

Solveig Andersen

Corporate Social Responsibility and the Sustainable Development Goals: A Case Study of Ekornes

Master's thesis in International Business and Marketing

Supervisor: Annik Magerholm Fet

September 2021

NTNU
Norwegian University of Science and Technology
Faculty of Economics and Management
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Abstract

The thesis aims to study how the Sustainable Development Goals (SDGs) will help businesses focus their Corporate Social Responsibility (CSR) actions in their transition to sustainable business models.

The thesis is supplemented with a case study to illustrate how the SDGs will help firms focus their CSR actions during their shift to sustainability - which directly relates to the main objective of the thesis. A qualitative method is applied with an extensive literature review, and semi-structured interviews are conducted with management at Ekornes, the case company.

The thesis answers how a company can find and select SDGs relevant for CSR, furthermore, outlines how this will affect firms' CSR practices. Additionally, the thesis reviews how it will influence business models and potential effects on sustainability and business benefits that can be achieved. Critical models utilized in the study are the SDG Compass, the Capacity Building in Sustainability and Environmental Management, and a materiality analysis Canvas. The study's findings highlight the significance of structuring CSR strategies around the SDGs to improve companies' business models to become more sustainable.

Keywords: Corporate Social Responsibility, International Business, Sustainable Development, United Nations Sustainable Development Goals, Sustainable Business Models

Sammendrag

Denne masteroppgaven analyserer i hvor stor grad det er viktig for bedrifter å implementere FN sine bærekraftsmål i deres forretningsstrategier. Jeg forsøker å besvare oppgavens hovedspørsmål «hvordan vil FN sine bærekraftsmål hjelpe bedrifter til å rette CSR handlinger i deres overgang til en bærekraftig forretningsmodell?» gjennom et casestudie av Ekornes. Ekornes er en stor internasjonal bedrift og ledende innenfor høykvalitets møbler i Norden. Som en del av møbelindustrien driver Ekornes med produksjon og flere sentrale temaer sett i lys av FN sine bærekraftsmål er derfor innenfor rapporteringsmetoder, klimautslipp, risiko og ressursbruk. Å benytte et casestudie er gjort for å direkte kunne illustrere og eksemplifisere hvordan bærekraftsmålene kan hjelpe bedriftene til målet om å bli mer bærekraftige. En kvalitativ forskningsmetode er benyttet med en omfattende litteraturgjennomgang og semi-strukturerte intervjuer. Intervjuene er gjort med ansatte i casebedriften Ekornes.

Jeg forsøker å svare på oppgavens hovedspørsmål gjennom å se på hvordan en bedrift kan finne og velge bærekraftsmålene som er viktigst for deres CSR strategi. Videre reflekteres det også rundt hvordan dette vil påvirke selskapets CSR i praksis. I tillegg til dette ser jeg også på hvordan dette vil påvirke forretningsmodellen til bedriften, det vil si hvilke potensielle effekter og forretningsfordeler kan oppnås med implementering av bærekraftsmålene? De mest sentrale modellene som er benyttet i denne forskningen er SDG Compass, CapSEM og en vesentlighetsanalyse. Studiens funn fremhever viktigheten av å strukturere nåværende og fremtidige CSR-strategier rundt bærekraftsmålene for å sikre, samt forbedre bedrifters forretningsmodeller til å nå det overordnede målet om å bli mer bærekraftige. Jeg finner derfor en positiv sammenheng gjennom å bygge bedriftens CSR-strategi rundt bærekraftsmålene for å sikre overgangen til bærekraft. Samtidig er det viktig å nevne at det er flere utfordringer som må bli hensyntatt. Potensielle mangler ved nåværende studie er derfor påpekt for å sikre en bedre forståelse av resultatene som foreligger og hvordan man kan bygge videre på disse.

Jeg finner at mine resultater er relaterbare til flere internasjonale studier, samt at dette fortsatt vil være et helt essensielt og viktig tema i nær fremtid. Spesielt ønsker jeg å trekke frem viktigheten av miljørapportering og hvordan bedriften bør gå frem med sin CSR-strategi for å beholde nåværende kunder, markedsandeler og hvordan sikre fremtidens kunder.

Preface

This master thesis is written as a part of the Master's Programme in International Business and Marketing for the department of International Business, Faculty of Economics and Management, at the Norwegian University of Science and Technology.

I want to thank my dedicated supervisor, Annik Magerholm Fet, Professor of Sustainability at the Department of International Business and vice-rector of the Norwegian University of Science and Technology. Dr. Fet has contributed with her valuable insights and superior guidance; her commitment to and expertise within this field of study has been highly motivating and helpful throughout the process.

Lastly, I want to thank my contact persons at Ekornes AS for a great collaboration and for expressing their interest in my research. The interviews and conversations conducted with management at Ekornes have provided me with very interesting and important data – your knowledge and competence have been crucial for the case study and are greatly appreciated.

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Solveig Andersen

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List of Abbreviations

Table 1: Abbreviations.

BH4S	Business Hub for Sustainability
BM	Business Model
BMC	Business Model Canvas
CapSEM	Capacity building in Sustainability and Environmental Management Model
CEO	Chief Executive Officer
CoC	Code of Conduct
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
ESG	Environmental, Social, and Governance
FDI	Foreign Direct Investment
IB	International Business
KPI	Key Performance Indicator
LWG	Leather Working Group
LCA	Life Cycle Analysis
MNC	Multinational Corporation
MNE	Multinational Enterprise
NFRD	Non-Financial Reporting Directive
EBIT	Operating Earnings
R&D	Research and Design
RQ	Research Question
SoMe	Social Media
SBM	Sustainable Business Model
SD	Sustainable Development
SDGs	Sustainable Development Goals
TLBMC	Triple Layer Business Model Canvas
UN	United Nations

1 Introduction

This chapter introduces the thesis work, provides the research context, and presents the research objective and research questions. At the end of the chapter, an overview of the thesis structure is presented.

1.1 Context of the Research

Sustainability in business is increasingly becoming the forefront difficulty for researchers and companies worldwide. Sustainability has thus become a new premise for doing business (Aagaard, 2019). According to Peng & Meyer (2016), multinational enterprises (MNEs) are the most important international business (IB) actors. MNEs play a crucial role in solving global problems due to their worldwide influence and actions (Peng & Meyer, 2016). They are also a part of the problem by polluting through their production. However, MNEs are considered a possible solution with their essential role in value creation (Dahlsrud, 2009; Kolk & Tulder, 2010). The idea that companies and organizations are part of the solution is increasingly recognized by the research interest in corporate social responsibility (CSR) activities (Kolk & Tulder, 2010). In other words, there is an increased and renewed interest in international businesses' social and environmental impacts, consequently of global issues such as climate change and poverty (Kolk & Van Tulder, 2010; Meld.St. 40 (2020-2021)).

CSR is a global business concept. The history and roots of CSR can be traced back to the 1950s, although its international expansion and development are related to globalization's spread at the beginning of the 1990s (Carroll, 2015; Knudson & Fet, 2018). CSR is defined as *“a concept whereby companies integrate social and environmental concern in their business operations and in their interaction with their stakeholder on a voluntary basis”* (European Commission, 2001, p. 6). CSR can also be defined as the responsibility of companies' impact on society, including the idea that companies should maximize value for both owners and other stakeholders and identify, prevent and mitigate potentially adverse effects of their operations (Frynas & Mellahi, 2014). However, defining CSR is challenging because people from different countries focus on different issues in their understanding of CSR (Frynas & Mellahi, 2014).

The increased importance of CSR and sustainable development has challenged companies to focus on and incorporate more environmental and social aspects into their business strategies. Companies have the potential to further develop themselves by being a part of the solutions to the challenges faced by the global community (Dahlsrud, 2009). Furthermore, public stakeholders and disclosure standards have gained significant power during recent years to influence trends toward more sustainable business practices in a paradigm characterized by unprecedented transparency and visibility (Elalfy et al., 2020).

Moreover, CSR is linked to sustainable development (SD). SD revolves around understanding the world and solving global problems; additionally, it is to be achieved in three dimensions: the economic, social, and environmental, and is defined in the well-known Brundtland report as: "*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*" (UN General Assembly, 2015; World Commission on Environment and Development, 1987, p. 41).

With rapid population and global economic growth, an overly crowded planet, and an unequal world economy, it calls for responses (Sachs, 2015). One response to the threatening environment is the United Nations Sustainable Development Goals (SDGs), created to guide and direct the next generation (Sachs, 2015; SDG Compass, 2015). The SDGs introduce an opportunity to develop and implement new business solutions and technologies. For example, the SDGs can be integrated into a firm's business strategy to demonstrate how their business contributes to strengthening SD (SDG Compass, 2015). Consequently, the introduction of the SDGs has contributed significantly to the global discourse on sustainability becoming inextricably linked to the company's role (Elalfy et al., 2020).

1.2 Objective and Research Questions

This study aims to explain the importance of a company's CSR, present the SDGs, and how they influence the development of corporate strategies. Moreover, this will help companies understand how to carry out more sustainable business practices.

A case study of the company Ekornes is conducted to demonstrate how the SDGs affect businesses. Another critical aspect is finding and measuring which SDGs are important concerning companies' CSR and understanding how the goals influence business models. Consequently, the main objective of the research is to answer how the SDGs can help companies focusing their CSR actions in their transition to more sustainable business practices.

The research presented in this thesis is guided and structured by the research objective and questions illustrated in Figure 1.

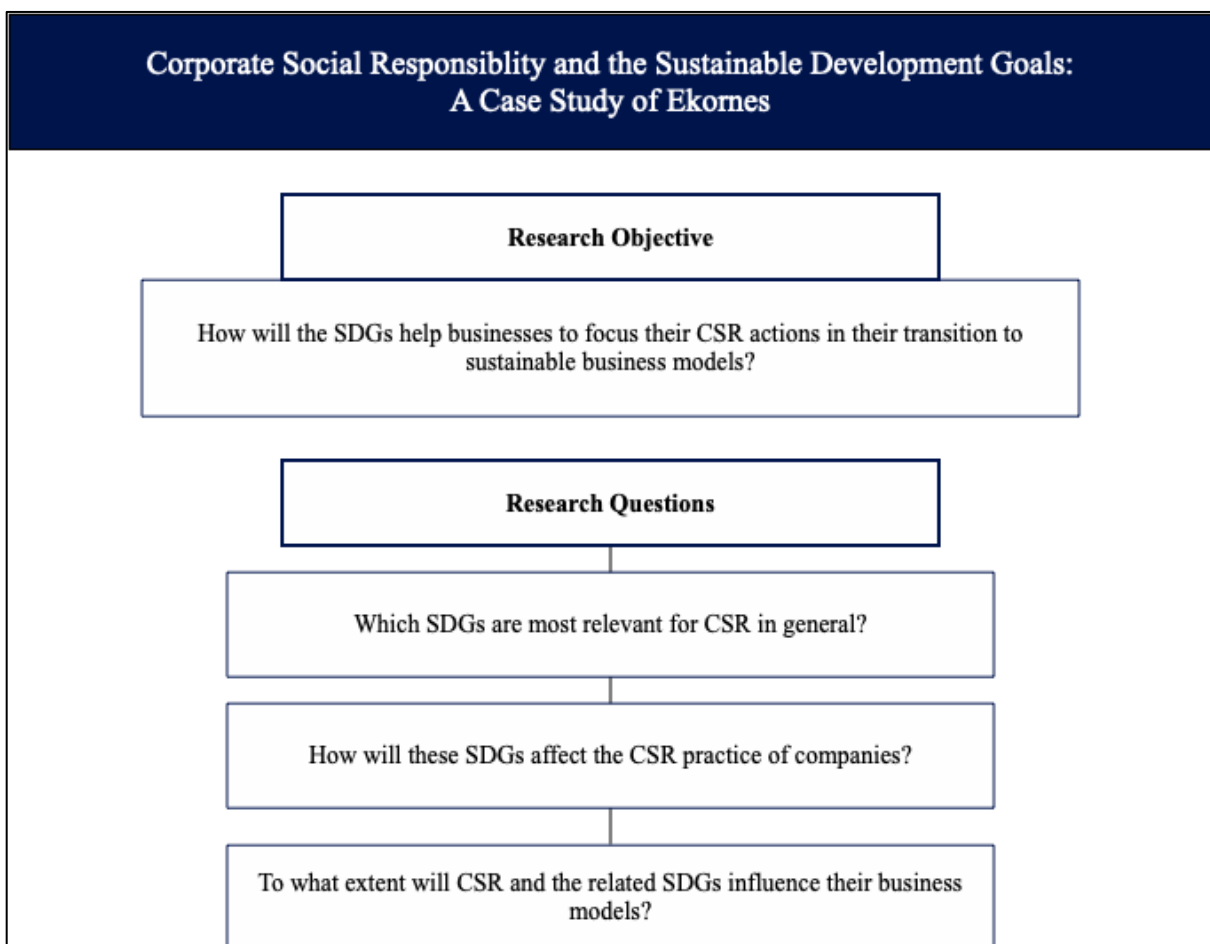


Figure 1: Thesis' Research Objective and Research Questions.

1.3 Thesis Structure

In Figure 2 the structure of the thesis is depicted. The central thesis chapters are divided into four; see Figure 2 for the explanation of the content included in each part.

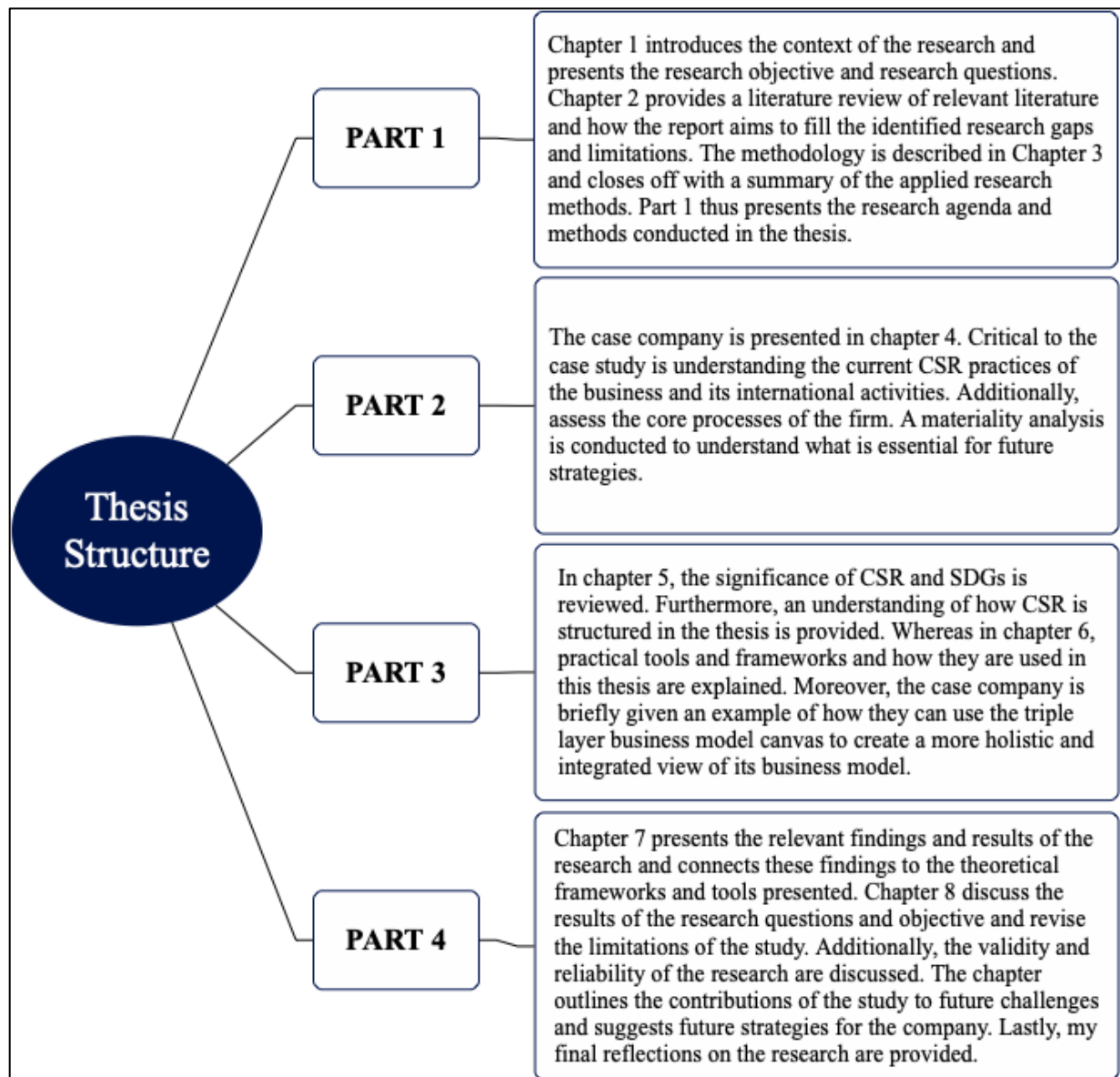


Figure 2: Structure of the Thesis.

2 Literature Review

In this chapter, an overview is given of relevant literature to provide for a better understanding of the relationship between this study and previous research. The methodology of the literature review is explained in section 3.3.2.

This chapter is divided into two main sections; firstly, a review of the relevant literature on the main theoretical findings of CSR and SDG research will be presented. The existing literature presents limitations and gaps found in current studies to identify under-researched areas. These are essential and forms the baseline of the study. Secondly, an answer will be provided on how this thesis fills the identified research gaps and limitations.

2.1 Review of Relevant Literature

The concept of CSR is evolving, and it is imperative to understand the ways sustainability and the SDGs more comprehensively impact corporate strategies, CSR agendas, reporting practices, disclosure mechanisms, stakeholder expectations, and regulatory requirements (Elalfy et al., 2020). According to Dahlsrud (2009), the primary incentive of CSR is to provide something of value to a firm. Firms' motivations to invest in CSR initiatives and implement them into their business strategies result from their desire to ensure long-term success and survival (Elalfy et al., 2020). Moreover, empirically grounded, CSR contributes to decreased cost to capital, increased reputation and goodwill, generates favorable stakeholder attitudes and behaviors, and a reduction of both technical and material risks (Dahlsrud, 2009; Du et al., 2010; Elalfy et al., 2020). Recent studies prove that companies with well-coordinated and self-organized CSR strategies outperform competing firms across similar industry groupings, and over the long run, builds the brand image and strengthen stakeholder relationships (Du et al., 2010; Elalfy et al., 2020).

However, CSR's potential to contribute to SD is limited by how the company perceives value in implementing CSR measures (Dahlsrud, 2009). The effects of CSR are determined by which CSR measures the management decides to implement. Consequently, CSR's contribution to SD is dependent on management's incentives to implement CSR measures (Dahlsrud, 2009).

Although a company may have good business intentions for implementing CSR measures, it is not necessarily easy to translate into a general business case. CSR and its contribution to SD are under-explored. Thus, the challenge is making businesses dare to explore the CSR phenomena and take advantage of its potential (Dahlsrud, 2009).

The data material gathered in Dahlsrud's (2009) study does not include an analysis of managers' perception of whether the specific CSR practice is beneficial to their business. This is crucial for a potential CSR practice to be implemented; knowing how it is established may enable a better understanding of the potential for companies to implement CSR practices (Dahlsrud, 2009). Therefore, CSR practices that have not already been implemented should be studied to find the potential of whether or not it should be rejected and proceed with an implementation process. The findings of Dahlsrud were based on a study conducted in the maritime/shipping industry. Hence, it is suggested to investigate this in other industries; a study of such would present an opportunity to examine how businesses can contribute to SD through CSR (Dahlsrud, 2009).

The SDGs are an integrated framework comprising 169 targets that have shifted the CSR discourse from a reactive response to stakeholder demands to a proactive one that helps companies play an active role in influencing SD direction. The introduction of the SDGs allows firms to strategically engage with the international framework to develop functional linkages between performance outcomes and the common good. Thus, the SDGs offer a roadmap on how businesses can strategically align firm-level CSR initiatives with national and international SD agendas; such CSR-SDG nexus is vital in enhancing the contribution of CSR to SD (Elalfy et al., 2020; SDG Compass, 2015). Witte & Dilyard (2017) also argues that MNEs are provided with a unique opportunity to apply the SDGs as a framework to improve their CSR engagement in line with changing societal expectations. However, CSR efforts do not necessarily lead to improvements in the areas set out in the SDGs. A company that states they are working on the SDGs in their CSR reports does not necessarily prove they achieve the goals. It has to be correctly implemented and measured (Witte & Dilyard, 2017).

According to Rasmussen (2019), climate change and the range of new business opportunities, market possibilities, and business alliances will lead to a game with new winners and losers and

is dependent on how rapidly each business can translate the signals of climate change in due time. Consequently, challenges of such magnitude call for new business approaches. Business models and public-private partnerships, scale-up research and design (R&D) motivate governments and enterprises to interact closely to create innovative regulations to support new solutions are fundamental (Rasmussen, 2019). Another interesting aspect is the increase in the number of firms publishing CSR reports (especially from 2019 to date) and how significantly miscellaneous the quality and consistency of the released content are. Until now, businesses have had an overly flexible disclosure process on what to report regarding sustainability that reinforces evaluation and comparability difficulties (Ditlev-Simonsen, 2021a; Elalfy et al., 2020).

More specifically, a better understanding of CSR activities' impact(s) is needed on SD and the achievement of the SDGs (Dahlsrud, 2009; Elalfy et al., 2020). For example, research can be used to appraise the impact on a business sector as a whole. Furthermore, through CSR projects, research might explore the most feasible strategies that companies can employ to build their societies in a long-term sustainable manner (Dahlsrud, 2009; Elalfy et al., 2020).

Meanwhile, Moon (2007) argues that it can help inform policy-makers in companies, society, and government the importance of identifying the aspects of the sustainable agenda most conducive to CSR. That is, the types of CSR that contribute the most to SD, e.g., what creates success in terms of corporate motivation- and what is the most effective mix of drivers? (Moon, 2007). Research exists regarding the role of multinational companies (MNCs) in driving sustainability; however, more study is needed on the actual, absolute contribution(s) of an MNCs CSR practices to SD (Elalfy et al., 2020). How do firm-level CSR initiatives impact MNCs' success rate in accomplishing their SDGs?

The notion of "giving back to society" in a purely philanthropic sense is becoming less legitimate in the eyes of stakeholders. As a result, this "business as usual" approach has called into question the ability of companies to address the challenges of SD (Elalfy et al., 2020). More research is needed to identify the key SDGs, highlighting a wide range of SD issues. Overall, it is vital to gain insight into how the SDGs are integrated into strategy and understand the potential value proposition provided by the SDG framework. This will help researchers make

more accurate and precise assessments when determining how core CSR initiatives strategically address SD issues and effectively implement the goals (Elalfy et al., 2020).

More attention should be paid to the role of stakeholders in the effective implementation of the goals around the world. It is argued that the SDGs are "macro ethics," where individual ethics are the primary building block for their achievement and success (Elalfy et al., 2020). On the other hand, the role of government as an influential stakeholder that can drive strategic CSR should not be ignored. Legal frameworks on CSR can incentivize the private sector to implement strategic CSR models and shield against declining CSR practices, especially under unfavorable economic conditions (Elalfy et al., 2020). However, government alone is not enough.

Successfully embedding the SDGs into private-sector CSR practices cannot be achieved without the active participation of all stakeholders (Elalfy et al., 2020). Accordingly, research should pay closer attention to how companies can leverage and empower stakeholders to improve the strategic outcome of CSR activities in achieving the SDG targets at the micro, meso, and macro levels (Elalfy et al., 2020). In essence, there is a need to understand CSR activities' environmental and social impacts on SD and how current CSR performance can be improved and refocused to achieve long-term sustainable benefits for companies and society (Elalfy et al., 2020).

2.2 Justification of the Study

The global adoption of the SDGs has led to a shift in societal expectations of firms in their communities and their role as leaders in the global sustainability transition. Organizations are still among the most prominent contributors to sustainability issues (Elalfy et al., 2020). MNCs thus have a responsibility to address environmental challenges. By implementing the widely known SDGs, companies can meet these expectations. Furthermore, in Dahlsrud's study, it is suggested to undergo a business case in another industry. Hence, choosing to conduct a case study of a large international corporation in the furniture industry. The case company is presented in Chapter 4.

The thesis fills the identified research gaps by presenting the significant theoretical concepts of CSR, SDGs and frameworks applied to connect it with the primary objective of helping

businesses transition to sustainability. The SDGs and their impact on developing business strategies are vital in this thesis. This will allow corporations to understand and gain knowledge about how to carry out more responsible business practices, i.e., helps firms understand CSR activities' environmental and social impacts on SD and how to achieve further improved CSR practices of the firm.

This thesis directly attacks some of the international events that influence corporations' social expectations. Society's behavior and consciousness are constantly changing, and the demands the firms meet from their stakeholders continue to increase. Therefore, business strategies must keep innovating, allowing companies to respond rapidly to the changing conditions and secure more sustainable solutions. Stakeholder expectations and requirements are vital to consider as the “business as usual” approach is no longer an adequate strategy. Consequently, stakeholder mapping and a materiality analysis of the case company are conducted.

Furthermore, to find the potential value proposition provided by the SDG framework, tools such as the SDG Compass and CapSEM-model presented by Fet and Knudson (2021) will be utilized for the case company (Ekornes); the methods are explained in chapter 6 (6.1 and 6.2). The researcher can make satisfactory and accurate assessments to determine the core CSR initiatives by using these methods.

Accordingly, several SDGs and their targets are analyzed to determine which are the most important for CSR and how they will impact a firm's CSR practice. Additionally, according to the triple layer business model canvas (TLBMC), a new future business model strategy will be proposed. Thus, the research answers how the SDGs will affect the CSR practice of businesses to achieve the goal of making firms take advantage of CSR phenomena and opportunities connected to them. Investigating how it will influence a firm's business model adds more aspects and depth to the study. This study will differ from previous studies by focusing on how the SDGs can help businesses focus their CSR actions in their transition to more sustainable business practices. This will provide new knowledge in a field that is currently underexplored.

3 Methodology

In the following chapter, the methodological approach and research methods utilized are described.

Research is a systematic process of inquiry that aims to describe phenomena and develop and test explanatory concepts and theories (McCusker & Gunaydin, 2015). Research methods are most often classified as qualitative and quantitative. However, in business research, many researchers combine both methods in a mix; this is classified as a mixed-methods approach (Bryman, 2016). According to Walle (2015), it is critical to understand which research methodology is most applicable to the research objective and questions. Consequently, different research methods are appropriate for addressing different research questions (RQs) (McCusker & Gunaydin, 2015).

Bryman (2016) defines quantitative research as research that usually emphasizes quantification in collecting and analyzing data. Quantitative research is associated with a deductive approach to testing theory because the method uses numbers or facts and, therefore, a positivist or natural science model (Bryman, 2016). The objects being studied are viewed from an objectivist perspective (Greener & Martelli, 2020). However, this particular study requires a detailed understanding of concepts and contextual conditions. Therefore, a qualitative research method is adequate for this study's research objective and questions.

3.1 Qualitative Research

Bryman (2016) explains qualitative research as research that usually emphasizes words rather than quantification in collecting and analyzing data. As a research strategy, it is inductivist; the categories and themes have been built from the bottom up by organizing the data into increasingly more abstract information units (Creswell & Creswell, 2018). Inductive processes illustrate alternating between the themes and the database until the researcher(s) has settled a comprehensive set of themes. Then deductively, the data is reviewed according to the established themes to determine if more evidence can support each theme or whether additional information is needed (Creswell & Creswell, 2018). Consequently, the process starts

inductively, but deductive thinking has a vital role as the analysis moves forward (Creswell & Creswell, 2018). In other words, data analysis happens simultaneously as data collection, and the process is iterative.

When choosing the methodology, it should be based on the study's objective and research questions (McCusker & Gunaydin, 2015). In situations requiring a detailed understanding of a process and more information is needed to determine the characteristics of what is being studied, or where the information available is in non-numeric form, a qualitative approach is selected (Bazeley & Jackson, 2013). A qualitative methodology is likely better suited for real-life issues that require more than "yes- or no responses," i.e., atypical answers (Walle, 2015). Capturing the participant's perspectives is often a significant purpose (Yin, 2016). Furthermore, qualitative research also explicitly embraces contextual conditions such as social, institutional, cultural, and environmental conditions (Yin, 2016). Qualitative investigations often manipulate the environment and the informants less (Yin, 2016). They are less intrusive than quantitative analyses, allowing the researcher to collect data in a less structured and more flexible means (Walle, 2015). Thus, the qualitative approach is invariably unstructured. It allows for enhanced interpretation of the actors' meanings and concepts emerging from data collection, and its contextual approach and prolonged involvement in a setting may engender richer data (Bryman, 2016). Consequently, a qualitative approach is the appropriate research strategy for this study.

3.2 The Case Study Research

In this thesis, a case study method is chosen because it aims to understand a real-world case, and it revolves around necessary contextual conditions pertinent to the case (Yin, 2014). According to Yin (2014), a case study can be defined as an empirical investigation that examines a modern phenomenon in depth and within its real-world context, specifically when the boundaries between phenomenon and context are not evident (Yin, 2014). A case study investigation copes with the technically distinct situation of many more variables of interest than data points; therefore, one must rely on multiple evidence sources (Yin, 2014). This approach is employed because it can benefit from having multiple sources of evidence, hence providing richer data sources.

A significant strength of case study data collection is the opportunity to use many different sources of evidence (Yin, 2014). According to Yin (2014), using multiple sources of evidence

results in a higher overall quality of the study in comparison to studies using only single sources of information. Hence, the researcher is allowed to address a broader range of historical and behavioral issues. Additionally, an essential advantage is the development of converging lines of inquiry. It is also more likely that the case study findings or conclusions are convincing and accurate (Yin, 2014).

3.3 Data Collection

The researcher firsthand collects primary data for a specific purpose. This study collects primary data through interviews with purposefully selected participants from the case company (Creswell & Creswell, 2018). See section 3.3.1 for the explanation of interviews. Secondary data is collected from previously published research and will be used to re-analyze the second-hand data for the purpose of the study. Other secondary data include digital materials such as websites, e-mails, public documents (e.g., newspapers), and Social Media (SoMe). To conclude thus far, a list of the qualitative data collection sources is presented in Table 2.

Table 2: A List of Qualitative Data Collection Sources Adapted from (Creswell & Creswell, 2018).

	Primary Data	Secondary Data	
	Interviews	Documents	Digital Materials
Method	Recorded one-on-one interviews virtually over Microsoft Teams	Examine personal documents Analysis of organizational documents Analysis of public documents	Examine websites and SoMe
Data Source	Interviewees	E-mails, articles, books, reports, strategic plans, and charts	Case company main website

3.3.1 Interview for Gathering Primary Data

Interviews are an essential source of case study evidence because most case studies are about human affairs or actions (Yin, 2014). The interviewees can provide shortcuts prior to the history of situations, help the researcher identify other relevant sources of evidence, and provide important insight into various actions (Yin, 2014).

Interviews typically involve one informant and an investigator (Walle, 2015). The information gathered will be influenced by the style of the interview. According to Yin (2016), qualitative interviewing has become so diverse that it can include any of the variants: unstructured, semi-structured, and structured interviews. Hence, the different interview characteristics have important strategic implications (Walle, 2015). A brief description will be made for each type of interview. The focus will be mainly on explaining semi-structured interviews as this is the sole method conducted in this thesis.

In an unstructured interview, also called an in-depth interview, the informants can respond freely to questions asked. Furthermore, both the interviewer and the interviewee have a high degree of freedom and flexibility in the process (Walle, 2015). Whereas structured interviews often resemble surveys. They are more formal, with a detailed script, and more precise data are sought. The subjects are also given much less freedom in their responses (Walle, 2015).

Likewise, as in an unstructured interview, semi-structured interviews are conversational, and the interviewer is more prone to steer the conversation in the desired direction (Walle, 2015). The researcher has a list of questions or fairly specific topics to be covered; this is referred to as an interview guide. Questions not included in the guide may be asked as the interviewer picks up the respondents' answers (Bryman, 2016). Hence, the flow of the interview is more controlled than in the unstructured interview. However, with similar wording, all the same questions will be asked, from subject to subject (Bryman, 2016).

3.3.1.1 Sources of Information

A small number of selected participants characterize qualitative research, and they have been chosen purposefully to help the researcher understand the problem and research questions (Creswell & Creswell, 2018). The participants are all employees at the case company. The interviewees are from three different departments, allowing the researcher to understand the company better when assessing it from different perspectives.

The aim is to understand the CSR and sustainability processes involved from the starting phase of the production of the case company's products until its finalized and sold to their customers. It is therefore critical for the case study that the interviewees have in-depth knowledge about the firm.

Table 3: List of Informants.

Job title	Business Location	Interview method
Compliance and CSR Manager	Sykkylven, Norway	One-to-one semi-structured interview
Technical Manager		
Marketing & Information Coordinator		

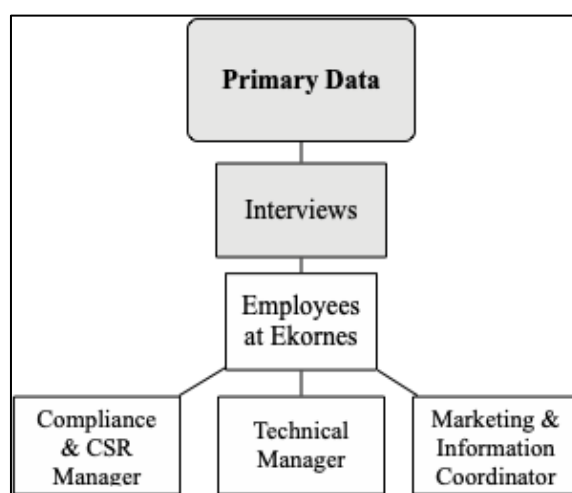


Figure 3: Summary of Primary Data Collection.

3.3.2 Literature Review for Gathering Secondary Data

A research project is related to the existing research stream by a literature review (Walle, 2015). Furthermore, a literature review consists of various types of documents. Documents can be reviewed repeatedly; it is unobtrusive, specific, and broad. According to Yin (2014), documents play an explicit role in data collection when performing case study research. In any data collection plan, systematic searches for relevant documents are vital. It is essential to review documents critically, as they may be of biased selectivity, of limited reporting value, or challenging to find and access (Yin, 2014).

The amount of existing literature on CSR, sustainable business models, and SDGs is substantial. In a time where an extensive amount of data on the topics is being collected and documented by researchers from all over the world, it is becoming more prevalent to use existing data for the research (Johnston, 2017). Therefore, a literature review is an appropriate choice of method, specifically when the researcher has limited time and resources accessible.

In sum, the main reasons to undergo secondary data analysis in this study include relating the thesis' primary research to existing data resources and returning to own data to address new questions, which were not the primary focus in the original study (Irwin, 2013). Figure 4 presents the types of documents included in the literature review.

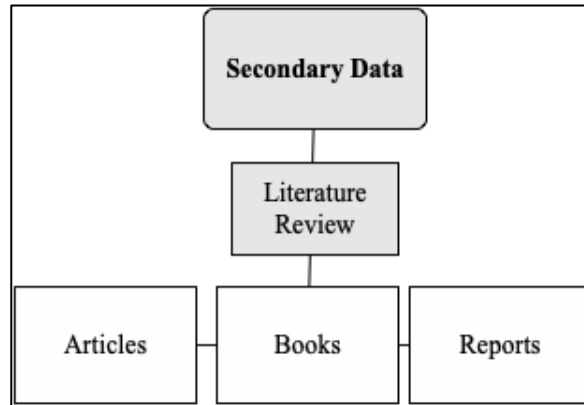


Figure 4: Literature Review (Data Collection).

3.4 Data Analysis

There are usually five phases of qualitative data analysis, which Yin (2016) refers to as the five-phases cycle: (1) compiling, (2) disassembling, (3) reassembling (and arraying), (4) interpreting, and lastly (5) concluding (Yin, 2016). Significant precautions to follow during the analysis process include checking and rechecking the data's accuracy and continually acknowledging any unwanted biases imposed by own values. In sum, the data analysis proceeds along with other parts of developing the study; the data collection and the write-up of findings (Creswell & Creswell, 2018). Thus, qualitative data analysis requires sequential steps to be followed and involves multiple levels of analysis (Creswell & Creswell, 2018).

3.4.1.1 NVivo

NVivo, a qualitative software program, is used to increase the efficiency of the work (Bazeley & Jackson, 2013). NVivo is useful when managing data during the analysis processes. The program is utilized to organize and keep track of data such as published research, images, and diagrams. It allows the researcher to code all of the data, making it easier to sort and examine the collected materials to identify themes, transcribing the interviews, and visualizing content such as models and processes (Bazeley & Jackson, 2013; Creswell & Creswell, 2018).

3.5 Summary of the Applied Research Methods

Following is a depiction of the research methods utilized in this study. The methodological approach is qualitative. An extensive literature review and interviews are the main methods employed to collect the data. The research uses multiple sources of evidence to increase the study's validity (Yin, 2014). The literature review is the primary chosen method to find secondary data, whereas qualitative semi-structured interviews are selected to access primary data. In sum, Figure 5 illustrates the processes required to conduct the research.

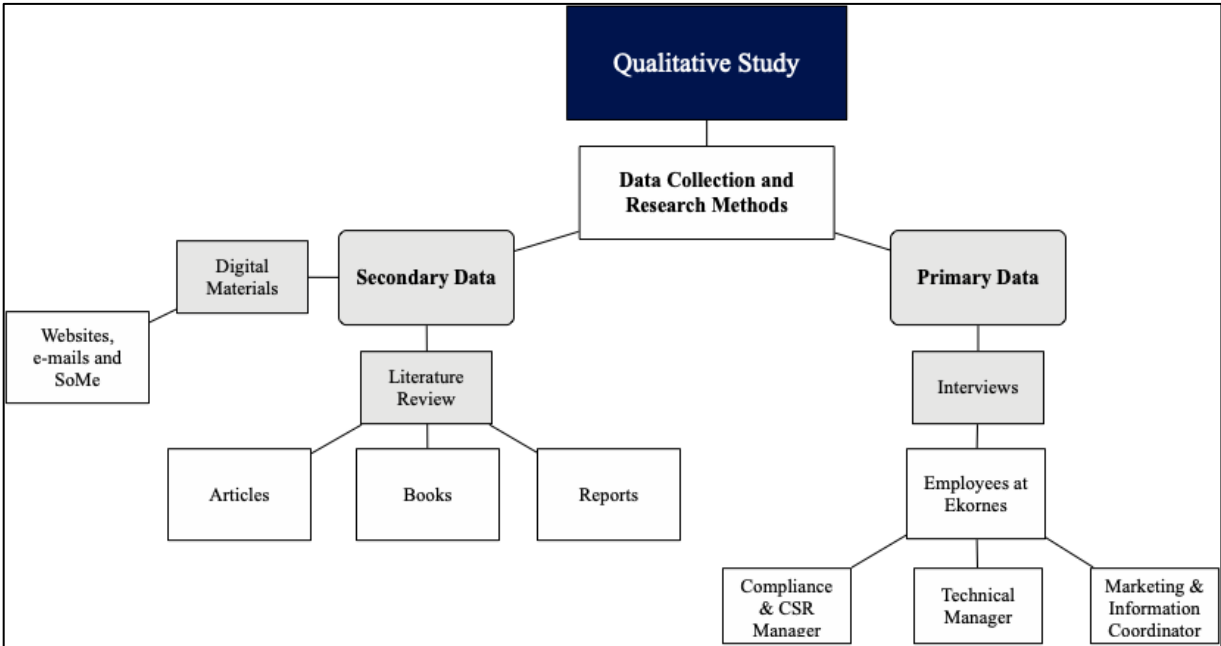


Figure 5: Depiction of the Research Methods.

4 The Case Study

The chapter starts with a description of the case company Ekornes AS and its international activities. For simplicity, I will use the name Ekornes in the rest of the thesis. Pertinent to the case study is understanding the current CSR strategy of the business and assessing the firm's value chain and stakeholders. In addition, it is critical to understand what is of importance for the firms' stakeholders is vital. This information creates the foundation for answering the research questions: 1) "Which SDGs are most relevant for CSR in general?" 2) "How will these SDGs affect the CSR practice of companies?" 3) "To what extent will CSR and the related SDGs influence their business models?"

The information provided in the following sections relies mainly on primary data retrieved through semi-structured interviews, conversations, and e-mail correspondences with management at the case company. Additionally, secondary sources such as company reports are utilized. See Appendix A for a summary of the main findings from the semi-structured interviews.

4.1 The Case Company – **Ekornes**

Ekornes is Norway's largest furniture producer, with its main office located in Sykkylven, Norway. The company produces upholstered furniture and mattresses. Ekornes has a varied history - from its establishment in 1934 by Jens Ellingsen Ekornes (Linder, 2020). In 1995 the company became listed as a stock exchange. Qumei Home Furnishing Group, a Chinese firm, acquired the company in 2018, and Ekornes ASA was delisted from the Oslo Stock Exchange (Ekornes, 2020b).

Today, Ekornes has ten factories, five in Norway and five abroad in Lithuania, the USA, Thailand, and two in Vietnam. The company has a string of quality brands, including Stressless®, Svane, and IMG. The CEO of Ekornes is Roger Lunde, and the company has a total of 2 846 employees, of which approximately 40% are employed in Norway (Ekornes, 2020a). Ekornes' generated operating revenue of 2020 was NOK 3 481 709 000, and the operating earnings (EBIT) came in at NOK 363 366 million (Ekornes, 2020a). Like many other industries

and companies, Ekornes experienced a significant impact on their operations during the start of the ongoing Covid-19 pandemic. Henceforth, their focus on keeping high operational and financial flexibility enabled them to swift responses even during extraordinary situations (Ekornes, 2020b).

Ekornes' most significant competitive advantage is their worldwide sales organization and their efficient and innovative production of high-quality furniture with extended longevity. They are considered an industry leader in Norway (within high-quality furniture) and have made furniture for more than 80 years.

4.2 International Activities

The business competes in fragmented international markets with several players on both sides of production and distribution. A proportion of their furniture manufacturing takes place in low-cost countries in Europe and Asia. Ekornes is aware of the challenges of these markets and responds by continuously working to improve production processes, sourcing, market concepts, product development, and business relations (Ekornes, 2020a).

Regarding market and business risk, Ekornes strive to develop products and concepts that provide international market opportunities. Ekornes has proven expertise in its brand building and marketing. The firm is most known for its brand Stressless®. Stressless® is sold to more than 40 countries through sales companies located around the globe (Linder, 2020). They have developed a substantial suppliers' network, with several sales/ -suppliers worldwide, including North America, Europe, and Asia.

Moreover, sales distribution across these markets allows growth and spread of market risk by reducing the dependency on individual markets. However, the USA and central Europe are the most important and most prominent markets for Ekornes. The importance of these markets has especially been noticeable during the Covid-19 pandemic. The biggest market regarding growth opportunities is found to be located in Asia, China.

Ekornes has endorsed operating its business responsibly and in line with the UN Global Compact's 10 principles. The Global Compact is based on ten principles covering human rights,

anti-corruption, labor rights, and the environment. Ekornes' commitment and participation in the Global Compact are included in the company's "Objectives and Values" document. The foundation of the Global Compact is openness in dialogue and willingness to keep learning about all stakeholders and the challenges faced locally and globally by the firm. Ekornes reports annually to the Global Compact.

The Global Compact is utilized as the overarching framework for the Code of Conduct (CoC) suppliers to Ekornes – and the CoC is a concretization of the ten principles in the Global Compact. Hence, the foundation of the CoC has internationally accredited conventions and norms embedded in national laws and regulations; nonetheless, if a country has weak national governance, Ekornes still holds their suppliers accountable and expects them to comply with the CoC (Ekornes, 2015). Additionally, Ekornes is a member of and cooperates with international organizations, such as the Leather Working Group (LWG). The LWG consists of stakeholders across the leather supply chain; their goal is to promote environmental best practices and responsible leather manufacturing globally.

Some of the most important intangible assets are directly related to the firm's international activities, such as its distribution network, international marketing, and international sourcing.

Ekornes' core activities and value chain are assessed in the following section; additionally, a materiality analysis is included. The analysis' is utilized to map the relevant SDGs - which is critical to conduct the case study.

4.3 Core Activities and Value Chain Assessment

To develop and implement a strategic CSR policy, a firm must map its inside-out linkages, i.e., how the value chain impacts and affects society; moreover, outside-in linkages, meaning the effects of the context in which the company operates on its activities (Knudson & Fet, 2018). Therefore, looking at all value chain activities to identify the company's positive and negative effects on the environment and society. The mapping of the social impact of the value chain (looking inside-out) is conducted according to (Porter & Kramer, 2006, p. 8). Whereas looking outside in, social influences on competitiveness is completed according to (Porter & Kramer, 2006, p. 9).

Ekornes has a vertically integrated value chain, categorized by a lot of in-house activity. The firm is interminably working on strengthening sustainable solutions within its value chain, in addition to working with new materials and technologies for a more sustainable future (Ekornes, 2020a). Ekornes’ production mainly takes place in Norway, and the primary activities are illustrated in Figure 6.

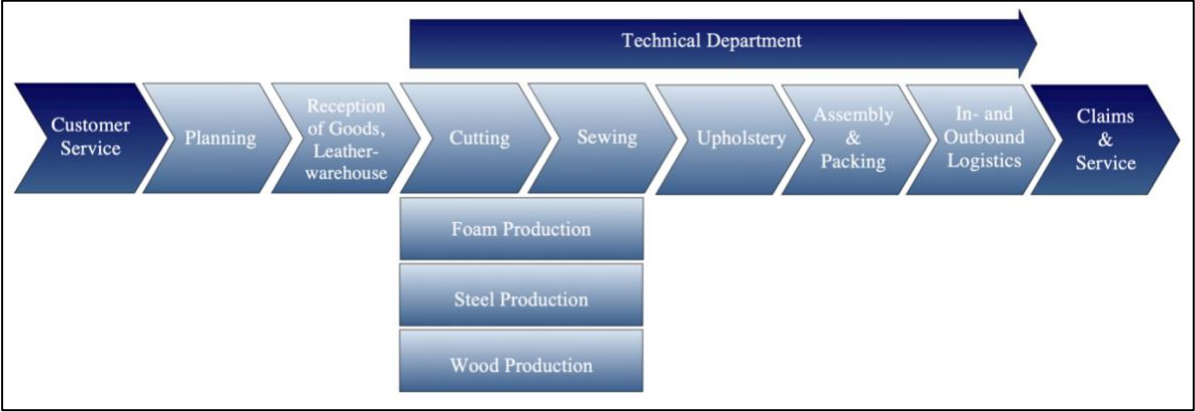


Figure 6: The Primary Activities of Ekornes’ Production adopted from the Ekornes’ IT management system "TQM Enterprise."

In short, the positive effects of Ekornes’ activities are contributing to society by creating jobs and taking care of their employees, supporting local environments financially, and contributing to an increased knowledge level and infrastructure in Norway and other local environments they operate. Furthermore, Ekornes uses flame-retardant-free foam in their Stressless® and IMG products; improving quality and reducing chemicals is an important area in the furniture industry that Ekornes regularly works with. Hence, Ekornes continuously reduces and replaces chemicals in components they use, e.g., furniture leather, foamed plastics, textiles, wood coatings, and adhesives. Additionally, they play a key role in the efforts of the Federation of Norwegian Industries, that is, the design industry, to promote both quality and environmental work (Ekornes, 2020a).

As a manufacturing business, the negative effects of Ekornes’ activities are related to pollution, such as how degradable their products are in terms of recycling. As Ekornes uses many raw materials, such as leather and wood, both environmental and social concerns occur. The social concerns of their activities related to CSR in terms of responsible production and raw material selection. Stakeholders are becoming more aware of chemical use, wastage, and recycling of

products. Ekornes is closely monitoring their environmental performance; thus, Ekornes constantly work towards achieving a sustainable manufacturing process.

4.4 Identifying Important Stakeholders – “Stakeholder Mapping”

It is vital first to identify the stakeholders to design a strategy for Ekornes. Employees are considered critical stakeholders as the business is in a transition of becoming more environmentally friendly. Making sustainability visible among employees may increase the growth of better solutions and ideas on performing better in the industry. Ekornes cares about all its stakeholders because they are essential at different levels and aspects. Ekornes’ stakeholders are depicted in Figure 7.

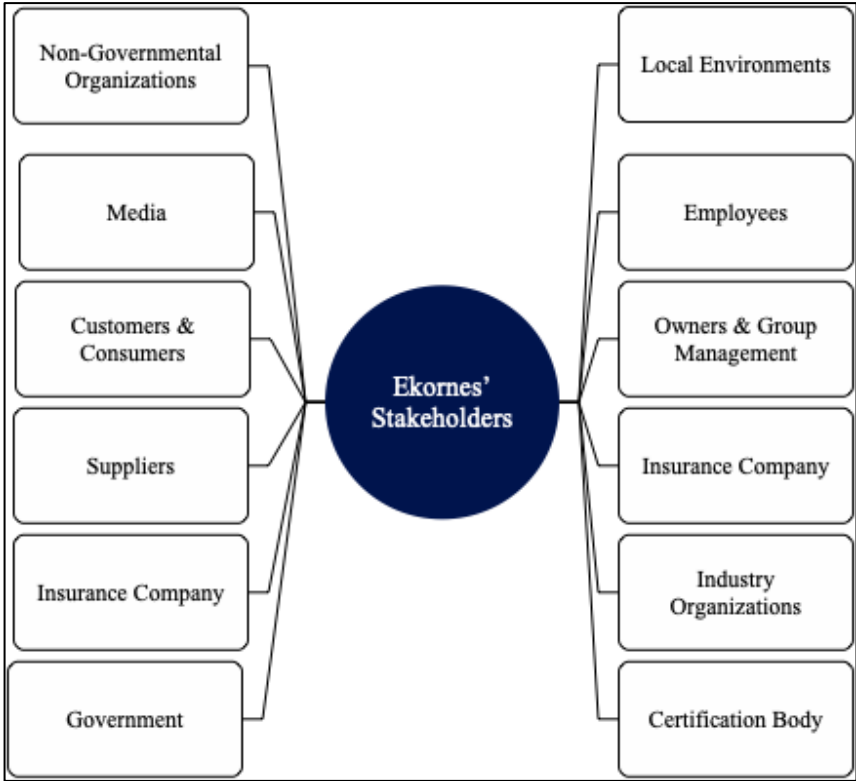


Figure 7: Ekornes' Stakeholder Map.

Management at Ekornes state that it is critical to understand the difference between Ekornes’ customers and consumers. The customers of Ekornes are furniture merchants, whereas the consumers are the customers. Customers and consumers are placed in the same stakeholder category because the consumers (end-customer) are usually the ones affecting the customer (merchants) to ask questions regarding the products, suppliers, and production processes.

4.5 Ekornes' Current CSR Strategy and Practices

CSR is included in everything the company does – from an employee working in the production to the end-customer receiving its product. According to the CEO of Ekornes, Roger Lunde, the UN Global Compact Membership is what lays the foundation of Ekornes' SD framework (Ekornes, 2019). The company has endorsed the UN Global Compact since 2009 (Ekornes, 2020a). Thus, Ekornes is committed to operating its business responsibly and in line with the agreement's ten principles.

Ekornes' CSR practices revolve primarily around the environment. To get a deeper understanding of Ekornes' CSR practices, three levels within their current CSR practices will be reviewed to address further the research question; which SDGs are important for CSR in general? Accordingly, Ekornes' current CSR practices are divided into three levels in line with chapter 5.1 - which explains how CSR is structured in this thesis: the first level takes on philanthropy; second-level compliance; and the final and third level, focuses on CSR as value creation. The focus will be on CSR as risk management and value creation, as these levels are most significant to achieve strategical and operational effects.

4.5.1 Philanthropy

Ekornes has always had a social conscience, taken care of, and invested in its employees and local environments. The company's organizational culture and strategy are built on a high ethical and moral foundation. Ekornes is supporting the local community through several initiatives and sponsorships. For example, at the local high school in Sykkylven, the firm has invested in robotics. Investing in such knowledge is done to 1) gain local knowledge and enhance the overall knowledge level in Norway and 2) increase people's interest in working with robotics. The business finds it critical to contribute where they leave a physical impression. The most vital area for Ekornes' CSR strategy at the philanthropy level is investing in knowledge and support local environments in which they operate.

4.5.2 Compliance

Ekornes' primary focus from the outbreak of the Covid-19 pandemic has been prioritizing the security and health of their employees. Moreover, the company offers equal opportunities regardless of, e.g., gender or ethnicity, hence in line with prevailing legislation and regulations. Ekornes emphasizes employees as their most crucial company resource by promoting a healthy,

safe, and fair work environment. This actively demonstrates Ekornes' focus on health and safety for employees strategically and operationally to avoid damages such as personal injury or health risks related to production.

Current CSR strategies revolve primarily around risk assessment and management, which creates the foundation for several other processes in the business. The company conducts risk assessment and analysis of the entire value chain in every step of its activities and operations. Ekornes hold themselves accountable at a high level; the firm spends a lot of time and resources on risk management within CSR. In terms of CSR reporting, the company is a member of the UN Global Compact and reports yearly how they work towards reaching the SDGs and the ten principles in the CoC – both explained previously in chapter 4.2. The same rules also apply to their suppliers – as Ekornes requires their suppliers to be responsible and follow the same strict guidelines. Ekornes also report on sustainability in their sustainability report and annual report. For production, monthly reviews of key performance indicators (KPIs) are essential. Several KPIs are included, and Ekornes measures factors such as environment and energy consumption, waste, and material utilization.

As a company in the manufacturing industry, the especially critical area is selecting raw materials. Ekornes thus require high standards from suppliers and sub-contractors through their initiatives, such as a self-declaration form sent to all suppliers yearly.

Ekornes additionally perform a supplier evaluation of all suppliers. This evaluation consists of an objective and subjective analysis. The objective analysis is a risk-based evaluation done through Ekornes' quantitative data such as delivery time, the supplier's size, which country the supplier produces in, etc. The subjective evaluation includes interviews with all purchasers where critical questions are asked to determine whether suppliers need to be revised further. The combination of objective and subjective assessments creates an essential foundation for revising the suppliers and creating the annual supplier audit program. Furthermore, Ekornes uses third-party auditing in all the countries in which they operate.

4.5.3 Value Creation

The company has taken on a new sustainability route and strategy for 2021, where they are actively working towards a more environmentally friendly value chain. They aim to take on a

leading position in creating a more sustainable value chain; thus, they make a difference by setting new standards that they hope others in the same industry will follow. The main focus areas for their new strategy revolve around sustainable manufacturing, an environmentally friendly value chain, and making good quality furniture lasting for several generations (Ekornes, 2020a).

To reduce the environmental impact of the products, the firm has implemented several measures, such as new technologies and environmentally friendly materials new product solutions. Consequently, Ekornes is one of the most efficient manufacturing firms in this industry today (Ekornes, 2020a). Critical success factors contributing to the growth are Ekornes' focus on innovation and technology. Moreover, to keep competitive forces up, innovative thinking is essential, such as working with robotics. There is currently an ongoing project on 3D knitting in Ekornes. Future business strategies should revolve around investing in R&D to create innovative solutions for the industry.

4.6 Materiality Analysis

A materiality analysis guides the direction for a new strategy and focus areas for Ekornes and are depicted in Figure 8 (the matrix below). The position shows the relationship linking the importance of stakeholder focus and the impact of the business. The analysis is based on industry experience, input from experts within Ekornes, and a desktop analysis of the expectations of the various stakeholders. Note that the focus areas are not to be perceived individually as they are highly interconnected. The materiality analysis covers 16 areas within the five focus areas: satisfied customers, efficient production and logistics, engaged employees, sustainable and responsible value chain, as well as circular solutions. Ekornes' overall strategy revolves around growing the business through increased customer focus, optimal utilization of global production facilities, and commitment to innovation and product development (Ekornes, 2020a).

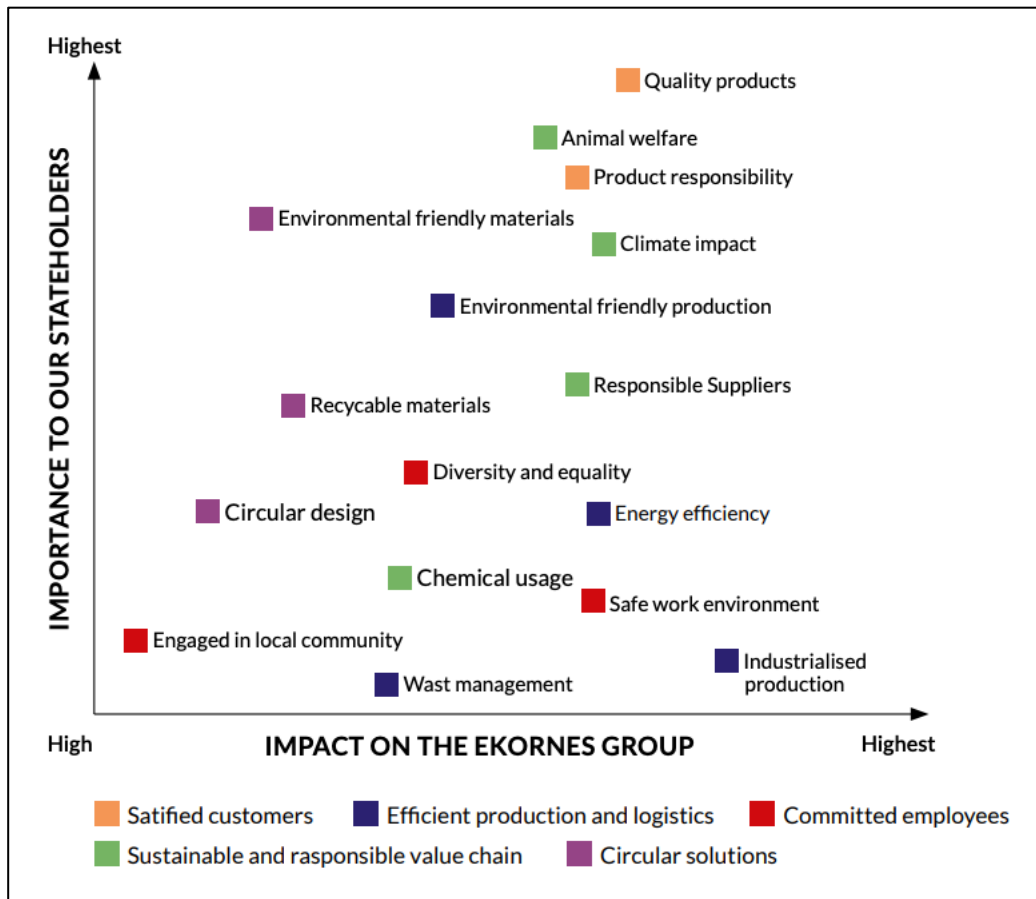


Figure 8: Ekornes' Materiality Analysis. Retrieved from (Ekornes, 2020a, p. 14).

The analysis is primarily based on the same stakeholders as depicted in Figure 7; these stakeholders thus created the foundation for the materiality analysis.

To summarize, Ekornes aims to be the leading sustainable furniture company within high-quality furniture. The company's CSR goes backward in the value chain; all levels are of importance. Ekornes conducts a strategic approach to CSR, i.e., Ekornes work proactively to reduce negative and increase positive social and environmental impacts (Knudson & Fet, 2018). By mapping the inside-out and outside-in linkages, areas in which Ekornes can create economic, environmental, and social value are identified, as well as including the materiality analysis – it grants the company an insight into how to create a strong CSR strategy.

5 The Significance of CSR & SDGs

5.1 The Structure of CSR and How it is Evaluated

Value creation is the main goal of businesses. By creating value, the enterprise contributes to economic growth and development in the community. In the long-term perspective, society and companies have a common interest in a business that acts responsibly and focuses on developing products and services that contribute to solving social and environmental challenges (St.meld.nr.10).

According to the St.meld. 10 of 2008-2009, the understanding of CSR and its structure is divided into three levels, illustrated in Figure 9. CSR as philanthropy is at the lowest level of the pyramid. What business contributes in terms of money and knowledge has a little strategic or operational impact. The middle level, CSR as risk management, relates to regulatory compliance; corporate actions at this level can have medium to high operational impact. The highest level in the pyramid, CSR as value creation, on the other hand, refers to the ability of companies to innovate and create sustainable business models. Measures at the value creation level have fundamental strategic and operational effectiveness (St.meld.nr.10, 2008-2009). This report builds the understanding of CSR in line with Figure 9, the structure of CSR.

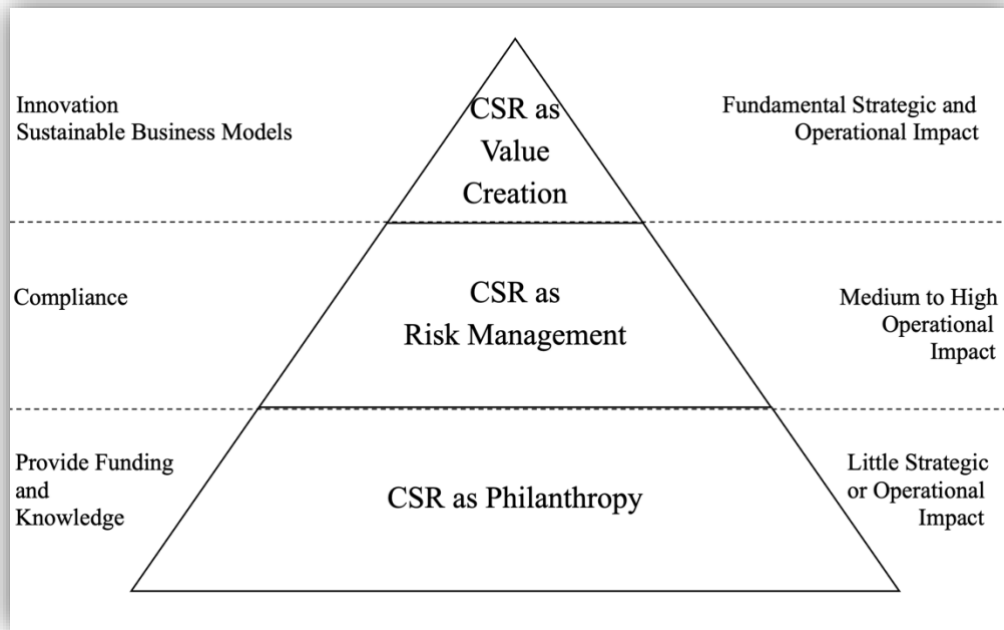


Figure 9: The Structure of CSR. Adopted from the Ministry of Foreign Affairs in Norway from (St.meld.nr.10, 2008-2009).

5.2 The SDGs Contribution to Business

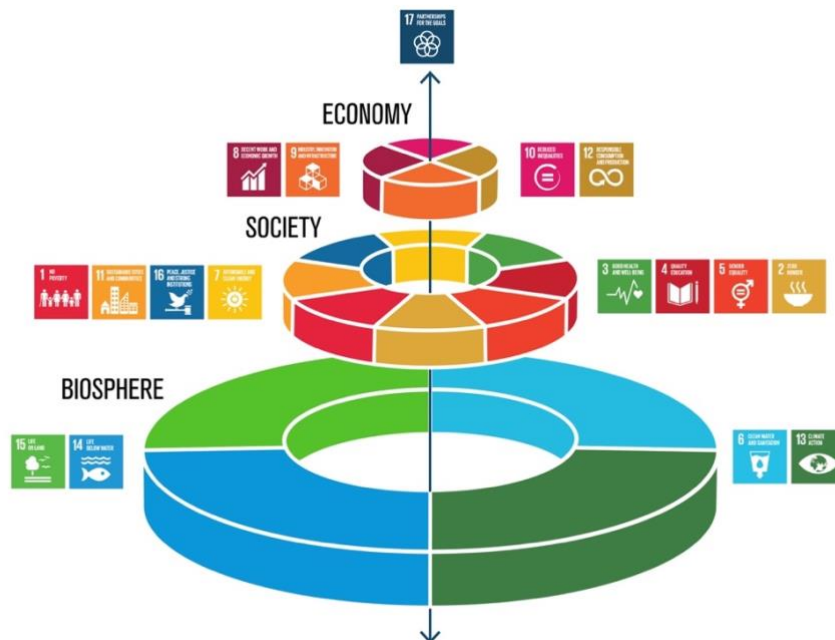
The 2030 Agenda for Sustainable Development offers a shared plan for peace and prosperity for people and the planet - with the SDGs at the heart of this plan (UN General Assembly, 2015). In total, a set of 17 SDGs were adopted with 169 associated targets, which originated from the 1987 Brundtland Commission's report: «Our Common Future» (Meld.St. 40 (2020-2021); UN General Assembly, 2015). The goals and targets were created to guide the next 15 years following the UN's promulgation of the SDGs in 2015. The SDGs form an overarching framework that companies can use to shape, steer, communicate and report their strategies, goals, and activities; furthermore, they can capitalize on several benefits. The 17 SDGs are illustrated in Figure 10. The goals represent a holistic approach to development and touch upon all countries and people of every part of the community (Meld.St. 40 (2020-2021)).

SUSTAINABLE DEVELOPMENT GOALS



Figure 10: The 17 SDGs Retrieved from the 2030 Agenda for Sustainable Development.

All 193 member countries of the UN General Assembly committed to achieving the goals by 2030 (Tulder, 2018). The goals are integrated and indivisible, balancing the three essential dimensions of SD; economic, social, and environmental (UN General Assembly, 2015). Figure 11 presents an overview of the SDGs grouped into these three dimensions.



Graphics by Johan Lohmander/Alamy

Figure 11: The UN SDGs Across Ecological-Social-Economic System. Retrieved from (Azote Images for Stockholm Resilience Centre).

In addition, the SDGs can help link business strategies to global priorities (SDG Compass, 2015). In many ways, the private sector received a “gift” with the signing of the SDGs in September 2015 since the goals provide a long-term political framework for how business may contribute to SD (Pedersen, 2018). The SDGs are relevant to business for several reasons; the most important reasons are identifying future business opportunities, increasing the value of business sustainability, strengthening relationships with stakeholders, keeping pace with policy developments, stabilizing societies and markets, and using a common language and purpose. Therefore, business is an essential partner in achieving the SDGs because companies can contribute through their core activities (SDG Compass, 2015). The SDGs guide and direct companies’ investment and create new business opportunities. In other words, they provide a toolbox for innovation and market development for companies (Pedersen, 2018; SDG Compass, 2015).

Unlike the Millennium Development Goals (the predecessor of the SDGs), the SDGs explicitly call on all businesses to apply creativity and innovation to solve the challenges of SD (SDG Compass, 2015). The success of the 2030 Agenda depends on the cooperation and action, not only of governments but of all actors (SDG Compass, 2015). Therefore, it is critical to examine the corporate responsibility of companies to achieve the SDGs. When scoping a company's CSR values, the SDGs can be used as a framework for the values relevant to the company for several years (Knudson & Fet, 2018). Based on the company's operations and values, it can select the SDGs on which it has the most significant impact and utilize them to guide its CSR strategy (Knudson & Fet, 2018).

To summarize, the SDGs represent an opportunity for business-led solutions and technologies that can be developed and implemented to address the world's greatest SD challenges (SDG Compass, 2015). The SDGs can thus increase the absorptive capacity of a company if implemented correctly.

6 Practical Tools & Frameworks

6.1 SDG Compass

The SDG Compass explains how the SDGs affect business by offering tools and knowledge to give sustainability a central role in a firm's strategy (SDG Compass, 2015). Thus, the SDG Compass provides a guide on implementing the 17 SDGs in corporate strategy to increase businesses' sustainable practice. The guide is created by focusing on large MNEs. However, small and medium-sized enterprises; are also encouraged to use it as a resource tool (SDG Compass, 2015). The SDG Compass's objective is to show companies how to situate their strategies and to measure and manage their contribution to the SDGs (SDG Compass, 2015). Figure 12 presents the five steps the SDG Compass comprises, which companies can use to maximize their contribution to the SDGs.

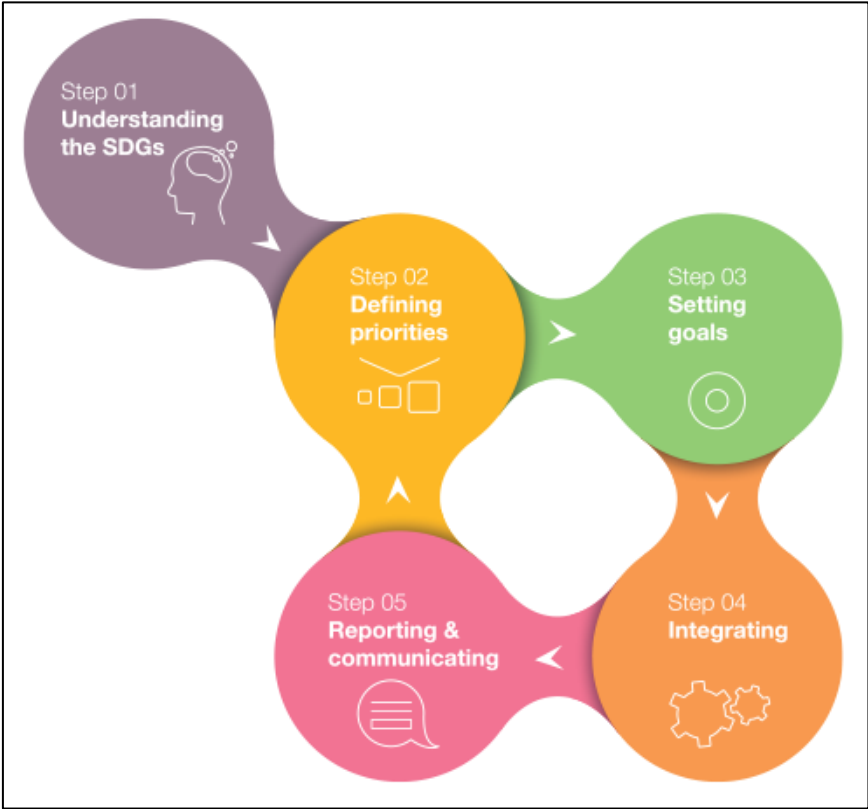


Figure 12: SDG Compass Adopted from (SDG Compass guide 2015, p.5).

The guide is structured into five sections that address each of the five steps. An explanation of each step is provided in Table 4 in accordance with the SDG Compass guide pp. 7-28.

Table 4: The Five Steps of the SDG Compass Guide Explained.

<p>Step 1: Understanding the SDGs</p>	<p>This step starts with companies familiarizing themselves with the SDGs' history and why firms can benefit from applying them in their strategy. The SDGs were developed to combat the massive economic, social, and environmental challenges the world faces. By focusing on SD, the firm can find new extensive, and innovative ways to grow. See previous section (5.2) for a more detailed explanation of the SDGs.</p>
<p>Step 2: Define priorities</p>	<p>This step revolves around encouraging companies to define their priorities based on assessing the current, potential, positive and negative impacts of the business activities on the SDGs along the entire value chain. This will help the company identify where positive effects can be further developed and where negative impacts can be reduced or avoided. To define priorities, it is suggested to map the value chain, select indicators, and collect data.</p>
<p>Step 3: Setting goals</p>	<p>Goal setting builds directly on the impact assessment results and prioritization covered in Step 2, critical to adequate performance. Setting specific, measurable, and time-bound sustainability targets helps develop shared priorities, drive performance across the organization, and become increasingly common. By aligning with the SDGs, firms can set meaningful goals and communicate their commitment to SD more effectively.</p>
<p>Step 4: Integrating</p>	<p>As a result of goal setting, one will have identified specific KPIs and set goals for each of your firm's strategic priorities. Integrating sustainability into the core business and embedding targets across functions is fundamental towards addressing these goals. Integrating sustainability has the potential to transform all aspects of your firm's core business, including product and service offerings, customer segments, supply chain management, raw material selection and use, transportation and distribution networks, and end-of-life of products. To pursue shared objectives or address systematic changes, firms are increasingly working with partners to increase their impact and reach.</p>
<p>Step 5: Reporting and Communicating</p>	<p>Stakeholders demand more information; hence it is essential to report and communicate on the company's progress towards the SDGs perpetually to understand and meet the needs of the stakeholders. Most large international companies report their sustainability performance and impacts. Consequently, this step revolves around effective reporting and communication, along with communication on SDG performance.</p>

6.2 CapSEM Model

CapSEM is an abbreviation for Capacity Building in Sustainability and Environmental Management. The CapSEM-model is a stepwise model of methods and tools used to improve business sustainability (Fet & Knudson, 2021). The model consists of four levels. Level 1 consists of process-level improvements, level 2 for product-level and value chain improvements, level 3 for organizational-level improvements, and level 4 for systems-level change. The model is presented in Figure 13.

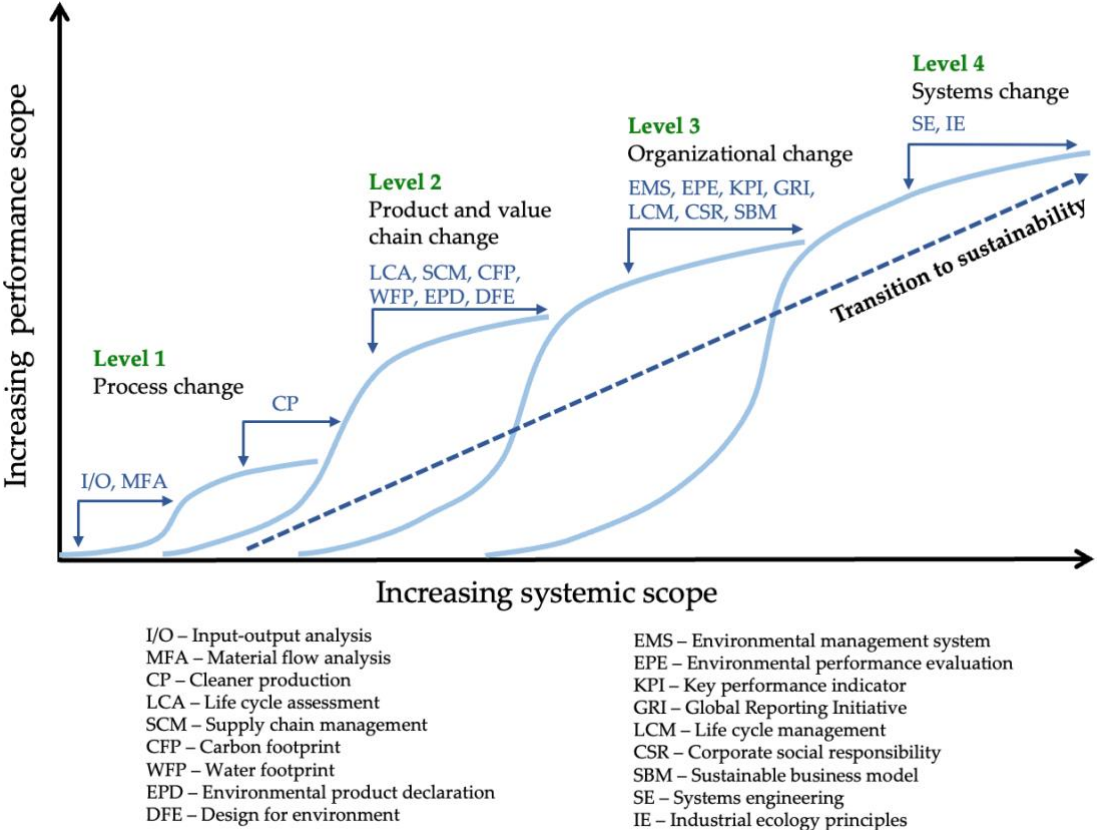


Figure 13: The CapSEM-model – A Systematic Approach in the Transition to Sustainability. Retrieved from (Fet & Knudson, 2021).

The environmental performance levels are one of many ways to illustrate development over time. The levels are a way to demonstrate how the toolbox for environmental assessment and improvement can be used to assess the challenges of transitioning to sustainability and contribute to meeting the SDGs’ objectives (Fet & Knudson, 2021). I.e., the model is utilized as a tool to help both visualize and explain how the SDGs should be incorporated into the case firms’ business model.

6.2.1 Mapping the SDGs Relevant for CSR on the CapSEM-model

The SDG agenda varies based on the industry, and there are many methods developed to assess sustainability performance. Fet and Knudson (2021) portray an example of how to map the SDGs based on a company in the manufacturing sector, where goals are placed on a single level. However, it is also required that the systemic nature of the SDG framework is considered on all levels. To implement the SDGs into a firm strategy, the goals and targets must be specified and prioritized (Fet & Knudson, 2021). Figure 14 illustrates how Fet and Knudson (2021) have placed the SDGs on the Cap-SEM model.

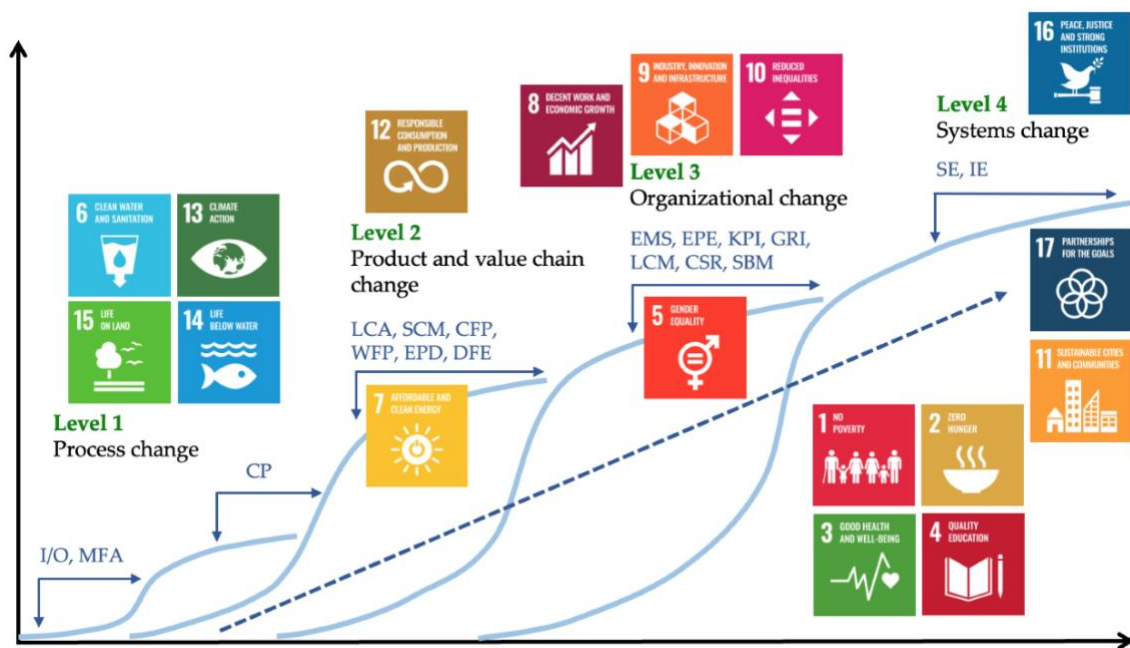


Figure 14: The Cap-SEM model and the SDGs - retrieved from Fet & Knudson (2021).

SD is complex and requires transdisciplinary, cooperative, and holistic thinking across triple-bottom-line principles, long-term systemic reasoning, and broad stakeholder involvement (Fet & Knudson, 2021, p. 11). The model is a conceptualization of methods and approaches to help firms address this issue and identify opportunities therein and is proven helpful to companies struggling to find a systematic approach to their sustainability transition (Fet & Knudson, 2021).

6.3 Sustainable Business Models

The ability to move rapidly and successfully into new business models is an essential source of sustainable competitive advantage and key leverage for improving corporate sustainability performance (Geissdoerfer et al., 2018). A competitive advantage is defined as what allows an

organization to outperform its competitors (Porter, 1985). To understand the concept of a sustainable business model (SBM), it is essential first to define a business model. In the wake of the e-commerce boom in the 1990s, new and innovative revenue mechanisms were introduced. In such a context, the business model concept was initially used to efficiently communicate multiplex business ideas to potential investors (Geissdoerfer et al., 2018). Accordingly, the purpose of the concept evolved to be perceived as a tool for systemically analyzing, planning, and communicating the configuration and implementation of one or more organizational units and relevant parts of the environment in terms of organizational complexity. Additionally, it was viewed as a strategic asset for competitive advantage and business performance (Geissdoerfer et al., 2018). The concept is used in organizational decision-making and academia to extrapolate the implications of potential changes on the overall business model (Knudson, 2021).

There are three main groups for understanding the term business model, as shown in Figure 15. A business model is described either as a model of an organizational system, as an abstract property of an organizational entity, or in a reduced scope that equates the term with individual elements of other authors' definitions or reduces it to the achievement of specific means. In most definitions, value plays an essential role; value proposition, value creation and delivery, and value capture; some authors also include value network (Geissdoerfer et al., 2018).

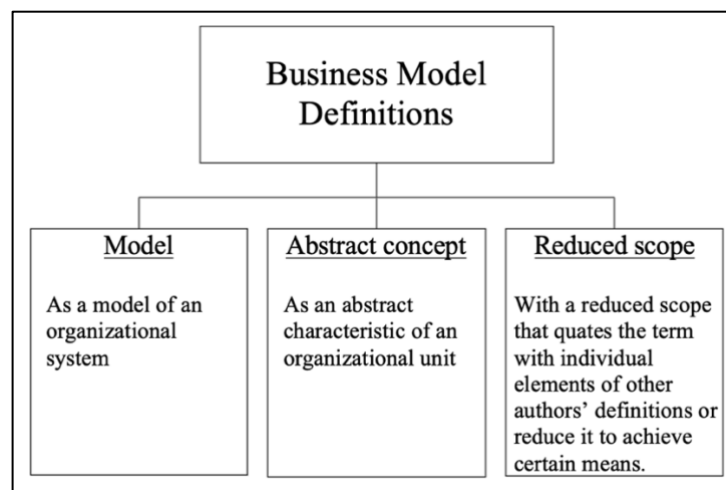


Figure 15: Three Types of Business Model Definitions. Adopted from (Geissdoerfer et al., 2018).

In sum, the business model consists of three value elements; value proposition, value creation, and delivery, and value capture. Value proposition revolves around the product and service, customer segments, and relationships. Value creation and delivery are the key activities,

resources, channels, partners, and technology. Whereas value capture is related to cost structure and revenue streams (Knudson, 2021).

Technological advances towards sustainability are increasingly incremental, and many firms are struggling to achieve their sustainability targets. Therefore, innovation at the business model level is needed to align incentives and revenue mechanisms to bring sustainable solutions to fruition (Geissdoerfer et al., 2018). Business model innovations are believed to generate higher returns than product or process innovations. SBM could have the added benefit of higher risk mitigation and resilience, as well as additional diversification and value creation opportunities. To realize these benefits, companies are increasingly interested in implementing sustainable solutions (Geissdoerfer et al., 2018).

As a consequence, moving from business models towards SBMs. The concept of SBM; pivots on linking sustainable innovation to the business model of a company. It is a means for business management to operationalize sustainable activities across its supply chain. SBMs were initially conceived to help firms get involved in their transition to sustainability and are increasingly seen as a source of competitive advantage (Knudson, 2021). Sustainable innovation applies to products, services, technologies, and new business and organizational models; furthermore, it is a process of integrating sustainability considerations (environmental, social, financial) into business systems from idea generation through to R&D and commercialization (Charter & Clark, 2007; Knudson, 2021). Table 2 illustrates the value elements of BM and SBM. As a result, it is possible to compare the differences between the concepts. This helps gain a better understanding of how the business model evolves into an SBM.

Table 5: Comparing the Value Elements of BM vs. SBM. Modified after (Knudson, 2021).

	Value Proposition	Value Creation & Delivery	Value Capture
Business model	Product/service, customer segments, and relationships	Key activities, resources, channels, partners, technology	Cost structure and revenue streams
SBM	Provides social and/or environmental value in addition to meeting the customer’s need	Based on sustainable supply chain processes that reduce ecologic and societal pressures, and consider impacts on stakeholders and the environment	Recognizes the value awarded to the firm in performing in an environmentally and/or socially beneficial way

6.4 Triple Layer Business Model Canvas

Joyce and Paquin (2016) introduced the triple layered business model, a tool for exploring sustainability-oriented business model innovation. It is an extension of the original business model canvas (BMC). The new BMC, known as the triple layer BMC, adds two more layers: an environmental and a social layer. The environmental layer is based on a lifecycle perspective, whereas the social layer is based on a stakeholder perspective (Joyce & Paquin, 2016). A visual depiction of the business model through the triple layer canvas tool supports the development and communication from a more holistic and integrated view of the firm’s business model. Additionally, this supports creative innovation towards more SBMs (Joyce & Paquin, 2016).

The BMC was created by Osterwalder and Pigneur (2010) and refine an organization’s business model into nine interconnected components (Joyce & Paquin, 2016). However, to innovate in the transition to more SBM, it requires that new business models are developed. A crucial factor is that these business models investigate beyond the economic focus. The focus should be shifted towards generating and integrating economic, environmental, and social value through the organization’s actions (Joyce & Paquin, 2016). Hence the triple layered business model canvas (TLBMC) includes the economic BMC, environmental life cycle BMC and social stakeholder BMC. The three levels of the TLBMC are exemplified based on an analysis of Ekornes for a proposed new 3D-knitted Stressless® product; see Appendix C for a depiction of the canvas’.

7 Results

Chapter 7 summarizes the findings and results of the research structured by the three interconnected research questions. Chapter 7.1 presents the findings of **RQ1: “which SDGs are most relevant for CSR in general?”**, and chapter 7.2 presents the results of **RQ2: “how will these SDGs affect the CSR practice of companies?”**. The findings of the last research questions, **RQ3: “to what extent will CSR and the related SDGs influence their business models?”** is disclosed in chapter 7.3.

7.1 The SDGs most Relevant for CSR in General

The CapSEM-model level 1 (process change) focuses on reducing input and outputs from processes, leading to reducing the impact on nature, air, water, and soil. On level 1, the efforts are usually driven by economic incentives. Consequently, resource efficiency may equate to economic growth. A focus area based on Cleaner Production principles is “getting more from less” (CapSEM Summary Report, 2019). **SDG13 - Climate Action** is an important goal for Ekornes. The findings from Ekornes show, for example, how they use rebounded foam in products such as armrests and footrests instead of discarding them to waste. The results indicate that SDG13 is one of the SDGs Ekornes can directly impact. The business aims to fulfill its environmental responsibility associated with the manufacturing, distribution, use, and destruction of its products (end-of-life-phase). To improve on these areas, SDG13 will be of significance to implement in their corporate strategy.

SDG 8 – Decent Work and Economic Growth relates to Ekornes’ focus on promoting sustained, inclusive, and sustainable economic growth. Such as by emphasizing their employees as important stakeholders and some of their most valuable resources. An example of decent work for all is that Ekornes hired 87 employees through a partnership with NAV, relating to SDG 8 and SDG 17 (Kvalsvik & Aksnes, 2021). With regards to efficiency, introducing CSR or sustainability policy often instigate the analysis of material and energy resources used, including methods to reduce them for cost reduction and environmental benefit. Within CSR, Ekornes’ primary focus is the entire value chain, which according to Fet and Knudson (2021), directly relates to level 2 of the CapSEM model (product and value chain change) and **SDG12**

- Responsible Consumption and Production. A focus area for Ekornes is to improve quality and reduce the amount of chemicals in their production; they can play a key role and portray a good example for the industry by promoting environmental work. Pollution is a clear issue in the manufacturing industry, relating to the negative effects of their operations. Stakeholders are more aware of chemical use, wastage, and recycling of products than they were previously.

However, level 3 of the CapSEM model (organizational change) is one of the most critical levels for Ekornes to emphasize and work with. The selected SDGs at this level are **SDG8 – Decent Work and Economic Growth**, and **SDG9 – Industry, Innovation, and Infrastructure**. An important reason as to why level 3 is of significance to the business is that a critical finding is that Ekornes wants all employees to be onboard during the implementation process of the SDGs, i.e., all employees must be on board with the new CSR strategy. For the last and 4th level of the CapSEM (systems change), **SDG17 – Partnerships for the Goals**, is considered of great importance as Ekornes rely on good partnerships with other organizations to develop best practices within SD, such as being a part of the Global Compact and LWG. In this way, Ekornes demonstrate that they actively work together with organizations to reach the SDGs, hence choosing SDG17 (Knudson & Fet, 2018). CSR is found to be included in everything Ekornes does, from the employee in the production to the end-customer receiving a product.

Moreover, in 2021 sustainability is a hot topic, and if not focusing CSR practices around the environment, it is stated by the management that they will potentially lose future customers. Therefore, it is not a choice to become sustainable; if a firm cannot provide reports and measure sustainability, it will most likely lose customers. This is stated as well by the management at the firm that this is something future consumers will take for granted. Easy access to information on ESG-reporting is something customers and consumers will expect.

Given the time period affordable and the page limitations of the study, the selected SDGs are concentrated to give the highest absorptive capacity for the case company – where Ekornes is portrayed as an example for the industry. Hence, it does not mean that other SDGs are not relevant for firms' CSR. The goals are selected based on the company's operations and values. Therefore, it is suggested that Ekornes select the SDGs they have the most impact on (both

positively and negatively) and use these SDGs to guide its CSR strategy. The selected SDGs for Ekornes are depicted in Figure 16. The related level in the CapSEM-model is included to provide a better understanding of how the goals are connected to their respective CapSEM-level.

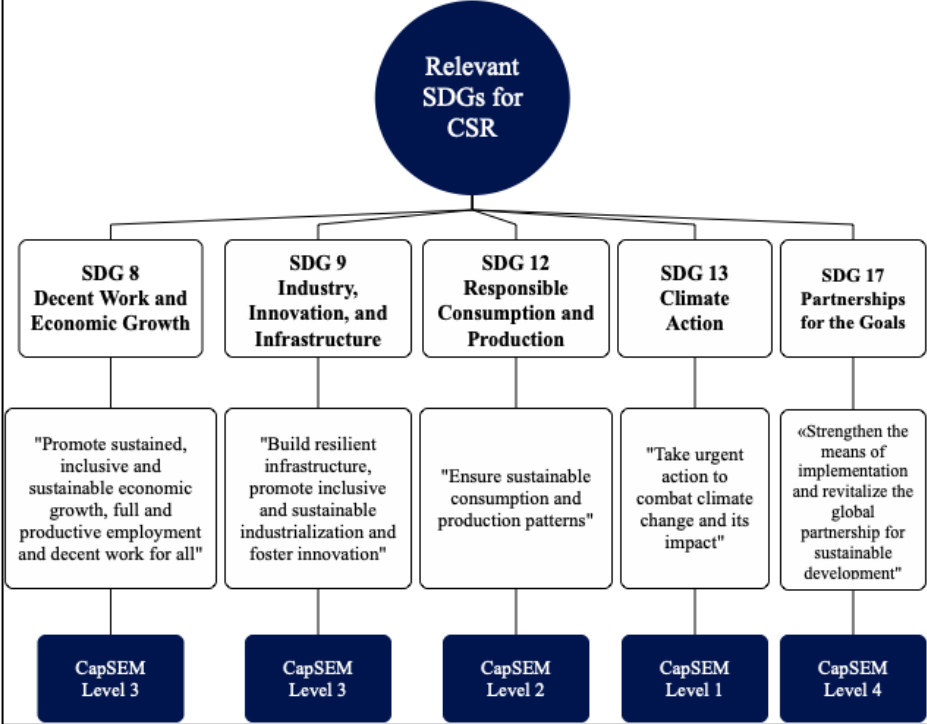


Figure 16: Relevant SDGs for CSR. SDG Definitions Retrieved from (United Nations, n.d.).

Furthermore, the selected SDGs are presented for Ekornes in Figure 17, modified after Fet and Knudson (2021), the CapSEM-model with the SDGs for CSR. CSR is included in all processes of the company. Thus, SDGs from each level of the model are included to add more aspects to the case study.

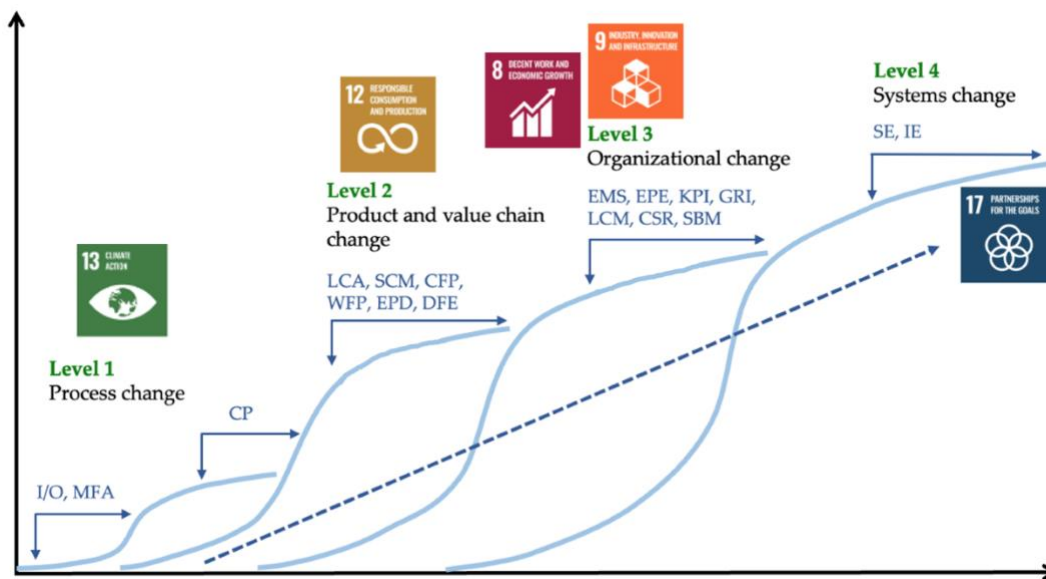


Figure 17: CapSEM with SDGs Relevant to CSR for Case Company. Modified after (Fet & Knudson, 2021).

During this thesis process, Ekornes has continuously been working on implementing the SDGs in their current CSR strategy, i.e., from conversations with the business, it is confirmed that the company will implement the SDGs in future reports. Ekornes has conducted a lot of work with the SDGs already. However, it has been “behind the scenes” and not been introduced to the public.

7.2 The SDGs affect on CSR Practice

Ekornes is a company based on fundamental values of high ethical and moral standards by taking care of and investing in its employees and the local environments in which they operate. Ekornes already operate in line with the UN Global Compact and therefore report annually on the SDGs. This indicates that the company’s CSR practice already revolves around the SDGs. As a manufacturing business, the adverse effects of Ekornes’ operations are related to pollution. A finding is that there are social concerns in regards to their production and raw material selection. A future risk for Ekornes can be stakeholders questioning their use of leather, a raw material Ekornes uses a lot of, as customers and consumers of the global society are becoming more aware of businesses that utilize such materials in their production. Consequently, this is a possible future concern of the case company.

Moreover, as Ekornes has been a member of the UN Global Compact since 2009, and it also creates the foundation of Ekornes' SD framework, the SDGs have already impacted the business to a more considerable extent than what has reached the public eye. A result is, therefore, that the SDGs are not considered to be something the business has not implemented in their CSR strategy. Nonetheless, a finding is that the company has been actively working towards achieving the SDGs for several years. The SDGs are therefore not considered to have a major impact on their CSR practices.

Ekornes has taken on a new route in terms of its CSR strategy for 2021. They are more actively working towards achieving an environmentally friendly value chain and also aim to take a leading role in the industry in terms of sustainable production and to reach the SDGs, i.e., Ekornes has not disclosed this information to the public yet, they are in an ongoing process with implementing the SDGs. The conclusion is, therefore, that Ekornes is currently transitioning towards more sustainable business practices by using the SDGs in their CSR practice. From the introduction of the SDGs in 2015 until 2021, the CSR practice of the business has changed, new technologies have been introduced, and an extensive focus area is investing in innovation. These are measures taken by the firm to continue to evolve and keeping up with stakeholder expectations. As a result, Ekornes has become one of the most efficient manufacturing companies in the industry today.

Concluding that the SDGs have likely already pushed the company towards a more aggressive approach in terms of reaching their goal of achieving a more sustainable value chain – this is where the SDGs have had the most significant impact on the company's CSR practice. Indicating that the CSR strategy to a larger extent (now, if comparing to a few years ago) revolves around conducting risk assessment and analysis of the entire value chain in every single step of its operations. Furthermore, as the global awareness of climate changes increases and the SDGs have become a global language, it is also found to push the business to report more thoroughly on how they work towards achieving the goals in their annual reports to the UN Global Compact. Additionally, Ekornes has also changed their website and includes sustainability as an own topic, and also have their own sustainability report – which is mainly found to be a result of the introduction of the SDGs and how it forces international firms to act responsibly and in line with the goals to prevent climate change.

7.3 CSR and the Related SDGs Influence on Business Models

There is no standardized way of describing a company's business model. The company's business model was analyzed in chapter 4. Ekornes operates on a large international scale and thus must consider not just what works in Norway but include other aspects that, for example, will be critical to include in their business model in low-cost countries. Ekornes has stated that they strive to develop products and concepts that provide international market opportunities. As the SDGs have become a global language, management at the firm argues that including the goals into the company's business model will likely increase the customer's understanding of how the firm fights climate change. For your average consumer, in-depth knowledge regarding materiality analysis or reports is not something they will spend time understanding. By keeping it simple and including the SDGs into the business model, Ekornes will likely meet their customers at a more understandable level regarding how they spend time changing their value chain and working towards the goals. The related SDGs has already driven Ekornes to change their old business model. As stated by the firm, they have taken on a new sustainability route for 2021. They are now working more actively working towards an environmentally friendly value chain. For example, in last year's annual report, for the very first time, they included a materiality analysis, which means that they spend a lot of time measuring sustainability in their value chain. Ekornes utilize Life Cycle Analysis (LCA) analysis when comparing two components to measure which component is most adequate regarding company policy. Through LCA analysis, information is therefore disclosed on which component is less costly and more recyclable.

To conclude how CSR and the related SDGs have impacted the business model, the firm has implemented a large number of measures – new technologies and more environmentally friendly materials and chemicals are utilized. This has driven Ekornes to become one of the most efficient manufacturing firms in the industry today. Nevertheless, as stated in chapter 7.2, the findings of the related SDGs important to CSR will not change the current business model to a large extent, as the case study's findings have disclosed that Ekornes already have included them into current CSR strategies.

8 Discussion & Conclusion

Chapter 8 discusses the study's findings and contributions and provides future recommendations for Ekornes based on the main findings of the research. The validity and reliability, and limitations of the study will also be discussed. Lastly, final reflections and a conclusion are given based on the main goal of the study.

8.1 Achievement of the Research Questions and Research Objective

Firms are increasingly taking action to improve their social and environmental performance. However, according to Elalfy (2020), the effectiveness of these efforts in advancing progress toward the SDGs remains poorly understood. Thus, identifying a critical gap and the need for empirically grounded research and evidence-based management system necessary to accelerate and scale up the adoption of governance structures, reporting methods, and management innovations to achieve SD is required (Elalfy et al., 2020). The findings of the research questions present the possibility of using the SDGs to improve SD and structuring the CSR strategy around the goals. However, there are limitations to the study, and these will be discussed in the coming section 8.1.1.

8.1.1 Limitations of the Study

The ambition of the study was to use a case company that has not included the SDGs in their current business model; after conducting all the interviews with management at the firm, it was revealed that the company already had brought the SDGs into the CSR practice. This meant, specifically for **RQ3: “to what extent will CSR and the related SDGs influence their business models?”**, it was hard to measure how much it actually has affected the business model, as this was already incorporated into the company’s business model thinking. Hence a different methodological approach could have been more adequate, such as asking different RQs. In chapter 8.3, a strategical approach to the study is suggested, with more resources and time that would possibly have given the study more satisfactory responses and making it more quantifiable. This study would likely have been improved by adding quantifiable data, such as a more in-depth materiality analysis, as most sustainability reports start with a materiality analysis. The ambition of the study was to conduct the research at a more detailed level.

However, because of time restrictions to gather the needed information and the study's page limitations, it has been challenging to go detailed in-depth.

8.1.2 Validity & Reliability

In qualitative research, the researchers check for the accuracy of the findings by employing specific procedures. This is called a validity check. In contrast, qualitative reliability implies that the researcher's approach is consistent across different researchers and projects (Creswell & Creswell, 2018).

The validity determines whether the findings are accurate from the researcher's standpoint, the participant, or the readers of an account. Validity refers to terminologies such as the research's trustworthiness, authenticity, and credibility (Creswell & Creswell, 2018). It is recommended to use multiple approaches to convince the readers of the study's accuracy (Creswell & Creswell, 2018). The main validity strategies included in this study are 1) triangulate different data sources by examining evidence from the sources to build a coherent justification for themes. When establishing themes based on converging several sources of data and perspectives from participants, this method is implied as adding to the study's validity. 2) Use member checking to determine the accuracy of the study's findings by allowing the participants to go through the final report to make sure the descriptions and findings are accurate (Creswell & Creswell, 2018). This has been done in a final follow-up conversation with the participants in the study. Furthermore, to check if the research approach is reliable, several measures are undertaken, for example, reviewing the transcripts to make sure that no errors or apparent mistakes have occurred during transcription and documenting the procedures of the case study and the steps included (Creswell & Creswell, 2018).

Moreover, objectivity and truthfulness are critical in both quantitative and qualitative research (Creswell & Creswell, 2018). However, how one judges a qualitative study varies from quantitative. In a qualitative study, the researchers seek believability based on coherence, insight and instrumental utility, and trustworthiness through the process of verification instead of through traditional validity and measures (Creswell & Creswell, 2018).

8.2 Contribution of the Study to Future Challenges

Essential principles were established with the introduction in 2014 of the Non-financial Reporting Directive (NFRD) for large companies to disclose sustainability information on an annual basis. The goal was to make businesses report how sustainability issues affect their firm and impact people and the planet (European Commission, 2021). However, the current information provided by the firms the EU rules apply to is not satisfactory. There is evidence of companies omitting vital information that investors and other stakeholders find valuable (European Commission, 2021). From conversations with management at the case firm, information regarding issues with current reporting has been disclosed as they find it problematic that firms have not been held accountable to the same standards, including the fact that, in general, ESG-reporting has been very flexible. A problem in the quality of sustainability reporting results in less reliability by investors and the sustainability-related risks to which firms are exposed. Investors find it increasingly more critical to understand the impact companies have on the environment (European Commission, 2021). Consequently, there is a need for a better reporting system.

On April 21st, 2021, the EU's Corporate Sustainability Reporting Directive (CSRD) was presented (European Commission, n.d.). The CSRD is an update from the EU to the current NFRD. The EU shows that sustainability is relevant to investors through the shift, which both society and companies will gain from in the long run (Ditlev-Simonsen, 2021b). Thus far, businesses- both nationally and internationally, with a few exceptions, have had relatively large freedom to report on what they want. A finding from the case study is that this results in companies focusing on positive relationships and avoiding shifting focus towards their harmful effects. However, with the new CSRD, it will not be possible to only report on companies' success stories. The new rules make it feasible to assess objectively and compare firms' reports for, e.g., investors and customers (Ditlev-Simonsen, 2021b).

All companies that the CSRD applies to are also stroked by the EU's taxonomy, which defines sustainable economic activities. The taxonomy is a classification system for green activities; the actions are portrayed as essential to achieving the EU's climate- and environment ambitions in practice – with the potential to become a global standard (Thornam, 2021). Norwegian businesses should be prepared, as it is likely that the same rules will be applied in Norway as

well. The new taxonomy will have high sustainability and reporting demands, such as energy efficiency, LCA, and circularity (Thornam, 2021). For businesses in the same industry conducting such analyzes and improving their systems will be a critical success factor. To attract green capital, Norwegian firms must document sustainability along the entire value chain, which relates to the importance of SDG 12.

The new CSRD is significant because it gives recommendations that ensure that sustainability must be anchored and built up from the firm's inside. The business accounts for a sustainability strategy with concrete goals and measures of propulsion (Ditlev-Simonsen, 2021b). With the transition to a Corporate Sustainability Reporting-directive, which also will hold a considerable amount of businesses accountable, it is confirmed that sustainability has something to do with profitability. Moreover, the CSRD is to be reported within three fields: environment (E), social (S), and governance (G) – which equals ESG-reporting (Ditlev-Simonsen, 2021b).

8.3 Suggested Future Strategies

Environmental, Social, and Governance (ESG) criteria are a set of standards for a firms' operations that socially aware investors use to screen potential investments, i.e., it refers to the three central factors essential when measuring the sustainability of an organization (Chen, 2021; Oslo Børs, n.d.). Ekornes may incorporate ESG concerns into their long-term strategy to make an overall positive contribution, achieve sustainable growth, and avoid and address disadvantageous impacts related to its operations, products, or services (Oslo Børs, n.d.).

The environmental criteria take into account how the firm performs as a steward of nature. Social criteria search for how the firm manages relationships with employees, suppliers, customers, along with the communities in which it operates. In comparison, governance relates to a firm's leadership, executive pay, audits, internal controls, and shareholder rights (Chen, 2021). Figure 18 presents a depiction of how the ESG is interconnected.

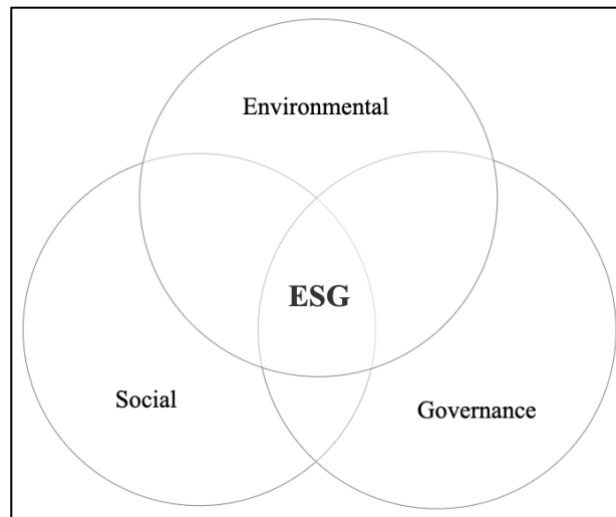


Figure 18: ESG.

To develop the strategy further, it is suggested that Ekornes follow Ditlev-Simonsen's (2021) five steps. Step 1: mapping - create a group representative for the company. Currently, Ekornes has one manager that has a hefty responsibility to improve sustainability within the organization. Building a team to cooperate with the company's CSR will likely result in more efficiency and more ideas. The group should map the business's social and environmental effects and what is most relevant, i.e., a materiality assessment (more in-depth than the current one conducted) and use the SDGs as a checklist. A sustainability plan is developed with concrete goals and a timeframe based on the group's findings and conclusions. Step 2 is the testing; the suggested plan should be checked with the stakeholders; are, e.g., the suppliers, customers, investors satisfied? The plan must then be audited. Step 3 is called the launch. The plan must be known across the organization and worked accordingly. From interviews with the case firm, it was found that not all departments are as knowledgeable regarding how the company works towards reaching the SDGs. Thus, it is suggested to utilize websites and internal communications tools to get the message through. Step 4 is the implementation. It is vital to check progress, "are we sticking to the plan? If not? Why?". Step 5, the final step, is reporting, presenting the results according to the decided goals. Openness is essential; what have the firm succeeded with, what did not work and what can be learned from it? Following up on CSRD will demand both internal and external training.

For the business to incorporate long-term strategy goals, the ESG criteria are crucial. It is necessary to achieve sustainable growth. There is an ongoing trend that investors become more

environmentally and socially aware. Hence, a strategy is suggested based on Ditlev-Simonsen's (2021) 5-step suggestions. However, as it is not feasible to conduct all five steps for this thesis, it is recommended that the business follow these five steps in its future strategy.

Even though the business is held accountable to high standards, they are also concerned with standardizing production. Through focusing on innovating processes, the company can find new raw materials and ways to produce - which will help them transition to sustainability. Such as for leather, a raw material the business uses a lot – this is found to be a possible future problem as a result of end customers becoming more aware of the critical questions about leather production. Again, this directly relates to SDG12. Thus, Ekornes should continue to follow up on all suppliers, visit and revise more. Additionally, a critical factor is openness and making information easily accessible.

To secure future value creation, it is significant that the strategic goals on CSR and the operational objectives must be connected, i.e., relating Ekornes' strategy to the operational goal in each department is found to be something the business can improve (relating to SDG13). Cooperation with institutions and asking for their help are considered possible solutions, proving the significance of SDG17. 3D-knitting and leasing have been disclosed as future potential business model opportunities. However, it requires more sustainability and CSR in the product development processes (SDG9).

Sourcing should be a critical area to find innovative solutions for in terms of transportation. Ekornes should use more ocean transporting and local transport. A possibility can be sourcing from local environments (SDG8). Additionally, Ekornes should work more closely with in-house sourcing (SDG9).

The production department must proceed with finding ways to reduce energy consumption and waste, e.g., investigate how to separate all components when the products reach the end-of-life phase (SDG9). Hence, Ekornes must discover ways to make all components recyclable in the future. Finding operational KPIs related to energy consumption and waste and utilizing all materials to reduce waste. However, it is critical to remember that several parameters are

challenging to control and difficult for the production department to affect the production directly.

Hence, a CSR policy of such shows customers that the business is concerned about stakeholder interests, recognizes the mutual relationship between society and the company, and likely operates while adhering to social norms, resulting in increased legitimacy (Knudson & Fet, 2018). However, finding that transparent sustainability communication, i.e., improvement of ESG reporting, is key. Thus, CSR reporting will be beneficial as it allows measuring, managing, and communicating its performance and enhancing trust in the firm.

8.4 Final Reflections

As stated by Peng & Meyer (2016), MNEs are the most crucial IB actors. They have a pivotal role in solving the climate changes the world is facing. Ekornes has identified the problem of waste in production while recognizing the need for innovative solutions. Recognizing the need to improve production also sets an example for the entire industry. To reduce the environmental impact of the production, Ekornes has taken on new measures, such as developing innovative solutions and using more environmentally friendly materials. Although Ekornes has not disclosed this information to the public yet, they are in an ongoing process of implementing the SDGs. In conclusion, Ekornes is currently transitioning towards more sustainable business practices

The SDGs can fill the current gap and provide an integrated framework for companies' future-oriented CSR engagements. The findings of this thesis create an empirical foundation that the SDGs will help businesses focus their CSR actions in their transition to sustainability, and it is suggested that more businesses structures their CSR actions to revolve around the goals. This will improve businesses' transition to sustainability and help them set more specific and measurable goals, which will be critical for the future, especially for businesses in the manufacturing industry. However, this field of study is both broad and complex. Currently, several initiatives are being introduced, such as introducing the new CSRD-directive, which likely will result in several changes of how IB especially reports on ESG in the near future. Moreover, the results presented conclude that more research on the topic is needed in order for the study to be quantified. For the business to implement the suggested models, a quantitative approach to this study is needed.

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Appendices

Appendix A: Main Findings

Main Findings from the semi-structured qualitative interviews with employees at Ekornes

Table 6: About Ekornes.

Subject	Findings based on analysis of the conducted interviews with management at Ekornes
1.1. Most essential markets for Ekornes.	1.1. USA and Central Europe, however, the USA is the largest. The biggest market in regards to growth opportunities in Asia, specifically China.
1.2. Significant competitive advantage(s).	1.2. The most significant advantage is high-quality furniture with extended longevity and a good second-hand value. Brand building, international brand. Likely the largest robotized furniture factory within their products globally, with more than 150 robots making Ekornes competitive even though they are producing in Norway. This relates to their brand building and marketing, making them able to sell a relatively expensive product, consequently of high production costs in Norway.
1.3. Contributing factors to growth.	1.3. The products they sell; quality furniture. Ekornes invests in new technology to keep competitive forces up, e.g., the high proportion of robotics. Marketing is an essential factor; it has provided the business with an incredible supplier network with several suppliers worldwide: the USA, Europe, Australia, China, and Japan.

Table 7: CSR as Philanthropy.

Subject	Findings based on analysis of the conducted interviews with management at Ekornes
2.1. The business spending on knowledge on CSR and measures done at the philanthropy level.	2.1. Ekornes' primary focus for CSR is within the entire value chain; however, within philanthropy, they have mainly invested in local environments through, e.g., keeping two robots on Sykkylven high school. Ekornes invests in local knowledge because: 1) wants people to be interested in working with robotics. 2) To gain local knowledge and enhance/increase the overall knowledge level in Norway. Historically speaking, the firm has always had a social conscience, taken care of, and invested in its employees and local environments. Sponsored local society and invested in the areas around the factories. Necessary for the firm to contribute where they leave a physical impression. Cooperation with research facilities such as SFI manufacturing. The shift to being Chinese-owned has not impacted investment in the local community around the factory negatively. As the new Chinese owner are very positive to contribute to local environments.
2.2. The most critical areas within CSR that do not give the company a direct strategic and operational effect.	2.2. Knowledge and support local environments in which they operate.
2.3. Stakeholder consideration and its effect on Ekornes' CSR.	2.3. Concerned with all stakeholders, essential to conducting risk analysis yearly. Hence, stakeholders are important at different levels and aspects. Employees are also critical stakeholders; the business focuses on making sustainability visible among all employees. Important that everyone in the firm is on board by having the same understanding of developing environmentally friendly products. This increases the growth of better solutions and ideas on how to perform better in the business.
2.4. CSR in the business' marketing and profiling.	2.4. If considering the environment as a big part of CSR, Ekornes has started communicating more. It is displayed to some extent on the company site. Not been used as an advantage in marketing, but it is gaining a more prominent focus and actively working on making as environmentally friendly products as possible. Ekornes need to move towards a more aggressive approach regarding how sustainability and CSR are being used in marketing. It will likely reduce the number of end-customer inquiries if marketing in this regard increases. However, critical to formulating it in a manner that relates to the "man on the street," i.e., Ekornes' ordinary buyers.

Table 8: CSR as Risk Management.

Subject	Findings based on analysis of the conducted interviews with management at Ekornes
3.1.CSR as risk management and securing compliance.	3.1. Risk assessment and analysis of the entire value chain in every step of the processes involved. Ekornes hold themselves accountable at a high level, spending a lot of time and resources on risk management within CSR. The firm continuously improves to become better with the goal to be on the leading edge, e.g., when new laws and regulations are introduced, including taking several measures not required by law. Be aware of chemicals used and the inner and outer environment in terms of carbon footprint, limit risks associated with production. Hence, actively working towards better and more environmentally friendly solutions.
3.2. CSR reporting.	3.2. Ekornes is a member of the UN Global Compact, where they are held responsible to strict requirements. Report yearly on how they work towards reaching the SDGs and the ten principles in the Code of Conduct (CoC) that revolve around the environment, anti-corruption, human rights, and workers' rights. Ekornes require that suppliers follow the same rules. Ekornes strive to become the best they can; hence, it is always room for improvement. It is also reported in the sustainability report and annual report. Production has monthly reviews of KPIs. Many of the KPIs are revolved around environment and energy consumption, waste, and material utilization.
3.3. CSR responsibilities regarding products.	3.3. Especially concerned with raw materials selection; if it is through subcontractors or suppliers, Ekornes require high standards from them; e.g., by sending out self-declaration forms to all suppliers yearly, which is a measure initiated by the firm. Critical to consider the raw materials being used, such as the impact on the environment and costs involved. For example, Ekornes significantly focuses on the skin in the value chain as this is a raw material they use. Ekornes is part of the Leather Working Group, where all members work towards a more sustainable and environmentally friendly value chain of skin .
3.4. Product-related information: Ekornes' commitments in terms of giving customers information regarding their products. 3.5. Several CSR processes are required by law; actions and practices extending the law. 3.6. The company's responsibility related to production.	3.4.-3.6. Critical to test all products, chemical testing of, e.g., skin and textiles. (testing all surfaces also such as metal and wood). Everything that the products contain is being tested. Additionally, fire requirements are tested. There is a lot of focus on fire within the furniture industry, i.e., the furniture must not be flammable. In sum, Ekornes hold themselves accountable to high standards and use their laboratories for testing and other third parties (external) testing. The testing gives them specific knowledge on all materials used in the production and allows them to answer what their products contain — answering questions from consumers. Ekornes are concerned with standardizing production, e.g., when operating in international business; if a chemical is not allowed in one country, remove it from all production if possible. Ekornes take action extending the law requirements. Such as the self-declaration form sent to suppliers, aware of chemicals they use, through innovation finding better solutions, using third-parties for testing, visits to all factories often (except now due to Covid-19), etc. Extensive focus on health and safety for employees both strategically and operational to avoid personal injury and not have health risks related to production. Important that the work environment is healthy and safe with high standards. Objective assessment of suppliers: the company has a “revise of suppliers program” that they make yearly, based on the risk assessment background, which they also make yearly on all suppliers. Subjective assessment: all buyers are interviewed – where they, e.g., are asked if they want any suppliers to be revised. The objective and subjective evaluations create an essential foundation for the revise of the suppliers' programs. Additionally, a third party is used in other countries from the country the production is. They also have internal accountants.
3.7. Areas critical to secure responsible production in the future.	3.7. Continue to follow up on all suppliers, visit and revise more. Critical to be even more open and making information easily accessible. Reduction of energy consumption and make full utilization of the materials. Investigate packaging used for the products and how they are being shipped. Thus, logistics is also essential.

Table 9: CSR as Value Creation.

Subject	Findings based on analysis of the conducted interviews with management at Ekornes
4.1. The company's approach to CSR/current CSR strategy.	4.1. CSR goes backward in the value chain; suppliers, sub-contractors are also necessary, not enough to only go one step back. Moving forward, purchasing will be essential to investigate even more. Allows them to work with even more. Risk assessment and management and lays the foundation for several other processes as well.
4.2. The main focus area(s) to secure value creation in the business.	4.2. Sourcing and focusing on employees as stakeholders as they are essential for production. Furthermore, focusing on transportation – logistics, make more use of ocean transporting. More local transport maybe takes inspiration from Ikea in terms of finding better ways for packaging. Separate the different chemicals and components in the end-of-life phase. Recycle their resources.
4.3. Innovation in the business.	4.3. Investing in robotics, involvement in several research projects e.g. NTNU, SINTEF, etc. Vital to ask critical questions to the institutions and for their help. They are investing in new technology, such as Ekornes' ongoing 3D-knitting project. Ekornes wants to be the first in the furniture industry to use this technology. Include more sustainability and CSR in the product development process. Production must continue to find ways to reduce energy consumption and waste.
4.4. Sustainable business models and what they can look like for Ekornes (with short examples).	4.4. Making the products as sustainable as possible and how the products are delivered to the customers are essential aspects. 3D knitting and leasing may be potential opportunities for future models. Focus on design thinking, design for this assembly. Additionally, the separation of components when the products are at the end-of-life phase. Make sure it is all recyclable in the future.
4.5. Securing strategic and operational effects by using CSR as value creation in the business, i.e., practices/processes conducted to ensure such results.	4.5. Main focus on risk management, within sourcing – source even more from the local environment. Work with in-house sourcing. In production: operational KPIs related to energy consumption and waste, and using all material to reduce waste and report faulty production monthly.
4.6. Essential points in the current CSR strategy that contributes to strategic and operational effect(s).	4.6. The risk assessment, continuously assess at all different levels, both subjectively and objectively—resource utilization in terms of waste from production and material utilization. Energy consumption is difficult to directly affect in the production department as it is dependent on how much is produced, including other parameters that are more challenging to control.
4.7. Time management on CSR and contributions to value creation (to secure a strategic and operational effect).	4.7. Very important to spend time on CSR, listen to stakeholders, assess different opinions, adjust to trends. Flexibility within CSR is critical; sustainability is vital (currently). Required to connect the strategic goals on CSR and the operational objectives, i.e., relating the strategy to the operational goal in each department can be improved.
4.8. Reporting methods of Ekornes' CSR.	4.8. Global compact, sustainability report, materiality analysis; what is most important for stakeholders and how it affects Ekornes. ESG reporting is becoming more critical. Continuously try to meet the expectations and demands from stakeholders. Decide even better KPIs, CSR and work towards those goals.

Table 10: Explanatory Factors for CSR.

Subject	Findings based on analysis of the conducted interviews with management at Ekornes
5.1 The business' continuously works with CSR.	5.1. CSR is included in everything the firm does, from an employer working in the production to the end-customer receiving its product. The firm has a high ethical and moral foundation that is built in the organizational culture and strategy. Including their wish to retain a good reputation. Increasing pressure from the group and owners. To keep their competitive forces.
5.2 Contributing factors crucial for the company's approach to CSR.	5.2. All of the mentioned factors are critical for the firm's approach to CSR. No greenwashing. Many different aspects and factors impact CSR and work with CSR. A risk approach when assessing everything is essential.
5.2.1 Financial causes.	
5.2.2 Ethical and moral responsibility.	
5.2.3 Stakeholder responsibility.	
5.2.4 Reputation.	
5.2.5 Risk management.	
5.2.6 Other not mentioned factors that you consider of great importance.	

Table 11: CSR Progress Plan.

Subject	Findings based on analysis of the conducted interviews with management at Ekornes
6.1. What are the business' CSR goals and action plans for 2021/2022?	6.1. Internal goal is to finish all revise of suppliers on the agenda—excellent communication in the value chain. The company acts largely on the revise of suppliers program – this points the direction.

Table 12: Sustainability.

Subject	Findings based on analysis of the conducted interviews with management at Ekornes
7.1. As a business in the furniture industry –Ekornes can play an active and vital role in improving sustainability in the value chain.	7.1. Ekornes aims to be the leading sustainable furniture company. Relatively large actor in the industry, thus the firm might inspire other businesses, e.g. if beginning with electric transportation it might give a signal effect.
7.1.1. Responsibility in a vertically integrated value chain.	7.1.1. The responsibility is found to be in the entire value chain. The external part of the value chain is the concerns' responsibility. Whereas for the production, it is the buyers and sourcing department that are responsible for. Ekornes are responsible for visits on factories and create action plans to enhance CSR standards and other things such as quality control numbers and operational wise.
7.1.2. Cooperation is a critical factor among the actors in the value chain in their transition to sustainability.	7.1.2. Cooperation is critical. Openness and visibility er urgent, that everyone plays with open cards. Requires a lot of work when interacting internationally, thus essential to collaborate with others you know and trust.
7.2. Business communication on focus on sustainability to its customers, methods, and tools.	7.2. Ads related to sustainability. This is currently undergoing drastic changes from focusing on the product as a dream of buying quality furniture with high comfort. To twist it, so it also relates to the environment and good conscience. Ekornes has a high goal of becoming number one within sustainability in the furniture industry.
7.3. Ekornes' view on investing in sustainable business.	7.3. Sustainability is not just a trend; it is an expectation from the stakeholders. Someone has to take the lead to motivate the other producers to do the same. Hence, Ekornes aims to take the lead. Sustainability is no longer optional; it is a must.
7.4. Measuring sustainability; methods and tools.	7.4. Life Cycle Analysis (LCA), design for this assembly.

Table 13: UN SDGs.

Subject	Findings based on analysis of the conducted interviews with management at Ekornes
8.1. Ekornes has not put much emphasis currently on promoting the SDGs in their current strategy.	8.1. Vital for the business to show specific targets and how they reach the goals if they are going to communicate them. Impression of many companies communicating the SDGs but not reporting on them (greenwashing). Ekornes want to make sure they can stand for and report on the specific goals before sharing them. A lot of work is done behind the scenes.
8.2. The possibility of implementing the SDGs in the firm strategy.	8.2. Not far away from being able to implement and communicate the SDGs.
8.3. Implementing the SDGs and possible challenges.	8.3. No challenge for the actual implementation. However, it will affect many of the processes significantly or to a lesser degree, depending on the selected SDG. All departments have to decide their own goals and targets. That way, the entire value chain will implement them. It is not adequate if just one department does so.
8.4. The SDGs impact the business model, i.e., where it belongs in the business model.	8.4. Create a strategy that revolves around the SDGs. Critical to developing a mutual understanding. Be bolder in terms of communication and reporting on sustainability externally.
8.5. The SDGs contribution in the transition to becoming more sustainable in Ekornes	8.5. It will likely impact the transition, more specifically regarding the SDGs being a global language.
8.5.1. Financially.	8.5.1. Different aspects of the company will have to invest more or less, depending on the goals.
8.5.2. Non-financially, e.g., reputation.	8.5.2. Reputation will improve.

Appendix B: SDG Targets & Indicators

Table 14: Targets & Indicators (SDG8).

	Hypothetical Target based on UN targets (United Nations, n.d)	Indicator based on hypothetical target
SDG 8	8.2. Achieve economic growth in areas in which the company operates through diversification, technological upgrading and innovation.	8.2.1 Annual growth rate of GDP per employee.
	8.3 Promote development oriented policies that supports decent job creation, creativity and innovation.	8.3.1 Annually proportion of increased employment.
	8.4 Improve progressively, through 2025, global resource efficiency in consumption and production within all factories, including taking a lead example for the industry in Norway.	8.4.1 Material footprint, material footprint per facotry, and material footprint per furniture.

Table 15: Targets & Indicators (SDG9).

	Hypothetical Target based on UN targets (United Nations, n.d)	Indicator based on hypothetical target
SDG 9	9.2 Promote inclusive and sustainable industrialization, and, by 2025, significantly raise industry's share of employment.	9.1.2 Measure CO2 emissions of all production.
	9.4 By 2026, upgrade factories to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologic and industrial processes.	9.4.1 CO2 enissions per unit of value added.
	9.5 Enhance scientific research, upgrade the technological capabilities of the furniture industry in all operating countries, in particular least developed countries, including, by 2022, encourage innovation and substantially increase the number of research and development.	9.5.1 Research and development expenditure as a proportion of ROI. 9.5.2 Researchers connected to the company's projects.
	9.b. Support Norwegian technology development, research and innovation.	9.b.1 Proportion of high-tech industry value added in total value added.

Table 16: Targets & Indicators (SDG12).

	Hypothetical Target based on UN targets (United Nations, n.d)	Indicator based on hypothetical target
SDG 12	12.2 By 2025, achieve the sustainable maangement and efficient use of raw materials.	12.2.1 Material footprint.
	12.4 By 2025, achieve the environemntally sound management of chemicals and all wastes throughout their lifecycle, including improving the end-of-life phase, and recycling of furniture, in accordance with agreed international and norwegian frameworks, and significantly reduce their release to air, water and soil in order to minimize the productions adverse impacts on the environment.	12.4.1 Measure each component and how recycleable each component is, including waste generated of each type of furniture.
	12.5 By 2024, substanatilly reduce waste generation through prevention, reduction, recycling and reuse.	12.5.1 Factory recycling rate, tons of material recycled.
	12.6 Encourage companies in the industry to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	12.6.1 Number of high-quality published sustainability reports.
	12.7 Promote own procurement practices that are sustainable, in accordance with national policies and priorities.	12.7.1 Number of facotries implementing sustainable public procurement policies and action plans.
12.8 By 2022, ensure that people everywhere interested in products have the relevant information and awareness for sustaianble development.	12.8.1 Secure that all information disclosed by the company are correct and create awareness of taking more sustainable choices when buying furniture.	

Table 17: Targets & Indicators (SDG13).

	Hypothetical Target based on UN targets (United Nations, n.d)	Indicator based on hypothetical target
SDG 13	13.2 Integrate climate change measures into organizational policies, strategies and planning.	<i>13.2.1 The company communicates the establishment or operationalization of an integrated policy/strategy/plan which increases their ability to adapt to the adverse impacts of climate change, and foster climate resilience and low greenhouse gas emissions development.</i>
	13.3 Improve research, awareness-raising and human and institutional capacity on climate change mitigation, adaptation and impact reduction.	<i>13.3.2 Number of factories that have communicated the strengthening of institutional, systemic and individual capacity-building to implement adaptation, mitigation and technology transfer, and development actions.</i>

Table 18: Targets & Indicators (SDG17)




	Hypothetical Target based on UN targets (United Nations, n.d)	Indicator based on hypothetical target
SDG 17	17.6 Enhance international cooperation on and access to science, technology and innovation and enhance knowledge-sharing.	<i>17.6.1 Number of science and/or technology cooperation agreements and programmes, by type of cooperation.</i>
	17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the SDGs in all factories.	<i>17.16.1 Number of factories reporting progress in multi-stakeholder development effectiveness monitoring frameworks that support the achievement of the SDGs.</i>
	17.7 Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to all production facilities.	<i>17.7.1 Total amount of approved funding to promote the development, transfer, dissemination and diffusion of environmentally sound technologies.</i>
	17.17 Encourage and promote effective public-private and civil partnerships, building on the experience and resourcing strategies of partnerships.	<i>17.17.1 Amount of NOK committed to public-private and civil society partnerships.</i>

Appendix C: TLBMC










The Triple Layer Business Model Canvas

The TLBMC is created as a suggestion to an SBM. The following BMCs will be planned based on a 3D-knitted cover for a Stressless® chair; to exemplify how businesses can utilize the TLBMC in their production to improve sustainability in the industry, respectively. Hence, this is only used as an example based on an ongoing project in Ekornes. It is not feasible to conduct number specific canvas this early in the process. However, based on conversations with management and research of existing literature, a TLBMC is created for Ekornes. In sum, the TLBMC is utilized in the research to illustrate how a company can transition its business into becoming sustainable, resulting in an SBM.

Economic Business Model Canvas

Partners  Supplier of 3D-knit Merchants	Activities  Customer service Production In- and outbound logistics Marketing	Value Proposition  High-quality, comfortable and environmental friendly furniture at home and in the office	Customer Relationship 	Customer Segments  Households Office markets
	Resources  International brand Technical department Distribution channels		Channels  Company Website Furniture stores, e.g., Møbelringen Call Center	
Costs  Marketing, manufacturing, distribution, logistics		Revenues  3D-knitted cover for Stressless Chair		

Environmental Life Cycle Business Model Canvas

Supplies and Out-sourcing  Chair production Energy consumption for producing the chair	Production  Chair production and raw materials	Functional Value  Waste percentage pr. Chair times number of chair created over the period of one year	End-of-Life  Packaging, separating all components	Use Phase  Production
	Materials  3D knit supply		Distribution  Ocean and land transportation Packaging	
Environmental Impacts  Carbon footprint from use phase		Environmental Benefits  No waste from cut off from the thread = carbon footprint savings with using 3D-knit technology		

Social Stakeholder Business Model Canvas



