Corporate Social Innovation
and Symbiotic Value Creation in Partnerships

Case Study: danishknowhow’s Agribusiness Incubator in Moamba, Mozambique

A Copenhagen Business School Master’s Thesis

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STU-count / pages: 146.981 / 64,6
Abstract

The purpose of this thesis is to investigate the potential for Danish companies to implement and manage corporate social innovation (CSI) in emerging markets through business model innovation based on value creating partnerships. The research is conducted with reference to the practical case of the Danish agribusiness company danishknowhow’s Incubator Program (the Incubator) in Mozambique. The study aims at clarifying how Danish companies can work strategically with CSI through partnerships with the Incubator, at examining the potential residing in these, as well as the possibilities of the successful management of disruptive CSI-business models in emerging markets. Furthermore, the study seeks to uncover the potential for value creation on the levels of the partner company, the Incubator and society, respectively. The methodology of the study is both inductive and deductive, basing the formation of new theory within the field investigated on existing literature and empirical data. The research consults primary data in the shape of empirical findings obtained through qualitative methods. This data consists of interviews with representatives for the case company and several Danish companies. With regards to secondary data, the study relies on literature primarily within the fields of CSI, the concept of shared value, business model innovation, and partnerships. The research was conducted successfully, equipping the author with the results needed to conclude eligibly on the study. The findings show a gap between the theoretical potential of CSI and the perception of the concept among interviewees, as well as a clear lack of willingness to venture into CSI-projects. To narrow this gap, the author proposes a concrete model for the Incubator to consult when approaching potential partner companies. This action plan, based on existing literature and conclusions drawn from the empirical data, brings the potential partner company and the Incubator one step closer in the process of establishing a common ground for collaboration. The findings moreover show a credible potential for value creation on the levels of the partner company, the Incubator and society, for CSI-business models conducted in partnership with the Incubator. Furthermore, the findings suggest an immense importance of accounting for the economical, social, and environmental bottom line to ensure legitimacy and credibility of both the partner company and the incubator. The author proposes danishknowhow to take the findings of this study into account, and to implement the consultative use of the action plan in the future, when approaching potential partner companies.
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1.0 Introduction

It is the aim of this thesis to uncover the potential of an agricultural incubator project in Mozambique, started up by a Danish agribusiness company and currently funded by the Danish state, to form a foundation for western companies’ strategic work with Corporate Social Innovation (CSI). The following introduction will equip the reader with knowledge and information essential to the understanding of this topic of research.

1.1 Is Corporate Social Responsibility Enough?

Corporate Social Responsibility (CSR) is defined by the European Commission (2011, p. 3) as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis.” It is a term that has been on the agenda of corporations for quite a handful of years at this point in time, and many firms work with a focused CSR strategy in their daily activities. Many of these firms engage in activities that promote social, environmental or health-related causes. Often, the involvement in these CSR activities is not in any way linked to the core business of the company in question, and often it is characterized by taking the form of pure financial contributions. Inarguably, by planting trees, some firms make up for their CO2-emissions, and by donating money to help seriously ill children, some firms make up for the way their products affect the health of a population. Heroic as this might seem, ironically it means that CSR in many cases can be seen as just a peripheral legitimization of the way firms conduct their core business. Hockerts & Morsing (2008) describe this trend in the following way: “Most firms conceptualize CSR primarily as a tool to reduce risks.” In this statement, the responsibility that is commonly associated with CSR-initiatives is instantly reduced to a means by which the companies hope to achieve their financial goals through risk minimization. It becomes obvious that many companies simply engage in CSR activities because they have to – not because it is directly linked to the way they conduct their business. One could argue, with reference to Friedman (1970), that “the social responsibility of business is to increase its profits,” which could be done much easier not spending the time and money of the firm on CSR-strategies that generate no direct profit. However, the actions of today’s firms should perhaps be seen in a wider perspective than such. For instance, do the CSR-initiatives create value for the firms in any other ways than directly on the bottom line? To address this question, Freeman (1984) argues...
that managers should not just focus on stockholders’ needs, but should instead focus on satisfying a wider variety of stakeholders. These could, for example, take the form of workers, customers, suppliers, and local community organizations. This point of view, commonly referred to as stakeholder theory, implies that the undertaking of certain CSR activities that are not strictly financial can benefit the company, because the absence of those practices may lead different interest groups to withdraw their support for the company. In today’s global, transparent economy in which all companies act in order to generate a profit, this seems highly likely to be a relevant issue to consider. There are definitely several examples of corporations failing at acting socially responsible and suffering gravely at the hands of an unmerciful public audience. However, as more and more corporations get involved in socially responsible activities, one could argue that it takes more to gain from just this alone. Saul (2011) underlines this hypothesis: “In a world where everyone is “socially responsible”, being good has little reputational value.” So what are companies to do? Is it really only through hollow-sounding, costly CSR-initiatives that companies can express their responsibility as profit-making entities in the global economy? The answer to this question would be a sound no, if you take a step up the ladder and consult the term CSI.

1.2 The Value Creation Potential of CSI

One cannot argue against the fact that there is an obvious need in the global economy for companies to act responsibly. The impact on, for instance, health and environment that the profit making activities of many companies have, leaves little doubt that counteractive moves of some kind are necessary. However, in an economical sense, it seems highly illogical that companies should invest their time and resources in being socially responsible, if it is not related to the way they conduct business, and especially if it does not benefit the company in any way. Though it is still the case that “giving back to society” is the expectation of the public to corporations, many companies are starting to open their eyes to the potential of making a profitable business out of being socially responsible through CSI. “Social Innovation makes sense for companies and the global community, because it creates actual solutions to social problems (rather than temporary fixes or subsidies) and does so in a way that is sustainable, because it’s actually profitable in a measurable way.” (Saul, 2011, p. 39) Companies simply integrate it into their core business to help alleviate social or environmental problems by addressing them with their core competencies, services and products (Saul, 2011). Several authors on the subject agree, that it is through innovation companies should
show their social and environmental commitment, executing CSI-strategies through the establishment of socially innovative business models (Gallego-Álvarez, Prado-Lorenzo, & García-Sánchez, 2011; Jupp, 2002; Michelini, 2012; Muthuri, Moon, & Idemudia, 2012; Saul, 2011; Sønderskov, 2011; Wagner, 2010). And innovation is what it takes. While the concept is fairly easy to grasp, no company simply goes out there and applies their existing products and services to a social or environmental problem and starts making money off of it. It takes careful planning and strategic insight to engage in CSI projects, and the planning and insight is highly dependent on the context and nature of the project.

1.3 Case Presentation

For the purpose of this study, I have chosen to base my empirical findings on interviews with a set of specific, hypothetically interlinked stakeholders. The further explanation of this setup and the prerequisites and limitations it might have for the scope of the thesis will be investigated in the Method section, while I will focus on describing the context and nature of the primary case in this section.

1.3.1 The Setting: Ineffective Agriculture and High Unemployment Rate in Mozambique

The existence of the primary case in this thesis is, as many other development projects, sparked by a need. In this case it is a need for two very important things; the need for a more efficient agricultural sector resulting in cheaper groceries and food products in Mozambique, and the need to bring down the unemployment rate in the country.

Despite recent economic growth, Mozambique was ranked 165th out of 169 countries in the 2010 Human Development Report. 70 percent of the country’s population of 22,4 million people live in rural areas, and this fact poses a serious problem in light of the country’s very inefficient agricultural sector. Small-scale agriculture is an important source of income for most rural people and most national agricultural production comes from smallholder farms. However, income from farming remains very low, and the risk of food insecurity is high because of recurrent, climatic shocks (wfp.org, 2012). As a result, the country needs to import food and commodities from neighboring countries with more efficiently working agricultural sectors, such as South Africa. As
an example, Mozambique was the largest importer of maize in the Southern African region with 53 percent of maize flows followed by Tanzania and Malawi with 17 and 16 percent, respectively (World Food Programme, 2011). This trend, in turn, obviously results in high prices for the consumers and weakened buying power in the population. Brück & Van den Broeck (2006) state the following in their report on growth, employment and poverty in Mozambique: “Agricultural development efforts should be intensified, as this has strong welfare effects especially in the Northern and Central rural areas. Agricultural production could be enhanced by supporting productivity, marketing and international trading possibilities. The role of agriculture, though only a quarter of national GDP, matters hugely to poverty reduction given that over two thirds of the population is active in that category and that it still shows the lowest average consumption.” (Brück & Van den Broeck, 2006, p. 56) This citation clearly states the need for development within the field of agriculture. Held together with a staggering 27 percent unemployment rate in the country and a vast majority of the unemployed living in rural areas, something clearly calls for immediate action – but it also indicates, that there is a gap in the way things are currently running, which might open up for a socially innovative business model (africaneconomicoutlook.org, 2012).

1.3.2 The Primary Case: The Incubator in Moamba

The primary case, evolving from the above problem and the catalyst for the subject of this thesis, is an project started by the Danish agribusiness company danishknowhow. Together with a local contractor, Machados Holding, they have developed an agribusiness incubator concept (the Incubator) and established the first actual project in Moamba, Mozambique (danishknowhow.com, 2012a). The aim of the Incubator is to leverage the opportunities for entrepreneurial individuals in the local area to establish successful agricultural businesses: “The Incubator offers facilities where potential entrepreneurs can develop sustainable businesses in the field of agriculture. Training, service and input are facilitated by the Incubator, and the Incubator assist in marketing the products which are produced.” (danishknowhow, 2012) Suitable candidates are selected based on their voluntary applications to the project, and when having made it through the qualification process, the entrepreneurs run their own business inside the Incubator. They are responsible for acquiring and implementing knowledge, as well as maintaining their own budgets and accounts. All of this, however, with ongoing intense support from the Incubator. The entrepreneurs will share the gross profit from their own production with the Incubator on a 50/50 basis, and their accumulated
profits are paid out when they leave the Incubator at their own free will. Thus, the project operates as a commercial business unit aiming to create better conditions for the local people in the area around Moamba. danishknowhow and the local contractor have invested in the project together with subsidies from DANIDA, an entity under the Danish Ministry of Foreign Affairs (danishknowhow.com, 2012a, 2012b).

The above presented project represents the case that creates the basis and opportunity for Danish companies to engage in potential CSI partnerships. An important reason for this to be relevant is the fact that the Incubator can be characterized as what is defined as social entrepreneurship, and danishknowhow as social entrepreneurs: “We conceptualize SE [social entrepreneurship, red.] as a process that involves individuals (social entrepreneurs) engaging in a specific behavior (social entrepreneurial behavior) with tangible outcomes (social ventures or enterprises) [...] we define SE as the innovative use of resource combinations to pursue opportunities aiming at the creation of organizations and/or practices that yield and sustain social benefits.” (Mair & Noboa, 2006, p. 122) The concept of social entrepreneurship is, however, not as much a relevant subject of analysis in the scope of this thesis as it is an important prerequisite for understanding why the case is useful in relation to exploring the possibilities of CSI-partnerships to be established with the Incubator. While the definition of CSI covers both business models concentrated on alleviating social and/or environmental issues, this thesis will concentrate more on the aspect of social issues due to the nature of the chosen case (Saul, 2011). However, the question of environmental responsibility will be addressed to a limited extent in the section of analysis.
1.4 Thesis Framework

Having explained the overall setup and area of research, this thesis takes it point of departure in presenting the further premises for research and analysis on the subject of CSI in the Developing world in relation to agricultural entrepreneurship. A great way to do so is by initially presenting the main research question, thereby setting the stage for the main focus of the paper. Hereafter, the sub-research questions will be introduced. The following chapter will present and discuss the chosen research method and methodology for the study, thus ultimately providing the empirical and ontological basis for the understanding and perception of the thesis. The limitations of the study caused by the nature of the research method and methodology chosen will also be addressed. It will be the aim of this chapter to present a useful framework for presenting possible solutions to the research questions in focus. Chapter three will present a review of the literature consulted in the thesis, mainly focusing on works and articles within the fields of CSI, business model innovation and the concept of shared value. Chapter four will concentrate on analyzing the uncovered data with the aim of answering the research questions initially posted. Finally, chapter 5 will conclude the thesis, summing up the contributions of the study to existing literature on the subject.

1.5 Research Question

The topic of this thesis has been chosen based on the primary reason that it is of great personal interest to the author. Grounded in a solid theoretical base within strategic market creation, new business and innovation management supplied by the author’s study program at Copenhagen Business School, the interest of CSI arose through both self-elected courses and study-related work activities within the field. It is the belief of the author, that the general concept of aligning socially beneficial activities with the core of the firm’s business model is absolutely critical to be able to honestly express social responsibility in the world as we know it today. Thus, the main research question presented below is the product of personal interest, theoretical knowledge, and not the least the desire to strengthen the practical and empirical knowledge within the field of CSI. It has been used as the main pointer for the focus of the thesis throughout the research process, and will lay the ground for the findings presented in the final conclusion.
1.5.1 Main Research Question

Can Danish companies work strategically with CSI through partnerships with danishknowhow’s Incubator Program?

1.5.2 Sub-research Questions

To what extent does the Incubator hold a potential for CSI-based partnerships with Danish companies, and how can these be managed?

How can the strategic use of CSI in the business model create value for the partner companies, the Incubator, and the local society, respectively?
2.0 Method

Venturing out into the collection, interpretation and analysis of theoretical and empirical data without prior considerations regarding the choice of research paradigm and/or philosophy is academic suicide and leads to poor validity of the final product, in this case the present thesis. Therefore, this chapter provides an understanding of the scientific and methodological context in which this thesis should be interpreted.

2.1 The Research Process

The conduction of empirical research requires prior methodological structuring of the way data is collected to ensure overall scientific validity. Lewis et al. (2009) proposes their framework the research ‘onion’, with which the researcher is able to structure his or her work properly, layer for layer, to obtain a thorough research process. While the researcher will always have his or her ideas of how the research should be conducted, using this framework enables the researcher to avoid running into dead ends, and keeps him or her on the right path throughout the process (ibid.). Figure 1 presenting the research ‘onion’ will thus function as a point of reference throughout the present method section.

![Figure 1: The research 'onion' (Lewis et al., 2009, p. 108)](image-url)
2.2 Methodological Considerations

In terms of the methodology of a research project, the first important issue to address is the scientific ontology, or the philosophy, within which the research is conducted. In this view, the research forming the backbone of this thesis is of a highly subjective nature. A subjective approach lets the researcher interpret the data collected in relation to the social and discursive context in which it is embedded. In other words: "[...] subjectivism holds that social phenomena are created from the perceptions and consequent actions of those social actors concerned with their existence.” (Lewis et al., 2009, p. 110) As opposed to an objectivist approach, subjectivism is not concerned with physically measurable data of a quantitative nature (Birkler, 2007). However, it relates to qualitative data obtained through social interaction, and working with research in a subjectivist manner can thus be classified as working within the paradigm of interpretivism or social constructivism, as this is also often referred to (Birkler, 2007; Lewis et al., 2009). The epistemology\(^1\) of interpretivism states, that the subjective meanings and the social phenomena experienced by the actors in the research process, including the researcher, forms the base of the data extracted and analyzed. The axiology\(^2\) of the interpretivist paradigm is therefore highly value-bound, as the researcher is a direct part of what is being researched, and interprets his or her observations during the course of the study (Lewis et al., 2009). While conducting research within this paradigm is considered a scientifically reliable method if it is executed properly, it logically has its implications and limitations to the validity and reliability and the scope of the study’s findings and conclusions. These are important to highlight, and will be addressed later in the present section.

2.3 Research Design

“There are two general approaches to reasoning, which may result in the acquisition of new knowledge, namely inductive reasoning and deductive reasoning. Inductive reasoning is a theory building process, starting with observations of specific instances, and seeking to establish generalisations about the phenomenon under investigation. Deductive reasoning is a theory testing process, which commences with an established theory or generalisation, and seeks to see if the theory applies to specific instances” (Hyde, 2000, p. 83).

\(^{1}\) Epistemology is a term used to described what constitutes the acceptable knowledge in a certain field of study (Lewis et al., 2009, p. 112).

\(^{2}\) The term axiology is concerned with to which extent the researcher’s own values play a role in the research process (Lewis et al., 2009, p. 116).
In most research projects, the researcher would initially claim to go about his or her field from either an inductive or a deductive angle, either working out a theory from a set of qualitative observations inductively, or testing a specific theory on certain observations deductively (Lewis et al., 2009). In the case of this thesis, it was the initial intention to approach the research field with an inductive strategy since no known knowledge exists on the exact subject of research. However, with reference to the above citation, as the research went along, the approach to the research of this thesis actually turned out to become of both inductive and deductive nature. This is the case, because existing theoretical frameworks are used to back up the analysis of the research questions at hand, and thus assisting the author in his process of creating new theory on the matter of the specific case. Patton (2001) argues that this is a phenomenon often occurring in qualitative analysis, and that the qualitative researcher can adopt both inductive and deductive processes. Practically, this inductive/deductive approach resulted in the development of a new model by the author (figure 6 presented in the analysis section), which presents a new approach to the thesis’ area of research, based on the experiences acquired through the processing of both primary and secondary data.

Having established the scientific approach to the research at hand, Lewis et al. (2009) and their research onion model proposes the necessity of defining the chosen research strategy. In this case, the nature of the research questions proposed makes a case study the ideal strategic choice. According to Robson (2002) in Lewis et al. (2009, p. 145), the case study is defined as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.” The case study thus enables the researcher to focus exclusively on a certain problem in its exact context, which is highly useful within the scope of this thesis. This way of researching a very specific problem in its natural context sets the perfect conditions for the ability of the management of the case company, danishknowhow, to actually convert the results of the analysis into real life strategic decisions. Lewis et al. (2009) refer to this way of doing research as a specific domain within management research. They call it applied research, and oppose it to basic research. Applied research can improve the understanding of a particular business or management problem and has the potential to result in a specific solution to an actual problem, whereas basic research expands the knowledge of business and management processes and often results in more universal findings (Lewis et al., 2009).
As mentioned above, a case study calls for the use of multiple sources of evidence to ensure validity and reliability of the data produced. Lewis et al. (2009) classifies this technique as a multi-method qualitative study. It is more precisely referred to as triangulation, and is described as follows: “Use of two or more independent sources of data or data collection methods to corroborate research findings within a study.” (Lewis et al., 2009, p. 154) To meet these criteria, two different qualitative research methods are used in this study; participant observation and semi structured interviews, of which the latter is conducted with several different interviewees. The practical use of these methods will be explained in the following.

2.3.1 The Use of Qualitative Research

Holloway (1997) describes the use of qualitative research as follows: "Qualitative research is a form of social inquiry that focuses on the way people interpret and make sense of their experiences and the world in which they live. A number of different approaches exist within the wider framework of this type of research, but most of these have the same aim: to understand the social reality of individuals, groups, and cultures. Researchers use qualitative approaches to explore the behaviour, perspectives and experiences of the people they study. The basis of qualitative research lies in the interpretive approach to social reality" (Holloway, 1997, p. 2) In accordance with this citation, the nature of the research in the present thesis is focused on answering the research question at hand by exploring the social enactment of the issues presented and discussed. Thus, it is an important prerequisite for the legitimacy of this research to make use of methods designed to put the researcher in the best possible position to obtain a sufficient level of knowledge to answer the presented research questions. The chosen methods will be outlined below.

2.3.1.1 Participant Observation

Participant observation is a highly qualitative research method described by Delbridge and Kirkpatrick (1994) in Lewis et al. (2009, p. 290) as “‘immersion [by the researcher] in the research setting, with the objective of sharing in peoples’ lives while attempting to learn their symbolic world’.” This was executed through participation in the conference Africa Innovation Network, a conference on the subject of strategic alliances between companies and NGOs in emerging African
markets. The conference was arranged by Danish CSI Consulting and took place on September 27, 2012. The main focus for the conference was very much the notion of how partnerships across sectors can create symbiotic value, and the conference participants represented a wide variety of different actors in African markets. These consisted of both public and private Danish companies as well as NGOs and African embassy representatives – a mix of participants very relevant to the focus of this thesis. The research was conducted in the role of observer as participant (Lewis et al., 2009). With this observer role, the author’s identity as a researcher and a thesis student was clear to all. While primarily paying attention to the dialogue and taking notes, this approach enabled the author to ask questions of relevance to the focus of the thesis to the presenters during the course of the conference. Consequently, many interesting and useful points were made to back up the analysis of the research questions at hand on a general level, since this setting was not strictly case specific.

2.3.1.2 Semi-structured Interviews

To meet the demands for obtaining validity through triangulation, a total of four semi-structured interviews were conducted in addition to the single participant observation. These semi-structured interviews were conducted with four different individuals each representing different companies and/or business sectors relevant to the scope of this thesis. The interviewees were:

- Anders Frigaard, Managing Director at danishknowhow, representing the case company.
- Jens Møller Olsen, Product Manager at Danish Agro, representing a typical Danish agricultural cooperative.
- Peter Helk, Business Development Advisor, African Markets at Dansk Industri (DI), representing a wide range of Danish commercially listed companies.
- Stine Jersie Olsen, Senior Investment Manager at CSR Capital, representing a socially responsible investment fund.

By using a semi-structured interview technique, it was possible to relatively freely explore the personal behavior, perspectives and opinions on matters relevant to the research in question. This is the case due to the fact that all interviewees demanded different questions in order to extract the relevant data – a point that is backed up by the following quote from Lewis et al. (2009): “In semi-structured interviews the researcher will have a list of themes and questions to be covered,
although these may vary from interview to interview. This means that you may omit some questions in particular interviews, given a specific organizational context that is encountered in relation to the research topic. The order of questions may also be varied depending on the flow of the conversation.” (Lewis et al., 2009, p. 320) Thus, though assisting the researcher with a so-called aide mémoire, the semi-structured interview strategy allowed for a natural flow of the conversation, which created perfect conditions for an honest and personal exchange of opinions on the presented questions (ibid.). All interviews were audio-recorded and subsequently transcribed and summarized in resumes in order to extract the relevant data and to ensure validity and reliability. Furthermore, notes were taken during the interviews to highlight the most important points to the researcher while fresh in his memory.

2.4 Analysis of the Collected Data

Immediately after collection and transcription, the data was analyzed using qualitative analysis methods. Due to the limited amount of research available on the very case-specific field, the initial approach to the data analysis was highly deductive. This means, that the data was analyzed with reference to the theoretical framework that sparked the whole research process and laid ground to the formulation of the main research question in the first place (Lewis et al., 2009). However, the analysis was not conducted from an entirely deductive point of view, since “the prior specification of a theory tends to be disfavored because of the possibility of introducing a premature closure on the issues to be investigated, as well as the possibility of the theoretical constructs departing excessively from the views of participants in a social setting.” (Bryman, 1988 in Lewis et al., 2009, p. 489) Thus, the analysis is also of a highly inductive nature, meaning that the data was analyzed and categorized in order to assess and further explore themes that emerged from the data along the way (Lewis et al., 2009).

The data collection and analysis of the participant observation practically occurs simultaneously through what Lewis et al. (2009) refers to as analytic induction. This is a result of the nature of this research method, where the researcher is embedded in the social setting, takes his notes and experiencing everything first hand, thereby constantly analyzing the data as an ongoing process. On the other hand, the semi-structured interviews demands a somewhat more complicated data analysis process. As described earlier, the interviews were carefully transcribed, and hereafter comprised
into data summaries through the technique that Brinkmann & Kvale (2008) refer to as condensation of meaning. Subsequently, the data is inductively analyzed. The main research question that sparked the original focus for the thesis and guided the initial empirical research was thus refined throughout the process to include the sub-research questions, linking to the themes identified inductively (Brinkmann & Kvale, 2008; Lewis et al., 2009). In order to answer the main research question, the data themes were expanded on conceptually, linking back to theory in order to explore business trends with reference to the chosen theoretical framework.

2.5 Reliability and Validity of the Study

When performing qualitative research, it is highly important to bear in mind the limitations for the study in terms of reliability and validity (Brinkmann & Kvale, 2008; Lewis et al., 2009).

Reliability refers to the extent to which the chosen data collection techniques or analysis procedures will yield consistent findings in replicable studies (Lewis et al., 2009). When discussing reliability in this study, it is immensely critical to remember, that it was undertaken within a very limited context, and within a research paradigm that set certain boundaries in terms of high subjectivity, which will have implications with respect to an exact replication of the study (Brinkmann & Kvale, 2008; Lewis et al., 2009). Taking both research techniques, the participant observation and the semi-structured interviews, into account, Lewis et al. (2009) argue that they are merely snapshots of the time in which they were conducted. Thus, they are products of cross-sectional research rather than longitudinal research, which means that it is not certain that the outcomes of one study will be the same when conducted twice (ibid.). However, reliability can still be argued to be high, only exactly when taking the limited scope of the research into account.

With regards to validity, Lewis et al. (2009) distinguish between internal validity and external validity. Interval validity is basically concerned with whether the findings of the study are really about what they appear to be about, or to which degree the research is trustworthy (Lewis et al., 2009). To minimize the risk of low internal validity in this study, the researcher has constantly striven to remain as objective in his attitude towards observation participants and interviewees as possible. While refraining from uttering subjective statements during the participant observation is fairly easy, it is a bit more difficult to remain objective in the social setting of a semi-structured interview being conducted. To avoid taking on a far too subjective attitude, and hereby biasing the
interviewee, the aide mémoires were used as important guidelines throughout the conduction of the interviews.

External validity, on the other hand, refers to the degree of *generalizability* of the study, meaning to which extent the findings are applicable to other research settings (Lewis et al., 2009). While the research conducted may be very case specific, and taking into account the existing possibility of biased participants, some overall outcomes of the research will most likely be applicable to certain other settings. Furthermore, the persistent and transparent execution of the collection and analysis of data has almost certainly ensured, that similar studies will reveal very similar results (ibid.). However, the external validity is not nearly as interesting as the internal, due to the very limited scope and the case-specificity of this research.

### 2.6 Ethical Considerations

Throughout any type of research, ethical issues should be considered while designing and deciding upon the methodology. Cooper and Schindler (2008, in Lewis et al., 2009, p. 34) define ethics as the “*norms or standards of behavior that guide moral choices about our behavior and our relationships with others*”. When relating this definition to research, Lewis et al. (2009) describe a couple of key ethical issues that a researcher should be aware of and should act upon accordingly:

Researchers should:

- accept and secure the privacy of possible and actual participants,
- ensure a voluntary nature of participation and clarify the right to withdraw partially or completely from the process,
- get consent and prohibit possible deception of participants,
- maintain the confidentiality of data provided by individuals or identifiable participants and their anonymity,
- avoid any kind of embarrassment, stress, discomfort, pain and harm.

These ethical guidelines were followed throughout the conducted research of this thesis. For example, all participants at the conference at which the participant observation was conducted, were made aware of the researcher’s status as a researcher. Similarly, all interview participants were made aware of the intended use of the interview before any data was collected. It was stated beforehand, that the interviews were being taped and transcribed, and that no classified information
would be used for anything but the purpose of the research itself. Moreover, it was told, that the study would not be distributed to anyone but the examiners of the thesis. Before every interview, the process of the research was explained via both e-mail and preceding oral statements to make the interviewees feel comfortable in knowing what would happen. In order to ensure an honest and rightful outcome, participants were additionally asked for their consent with the researchers’ subjective analysis.
3.0 Literature Review

The purpose of this chapter is to equip the reader with the necessary definitions of the theoretical concepts used throughout the subsequent analysis. To ensure that the thesis is interpreted in the intended manner, it is important to address the issue of the possibility of multiple meanings attributed to the same theoretical term (Lewis et al., 2009). Thus, this chapter is concerned with introducing the most central concepts in the way that they are to be perceived in the context of this research. Four different theoretical fields, central to both making sense out of the different angles on the topic of analysis and to the complete understanding of this thesis, are explained; innovation, CSI and the concept of shared value, business model innovation, and finally symbiotic value creation. It is important to understand that some of the literature on the above theoretical concepts is still very limited in quantity, which makes the chosen area of research a literary capacity in constant development. However, this thesis takes its point of departure in existing literature, and seeks to provide new and useful knowledge to the growing pool of information on the subject of CSI.

3.1 Innovation

It is a prerequisite for understanding the concept of CSI, to grasp the concept of innovation itself, and to understand how it should be perceived in the scope of this thesis. According to most literature on the subject, innovation is a process. It is basically about bringing a new idea to market in a successful way. In other words; “Innovation is the successful exploitation of new ideas: it is a profitable outcome of the creative process, which involves generating and applying in a specific context products, services, procedures, and processes that are desirable and viable.” (Serrat, 2009, p. 2) Another definition used in the scope of this thesis is as follows: “Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced.” (Drucker, 1985, in Davenport et al., 2009, p. 16). Considering the purpose of innovation, it all comes down to the bottom line by securing a competitive advantage over the company’s competitors: “Companies achieve competitive advantage through acts of innovation. They approach innovation in its broadest sense, including both new technologies and new ways of doing things.” (Porter, 1990, in Davenport et al., 2009, p. 16).
According to theory, innovation can take the form of either incremental or radical changes to products or services in new or existing markets (Bessant & Tidd, 2009; Davenport et al., 2006). Incremental innovation is “small improvements in (...) existing products and operations”, and takes place when a company exploits and innovates on its current resources in order to deliver added value to new or existing customers. This type of innovation is not new to the world. Conversely, radical innovation, which is also known as disruptive or transformational innovation, involves “rendering old products or ways of working obsolete”. This takes place when the innovating company brings new resources and technologies into the market, altering the basis for competition (Davenport et al., 2006, p. 188). Theory suggests, that companies should work strategically with innovation to ensure long-term success, and most theory suggests that they should pursue multiple innovation strategies, creating an ambidextrous organization capable of competing in markets where the competitive landscape is constantly changing (Davenport et al., 2006). Thus, working with – and managing – innovation in multiple business models is a necessity for companies wanting to stay on top of the game in the industries in which they compete. To do this is not easy, and requires thorough strategic planning. Theory suggests the concept of poised strategy to succeed in this specific managerial task (ibid.). This will be elaborated further on in a later section.

3.2 CSI and the Concept of Shared Value

This section is concerned with the theoretical definitions of the term CSI, and how it should be interpreted in the context of this thesis. Furthermore, the concept of shared value is introduced to provide an understanding of a term making up a critical part of the base of the foundations for the analysis of the research questions at hand.

3.2.1 CSI Explained

Prior to explaining the term CSI, it is important to address the difference between this term and the term simply coined social innovation. In the textbooks and articles used to form the theoretical foundation for this thesis, the two terms are frequently used interchangeably, but might not necessarily be the same thing. Social innovation initiatives are not necessarily directly profit-oriented, but might aim to solve a social or environmentally problem. Adding corporate to social
Innovation simply underlines the fact that the term is used in a deliberately profit-oriented way to improve business value. Saul (2011, p. 29) notes this difference as follows: “Indeed, business has always been at the forefront of innovating solutions to social problems – it was just never thought of as a business strategy.” Jupp’s (2002, p. 24) definition of CSI describes the term: “Corporate social innovation [...] involves companies using their organisational, financial and human resources to produce effective, innovative responses to intractable social problems [...]” While this definition describes the how, it does not exactly describe the why. What is missing in Jupp’s (2002) definition is obviously the very central part of profit generation or economic value creation to be present for social innovation to become CSI. Thus, the meaning of CSI as it should be interpreted in the context of this thesis is defined by Saul (2011, p. 31) as “strategies that are specifically designed to generate economic value through positive social change.” The term Social Innovation is a critical part of what CSI is, which is why the two terms are used interchangeably in the literature. Bates (2012, p. xix) introduces the term social innovation as “[...] the process of addressing the world’s most pressing challenges with novel solutions...that [are] better than current solutions, new to the world, and [benefit] society as a whole and not just a single entity.” Thus, the author of this thesis sees the term social innovation as a prerequisite for CSI – it is necessary to know social innovation in order to understand CSI.

To elaborate a bit on the concept, it is useful to think a bit about what CSI is not. CSI is not strategic philanthropy, which, on the other hand, can be described as improving social or environmental issues that are tangential to the business. This could be initiatives such as improving local schools, preserving natural resources, etc. (Saul, 2011). “In general, strategic philanthropy is a charity-focused tactic aimed at creating a strategic intersection with the business, whereas social innovation is a business strategy that creates a positive intersection with society. Social innovation is transparent in its intent to benefit the business directly.” (ibid., p. 32) This strategy is similar to that of strategic CSR, which is not CSI either. According to authors such as Porter & Kramer (2006) and Hockerts & Morsing (2009), companies that practice strategic CSR benefit from making strategic efforts at practicing CSR-initiatives in relation to their core business. However, the core business is not necessarily centered around solving a specific social or environmental problem, such as CSI is: “Organizations that make the right choices and build focused, proactive, and integrated social initiatives in concert with their core strategies will increasingly distance themselves from the
pack.” (Porter & Kramer, 2006, p. 13) Finally, CSI is not the same as value-driven business³.

“Social innovation is not about putting profits second, or doing good and hoping that it adds up to something beneficial for the business. It is a more direct linkage, forged by intentionally putting positive social change in the way of the business.” (Saul, 2011, p. 33)

### 3.2.2 The Concept of Shared Value

Kramer & Porter (2011) introduce the term *shared value*, which backs up the above definitions of CSI and will also be used as a reference throughout the analysis of the research questions. Shared value “[…] involves creating economic value in a way that also creates value for society by addressing its needs and challenges. Businesses must reconnect company success with social progress. Shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success. It is not on the margin of what companies do but at the center.” (ibid., p. 4) The authors introduce the term in relation to the point they make throughout the article, namely that capitalism is an unparalleled vehicle for meeting human needs, improving efficiency, creating jobs and building wealth. In their expression, “*Businesses acting as businesses, not as charitable donors, are the most powerful force for addressing the pressing issues we face.*” (ibid., p. 4) Summing up, the term is critical to understanding the notion of how value creation – not only on a business level, but also in the environment in which the organization operates – is critical to engage in the realization of CSI.

A slightly different, and perhaps a bit more nuanced, perspective on the concept of shared value is presented by Emerson (2003) in the shape of the *blended value proposition*. Herein, he argues that traditional financial return on investment⁴ (ROI) does not suffice in the intended scope of an organization’s profit-oriented business model. Organizations should operate in what the author defines as the *social capital market*, where ROI is not only measured on economic value creation: “What we are lacking is a common cultural currency to compare relative investments and understand the various forms of value creation taking place, whether social, economic,

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³ Value-driven businesses are companies that are ethical, philanthropic, transparent and accountable, focusing on recycling, using compostable packaging and "doing well by doing good" by putting values first and profits second (Saul, 2012).

⁴ Return on investment is a performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. To calculate ROI, the benefit (return) of an investment is divided by the cost of the investment (Investopedia.com, 2012).
environmental, and so forth.” (Emerson, 2003, p. 40) The author further argues, that when assessing the ROI of an organization’s business model strategy, investment, etc., one should not perceive the ROI and the social return on investment\(^5\) (SROI) as two non-related parts of the organization’s value proposition: “[…] we must move beyond the traditional belief that an organization’s Economic Value is separate and at odds with its Social Value. While one might attempt to track the two (such as by examining the financials of the corporation and then reading the social audit completed by an outside observer), they are wrongly viewed as two separate aspects of the corporation’s value proposition.” (ibid., p. 43) In relation to the question of shared value and combining traditional ROI and SROI, it makes good sense to draw on concept of **triple bottom line accounting.** Triple bottom line accounting is focused on measuring the impact of a business’ activities on the economic, the environmental, as well as the social bottom line, and is widely advanced as a way in which firms can realize broader societal objectives in addition to increasing shareholder value (Elkington, 1998; Dey et al., 2005; Gimenez et al., 2012; Raar, 2002). The accounting techniques employed in specific cases vary from example to example, and are not subject to thorough analysis in the scope of this thesis. However, the concept of triple bottom line accounting will be touched upon on a conceptual level, and interpreted in connection with the other mentioned theoretical contributions within this field.

### 3.3 Business Model Innovation Towards CSI

This section seeks to clarify the concepts utilized throughout the analysis to form the theoretical foundation for successfully incorporating CSI in the business models of modern companies. Initially, the term **poised strategy** will be explained to equip the reader with the necessary framework for how companies can work strategically with multiple business models and incorporate new ones that differ from the original one. Next, the concept of creating socially innovative, financially sustainable business models is introduced, and consequently the theoretical views on implementing these in practice are discussed.

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\(^5\) Social return on investment is an approach to understanding and managing the value of the social, economic and environmental outcomes created by an activity or an organization. SROI seeks to include the values of people that are often excluded from markets in the same terms as used in markets, that is money, in order to give people a voice in resource allocation decisions (Thesroinetwork.org, 2012).
3.3.1 Poised Strategy

Managing multiple business models becomes a strategic management issue when innovating towards CSI. In terms of how to cope with this issue, this thesis leans on the strategic management approach of poised strategy offered by Davenport et al. (2006). The approach is defined as “poised strategy to manage multiple business models for sustaining and disruptive value innovation in collaborative business networks.” (ibid., p. 168) This definition originates from the term organizational poise, which refers to “[...] a dynamic capability rooted in a specific mindset, range of diverse dexterities [...], and an ability to effectively rejuvenate (positively energize and change) itself.” (ibid., p. 168) Conversely, the authors deem an unpoised organization likely to suffer from limitations in managerial mindsets, narrow range of dexterities and paralyzing inertia (ibid.). Thus, the reason to include the concept of poised strategy in the business model innovation process towards CSI is obvious. It requires abilities to think in terms of altering existing business models, modifying products and services, as well as restructuring organizational structures to adapt to a new way of doing business, often in a new market. It is not a requirement for companies to move away from existing business models that create value, but it might be a valuable strategic choice to add new business models to the portfolio of the company to stay profitable (ibid.). A company might be working with incremental (sustaining) innovation in their existing business model, but as Davenport et al. (2006) suggests, “the dilemma is that sustaining innovations are so attractive and ‘logical’ relative to disrupting ones that the very best sustaining companies systematically ignore disruptive threats until it is almost too late.” (ibid., p. 177) Thus, thinking disruptively in terms of innovation to create new, value-adding solutions is simply a requirement for most companies competing in the innovation economy.

The poised strategy approach proposes that a company be viewed not as a member of a single industry, but as part of a business ecosystem that crosses a wide variety of industries, and that is open to multidimensional knowledge impacts and influences (Davenport et al., 2006). “The critical dimension of an ecosystem is that it spans a variety of industries, stakeholders, organizations, markets, and customers, and not only those limited to an organization’s traditional industry, customer base, and supply chain.” (ibid., p. 179) Theory further suggests, that the companies participating in a business ecosystem co-evolve knowledge and capabilities around a new value proposition by working collaboratively and competitively to support development of new products,
satisfy changing customer needs, configure new value chains, and incorporate new rounds of innovation (ibid.).

According to Davenport et al. (2006), companies utilizing the poised strategy approach can implement a series of different tools for application in the process of business model reinvention. The authors propose 12 different tools, which are not mutually exclusive, but are generically available for all types of business model reinvention, i.e. for both incremental and disruptive innovations. In the analysis of the research questions presented in this thesis, the new customer/market space tool will primarily be used, and thus presented accordingly here. “This tool provides a methodology to sense new customer benefits by looking not within the accepted customer needs and other existing industry boundaries (or norms), but looking systematically across them.” (Davenport et al., 2006, p. 266) By doing so, managers move beyond the borders of the business ecosystem that they are currently operating in, and find relevant new ecosystems and new needs that represent a real breakthrough in customer value. (ibid.) Figure 2 below shows the methodology of the tool, and the strategies that will be consulted in the analysis chapter.

<table>
<thead>
<tr>
<th>Conventional Boundaries of Competition</th>
<th>Head-To-Head Competition</th>
<th>Creating New Market Space</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry</strong></td>
<td>Focusses on rivals within its industry</td>
<td>Helps across substitute industries</td>
</tr>
<tr>
<td><strong>Strategic Group</strong></td>
<td>Focusses on competitive position within strategic group</td>
<td>Helps across strategic groups within its industry</td>
</tr>
<tr>
<td><strong>Buyer/Customer group</strong></td>
<td>Focusses on better serving the buyer/customer group</td>
<td>Redefines the buyer/customer group of the industry</td>
</tr>
<tr>
<td><strong>Scope of product and service offerings</strong></td>
<td>Focusses on maximizing the value of product and service offerings within the bounds of its industry</td>
<td>Helps across to complementary product and service offerings that go beyond the bounds of its industry</td>
</tr>
<tr>
<td><strong>Functional-emotional orientation of an industry</strong></td>
<td>Focusses on improving price-performance in line with the functional-emotional orientation of its industry</td>
<td>Rethinks the functional-emotional orientation of its industry</td>
</tr>
<tr>
<td><strong>Time</strong></td>
<td>Focusses on adapting to external trends as they occur</td>
<td>Participates in shaping external trends over time</td>
</tr>
</tbody>
</table>

Figure 2: Sensing and creating new market space (Davenport et al., 2006, p. 268).

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6 The word ‘reinvention’ is used interchangeably with the word ‘innovation’ in this context by Davenport et al. (2006), and is thus attributed the same meaning by the author of this thesis.
Additional theoretical concepts in the shape of Blue Ocean Strategy by Kim & Maubourgne (2005) and Markides’ (2008) theory on Game-Changing Strategies are consulted in the work with the poised strategy approach, in order to provide the necessary legitimacy to the framework. These theoretical concepts are briefly outlined in the following to give the reader the adequate understanding of their relevance to this focus.

The concept of Blue Ocean Strategy is, in its essence, concerned with how companies can alter their existing business model to step out of red oceans, which are characterized by fierce competition, and into blue oceans, which are characterized by offering (temporarily) completely uncontested market space (Kim & Maubourgne, 2005). This concept is not specifically connected with moving into emerging markets with socially innovative business models as such, but the notion of the importance of value innovation is very relevant for the focus of this thesis. Keeping the customer value proposition on top of the agenda is crucial to every company, and with their Blue Ocean Strategy, Kim & Maubourgne (2005) offer a useful and unconventional method of beating any existing competition by creating leaps in value for customers, leveraging the possibility of gaining market share in new markets.

Markides (2008, p. 8) characterizes business model innovations as tending “[…] to invade existing industries in a very specific way, [growing] in a specific manner, and [displaying] characteristics that make them disruptive to established firms.” Like Kim & Maubourgne (2005), Markides (2008) focuses more on business model innovation within established, known markets, and not quite as much on foreign, emerging markets. However, the author presents interesting theoretical angles on the concept of managing dual business models, which is highly relevant in relation to the poised strategy approach. Not the least due to the risks and uncertainties associated with implementing a new business model in coexistence with one that is already established. It is stated: “[…] evidence shows that most established companies that attempt to employ dual business models fail to do so successfully […].” (Markides, 2008, p. 81) Four strategies for managing dual business models are presented, and here, the author reflects upon the difference between managing new business models in markets similar to their original business model, versus in different markets. Furthermore, the model consults the question of whether the business model innovation conflicts with the original business model or not. Figure 3 shows the framework of the different strategies, which will be referred to in the analysis of the research questions in this thesis.
There are certain theoretical suggestions to what companies looking to implement CSI in their business model can do to succeed at this. There is currently no best-practice solution that works in all instances, but theory on the field does offer some very useful perspectives on strategic approaches to the implementation of social innovation in a corporate context. This thesis primarily draws on the frameworks offered by Saul (2011), which will be explored in the following.

Saul (2011) presents five different strategies for CSI:

1. Creating revenues through submarket products and services
2. Entering new markets through backdoor channels
3. Building emotional bonds with customers
4. Developing new pipelines for talent
5. Influencing policy through reverse lobbying

Needless to say, the scope of the present thesis is too limited to offer extensive analysis based on every one of the above-presented strategies. Furthermore, each strategy is not applicable in just any setting, which naturally limits the choice of strategy for analysis. The research setting and the nature of the case presented in this thesis argue for a limitation to a focus on strategies 1; creating
revenues through submarket products and services, and 2; entering new markets through backdoor channels. Elements of both strategies will be drawn upon in the analysis.

The first strategy is presented as a proposal as to how companies can use submarket products and services to expand market share, enter new markets, and reach greater economies of scale (Saul, 2011). “Submarket means “beneath the market” – constituencies or geographies that are beyond the traditional focus of commercial enterprise. Submarket strategies, then, focus on developing specialized products and services for markets that previously were seen as impossible to address profitably.” (ibid., p. 55) Targeting submarkets has traditionally been something that government programs and charity organizations would do through aid programs and the like, because companies have overlooked the potential in markets that could not be served through their existing business model. However, history has proven this approach to be non-sustainable, meaning that charity and government work does not really solve social or environmental problems – it just keeps them at bay for a little while longer: “Foreign aid and charitable giving have not alleviated the problems for the world’s poor. In the late 20th century, it has become clear that government is not up to the challenge of creating wealth for the masses.” (Prahalad & Hart, 1999, p. 7) Thus, social issues are increasingly becoming business issues, and it seems logical that businesses should learn how to tap into these markets just waiting for product- and service based solutions. But how should this be done?

Saul (2011) presents three key drivers for creating submarket products and strategies. The first, short-tail economics, is the notion of how a large base of consumers seek mass quantities of fewer, more generic items as opposed to long-tail economics, where consumers value extreme choice and the option to buy large numbers of items in small quantities (ibid.) This way of thinking about consumer economics essentially offers companies to serve a market of extreme commoditization, where basic goods and services such as food, clothes and shelter make up the products in demand – products that have usually been offered through government programs or NGO activities. This might lead one to think of the next driver, which is bottom-of-the-pyramid-ization. The bottom of the pyramid (BOP) is the world’s largest and poorest socio-economic group, estimated at around four billion people living on less than $2 per day – an immense market for companies to tap into with revolutionizing products and services. Micro financing is the archetypical example, allowing the world’s poorest to obtain loans at an average of $15. However, the main criterion for a BOP-strategy to be socially innovative is that the product or service sold actually alleviates a social or
environmental issue – it is not just about selling anything and everything to the poor (ibid.). The third driver presented is disruptive innovation, a concept that has already been discussed in an earlier section. How it can be a driver for CSI, however, is what is really interesting. Bower & Christensen (1995) introduce the term in a social innovation context as a new category of “good enough”, low-cost products and services that were under-engineered to meet the basic needs of mass consumers. These offerings are typically simpler, more convenient and less expensive, so they appeal to new or less-demanding customers (ibid.). However, disruptive innovation is rarely seen in social contexts, because most of the money available to address social needs is usually given to organizations that are wedded to their current solutions, delivery models, and recipients (Saul, 2011). To break this pattern, private companies need to address this sector by innovating disruptively and come up with products and services that offer “good enough” functionality and dramatically reduces price to appeal to a larger audience (ibid.). Basically, the three drivers for creating social innovation through submarket products and services all spring from the same mechanism: leveraging market efficiencies to profit from market inefficiencies. This sums up the market opportunity for companies: to beneficially exploit their existing investments in research and development, products and services, and manufacturing, by creating and addressing submarkets (ibid.).

The second strategy proposed by Saul (2011) is that of entering new markets through backdoor channels. This approach to implementing social innovation in a corporate context is concerned with using social innovation to invent new markets for existing products and services. The barriers to entering largely untapped markets such as developing countries are often of a more social than competitive character. This involves such obstacles as unskilled workers, poverty, illiteracy, disenfranchised women, limited access to vital services, poor infrastructure, resource deficiencies, etc. (ibid.). To obtain legitimate means of tapping into these markets, the strategy proposes companies to leverage their capabilities to solve these problems strategically. “For example, businesses can use backdoor market entry to enhance relationships with governments in target markets, dovetailing their desire for growth with ways of addressing the social needs of local communities.” (ibid., p. 76) If companies can put their core business to use in solving these needs, they are a good step of the way in securing market share. Saul (2011) proposes three of the most common ways to create social and business value through market entry; by creating distribution and jobs, by increasing access to social products or services, and by creating new supply chains. The author further points to the fact that the general interest from governmental entities in private sector
engagement is growing. This implies that companies, by offering their socially innovative proposals to local governmental entities or programs supported by the government, can go a very big step of the way towards market establishment. In developing markets, doing so can e.g. add important value to the business venture in the shape of local market knowledge and access to valuable business partners (Ibid).

### 3.3.3 Social Business Model Generation

Venturing into the further practicalities of generating a socially innovative business model requires a structured approach, which can be used to map out the different aspects that are worth considering when strategizing. Bates (2012) is highly inspired by the concept of shared value and the business ecosystem mentioned above, and offers a very useful theoretical framework, *the social business model canvas*, which is intended for business model generation with the incorporation of societal value. This framework is considered a useful supplement to the strategies proposed by Saul (2011), and will be used as a reference when discussing socially innovative business model generation in the analysis. The framework takes into account the different critical elements outlined in figure 4 below.

![Figure 4: The Social Business Model Canvas (Bates, 2012, p. 157)](image)

Figure 4: The Social Business Model Canvas (Bates, 2012, p. 157)
3.3.4 The Market Creation Toolbox

The last literary contribution with regards to business model innovation towards CSI is the Market Creation Toolbox (the toolbox) developed for Dansk Industri by Flensborg & Larsen (2011). This handbook offers a pragmatic guide to entering development markets through business model development, and can prove to be very useful in the analysis of how exactly to do this in relation to the Incubator. The authors offer seven business model dimensions that can be used when assessing the market that is about to be entered, and the toolbox is intended for use in the initial stages of project development, which makes it appropriate for referential purposes in the scope of this thesis (ibid.). Consequently, it focuses on rapid market assessment, customers and end-users, including end-users, distribution systems, pricing and financing, marketing and communication, and finally service and maintenance. The toolbox is very detailed in its nature – almost in a recipe-like way, and not every single of the mentioned dimensions is of interest within the limits of this thesis’ focus areas. Naturally, this sets some boundaries in terms of how much the analysis will go in depth with them, since the purpose of this thesis is not to offer an in-depth analysis of how to use exactly this tool. However, some of the business model dimensions will be consulted in the analysis, and the toolbox will serve as valuable reference on certain matters.

3.4 Symbiotic Value Creation through Partnerships

A very central topic associated with the research questions presented in this thesis is that of partnerships in relation to CSI. Therefore, relevant theory on this field is consulted in the analysis. While a series of authors contribute to this theoretical domain, the following section will seek to describe the desired perception of the referred literature within the scope of this thesis. Davenport et al. (2006, p. 180) propose, that “Successful businesses are those that co-evolve rapidly by bringing together resources, partners, suppliers, customers, and other agents to create cooperative networks and thereby new value innovations.” In turn, it should be the goal of the individual firm to co-shape and co-perform with other players in the business community and to build co-opted capabilities in the ecosystem. While the context of this thesis very much focuses on companies stepping out of their original business ecosystems and creating new ones in new markets, this still holds very true. It may actually be so, that joining forces with a partner in connection to the implementation of a socially innovative business model in a foreign market is actually the most important prerequisite...
for success. Plenty of theory on the subject suggests so, at least, and this will be covered further in this section. However, much of the literature on CSR and social innovation in strategic partnerships is concerned with partnerships between businesses and NGOs – a focus that is not entirely coherent with that of this thesis. That being said, the conclusions drawn in the theoretical contributions are still highly applicable to the context of this thesis, and will thus be referred to accordingly in the analysis.

### 3.4.1 Partnerships Typologies

It is important to understand the different typologies that exist within partnerships across sectors – that is, when companies step outside their existing business ecosystem and join in partnerships with actors in foreign ones. In the academic world, a complete consensus about the number of different typologies does not exist. While Austin (2000) e.g. suggests three types of partnerships, from philanthropic to integrative, Neergaard et al. (2009) propose four different types of partnerships that companies can establish with NGOs. Four different types of partnerships that are relevant for companies to consider regardless of the nature of the organizational structure of the counterpart in the partnership agreement. These four partnership types will be taken into account in the scope of this thesis, and they are: *philanthropic partnerships, partnerships with reciprocal exchange, independent value creation partnerships, and symbiotic value creation/integrative partnerships*. Neergaard et al.’s (2009) different partnership types and their attributions are presented in figure 5 below.
<table>
<thead>
<tr>
<th>Partnership Type</th>
<th>Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Philanthropic partnership</td>
<td>Companies offer financial support to an NGO, for example by providing a donation of money or products to a relief organization. The two partners have different goals and only interact on a very limited basis. Philanthropic partnerships involve only the one-way transfer of resources from a company to an NGO rather than an actual pooling of joint resources.</td>
</tr>
<tr>
<td>2. Partnership with Reciprocal exchange</td>
<td>A company donates money to an NGO depending on sales volume or the use of the company's products. The interaction taking place is limited and can be characterized as that of a sales campaign.</td>
</tr>
<tr>
<td>3. Independent value creation partnership</td>
<td>Semi-strategic partnerships in which a company and NGO collectively attempt to cater to each of their individual goals, which, while not being similar, are not directly conflicting.</td>
</tr>
<tr>
<td>4. Symbiotic Value Creation /integrative partnership</td>
<td>A company and NGO work together in a strategic partnership on a common problem, which they would both like to see solved. The value creation happens for both partners and the criteria for success will be partly overlapping.</td>
</tr>
</tbody>
</table>

Figure 5: Partnership typologies (Neergaard et al., 2009, p. 6).
For the focus of this thesis, the fourth partnership type described in the model above is used in an analytical context. As mentioned above, the NGO-focus of this theoretical framework is not considered inhibiting for its use in this thesis, since many parallels to non-NGO-based partnerships can be drawn to fit the scope of this thesis. Essentially, the use of this literature in the context of this thesis might actually prove to be a contribution to new theory on the subject of CSI-partnerships.

3.4.2 Strategic Alliances and International Joint Ventures

In addition to the above-mentioned primary literature on partnership typologies, one pair of authors on the subjects of strategic alliances and joint ventures across borders, Bleeke & Ernst (2002), will be referred to in the analysis. The inclusion of the work of these authors does not serve to provide in-depth frameworks for the analysis of this thesis’ research questions. However, their contributions serve as valuable inputs on how to build and manage strategic business relationships in an international perspective, as well as how to manage international joint ventures in emerging markets.
4.0 Analysis

This analysis is intended to provide a series of clarifying answers to the research questions posted in the introductory chapter. In the process towards the final conclusion, the analysis will combine the previously reviewed literature and theoretical frameworks with the empirical data unveiled through the study’s qualitative research, in order to ultimately present a series of viable solutions to the questions initially stated as the research foci of this thesis. The analysis consists of three main sections, each divided into sub-sections. These three main sections are dedicated to investigating the different aspects of the sub-research questions that have become increasingly clear through the explorative work with the theoretical and empirical data. Initially, the analysis is concerned with exploring the theoretical and practical potential for companies to work strategically with CSI in relation to the Incubator, as well as the Incubator’s potential for the establishment of partnerships with Danish companies. Secondly, the analysis will focus on how Danish companies can evolve strategically from using a peripheral CSR strategy into the practical implementation of CSI in their business model, as well as the possible ways to manage dual business models in a CSI-perspective. Finally, the potential for symbiotic value creation through CSI-partnerships will be explored in practical relation to the Incubator. In this section, the potential for value creation for the partner company, the Incubator and society, respectively, will be analyzed. Furthermore, this section will touch upon the possibilities of measuring the impact of the Incubator’s as well as the potential partner company’s activities through triple bottom line accounting.

4.1 The CSI Potential: Theory vs. Practice

With reference to the above literature review, it is fair to state that several authors agree on the existence of a potential for value creation through CSI. Needless to say, the nature of every example of CSI taking place is very dependent on the specific case and its unique circumstances, but there are certainly a number of useful frameworks stated by authors on the subject, that can be utilized in an explorative study such as this one, focusing on the potential of CSI. Put slightly different, there are certain existing models and frameworks that most companies can consult when implementing CSI in their business model. This should also be the case for the companies represented in the empirical data, and will be subject to analysis in section 4.2. However, it is also interesting in the scope of this thesis, to unveil how Danish companies, represented by the interviewees, actually
perceive the potential for the use of CSI in their own business models. Thus, this section will focus on the likenesses and differences in the theoretical and hypothetical potential for CSI and its perception among the companies represented in the empirical data.

4.1.1 The Vision Behind and the Intended Purpose of the Incubator

As stated in the introductory chapter, Mozambique is not chosen randomly as the market for the first Incubator. On the contrary, the country’s deficiencies with regards to unemployment rate and self-sufficiency in production of food seemingly make up the perfect conditions for the Incubator to be successful. The fundamental ideas behind the incubator have been explained in the introduction as well, but a thorough analysis of the potential of the Incubator in a CSI-perspective requires a more comprehensive examination of the vision behind and the intended purpose of it. This section serves to provide exactly this, based on empirical data gathered through the interview with Anders Frigaard (AF), Managing Director of danishknowhow.

“If we are looking at the big picture, then it is danishknowhow’s vision to bring the whole world up to Danish standards for agriculture.” (AF, appendix 5, p. 1) These are Anders Frigaard’s own words, when he replies to the question of what the vision behind the Incubator project is. Basically, this goes for more or less all of the company’s activities, of which the Incubator is just one project out of several. Anders continues, stating that on a more practical level, it is the aim to build up projects in developing countries that are based on know-how and capabilities from Denmark, but suited to fit with the local markets and contingencies. “With regards to vision, then I think there is a paradox that I see many places in Africa. They have lots of fertile farmland that can be cultivated. They have lots of people who can work. There is a huge unemployment rate, and lots of people who really want something to do. They have a huge market for food products, and sky-high prices on them. It is a market where you could easily start a production, and really make a profitable business.” (AF, appendix 5, p. 2) Mentioning the prerequisites for the existence of the Incubator, Anders puts emphasis on the lack of competition within agriculture in many African markets, for example in Mozambique. The opportunity is basically just waiting for someone to take it, and this fact is also what manifests itself through the massive land-grab, that is currently happening all over Africa (AF, appendix 5).
Continuing, Anders is not at all doubting the CSR-potential residing in the Incubator: “I think that if we are to take this project from the state that it is in now [DANIDA-funded, red.], to being a commercial project, then I don’t think that companies would invest only of commercial reasons.” (AF, appendix 5, p. 2) According to Anders, the project has clear potential to be part of a possible partner company’s strategic work with CSR. He emphasizes the communicational value of the project in the sense that it enables the communicator to go all the way down on individual level with each participating entrepreneur and focus on the success-stories: “Another strength of the project is that what is happening is very clear for everyone to see. […] Here’s Leah, for example. She started [in the Incubator, red.] two years ago. She had nothing, and now she has her own little business. It is something tangible and visible, that you can show to people, and that the investors can use in CSR-relations.” (AF, appendix 5, p. 2)

One thing, however, is strategic CSR, and the values that can be derived in a communications-perspectives – another is the focus of this thesis: CSI. What actually makes it possible for a partner company to work with CSI in the Incubator? Anders Frigaard believes that the main strength in this aspect, is that the Incubator has the potential to bring social change to the local community: “In the short term, the success criteria for the Incubator is that we get some people through the program, enable them to run their own little company, and hereby give them the possibility to change their own lives. That the individual is made able [, by participating in the Incubator.] to run a business. This has the potential to change their lives from nothing.” (AF, appendix 5, p. 3) This potential residing in the Incubator could make up the social mission of a potential partner company, but could also be done by just posting money into the project. And the latter does not make up a socially innovative partnership. For that, we have to look deeper into how the company could actually benefit financially from being a partner in the project. When confronted with the question of the necessity of partner companies to align their existing business model with the Incubator, Anders Frigaard comes with a somewhat hesitative answer: “That is the part that we haven’t really looked into. […] There is no doubt that it would be difficult, in the short term, to make the project interesting as a pure investment project. So the more you could do to make it attractive in other ways, for a Danish company, the better. The more they could see the project being a part of their business and communications, the better.” (AF, appendix 5, p. 4) Anders Frigaard underlines, that the knowledge and competencies of a potential partner company is not necessary for the establishment and daily operations of the Incubator project, but that he assumes it would be
interesting for a Danish company to become a partner if they saw possibilities in the market combined with their own knowhow, sales channels and brand (AF, appendix 5).

“The first time around, I am thinking of partner companies as investors in a new Incubator. I see them as owners of the project. [...] I see a Danish company owning, for example, a 30% share in the project and being an active player in it. Depending on what kind of company they are, they could definitely take part in the development of the project as well. [The project, red.] could be a supplier for them in Denmark, a sales channel, a parallel production unit [...]. There could be lots of ways to integrate them [the potential partner company, red.] in the project. These just aren’t thought through yet.” (AF, appendix 5, pp. 5-6) According to this quote, the exact recipe for integrating a partner in the Incubator through CSI is unclear so far. Anders Frigaard establishes this point by stating, that the primary reasons for joining the Incubator on a partnership basis would be the CSR-value, gaining market knowledge and first-mover advantages, and hopefully a financial profit of the investments made in the project (AF, appendix 5). Thus, the value creation potential of the Incubator in a CSI-perspective seems to be present, and this leaves a possible plan and practical implementation process still to be unveiled. However, the nature of these are very likely highly dependent on the company that chooses to become a partner.

4.1.2 Interviewees’ Perception of CSI and willingness to participate as a Partner in the Incubator

It is of significant interest, in the scope of this thesis, to uncover the perception of CSI as a potential strategy among the interviewees representing a wide range of Danish companies. Additionally, it is interesting, also among the interviewees, to investigate the willingness, or openness, to participate as a partner in the Incubator. This section will cover these issues through analysis of the semi-structured interviews with Jens Møller Olsen (JO) of Danish Agro, Peter Helk (PH) of Dansk Industri and Stine Jersie Olsen (SJO) of CSR Capital.

Danish Agro produce and sell grain and fertilizer as well as providing agricultural consultancy in Denmark and Europe. In spite of the seemingly logic for a company such as this to become a partner in a project such as the Incubator, Jens Møller Olsen argues, that venturing into a CSI-project is not within the limits of the intended activities of the company. First and foremost because of the structure of the organization: “[...] we are a cooperative. Our customers own us, and we have an obligation, which is to earn money to our owners. [...] We have to manage our company so
that revenues and expenditures equal out each other, because we are not meant to make money off of our owners.” (JO, appendix 6, p. 4) Jens Møller Olsen’s point is, that investing in a project that is risky and not guaranteed to generate a profit to the company’s shareholders from day one is not attractive to Danish Agro. “The idea is great, but there could be a lot of bumps along the way. You have to be sure that the attitude in the project [among the entrepreneurs, red] is right. Otherwise you are going to run into a dead end.” (JO, appendix 6, p. 4). Furthermore, Jens Møller Olsen puts a great emphasis on the potential CSR-value derived from becoming a partner in the Incubator project (JO, Appendix 6). This, too, has little relevance for Danish Agro, as he sees it: “It is not every company that can profit from having a nice, socially responsible profile. There is a big difference between companies these days, and some make a lot of money off of having socially responsible profiles. Others, such as for example companies in the agribusiness sector, do not. […] I would love to see how we could benefit from goodwill in the eyes of our shareholders, but it is a really tough industry to do so in.” (JO, appendix 6, p. 4).

Goodwill aside, Jens Møller Olsen recognizes the potential long-term benefits that Danish Agro could harvest from venturing into an African partnership with the Incubator: “What would be interesting for us, is exactly if you got this project going, and it became a success – if the local farmers got into growing some quality grain, that could be sold on the global market. Then it would be a treasury for us. We have a trade department that sells grain all over the world. So when we ship grain [...] to Brazil, Egypt, China and Africa, we would definitely be able to obtain a higher revenue, if we could buy the grain cheap in Mozambique [...].” (JO, appendix 6, pp. 6-7)

Peter Helk from Dansk Industri somewhat shares Jens Møller Olsen’s view on the matter. He is speaking on behalf of a large group of Danish companies, when he says that; “Danish companies are small to medium-sized companies, and therefore they might not be inclined to engage in such a thing. Simply because they think it is a task, that is beyond their capabilities and perhaps also their interests.” (PH, appendix 7, p. 3) He, on the other hand, distinguishes between the potential of CSI-projects and the readiness of Danish companies to venture into such. In relation to this, he brings up the example of FLSmidt, a DI member company, who established a Master’s program in Egypt with the purpose of educating a specific type of engineers that they needed in their local activities. This is an example of CSI, in the sense that this increases profit for the company, provides better possibilities in terms of education for the local population, and contributes to the economy in the long run. Furthermore, the action is not selfish in the sense that it contributes to the overall
competitiveness in the market. As Peter Helk says, “It is not only themselves who employ these engineers, but also other players in the market.” (PH, appendix 6, p. 2)

Generally, Peter Helk is positive towards what he refers to as strategic CSR that supports the business model. Furthermore, he puts a great emphasis on the potential that exists for companies to be socially innovative by creating their own infrastructures in development markets through socially or environmentally beneficial projects. As such, CSI can be sparked by the company’s own needs in a market. According to Peter Helk, there is, however, very little risk willingness among DI member companies, and in general a lack of knowledge within the field of CSI. It all comes down to changing the mindsets of the Danish companies, and have them open their eyes to the potential that resides in leaping from philanthropy or CSR to CSI (PH, appendix 6). “I just think, that the faster you can get people to think in terms of markets, and understanding market contingencies, the better.” (PH, appendix 6, p. 5) With regards to Danish companies’ current interest in Africa as a market, it is mostly companies in the oil- and gas industry that are spotting the big possibilities. Considering danishknowhow and the company’s chances to find potential partners for the Incubator among DI member companies, he continues: “We also see that agribusiness companies or manufacturers of farming equipment are showing a greater and greater interest for Africa. It is a food chamber, after all. But it has not really reached the top of the agenda yet, because it is kind of an intangible market.” (PH, appendix 6, p. 7)

As Stine Jersie Olsen explains, CSR Capital is a private investment company investing in projects in emerging markets with the aim of improving social and/or environmental conditions (SJO, appendix 7). As such, this company differs a bit from the rest of the companies represented in the empirical data. They do not possess competencies that can be directly tied to the operations of the Incubator, but would in theory have the potential to be a part of it as a pure investment partner. “In principle, we are open to investments in all industries and sectors, unless they are controversial. Weapons- and tobacco industries are no go areas for us. But usually we invest in agribusiness projects, food processing and –production, clean tech and renewable energy.” (SJO, appendix 7, pp. 1–2) CSR Capital would usually invest in a project with the aim of boosting the project’s chances of survival and development in the starting phase. The company injects capital into the project and participates only as a board member in the management of the project. Thus, CSR Capital is not a part of the day-to-day operations. As soon as the project is financially stable, CSR Capital sell their shares and move on to the next project. All advances from investments are
reinvested in the company, and no profit is generated to the owners (SJO, appendix 7). When listening to these characteristics, CSR Capital does not sound like an obvious partner for the Incubator, at least not in a CSI-perspective. While the activities of the company are oriented towards providing financial assistance to socially and environmentally sustainable projects, the core of the company’s business model cannot be argued to be socially innovative, since the company would not see a long-term potential in being a partner, and would not participate with the partial aim of generating a profit. Furthermore, Stine Jersie Olsen points to the fact that the company primarily invests in projects with a financial track record of three to five years, which is a requirement the Incubator cannot yet meet (SJO, appendix 7). However, CSR Capital usually invests in collaboration with other investors, who are financially committed. If this was done in relation to the Incubator, it might change the picture: “It would depend on who else would participate as a financial partner, because we are never majority share holders in any project. We always have between 25 and 35-40% of the shares. Exactly because we are not a part of the daily operations, we need a financial partner with a hand on the stove, who is just as committed as we are. And it is our experience that if the partner company that is responsible for the daily operations is not financially committed, they are not the management capacity we had hoped for. But if that is in place, and we are dealing with a partner company that contributes with technical knowledge, substantial market knowledge or access to a specific market, then they could definitely be interesting to have on board as part of the project.” (SJO, appendix 7, p. 4)

4.1.3 Barriers for The Incubator in a Partnership Perspective

With reference to the above analysis of the interviewees’ perception of the CSI-potential residing in the Incubator, as well as their immediate willingness to participate as partners, it is obvious that the Incubator has certain limitations in a partnership perspective. These will be pointed out in the following.

First and foremost, a common trend in the empirical data is the lack of readiness among the represented companies to venture into any type of CSI-related project. It seems that the interviewees recognize the basic principles of CSI and its value creation potential, but that there is a problem with regards to the understanding of the compliancy of CSI with existing business models. Judging by the discourse of the empirical data, the problem could reside in the fact that not all of the
interviewees have the same depth of knowledge on the theoretical meaning of the concept of CSI, and the possibilities of exploiting company resources in this aspect. This being the case, it can be hard to recognize the immediate potential of a new business venture, which might result in less positive statements being uttered when confronted with the subject.

Another barrier is the fact that, whether possessing knowledge on the subject of CSI or not, for the interviewees it seems like a high-risk, long-term investment. A significant disadvantage in relation to this is the lack of a significant financial track record. According to the empirical data, there is currently low risk willingness in most Danish companies, when it comes to venturing into new projects showing no clear potential for short-term ROI.

A final major barrier for the Incubator in a partnership perspective is spotting the potential for the company’s existing products, services and competencies in a new market, and then going through the actual process of implementing CSI in accordance with the company’s existing business model. For a CSI strategy to work, this is one of the most critical elements to manage successfully.

4.1.4 The Ideal Partnership Candidate

It is naturally very hard to determine the ideal partnership candidate for a project such as the Incubator, that is very much still in its beta stage due to its current status as a pilot project (AF, appendix 5). However, this section will seek to provide a series of characteristics that should be in the possession of a potential partner company, without going into company-specific details. These characteristics (marked in bold text) are emphasized in this analysis based on literature within the field of CSI, innovation management, strategic alliances and joint ventures across borders, as well as the collected empirical data.

Before it ever makes sense to talk about putting CSI in the business model in any instance, it is a requirement that the potential partner company has a desire to act socially responsible, and is willing to make it their mission to improve the social standards that the Incubator aims to leverage (Emerson, 2003; Mair & Noboa, 2006; Michelini, 2012b; Saul, 2011; Sønderskov, 2011). Such desire can be found in a myriad of shades in an organization, and can be derived from everything from a leading executive’s philanthropic character traits to management decisions of leveraging the CSR profile of the company. No matter the intent, it is a prerequisite for a business model to work towards CSI, that the social problem the company is trying to solve is on top of the agenda at all
times, and estimated to be of equal importance as the profitability of the business (Kramer & Porter, 2011). Furthermore, it is likely that the partner company will have to set the social goals over the financial ones in the short term, if investing in the company. This is the case, since the project is to be considered a greenfield project without any substantial financial track record (AF, appendix 5). Therefore, the potential partner company needs to be financially well set in the sense that the company can afford to see the involvement in the Incubator as an investment creating value in the long term, and not necessarily immediately. The current state of the Incubator requires a partner company that can see the profitability of being a partner in the long term, and is not obliged to generate a short-term profit to stakeholders. As profit will most likely take time to occur, a potential partner should see the partnership as an investment in the company’s future activities in a new market, which is key to the company’s business model development towards CSI.

The company needs to be prone to innovate towards a socially innovative business model. This, as in any instance of disruptive innovation management, involves a high willingness to take risks, which naturally also requires strategic foresight in the board and management team (Bessant & Tidd, 2009). Companies displaying financial strength and a high willingness to take risks are hard to find in times of economical crisis and financial hardship, but are likely to be represented amongst some of the larger Danish corporations (AF, appendix 5). At the current stage of the project, it would make the most sense that the potential partner company already operates within the field of agriculture or food processing and has an interest in entering an emerging market. In a CSI perspective, this would make more obvious the value creation potential spotted in a development country as a possible new market for the company’s competencies, products or services (Saul, 2011). Furthermore, it would most likely put the company’s core business model close to the activities of the Incubator and the entrepreneurs operating within it, which would provide optimal conditions for the partnership as a catalyst for shared value (Kramer & Porter, 2011; Prahalad & Hart, 1999).

In sum, the effort that a potential partner company needs to put into the partnership should not be underestimated, and the creation of shared value would require a serious allocation of company resources to the Incubator activities. There should be no doubt that involvement in the project should be considered more than just a CSR-related PR-effort (Kramer & Porter, 2011).
4.2 Putting CSI in the Business Model

Having analyzed the potential of the Incubator in a partnership perspective, this section will initially focus on the development of an action-plan that can be used to incorporate CSI in the business model of potential partner companies. This part is mainly analyzed through a thorough investigation of the secondary data processed in the literature review, and supplemented with relevant contributions from the primary data.

4.2.1 The Incubator Partner: Towards CSI through Business Model Innovation

Put yourself in the shoes of an international business development executive in a Danish company. You are presented with the idea of investing in, and partnering up with, an, otherwise to you, unknown Incubator project in Mozambique. At first, it will seem confusing just how to evaluate this idea, and many questions will arise. What qualifies the company to become a partner? Why is it relevant for the Incubator to make the company a partner? How can the partnership be profitable for the company? Why should the company start thinking about venturing into a CSI-project? All of these questions, and many more, will require a strong and convincing sales pitch from the company running the Incubator. The formulation of such a sales pitch is not within the scope of this thesis to present, however. However, once your interest has been awakened, and you have been persuaded of the immediate potential residing in your company of doing so, you would need a tool to help you think in terms of further development of the idea into practice. This process requires a structured approach, and a proposal to such one is presented in figure 6. The model, created by the author of this thesis, outlines the journey of a company towards CSI through business model innovation. The model is to be viewed as an action plan, and offers a way for companies to structure the path towards incorporating CSI in their business model. Thus, it is a process-oriented model, presenting nine consecutive steps towards a successful CSI-business model. To relate the model to the research context of this thesis, companies that have made the decision to become a partner in the Incubator could use it to realize the potential of their future work with CSI. In this section, the hypothetical example of a Danish manufacturer of agricultural machinery will be used. The action plan is based on theoretical concepts outlined in the literature review, which will be referred to throughout the following breakdown of the model.
Figure 6: The Action Plan: Business Model Innovation Towards Corporate Social Innovation (author’s illustration)

**Determine Social Problem**

The first step in the action plan is concentrated on determining the social problem in the market that the company’s product or service has a potential to help alleviate. This is essentially also where you determine your customer base. Referring to Bates’ (2012) Social Business Model Canvas (depicted in figure 4, p. 34), this step is essentially concerned with the areas of *societal value* and *customer base & relationships*. In a poised strategy view, you are challenging the company’s conventional boundaries of competition, and redefining your buyer/customer group (Davenport et al., 2006). As an investing partner in the Incubator, you are, via your engagement, helping alleviate certain social problems already. However, this is not part of your CSI-business model and the *real* reason for the company to venture into the partnership. As a manufacturer of agricultural machinery, your products might have the potential to improve the possibilities of Mozambique farmers to establish and maintain a sustainable agricultural business – and hereby improve the conditions for local food
production, ultimately affecting prices on groceries in an advantageous direction. In his strategy on creating revenues through submarket products and services, Saul (2011) proposes five different criteria to consider, when assessing the market that the social problem forms; economic potential, ripeness of need, accessibility, politics, and competitive landscape. These will be reviewed in the following, assessing the potential residing in a manufacturer of agricultural equipment.

**Economic potential:** This criterion refers to the buying power of the market. If you are selling agricultural machinery, is anyone in your target group going to be able to buy it? The buying power of your target customers quickly raises questions to the way your products are priced – something that should be considered later on in the action plan.

**Ripeness of need:** Is the market aware of its needs? Is the agricultural development at a stage where your products are of interest – and of use – to your target customers? This criterion raises the question of whether you are planning to be selling your products from your first day as a partner in the Incubator, or if you see your involvement as a way to access a future valuable market? In any case, investigating the ripeness of need should be of significant priority.

**Accessibility:** What are the physical, technical, or economic barriers to entry? Here, it is important to assess whether your company has access to the resources and technology to successfully manufacture and distribute the hypothetical products profitably. Will it be possible to establish local production, or will the products have to be transported from Denmark to be sold in Mozambique? Questions such as this are crucial for the actual possibility of making the new venture a profitable one.

**Politics:** Are there reasons why this market may be politically beneficial or risky? How does the Mozambique government assess the establishment of Danish companies in the countries? Is it likely that your company will meet resistance or a positive attitude from governmental entities? And should corruption be considered an issue to deal with?

**Competitive landscape:** Are other firms already serving this niche? This criterion requires the market to be analyzed for potential competitors, making it obvious what other potential offerings might already be on the market. Being the first-mover in a market can have its advantages, but if another, similar company has recently failed at the mission you are about to embark on, you might find yourself in an advantageous position, if you can provide a business model that works.
The Market Creation Toolbox refers to this process as *rapid market assessment*. One key take-away from this framework in this aspect is that companies should be aware of the difficulties that can reside in acquiring market- and customer knowledge in development economies (Flensborg & Larsen, 2011). Regular desktop research conducted from home is not sufficient, which is a consequence of dealing with often very informal economies: “*A predominant reason for the poor access in developing countries is the informal economies. The size and structure of the informal economy is a factor of considerable proportions, which contributes to an inherently different business environment.*” (Flensborg & Larsen, 2011, p. 16) Thus, the authors advice companies thinking about establishment in developing markets to be physically present and investigate the market with a hands-on approach (ibid.). This, again, validates the Incubator as a desirable entry point for Danish companies’ new business ventures. The notion of presence in the new market is also very relevant in terms of getting to know your customers and end-users (ibid.).

**Determine Product / Service**

What product or service central to the company’s original business model could potentially be used in a CSI-context? In Bates’ (2012) Social Business Model Canvas, this step can be compared with the determination of a *value proposition*. A manufacturer of agricultural machinery might offer a portfolio of machines that are sold successfully in western markets, but these machines are most likely too expensive and too large for small-scale farmers in Mozambique. Davenport et al. (2006) propose these considerations as part of the process towards a poised strategy, since you are looking across to complementary products that go beyond the bounds of your industry. The question is now what product the company should offer in this market? Having earned some valuable information on the target customers in the previous step of the action plan, the company can now begin developing new products for these. Perhaps the market is ready for smaller machines that help solve simpler tasks, making the daily work easier for the farmers. Perhaps this is exactly what could create leaps in value for customers, which Kim & Maubourgne (2005) point out when they speak of creating blue oceans of uncontested market space. Saul (2011, p. 66) refers to the notion of adjusting an existing business model to fit with a new market as driving “*core-competency*” social innovation: “*This is about transferring the business’s core competencies, or existing know-how and business capabilities, to submarkets.*” One thing is key in the development of a product or offering,
and that is keeping the customer value proposition on top of the agenda at all times (Kim & Maubourgne, 2005).

The Market Creation Toolbox puts emphasis on including your end-users in the process of product development. Specifically, the toolbox points to the notion of community inclusion to form the base for development of your initial business concept: “The process of establishing contact with a community and subsequently reiterating your ideas with the community can also be referred to as the co-creation process.” (Flensborg & Larsen, 2011, p. 24) With co-creation, you involve your end-users in the making of your product, which most often results in better usability of, and thus higher interest in your product to your specific customers. This idea is supported by authors such as Bessant & Tidd (2009) and Davenport et al. (2006), which provides it with adequate credibility and legitimacy. Another dimension to the development of your product should be to establish a coherent service and maintenance setup around it (Flensborg & Larsen, 2011). The Market Creation Toolbox clearly points out, that the nature of most developing economies complicates being the vendor of a technologically complex product, such as for example agricultural machinery: “There are many factors in developing countries that challenge the companies operating there, such as the level of education, the access to necessary components in case of breakdowns or the financial means required to maintain the product.” (ibid., p. 46) One way to cope with these conditions is to innovate and create high-end products that require low or no maintenance. This, however, might be a costly option that consequently raises the price of the product. Another way is to ensure, that the value of the product is realized through a service system surrounding the product – an option that might make better sense for the manufacturer of agricultural machinery (ibid.). This option also makes for a good opportunity to educate the local workforce in just that, thereby contributing positively to employment of the local population.

**Develop Revenue Model**

As the original revenue model of the company’s offerings is likely not to function in the new market, a revenue model fitting your new business model has to be developed. As you have already determined the critical elements regarding societal value, customer base and the company’s offering, this step will especially have to focus on what Bates (2012) refers to as revenue structure and cost structure, where the latter also includes environmental impact. With regards to this, Saul
(2011, p. 69) emphasizes the importance of a CSI-strategy to actually be profitable: “So if your business model is designed right – that is, you’ve aimed your submarket product or service at effectively solving a social problem – then profits equal impact.” Saul (2011) further proposes that a revenue model of a social innovation strategy should be scalable, if the goal is to maximize both profits and social impact. The nature of your revenue model depends on a variety of factors, and there are many ways that companies can make submarket strategies profitable: take advantage of economies of scale, use alternative delivery mechanisms, cut out middlemen, find a way to tap federal funding streams, etc. (Saul, 2011). As an executive for an agricultural machinery manufacturer, your most important considerations probably revolve around your value chain. Buy or make decisions, and the like. Regarding environmental impact, Bates’ (2012) model also requires the company to take into account what effects the new business model might have on the environment in terms of pollution, etc. This specific subject is highly linked to the notion of triple bottom line accounting, which will be addressed in a later section.

The Market Creation Toolbox here points to the dimension of pricing and financing, and emphasizes the importance of your revenue model to keep in mind the financial situation of your new target customers: “Setting the correct price for products and ensuring that people can access finance are key priorities in these markets.” (Flensborg & Larsen, 2011, p. 36) A key take-away is that you, as a player in a development market, should think in terms of enabling your customers to buy your products. An example of how to do this as a manufacturer of agricultural machinery could be through group financing, where people come together and pool their capital investments. One could imagine this to be a useful strategy in terms of agricultural machinery, in the sense that it might be both overly expensive and perhaps not necessary for every farmer to buy his or her own machines (ibid.).

**Select Entry Strategy**

Entering Mozambique in collaboration with the Incubator will undoubtedly make market entry less complicated for your company, since you have already entered your new market through a backdoor channel (Saul, 2011). However, you have not yet established your CSI-business, and you need to figure out where to start. Depending on the decisions taken with regards to the production of your machinery, you might need to set up local production. Saul (2011) highlights creating distribution and jobs as a good way of creating social and business value through market entry.
Being a frontrunner in the fight to solve the problem of a high unemployment rate, and empowering the local population through the creation of jobs, is highly socially innovative, and will help your company make money at the same time. Another way of innovating through market entry is by creating new, local supply chains that advantage your business. Doing so can help source the company’s products locally, and thereby create employment (Saul, 2011).

**Develop Infrastructure**

The choice of entry strategy naturally leads to considerations about the development of an infrastructure around the new business model. In this case, the term *infrastructure* refers to the establishment of a local network, a value chain and a distribution channel. With regards to this, there are several important areas to consider. In Bates’ (2012) Social Business Model Canvas, these are on the subjects of partnerships & ecosystem relationships and distribution channel.

First and foremost, the most valuable partner in the company’s new business ecosystem will be the Incubator itself. danishknowhow has established an organization with strong ties to local actors within agribusiness development and with the government, and becoming an Incubator partner will likely secure the company access to valuable local market knowledge (AF, Appendix 5). As Anders Frigaard points out, the Mozambique government is very positive towards Danish initiatives, and thus, the government will be likely prove to become a key partner in the implementation of the new business model (ibid.). Further relationships with actors in the business ecosystem will obviously have to be mapped out and maintained properly, in order to succeed (Davenport et al., 2006). These, however, depend very much on context-specific details.

If the company chooses to manufacture its products locally, a value chain will likewise have to be established for the production to become a reality. The company will have to secure the necessary suppliers, the production site, and a distribution channel for further distribution of the products. (Bates, 2012). This, too, depends on the company’s products and how they are going to be sold. The Market Creation Toolbox points out, that making use of alternative distribution channels such as micro-franchising, piggy-backing, product bundling and back-loading could be cost-effective ways of reaching your lower- and middle-income customers (Flensborg & Larsen, 2011). The essence in this way of thinking is, that a company moving into a new market should consider what (primitive)
distribution channels already exist, and try to tap into these, exploiting the existing infrastructure. Developing the necessary infrastructure from scratch can be both difficult and expensive (ibid.).

In the case of a manufacturer of agricultural machinery, one could imagine that it would be beneficial to use sales consultants devoted to different geographical areas, as well as local marketing campaigns targeted the company’s customers. One other potentially valuable link in the distribution channel could be the Incubator itself, marketing and selling the products to the entrepreneurs as their businesses grow, making the Incubator a showcase of the best practice use of the company’s products. The Market Creation Toolbox points out, that in developing markets, alternative methods for marketing and communication must be used, because the consumers are often hard to predict (Flensborg & Larsen, 2011). The authors propose, that companies need to find out exactly what the challenge is for individuals and find out how they think it should be solved. This emphasizes the importance of including the local community in the development and execution of packaging and marketing strategies. Following up on the notion of co-creation, this will significantly increase the likelihood of success (ibid.).

**Allocate Resources**

The next step in the action plan is to allocate the necessary resources to the implementation of the new business model. The term *resources*, in this view, refers to both financial and organizational resources that need to be applied for the new business model to become successful. In Bates’ (2012) terminology, this is described as the allocation of internal resources & activities. What financial and organizational capabilities that are necessary to distribute to the new business model obviously depend entirely of the nature of the specific case. However, what is universal is the hurdle that most companies face in terms of redistributing organizational resources to new projects. Kim & Maubourgne (2005) ask the question of how an organization succeeds in executing a strategic shift with fewer resources, and the answer lies in a technique they call *horse trading*. Usually, an organization has hot spots (activities that have low resource input but high potential performance gains) and cold spots (activities that have high resource input but low performance impact) in terms of resources, and these can be redistributed via horse trading. “*Horse trading involves trading your unit’s excess resources in one area for another unit’s excess resources to fill remaining resource gaps.*” (ibid., p. 156) Basically, this means that by learning to use their current resources right, companies often find that they can tip the resource hurdle completely. For the Danish manufacturer
of agricultural machinery, an ineffective business unit in Denmark might prove to add more value to the company if its resources are redirected to the development of the new business model in Mozambique.

Since the company is developing a poised strategy and management of dual business models, there are certain things, on an organizational level, that should be considered. In relation to this, Markides (2008) presents his framework of four different strategies for managing dual business models, which can prove extremely useful to consult. The author suggests two key variables that influence how a firm should manage two business models simultaneously: 1) How serious the conflicts between the two business models are, and 2) how strategically similar the new market is perceived to be to the existing business. These two dimensions are then plotted into a matrix, which is shown in the literature review (figure 3). Being a manufacturer of agricultural machinery, there might be some similarity between the original business model and the new one – however, the degree of this might be varying. If the products are heavily modified, and the business model conversely so, there might be good reason to argue for a serious nature of conflicts between the two business models (ibid.). Almost certainly, however, we are dealing with very low strategic similarity of the two markets. This rules out both integration and phased integration as usable strategies. In most cases of a Danish company venturing into a very different market such as Mozambique, the preferred strategy would be separation – totally parting the new business model from the original one. However, one might argue for a temporary stage of phased separation, because of the probable need of a greater part of the organizational machinery to be a part of the initial operations in the new market (ibid.).

**Implement**

The step regarding the actual implementation of the firm’s new business model can look very different, again depending on the nature of the specific case. It is all very much a question of assessment. When is the product developed enough to present to the market? When is the customer base ready to embrace it? When is the infrastructure of the business model sufficient to carry operations? In terms of answering questions such as these, the Incubator again makes for an excellent starting point. Being locally present, as Flensborg & Larsen (2011) points out, makes for the absolutely best way to tap into an emerging market. In terms of considering the company’s new CSI-venture a sustainable business model, it is also highly important to set out relevant goals and
Key Performance Indicators (KPI’s) that should be met within a certain period of time (Foran et al., 2005; Gimenez et al., 2012; Raar, 2002).

Evaluate

The last step in the action plan is that of evaluation. This implies, that at regular intervals, the company’s new business model should be evaluated. Is the business profitable? Are the investments paying off? Evaluating the profitability of the business model is, as in any case, very important and determining to the life or death of the company’s operations. However, it is clear that launching a CSI-business model in a development market is not only about generating profits for the company. As Elkington (1998) and Dey et al. (2005) state, the success of the company should be measured through triple bottom line reporting. This accounting technique implies measuring profits of the company on the same level as social and environmental impact – a view very much necessary to adapt in order to manage a socially innovative business model (ibid.). Especially, keeping a focus on the SROI and the triple bottom line of your company’s operations is critical, since your justification as an active player in the new market is highly dependent on your accomplishments within this field.

4.3 Symbiotic Value Creation in CSI-Partnerships

The purpose of this section is to analyze the value creation potential of the Incubator in a CSI-perspective. The analysis will take its point of departure in the theories of shared value and symbiotic value creation, recognizing the potential for value creation that characterizes a socially innovative project such as the Incubator. The analysis will then be broken down into the three different foci of the potential partner company, the Incubator, and the society surrounding the Incubator, respectively. Hereby, the various types of potential value creation can be investigated to the fullest. Furthermore, this section will touch upon the Incubator’s and the partner company’s need of accounting for the triple bottom line to ensure credibility and legitimacy of business operations (Elkington, 1998; Dey et al., 2005; Gimenez et al., 2012).

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7 Key Performance Indicators are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organization. They will differ depending on the organization (About.com, 2012).
4.3.1 The Incubator as a Platform for Symbiotic Value Creation

As outlined in the literature review, the potential for innovating towards a new business model through partnerships should not be underestimated, if the potential for value creation is considered. Neergaard et al. (2009) propose their four partnership typologies, where the last one, as mentioned, is especially interesting for the scope of this thesis. In the stage of symbiotic value creation, the partners engage in a strategic partnership, focused on solving a common problem. In the case of the Incubator, the common problems are those previously described as a high unemployment rate and the lack of a self-supportive economy in terms of basic food products. Thus, the basic success criterion, for the Incubator as well as the partner, is the alleviation of these problems. However, a wider spectrum of value creation potential resides in this type of partnership. Janni Thussgaard Pedersen presented this in her presentation on NGO partnerships at the Africa Innovation Network event (appendix 9). Her points are summed up in a model that explains partnerships and their potential in terms of business outcomes and societal outcomes (figure 7):

![Partnerships and their potential](image_url)

Figure 7: Partnerships and their potential (Pedersen, 2012).
In terms of business outcomes, partnerships that obtain a level of symbiotic value creation can potentially result in the success of a new business model in a new market, a high degree of eco-efficiency\(^8\) and social performance, a better reputation and increased brand value. With regards to societal outcomes, symbiotic value creation partnerships can result in income-generating mechanisms, local self-sufficiency, voice, influence, awareness and basic needs support (Pedersen, 2012). These are basically all desired effects of potential Incubator-partnerships. This holds very much true in a shared value perspective, where “[...] practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” are the desired outcome (Kramer & Porter, 2011, p. 6). When finally including the partner company’s potential of running the Incubator in an environmentally responsible way, publicly accounting for its effects on the environment, this also supports the whole notion of triple bottom line accounting, acknowledging the company’s effects on the three factors of profits, society and environment (Elkington, 1998; Dey et al., 2005; AF, appendix 5). This aspect will be covered in the last section of this analysis. Thus, the Incubator seems like the ideal platform for reaching a state of symbiotic value creation through establishing partnerships. The potential effects, related to the three most important actors in what Davenport et al. (2006) refer to as the business ecosystem surrounding the Incubator; the partner company, the Incubator and society, will be analyzed in the following.

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\(^8\) Eco-efficiency is increasingly becoming a key requirement for success in business. The World Business Council for Sustainable Development (WBCSD) describes eco-efficiency as a management strategy of doing more with less. In practice, eco-efficiency is achieved through the pursuit of three core objectives:

1. Increasing product or service value;
2. Optimizing the use of resources; and,
3. Reducing environmental impact.

(IndustryCanada.com, 2013)
4.3.2 Value Creation: The Partner Company

Obviously, the specific value created for the company venturing into a partnership with the Incubator depends on the nature of the company as well as the intended activities related to the partnership. There are, however, as both literature on the subject and the empirical research conducted in this thesis shows, certain areas where value creation could potentially happen, that can be considered universal for most potential partner companies. These are analyzed in the following as 1) access to new markets, 2) success with differentiated business models, and 3) reputation and brand value.

In terms of obtaining access to new markets, the easier way to reach a level of value creation is by establishing a viable business ecosystem by acquiring access to already existing market knowledge, resources and infrastructure (Davenport et al., 2006). Bleeke & Ernst (2002) argue, that companies moving into new markets do so either by acquiring an existing company, or by venturing into a strategic alliance with one. The authors differentiate between expanding core businesses across borders and doing so into new geographic regions or edging out into new businesses, where the last option can be compared with what a partner company would be doing with the Incubator. In the first case, the authors’ empirical evidence shows an equal success rate between cross-border alliances and cross-border acquisitions. However, in the last case, cross-border alliances clearly prove to work better (ibid.). The value created in terms of building up a successful partnership with a local entity such as the Incubator would evidently manifest itself in terms of the generation of profits in the long term. Linked to the findings of Bleeke & Ernst (2002), this would happen more successfully for a Danish company through a partnership or strategic alliance with the Incubator. Among the empirical respondents, as mentioned earlier, there is some doubt about their immediate willingness to become a partner. However, they do express a clear understanding of the economic value creation potential residing in accessing a new market such as Mozambique (JO, appendix 6; PH, appendix 7).

Considering value creation in terms of obtaining success with a differentiated business model, the potential residing in the Incubator should not be disregarded either. Despite the project’s current lack of track record, the Incubator seems to constitute a viable foundation for relevant partner companies to gain access to a new market with a poised strategy approach (Davenport et al., 2006; SJO, appendix 8). According to literature, Mozambique is a largely untapped market in many aspects. The lack of access to labor puts pressure on the population in terms of buyer power, and the
gap only widens with increasing prices on the most basic food products (africaneconomicoutlook.org, 2012; wfp.org, 2012). Thus, one is led to think that business models targeting this problem in new, innovative ways have the potential to become profitable.

Furthermore, companies establishing a poised strategy with a CSI-business model through the incubator are likely to be able to benefit from the associated reputation- and brand value that such a venture would generate, especially in the company’s original market (Kramer & Porter, 2011). With a massive focus on CSR and CSI breaking through as the new way for companies to act socially responsible, engaging in a CSI-project such as the Incubator could be integrated in the company’s communications strategy (AF, appendix 5). This factor of value creation, as previously mentioned in relation to Danish Agro, is not necessarily attractive to just any company that could potentially benefit profitably from becoming Incubator partner, and should be taken into account by danishknowhow when directing their attention to potential partner companies.

4.3.3 Value Creation: The Incubator

The potential for value creation residing in the Incubator for the Incubator itself is, as opposed to the case of the partner company, a somewhat more tangible mechanism to describe, since it is not in the same way likely to differ with the characteristics of the potential partner company. Analysis of both primary and secondary data offers three main areas of value creation that are universal for the Incubator’s functionality, and should be obtained through the project’s future activities: 1) profits from successful business model, 2) credibility through strong partner, and 3) fulfillment of social mission. These will be investigated in the following.

Being a profit-oriented project run by a profit-oriented company, the primary criterion for value creation for the Incubator is obviously its financial sustainability and that it is making a profit through the entrepreneurial establishments that forms the core of the project’s business model (danishknowhow, 2012). Anders Frigaard of danishknowhow supports this notion, stating that the long-term goal of the Incubator is to become financially independent, knowing that the current DANIDA funding is not a sustainable source of funding for the project (AF, appendix 5). Focusing on generating a profit will put the Incubator in a position to both manage and expand operations, which is also a visionary goal for Anders Frigaard (Kramer & Porter, 2011; Saul, 2011; AF, appendix 5).
The reputation- and brand value that spurs off of establishing partnerships with strong corporate partners, however its limited importance in a symbiotic value creation-view, should also be considered a source of value creation for the Incubator (Pedersen, 2012). Due to danishknowhow’s ambitions to expand the project to other African markets, it will likely prove to become a factor of valuable significance to be able to showcase a series of credible corporate partners. This notion of creating value for yourself together with other players in the business ecosystem is central to the concept of poised strategy, and goes both ways in the relationship between the Incubator and the partner company (Davenport et al., 2006).

Finally, the fulfillment of the project’s social mission is an important source of value creation, which, in accordance with both the presented literature and empirical data, in the long term can only be obtained through partnerships with corporations. Furthermore, the existence of a socially innovative initiative such as the Incubator in essence evolves around the social problem that it seeks to solve, and without value creation in this aspect, the Incubator would not be entitled to exist under the same circumstances (Jupp, 2002; Saul, 2011; Sønderskov, 2011). Anders Frigaard supports this point in his expression of the importance of the project’s contribution to alleviating the social problems of the local population and the participating entrepreneurs (AF, appendix 5).

### 4.3.4 Value Creation: Society

There are several factors potentially driving value creation through partnerships for the society surrounding the Incubator in Mozambique. In general, CSI as a concept has the potential to alleviate social and environmental problems by incorporating these in the core of the business model (Jupp, 2002; Saul, 2011; Sønderskov, 2011). Therefore, the value creation potential for society is, if not the most important aspect of the CSI-thought, definitely a key aspect that needs to be fulfilled for the Incubator to be called a viable platform for CSI-partnerships. With a point of departure in the social problems noted in the introduction, it takes little thought to imagine the positive results that could be sparked by the Incubator and potential CSI-partnerships in a long-term perspective. Pressing issues such as unemployment and high prices on basic food products could be alleviated if the project and potential partner companies with business models aimed at solving these problems got implemented. Visions supported by both Anders Frigaard of danishknowhow and Peter Helk of DI (AF, appendix 5; PH, appendix 7). On a local level, the Incubator and the potential establishment
of a business by a partner company could create jobs, ensuring the ability for adults to provide for their families, potentially leveraging their living standards remarkably. Furthermore, the local businesses sparked by the Incubator would enable a local market for food products to grow, potentially lowering prices on these in the long term, enabling families to get increased access to the basic commodities at a lower cost. In a long-term view, the Incubator and the CSI-partnerships could potentially have more widespread macro-economic effects, helping Mozambique as a country in the right direction.

4.3.5 The Incubator and Partner Companies: Accounting for the Triple Bottom Line

While it is not within the scope for this thesis to provide a recipe for how the Incubator and the partner companies should implement triple bottom line accounting, it is highly relevant to analyze the more general question of why they should be doing it. In coherence with theory on the subject, this will be done in the following.

One may ask the question: “Why is it important to prove that you are actually doing good, if you say that you are doing good?” As previously mentioned, Saul (2011) puts emphasis on the existing trend of doing good through CSR-initiatives, that actually has little reputational value in a world where everyone is doing it. It is not particularly remarkable to communicate having a socially responsible profile, if the core business of your company is actually in no way connected to the CSR you are doing, and especially not if the CSR has no remarkable effect (ibid.). Your good CSR intentions certainly lose their value, if you, for example, harm the environment severely in the process of manufacturing your products. Thus, you have to acknowledge your business’ impact on social and environmental dynamics in today’s globalized economy, in order to gain trust and credibility in your business ecosystem and in the eyes of the world (Hockerts & Morsing, 2009).

When openly working with socially innovative projects, you immediately make yourself responsible for actually proving the effect of what you are doing (Bates, 2012). This is also the case for the Incubator and the potential partner companies. For the Incubator, improving the conditions for locals in the area is central to the core of the project’s business model, and the project would not acquire a level of legitimacy, if it did not fulfill this mission. With regards to the partner companies, venturing into a new market via the Incubator might be mainly due to the hunt for profit, but should also prove to be beneficial in terms of social issues such as alleviating unemployment and
improving social conditions (Emerson, 2003). Furthermore, they should be able to document doing so whilst not harming the environment (Elkington, 1998). Thus, it is extremely important for both the Incubator and the partner companies to document their effects on the three bottom lines of profits, society and environment, if they are to maintain and gain legitimacy and credibility in the local market and the surrounding world. Not the least, is it extremely important for both the danishknowhow and the partner companies to consider the communicational value of proving the effects of their actions. As Dey et al. (2005, p. 145) put it, “For organisations operating in national economies within an increasingly global framework, the economic, social, and environmental impacts do not recognize borders.”
5.0 Conclusion

On an overall level, the analysis of both empirical and theoretical data shows a clear potential for the incorporation of CSI in disruptive business models connected with danishknowhow’s Incubator in Mozambique on a partnership level. However, it also shows a gap between the general positive attitude towards CSI as a driver for value creation, and the actual willingness among the interviewees to venture into a CSI-partnership with the Incubator. Furthermore, the analysis exhibits a notable space between the seemingly huge potential of CSI residing in the vast majority of established theory and literature on the subject, and the general perception of CSI as a positive thing, but something that most Danish companies are very careful to actually implement in their business models. The argumentation for the latter being primarily due to the perceived high risk associated with doing so, and the lack of ability to understand the practical implementation process.

The analysis takes into account the existing literature on the subject of CSI and business model innovation through poised strategy, and offers a new framework for a more tangible approach to exploring the CSI-potential residing in a company. This framework, manifested in the shape of a model as the action plan, essentially suggests a way for the Incubator to approach potential partner companies in a way that can easily uncover the true potential of becoming a partner, thus narrowing the gap between the perceived, intangible potential and the actual, comprehensible potential. This could quite possibly help prospect partner companies understand the praise of CSI residing in existing literature on the subject in a more company-specific context, and in this way make it easier to awaken the true interest of potential partner companies for the Incubator. The framework ties relevant theory together, making the process from idea to practice easier to grasp for the aspiring partner company, which might help alleviate the perceived high risk.

In a value creation perspective, it has become evident that the Incubator, as a platform for the establishment of new CSI-business models, holds a true potential for all stakeholders involved. If successful, the implementation of a CSI-business model evolving around the notion of creating better conditions for the local people and alleviating unemployment, could seemingly do so while generating a profit and improving the base of existence for both the company and the Incubator. Thus, the Incubator apparently has the potential to serve as a platform for symbiotic value creation through CSI-partnerships, provided that the given prerequisites for success are taken into account. Furthermore, it can be concluded that working with a CSI-business model in relation to the
Incubator requires both the company and the Incubator to openly account for their impacts on the triple bottom line.

With the above conclusions in mind, it is clear to the author of this thesis, that measures need to be taken by Danishknowhow to challenge the current perception of CSI as a driver for value creation, and the potential residing in the Incubator as a credible partner for Danish companies. Taking into account the main criterion for the Incubator’s long-term survival – the ability to acquire financing, this is indeed a very pressing issue. Thus, this thesis confidently offers a set of guidelines and a tangible framework for the further work within this field.

Finally, due to the very case-specific nature of this research, there are of course certain limitations to the usability of the conclusions drawn above in a wider context. However, it is the author’s belief, that the given conclusions with regards to the use of the action plan framework and the value creation potential of the Incubator in a partnership perspective, can be interpreted in different, but similar contexts. Thus, it is the ambition of the author of this thesis that it will serve as a useful contribution to theory on the subject of corporate social innovation and the symbiotic value creation potential of partnerships in emerging markets.
6.0 References

6.1 Literature


### 6.2 Electronic references


7.0 Appendices

7.1 Appendix 1

*Interview guide / aide mémoire: Anders Frigaard, Managing Director, danishknowhow*

*Semi-structured interview with Anders Frigaard, Managing Director, danishknowhow*

- What is the Incubator in Mozambique?
- What is the vision behind the Incubator project?
- How is it going so far? What is the status of the project?

- What are the success criteria for the Incubator?
- What are the future perspectives for the Incubator?
- Why have you chosen Mozambique as the scene for the first Incubator?
- What is the role of the local partner (Machados Holding)?
- Is the Incubator scalable to other similar markets?

- How can partnerships with established western agricultural companies add value to the Incubator project?
- How do you practically see western agricultural companies contributing to the Incubator project?
- What level of involvement do you expect of the western agricultural companies?
- What value do you see western agricultural companies deriving from being a partner in the Incubator project?
  - Is there a potential new market for the partner in relation to the Incubator?
  - Is there any CSR-related value in being a partner in the project?
- Why is a western partner more attractive than a more local one who understands the environment, etc.?
7.2 Appendix 2

Interview guide / aide mémoire: Jens Møller Olsen, Product Manager, Green Line, Danish Agro

Semi-structured interview with Jens Møller Olsen, Produktchef, Grøn Linje, Danish Agro

- Introduction to the project (what is the Agricultural Entrepreneurship Incubator all about?)
- To sum up, what is it that your company does?
- Is your company currently working strategically with CSR?
  - If yes, in what ways?
- What are the core competencies of your firm?
- Are you familiar with the term corporate social innovation?
  - If yes, please explain your perception of the term
  - (If no, explain the term)
- Do you see the firm’s core competencies being used in a CSI-perspective in relation to a project such as the incubator in Mozambique?
  - If yes, in what ways?
  - If no, why not?
- How do you see that your contribution to the project could make a difference?
- Do you see a potential market for your company’s products/competencies in developing countries such as Mozambique?
  - If yes, in what ways?
  - If no, why not?
- Is the organization geared to handle involvement in such a project?
  - Would you be able to allocate resources to the project?
- How do you see that it would benefit your company to get actively involved in a project such as the incubator in Mozambique?
- To which degree do you agree with the following statements:
  - Getting involved in CSI-activities via the incubator project should:
    - Help create new markets for the company
    - Help create local economic growth and better opportunities for the people
    - Help generate a profit for the company
    - Generate positive PR for the company
7.3 Appendix 3

Interview guide / aide mémoire: Peter Helk, Manager, Emerging Markets, Dansk Industri

Semi-structured interview with Peter Helk, Manager, Dansk Industri

- What is your function at DI?
- What type of company would typically invest in development projects?
- What kind of projects do these companies usually invest in?
- Which markets are particularly interesting for the companies you work with right now?
- Can you give an example of a project that a specific company is currently involved in?
- How close do these companies work together with the project that it is investing in?
- What is the role of DI in relation to companies investing in development projects?
- What usually characterizes the reason that companies choose to invest in development projects?
  - Is it to boost their CSR profile?
  - Is it to generate a profit?
  - Is it for any other reasons?
7.4 Appendix 4

Interview guide / aide mémoire: Stine Jersie Olsen, Investment Manager, CSR Capital

Semi-structured interview with Stine Jersie Olsen, Senior Investment Manager, CSR Capital

- What is your function at CSR Capital?
- What type of company is CSR Capital?
- What kind of projects or companies does CSR Capital usually invest in?
- Which markets are particularly interesting for CSR Capital right now?
- Can you give an example of a project that CSR Capital is currently involved in?
- What type of companies or individuals do CSR Capital work with as investors?
- How close does CSR Capital work together with the company or project that it is investing in?
- What usually characterizes the reason that companies/individuals choose to invest with you?
  - Is it to boost their CSR profile?
  - Is it to generate a profit?
  - Is it for any other reasons?
Transcribed Interview

Anders Frigaard
Managing Director
danishknowhow

Date and time for interview: November 12, 2012, 11.00

RK: Rasmus Kjeldsen
AF: Anders Frigaard

00:00:20 RK: [Fortæller om strukturen for semi-struktureret interview]

00:01:16 RK: Hvad er Incubatoren i Mozambique?

00:01:21 AF: Det er et projekt, hvor man kan udvikle agribusiness entrepreneurship. Man kan få nogle mennesker, som ikke har andre ressourcer end sig selv og sin viden og motivation flyttet fra at stå med det, de har nu, til at være i stand til at drive deres egen virksomhed. Både hvad angår viden og erfaring, men også at have en lille smule kapital til at starte tingene. Så det er helt basic om at flytte folk fra et sted til et andet, videns- og erfaringsmæssigt. Det hele går ud på, at de, i stedet for at de først får undervisning, og så går ud og prøver noget, så etablerer de en lille virksomhed fra starten af, samtidig med at de har gang i et uddannelsesførløb, så de hele tiden har et udgangspunkt at tage fat i. Når de lærer et eller andet om at lave et budget, så kan de om eftermiddagen sidde og lave budget for deres egen virksomhed. Når de lærer, hvordan de skal blande afgrøderne, kan de gå ud og gøre det med det samme ude i marken. Så det er helt praktisk hvad vi gør i Incubatoren. Ideen er jo at lave agribusiness entrepreneurship som en kommersiel forretning, så det ikke nødvendigvis

00:04:15 RK: Hvad er visionen bag projektet? Hvad er det, I gerne vil, på et lidt højere plan?

00:04:24 AF: Når vi skal svinge os helt op, så er danishknowhow’s vision, at hele verden skal op på dansk niveau indenfor landbrugsproduktion. Så det er en vision, som nok ikke er opnåelig i min levetid, men i princippet er det det. Vores udgangspunkt er hvad vi kan her i Danmark, og så vil vi overføre den viden til de folk der har brug for den.

00:04:59 RK: Og det er primært i udviklingsøkonomier?

00:05:01 AF: Ja, det er det. Vi har før lavet meget i Østeuropa, men nu er det u-lande, vi fokuserer på. På et lidt lavere niveau er vores idé at få bygget nogle steder op, hvor vi kan tage den vide, som er inspireret af hvad vi kan i Danmark, men som er tilpasset en eller anden form, som passer lokalt til u-lande. Og så få bygget nogle steder op, en lokal organisation, så vi har nogle mennesker vi kan bruge til at starte projekter op andre steder i Afrika. Så vi har den viden, at vi både kan bruge noget fra Danmark, men også lokalt.

00:05:48 RK: Ok, så vi bevæger os sådan på et visionært niveau hen på et fælles vidensniveau over hele verden, ift. landbrug?

00:06:00 AF: Ja, det kan man sige. Og med hensyn til vision, så er det paradoks, som jeg ser alle steder i Afrika, at de har masser af jord, frugtbar landbrugsjord der kan dyrkes. De har masser af mennesker, der kan arbejde. Der er kæmpe arbejdsloshed, og masser af folk, som virkelig gerne vil have noget at lave. Og de har et kæmpe marked for fødevarer, og høje priser på dem overalt i Afrika faktisk. Det er et marked, hvor man ret let kan starte en produktion op, og virkelig lave en profitabel

00:07:13 RK: Så der er også noget CSR-relateret i det? Noget social ansvarlighed?

00:07:23 AF: Ja, altså det er det, jeg synes er sjovt at arbejde med, og som rigtig mange jo synes. […]

00:07:51 RK: Hvor stor en del af kernen i forretningsmodellen er det sociale hensyn, eller det mantra om, at I skal gøre en social forskel via projekterne?

00:08:11 AF: Jeg tror, at hvis vi skal gå fra at det er et udviklingsprojekt, som det er nu i Mozambique – vi modtager jo DANIDA-støtte -, til at det er et kommercielt projekt, hvor business investorer går ind [i projektet, red.] for at starte produktion op, så tror jeg stadig, at folk ikke udelukkende vil gå ind i det af kommercielle årsager, ROI osv. Det vil sikkert være vanskeligt at måle det op mod en mere almindelig investering, så de folk vi skal tiltrække til sådan et projekt, det skal være nogen der gør det af en CSR-årsag. Dels på et personligt niveau, hvor man gerne vil gøre noget godt, men selvfølgelig også på et virksomhedsniveau, hvor man gerne vil vise, at virksomheden er med til at tage et socialt ansvar, og har lavet nogle aktiviteter, som man kan fortælle om, og kommunikere ud. En anden ting, som jeg synes er styrken i projektet her, det er at det er meget synligt, det der sker. Du kan gå ud og se, at her er de – du kan gå helt ned på individniveau. Her er hende Leah – hun startede for to år siden. Der havde hun ingenting, og nu har hun sin egen lille business. Det er noget håndgribeligt og synligt, man kan vise til folk, og som er godt for de folk, der gerne vil investere, at de kan bruge til noget CSR.

[Small talk]

00:10:25 RK: Rent praktisk med Incubatoren, hvordan går det indtil videre? Hvad er status på projektet lige nu?

00:10:33 AF: For os, som virksomhed, er det jo også et pilotprojekt. Så det er både for mig selv, dem vi har i Danmark og for den lokale organisation dernede, et projekt hvor vi lærer hen ad vejen.

00:14:39 RK: Er det svært at finde dernede?

00:14:40 AF: Nej, vi har ansøgere nok. […] Det havde vi ikke i starten, så der var vi selvfølgelig også nødt til at tage flere ind, som måske ikke var så gode. Så efter vi er blevet etableret, får vi flere henvendelser, så vi kan tillade os at vælge lidt mere ud.
00:15:05 RK: Men nu er folk klar over, hvad de går ind til? Er det tydeligt for ansøgerne, hvad det indebærer at være en del af projektet? […]


00:17:39 RK: Hvad er succeskriterierne for Incubatoren?

00:17:49 AF: På kort sigt er det, at der kommer nogle folk igennem, som kan drive deres egen lille virksomhed og ændre deres liv ved det. At individet virkelig kommer op, og kan lave noget business. Det kan jo ændre deres liv fra ingenting.

00:18:08 RK: Det er på det sociale plan?

00:18:10 AF: Ja. Men det er jo også vores business, at vise det. Så det er den kortsigtede målsætning. Den langsigtede målsætning er, at hele Incubatoren kan være profitabel. Det er næste skridt. Og det er selvfølge i denne rækkefølge. For hvis de hver især [entreprenørerne, red.] er profitabel, så er det også noget profit til os. […]

00:18:58 RK: Set i relation til visionen bag projektet, men også ift. hvordan det går indtil videre, hvad er så fremtidsperspektiverne for Incubatoren?
00:19:17 AF: Det er at få lavet 10 af sådan nogle projekter rundt omkring i Afrika. At få det gjort så attraktivt, så store, kommercielle virksomheder er med i det. Danske pensionskasser, store virksomheder. At de ville gå ind i det, og sige ”det synes vi, er et godt projekt. Vi kan se, at vi på sigt kan tjene penge på det, og fra start af kan vi bruge det som en del af vores kommunikation, de ting vi gerne vil stå for som virksomhed.

00:19:52 RK: Og altså støtte projektet finansielt?

00:20:00 AF: Ja, være en del af det. Lad os tage et andet sted i Afrika, hvor vi laver et tilsvarende projekt. danishknowhow laver projektet, ansætter folk, starter det op og driver det, og for at få det i gang, får vi nogle investorer, som kunne være en blanding af danske investorer, lokale investorer og nogle mere ”public” nogen. Det kunne godt være donorer. F.eks. Verdensbanken investerer meget i den type af projekter. […] Få det sat op som et investeringsprojekt, og få det kørt hjem.

00:20:45 RK: De skulle ikke nødvendigvis aligne deres forretningsmodel med projektet? At de kan gå ind i projektet med deres kompetencer?

00:21:00 AF: Det kunne det også være. Det er jo den del, vi ikke rigtig har fået undersøgt. […] Der er ingen tvivl om, at det bliver svært, på kort sigt, at gøre det interessant nok som et decideret investeringsobjekt. Så jo mere, man kunne gøre det attraktivt på alle mulige andre måder, for en dansk virksomhed, at gå ind i, jo bedre. Så jo mere, de vil kunne se det som en del af deres business og kommunikation, jo bedre. […]

00:21:45 RK: Hvorfor har I valgt Mozambique som det første land for den første Incubator?

00:22:00 AF: Vi har været afhængige af at få noget støtte, for at komme i gang. Fra man starter, til man begynder at kunne tjene penge, der går lang tid. Vi er en lille virksomhed, som ikke kan klare det selv, så vi har været nødt til at finde noget støtte. Det mest ligetil som dansk virksomhed, det er DANIDA. De er jo i 5-7 lande i Afrika, som DANIDA har valgt som samarbejdslande. Det var lidt et tilfælde, at det blev Mozambique. Der var god respons fra ambassaden dernede. De kunne forstå projektet, de kunne se mulighederne i det, og de kunne finde nogle samarbejdspartnere til os. De sagde, vi bare kunne komme ned, og så kunne de finde 4-5 stykker, som kunne være potentielle partnere. […] Der var god dialog og opbakning. […] Fordi Mozambique er et portugisisk-talende land, er der lidt færre der søger der. Så det er lidt lettere at gå til Kenya, Tanzania og Ghana, som er mere engelsk baserede. Jeg taler lidt portugisisk fra før i tiden, så også derfor tænkte jeg at det kunne være interessant. Og det er jo nr. 2 land ift. hvor meget støtte Danmark har givet af DANIDA
støtte, så det er et land hvor Danmark har været fra starten af, så Danmark har et godt navn og har gjort en stor indsats dernede.

00:24:26 RK: Hvad er den lokale partners rolle?


00:27:02 RK: Kunne man forestille sig, det kunne have en gavnlig virkning for projektet, at man havde en på, som havde mulighed for at arbejde fuld tid med det?

00:27:15 AF: Det ville det have. Og spørgsmålet er, om han gerne ville det. Hvis det var muligt at kunne betale ham i nærheden af den løn han har der [hans nuværende job, red.], så ville han gerne det. […] Hvis man havde 4-5 af sådan nogle projekter rundt omkring, så kunne han godt være projektleder. […] For eksempel kontrollerer vi alting meget kraftigt dernede. F.eks. har vi en gravemaskine, som kører rundt og graver. Der laver vi rapporter hver dag, ift. hvor meget diesel den har brugt, hvor mange timer den har kørt osv., så man kan regne ud, om forbruget passer overens med hvor meget de har arbejdet. […] Det er et eksempel, men ALLE ting kontrolleres helt ned i detaljen. Det siger han, at vi er nødt til, for ellers smulderer det hele. Så begynder de at sælge det her diesel til højre og venstre. […] Folk er jo fattige, så at sælge 10 l dieselolie, det gider ingen jo i Danmark, men dernede er det mange penge.
00:29:45 RK: Er Incubatoren skalébar til andre, lignende markeder?

00:29:50 AF: Ja, det er den. Hvis man kan finde ud af hvad de skal producere, og vise, at de kan lave et positivt DB, så er det bare derudaf. Det totale marked er jo ikke begrænset, nærmest. Der er oceanel af plads i Afrika. Det er på ingen måde tæt befolket, og der er masser af gode landbrugsarealer. Alle regeringer ville give os jord og faciliteter, hvis vi kom med investorerne.

00:30:51 RK: Hvordan ser du partnerskaber med vestlige virksomheder skabe værdi for Incubatoren?

00:31:05 AF: Jeg har i første omgang tænkt dem som investorer til at lave en ny Incubator. Så jeg ser dem som ejere af projektet. Og der har jeg nok skiftet lidt fokus fra først, hvor jeg havde tanken om, at hver af entreprenørerne skulle have et særskilt partnerskab mellem dem og de enkelte virksomheder. […] Det bliver måske lidt for småt for en stor, dansk virksomhed, at have det på et individuelt niveau. Så heller have en hel incubator, og de kunne jo godt producere det samme, som virksomheden producerer. […] Der ser jeg en dansk virksomhed gå med, og sige ”vi er med, vi ejer 30% af det her projekt, og vi er en aktiv spiller i det”. Og afhængig af hvilken type virksomhed det er, kan de jo selvfølgelig også sagtens være med i at udvikle projektet. Det kunne være en leverandør til dem i Danmark, en afsætningskanal, en parallelproduktion, et produktionsapparat. Man kunne se masser af måder, at integrere dem på, som ikke er gennemtænkt. Og som jeg tænker, vil være meget individuelt til hvert projekt. Hvis man, når vi kommer så langt, at vi kan sige ”nu har vi et investeringsprospekt, vi har vist, at det kan fungere, og nu vil vi ud og snakke med nogle danske virksomheder. Der skal det selvfølgelig være meget specifikt ift. hvad de kan få ud af det, hvad er mulighederne for dem, for at integrere sig i det. Men der skal man nok alligevel vælge nogle brancher eller nogle virksomheder ud, og sige, at man laver et projekt til dem. Afhængig af hvem det er. Hvis vi snakker de store virksomheder i Danmark, så vil man have et projekt specielt til dem. Og det kan også være styrken ved det – at de kan føle, at det er deres eget, at de er med til at styre det. Det er ikke vigtigt for os, at det bliver kaldt danishknowhow, projektet. Det må gerne hedder Novo Nordisk, eller hvad det skal være. Så dermed kan de komme ind og få fuldt ejerskab.

00:34:08 RK: Hvor essentielt er det, at de her virksomheder kan bidrage med viden, knowhow og produkter, som kan være med til at løfte Incubatoren? Forstået på den måde, at det bliver mere end bare en finansiel ting – at de kommer med en pose penge.
00:34:44 AF: Jeg vil ikke kalde det essentielt, for jeg vil mene, at man kan gøre det på den anden måde. Vi har den viden der skal til, for at kunne lave en Incubator og drive den. Men jo flere salgsargumenter vi har, når vi skal ud og finde investorer, jo bedre. På den måde vil det sikkert være vigtigt, og sikkert noget, som de danske virksomheder de gerne vil […] Der kan også være nogen, som ikke tænker, at de skal FOR langt ned i det. Det skal være ret store virksomheder, før de har folk til at sidde specielt med den slags udviklingsprojekter. […] Nogen vil måske hellere sige, at de driver projektet, men ikke er mere integrerede, end at de er medejere af det, og bruger nogle ting i det i vores kommunikation, og ellers er det danishknowhow, der kører det.

00:36:03 RK: Så det vil sige, I er ikke afhængige af partnervirksomhedernes viden for at kunne køre projekterne op?


00:38:02 RK: Lige nu, på kort sigt, er det pengene, der er interessante?

00:38:07 AF: Ja, det vil jeg sige.

00:38:27 RK: Hvilken slags værdi ser du, de vestlige virksomheder kan aflæde, ved at være en partner i projektet? Er det i et CSR-perspektiv, et potentielt nyt marked for virksomhedens kompetencer og produkter, er det en pose penge i form af afkast, eller hvad er det?

00:38:59 AF: Jeg tror, det vil afhænge af hver enkelte case. Men så langt som jeg har tænkt, så er det de tre områder du nævner. Det ene er som en del af en CSR-strategi, at vi gerne vil fortælle, at vi gør noget godt. Det andet er som en investering. Vi tror på, at Afrika er et godt marked i fremtiden […], og den tredje er så, at hvis man er til stede og får en viden om, hvad der foregår på
markedet i Afrika. […] Så vil man være et skridt afsted allerede, hvis man er med i sådan et projekt. Markedsviden, investering og CSR.

00:40:13 RK: Hvorfor er en vestlig partner mere attraktiv end en mere lokal partner, som har noget mere lokalkendskab og markedskendskab? Viden om alle de forhold, der har noget at sige ift. landbrugsproduktion. […] Hvorfor ikke f.eks. lave et partnerskab med en sydafrikansk virksomhed?

00:41:27 AF: Det vil vi også gerne. Jeg tror, vestlige virksomheder ser anderledes på CSR. En oplagt ting kunne jo også være en vestlig virksomhed, som er i gang med at etablere sig. [nævner case med FLSmidth]. Når du etablerer dig i Afrika, stilles der nogle krav til CSR. […] De lokale forventer at få noget ud af det, du laver. Der har vi jo et projekt, som de godt kan bruge på den måde. Der kan sagtens være vestlige virksomheder, som skal etablere noget dernede, og som køber sig lidt aflad på den måde. Det er myndighederne der stiller krav. Og det er jo en politisk ting, for ikke at få problemer. […]
7.6 Appendix 6

Transcription of semi-structured interview: Jens Møller Olsen, Product Manager, Green Line, Danish Agro

Transcribed Interview

Jens Møller Olsen
Produktchef - Grøn linje
Danish Agro

Date and time for interview: October 11, 2012, 16.00

RK: Rasmus Kjeldsen
JO: Jens Møller Olsen

00:00:01 RK: Den kører nu, så vi snakker bare.

ikke alle, når de kommer ud som agra-økonomer, som egentlig bliver landmænd. En del placeres som forsikringsassurandører, ejendomsmæglere […] En del, som jeg selv, kommer ud i grovvarebranchen. Jeg har ikke nogen handelsmæssig baggrund, andet end min landbrugsmaessige og økonomiske forståelse […]. [Jens forklarer om hvordan han kom ud på arbejdsmarkedet, startede i ØA, og har arbejdet med mere eller mindre det samme de sidste 9,5 år i det der nu hedder Danish Agro].

00:03:51 JO: Vi er jo et andelsselskab, ligesom den gode gamle andelstanke som mejerierne og grovvareselskaberne og slagterierne osv. Grovvareselskaberne var nærmest bare en brugsforening, som solgte korn osv. til bønderne. Så vi har brugt de første 100 år på egentlig bare at blive lokale […] I 1970’erne udvidede man lidt, og i løbet af de næste 20 år frem til midten af halvfemserne der blev vi regionale og kom til at fylde lidt på Sjælland og Lolland-Falster. Jeg startede i 2003, og i starten af 2000 var KFK (stort grovvareselskab) gået konkurs, og blev splittet op. DLG tog noget af det, DLG er den store spiller på det danske marked, ØA (som det hed dengang) tog noget, og meget blev delt ud på de andre grovvareselskaber. Det der skete de sidste 9 år, det er at ØA gik gennem en sjællands-fusion med to andre grovvareselskaber og blev til Danish Agro med ØA som den fortsættende juridiske enhed, så det er egentlig vores virksomhed der er gået igen. Så er det gået slag i slag, vi har overtaget en stor fynsk grovvarevirksomhed, en stor vestjysk, en stor østjysk og en stor sønderjysk, en midtjysk og sidst har vi overtaget en stor nordjysk andel. I dag er markedsfordelingen sådan, at DLG har 45-48%-50% af markedet, Danish Agro har 42-45%, og så er resten fordelt blandt nogle små-aktører. Så i dag er det danske marked nærmest delt mellem DLG og Danish Agro. Og der sidder jeg så hos Danish Agro som produktchef i det vi kalder Grøn Linje. Og det er med alt, der har med planteavl at gøre. Jeg har ikke så meget at gøre med afgrødeopkøb. Vi køber landmandens afgrøder, og sælger ham såsæd, sprøjtemidler og gødning. […] Når han høster, sælger han kornet tilbage til os. Vi køber al landmandens korn. Hveden går til foder, eller den går ud til møllerne og bliver malet til mel, byg går til foder eller ølmalt […].

00:06:59 JO: Det der er sket her de sidste par år, er at vi prøver at gå ud over Danmarks grænser. Vi har lige overtager Finlands største grovvareselskab, så lige fra den ene dag til den anden blev vi markedssedere i Finland. Vi er i forvejen markedsledere i Sverige og i hele Baltikum. Vi har lige indgået et samarbejde med Tysklands største grovvareselskab der hedder Gravis, fordi de har set at vi kan nogle ting med det fremadstormende, og de har egentlig en stor ballast. De er en stor kolos, som ikke bevæger sig så hurtigt. Dem har vi indgået et samarbejde med om at gå ind i Tjekkiet og
til at arbejde selv. Og have dem til at se ideen i at drive et landbrug. Problemet er ofte, at der har været så mange konflikter, og de har aldrig været vant til at tænke langsigtet. De ved ikke hvad der sker i morgen – de ved ikke hvordan det hele ser ud om en måned eller om et år. Det der kan være svært, det er at overbevise dem om, at de skal så den her såsæd og få planter ud af det, frem for bare at spise de korn der er i sækken. […] Der er så mange ting og så meget historie, som gør at man må starte med at finde ud af, hvad er kulturen, og er de overhovedet interesserede. […]

00:21:29 RK [Svarer på spørgsmålet om, hvorvidt det er noget de virkelig vil, og forklarer omkring udvælgelsesprocessen i danishknowhow.]

00:22:25 JO: Hvordan med det interne hierarki? Hvis ud er en lokal, driftig landmand, må du også have nogle ansatte, og vil de respektere vedkommende som den driftige iværksætter? Og respektere, at han bestemmer mere end dem? Jeg har set mange landbrug i Sydafrika, og det meste er fint struktureret. Det ser godt ud. De laver nogle gode produkter, og de har en god jord til det. Men det er igen den store hvide farmer, og så har han ansat 300 mand. Og der står så måske 5 og gør hvad én mand i Danmark ville gøre. Der er mennesker nok, og de skal ikke have ret meget i løn […] Der er nogle holdninger, man skal væk fra, eller i hvert fald have ændret.

00:23:21 RK: Det er også det, de gerne vil med det her. Det er ikke hensigten, at der er danishknowhow, som er afsender på hver enkelte virksomhed. Det er den enkelte iværksætter som har ejerskab.

00:23:35 JO: Står han selv for at ansætte folk, eller hvordan fungerer det?


00:25:11 RK: Det har man helt sikkert. Og det er noget, som jeg må stille Anders nogle nærmere spørgsmål om. […]

00:25:25 JO: Min egen holdning til det er, at … Nu er vi lidt inde på, at man gerne vil profilere sig på goodwill, osv., og der kan man score nogle hurtige point på at være politisk korrekt og dyrke økologi f.eks. Økologi er ikke så nemt, og man skal nok vælge de nemme projekter. Så der skal man nok overveje måske at indføre GMO afgrøder, som er tørkeresistente, og resistente overfor Glyfosat, så man i stedet for at køre med 10 forskellige sprøjtemidler, kan det være at man er nødt til at sige, at man accepterer, at de skal sprøjte med roundup, og så kører de GMO afgrøder. Man kan lave afgrøder i dag, der er både varme- og tørkeresistente. Men det ved jeg godt, det er ikke særlig politisk korrekt […], men det er jo i sin tid derfor, at man begyndte at forske i GMO afgrøder, netop fordi at man så kunne hjælpe de 3. Verdenslande hvor afgrøderne står og visner på marken, fordi der ikke er vand nok.

00:26:39 RK: […] Det, der er til hensigt, det er at være med til at skabe en selvstændighed og en vækst lokalt, som jeg ikke tror, kommer af at drive økologiske landbrug. Det er hensigten, at man vil væk fra at være afhængig af afgrøder fra f.eks. Sydafrika […]. Man vil selvfølgelig gerne skabe et marked for de her varer, og det er jo ikke Coop Danmark der skal købe de her varer, fordi de er fair trade og økologiske – det er jo noget, der fungerer mere lokalt. […]

00:27:38 JO: Jeg kunne forestille mig, at DK de har en profil, de gerne vil pleje overfor omverdenen også, og der er det jo vigtigt, at de ikke gør sig for hellige, og hvis de vælger en linje, skal de holde fast i den linje. […] Et andet spørgsmål jeg tænkte på, er at du nævner, at man som dansk virksomhed kan profilere sig og vise noget socialt ansvar. […] Det der er vigtigt at holde sig for øje, det er, at der ikke er nogen virksomheder i dag, der laver goodwill bare for at de synes det er sjovt. De vil gerne have goodwill i befolkningen, for det kan de tjene nogle ekstra penge på. […] Det er ikke alle virksomheder, der kan få penge ud af at have en fin, social profil. Der er meget forskel på virksomheder i dag, og der er nogen der scorer kassen på at have en god, social profil, og der er andre, f.eks. i grovvarebranchen, der ikke gør. Jeg tror ikke, at vi får flere penge i kassen af at have en god, social profil. Og vi må bare sige, at det kan godt være det er meget firkantet sagt, men vi er jo egentlig et andelsselskab. Vi er ejet af vores kunder, og vi har en forpligtigelse til at tjene nogle penge til vores ejere. Som jeg sagde, er der ikke nogen, der gør noget i dag, for ikke at profitere på det. Så man skal også kigge på, hvad det er for en virksomhed man har med at gøre. Der vil være visse virksomheder, som ikke får noget ud af at have en social profil.
00:29:56 RK: [...] Kan I drage nytte af at arbejde målrettet med en CSI strategi? Man kan sige, at der er forskel på, hvor I henter gevinsten ved at involvere jer i sådan et partnerskab. I sælger jo ikke noget til en slutforbruger [...].

00:30:16 JO: Det vi gør, vi skal jo sørge for at drive vores virksomhed stort set i 0, for vi skal ikke tjene penge på vores ejere. Men det lykkes os alligevel til næste år at have en omsætning på 20 mia. Og det er udfra, at vi har investeret i en masse associerede selskaber. [...] Op igennem værdikæden er puttet mange 100 % avancer på hele vejen igennem og ud til slutbrugeren. Der har vi gjort det, at vi går ind og overtager nogle datterselskaber, køber os ind i nogle virksomheder og har over 50% af majoriteten. [...] Dvs. dem kan vi regne 100 % ind som omsætning, og på den måde kan vi bevæge os op i værdikæden. Det skaber værdi for os, og det skaber værdi for vores kunder. Så kan vi køre med stort set 0-avancer på vores primære produkter, og så får vi vores penge gennem de selskaber vi ejer, der ligger højere oppe i værdikæden. Det kan f.eks. være en rapsmølle. Vi køber raps fra landmændende, og sælger det til rapsmøllen, som presser det til olie og tørstof, som kan presses til piller til svinefoder, kvægfoder eller brændsel. Olien går enten ud til biobrændstof eller ud i butikkerne. Det er et eksempel på at bevæge sig op i værdikæden. Det er en måde, vi kan tjene penge til virksomheden på, og gøre det bedst muligt for vores ejere. Jeg ville rigtig gerne kunne se, hvor vi kunne score goodwill, men det er en rigtig svær branche at skulle score profit på goodwill i.

00:33:20 RK: [Giver Jens ret i, at det måske kan være svært for Danish Agro at hente profit på den korte bane, ved at indgå i et projekt som dette.]

00:33:49 JO: Ideen er god, men der er en masse bump på vejen. Man skal være sikker på, at holdningen dernede er rigtig, ellers sejler man panden mod en mur. [...] 

00:34:22 RK: Jeg sidder heller ikke her, for at skulle sælge den her idé til jer. Jeg sidder her for at udforske mulighederne fra en teoretisk vinkel [...], så det der er interessant for mig, det er om du kan sidde og sige, om det her er en god eller en dårlig idé. [...] Det er mere interessant for mig at prøve at udforske, om det er noget der kan have en kommersiel interesse.

00:35:04 JO: Det der i hvert fald er i det, det er at den virksomhed, man skal have til at gå ind i det, skal kunne se en idé i at kunne lave noget goodwill ud af det, i form af en social profil. Men det vigtige er også at have for øje, er at man ikke går ind og laver goodwill medmindre man kan se en profit ved det.
00:35:33 RK: Det er jo lidt hønen og ægget. Hvis I nu ikke kunne hente goodwill på den korte bane i Danmark, ville det så være interessant for jer at gå ind i af andre årsager? Ville det være interessant, hvis det var noget I kunne se, at I kunne drive til en forretning på et nyt marked? […]

00:36:15 [forklarer om CSI begrebet].

00:36: 35 RK: Hvad er kernekompetencerne i Danish Agro? […] Hvad er det, I kan?

00:36:40 JO: Vi kan tage udgangspunkt på vores payoff på vores logo – ”Mere viden, mere værdi”. […] Vi skal både sørge for, at vi har mere viden, vi skal dygtiggøre os og være en god sparringspartner for vores kunder, så vi skal sørge for hele tiden at være på det højeste vidensniveau. Har vi en høj viden, kan vi også være en bedre sparringspartner for vores kunde, og gennem viden kan vi skabe værdi, både for os og for vores kunde. […] Vores kernekompetence det er, at vi gennem viden skal skabe værdi for vores kunder.

00:37:54 RK: Men hvad er det, jeres viden er? Helt konkret, hvad er det I kan?

00:37:57 JO: Vi har en høj faglig viden om landbrug, og om det at drive en forretning. Mange landbrug i dag er jo professionelle virksomhedsledere. […] Mange af dem sidder bag et skrivebord. De fleste landmænd tjener de fleste af deres penge ved at sidde og investere. De handler i ”futures”. Det er ligesom at handle aktier, bare med korn. [forklarer om ”futures”] Sådan er der rigtig mange der sidder og investerer, og følger et spekulativt marked.

00:39:03 RK: Rådgiver I om det?

00:39:06 JO: Det gør vi også, ja. Så der er meget mere i det, end hvordan han skal så sin mark. Vi ejer en forædlingsvirksomhed, hvor vi forædler kornsorter, for hele tiden at være fremme med de sidste nye og de bedste sorter. Det er sådan, at sorter de klinger lidt af udbyttemæssigt. En hvedesort kan godt give 10 tons det ene år, men så kun 9,5 tons året efter, og 8 tons året efter. Der sørger vi så hele tiden for at forædle sorterne. […] Vores chef-forædler er en inder, vi lige har ansat, en stor kanon i Indien, som har været på landbrughøjskolen i 10 år, og han er ansat hos os nu. […] Han har næse for lige præcis det. Det er så en viden, vi kan give videre til vores kunder som værdi. […] Indenfor svinefoder har vi nogle knalddygtige optimeringsfolk, som hele tiden optimerer foderblændinger. De ved præcis hvor meget grise har brug for af foder, for at vokse optimalt. Der er en verden til forskel, om den vokser med 800 g eller 950 g om dagen. Ift. Kødets kvalitet og antal dage, den er i stalden. […] Der skal vi sørge for at have de bedste optimeringsfolk. […]
00:41:23 RK: Ville man, i et økologisk landbrug benytte den slags produkter, f.eks. til opdræt af høns?

00:41:26 JO: Vi er faktisk en af de største leverandører til danske økologer. [...] Økologiske dyr skal have økologisk foder. [...] Vi udvikler specielle sorter, så de ikke er så modtagelige overfor sygdomme. Det er klart, at man ikke kan svampesprøjte økologisk korn. Så man skal finde de sorter, der er mindst modtagelige overfor svampesygdomme. Så kan det godt være, man går lidt på kompromis med udbyttet, men man skal sørge for, at man har en afgrøde, der holder sig så sund som muligt. Så findes der en masse omkring udvikling af gødning til økologer, det kan være hønsemøg presset i piller f.eks. Man gør rigtig meget ud af at forske i mellemafgrøder – det kan være bælgsæd, lupiner, ærter. [...] 

00:42:58 RK: Det lyder som om, I udbyder hele spektret ift. hvad man egentlig har brug for, når man driver et professionelt landbrug. [...] 

00:43:27 RK: Ser du Danish Agros kernekompetencer blive brugt i et CSI relatert perspektiv? [...] 

00:44:04 JO: Det kunne man sagtens. Man kunne sagtens bruge noget af den vide, vi sidder med, i den sammenhæng. Det der gør det svært, er at føre vores viden på det overordnede niveau helt ned på markplan. Fordi de kornsor der duer i Danmark, duer ikke nødvendigvis i Mozambique. Bare i Europa er der kornsor der duer i knaldgode i Danmark, som ikke duer i Sverige. Bare afstanden fra Danmark til Midttyskland, så er det helt andre sorter der duer. Når vi så kommer til Mozambique er det helt anderledes. Det, vi bruger meget tid på i Danmark er at udvikle sorter, der er kulderesistente. Vi vil gerne længere ind i Rusland og Baltikum, så vi gør meget ud af at udvikle sorter der er kulderesistente. Det er ikke så meget til et tørkesegment, som man formentlig ville møde i Mozambique. Så nede på det produktspecifikke vil vi have svært ved at rådgive i Mozambique. Men ud fra nogle generelle linjer om godt landmandsskab, og hvad det er man skal have i tankerne, der ville man sagtens kunne drage nogle kompetencer. [...] Ift. sprøjtemidler og gødning er der også nogle helt andre regler, så det ville man ikke kunne overføre direkte. Der skal man have fat i de store britiske koncerner. Der skal man have fat i BSF, f.eks. som er kæmpe store i Sydafrika. Det ville være meget nærliggende at overføre dem direkte til Mozambique. De har en helt anden struktur på deres grovvaremarked dernede. De har nogle andre produkter og nogle andre godkendelser, så på det produktspecifikke kan vi ikke drage paralleller.
00:46:23 RK: Kunne man forestille sig, såfremt I blev stillet overfor en partnerskabsmulighed, som var interessant på det økonomiske plan, ift. at gå ind på markedet, at I kunne arbejde med at udvikle jeres produkter til at passe til det pågældende marked?


00:49:36 RK: Rent hypotetisk, hvis det her projekt rent faktisk viser sig at fungere i Mozambique, og der kommer bæredygtige virksomheder ud af det, […] vi snakker måske en tidshorisont på 20 år, hvad ved jeg, men lad os sige, at der kommer vækst i landbrugsbranchen, ikke kun i Mozambique, men på forskellige andre markeder i Afrika, kunne det så være interessant for jer at være til stede ift. de produkter I sælger?

00:50:10 JO: Det der kunne være interessant i det for os, det er netop at hvis man får det her i gang, og der er succes i det – de lokale landmænd for dyrket noget korn, som har en kvalitet som også kan afsættes på verdensmarkedet, er det jo et skatkammer for os. Vi har en hel handelsafdeling, der sidder og sælger korn i hele verden. Så om vi skiber korn ud fra Kalundborg, Korsør eller Fredericia til Brasilien, Egypten, Kina og Afrika, der vil det garanteret være en væsentlig bedre avance, da vi garanteret kan købe kornet billigere i Mozambique end vi kan i Danmark. Og på det globale marked, er handelsprisen den samme. Så hvis vi kan købe billigt korn i Mozambique og sælge det til samme pris […], så har vi jo en større avance.
00:51:49 RK: Det jeg hører dig sige, det er at det plan det foregår på lige nu, og det udviklingstrin, som landbruget [i Mozambique] er på lige nu, gør det ikke interessant for jer at gå ind på det afrikanske marked?

00:52:05 JO: Nej, men lad os antage at det kom til at fungere, og de kom godt i gang med professionelt landbrug, så er det klart, at vi jo også skal ud og agere på verdensmarkedet. Det kan være, at Europa bliver for lille på et tidspunkt, at det bliver for dyrt […], så vi skal ud på nogle marker der hvor vi kan finde det billigere. Men udviklingsstadiet det vil være på de første 5-10 år, tror jeg ikke vi kan få til at stemme overens med vores egen forretningsstrategi. Men det er klart, når man begynder at få noget, der er etableret, og man gerne vil have stærke handelsbånd, der kan vi jo så sige, at vi kan støtte op om projektet ved at sige, at vi har kontakterne i hele verden. Vi har skibe, vi har de rette handelskanaler, så de faktisk også kan få afsat deres varer.

00:53:37 RK: Nu er der selvfølgelig hele den her problemstilling med, hvorfor I skulle involvere jer på det niveau, det er på nu. Det er klart, at I har nogle forpligtigelser overfor jeres andelshavere, som I er nødt til at indfri som det første. Men lad os sige, at der var belæg for, at der om 10 eller 20 år er et marked. Kunne det være interessant for jer at starte med at gå ind i projektet på et plan, hvor I ikke direkte tjener penge på det? Som en slags investering?

00:54:54 JO: Det ved jeg sgu ikke. Mit umiddelbare svar er, at nej, det ville vi ikke begynde at bruge tid på. Men der er mange ting i det. Mange faktorer der skal vendes. Det er klart, at hvis man er med fra start, så er man også den, der er i førertrøjen om 10 år, når det er etableret og kører derudaf. Problemet er, at der er lang tid til. 10 år – der kan nå at ske mange ting på 10 år.

00:55:37 RK: Som du siger, så er det det vigtigste, at indfri jeres andelshaveres forventninger til profit og vækst. Men man kan sige, er det så jeres forretningsmæssige/organisatoriske struktur, der sætter en stopper for at I kan gå ind i sådan noget?

00:56:58 JO: Jeg tror, at man skal gå tilbage til, som jeg sagde på et tidspunkt, at uanset hvilken virksomhed man er, er der ingen som går ind i et socialist projekt, uden at de kan se, at der er noget at komme efter økonomisk. […] Det jeg sidder og tænker på, det er at der jo ikke er nogen der vil sige, de ikke er interesserede i at have en god social profil, og at man viser omsorg og socialist engagement i verden, men der skal være en gulerod i form af noget økonomisk. Og der har jeg svært ved at se, hvordan vi skal få en økonomisk gevinst ved at have en social profil. […] Man vil gerne være en virksomhed, der virker open-minded og fremtidssikret ud fra nogen politisk korrekte principper.
Men det er ikke det, der er humlen i at indgå i et socialt innovativt projekt. Man kan sige, at det, som du siger nu, giver rigtig god mening, men det er noget der egentlig relateres til den gængse tankegang omkring CSR, som er noget der foregår på siden. For hvorfor skulle I begynde at involvere jer i et projekt i Mozambique, hvis I ikke kunne se, at det gavnede jer på bundlinjen? Det, det handler om, er at man skal kunne se en værdi i at inkorporere det i forretningsmodellen, og tage det ind i virksomheden. Gøre det til en gren af forretningen, og sige ok, vi involverer os i det her projekt. Vi allokerer de og de ressourcer til det, og det er ikke fordi vi vil have, at vores andelshavere skal sidde og klappe i hænderne over, at vi gør det her. Vi ved, at vi er med til at gøre en forskel lokalt, vi er med til at skabe værdi for iværksætterne, og vi er med til at sætte gang i noget vækst på markedet. Vi er med til på sigt at gøre, at et land kommer økonomisk på føde, og blive selvforsynende. Så det skal ikke være for at I kan sidde og sige, at I er socialt ansvarlige. Det skal være fordi I kan se, at I kan tjene penge på det.

JO: Der tror jeg også, for en dansk virksomhed, at Mozambique er for fremmed. I hvert fald indenfor vores segment. Nu kender jeg Sydafrika mht. Deres strukturelle opbygning af deres grovvareselskaber, og hvordan det handelsmæssige foregår, og mit bedste råd vil være at få nogle af de sydafrikanske firmaer til at gå ind og hjælpe til i stedet. De kender forholdene, klimatisk og kulturelt, De har en opbygning og en logistik, de kender til alle de ting der følger med. De vil formentlig være bedre til at drive det i den rigtige retning end vi er i Danmark. […] Man skal ikke tro, at man kan gøre sådan noget på distancen, man skal ned og være der. […]
00:00:48 RK: Hvor vigtigt er det, at det genererer profit for jer?

00:00:55 JO: Det bliver nødt til at være en 5’er. Uanset hvor politisk ukorrekt det er, så er det sådan det hænger sammen. Vi har nogle kunder, der bander os langt væk, da de kan se vi tjener så og så mange penge, men det er faktisk det, at vi skaber profit ude i verden, der gør, at vi kan servicere vores ejere derhjemme. Vi kan kun køre så lave avancer som vi gør, ved at have de datterselskaber vi har […] Det er simpelthen for at kunne drive virksomheden uden at tage penge ud af lommen på vores ejere.

00:01:50 RK: Hvor vigtigt er det, at sådan et initiativ er med til at generere positiv PR for virksomheden?

00:01:55 JO: Vi må også erkende, at vi også har brug for de gode historier. Vi har også brug for at profilere os.
7.7 Appendix 7

Transcription of semi-structured interview: Peter Helk, Manager, Emerging Markets, Dansk Industri

Transcribed Interview

Peter Helk
Manager, Emerging Markets
Dansk Industri

Date and time for interview: December 6, 2012, 15.00

RK: Rasmus Kjeldsen
PH: Peter Helk

00:00:20 RK: Jeg ved ikke hvor meget du er inde i, hvad danishknowhow laver?
00:00:25 PH: Jeg har haft møde med Anders, så jeg ved at de har en Incubator ordning, som de kører i Mozambique som et pilotprojekt. Det lyder jo super interessant med de muligheder og ideer.
00:00:44 RK: Det er meget spændende. Og i den forbindelse […] Du har hørt lidt om incubatoren, de kører dernede. Og det er jo hensigten, at den incubator i det lange løb skal være med til at skabe nogle muligheder for befolkningen, og noget vækst rent økonomisk. Den skal være med til at skabe nogle arbejdspadser via entreprenørskab. De tager jo så de her interesserede mennesker ind – de kører dem igennem et screeningforløb, så de kommer gennem nåleøjet og starter op, og så er det meget basic hvad de starter med. Den her incubator, de kører i Mozambique lige nu, det er et pilotprojekt. De vil meget gerne se det fungere, før de skalere det ud. Men det er visionen, at det skal ud bredere i økonomier og på markeder, hvor det passer til. I den forbindelse vil de rigtig gerne afdække mulighederne for at lave incubatorerne i partnerskaber med vestlige virksomheder, som af
den ene eller den anden årsag kan have en interesse i det. Jeg lægger den her CSI-vinkel på emnet. Jeg synes det er super interessant, det her med at gå lidt væk fra en todeling af forretningsmodel og CSR-strategi, og over i en lidt mere unison og holistisk pakke, som er en CSI-strategi, hvor det sociale formål er inkorporeret i forretningsmodellen. Så hvis man kunne skabe nogle partnerskaber, som kunne fungere på den her måde, så ville det i mine øjne være ideelt. Det er det, jeg prøver at undersøge. Der hvor jeg rigtig godt kunne tænke mig at vores snak gik hen, det er er i forhold til jeres partnervirksomheder. Dem der er medlem af DI, og hvordan de kunne fungere i sådan en sammenhæng. Så til at starte med kunne jeg godt tænke mig at høre, hvad din rolle i DI er.

udfordring for mange virksomheder, at de skal til at tænke på den her måde. Ligeså, når det kommer

til mange på landbrugssiden, som jo også er noget af det, som Anders og co. arbejder med, så er der
jo lige nu et "rush for land" eller "landgrab" i Afrika generelt. Og det er jo meget store,

institutionelle investorer, som går ned og køber jord op med henblik på at drive landbrug. Mange af
dem har en plan om, at de gerne vil have nogle outgrowers op at stå, som skal levere ind til dem, så
de på den måde ret hurtigt kan få scale and scope i deres operationer. Noget af det der er

udfordringen, er så at disse outgrowers er for dårligt uddannede. Så der kan man også tænke i, at

incubator ordningen godt kunne understøtte sådan noget.

00:06:54 RK: Anders kalder det for et "ingrower scheme" i stedet for. At man ligesom tager dem

ind og uddanner dem, og gør det den vej rundt.

00:07:00 PH: Forskellen er så bare, at det her ville være for nogle andre mennesker, at man gjorde

det.

00:07:05 RK: Lige præcis. Det har jo det her sociale formål.

00:07:07 PH: Men det er faktisk noget af det, som er ligtornen i at etablere sig i Afrika. At få sikret

sig, at man har de kompetencer i værdikæden, som understøtter ens forretning. Så derfor er det

nødvendigt, at man går ind og tager et medansvar. Og det adskiller sig meget fra den traditionelle

afrikanske filantropi, som er at give en høne til landsbyen, eller en ny bro, eller hvad man nu gør. Så
det er noget nyt og relativt interessant i Afrika at gøre det på den måde. Vi har jo i virkeligheden i

mange generationer gjort det i Danmark. Vi har, via DI og dansk arbejdsgiverforening og

landbrugsrådet fået mange i landbrugsskolerne og i tekniske skoler, og på den måde påvirket, hvad
det er for nogle kvalifikationer vi får op at stå. Og det bliver man simpelthen nødt til at gøre i de her

lande, tilsvarende. Men det er en stor mundfuld for mange virksomheder, fordi de tit og ofte har

gjort det via deres organisationer i Danmark uden egentlig at være opmærksomme på det.

00:08:13 RK: Den her infrastruktur, den mangler?

00:08:15 PH: Det gør den, 100%.

00:08:17 RK: Har du erfaring med, at nogle af jeres medlemsvirksomheder investerer eller går ind i

sådan nogle projekter?

00:08:34 PH: Der er nogle af vores medlemsvirksomheder, som har gjort det i Afrika, hvor de har

gået ud og lavet outgrower’s schemes, hvor de prøver på at uddanne dem. Men vi har et ret stort

projekt i Egypten, hvor FLSmidth har etableret en overbygningsuddannelse i forbindelse med et af
de lokale universiteter. De har det problem, at de ikke kan få nok cement-ingeniører. Derfor er de interesserede i at uddanne dem, og så har de skudt nogle penge ind i et fakultet, som uddanner ingeniørerne. Det er ikke kun dem selv, der aftager dem, men også andre spillere i branchen i Egypten. Så det er til fælles bedste for hele branchen. Og det, det har betyd, er at i stedet for at overbyde hinanden og hugge fra hinanden, så får de dem ét sted fra, hvor de ved, at de har fået de der kompetencer bygget på. Det er et meget godt eksempel på det.

00:09:48 RK: Der går man ind i et projekt på baggrund af, at man har et behov?

00:09:55 PH: Du kunne jo godt kalde det en CSR-ting, at de giver nogle penge til det her fakultet. De har ikke sådan en.. Det er ikke noget de forventer, selv at tage alle 38 studerende hvert år. Men de tager en lille afdeling af dem, og det er fordi de ser en markedsfejl, som de prøver at gå ind og korrigere via CSR. Men det er så strategisk CSR, der understøtter forretningssystemet.

00:10:31 RK: Man kan næsten gå så langt som at sige, at det kunne betegnes som social innovation, rent definitionsmæssigt. Er der nogen segmenter, eller typer af selskaber og firmaer, som er mere oplagte ift. at indgå i sådan nogle projekter? Er der nogle trends?

00:10:49 PH: Fra danske virsomshebers side, så er der ikke nogen deciderede trends, og det har noget at gøre med, at danske virksomheder er små og mellemstore virksomheder i hovedsagen, og derfor er de måske ikke så tilbøjelige til at engagere sig i sådan noget. Simpelthen fordi de synes, det er en opgave, der ligger ud over deres formåen og måske også interesser. Langt hen ad vejen er det måske også rigtigt nok, med en relativt lille indsats ift. at engagere nogen af de forskellige grupperinger rundt om én, så kan man faktisk få rigtig meget feedback og et ret stort resultat på bundlinjen. Det er jo ikke meget anderledes end at prøve, i stedet for at gøre noget filantropisk og sende en eller anden dreng i skole, så måske prøve at give noget til skolen generelt, så man sørger for at de lærer det, man gerne vil have, de skal lære. Så springet er i virkeligheden ikke så stort, men det er et spørgsmål om at få ændret mindset’et hos virksomhederne.

00:12:11 RK: Det er jo det. FLSmidt har gang i det. De kan se, at der er nogle huller i markedet – de har så også en organisation der kan bære det, men de er på vej i den rigtige retning. Det er egentlig en ret interessant case at tage fat på. Nu siger du selv, at der ikke er nogen trends ift. hvilke virksomheder der investerer…

00:12:55 PH: I forhold til Afrika, der kan man jo sige at generelt Afrika, der er jo en større og større bevågenhed omkring det. Og lige nu, der handler det meget om olie og gas i Afrika, eller i Sub-
saharan Afrika, og for den sags skyld også i Nordafrika. Men det, der er interessant, det er at mange af de virksomheder der etablerer sig dernede, og nu taler vi om de rigtig store virksomheder, som trækker skidtet ud, de har meget stort besvær med at finde lokale underleverandører. Og det er samme problemstilling, som man står overfor, og derfor kunne man måske, når tid er, og man får nogle af de danske virksomheder på banen, så kunne man begynde at tale om at man skulle begynde at gøre sådan nogle ting for at få et bedre fodfæste i landet.

00:13:48 RK: Lige præcis. Og det her projekt kunne give en dansk virksomhed, som kunne se et potenti ale i det afrikanske marked på en eller anden måde – om det så er ift. kompetencer eller de produkter de har nu, ift. at redefinere dem ift. at passe dem til det marked, eller et marked der vil være der om 5-10 år – give dem muligheden for at komme derned og tage noget ejerskab, og være med til at skabe noget vækst first hand. Men det er meget basic, det er virkelig nede på et niveau, hvor det i starten vil være en pose penge, der er relevant ift. at få incubatoren til at køre rundt. På sigt kan virksomhedens kompetencer, produkter osv. så være med til at bygge ovenpå og skabe fodfæste. Er der noget der karakteriserer de her projekter, som den her type af virksomheder ville investere i – nu nævnte du selv eksemplet med FLSmidt – er det ift. at de ser en mulighed i relation til deres eksisterende forretningsmodel, og så går de derned, eller tænker de ud af boksen, eller hvad?

jo netop godt være outgrowers. Men for at sikre sig at de har den vækstkurve, de nu skal have, så kan man så uddanne de her mennesker. Og der begynder man at være ovre i noget, som kunne potentielt være en eller anden form for innovation af forretningsmodellen. Men igen, det er jo de færreste der gør det, fordi de gerne vil vende deres forretningsmodel på hovedet – jeg tror tvært imod det er fordi de ser et behov i deres eget her-og-nu behov, som gør at de så siger, at så bliver vi sgu nødt til at gå ud og gøre det her, for ellers så har vi ikke de ressourcer og kompetencer der skal til for at levere. Det tror jeg umiddelbart, jeg ville gætte på, var tilfældet.

00:17:41 RK: Så de fleste virksomheder ville gå ind i det med et økonomisk incitament, selvfølgelig?


00:18:27 RK: Hvis man driver en virksomhed, som står til ansvar overfor sine aktionærer, så er det bundlinjen det handler om?

00:18:30 PH: Så er det bundlinjen, det handler om, ja.

00:18:36 RK: Jeg har forberedt et spørgsmål her, som er rimelig lige til at svare på: hvad karakterer normalt grunden til, at firmaer vælger at investere i udviklingsprojekter, eller gå ind i et projekt af denne karakter? Er det for at booste deres CSR-profil, eller for at generere en profit, eller for en tredje årsag?

00:19:08 PH: Jeg tror ikke, det er for… Man skal være opmærksom på, når man opererer i de her udviklingslande, så står man hver dag, fordi man ikke har været der før, og fordi man ikke er dybt forankret i deres virksomhedskultur, og ved hvor man skal få fat på ting, så står man med aben i hånden, eller hvad man skal sige, hver eneste dag, fordi man er nødt til at løse aktuelle problemer. Og nogle gange kan det at investere i en skole, eller tage kontakt til en specifik uddannelsesinstitution, eller sørge for at der kloakeres, der hvor ens medarbejdere bor […] så tager man den type af initiativer, fordi man står med et presserende behov. Det her ”by design”, det er der rigtig mange der gerne vil, men det bliver ofte ved intentionerne. ”Vi står med et problem her – medarbejderne har alt for højt sygefravær, hvordan kan vi få løst det?” Og det kan man jo gøre ved,
og det kan man så diskutere om er strategisk, men det bidrager i hvert fald til noget på bundlinjen, at vi sørger for, at de alle sammen får myggenet, tjekker om det er hængt op, og sørger for at små vandpytter bliver fjernet, og vi går rundt og sprayer en gang om måneden i husene. Og så kan vi drive malaria ned. Og så kan man sige, gør man det, fordi man gerne vil være god ved sine medarbejdere, eller gør man det fordi man gerne ser, at de møder på arbejde? Det er jo nok en kombination, i virkeligheden. Men tit og ofte, så er det ikke noget man designer – så er det fordi man reagerer på noget, som opstår.

00:21:05 RK: Det er også det man snakker om, med Shared Value. Det her med, at mange af de ting, de er vekselvirkende. Når du går derned med en intention om at skabe en forretning, så er du nødt til at skabe de rette vilkår, og det kan have nogle sociale effekter – det skal bare op på en skala, hvor det batter.

00:21:30 PH: Men shared value, det er jo også det, hvor du kan sige – f.eks. hvis du har outgrowers – i stedet for, at de kommer med en slatten appelsin, så hellere komme med en, der er flottere og strutter af vækst, fordi de rent faktisk ved hvordan den skal behandles. Og der kan du sige, at der vil du også gerne give noget mere for det, for på den led, er der også noget i det, at man uddanner sin værdikæde i hvordan man gerne vil have det.

00:21:58 RK: Og det ligger ret meget i kernen af projektet i Mozambique – de deler jo i porten med iværksætteren. Det er et profitorienteret projekt, det er fuldstændig åbent for alle og enhver. Det er ret skægt – jeg var til paneldebat i går i forbindelse med noget, der hedder DANSIC, og de havde et panel med nogle forskellige socialøkonomiske virksomheder repræsenteret. Og vi snakkede så om det her med, om det er ok at tjene penge på en socialøkonomisk virksomhed, og der er rigtig mange, der stadig sidder med den der, at […] hvis du hjælper andre, så må du ikke selv tjene penge på det. Det er i mine øjne selvhæmmende. Og det der med at turde tage skridtet fra ren filantropi og over til noget, hvor du rent faktisk selv lukrerer på at gøre en social og miljømæssig forskel, der er vi bare ikke helt endnu.

00:23:25 PH: Jeg tror bare, at man skal passe på ikke at… NGO’er har det jo godt.. Jeg tror bare, at jo hurtigere, man kan få folk til at tænke i markeder, og forstå markedsvilkår, jo bedre. Den dag NGO’en ikke er der længere, eller de har fundet en anden worthy cause, så står der en række mennesker med håret i postkassen. Derfor er det altså en ganske udmærket idé at vænne dem til at tænke i markeder […]
00:23:59 RK: Nu har du selv nævnt Afrika som et interessant marked for mange virksomheder. Er det det, hvis du skulle vælge et?


00:25:25 RK: Men du vil fremhæve Afrika som et interessant marked?

00:25:27 PH: Nu sidder jeg selv med Afrika lige pt, og arbejder med det, som er mit kerneområde. Men om det så var Østeuropa og dele af Rusland, Sydamerika og Mellemamerika, whatever, jeg tror du kan drage nogle paralleller mellem alle de her markeder, fordi det grundlæggende er svært at få en værdikæde til at fungere på de her markeder. Der er jo en grund til, at de er udviklingsmarkeder, udviklingslande eller emerging markets, og det er fordi det hele det er ”oppe i luften.”

00:26:00 RK: De her virksomheder, som investerer i sådan nogle projekter, er det via en partner, eller er det noget, de oftest selv går ned og går i gang med?

00:26:15 PH: Mange af de virksomheder, der søger noget, f.eks. i Mozambique, det er via partnerskaber, fordi man så ser en mulighed for at tage noget risiko ud af den hr investering. Men jeg tror, at der kommer en række virksomheder, som vil være virksomheder, der investerer direkte. Det har det også været i Central- og Østeuropa. Der startede det med, at de gik ind i partnerskaber, og så efter et år eller to, der hældte de partnerne af brættet, og så fortsatte de selv. Og i dag er der aldrig nogen, der kunne overveje at gå i partnerskab i Central- og Østeuropa. De vil gå direkte. Men det ændrer jo ikke ved, at de har de udfordringer de har, altså ift. at få værdikæden til at fungere. Og
det er fuldstændig det samme, uanset om det er det ene eller det andet sted. Man kan sige, at i mange dele af Afrika, hvor DANIDA er til stede via DANIDA business partnerships, der er det jo helt oplagt at bruge det som en indgangsbillet til markedet. Så derfor ville det typisk være sammen med en partner. Men i dag der kan man jo lave alle mulige former for partnerskaber, hvor man også involverer NGO’er i det, og det kan man jo godt lave sådan nogle schemes, som eksempelvis Anders og co. har lavet.

00:27:39 RK: Hvor stor risikovillighed ser du hos DI-medlemsvirksomheder?


00:28:42 RK: Hvis Anders og co. skulle fokusere på DI-medlemsvirksomheder, så skulle det være de større virksomheder – dem som ligesom har noget krop at flytte med?


00:29:27 RK: Jeg har snakket med en fyr fra Danish Agro, som er et af de store grovvareselskaber, og det er jo en andelsvirksomhed. Det er de fleste af de der jo. De kigger på den korte bane, og de skal bare kigge på bundlinjen, så det er ikke interessant.

00:29:44 RK: Hvad er DI’s rolle i relation til virksomheder, der vælger at investere i sådan nogle udviklingsprojekter?

00:30:00 PH: Vi har jo tre roller i virkeligheden. Den ene er, at vi prøver at åbne nogle markeder, og gøre folk opmærksomme på, at de er der. Det gør vi via delegationsbesøg dernede, og det har vi gjort i massevis af år – det er en meget traditionel rolle. Og så har vi også en rolle – det er den afdeling jeg sidder i – og det er at hjælpe virksomheder meget konkret med deres forretningsplaner.
Finde partnere og få et forretningssystem op atstå. Og så har vi det tredje punkt, som er vores politiske afdeling, som prøver at gå ind og arbejde med de udfordringer der kunne være ift. at investere i de specielle lande, som man kunne lose politisk. [...] Hele det internationale område, det tæller vel 100 folk.

00:31:06 RK: Så I yder simpelthen rådgivning?

00:31:07 PH: Altså den afdeling, som jeg sidder med, det er 1-1 rådgivning til virksomheder, som er interesserede i at etablere sig. Om det så er i Mozambique, Kenya, Tanzania eller Uganda. Hvor det end måtte være.

00:31:23 RK: Er der nogle markeder, der er mere fokus på lige nu, i Afrika?


00:33:01 RK: Hvor ser du Afrika som marked om 10 år?

Du finder masser af købekraft, og afrikanere er gode forbrugere. Sydafrika er også et godt marked for den sags skyld. [...] Mange af de lande, der finder olie og gas, de kommer til at opleve en fænomenal vækst og interesse. Der vil komme en større forskel mellem rig og fattig, og det vil tage mange år, før den bliver udvisket igen, men selvfølgelig gør den det på et eller andet tidspunkt.

00:34:48 RK: Arbejder du med Business at the Base of the Pyramid?

00:34:52 PH: Vi har arbejdet en del med BOP-konceptet. Vi var dem der hev det ind i DK i sin tid, tilbage i 2006-7 stykker.

00:35:10 RK: Hvordan er lydhørheden ift. BOP, når du er ude hos medlemmer?


00:37:36 RK: Så vi er ikke der endnu, hvor man er gået fra at tænke CSR til at tænke CSI?

00:37:42 PH: Nej, det tror jeg ikke.

00:37:46 RK: Begrebet er meget nyt på det danske marked. Det er først indenfor de sidste 5 år, at man overhovedet er begyndt at snakke om det, og først indenfor de sidste 2 år, at det rigtig er
kommet på dagsordenen. Det kører jo i England, Frankrig, USA i forskellige afskygninger, men det er ikke noget, man beskæftiger sig så meget med herhjemme?

00:38:13 PH: Det tror jeg ikke. Jeg ved det ikke, jeg har ingen anelse.

00:38:19 RK: Nej, hvis du ikke er bekendt med det, så…

00:38:21 PH: Nu er jeg jo ikke alvidende, men jeg tror ikke det er helt afgørende.

00:38:25 RK: Men du arbejder med udviklingslande, og du sidder i en position, hvor du nok ville have en berøringsflade med det, kunne man forvente.

00:38:31 PH: Bestemt, bestemt.
7.8 Appendix 8

Transcription of semi-structured interview: Stine Jersie Olsen, Investment Manager, CSR Capital

Transcribed Interview

Stine Jersie Olsen
Investment Manager
CSR Capital

Date and time for interview: January 10, 2013, 10.30

RK: Rasmus Kjeldsen
SJO: Stine Jersie Olsen

00:00:40 RK: Egentlig kunne jeg godt tænke mig at høre lidt om, hvilken type af firma CSR Capital er?

00:00:51 SJO: Ja, men CSR Capital er et investeringsfirma, så vi er ikke en fond. CSR Capital blev stiftet i 2008 af Troels Holck Poulsen, som er manden bag Bestseller, som er en stor tøjvirksomhed med de kendte mærker som Vero Moda og Jack & Jones. CSR Capital blev egentlig stiftet på den baggrund, at Troels Holck Povlsen og hans familie gerne ville give noget tilbage på kommercielle vilkår til hovedsageligt Kina og Indien, som er de lande, hvor Bestseller er startet ud, og har haft rigtig mange aktiviteter. Tidligere, i ’95, der stiftede familien Holck Povlsen Bestseller Fonden, som er en velgørenhedsorganisation der giver donationer til projekter i Kina og Indien. Men på det her tidspunkt i 2008, der ville familien gerne være mere aktiv, og være med til at skabe økonomisk fremgang, og være med til at skabe arbejdspladser i Kina og Indien. Og det udvidede sig senere til at gælde Afrika og Mellemamerika også. Så vi er et investeringselskab der har 4 år på bagen, snart 5, og vi har projekter i Kina og Indien, og i det sydlige Afrika. Vi har hovedkontor her i København, hvor vi nu sidder 4 i alt, inklusiv vores chef. Og så har vi et regionalkontor i Beijing, hvor jeg også har 4 kolleger. Og så har vi en advisor, som repræsenterer os i Indien.
00:03:08 RK: Hvad siddes du så og laver i CSR Capital?

00:03:13 SJO: Jeg siddes som Investment Manager, som dækker over at jeg er med til at finde nye projekter. Mine ansvarsområder er hovedsageligt Indien og Afrika, og jeg er med til at vurdere indkommende projektforslag, og har været meget udførende i at rejse rundt i både Kina og Afrika og lede efter nye projekter, mødes med eventuelle partnere og organisationer og andre investment partners. Så det er at finde nye projekter, og fremlægge dem for vores bestyrelse, som så endeligt tager stilling til, om vi skal deltage i dem eller ej. Når projektet så er blevet til et projekt, og vi er gået med i en investering, så er det simpelthen monitorering og evaluering, samt deltagelse i projekterne bestyrelsesarbejde. Oftest, med vores investering, opnår vi en plads i bestyrelsen i projektseksterne, så jeg har også bestyrelsesposter i Indien og i Mozambique. Vi er ikke med i den daglige ledelse af projekterne – der er vi meget afhængige af at vi har en lokal partner, og en main partner som leder projektet i det daglige, og har knowhow og erfaring og kender til markedet. Når først vores investering er sket, så er vi med på det mere strategiske niveau.

00:04:50 RK: Kan du fortælle lidt om nogle af de projekter, I har været med til at investere i?

00:04:55 SJO: Ja, i princippet er vi åbne for at kunne investere i alle brancher og sektorer, medmindre det er meget kontroversielt. Våben- og tobaksindustri, der er no go areas. Sådan nogle ting er vi ikke med i. Men den røde tråd er, at det hovedsageligt er landbrugsprojekter, fødevarerforarbejdning og fødevareproduktion, og så også cleantech og renewable energy projekter. I Kina bl.a., er vi med i et stort projekt, sammen med danske partnere og kinesiske partnere i et biogasanlæg, hvor main raw material er human waste – det behøver vi måske ikke gå mere i detaljen med. Men det handler om at lave biogas. Og så er vi med i et andet projekt også i Kina, hvor vi laver sådan nogle cooling condensers til den globale containerindustri. Der var en dansk opfinder/entrepreneur, som fandt ud af, i stedet for at bruge elektricitet til at køle kølecontainere, så opfandt han et køleaggregat, som genanvender vand til at køle containerne. Og så er vi med i et andet projekt i Kina. Det er alene med en kinesisk partner, hvor vi er med til at lave fødevarer. Pickled fruits and vegetables, forskellige chiliprodukter og andre ting. Og et andet projekt, hvor vi er med til at lave enolin, ikke at forveksle med insulin, som er et produkt der laves af mælkebøtter, som kan bruges som et kosttilskud, især hvis man har sukkersyge. Så er det en god substitut for sukker, og det skulle hjælpe på fordøjelsen. Og så er vi med i et projekt i Mozambique, et mejeriprojekt, hvor vi er med til at producere yoghurt og ost til det lokale marked. Og på sigt er det meningen, at vi også skal lave is.
Lad os tage det projekt i Mozambique som eksempel. Hvordan fungerer det rent praktisk. Nu nævner du, at I har en bestyrelsespost, og ikke er med i den daglige drift. Faciliterer I en kontakt fra investorer her, som så investerer via jer, eller er det jeres midler?

Det er vores midler. Vi har en pulje i CSR Capital, som kommer fra vores ejere og stiftere, og er det ligesom den pulje, vi selvstændigt råder over og investerer direkte i givne projekter. Så vi skal ikke ud herfra og finde midler og investorer til vores selskaber, så det er egne midler vi investerer. Det overskud og afkast der så vil blive fra give investeringer… Det er vores filosofi at være i projekterne en 6-7 år, og efter 7 år, når projektet er godt oppe at køre, og der forhåbentlig er god indtjening, så er det vores filosofi at sælge vores aktier tilbage – enten til den lokale partner eller main partner, eller til 3. part. Det afkast vi så får, det ryger tilbage i CSR Capital og bliver brugt til geninvesteringer i andre emerging markets.

Så I er med til at sætte skub i udviklingen i forskellige projekter?

Det er vores filosofi. Vi er med de første par år, hvor projektet har brug for risikovillig kapital – og der er jo risici ved at operere i de her lande – så vi er med de første 2-3 år, hvor projektet måske har en del opstartsproblemer og børnesygdomme, og så efter der, der skulle det forhåbentlig blive mere steady og danne grobund for indtjening. Og det vil vi selvfølgelig også gerne have en del af. Så filosofien er, at når projektet er klar til at stå på egne ben, og det kører, og management er på plads, så trækker vi os ud af projektet igen, og så bruger vi midlerne til nye projekter.

Så det er ikke hensigten… Lad os sige, at I får et projekt rigtig godt i gang, og det giver et rigtig godt afkast, så er det ikke interessant for jer at blive af rent profitmæssige årsager?

Nej, det er filosofien at vores midler de skal ud, der hvor det hjælper, og være med til at skabe ny aktivitet – både økonomisk, men også videreførsel af teknologi, og at man er med til at uddanne og træne en lokal arbejdsstyrke. Sådan så så mange lande og regioner får gavn af, at CSR Capital eksisterer.

Så på den måde adskiller I jer fra et traditionelt investeringsselskab?

Ja, det kan du sige.

I driver noget afkast til jeres ejere, eller hvordan?
00:10:24 SJO: Nej, alt hvad vi tjener, det geninvesteres. Der er slet ikke noget, der ryger tilbage til familien.

00:10:32 RK: Nu har du selv nævnt Kina, Indien og det sydlige Afrika, og nu arbejder du mere med Afrika og Indien, men hvis du ser holistisk på det, er der så et marked som er mere interessant end andre lige nu? Også måske hvis man går mere lokalt ned i det?

00:11:00 SJO: Jeg ved ikke, om jeg kan sige, på den måde, at der er nogle markeder og lande som er mere interessante, men majoriteten af vores projekter, de ligger i Kina. Det er helt klart der, at koncentrationen har været stærkest, og det er helt klart også der, at fra vi går ind i en investering til vi har underskrevet hele vores aftalegrundlag, og der ligger en aktionæraftale, der ligger en låneaftale, og alt er klart, det går også hurtigere i Kina end det f.eks. gør i Indien eller i det sydlige Afrika. Så det har nok egentlig været grunden til, at der har været flere projekter i Kina. Landet har ligesom været modent på en anden måde. Der er en helt anden infrastruktur, og måske også nogle gange en helt anden proaktiv holdning fra de kinesiske partnere til at få presset tingene igennem hurtigere. Det har så også noget at gøre med strukturerne for, hvordan man opretter forretnings med udenlandske partnere, både i Mozambique og i Indien. Men der er jo rigtig meget hype omkring Afrika i øjeblikket, og især omkring lande i det sydlige Afrika, som har haft rigtig gode vækstrater her det sidste stykke tid. Det er selvfølgelig også noget, vi er opmærksomme på, og kigger nærmere på.

00:12:25 RK: Vi har snakket lidt om de forskellige projekter ift. eksempler… Og mange af de spørgsmål jeg havde forberedt, de har forberedt på baggrund af min opfattelse af, at I arbejdede sammen med firmaer, der investerede i projekter via jer.

00:13:46 RK: Hvad er fordelen ved at indgå sådan nogle partnerskaber?

00:13:50 SJO: Det er jo helt klart, at man er flere om at dele risici, hvis man skal starte med at tænke worst case scenario. Og så er man flere til at løfte investeringen, man er flere til at komme med additional financing. Hvis man to år henne ad vejen finder ud af, at man har brug for en ny, stor kølefacilitet, eller har brug for at købe noget mere land, så er der flere til at løfte finansieringsbehovet. Men samtidig, når man har en partner som IFO med, som har så mange års erfaring fra projekter i næsten alle de udviklingslande, man overhovedet kan komme i tanke om, så er det også en kæmpe kapacitet, at man har så meget erfaring, og at IFO har regionale kontorer mange steder i verden med lokal ekspertise, som kan gå ind og hjælpe til i projekterne. Så det er både på finansieringen, men simpelthen også på erfaring og bestyrelsesarbejde, og måden man løfter projektet på.

00:14:45 RK: Kunne I finde på at investere i projekter med en partner, som ikke bidrager med kapital, men som bidrager med kompetencer og produkter, som kan være med til at løfte opgaven?

00:14:59 SJO: Det ville komme an på, hvem der ellers er med som finansieringspartner, for vi er aldrig majoritetsaktionær i et givent projekt. Vi vil altid have, lad os sige mellem 25 og 35-40% af aktierne. Netop fordi vi ikke er med i driften, så har vi brug for at der er en finansiel partner, som har hånden på kogepladen, og som er committed lige så meget som vi er, til at se projektet lykkes. Det er erfaringen, at dem der skal køre projektet – hvis de ikke også er økonomisk involveret, og har en interesse i at se projektet lykkes, så er der lige pludselig ikke den management kapacitet, som man havde håbet på. Men hvis det ligesom er på plads, og der er en partner, der kan bidrage med teknisk viden eller med kæmpe markedsviden eller adgang til markedet, så kunne det sagtens være en del af projektet, at der kom en teknisk partner med ind over.

00:16:08 RK: Rent udviklingsstadiemæssigt, hvad kendetegner de projekter, I investerer i? Hvor langt fremme er de i udvikling?

00:16:23 SJO: Det varierer egentlig meget. Som udgangspunkt kan vi bedst lide at investere i projekter, som har en vis track record. Det er ca. 3-5 års revideret regnskaber, og helst med gode tal på bundlinjen. Vi er ikke så meget for at lave greenfield-projekter, fordi det simpelthen er for risikabelt. Det er vigtigt for os at se, at her er der en partner, han har teknologi, han har erfaring, han har bevist de sidste 3-5 år, at han evner at køre forretningen. Men når det så er sagt, så har der selvfølgelig også været nogle projekter i vores portefølje, som er mindre end andre, og der er også
nogle projekter med partnere, som har været mere uerfarne. Men det er simpelthen vores erfaring, at de små projekter og de mindre investeringer, rent beløbsmæssigt, de kræver mere eller i hvert fald lige så meget monitering og evalueren som de store projekter, der også tjener de store afkast. Så det er lidt en afvejning af, hvad man skal have i sin portefølje, og lige nu er der klart et fokus på, at det er større projekter.

00:17:51 RK: Hvad vejer mest i jeres beslutning om at gå ind i et projekt? Er det at kunne se, at det er økonomisk rentabelt for jer som investeringsselskab, eller om det er med til at rykke noget rent udviklingsmæssigt på et socialt og miljømæssigt niveau?

00:18:11 SJO: Som udgangspunkt er alle de projekter vi deltager i kommercielt bæredygtige, og de giver økonomisk overskud. Det skal vi kunne se allerede fra day 1, at det her er et projekt vi vil tjene penge på. Men når det så er sagt, så er hele det udviklingsmæssige perspektiv – at man er med til at skabe arbejdspadser, at man er med til at forbedre vilkårene for arbejdere, og alle de her mere udviklingsmæssige perspektiver og CSR-perspektiver, de skal selvfølgelig være der, og de skal også være der fra start af. Så det er to vigtige elementer, hvor man kan sige,. Vi mener også, hvis det ikke er økonomisk bæredygtigt fra starten, bliver det også svært at sikre udviklingsmæssig bæredygtighed.

00:19:12 RK: Men det er vel også det, der adskiller jer som investeringsselskab fra charity, fra NGO arbejde?

00:19:20 SJO: Præcis. For vi er ikke en charity organisation, der giver donationer. Vi skal se resultater, så at sige, og vi har også rapportering hvert kvartal. Det gælder både på det hardcore finansielle – overholder vi budgetterne – men der er selvfølgelig også rapportering på CSR og de mere bløde værdier, for at se at vi er med over hele linjen.

00:19:51 RK: Nu er investeringsselskabet udsprunget af Bestseller. Benytter I investeringsselskabet som en form for facilitator af CSR-strategien for Bestseller?

00:20:08 SJO: Nej, vi er en legal entity helt for os selv, afskåret fra resten af Bestseller. Det har været et ønske om, at det var en aktivitet, som ikke skulle kobles op til resten af Bestseller. Så der er vi helt vores egen.

00:20:28 RK: Kunne man forestille sig, at man på sigt kunne drage fordele af at inddrage nogle af de aktiviteter, som foregår rundt omkring i de forskellige udviklingsprojekter? Selvfølgelig
afhængig af deres natur, men inddrage dem i Bestseller koncernen? Lad os sige produktion af forskellige tekstiler på en bæredygtig vis, som kan sikre noget?  

00:21:00 SJO: Faktisk står det også i vores mandat, netop fordi man har ønsket at holde de to ting adskilt, at vi ikke skal indgå i tekstilproduktion eller andre produktioner, som har noget med tøjfremstilling at gøre, eller sourcing. Det er de så gode til i Bestseller, og de har jo deres egne CSR-afdelinger og code of conduct, og det gør de rigtig godt. Det har de rigtig godt styr på. Så det er simpelthen to ting, som er helt adskilt, og det tror jeg, det vil blive ved med at være.

00:21:35 RK: Det giver også god mening, for ligesom at sikre noget legitimitet i selskabet.
7.9 Appendix 9

Summary of notes from participant observation: Africa Innovation Network, 27/9 2012

Event: Africa Innovation Network: Strategic Alliances With NGOs

Date and time: 27/9 2012, 14.00-18.00

Place: CSI Consulting, Kigkurren 8D, 2300 Copenhagen S

The seminar was built up around contributions from different guest speakers. The speakers addressed different topics within the main theme that evolved around the notion of how companies can make use of strategic alliances with NGOs to enter African markets. Despite the lack of focus on NGOs in the research of this thesis, the seminar was highly relevant in terms of obtaining information on how partnerships with local actors can leverage the chances of success for the companies venturing into otherwise unknown territory.

Janni Thusgaard Pedersen, PhD fellow, CBS Center for CSR, addressed the topic of the ideal cooperation between companies and NGOs, which was the primary topic of relevance for this thesis. Many interesting points were made, and among them, and especially relevant to the focus of this thesis, the different possible partnership types between companies and NGO’s were described:

<table>
<thead>
<tr>
<th>Partnership Type</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Philantropy</td>
<td>Donating Money</td>
</tr>
<tr>
<td>2. Cause-related marketing</td>
<td>Joint Marketing</td>
</tr>
<tr>
<td>3. Reciprocal exchange</td>
<td>Split Purpose (Reed, 1999)</td>
</tr>
<tr>
<td>(independent value creation)</td>
<td></td>
</tr>
<tr>
<td>4. Symbiotic Value Creation</td>
<td>Joint venture, alliance, synergy</td>
</tr>
<tr>
<td>(integrative partnership)</td>
<td></td>
</tr>
</tbody>
</table>
The potential of the different types of partnerships were described in terms of this chart:

![Partnerships and their potential chart](source)

Source: Thusgaard, 2012

To sum up, the partnerships that create the most business outcome and societal outcome, are those that are the closest, working for the same causes.

Following, a list of do’s and don’t in these partnerships were added:

<table>
<thead>
<tr>
<th>The dos</th>
<th>The don’ts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify stakeholders working for the same cause</td>
<td>Do no think you partnership will go unnoticed</td>
</tr>
<tr>
<td>Work with local partners</td>
<td>Do not engage in partnerships, if your business is not willing to change</td>
</tr>
<tr>
<td>Work with long-term projects – things</td>
<td>Do not consider difference to be a</td>
</tr>
</tbody>
</table>
Corporate Social Innovation and Symbiotic Value Creation in Partnerships
Master’s Thesis by Rasmus Kjeldsen
Cand. Merc. SMC, CBS
April 2013

<table>
<thead>
<tr>
<th>do not happen overnight</th>
<th>barrier. Utilize it as a catalyst for change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish a team of employees across departments</td>
<td>Do not expect immediate results; partnerships involve a steep learning curve</td>
</tr>
<tr>
<td>Make communication flow</td>
<td>Do not be afraid…</td>
</tr>
<tr>
<td>Engage regularly in stakeholder dialogue, especially when critics emerge</td>
<td></td>
</tr>
<tr>
<td>Ensure mutual confidentiality</td>
<td></td>
</tr>
<tr>
<td>Agree on concrete governance structures for the partnership</td>
<td></td>
</tr>
<tr>
<td>Develop a framework for measuring outcome based results</td>
<td></td>
</tr>
</tbody>
</table>

Symbiotic partnerships are limited in numbers, due to the following facts:

- It is often difficult to find an appropriate partner
- There are often high entry barriers in terms of goodwill and trust
- Partnerships are resource demanding
- There will be long time horizon of win-win situations
- You will have to share the risk with your partner (corruption, child labor etc.)
• There can be a loss of reputation if the partnership experiences a scandal
• Integrity issues
• Lack of tools or models for partnerships
• Dilemma: Partnerships as a ‘game’ ➔ issue of intent & unpredictability.

Currently partnerships are 95% philanthropy, and 1% strategic alliances

Infrastructure and local knowhow = value of a local partner.
7.10 Appendix 10

Summary of semi-structured interview: Anders Frigaard, Managing Director, danishknowhow

Interviewee: Anders Frigaard, Managing Director, danishknowhow

Date and time for interview: November 12, 2012, 11.00

The interview is primarily concerned with the underlying thoughts behind danishknowhow’s agricultural entrepreneurship incubator in Mozambique. Anders Frigaard, the Managing Director of danishknowhow is interviewed to assess the vision for the project, it’s current state, and the direction in which it is going in the future. Below are the most important points taken from the transcription of the interview (all points are based on statements made by Anders Frigaard):

- The incubator is a project where agribusiness entrepreneurship can be developed. The point is to get people, who have no other resources than themselves, their knowledge and motivation, to move from where they are now to running their own company.
- It is the vision behind the Incubator to get the whole world’s agricultural level raised to Danish standards. It is sparked by the fact that everywhere Anders looks, he sees lots of fertile land not being used for agricultural purposes, and lots of people without jobs. There is a giant market for groceries in Africa, and the prices are sky high. It is a market where you fairly easily can start a profitable business, if you get the right assistance.
- The Incubator, which in Mozambique is currently in its pilot state and funded by DANIDA, has to receive financial support from investors if the project is to be scaled up and applied to other similar markets.
- Anders doesn’t believe that potential investors will involve themselves with the Incubator solely based on financial reasons (ROI, etc.). He thinks the CSR-angle is non-negligible.
- The project has reached proof of concept. There are profitable businesses running within the Incubator.
- The success criterion for the Incubator, in the short term, is that the entrepreneurs can change their lives by being a part of the project. That the individual can create a profitable business and hereby create positive change.
The long term success criterion is that the incubator becomes a profitable business.

- The future perspectives for the Incubator are to have 10 Incubators successfully running in different African countries. It is the aim to make it attractive enough for large commercial companies to invest.

- It is the aim to establish future Incubator projects as investment projects for companies to invest in. However, to make it attractive as an investment project is difficult in the short term. So Anders is open to other strategies that can make it more interesting for companies to invest (such as aligning the company’s business model with the course of the project).

- The Incubator is very much scalable to other African markets. There is tons of space in Africa, and if the business model proves itself to be viable, then it’s just onwards with new projects. Any government would provide danishknowhow with land and facilities if they brought the investors.

- Western companies would create value for the Incubator primarily by investments in the Incubator as a whole. A company can invest in x % of the Incubator and take ownership, and depending on the company’s activities they can be more or less active in the development of the project. If it makes sense for the company to adapt its business model and products to the market, it could be in terms of a marketing channel, production and parallel production, for instance.

- It is not essential for the success of the Incubator that the partner contributes actively with knowledge and competencies to the operation of the Incubator. Basically, all the Incubator needs is the investor’s money, but where it becomes really interesting, is if the whole thing can be taken to the next level with mutual value creation for all parties.

- The value derived for the partners can be a myriad of different things, depending on the single cases. CSR-value, new market possibilities, ROI.

- Western partners are preferred as opposed to local partners due to their views on CSR-value, their professionalism, etc.
7.11 Appendix 11

Summary of semi-structured interview: Jens Møller Olsen, Product Manager, Green Line, Danish Agro

Interviewee: Jens Møller Olsen, Product Manager, Green Line, Danish Agro

Date and time for interview: October 11, 2012, 16.00

The interview is concerned with exploring the potential interest, or the lack thereof, of a large Danish agricultural company such as Danish Agro to venture into a CSI-partnership with danishknowhow’s Incubator program. Below are the most important points taken from the transcription of the interview (all points are based on statements made by Jens Møller Olsen):

- Danish Agro operates in the North, Baltikum and Germany (established markets) via mergers and acquisitions. Markets that are production-wise similar to the Danish market.
- Not all companies benefit from being socially responsible. A cooperative such as Danish Agro would put the short-term generation of profit for their stakeholders above a social profile at any time. It doesn’t add value to the brand of Danish Agro to have a social profile.
- Danish Agro possesses great knowledge within agricultural production and offers counseling in Denmark within this field. Some of it can be used in a CSI-perspective in a project such as the Incubator, however, the differences in the environment, soil, climate etc., makes it difficult to apply general knowledge to African markets.
- At the moment Danish Agro is developing crop sorts that are cold-resistant for the Russian market, which proves that they are sculpting their offerings according to the markets that are interesting.
- Jens Olsen thinks that venturing into Africa would require too big an investment for Danish Agro than what can be defended towards the company’s stakeholders in the short term. However, he sees Africa as a potentially interesting market in the long run.
- Jens Olsen sees a potential for Danish Agro to move into Africa in the long term. The production of crops would be cheaper, and it would be cheaper to export to distant markets.
from African countries. The problem is the primitive state of development in Africa, which does not allow for Danish Agro to make the necessary investment.

- Within 5-10 years it might be relevant for Danish Agro to move into Africa, but they are not willing to take the risk of involving themselves in a partnership with a project such as the Incubator, due to the low level of development.

- Success in Africa requires local knowledge, so Jens Olsen’s best advice is to partner up with a local partner.
7.12 Appendix 12

Summary of semi-structured interview: Peter Helk, Manager, Emerging Markets, Dansk Industri

Interviewee: Peter Helk, Manager, Emerging Markets, Dansk Industri

Date and time for interview: December 6, 2012, 15:00

The interview is concerned with exploring the potential, or the lack thereof, for involvement of Dansk Industri’s (DI) member companies in DanishKnowHow’s Incubator in project. What characterizes the projects that DI’s member companies invest in, and what are Peter Helk’s experiences with companies venturing into socially innovative partnerships? Below are the most important points taken from the transcription of the interview (all points are based on statements made by Peter Helk):

- Peter Helk works with assisting member companies with their entry into foreign markets. He deals primarily with emerging markets, and more specifically Africa.
- Peter Helk points out the supply chain as a specific problem for many companies entering Africa. The infrastructure is very poor in many countries, and this is a major problem for many companies seeking to establish themselves.
- Companies should be socially innovative by creating their own infrastructure in new markets. For example by educating the local population, not only for their own benefit, but for the benefit of the economy and the people.
- Peter Helk mentions a project by FLSmidth in Egypt, where they have invested in the educational system to secure a flow of skilled engineers. Not only FLSmidth employs these engineers.
- Peter Helk talks about “strategic CSR that supports the business model”.
- The interest, with regards to DI member companies, for involvement in CSI-partnerships in Africa is not very big. There are too many small and medium-sized companies, and they don’t have the necessary size to think strategically about such ventures.
- The leap from philanthropy to corporate innovation is big, and is all about changing the mindset with organizations.
- The real potential in Africa lies within the oil- and gas industry. However, many big corporations have problems securing the right supply chain in the oil-producing countries.

- It is the current business model that sets the stage for new business ventures. But it might also be the current business model that accelerates new possibilities. However, Peter Helk is not sure if these possibilities result in business model innovation.

- Economy and CSR walks hand in hand. Philanthropy (CSR) shouldn’t be underestimated because of the PR value it generates.

- A CSI-initiative is not something that is designed. It might be the result of occurring events that you react upon.

- Shared Value is all about making sure that the outcome is the best possible thing for all involved. Investment in the education of your outgrowers, for example.

- It is a good idea for projects such as the Incubator to get used to thinking in market terms. Because some day the DANIDA-funding will end, and then what?

- CSI-projects can be sparked by your own needs in a new market. If you need workers, you go into dialogue with the local municipality, and start improving conditions. Suddenly, you’re doing CSI.

- A lot of the companies investing in developing markets do it via a partner. But when the market gets cultivated, the partner is excluded.

- DI member companies have a low willingness to take on investment risks.

- If danishknowhow should tempt DI member companies, it should be the big companies within the oil and gas industry, o the companies manufacturing farming machines and equipment.

- At this point the most interesting countries are Mozambique, Tanzania, Ghana, Nigeria and Angola. All of them oil- and gas countries. The industries following oil- and gas extraction are massive, and that’s what’s interesting for Danish companies.

- Member companies are not working with BOP strategies, since they don’t sell to the final user. Most often a supplier is used, because it is the cheapest, and then nobody knows what happens to the end product.

- There is still a lack of knowledge about the potential of CSI-strategies in developing countries. Most companies focus only on CSR.
7.13 Appendix 13

Summary of semi-structured interview: Stine Jersie Olsen, Investment Manager, CSR Capital

Interviewee: Stine Jersie Olsen, Investment Manager, CSR Capital

Date and time for interview: December 6, 2012, 15.00

The interview is concerned with exploring the potential, or the lack thereof, for CSR Capital to invest in danishknowhow’s Incubator in project. What characterizes the projects that CSR Capital usually invests in, and what are Stine Jersie Olsen’s experiences with socially responsible and financially viable investments in emerging markets? Below are the most important points taken from the transcription of the interview (all points are based on statements made by Stine Jersie Olsen):

- CSR Capital is a private investment company that invests in projects in emerging markets with the aim of improving social and/or environmental conditions.
- The investments made are intended to help boost the company’s chances of survival in the starting phase.
- CSR Capital injects capital into the project, and participates only as a board member in the management of the project. CSR Capital is not a part of the day-to-day operations.
- When the project is financially stable, CSR Capital sells its shares and moves on to the next project.
- The money that CSR Capital makes off of the investments is reinvested in the company, not generating profits to the owners.
- CSR Capital does not invest in morally/ethically doubtful industries – it is a requirement that the investment can help solve a social or environmental problem.
- CSR Capital primarily invests in projects with a positive track record (3-5 years), and rarely invests in greenfield projects. Smaller projects with no track record require at least the same amount of resources in terms of monitoring and evaluation as larger, proven projects, which is why the latter is preferred.
- The company usually invests in projects within agriculture, food production and – manufacturing, renewable energy and clean tech.

- CSR Capital usually invests up to a 25-40% share of the investment project, and invests both alone or with a partner. When investing with a partner, it is usually a local partner with market knowledge or technological competencies, who is equally financially committed.

- CSR Capital has invested in several projects with the Danish investment fund IFO.

- It is critical for all investments, that they are financially viable. CSR Capital is not a charity organization.