, CleverCoffee once again highlights their refusal to compromise when it comes to their values, even if it would lead to faster economic growth and additional customers.

All these trade-off situations have a clear common path of prioritizing sustainable logic. They stay true to their business model and refuse to make compromises on coffee that does not adhere to their values.

5.1.2. Conflicting Stakeholder Needs

Despite CleverCoffee's strict adherence towards their values, they still need to listen to the demands and needs of their key stakeholders, most notably customers and suppliers. In this case, trade-offs were identified in both balancing increased customer demand alongside sustainability values, as well as balancing their relationships with farmers alongside their economic viability.

5.1.2.1. Increased Customer Demand

While CleverCoffee has built its model on the payment of liveable wages to coffee farmers via a direct trade model, there are still instances in which they must compromise to meet the growing demands of their consumers. Over the past 4 years, the business has grown nearly 400%, with 2022 alone growing at 124% (CVR - Central Business Register, 2023). *“Even though we would ideally always be trading directly, it is unfortunately not always possible for us for a multitude of reasons”* (CleverCoffee, 2023). Most notably, CleverCoffee uses importers to both bridge gaps in supply, either when shipments are delayed or demand suddenly spikes, as well as to provide small-batch rotating specialty coffees to meet evolving customer demands.

Lars and Lindy both explained a situation where they onboarded a new customer without adequate direct trade supply to accommodate the order in the short-term. As a result, they were forced to purchase beans from importers to meet first month's delivery. *“Demand blowing up challenges delivery and logistics to keep up, we had to make some quick decisions to make sure we could provide for our customers. (...) We basically had to tell them that we haven't got enough coffee in stock to provide the coffee that they really wanted.”* (Lars). They added that shipping delays also caused problems in meeting the customer demands. *“If we have a shipping delay, we might need to stock up with something [from importers] in between, just to make sure that we can supply our customers with coffee”* (Lindy). This supply risk is further amplified by the fact that coffee is typically only harvested once a year, making it especially difficult to plan their growth and supply needs in advance.

“Our growth rate is something that we are very much aware of (...) because basically, coffee farmers harvest once a year and they will of course try to sell all that coffee very close to when they're finished with their production and then it will be not a full year before we can get the next supply.” (Lindy)

Importers also allow CleverCoffee to obtain greater variety of beans compared to what their direct trade partners can provide. This is important for balancing evolving consumer demand. Kristian explained that importers allow them to introduce new coffee varieties, *“we always want to trade directly when we can, but we bring out a new coffee most months (...) so it’s not always possible to work with the direct partners, so we have some coffees that we get through importers”*.

At the end of the day, CleverCoffee needs to ensure they are providing a high-quality product that fits the taste profile of the customer, or else it becomes very difficult to pursue their mission and values. Kristian stated, *“I think if the quality and the taste were not good enough, then the whole thing would just fall apart, and then all the other stuff wouldn’t matter. So, we had to first and foremost, have a good product”*.

This trade-off is particularly interesting because it prioritizes economic logic. Despite their commitment to slow growth, they also need to keep up with demand, thus opting for non-direct trade coffee to help fill the gap. That said, Lindy assured us that they still adhered to their values as best they could, *“we still demand the same traceability back to the farm, but not with the same relationship as we normally would.”* Importers also help extend their offerings and attract new customers, also prioritizing an economic logic. When asked if it’s important to have a rotating variety of coffees, Kristian replied, *“Yeah, I think so. Especially if we want to keep subscribers and those kinds of customers that keep coming back”*.

5.1.2.2. Increased Relationships with Farmers

Throughout our encounters with the team, it became clear that the relationship with suppliers, especially direct trade farmers, was their top priority. CleverCoffee’s mission is to ensure proper payment of coffee farmers and to drive long-term partnerships. Their hope is that this encourages the farmers to then invest in initiatives that support the longevity and sustainability of the farm. In turn, this will also meet the premium demands of customers in Denmark. In Lars’s own words,

“...you first need to make sure that they are paid at the living wage, not the minimum wage, but the living wage. And then you need to talk to them. Where do you want to be? What are you investing in? How can we help?”

To support this transition, CleverCoffee not only pays a premium price for the coffee but are also open to the commitment of purchasing the beans regardless of quality while they are implementing and testing new sustainability initiatives.

“So, when these coffee farmers start doing this [transition to organic coffee], we commit to buying some of that coffee, pretty much no matter how the quality is or the volume of this coffee because we need to support them, making this change.” (Lindy)

It should be noted that in our follow up with Lindy, he clarified that such a situation had not actually happened yet, *“up till now they have sold it to other people, but we would help them out for sure”*. Additionally, they acknowledge they are still not where they aim to be in terms of social prioritization. Ideally, they aim to pay farmers in advance to aid in these transitions, yet their economic viability cannot support that initiative in its current state.

“Do we actually pay them upfront before their harvest when they need the money in order to invest in their business? We're not there yet. We're simply not able to pay them when we actually would want to where we are right now. We're just pushing our, the limits of what we're capable of is that we can pay them a premium” (Lars).

Through their continued support of direct trade, CleverCoffee commits to sharing the risk that the industry has previously placed solely on the coffee farmer. The price of green coffee beans has remained stable for the past 40 years, despite increased demand for higher quality. This leaves farmers in the impossible situation of trying to keep up. While it would be less risky and cheaper for CleverCoffee to buy coffee from the C-Market, their commitment to work with farmers directly means higher financial risk for the company in search for better social values and standards for the farmers (CleverCoffee, 2023).

“It's a broken system. We need to change that; we need to have a more direct approach and we need to have a more direct responsibility for these coffee farmers. We can't just make a lot of demands. We need to take the responsibility to be part of the solution and share the risk in making this happen” (Lindy).

While CleverCoffee holds a very high standard of quality, they are often willing to compromise when it comes to their direct farmers. Sebastian mentions *“Quality is really important, but we're more likely to take a less than perfect coffee from a direct trade partner than we would from an importer.”* Lindy provides an explanation,

“With our direct trade partners – coffee farmers, we are more long-term committed, we try to tell them that they shouldn't worry too much that the coffee tastes the same always, they should try to make the coffee taste as good as possible...”

The analysis of this data gives a clear indication that when pursuing a long-term relationship with farmers, CleverCoffee often takes hits on their economic performance. They prioritize their sustainable logic by paying premium for the coffee, sharing the risks associated with growing more sustainable coffee, and being flexible in purchasing lower quality coffee from direct trade farmers.

5.1.3. Impact versus Cost

Our empirical findings reveal that oftentimes, driving social and environmental impact comes at an additional economical cost. This leads businesses to trade-off between short-term economic gains and long-term sustainable investments. The team at CleverCoffee manages these trade-offs daily, consistently prioritizing their values and focusing on the long-term gains that develop from their investments rather than the short-term economic losses they incur. From the time and effort needed to educate customers about being responsibly sourced, to the documentation and transparency required for certifications like B Corp. Additionally, they invest capital into state-of-the-art digitalization, technology, and equipment to ensure their business is as environmentally friendly and efficient as possible. To prioritize their sustainability dimension, they must compromise on the economic dimension, paying a higher price to build towards the values they believe in.

5.1.3.1. Increased Time & Work

One clear example of this trade-off within the daily workings of CleverCoffee is the increased communication and education needed to convey the value of their brand with customers. It was noted in multiple interviews that communicating the work they do to change the industry is time-consuming and costly. As Kristian put it,

“Well, it's kind of bothersome, it's hard work. There's a lot of work involved with gathering documentation, and the challenge of communicating, why should you prioritize buying a coffee that's a little bit more expensive than what you're used to? And that's kind of a difficult situation to try to communicate these issues, so and that just takes a lot of work, I guess that's (...) not the easiest route to go...”

Despite this, the company continues to invest time and money into communication tactics, dedicating two of its five employees specifically to communication. In addition to increased wages and time, CleverCoffee also prioritizes their mission towards long-term environmental and social impact when it comes to customer engagement within their social media. While

educational posts are not the most engaging, they continue to prioritize the communication of their values, as they feel it is an important thing to do. Johanne puts it,

“When we talk to them about quality bonus or farmer's salary, or the complexity of carbon neutral versus net zero, it is more complicated, and you have to spend more time to understand it (...) maybe those are not the kind of posts that will hit the most likes, but we still have a feeling that people read them they think about it maybe they only read half but that's still better than nothing. But my point is just not to evaluate all our content only on engagement. Sometimes it's also a matter of what we want to share, and then that doesn't maybe fit into, for example social media standards or trends, but it's content that we feel is important.”

In addition to communication and education, CleverCoffee takes on the added burden of transparency in everything they do. This includes added costs and work to document their actions. Their hope is that in taking on this additional cost, they can convince others in the industry to do the same, thus advancing their social mission of bettering the living conditions for the coffee farmers.

“Coffee Roasters are hiding a little bit behind that they don't know exactly where the coffee is coming from. They're not buying it directly. They're buying it from the C-market exchange or from an importer where everything is piled together. And I think we will see that change and I think it's going to impact the price on coffee at the supermarket level. Because they will need to do better. They need to document more. They need to be more responsible. And that's going to add a price and hopefully, it will also make it possible for the coffee farmers to be able to have a better living, have a better income from that coffee”.

In conclusion, CleverCoffee invests a great deal of time and energy into their mission towards better sustainability not only for themselves but for the industry. They release an annual 85-page sustainability report, as well as maintain their B-Corp status, which takes their small team months to complete. By opening their model to customers, competitors, and suppliers, they prioritize their social and environmental dimensions over their economic one.

5.1.3.2. Increased Cost

In addition to time and resources, CleverCoffee also takes a lower profit to do business in a way that makes them proud, with a particular focus on building long-term sustainable partnerships. When asked about their profit margin compared to industry standard, founder Lars stated, *“it's low, yeah, because we purchase coffee at a higher price. So, we might purchase coffee at around 50% above the market, but we only sell it at around 10, 15%*

above market.” They intentionally take an economic hit to prioritize the payment of their direct trade partners and build a business that aligns to their values and supports long-term sustainability.

“So, it is good business to do it. Doing it this way, and it's also good business because it feels right. And we can look the coffee farmers in the eye, and we can smile and have a laugh together because we know that we are growing together. So, the better we are at doing our business, the bigger impact we can have for these coffee farmers. So, we will probably have a bit lower cost, we have lower profit on our coffees. But we can continuously grow and add to this. We can compensate in that way. And I believe it's much more sustainable this way. Because we can continuously come back to the same coffee farmers and know that they are still going to be there because we are helping them making a living as well”.

In addition to lower profits, CleverCoffee also spends a great deal of money investing in technology and equipment. These tactics include not only the digitalization of their business to increase efficiency, but also the investment in top-of-the-line equipment that, while costly, allows them to prioritize lowering their environmental footprint. When asked about their roaster, Lindy said,

“Compared to most other roasters with the same capacity, more traditionally working roasters, it is almost double the price, but it makes sense because there's less use of energy, [which] of course, will make this more feasible in the long run”.

While the various initiatives CleverCoffee invests in come at a cost, they are ultimately unwilling to compromise for what they stand for, once again prioritizing their sustainability dimensions over their economic dimension.

“...it has a price. It's a little bit more expensive to purchase the coffee, because of the Transparency Report, because of the learning platform, because of a more environmentally friendly roaster, because of carbon neutral coffee, because of carbon neutral packaging. So, everything that we do is just a little bit more expensive than standard. But we really wouldn't have it any other way. That's really what we stand for” (Lars).

5.2.How to Balance Trade-offs

While we have discussed the presence and categories of trade-offs within CleverCoffee, we have yet to dive into how they continue to balance these trade-offs when they arise. Overall, our findings are in line with Fischer, Brettel, & Mauer's (2020) process map of utilizing rejection, similarity, and adoption tactics to either retain or reprioritize sustainability dimensions when faced with a trade-off situation. That said, our findings also revealed

additional insights as to *how* CleverCoffee was able to consistently make decisions towards retaining their values. The three key tactics are, (1) market positioning (2) engrained vision & mission, and (3) transparency. The following section will outline these findings, highlighting how CleverCoffee manages to balance these trade-offs, and ultimately retain their initial sustainability dimension priorities.

5.2.1. Market Positioning

Our findings indicated that a comprehensive understanding of the market enabled CleverCoffee to retain their sustainability prioritization while remaining economically viable. To be successful, CleverCoffee needed to be well-positioned in the market, both aligning with growing trends as well as differentiating themselves from their competition.

First, CleverCoffee needed to align themselves with growing consumer trends. In this case, providing high-quality coffee. While the driving mission behind the company is a commitment to paying farmers a fair wage, the importance of a high-quality product was mentioned repeatedly throughout our interviews. As Kristian put it, *“...we serve a coffee that just tastes really good, and for most people that is more convincing than this whole complicated story about underpaid coffee farmers”*. Sebastian also mentioned, *“I think a lot of customers that we have are looking for the very, very best. They are the kind of people who keep pushing to make better coffee at home”*.

Second, CleverCoffee needed to position themselves within a crowded market. While the coffee industry is enormous, CleverCoffee found a niche, providing responsibly sourced, high-quality, specialty coffee that is in line with future consumer trends. As Sebastian puts it, *“a lot of the people who are looking for high quality are also looking for environmental traceability”* (Sebastian). This gives them a competitive advantage when it comes to customer demand. Additionally, it allows them to sell their coffee at a premium price, roughly 10% higher than the industry average, helping compensate some of the profit loss from paying higher prices for the green coffee.

Through a comprehensive understanding of the both the market and the demands of the customer, CleverCoffee has been able to grow economically while still ensuring these demands aligned with their values. By having a skilled team, they prioritize quality alongside sustainability, *“we are also fortunate that Lindy, who sources the coffee, is a wizard at taste*

and quality” (Kristian). In turn, having a high-quality product allows them to sell at a premium, meeting the demands of their customers while also making a profit that keeps them viable. Overall, timing and position in the market play a large role in CleverCoffee’s success. As Lars puts it, “five or seven years ago we simply wouldn’t have had the luck that we have today of selling these coffees, because they would seem too expensive, the demand simply wasn’t there”.

5.2.2. Engrained Mission and Vision

Existing literature points to the fact that firms with clearly defined means of success and who manage their decision-making tactics early on are more likely to make choices that align with their organizational goals, and thus are more likely to increase their chances at balancing conflicting logics towards their desired values (DiVito & Bohnsack, 2017). This is particularly evident in CleverCoffee’s case, as a commitment to the mission and vision of the company is incorporated in everything they do, as Lindy puts it,

“Lars and I are both very stubborn, so we try to be true to our values, we believe in our mission, our vision, and our way of doing this (...) it’s integrated into everything that we do, there’s not a decision that’s not evolved around this.”

This alignment in vision was also evident throughout our various interviews within the team. When asked what the mission of the CleverCoffee was, every employee began first with discussing the needs of the coffee farmer followed then by the quality of the coffee.

By integrating the mission and vision into the heart of the company culture and within the day-to-day decisions made by the small and nimble team, CleverCoffee enable themselves to balance their conflicting logics and stay focused on their mission despite the constant persistence of trade-offs that threaten to derail them. Through interviews it was evident that this commitment to the mission was dispersed equally throughout the team, with Kristian highlighting,

“it’s a pretty flat structure...and that allows open discussions and being able to criticize what we are doing. Can we do better than this? Or what about this area, should we focus on this and try to improve? And so, I think that works really well for our company”.

Additionally, all employees spoke highly of the internal empowerment within the company and the passion and drive of the founders to stay true to their mission. As a result of a strong culture, employees have confidence in their decision making as well as an embedded understanding of vision and direction of the company. This allows for consistency throughout the organization.

When faced with trade-offs in the form of stakeholder demands, they often stay true to their prioritization, turning down investment and importers that don't align to their values, as well as turning down customers looking for products that don't meet the standards of quality and transparency. As a result of strong initial prioritization, and internal heuristics and decision-making alignment, CleverCoffee makes consistent decisions towards their desired outcomes.

5.2.3. Transparency

CleverCoffee also utilizes transparency as a key tactic to balance trade-offs. By implementing transparency in all levels of their business, they open themselves up for external and internal critique. This introduces a level of accountability in acting towards their communicated values. As Lars puts it, *“we try to be as transparent as possible, and we do that both with our employees and with our customers as well”*. By publicly stating their goals and actions, they not only hold themselves accountable, but also push the industry towards better accountability.

“It's also about being a frontier on transparency. That's a very important subject for us, to push into transparency and to try to put that on the industry (...) Just be very open about everything that we can. But we also to see if we can push our fellow roasteries coffee companies to do the same, to be more open and to be more transparent” (Kristian).

Ultimately, participating in B-Corp, as well as releasing their annual transparency report opens themselves up for critique from key stakeholders such as customers, suppliers, and competitors.

In addition to external transparency, CleverCoffee also employs internal transparency with their employees.

“Lars and Lindy are really good about briefing us on the status and economic situation of the company. It's part of their transparency policy. They want their employees to know how it's going. I think that's really important. For both team spirit and just knowing where you are and who you're working for” (Johanne).

As mentioned above, they implement a flat structure within the company, directly involving the team with the creation of company culture in the workplace. Lars told us, *“We had our employees create the handbook (...) instead of us telling them what we wanted”*. All in all, the transparency and openness enacted by CleverCoffee both internally and externally reinforces their values, creating accountability in the decisions they make.

6. Discussion

In the following chapter, we will discuss how our empirical findings relate to previous research regarding where in the entrepreneurial journey trade-offs are found and whether their prioritizations are maintained throughout the process.

6.1. Connection to Existing Research

Our research utilized an adapted version of “the process model balancing the three dimensions of sustainability” framework from Fischer, Brettel & Mauer (2020) to better understand the process in which sustainable enterprises prioritize their sustainability dimensions when faced with trade-offs. The following section dives into how our findings compare to this framework. We highlight how the trade-offs at CleverCoffee came to be, specifically through the lens of their initial prioritization of logics and their stakeholder influences. Finally, we also summarize how they balance these trade-offs in relation to the framework’s three tactics of similarity, rejection, and adoption.

6.1.1. Initial Prioritization of Logics

Overall, our findings support Fischer, Brettel & Mauer’s findings that the initial prioritization of sustainability dimensions have a strong influence on how a sustainable enterprise will balance their conflicting logics. For CleverCoffee, a holistic approach was taken early on, utilizing what they coined as a “clever” business model with a mission to balance people, planet, and profit in that order. This initial prioritization was strongly shaped by all three of the key influences depicted in the framework.

First, entrepreneurial preference via the presence of headstrong founders with a clear vision and an unwillingness to compromise on their values. Both Lars and Lindy are sustainable entrepreneurs, aiming to meet their short-term financial needs without compromising their ability to meet the needs of the future (Bansal & DesJardine, 2014). Utilizing both their SO and their EO, they imprinted sustainability into the venture from the start, ensuring it would have a lasting influence on the decision making of the firm (DiVito & Bohnsack, 2017).

Secondly, CleverCoffee’s initial prioritization was shaped by a unique market opportunity. This is evident in the growing demand for premium specialty coffee within Denmark. This was

especially true in the post-pandemic world, which has allowed them to be profitable despite it not being their top priority.

Thirdly, their initial prioritization was shaped by stakeholder influences. This was visible through the prioritization of farmer needs and wellbeing above all else. While they were not highly influenced by other key stakeholders early on, for example investors or government, they integrated suppliers into the heart of what they do, serving as the primary influence in their decision to prioritize people first when it comes to the triple bottom line.

6.1.2. Stakeholder Interaction

Our findings also support Fischer, Brettel & Mauer's (2020) claim that in later stages of the entrepreneurial journey, stakeholder interactions are key drivers of trade-offs within the business. That said, we found the term stakeholder interaction to be quite broad and too all-encompassing of everything related to the business. For CleverCoffee, this influence was largely prevalent within their two primary stakeholders: farmers and customers. CleverCoffee built their business model around supporting farmers, yet their economic viability relies on meeting the demands of their customers. At times this has led to clashes between what customers demand and what their direct trade farmers can deliver. An example of this arose when the onboarding of a large new client forced them to bridge the supply gap with coffee from importers rather than their direct trade suppliers. While CleverCoffee actively prioritizes social logic over economic, they must still be conscious of maintaining a balance that sustains the ultimate viability of the enterprise. Thus, they engage in the delicate balancing act of *what matters to me* and *what matters to them*, as described by Fischer, Brettel & Mauer (2020).

6.1.3. Tactics for Balancing

For the most part CleverCoffee enacts similarity or rejection, rarely adopting their prioritization except for a few short-term fixes to bridge supply gaps when onboarding major customers. As a result, CleverCoffee has been able to maintain their initial prioritization despite the constant bombardment of trade-offs in response to stakeholder interactions. Despite that, these trade-offs of course, come at a cost. By staying true to their alignment of people, planet, and profit, CleverCoffee has had to accept slower growth, a constant balance between stakeholder needs, and pay a high cost in terms of time and resources. While existing literature may see this sacrifice of economic gains for the sake of social and environmental progress as a weakness in

the business, CleverCoffee built their model on the premise of driving towards long-term sustainable growth rather than short-term economic gains. They set a clear mission up front and make daily, intentional decisions that drive towards that mission, making them successful at what they aim to do.

6.2. Concluding Remarks

In all, we can conclude that our findings were in line with Fischer, Brettel, & Mauer's framework in that trade-off situations primarily centre around both the initial prioritization of sustainability dimensions as well as surrounding key interactions with primary stakeholders. In the case of CleverCoffee, these trade-offs centred around the notion of focusing on slow, long-term growth rather than profit maximization. Our findings go beyond the literature and framework to also suggest that the presence of a strong market position, a well-engrained company culture, and internal and external transparency were crucial tactics in how CleverCoffee was able to balance these trade-offs, thus finding success in line with both their vision and their economic viability.

7. Conclusion

How sustainable are sustainable enterprises? Our empirical research of CleverCoffee identified several trade-offs faced by sustainable coffee companies as well as how they balance these trade-offs. Our findings have two-fold implications, one for the theory and one for the praxis. In the following sections we provide further details on both.

7.1. Implication for Theory

Our findings are in line with the theoretical framework set by Fischer, Brettel & Mauer (2020), confirming that most of the trade-offs faced by sustainable enterprises occur both at the start of the venture and through interactions with key stakeholders. Our findings point to concrete trade-offs that such ventures face, namely (1) growth versus values, (2) conflicting stakeholder needs, and (3) impact versus cost. The original framework suggests that when faced with trade-offs, sustainable enterprises employ either (1) similarity/rejection or (2) adoption of their initial sustainability dimensions. Our findings extend beyond this framework to provide three key factors that help sustainable enterprises to retain their sustainable prioritization, while also growing economically. These factors are (1) correct market positioning, which allows the company consistent inflow of economic means from customers that care for similar values; (2)

engrained mission and vision, which ensures value consistency throughout the entire venture; (3) transparency, which opens the business to critique both internally and externally thus applying pressure to stay true to the values. While previous theoretical research highlighted *where* trade-offs occurred as well as the *outcome* of the process, they failed to identify *what* the trade-offs were as well as the tactics for *how* enterprises balanced them. We therefore suggest further research include these tactics when identifying how sustainable enterprises balance trade-offs.

Our findings imply that win-win situations within sustainable enterprises are rather rare. However, they also point out the need to rethink the ‘trade-off’ mindset. At times, ventures are faced with negative short-term economic trade-offs that lead to positive long-term sustainable and economic impacts. Such findings suggest that trade-offs are not always black and white. Instead, sustainable enterprises need to rethink the “traditional” ways of defining success, which only prioritize maximizing economic value (Kirzner, 2015). More importance should be given to the socio-ecological contributions (Parrish, 2007). By redefining success, we can consider more trade-off situations as win-win situations long-term. Our findings suggest that to stay truly sustainable, ventures need to be ready to grow slowly and make decisions that require more economic resources in the short-term but lead to greater sustainable and economic impacts in the long-term. However, with harder access to sustainable resources, ventures can be limited in future growth. Therefore, scholars and businesses might need to rethink globalization as a major way to identify success. Perhaps to make businesses truly sustainable, they must be born local and stay local. By prioritizing longevity over short-term economic maximization, sustainable enterprises can build a sustainable business model that benefits people, planet, and profit long-term. In doing so, one can amplify the impact of the sustainable enterprise beyond their own economic footprint and onto the greater environmental or social good.

7.2.Implication for Practice

It is evident that trade-offs are an essential part of doing business as a sustainable enterprise. Businesses will always have to make decisions which prioritize either one of their core logics, social, environmental, or economic.

Sustainable enterprises need strong prioritization of sustainable dimensions from the start of their business, which comes from market opportunity, entrepreneur's preference, and stakeholder interactions. As the venture continues operations, it will continue to face trade-offs. Three main trade-offs emerged from our findings which could prove to be helpful to other sustainable enterprises, especially within coffee industry. Firstly, building long-term sustainability means to balance growth versus values. There is no quick solution which allows businesses to make major social and environmental impacts, while simultaneously maximizing economic growth. Secondly, sustainable business models come with conflicting stakeholders needs. In this case, the customers' needs may conflict with the needs of suppliers and vice versa, that requires maintaining relationships between the stakeholders consistently. Thirdly, prioritizing impact versus cost. The dilemma will be whether to pay more money upfront for equipment, materials, and resources to positively impact the sustainability dimensions or not. In doing so, entrepreneurs should always consider the long-term benefits of these purchases instead of short-term higher costs.

It is thus suggested that enterprises can better maintain their sustainability dimensions by utilizing the following three factors that emerged from our findings. It starts with (1) a strong market position, followed by (2) a consistent vision and mission engrained within the company. Finally, (3) transparency with both internal and external actors, which keeps the venture liable for actions taken in the eyes of employees, customers, and suppliers.

Regarding implications on the coffee industry and beyond, our findings identify that the commodification of crops, can lead to inconsistent money inflow to the bottom of the supply chain—i.e., farmers and producers. Building upon our case study, the social aspect of sustainability can be improved by purchasing such commodities directly from the farmers, paying premium and creating a long-lasting relationship with the farmers. This allows them to take care of their employees in the short-term, but also improves their environmental impacts in the long-term.

All in all, by exploring trade-offs, we gained more insight into the dual nature of sustainable enterprises. Understanding what impacts their decision making thus led to how enterprises can create economic growth while advancing their sustainable objectives. The three presented tactics aid sustainable ventures in balancing these conflicting logics while staying viable.

Furthermore, as a society we need to reevaluate how we assess businesses and their success. By doing so, sustainable entrepreneurs can sacrifice short term economical gains for long term growth, and therefore focus on the longevity of their enterprises and ensure that the new products, services, production processes, techniques, and organizational modes they generate, can substantially improve social and environmental impacts.

7.3.Limitation & Future Research

The first limitation to our findings is the use of single case study, which does not allow us to confirm a generalizability of our findings. While still providing valuable learning insights towards the research of sustainable enterprises, to gain more understanding, we suggest future research to focus on qualitative methods to confirm our findings in broader aspects. Given our research was focused on coffee roasting company, it would be of particular interest to test hypotheses derived from our findings on a bigger sample size of coffee roasting companies that aim for sustainable practices. Alternatively, future research can try to replicate a similar study on samples within different agricultural import industries, such as tea, or cocoa.

Furthermore, given our case company is based in Denmark, which is a developed country with high pressure on sustainability, it would be especially interesting to conduct a comparative study within a different geographical location, to identify to what extent country-specific opportunities influence the business. Future research could also look more closely at the impact of the three identified factors that help SEs to balance trade-offs. It would be especially interesting to research these factors through a more generalizable sample via a quantitative study. Finally, our findings are focused on a coffee roastery that works closely with coffee farmers in developing countries. It would be beneficial if further research dove further into how these practices introduced by coffee roasteries in developed countries influence the coffee farmers into becoming more sustainably oriented.

8. References

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9. Appendices

Appendix A: Interview Guide

RQ: How do sustainable enterprises balance the conflicting logics of environmentally sustainable values and economic growth?

Predetermined areas of interest:

- I. Initial prioritization of sustainability dimensions
- II. Initial motivations for the start of the company
- III. Trade-offs as a result of stakeholder integration
- IV. Tactics For Stakeholder integration

Interview Questions:

Introduction/Company Overview

1. Tell us your story. How did you start, what happened along the way? Where are you now?
 - a. What did you find particularly difficult along the entrepreneurial journey?
 - b. Why did you start this company? What were you trying to achieve?
 - c. Tell us a little more about the mission and vision of your company?
 - d. Can you tell us about your business model?
 - e. Where do you see the company going in the future? What would be the dream scenario?

Stakeholders

2. Who are the key stakeholders to your business model? (Investors, customers, supplier, etc.) And why?
 - a. Who do you listen to? Why?
 - b. Can you give an example of a time your business was challenged by an external stakeholder? How did you handle it?

Trade-Offs

1. How has being sustainably oriented helped economic growth?
2. How has it hurt your economic growth?
3. How have you balance these trade-offs?

EXTRA:

Decision Making

4. What are some key decisions you've had to make within the business?
5. How did this affect the business?
6. What decision making structure do you have within company?
7. What did you do? How did you do it?

Appendix B: Interview Guide (Non-founder)

RQ: How do sustainable enterprises balance the conflicting logics of environmentally sustainable values and economic growth?

Predetermined areas of interest:

- V. Initial prioritization of sustainability dimensions
- VI. Initial motivations for the start of the company
- VII. Trade-offs as a result of stakeholder integration
- VIII. Tactics For Stakeholder integration

Interview Questions:

Introduction/Company Overview

1. Tell us a little bit about yourself, what is your role within the company, when did you start? Why did you join this team?
2. Tell us about the company. How did it start? Where is it now? What happened along the way?
 - a. Tell us a little more about the mission and vision of the company?
 - b. Can you tell us a little about the business? What challenges does it face?
 - c. Where do you see the company going in the future?
3. Tell us about your role within the company?
 - a. How long have you been working here?

Stakeholders

4. Who do you interact with most internally/externally (the key stakeholders) to your business? (Investors, customers, supplier, etc.) And why?
 - a. Who do you listen to? Why?
 - b. Can you give an example of a time your business was challenged by an external stakeholder? How did you handle it?

Trade-Offs

8. What has been challenging about being a sustainable business?
9. How has being sustainably oriented helped economic growth?
10. How has it hurt your economic growth?
11. How have you balance these trade-offs?

EXTRA:

Decision Making

12. What are some key decisions you've had to make within the business?
13. How did this affect the business?
14. What decision making structure do you have within company?
15. What did you do? How did you do it?

Appendix C: Consent Form



LUND UNIVERSITY
School of Economics and Management

How sustainable are sustainable enterprises? Identifying trade-offs linked to conflicting logics of environmentally sustainable values and economic growth.

Dominik Mazur do1341ma-s@student.lu.se

Linnea Partelow li3016pa-s@student.lu.se

Purpose of the study:

The purpose of the study is to identify possible challenges that sustainable enterprises face and what decisions they need to make to overcome those challenges.

Primary data are collected through semi-structured interview and will be analysed through coding and identifying patterns.

Please note that the collected data will be store securely and used confidentially, accurately, and fairly, and they will be deleted at the end of the thesis process.

Interview Consent Form.

I have been given information about the thesis and discussed the research project with *Dominik Mazur and Linnea Partelow* who are conducting this research as a part of a Master's in Entrepreneurship & Innovation supervised by *Ester Barinaga*.

I understand that, if I consent to participate in this project, I will be asked to give the researcher a duration of approximately **45 minutes** of my time to participate in the process.

I understand that my participation in this research is voluntary, I am free to refuse to participate and I am free to withdraw from the research at any time before the data is being analysed.

By signing below, I am indicating my consent to participate in the research as it has been described to me. I understand that the data collected from my participation will be used for thesis and journal publications, and I consent for it to be used in that manner.

I, the undersigned, confirm that (please tick the appropriate box):

1.	I understand the information about the project.	<input type="checkbox"/>
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2.	I have been given the opportunity to ask questions about the project and my participation.	<input type="checkbox"/>
3.	I voluntarily agree to participate in the project.	<input type="checkbox"/>
4.	I understand I can withdraw at any time until 23 rd May 2023 without giving reasons and that I will not be penalised for withdrawing nor will I be questioned on why I have withdrawn.	<input type="checkbox"/>
5.	The procedures regarding confidentiality have been clearly explained (e.g., use of names, pseudonyms, anonymisation of data, etc.) to me.	<input type="checkbox"/>
6.	I understand that the interview is recorded for the research purposes and will not be used in any other way, nor shared publicly.	<input type="checkbox"/>
7.	The use of the data in research, publications, sharing and archiving has been explained to me.	<input type="checkbox"/>
8.	I understand that other researchers will have access to this data only if they agree to preserve the confidentiality of the data and if they agree to the terms I have specified in this form.	<input type="checkbox"/>
9.	Select only one of the following: <ul style="list-style-type: none"> • I would like my name used and understand what I have said or written as part of this study will be used in reports, publications, and other research outputs so that anything I have contributed to this project can be recognised. <hr/> <ul style="list-style-type: none"> • I do not want my name used in this project. 	<input type="checkbox"/>
		<input type="checkbox"/>
10.	I, along with the Researcher, agree to sign and date this informed consent form.	<input type="checkbox"/>

Name of Participant: Click or tap here to enter text.

Name of Researcher: Dominik Mazur

Email: do1341ma-s@student.lu.se

Email: Click or tap here to enter text.

Signed: Click or tap here to enter text.

Signed:



Date: Click or tap here to enter text.

Date: 31/03/2023