Small Business Sustainability Orientation
Exploring the Case of Malmö Hardware Store

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Abstract

This paper explores a small business’s sustainability orientation through a case study, by identifying leadership and organization characteristics of the business that contribute to the sustainability orientation. The studied case is a small hardware store. The case is explored primarily through interviews and supported by in-store observations. It looks into four service areas of the business, and captures the perspective of owner, staff, customers, neighboring businesses as well as a licensee. Led by a notion developed early on in the research and reinforced by case data, business characteristics related to social interactions between the business and its customers are found to be a third dimension in the business’s sustainability orientation in combination with leadership and organization. This study puts forward the importance for small, sustainability-oriented businesses to engage in social interactions, as this is found to have the potential to strengthen the triple bottom line of the business along with leadership and organization.

In order to create a deeper understanding of the case we characterize leadership, organization and social interaction impacts on the sustainability orientation of a small business. This contributes to broaden CSR theory in very small businesses and serve as a basis for practitioners. This study aims at particularizing aspects of a small business’s sustainability orientation. While it is not claimed that the results of this case study are broadly generalizable, learnings are transferrable to other like contexts.

**Key Words:** Case Study, Small Business, Sustainability Orientation, Strategic CSR, Leadership, Organization, Social Interaction, Social Capital.
# Table of Contents

1 **Introduction** .................................................................................................................. 1  
  1.1 A For-profit Business Focused on the Triple Bottom Line .................................................. 1  
  1.2 Framing Small Business Sustainability ............................................................................. 2  
    1.2.1 Strategic CSR .............................................................................................................. 2  
    1.2.2 Small Business ............................................................................................................ 3  
    1.2.3 CSR in Small Business .............................................................................................. 3  
    1.2.4 Sustainability Orientation in Small Business ............................................................... 4  
  1.3 Research Purpose and Research Questions ....................................................................... 5  
  1.4 Further Structure ............................................................................................................. 5  

2 **Methodological Considerations** ...................................................................................... 6  
  2.1 Ontological and Epistemological Foundations ................................................................. 6  
  2.2 Research Inference and Approach ................................................................................... 6  
  2.3 Case Study Research ....................................................................................................... 7  
    2.3.1 Research Design .......................................................................................................... 7  
    2.3.2 The Boundaries of the Case ....................................................................................... 9  

3 **Research Perspective** ..................................................................................................... 10  
  3.1 Leadership and Entrepreneurship Perspective ................................................................. 10  
    3.1.1 Leadership Perspective ............................................................................................. 10  
    3.1.2 Entrepreneurship Perspective ................................................................................... 11  
  3.2 Organizational Perspective .............................................................................................. 11  
  3.3 Social Capital Perspective ............................................................................................... 12  

4 **Research Methods** ....................................................................................................... 13  
  4.1 Creation and Collection of Data ....................................................................................... 13  
    4.1.1 Creation and Collection of Interview Data ................................................................... 13  
    4.1.2 Creation and Collection of Field Observations ............................................................ 15  
  4.2 Coding and Organization of Data .................................................................................... 16  
  4.3 Analysis and Presentation of Data ................................................................................... 17  
  4.4 Research Quality and Ethics ........................................................................................... 18  
    4.4.1 Triangulation of Data .................................................................................................. 18  
    4.4.2 Participant Review of Analysis .................................................................................. 18  
    4.4.3 Consent Form ............................................................................................................. 18  
    4.4.4 Participant Compensation ......................................................................................... 19  

5 **Findings and Theoretical Analysis** ............................................................................... 20  
  5.1 Values: a Leadership/Entrepreneurship Perspective ......................................................... 20  
    5.1.1 Self-expression of Owner .......................................................................................... 20  
    5.1.2 Authenticity of Values ............................................................................................ 27  
    5.1.3 Contribution to Sustainability Orientation ................................................................. 29  
  5.2 Structure: an Organizational Perspective ........................................................................ 29
Table of Figures

Figure 1 The role of research participants, researchers and the readers in this study ..................8
Figure 2 The boundaries of the hardware store case .................................................................9
Figure 3 Structure of case data, adapted from Gioia et al. (2012, p. 7) .....................................17
Figure 4 The combined contribution of leadership values, organizational structure and social interactions to the small business’s sustainability orientation .................................45

Table of Tables

Table 1 Brief profile of interview participants based on self-description ............................14
1 Introduction

1.1 A For-profit Business Focused on the Triple Bottom Line

Can a business strive towards sustainability and as a result increase profit? Can proper implementation of environmental and social sustainability measures actually support economic sustainability of a business? It is with these questions in mind that we first approached Malmö Järnhandel (“Malmö Hardware”), a small hardware store in the middle of Malmö, Sweden.

In a business context sustainability is often described according to the triple bottom line, introduced by Elkington (1997). The model of the triple bottom line implies the accountability of a sustainable business according to the creation of economic, environmental and social value (Elkington, 1997). The underlying idea is to measure sustainability of a business not only by its financial, but also environmental and social bottom line. The model was specifically conceptualized in a language familiar from business theories to allow for bigger acceptance among practitioners (Elkington, 2004). Even though it is currently the most common tool in use in sustainability reporting (Werther & Chandler, 2011), there is considerable disagreement about its usefulness considering problems of measurement and prioritization within the value based sustainability concept (Gray & Milne, 2004; Norman & MacDonald, 2004; Pava, 2007).

While we acknowledge that the model of the triple bottom line in itself contains a contradiction because it is a feature of our capitalistic system where financial interests are prioritized over social and environmental interests (Gray & Milne, 2004), we consider it a useful tool to assess a business’s efforts directed towards sustainability. With this in mind, we approached Malmö Hardware looking for aspects of the business that correspond to the three dimensions of social, environmental and economic sustainability.

At first look, the hardware store appears to be a for-profit business that exhibits environmental and social values through its products and services. We were immediately interested in how these values effect the economic sustainability of the store, as well as the motivating factors behind the social and environmental values. In our preliminary meeting with owner Matti Jokela, what stood out to us was his compelling personality, his connection with the neighborhood and his genuine passion for the store. He was aware of the social and environmental benefits his store provided, and expressed that they created a win-win-win for the store, the customers and the planet. In this initial meeting, he described the various services he provided for the local community, and emphasized his problem solving nature. Jokela stated that while this was a for-profit business, his goal was to meet people’s needs while making ‘reasonable profit’. The overall concept of the store seems to aim for serving the needs of the community.

During our initial informational meeting, we learned about the four main services the hardware store provides to address customer needs:

1) **ToolPool** – this allows customers to borrow tools for free rather than to purchasing them (see Appendix A for details regarding this service).
2) **In-Store Service** – Jokela sees service as the main difference between his hardware store and the big chains. He claims that he and his staff person focus on providing solutions for their customers by providing them with the necessary knowledge.
3) **Handyman Service** – Jokela performs local ‘handyman services’ for people who cannot repair something on their own.
4) **Workshops** – free workshops are held periodically to help people learn basic repair skills.

Jokela is aware of the social, environmental and economic aspects of sustainability, and expressed that with his business he aims at creating a win-win-win for the store, the customers and the planet. Based on Jokela’s descriptions in our first personal communication with him and on his website (Malmö Järnhandel, 2015) we created our own understanding of his business according to the triple bottom line. The economic aspect within our approach is understood as the economic sustainability
of the business, the social dimension encompasses benefits for the community the business is located in, and environmental sustainability refers to reducing the global environmental burden.

From an environmental perspective, we see three ways the business enacts responsibility. Firstly, the general concept of the service-oriented hardware store promotes repairing over replacing goods. Secondly, Jokela expresses that his problem-solving attitude helps him to find the right solutions for his customers and by selling them the right thing reduce overall consumption. Finally, the sharing of resources that are rarely used when purchased through ToolPool, contributes to a significant decrease in consumption of those goods.

The main benefits the business provides to the community, in our case understood as social sustainability, is the transfer of knowledge enabled through in-store interactions and workshops, created for this purpose and offered for free. An additional social benefit we identify is the open access to tools the business grants to everyone independent of income.

The financial bottom line, as the last sustainability dimension, is crucial for business survival. So far, the business has survived for four years, and based on Jokela’s statements, the sales are increasing. Discussing factors that strengthen the business’s economic sustainability, Jokela emphasizes the effect of ToolPool as a marketing tool, which draws in more potential customers and leads to tool borrowers also making a purchase in eight out of ten cases.

We can see that the different services provided by the store appear to incorporate aspects of environmental, social, and economic sustainability. Additionally, we saw that while the economic profit of the hardware store is at its core achieved by selling products, social interactions with customers through the services listed above seem to increase product sales. The social and environmental value created by those services can be seen as an addition to economic profit.

1.2 Framing Small Business Sustainability

The hardware store is a small, owner-operated business that aims to consider all aspects of the triple bottom line. In this section we further classify the business within existing research in order to formulate our research problem.

1.2.1 Strategic CSR

From a research perspective, the case is instrumentally interesting as an example of a business implementing strategic corporate social responsibility (CSR). Similar to the concept of the triple bottom line coined by Elkington (2004), the concept of CSR is the attempt to incorporate sustainable development into the context of the corporate world. Werther and Chandler (2011) define CSR as “a view of the corporation and its role in society that assumes a responsibility among firms to pursue goals in addition to profit maximization” (2011, p. xxii). During our initial meeting with the owner it was made explicit that the aim of the store was about more than pure profit. In addition to traditional CSR, the business seems to also exhibit signs of strategic CSR, which is defined as “the incorporation of a holistic CSR perspective within a firm’s strategic planning and core operations so that the firm is managed in the interests of a broad set of stakeholders to achieve maximum economic and social value over the medium to long term” (Werther & Chandler, 2011, p. 39). As discussed in 1.1, the social interactions of the hardware store aim to provide economic, social and environmental benefits by providing services that customers cannot get in larger hardware stores. Furthermore, the social and environmental activities seem not to come at the cost of business, but instead generate economic stability. Jenkins (2006) states that the more social responsibility is embedded into the everyday business decisions of a company, the less of a burden CSR becomes and more of “just the way we do things” (2006, p. 252). In this way, the business is perhaps practicing what Werther and Chandler (2011) refer to as
enlightened self-interest, which they define as “the recognition that businesses can operate in a socially conscious manner without forsaking the economic goals that lead to financial success” (Werther & Chandler, 2011, p. xii).

Werther and Chandler (2011) introduce the concept of CSR by stating that it springs from the following question: “What is the relationship between a business and the societies within which it operates?” (2011, p. 4). By examining this case, we aim to understand the relationships of this business in its society. We see at the outset that there is an intended aim of the owner to achieve more for his business that pure economic profit through the social interactions of the business with its customers.

1.2.2 Small Business

Malmö Hardware is an example of a microenterprise as defined by the European Union (European Commision, 2003). Microenterprises are part of the category of micro, small and medium-sized enterprises (SMEs), which are grouped by staff headcount and financial conditions. SMEs are defined by employing less than 250 people. The limits of the more specific subcategory of microenterprises are: a workforce of less than ten people and an annual turnover and/ or balance sheet up to EUR 2 million (equals about SEK 19 million). The small size implies that those microfirms usually are owner-managed and do not employ management staff. This is the case at Malmö Hardware, run by owner manager Jokela.

About 99 percent of European businesses and around 90 percent worldwide are considered to fall into the category of SMEs (Moore & Manring, 2009; von Weltzien Hoivik & Melé, 2009). This translates into an estimated 70 percent of global production (Moore & Manring, 2009) and more than half of the world’s employment (von Weltzien Hoivik & Melé, 2009).

As a subdivision of the SME category, microenterprises in the European Union specifically add up to over 90 percent of all businesses (Eurostat, 2012) and have been identified as the predominant form in many other countries (Schaper, 2006). In research however, differentiation within the category is rare and, if done at all, microenterprises are grouped into the inclusive definition of small businesses (Curran & Blackburn, 2000). Frequently SMEs are referred to as one category by researchers and policy makers (Curran & Blackburn, 2000, p. 1).

The term microenterprise spread in research as defining an enterprise financed by microfinance. To avoid confusion, in our work we therefore use the term small business and relate it to SME research while keeping in mind that the underlying definition is relatively broad.

1.2.3 CSR in Small Business

Our contribution to research is studying in-depth an implementation of strategic CSR in a small business, while “the mainstream of business ethics and Corporate Social Responsibility (CSR) literature is orientated towards large firms” (Spence, Schmidpeter, & Habisch, 2003, p. 18). As a consequence “large companies are frequently taken as the norm to understanding CSR for all kinds of companies” (von Weltzien Hoivik & Melé, 2009, p. 552) neglecting that SMEs have very different preconditions to act socially responsible (Jenkins, 2006).

Spence et al. (2003) explain that the lack of sufficient research is due to: 1) the general perception of SMEs as not being powerful enough to significantly influence their environment and 2) by the initial phase of CSR research, where ethical behavior was understood merely as an extra cost for reputation only afforded by large corporations. The interest in CSR for SMEs has however increased and research has begun to acknowledge their potential: “summing a large number of small social actions can bring about a great social impact” (von Weltzien Hoivik & Melé, 2009, p. 552).
1.2.4 Sustainability Orientation in Small Business

We approach our case with the academic background knowledge on strategic CSR, but at the same time recognizing that the terminology of corporation does not seem appropriate for an owner-managed microenterprise with one half-time employee. This is in line with Spence and Perrini (2010), who “drop the corporate implication and talk instead about ‘social responsibility’, by which [they] intend to keep small and medium sized enterprises (SMEs) within the mainstream CSR debate” (2010, p. 36).

From a practical point of view, and referring to Southwell’s work (2004), Jenkins (2006) states that “there is much agreement that ‘corporate social responsibility’ may not be the most effective term to engage SMEs in issues of social, environmental and community issues” (2006, p. 251). SMEs prefer to talk about their efforts in less academic and more informal ways (Jenkins, 2006). In her sample she also found that promoting CSR activities was seen as controversial among the SMEs, who saw it “as a ‘big business’ thing to do and there was a belief that many large companies only undertake CSR for the PR benefits” (Jenkins, 2006, p. 250).

Thus, CSR appears to be an inadequate term for discussing small business’s sustainability efforts. Yet, CSR is considered as the voluntary contribution of members within the economic system to sustainable development as defined in the well-known Brundtland report (1987) (Werther & Chandler, 2011). Within this frame, Gray and Milne (2004) doubt that “an individual company could be sustainable (or responsible) in an unsustainable (or irresponsible) system” (2004, p. 73) in the first place. This is reasoned due to present implicit trade-offs between economic, environmental and social aspects of sustainability (Gray & Milne, 2004). Scoones (2007), who provides a historic background of the term sustainability and its development as a buzzword, assigns sustainability an “over-arching, symbolic role – of aspiration, vision, and normative commitment” (2007, p. 594). As such sustainability is not considered as an achievable state, but rather as an ideal to strive towards.

In line with this conceptualization of sustainability, some researchers (Bos-Brouwers, 2009; Roxas & Coetzer, 2012) characterize companies that consider sustainability as businesses with a sustainability orientation. Roxas and Coetzer (2012) focus on environmental sustainability orientation in the context of small businesses. They argue that in small businesses the attitude of the owner–manager is decisive for “the firm’s proactive orientation toward environmental sustainability” (Roxas & Coetzer, 2012, p. 464). Kuckertz and Wagner (2010) apply the more holistic term sustainability orientation to those “who are concerned with environmental and societal issues” (2010, p. 525). However, Kuckertz and Wagner (2010) assign a sustainability orientation to entrepreneurs as individuals rather than to businesses. By broadening the definition of environmental sustainability orientation by Roxas and Coetzer (2012), sustainability orientation can be defined as “a business orientation that reflects the firm’s philosophy of doing business in an environmentally [and socially] sustainable way” (2012, p. 464).

We define the hardware store as a sustainability-oriented business, due to the business considering sustainability aspects including the environment, society and economy in its business practices. From our perspective and in line with the above discussion of the concept, sustainability is a goal that cannot be reached; rather it is an ideal to shape businesses practices. Therefore, we do not use the term sustainable business, rather sustainability-oriented business to reflect intentions and aims of the business. This makes us look into the efforts of a small business to strive towards sustainable business practices as an ideal, rather than seeking to measure the triple bottom line with hard numbers. Thus, the term sustainability orientation is meant to imply the underlying intentions of the business that inform its actions and behaviors.

In the last two decades, the body of knowledge on sustainability orientation (often framed as CSR) in small business has grown, but many researchers claim that further research is needed (Jenkins, 2006; von Weltzien Hoivik & Melé, 2009). A specific difficulty encountered in building theory on how small businesses deal with sustainability issues is the heterogeneity concerning structure, branch, age (etc.) that naturally exists within this big group defined by business size. We find that,
as Fuller and Tian (2006) put it, “further case research on the way that responsible practices and ethics are woven into the daily activities of small businesses, how these are converted and utilized symbolically and the powers that influence the nature of these activities is needed to produce explanatory and normative theory” (2006, p. 296). This case study therefore contributes to research by deepening the understanding of the “powers” that impact the sustainability orientation of very small businesses.

1.3 Research Purpose and Research Questions

The purpose of this study is to explore how leadership and organization of a small business impact its sustainability orientation.

This purpose is addressed by answering the following research questions:

1) What characteristics are observed that contribute to the sustainability orientation of the business?

2) What is the role of social interactions between the business and customers?

To explore the case and answer the research questions, we develop a case-based study where we obtain data through interviews and supplementary in-store observations, look into the four service areas of the business (in-store service, handyman service, ToolPool and workshops), and capture perspectives of owner, staff, customers, neighboring businesses and a ToolPool licensee. Determined by our background we apply an organization and leadership perspective to explore the case. In order to fully answer the purpose, we believe that we must also study the social interactions of the business with its customers (Research Question 2), due to the prevalence of social interactions witnessed in our initial meeting with the owner.

1.4 Further Structure

The remainder of this study is structured as follows. The next chapter contains a description of the research methodology applied. An explanation of the underlying social constructionist philosophy and the inductive research approach helps the reader relate to the reasoning within the case study. In Chapter 3, the research perspectives are laid out and it is argued that leadership and entrepreneurship, organization, and social capital literature are adequate when exploring the case. In Chapter 4, the research methods are specified. This chapter also addresses quality and the handling of ethical issues in this study. Chapter 5 is dedicated to the inductive analysis of the findings. Each identified characteristic is discussed in a single section, which answers the first research question. The theoretical analysis closes with a graphical display summing up the results of this study, addressing the second research question and pointing out the main learnings from the case. Finally in Chapter 6, research questions and purpose are returned to and contributions of this study as well as suggestions for follow-up research are outlined.
2 Methodological Considerations

This chapter is dedicated to the methodology of this study. It covers the underlying philosophical position maintained in this research, the logic of the applied inductive theoretical approach, and the research design as case-based research. As advised by Gioia and colleagues (2012), this chapter and the research methods chapter are very detailed in order to thoroughly explain the applied qualitative and inductive procedure. Furthermore, this chapter informs the readers about their role in this study. The boundaries of the case are illustrated, which facilitates the readers’ understanding of the aligned research methods that are presented in Chapter 3.

2.1 Ontological and Epistemological Foundations

According to 6 and Bellamy (2012), social constructionism is “the study of the social interactions that led to shared understandings” (2012, p. 57). In this study we have a specific focus on social interactions and their outcomes. Moreover, our social constructionist perspective is reflected in our choice of data creation whereby we respect and understand that interviewees have different understandings of issues shaped by their points of view (6 & Bellamy, 2012). Approaching the research purpose with a constructionist doctrine in accordance with 6 and Bellamy (2012) also means that this study is shaped by the researchers’ interpretations, which in turn are influenced by our background and experience. Nevertheless, an approach to data creation through interviews as adapted from Seidman (2006) ensures that by relying on how participants make sense of the issue, the aim of the researchers in this study is to represent the participants’ views of the issue. Thus, emphasis is put on the personal and professional background of participants when conducting interviews. However, in addition to the participants and the researchers, the readers themselves create a richer sense of the case’s meaning. A further discussion about how the reader can generalize from the research can be found in section 2.3.1. Overall, the goal underlying this philosophical choice is to explore the case by interpreting the participants’ sense-making and by allowing for generalizations by the readers.

In line with our qualitative study and our social constructionist perspective, we reflexively provide a background of our biases rooted in our academic pre-understanding that we bring to the study. Chapter 3 serves the purpose of introducing the readers to our perspective, helping them to understand the background we bring as researchers, which shapes our view of the case. Moreover, by explicitly stating the philosophical position that is underlying our work, we intend to make the reader aware of the manner in which interpretation, findings and generalizations are shaped in this study.

2.2 Research Inference and Approach

Research approaches are differentiated by induction and deduction, which can be understood as two ends of a continuum. Since we are interested in the case as such and since we intend to conduct a case-based research with one in-depth case, a prevailing inductive approach allows us to “follow interesting leads” (6 & Bellamy, 2012, p. 104) and be open to unexpected research outcomes throughout the research process. With regards to the research questions, this means that by maintaining an inductive approach we allow unpredicted characteristics contributing to the business’s sustainability orientation to emerge. This means as well that no expectations are set regarding the role of social interactions within these characteristics prior to the data analysis. We find that such an inductive approach best serves an explorative purpose and to answer the research questions by grounding our findings of the case in the data instead of fitting the case into theory. However, in line with 6 and Bellamy (2012), who state that there is “an element of deduction […] in […] all social science research” (2012, p. 33), this study holds some deductive attributes in so far as that it “[seeks] to build on previous work” (6 & Bellamy, 2012, p. 77) and that it has a certain frame due to our education-based perspective on organization and leadership. These perspectives
are complemented by a social capital perspective on social interactions. The notion that social interactions between the business and customers play a role in the sustainability-oriented hardware store is a rather deductive trait of the research approach; yet there are no assumptions made regarding the kind or role. After letting themes inductively emerge from the empirical data, these themes are brought into relation with existing theories in order to make further sense of them. Such an integration of the data in theory gives importance to qualitative research and case study in particular (Gioia et al., 2012). By relating the findings to prior academic literature both the researcher and the reader are provided with the possibility to interpret the emerged themes and finally to link the outcomes to other cases.

As previously reasoned, adopting a research approach that is primarily inductive serves the research purpose and is in line with our social constructionist position. It permits us to express that the researchers are a part of the research rather than detached (Bryman, 1988), this is also represented in Figure 1, which is explicated in the following.

2.3 Case Study Research

2.3.1 Research Design

In order to answer the research purpose by exploring a small business’s sustainability orientation, we decided to look into a single case: the hardware store in Malmö, Sweden. The unit of analysis is thus a small business, which naturally means that not only the business itself but also the business owner is a subject of analysis. The research questions require that we observe the business very closely in order to understand the complexities associated with its sustainability orientation. 6 and Bellamy (2012) propose conducting a case-based research for studying a case “in considerable depth, and as comprehensively as possible” (6 & Bellamy, 2012, p. 103).

6 and Bellamy (2012) assign three characteristics to a case. First, the case is determined as a unit that is “defined and bounded by the researcher to answer a question about a particular phenomenon” (6 & Bellamy, 2012, p. 103). Second, internal complexity qualifies a phenomenon as a case. Third, the boundaries are set in a manner that “values of particular phenomena may change over the period of study or present a contrast between different elements” (6 & Bellamy, 2012, p. 103). The hardware store as an organization presents a case that enables us to research a real-life example of a small business with sustainability orientation. Organizations as complex systems have been named as examples for cases and business case studies have a certain tradition in research (6 & Bellamy, 2012; Creswell, 2013; Merriam, 2009). Acknowledging that flexibility and responsiveness are important values in qualitative research (Bryman, 1988; Gioia et al., 2012; Stake, 2005) – and in this qualitative, case-based research design in particular – the approach in this study is intentionally kept open. This is for example reflected in “well-specified, if rather general research question[s]” (Gioia et al., 2012, p. 5) which are formulated in a way that enables the researchers to include unexpected but important themes in the analysis. As a natural part of conducting case study research, the research questions progress over time, influenced by what empirical data reveals (Bryman, 1988; Gioia et al., 2012; Stake, 1995).

According to Stake (1995), cases can be categorized as intrinsic or instrumental. When a unique case itself is of interest and making theoretical generalizations is not paramount, it is referred to as an intrinsic case (Stake, 1995). An instrumental case study has the primary goal to fill a specific research gap and to add to theory (Stake, 1995). The case serves thereby to observe and understand an issue (Stake, 1995). What first attracted our interest for the case was Malmö Hardware’s innovative ToolPool service. As reported in the introduction of this study, investments in social and environmental sustainability support the economic bottom line and in fact are key to the business’s survival. Jokela calls it a triple win situation, since ToolPool supports the hardware store’s economic sustainability by attracting customers while reducing the environmental burden and contributing to the community (see chapter 1). As such, the hardware store with ToolPool presents an intrinsically interesting case as defined by Stake (1995). However, while looking into Malmö
Hardware and by meeting Jokela we noticed that ToolPool is only one component creating the triple win situation, and that in fact there were many other interesting aspects to the store aside from its best known face, “ToolPool”. We also realized that the exploration of the case of a very small business could serve the broadening of CSR theory. As pointed out by Stake (1995), case studies can sometimes not be clearly categorized and sometimes researchers are both interested in the case intrinsically as well as instrumentally. Accordingly we argue that this case study is a combination of our intrinsic interest in the case as well as an instrumental case in order to explore a small business’s sustainability orientation.

However, how far can the sustainability orientation of a small business possibly be understood from the experiences of people within the boundaries of one business case? In other words, are the results of a case study generalizable? Bryman (1988) illustrates generalizability in case studies as a “problem”. Defenders of the case study (Merriam, 2009; Stake, 1995, 2005) take another stance which we identify with in designing this research. From the outset, the case is approached to “optimize understanding of the case rather than to generalize beyond it” (Stake, 2005, p. 443). The case generates contextualized understanding and thus makes a contribution to research (Merriam, 2009; Stake, 1995, 2005). In reference to Stake (1995, 2005) and Merriam (2009), this study intends to particularize aspects of a small business’s sustainability orientation. This is reflected in the purpose of this study, which we term explorative, implying our aim of particularization.

As displayed in Figure 1, we present a research paper as the interface between researcher and reader, which provides in-depth description and a theoretical context in order to allow for the transfer of learnings to other like contexts by the reader. Thus, the generalization is supposed to follow after the reader links the understanding from the particular case to his or her own context. While it is not claimed that the results of this case study are broadly generalizable within the scope of this paper, learnings are transferrable to similar contexts. Figure 1 illustrates the process in this study from meaning making of the participants’ experience to the creation of general insights from the particular hardware store case. Erickson (1986) and Stake (1995) put emphasis on creating a research paper that permits readers to make their own interpretations, which facilitates what Stake (1995) refers to as naturalistic generalization. For the purpose of this study it means that interview quotes and narrative descriptions are a substantial part of this paper. It also implies that findings are organized in dimensions and related to theory to help both the researchers and the readers to interpret data and understand the case. Figure 1 summarizes the roles that we assign to the research participants in interviews, the researchers of this study and the readers.
2.3.2 The Boundaries of the Case

Merriam (2009) puts emphasis on the case as a bounded system as defined by Smith (1978). This calls case study researchers to set delimitations to the case. Binding the case by definition and context as suggested by Miles and Huberman (1994), it can be said that the underlying case is an example of the phenomenon of a small, sustainability-oriented business as defined in section 1.2, which we study in a small hardware store located in the context of contemporary Malmö, Sweden. To limit the scope of our case, we have further delimited the study. In Figure 2 we illustrate the boundaries of the case, by presenting which areas of the case are explored in this study. Stake (2005) recognizes that some particularities lie within the case boundaries while others lie outside these boundaries. This makes it crucial to consider the impact of the context in which the case exists even though drawing a line between case and context may be difficult (Stake, 2005). Thus, by relying on other academic research, the context of Malmö is to a certain degree considered in this study. Empirical data is gathered within this research by exploring the small business primarily through interviews and supported by in-store observations. We look into the four services of the hardware store (in-store service, handyman service, ToolPool and workshops), and capture the perspective of customers, neighboring businesses and the first ToolPool licensee. Neighboring businesses are also seen as customers of the hardware store; however as business customers and neighbors they may have a different perspective on the case than private customers. We chose to limit the scope of our study to the social interactions between the business and its private and business customers. This is due to a notion formed at an early stage of the research, which lets us anticipate that interactions with customers play a role in the sustainability orientation of the business. In addition, the perspective of a ToolPool licensee appears beneficial to the exploration of the hardware store since ToolPool, as one of four services provided, is perceived as the figurehead of the business.

![Figure 2 The boundaries of the hardware store case](image-url)
3 Research Perspective

In order to indicate the pre-understanding the research team holds due to a shared academic background, we introduce our research perspective to the reader. In line with our understanding of reality as socially constructed, we see the need for presenting how our point of view is shaped by theory. As we approach the case inductively, we are not attempting to bind our research within the frame of our pre-understanding, but rather to acknowledge that our background influences how we see the case. In the following we first argue for our merged leadership and entrepreneurship perspective as well as organizational perspective, which we apply to the case due to our academic background. To address the second research question, these perspectives are complemented by a social capital perspective on the case with which we aim to explore social interactions.

3.1 Leadership and Entrepreneurship Perspective

As it is rooted in our academic background and moreover as it is integrated in the research purpose of this study, we apply a leadership perspective to the case in order to explore how leadership of a small business impacts its sustainability orientation. The following clarifies our reasoning for how leadership theory is applied to the case findings. Further, we define the studied business as an entrepreneurial venture. This leads us to consider entrepreneurship literature, since leadership in entrepreneurial ventures is being studied in this field. This is why we argue that research from both disciplines is relevant in order to relate the case to theory.

3.1.1 Leadership Perspective

One approach when exploring business operations is to look at the force that is driving the business, which we call leadership. While leadership has been a topic in academic research for many decades and consistently evokes interest, efforts to define the concept have been made complicated by the wide array of approaches.

The historic development in theory from a focus on the leader as an individual based on traits, skills or behaviors to leadership as a process of influence is presented by Northouse (2013), who puts forward the definition of leadership as “a process whereby an individual influences a group of individuals to achieve a common goal” (2013, p. 5). Similarly, Yukl (2006) developed a modern definition of leadership as a “process of influencing others to understand and agree about what needs to be done and how it can be done effectively, and the process of facilitating individual and collective efforts to accomplish the shared objectives” (2006, p. 8). The understanding of leadership as a leader-follower-relation is the basis of many theories (Northouse, 2013; Yukl, 2006). Seeing leadership as a process gave rise to theories of sharing leadership within a group (Pearce & Conger, 2003).

What can be seen as a part of shared leadership is the theory of connective leadership introduced by Lipman-Blumen (1992). He claims that the interdependencies emerging within the global economy require leaders to connect “not only to their own tasks and ego drives, but also to those of the group and community that depend upon the accomplishment of mutual goals” (Lipman-Blumen, 1992, p. 184). External networks are included in the process and connective leadership describes “using mutual goals […] to create group cohesion and community membership” (Lipman-Blumen, 1992, p. 184).

In the case of the hardware store, we see that there is a strong vision behind the business and we are assuming that owner-manager Jokela is influencing people in the community in ways that can be explored using leadership theories. People who are not part of the organization would not traditionally be seen as followers. We are however interested in the connective element of leadership as described above and see leadership in part as an externally directed process in which people get engaged in mutual goals. Thus, we will look at the case from a leadership perspective by applying a modern definition of leadership as an influencing process not exclusively of
subordinates, but also of members of the community (e.g. customers and owners of neighboring businesses).

### 3.1.2 Entrepreneurship Perspective

In the introduction of this study we present the case of the hardware store as a small business and we argue for applying SME literature to the underlying case. Entrepreneurship literature appears to be appropriate for exploring the case as well. However, not every small business can be considered as an entrepreneurial venture. Thus, the question arises: how far can we apply entrepreneurship literature to the case analysis? In Carland, Hoy, Boulton and Carland’s (1984) paper “Differentiating Entrepreneurs from Small Business Owners”, which is to a large extent based on Schumpeter (1934), they acknowledge that there are certain commonalities between small business ventures and entrepreneurial ventures. Nevertheless, the results of their theoretical study are two conceptualizations: the distinction between both forms of ventures and the distinction between the small business owner and the entrepreneur (Carland et al., 1984). The hardware store matches the definition of a small business venture by Carland et al. (1984) insofar as the store is “independently owned and operated, [and] not dominant in its field” (1984, p. 358). The local hardware store was opened as a response to the lack of service in big box stores, which emphasizes the independence of the store; however a traditional small hardware store cannot compete in hardware retail with the large chains that benefit from economies of scale. This is why the business concept of Malmö Hardware counts on the engagement in “new marketing or innovative practices” (Carland et al., 1984, p. 358) in order to be able to compete and thus to sustain (Tolbert & Hall, 2009). Yet, according to Carland et al. (1984) small business ventures do not seize innovative ways of doing business. Building up the ToolPool service as a strategic marketing instrument that supports the sustainability of the store certainly meets this criterion of an entrepreneurial venture. As with any other traditional retail business, in the long term making profit is crucial for the survival of the hardware store and the business development plan includes the launch of a chain of small, local hardware stores in the future. Hence, “innovative strategic practices” as well as the two business goals “profitability and growth” (Carland et al., 1984, p. 358) are given in the case. Accordingly, several of the criteria of an entrepreneurial venture as adopted by Carland et al. (1984) from Schumpeter (1934) hold for the hardware store case.

As argued above we understand the business as an entrepreneurial venture and will therefore use theories from entrepreneurship research as a perspective to explore the case. At the same time we recognize that an effective entrepreneurial venture, like any other organization, requires leadership, which is why we merge a leadership and entrepreneurship perspective when looking at the case of Malmö Hardware. We maintain that this perspective does not translate into the creation of a theoretical framework. The aim of this section is to provide the reader with an understanding on how we approach the case.

### 3.2 Organizational Perspective

As mentioned in the introduction chapter, very small businesses are difficult to fit in organizational theories. However, according to Tolbert and Hall (2009), an organization is size-wise defined by having “two or more members” (2009, p. 14), which qualifies the hardware store as an organization.

Our pre-understanding of the case is that it holds as an example of the simple structure, one of the five effective organizational structures introduced by Mintzberg (1983). The most striking characteristic of the simple structure or nonstructure is direct supervision as its coordinating mechanism. The control in this organizational form lies in the hands of the chief executive officer alone, which applies to this case, which can be seen as an extreme form of this simple structure. According to Mintzberg (1983) most young and small businesses, especially entrepreneurial and owner-managed ventures, form simple structures first and eventually transform into more elaborately structured organizations, because as the organization grows the complexity and need
for formalization increase. The main characteristics of this structure are its one-person-focus and flexibility.

We acknowledge that applying organizational theory to the hardware store case has limitations due to its size. We argue however that within the frame of the simple structure (Mintzberg, 1983) organizational theories will be useful to study the business. To conclude, we approach the data from an organizational perspective, but remain open to the topics that emerge without having a concrete framework in mind.

3.3 Social Capital Perspective

During the initial informal meeting with hardware store owner Jokela, we saw that social interactions play a part in the functioning of the business. The second research question attempts to explore the roles social interactions play within the characteristics of this sustainability-oriented business concept. From a theoretical background we come at the idea of social interactions from an understanding on social capital, and how it “facilitate[s] coordination and cooperation for mutual benefit” (Putnam, 2000, p. 67). Our view at the outset is that the hardware store is operating with the triple bottom line idea of social, environmental and economic benefit in mind, and it therefore follows that the social interactions of the business likely also involve building social capital for the mutual benefit of the participants. Mair and Marti define social capital as “actual and potential assets embedded in relationships among individuals, communities, networks and societies” (2006, p. 41). With this in mind we want to see how the relationships between the business and the customers, as represented in social interactions, create assets for the business’s sustainability orientation. However, as we conduct an inductive study, we do not hypothesize as to how these relationships are built or what form they take. We merely acknowledge that due to our previous research and perspective, our observations of the social interactions are done with a social capital frame of reference.
4 Research Methods

As an intrinsically interesting, case-based research, we use a variety of data to attempt to catch the nuances and complexity of the case. Following our social constructionist leanings, in-depth interviews form the main source of empirical data, as they allow us to gain multiple perspectives on the case and thereby allow us to get a better view of the constructed ‘reality’ of the case. Observations serve as support and allow us to build first-hand perspectives on the case. Furthermore, observations have the function of creating a richer description of the case. This chapter presents the applied structured process of data creation, collection, coding, categorization and analysis as proposed by 6 and Bellamy (2012).

4.1 Creation and Collection of Data

To answer the purpose of the research, which is to explore how leadership and organization of a small business impact its sustainability orientation, we collect qualitative data in order to “discover and portray multiple views of the case” (Stake, 1995, p. 64). Because we cannot observe every detail of the case ourselves, we obtain descriptions and interpretations of others through interviews to gain access to many perspectives of the case as proposed by Stake (1995). In addition we conduct on-site observations, which allow us to add our own perspectives of the case. We recognize that the entire process of the case study is subjective, because our previous experiences shape how we value and interpret our data.

4.1.1 Creation and Collection of Interview Data

In line with Stake’s (1995) stance on qualitative case studies, we recognize that each interviewee is unique, with individual perspectives and experiences. We therefore conduct semi-structured interviews, with “a short list of issue-oriented questions”, the purpose of which is to get a “description of an episode, a linkage, an explanation” (Stake, 1995, p. 65). Gioia et al. (2012) state that the semi-structured interview allows the researcher “retrospective and real-time accounts” (2012, p. 5) of those people involved in the phenomenon in focus. To frame our semi-structured interviews, we rely heavily on the phenomenological approach to interviewing as described by Seidman (2006). This approach involves a three part interview process: 1) Establish the context of the experience. What is the background of the interviewee? What brought them to this place in time? 2) Reconstruct the details of the experience. Ask for the interviewee to tell stories, let them explain the experience from their unique point of view. 3) Reflect what meaning their experience makes for them. Given what they say about their experience, how do they understand it? This is in line with our social constructionist understanding of reality, as it takes into account the interviewee’s experience as a construction of their unique perspective and history. By combining multiple interviewees’ perspectives, we come to a more complete understanding of the constructed reality of the case. As pointed out by Gioia et al. (2012), people involved in a case are “knowledgeable agents” (2012, p. 4), which means they are able to reflect on their views and actions. This is an underlying assumption in this study, leading us to frame our understanding of the case primarily through interview data.

To create our list of participants we looked for multiple perspectives, which can lead us to deeper understanding. Therefore we selected the owner, his staff person, a business owner in the neighborhood we knew had relations with the store, customers and a licensee of the ToolPool brand. To identify customers, we posted on the hardware store’s Facebook pages asking interested parties to contact us, and got three responses. We chose to interview them all without selecting for certain characteristics. We acknowledge that this provides a somewhat biased customer base, as it is likely that those customers who did not have a good experience in the store would probably not be linked to the Facebook page.

For the main focus of our case, the hardware store owner M. Jokela, we conducted two interviews four days apart. We adapted the interview approach of Seidman (2006) to our purpose. We
combined the first two sections of the phenomenological interview process as developed by Seidman (2006) into an initial 90-minute interview, and the last section into a second 60-minute interview. The interviews with the other participants were conducted in approximately 30-minute interviews, shortened due to their more limited experience with the case. All interviews were conducted in locations familiar to the participants, and we attempted to provide a setting that made the interviewee feel comfortable enough to share their views with us. We provided coffee and chose a room quiet enough to be heard easily, while not being overheard by others. The only exception to this approach is the interview with a ToolPool licensee, which had to be carried out via telephone due to distance. The short list of semi-structured questions prepared for the interviews was changed slightly for each participant to focus on that participant’s relation to the store.

Language is one major limitation we recognize in our data collection. All of the participants were non-native English speakers, which means that they were perhaps not able to voice their meaning and perspective as accurately as they would have if they were speaking in their native language. All interviewees were informed before they agreed to participate that the interview would be conducted in English, allowing them to refuse if they did not feel comfortable responding in English. It is our opinion that all of the participants had a high level of English comprehension and the limitations for our data is possible only at the highest-level ‘meaning making’ that could be a barrier for a non-native speaker.

To capture the data created during the interview, we recorded the interview and took notes. Recording the interview allows us to “preserve the words of the participants” (Seidman, 2006, p. 117), ensuring that we do not move too far from the original intent of the participant (Seidman, 2006). Two of the three researchers were present during each interview allowing for better ability to make sense of the meaning of the interview. One researcher was in charge of the interview questions, while the other observed and took notes. Immediately after the interview, complete transcriptions were created using the recordings. The transcriptions were done as thoroughly as possible, capturing exactly what the interviewee said, including pauses and grammatical errors. This allows us to preserve the full meaning of the interviewees’ responses (Silverman, 2011).

Table 1 Brief profile of interview participants based on self-description

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Relation to hardware store</th>
<th>Gender</th>
<th>Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matti Jokela</td>
<td>internal - owner</td>
<td>Male</td>
<td>Jokela is a business owner in his mid-forties. He grew up in the countryside in Finland and moved to Sweden in the 1980’s. Jokela has a master in marketing and previously worked in sales and marketing within business-to-business for around 15 years. Getting tired of the business-to-business work, Jokela started a job in a large hardware store as warehouse/sales manager. He felt that hardware was the right field for him, however working in a large chain he missed good customer service and found the workplace stressful. After seven years of working there, the chain ended its business in Sweden. Jokela searched for what he really wanted to do. He recognized that customer needs were not satisfied by large hardware stores, which only focus on selling things and cannot provide enough service. Being curious if it can succeed, Jokela decided to open a small, local, old-fashioned hardware shop in Malmö, Sweden – in a time when these kinds of businesses were dying.</td>
</tr>
<tr>
<td>Hans “Hasse” Johansson</td>
<td>internal - sole employee</td>
<td>Male</td>
<td>A professional electrician in his 60’s who used to work at a large hardware store chain for several years before he applied at the small store in Malmö as a half-time employee. He works at Malmö hardware store for nearly a year now and is one of the two faces customers get to see at the store.</td>
</tr>
<tr>
<td>Customer 1</td>
<td>external</td>
<td>Male</td>
<td>From the northern part of Sweden where he was brought up ‘in manhood’, surrounded by people who were into hardware. He moved to Skåne in 2009, holds an academic degree, works in social care and strives to work as an artist.</td>
</tr>
</tbody>
</table>
because previous i

This method was chosen to observe rather than finding out about how the customers felt about it. We attempted to make ourselves as "unseen" as possible. We attempted to remain unnoticed so we would not change the behavior of the customers.

We attempted to interview the customers, since we were trying to observe what the life at the hardware store is like rather than finding out about how the customers felt about it. This method was chosen because previous interviews with customers had given us insight into the atmosphere at the

<table>
<thead>
<tr>
<th>Customer 2</th>
<th>external</th>
<th>Male</th>
<th>Moved to Lund, Sweden in 2008 for his studies and relocated to Malmö in 2014 with his Swedish partner. They have fewer connections in Malmö than back in Lund. They live in a small apartment and like to try to make repairs themselves.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer 3</td>
<td>external</td>
<td>Female</td>
<td>Describes herself as “60 plus” and a life-long resident of the Skåne region, with the last 40 years in the Malmö area. She raised two kids as a single-mom and has always been concerned about the environment. She lives in a small apartment and has a garden. She knows Jokela personally from before he opened the hardware store.</td>
</tr>
<tr>
<td>Neighboring business owner</td>
<td>external</td>
<td>Female</td>
<td>Originally from Stockholm, she moved to Malmö in 2012 to open a restaurant with her husband. She owns a bar located in the same street as Malmö Hardware Store. She and Jokela have a neighborly relationship and are customers of each other’s services.</td>
</tr>
<tr>
<td>Manager of 2nd ToolPool</td>
<td>external</td>
<td>Male</td>
<td>Has a professional background in media. He is an employee at another independent hardware store in Scandinavia. The store he works for is a licensee of the ToolPool brand since autumn 2014 and he is responsible for managing ToolPool at the store.</td>
</tr>
</tbody>
</table>

4.1.2 Creation and Collection of Field Observations

In addition to interviews, observations serve as a source of empirical data for this study. The purpose of our observations is to allow for a thicker description of our case and to get a sense of how the store operates from our own perspectives. Bryman (1988) posits that the tiny details of everyday life should be examined because they allow us to better understand the context and “to provide clues and pointers to other layers of reality” (Bryman, 1988, p. 63). In this way our observations are designed to analyze some of the minutiae of interactions in the store that may not be accessible through interviews. As we sense that social interactions play a role in this case, we are interested in how the interactions come about, and what they consist of. For example, we can observe who initiates conversations in the store – is it the staff or the customers? How much small talk is involved in the conversations?

In order to collect our observation data, which is the process of “capturing what is important for answering the research question from the data that have been created” (6 & Bellamy, 2012, p. 9), the following procedure has been applied: In order to catch as much variation as possible, we conducted our observations over three different days of the week (two weekdays, one weekend) and at three different times of the day (10-12, 12-14, 13-15). Each researcher participated in one observation, which allowed us to have multiple perspectives, and to reduce the amount of single-view subjectivity (Bryman, 1988). Due to the small size of the store we had only one researcher in the store at each time so that we did not stand out. Before the first observation, we created a list of things to note during the observations, and after the first observation, adjustments were made and the second two observations were modeled after the first. Each researcher kept detailed handwritten notes about the customer interactions that included: time the customer entered the store, approximate age, gender, behavior of the shopkeeper and the customers, interaction between shopkeeper and customer, and whether a purchase was made. We recorded as small of details as possible including smiles, gestures, laughing, and small talk (versus talk about a product or repair advice). Immediately after the observation period, the notes were developed in more detail on the computer. We acknowledge that we were somewhat limited by our comprehension level in Swedish, but for the most part we were able to get enough of the context to make sense of the interactions. We also noted when something took place that we could not understand due to our limitations in Swedish.

Each researcher either wandered around the store posing as a customer, or worked on a small organizing task for Jokela so that we could make ourselves as “unseen” as possible. We attempted to remain unnoticed so we would not change the behavior of the customers. We did not make any attempts to interview the customers, since we were trying to observe what the life at the hardware store is like rather than finding out about how the customers felt about it. This method was chosen because previous interviews with customers had given us insight into the atmosphere at the

| Neighboring business owner | external | Female | Originally from Stockholm, she moved to Malmö in 2012 to open a restaurant with her husband. She owns a bar located in the same street as Malmö Hardware Store. She and Jokela have a neighborly relationship and are customers of each other’s services. |
| Manager of 2nd ToolPool | external | Male | Has a professional background in media. He is an employee at another independent hardware store in Scandinavia. The store he works for is a licensee of the ToolPool brand since autumn 2014 and he is responsible for managing ToolPool at the store. |
hardware store as perceived by customers. We cannot state for sure how much the behavior of the owner and staff person were affected by our presence, as they were of course aware of why we were there and what we were doing. In total we recorded 77 customer (or potential customer) interactions.

Additionally, all three researchers observed an after-hours workshop, taught by Jokela for free as an additional service of his store. There were 12 attendees in addition to us. We kept detailed handwritten notes as described above, and included types of questions asked, the manner in which Jokela taught, and descriptions of participants. After the event, notes were written in more narrative format electronically.

4.2 Coding and Organization of Data

As described above, we ground this study in the interviewees’ experiences, as they are the ones constructing the reality we are examining. In recognition of this approach and in line with Gioia et al. (2012):

we make extraordinary efforts to give voice to the informants in the early stages of data gathering and analysis and also to represent their voices prominently in the reporting of the research, which creates rich opportunities for discovery of new concepts rather than affirmation of existing concepts. (Gioia et al., 2012, p. 3)

In line with Seidman (2006) our first step in coding and organization of the interview and observation data was to read it and mark interesting passages which informed our research problem and research questions. Seidman (2006) emphasizes that at this point, the researcher should do a close reading of the text and use their own best judgment, and to not agonize over the level of analysis at this point. We divided the interview and observation texts so that each text was reviewed by two researchers. In this way we could analyze which passages stood out to both researchers (although passages selected by only one researcher were not excluded). As we highlighted the passages, we wrote key concepts that the passages identified, which included terms such as scale, trust, neighborhood, etc. As proposed by Gioia et al. (2012) in this first-level analysis we intended “to adhere faithfully to informant terms” (2012, p. 6).

Since we approached the research inductively, we did not have a list of terms we were looking for within the text. We followed the idea that “what is of essential interest is embedded in each research topic and will arise from each transcript” (Seidman, 2006, p. 120). Once each researcher highlighted the essential passages and marked emerging first order concepts (Gioia et al., 2012), the two researchers’ transcripts were compared so we could see overlap between researchers. This triangulation was used to allow more objectivity and not to rely too heavily on one researcher’s opinion. The first order concepts were then collated into first groupings. There was a good deal of overlap between transcripts. Concepts that were unique to one transcript were not necessarily excluded but their relevance was discussed within the research team, as we recognized in accordance with Stake (1995) that the multiple perspectives meant that each interviewee may see the situation in a different light and have something relevant to add.

To organize the data once the transcripts were coded, we looked at all the first order concept groupings together for common themes that emerged across the transcripts. Those things that appeared multiple times were immediately included, followed by the groupings that perhaps appeared only once but seemed to have something important to add to answer our research purpose. As we are analyzing the data qualitatively, there was no attempt to account for exact number of occurrences of key words within the concepts. From all of the first order concept groupings, we compared common groups between transcripts, and repeatedly went back to the transcript to understand the concepts in context. The data was finally grouped into a total of eight second order themes, expressed in our own more abstract terms in line with Gioia et al. (2012). An example of how we got from grouping the first order concepts taken from our transcripts to more theoretical
second order themes is shown in Figure 3. Also presented in Figure 3 are all resulting second order themes, which within our approach emerged as the observed characteristics that contribute to the sustainability orientation of the business. In line with Gioia et al. (2012) we grouped those second order themes/characteristics into three aggregate dimensions: values, structure and social interactions. We acknowledge that the organization of data was influenced by our research perspective as presented in chapter 3 and to make it explicit we adopt a leader- and entrepreneurship perspective in the value dimension, an organizational perspective in the structure dimension and a social capital perspective within the social interactions dimension.

![Figure 3 Structure of case data, adapted from Gioia et al. (2012, p. 7)](image)

4.3 Analysis and Presentation of Data

Due to the nature of our inductive case-based research we recognize that “there is no particular moment when data analysis begins. Analysis is a matter of giving meaning to first impressions as well as to final compilations” (Stake, 1995, p. 49). We acknowledge that in this type of research, it is a constant process of sense-making throughout all phases of research (Stake, 1995). Once we organized the data into three aggregate dimensions, we went back to the transcripts and put together the relevant passages to see what larger meaning was created. We focused on how the data answered our research problem and questions. As we approached the data looking for meaning to emerge, we attempted to make sense of our findings using existing research, and therefore we present the findings and analysis simultaneously. We looked for existing research that related to the patterns that we saw emerging in the case so that we could understand the case more completely, and to provide support or refute the existing research as it pertains to this specific case. It should be noted that we do not conduct an analysis of financial records. All information in the study about the financial sustainability of the business is based on the owner’s own statements.

In line with our constructivist stance, we wish to allow the readers to draw their own conclusions. Stake (1995) suggests to present the reader with “good raw material for their own generalizing” (1995, p. 102). Complying with this, extracts of transcribed interviews are presented in this study.
This allows the reader to have a better view of the original meaning of the participant than if we summarized their responses using our own words. Although the interview transcripts include the participants’ exact words and phrasing as precisely as possible, including pauses, ‘uhms’ and some basic grammatical errors due to the speakers level of fluency in English, we made a conscious decision to ‘clean up’ the wording for our final analysis. Because we are analyzing qualitatively and our research does not include a semantic analysis, we balance the need for the original speech patterns with “the researcher’s obligation to maintain the dignity of the participant in presenting his or her oral speech in writing” (Seidman, 2006, p. 122). This felt especially important considering the language barrier and our desire to allow for a readable text that would not contain distracting verb forms or sentence structure. To ensure that we did not alter the original intent of the participants’ meaning, we sent the relevant analysis and excerpts to the participants to review and approve that we did not distort their intended meaning (6 & Bellamy, 2012).

4.4 Research Quality and Ethics

4.4.1 Triangulation of Data

Our aim is to describe this case in such a way “that almost anyone, who had the opportunity to observe it, would have noticed and recorded, much as we did” (Stake, 1995, p. 110). We try to see the case from the multiple views of the participants and minimize our specific view from overshadowing the multiple perspectives. We use data source triangulation by collecting data from multiple sources, and by conducting interviews with participants who have multiple perspectives both internal and external to the business. This is done in our “effort to see if what we are observing and reporting carries the same meaning when found under different circumstances” (Stake, 1995, p. 113). Due to the fact that we are three researchers, we are able to use our multiple perspectives as another means of validating our findings, “since no two investigators ever interpret things entirely the same, whenever multiple investigators compare their data, there is some theory triangulation” (Stake, 1995, p. 113). We had two researchers present at each interview to allow for overlap of interpretations. We coded our transcripts separately and then synthesized them together to look for shared understanding. We all conducted in-store observations so we each had a feel for the in-store aspect of the case. Using these methods, we were able to compare our individual understandings of the case and how it answers our research purpose, and to collaborate to form conclusions that are collectively agreed upon from our unique perspectives.

4.4.2 Participant Review of Analysis

In order to ensure that we did not skew the original intentions and meanings of the participants we interviewed, we sent each interviewee the sections of our analysis that pertained to him/her, in line with 6 and Bellamy (2012) and Stake (1995). We asked each participant if our quotations and/or analysis of their words contradicted their original meaning. We perform this to respond to Creswell’s (2013) question of validity in interviews: “Have the participants reviewed the material, and interpreted, challenged and dissented from the interpretation?” (Creswell, 2013, p. 215). This was a particularly important step in our research due to the existing language barrier, which created a higher possibility that the participant might not have expressed his/her intended meaning in the initial interview.

4.4.3 Consent Form

All interview participants were provided with a consent form in Swedish, explaining the study as well as the rights and duties of the interviewee and the research team. All participants read and signed the consent form before the interview began. Participants were given a copy of our consent form to take with them so they had our information and could withdraw their consent after the interview if they so desired.
For our in-store and workshop observations, we were not able to get signed consent from the customers we observed, as this would have gotten in the way of the business of the store and would have changed the ‘naturalistic’ style of the observations, potentially changing customers’ behavior. All the observations were conducted in a public space where it was understood implicitly that we were in earshot during the exchanges we observed. At no time did we attempt to record private conversations, or details that could make the subject recognizable. For these reasons, we think that we are justified in including the observational data in our analysis.

4.4.4 Participant Compensation

The perspective of the businesses customers is vital to our deep understanding of the case, and our analysis would not be complete without the views of some customers. In order to gain access to this group of people, we posted our request on Facebook, and offered a 50 Swedish Crown gift card to the hardware store as compensation. We see this as a good situation for all, as we get the customer perspective in the interview, the interviewee gets a small compensation for their time, and the business we are researching gets more business. After deliberating the ethical issues that might arise with participation incentives, we came to the conclusion that the offered 50 Swedish Crowns was a viable way for us to thank the participants. We set the value of the gift card rather low, to show the participants that there was no expectation to meet during the interview, but instead demonstrated our appreciation for their time. Additionally, we had no ‘desired outcome’ of the interviews. We sought to gain perspectives from customers regardless of their experience, meaning the gift card was not dependent on the type or quality of the interview. This practice is supported by Stake (1995), who considers small tokens of appreciation in exchange for the participants’ time an appropriate compensation.
5 Findings and Theoretical Analysis

In consideration of the research questions, eight characteristics that contribute to a sustainability orientation of the business emerged from the empirical data (interviews and observations) and were then grouped into three dimensions: values, structure and social interactions. These are presented in the following sections. The sections comprise associated characteristics and a summary, which precisely refers to the research question. The approach in each of the three sections follows the same logic: each subsection presents a characteristic derived from the data we collected/generated, which contributes to the sustainability orientation of the business. In presenting these findings we simultaneously relate them to theory. The first dimension is looked at from a leadership/entrepreneurship perspective, the second from an organizational perspective and the last from a social capital perspective. In this manner we make sense of the findings by looking into what is studied in the existing literature in order to draw links between the empirical material from the case and other research. Finally, we present an overall discussion and the learnings from the case.

5.1 Values: a Leadership/Entrepreneurship Perspective

In analyzing the data we observe two characteristics that contribute to the sustainability orientation of the business which are directly related to the owner as a leader/entrepreneur: self-expression of the owner’s values in the business, and the authenticity of the owner’s values in his practice. In this section, we discuss each of these characteristics, as well as the personal values identified by the owner, in order to explore the role that leadership and entrepreneurship has on the business. We then link these characteristics to the sustainability orientation of the business.

5.1.1 Self-expression of Owner

*I think the shop is expressing more of how I am, because that's the way I want the shop to be. I try to create the shop, where I myself would like to buy things.* (M. Jokela, business owner, personal communication, April 14, 2015)

Analyzing interview and observation material of the case, the coherence of the owner’s personal values and the business caught our attention. Theory suggests that a notable feature of the small business owner is that the “owner perceives the business as an extension of his or her personality” (Carland et al., 1984, p. 358). In combination with the definitions of an entrepreneurial venture by Carland et al. (1984) that was given in chapter 3.1, this paradoxically makes Jokela a small business owner who is running an entrepreneurial venture. Jokela, on the other hand refers to himself as an entrepreneur (M. Jokela, business owner, personal communication, April 14, 2015). Gasse (1977) who is referenced in the study by Carland et al. (1984) characterizes entrepreneurs of small business organizations by their personal value orientation as well. This clearly demonstrates the difficulty of distinguishing between the entrepreneur of a new (and thus small) business venture and the owner of a small business. Nevertheless, we find that such personality expression is a characteristic of the sustainability-oriented format of the hardware store.

In the hardware store case we find that personal values are a factor shaping the sustainability orientation of the business to a large extent as Jokela expresses his values and his personality through the business. The statement introducing this chapter is taken from the meaning-making interview session with Jokela where he enunciates his awareness of the impact that his personal values have on the business (M. Jokela, business owner, personal communication, April 14, 2015).

Much of the research on the impact of personal values on business has been conducted within the field of entrepreneurship (Conger, 2012; Hemingway, 2005; Thomas & Mueller, 2000; Tiessen, 1997; Van de Ven, Sapienza, & Villanueva, 2007) and leadership (Guth & Tagiuri, 1965; Schein, 1989). Within entrepreneurship research, Conger (2012) studies the impact that personal values of the founder have on the characteristics of the venture. He focuses on socially and environmentally oriented entrepreneurs and presumes that “values motivate [them] to create non-economic value”
In a leadership publication, Schein (1989) deals with the founder’s influence on an organizational culture. Schein (1989) implies that the founder gives the organization its “distinctive character” (1989, p. 291) in the early stages of organizational development. Van de Ven et al. (2007) argue that a new business does to a higher extent than any other type of organization reflect the personal values and goals of the founder. Comparable to Conger (2012), Schein (1989) claims that one common way of shaping the organization is by “embedding non-economic assumptions and values” (Schein, 1989, p. 292), which involve a long-term perspective. These assumptions and values reflect the founder’s conception of how an effective organization is supposed to be run (Schein, 1989). The literature therefore manifests our finding that the founder/owner impacts the sustainability orientation of a business.

ToolPool is a really good way to show how [Jokela] thinks, how he thinks about how things should work. So, it’s a really good advertisement for the store. Not just to get them to buy things, but to get them to like the place. To get them to go there instead of anywhere else. (Neighboring business owner, personal communication, April 15, 2015)

Besides Jokela himself, the owner of a neighboring business also perceives that the hardware store’s concept incorporates Jokela’s personal values. According to these two perspectives and to other statements and observations that show how personal values are expressed in the business, we interpret the business owner’s self-expression in the business as a sign of authenticity. Basically, the term authenticity means to be true to one’s values (Harter, 2005). In the above statement, the owner of a neighboring business further makes sense of this self-expression through ToolPool as a good advertisement for the business. This implies that the expressed values are desirable in the eyes of the interviewee. But what are these fundamental values of Jokela that underlie the sustainability orientation of the business?

There are many definitions for values. Schwartz (1999) for example provides a definition that is relevant in the context of leadership. According to him, values are “conceptions of the desirable that guide the way social actors (e.g., organizational leaders, policy-makers, individual persons) select actions, evaluate people and events, and explain their actions and evaluations” (Schwartz, 1999, p. 24 f.). As described in the research design section of this study, we rely on the sense-making of interviewees in our research. For the identification of personal values that influence the business this implies that we do not attempt to recognize values ourselves, but rather we present what the business owner himself says his values are. In addition, we present how we see these values relate to other findings. In interviews we did not specifically ask the participants to talk about their values, however Jokela in particular emphasized some of his underlying values. The personal values that Jokela mentioned in interviews are: long-term orientation, environmental and social values, problem-solving, creativity, fairness and trust. These are presented in the following sub-sections with the purpose of deriving the values from the data and analyzing how these values contribute to the business.

When describing how ToolPool was created as a team effort between Jokela and his customer’s marketing company, Jokela said:

We were open. Both sides, we wanted to do something different to get Malmö Hardware Store more known. Because that was my basic problem which I still have. So that was the goal or starting point and from there: what is unique? What can we do that can make a real value for the customer? And I told them like I’m telling you now: I like this. I build this kind of long-term image that it’s environmentally friendly and so on and problem-solving and that’s my values. And it pops up - ToolPool. (M. Jokela, business owner, personal communication, April 8, 2015)

5.1.1.1 Long-term Orientation
Jokela states that his long-term orientation is expressed in the idea of ToolPool (M. Jokela, business owner, personal communication, April 8, 2015). The implementation of ToolPool was a
strategic decision that is built on the conception that the business will gain publicity from giving out tools for free and that the customer base grows in the long run. A sign for Jokela’s long-term orientation is observed in in-store services which show his efforts to build a loyal customer base versus a short sale. We have witnessed such long-term oriented behavior when Jokela advises customers against purchasing a product if he sees that the customer can solve his or her problem without this product. This finding is discussed elaborately in chapter 5.3.1.

Within entrepreneurship literature, Lumpkin, Brigham and Moss (2010) state that a long-term orientation is rather common in organizations where the owner is leading the business compared to external management, like in many family businesses. Lumpkin et al. (2010) define a long-term orientation “as the tendency to prioritize the long-range implications and impact of decisions and actions that come to fruition after an extended time period” (2010, p. 241). Spence (1999) on the other hand, who conducts a theoretical study on ethics in small, owner/manager-led businesses, characterizes these firms as “fire fighting”, meaning that they have a short-term orientation. Both conceptual (Lumpkin et al., 2010) and empirical (Zahra, Hayton, & Salvato, 2004) research suggests that long-term orientation is one of the factors that foster entrepreneurial orientation in businesses. Tying this back to the case it can be said that Jokela’s entrepreneurial behavior, which is primarily expressed by the implementation of the innovative marketing instrument ToolPool, could be explained by his long-term perspective. Similarly, Nevins, Bearden and Money (2006) find that individuals with a long-term orientation have stronger personal ethical values. In their study, long-term orientation is understood “as the degree to which one plans for and considers the future” (Nevins et al., 2006, p. 261). In accordance with this, Nordlund and Garvill (2002) state that an individual’s short-term interest can be contrasted with a long-term interest that considers the collective. Such collective long-term interest is linked to environmental values and concerns for others (Nordlund & Garvill, 2002) which are analyzed in the following sub-section as another underlying personal value in the case. As we argue that personal values of Jokela are represented in the hardware store’s concept, it can be followed that the value of long-term orientation as an indicator for ethical orientation and consideration of collective interest accounts for the sustainability orientation of the business concept.

5.1.1.2 Environmental and Social Values

Part of our interest in the case originates from our perception that the hardware store takes on environmental and social responsibility. In line with the previous reasoning, we see the source for this sense of responsibility in personal values of the business owner, who expresses environmental and social values. This finding can be supported by research. Hemingway (2005) proposes that advocates of CSR hold a sense of responsibility for others due to collectivist values and that this personal morality comes along with a sense of responsibility which may be expressed in behavior at work. In a theoretical study, Kollmuss and Agyeman (2002) highlight the factors of pro-environmental behavior. Not surprisingly, they find that environmental consciousness and values in general shape people’s sense of responsibility and thus their behavior (Kollmuss & Agyeman, 2002).

ToolPool as one of the four main services provided by the hardware store reflects environmental values since the consumption and thus production of tools with a short expected useful life is intentionally avoided. This aspect of the ToolPool idea is perceived and appreciated by all interview participants. ToolPool is probably the most obvious expression of Jokela’s – and thus the business’s – environmental awareness. However, with regards to his in-store service and sales for example, Jokela explains that his small, but well-thought-out range of products (see section 5.2.1.1) also reflects his position towards responsible consumption:

*The whole concept is based on [making] it easy to solve the practical problem. [...] you sell the things that solve the problem. That's what I really am for and at the same comes this social responsibility so that we need to change our way of consuming things, not to stop consuming, but to consume smarter.* (M. Jokela, business owner, personal communication, April 8, 2015)
Another example of environmental values applied in the concept is from our in-store observations where we noticed that Jokela promotes eco-friendly products to customers. A customer approached Jokela in the store asking for a certain gardening product whereupon Jokela right away offers her the eco-friendly product alternative, which the customer appears to appreciate. Jokela expresses his environmental value through the business when he discusses his thought behind using paper bags instead of plastic bags in the store (M. Jokela, business owner, personal communication, April 8, 2015). His argumentation is that even if plastic bags might be more environmentally friendly in their production, they create greater harm than paper bags if they end up in nature. He further argues that paper bags are “the smartest in the long-term, but in the short-term it would be cheaper to just use the plastic bags” (M. Jokela, business owner, personal communication, April 8, 2015).

As mentioned above, we understand that there is a connection between environmental consciousness and a long-term orientation (Nordlund & Garvill, 2002).

...you are a member of a community. And I think that we need to take care of these social communities. [...] So that's the basics of how I feel we need to take care of the social group we belong to, and we are with in everyday life. So that's why I concentrate on this concept, that it's a nearby service, and it's a service. That I am selling things is a result of the service. And we need to take responsibility - as a client, consumers, as well as entrepreneurs. (M. Jokela, business owner, personal communication, April 14, 2015)

Besides environmental values, we got the impression that Jokela also has a sense of responsibility for the society and the local community in particular, which we see expressed in the store’s socially sustainable products. When we entered the hardware store once, a big box filled with colorful bird, insect and bat houses stood next to the counter. It looked like Jokela had just picked them up from his supplier. He explained that all the houses are built and painted by local people who have troubles finding employment. A post published on the store’s Facebook page later that day stated that the houses were “made in collaboration with aktivitetscenter / Malmö City” (Jokela, 2015). During the in-store observations, Jokela told the backstory of the little wooden houses to a customer who ended up buying one. Jokela expressed some doubt that the houses will sell, but in spite of that doubt he exhibits them in his small store. This implies that Jokela feels responsible to try to support socially deprived people in the local community, whether or not it results in immediate economic benefit. In the statement above, Jokela articulates his social values and a sense of social responsibility (M. Jokela, business owner, personal communication, April 14, 2015). It becomes apparent that Jokela sets a high value on the social cohesion of the community he is part of.

5.1.1.3 Problem-solving

In the statement on page 21, Jokela calls problem-solving one of his own values (M. Jokela, business owner, personal communication, April 8, 2015). We understand problem-solving as a mentality, a way of thinking, with which Jokela approaches his work. In interviews he also refers to problem-solving as a means to serve the goal “to make everyday life easier” (M. Jokela, business owner, personal communication, April 8, 2015). Explaining why Jokela chose the hardware branch he calls himself “a very typical problem solver” (M. Jokela, business owner, personal communication, April 8, 2015), which brings out the aspect of problem-solving as a skill.

Jokela makes sense of the initial unorganized form of the tool lending service, before ToolPool became an official part of the business, by basing it on his personal problem-solving value: “…it fits very well in my thinking in the concept. […] I did that earlier without the organized form because it was solving problems.” (M. Jokela, business owner, personal communication, April 8, 2015). The problems Jokela speaks of are those of his customers and customers to-be. The related value that is expressed in the problem-solving orientation is helpfulness. When talking about the qualities needed to run this kind of business, Jokela states that “you [must] want to help people, solve problems [and] be friendly” (M. Jokela, business owner, personal communication, April 8, 2015). In this way, the business concept is about helping others solve their problems.
On the other hand, the business concept is also about helping each other. Jokela speaks about his appreciation for collaborative problem-solving in the community. He explains that when the businesses in the neighborhood help each other out it is a give-and-take that solves problems. The IT firm that takes care of his homepage for example is around the corner from the hardware store and makes use of Jokela's handyman service. In a way it is an ordinary business transaction where money is exchanged, but Jokela explains that knowing each other and being part of the same community “makes [everyday life] smoother” (M. Jokela, business owner, personal communication, April 8, 2015; April 14, 2015). By this he means that problems are solved “more easily, more cheaply, and faster” (M. Jokela, business owner, personal communication, April 8, 2015; April 14, 2015). Thus, transactions with other businesses in the neighborhood seem to imply a system of reciprocity. As part of his handyman service for example Jokela makes an effort to be flexible and spontaneously come over to the neighboring business, a familiar customer in the community, to repair something that just broke. He does not expect to be paid more for this kind of service, but Jokela might benefit from this neighborliness at another point of time (M. Jokela, business owner, personal communication, April 8, 2015; April 14, 2015).

5.1.1.4 Creativity

In the second interview session, Jokela reveals additional personal values that are intentionally reflected in the business. It appears that Jokela wants to spread a message with his business concept:

...like the color of the tools - it's a sign that you can think differently. And that's what we need to do. [...] Try to be more creative, think differently, we can do things differently, better. For me, ToolPool is that kind of expression. Think again, think differently [...] So how much it has changed clients - I don't know. But I hope that it's a little wake up call. The thing that I want to show is that this is something else. [...] Here is something I want to show that this is my way to do it, but it's a business. And if they say that you need to think of the business, well yeah I do that all the time; it is a business. But you can do it fairly. Again, fair is good. (M. Jokela, business owner, personal communication, April 14, 2015)

Jokela articulates that the origin of ToolPool and the thoughts behind it express creative thinking, which is important to him (M. Jokela, business owner, personal communication, April 14, 2015). The color of the tools that Jokela lends out is pink and so is the logo of the ToolPool brand, which he explains to be “different” from what would be expected from a hardware store (M. Jokela, business owner, personal communication, April 14, 2015). In an earlier interview Jokela also mentions that after running the whole business alone for three years without any holidays, he sees getting support in the shop by hiring a part-time employee as an opportunity of “getting back [his] creative power” (M. Jokela, business owner, personal communication, April 8, 2015).

Jokela also expresses in the above citation that the innovative aspect of the ToolPool concept is supposed to stimulate others outside the organization to be creative and to “think differently” in order to make a change towards more sustainable business practices (M. Jokela, business owner, personal communication, April 14, 2015). From an entrepreneurship perspective, the appreciation of creativity and of a different way of thinking lies within the definition of entrepreneurship, which since Shane and Venkataraman’s (2000) discussion includes the concept of opportunity. Depending on ontological views, entrepreneurial opportunities are regarded as recognized or as created (Alvarez & Barney, 2007). For the recognition or creation of new opportunities entrepreneurs are theorized to distinguish themselves from non-entrepreneurs by their different thinking patterns (Alvarez & Busenitz, 2001; Busenitz & Barney, 1997). From this research we infer that Jokela’s valuation of creativity and outside the box thinking stems from his entrepreneurial orientation. This in turn shapes the uniqueness of the hardware store, which is especially expressed in the innovative marketing instrument ToolPool.

When Jokela speaks of a “wake up call”, this implies that he attempts to be a role model when it comes to being creative and thinking differently about doing business. This indicates that Jokela has a sense of responsibility for demonstrating that “we can do things differently, better” (M.
Jokela, business owner, personal communication, April 14, 2015). In saying “this is my way to do it, but it's a business” (M. Jokela, business owner, personal communication, April 14, 2015), it becomes once more apparent that Jokela recognizes how intertwined owner and business are.

5.1.1.5 Fairness and Trust

When Jokela reasons above about his venture that “it is a business. But you can do it fairly.” (M. Jokela, business owner, personal communication, April 14, 2015) he explains that leading a business does not imply for him that he cannot be acting in a fair manner. He speaks of the compatibility between doing business and acting in a fair way (M. Jokela, business owner, personal communication, April 14, 2015). From Jokela’s perspective, treating others fairly implies being treated fair by others in return and stimulates a reliance or trust. Jokela refers to the value of fairness several times and pronounces its importance to him:

_I think that you need to treat people fairly, correctly naturally, but it's much easier if you have the kind of treatment which is fair. If you make mistakes, well it happens. If you forget something, no one’s just going to take advantage of that. It's old-fashioned morally. It's a thing which is important to me, so that you can rely on people and you behave correct and fair._ (M. Jokela, business owner, personal communication, April 14, 2015)

In a chapter on ethical leadership, Northouse (2013) emphasizes that fairness is one of the core underlying values of ethical leaders. Fairness thus has a moral dimension. Northouse (2013) links fairness to ethics of reciprocity, where fair behavior is rewarded by others with fairness on their side. This rationale matches Jokela’s line of thought, which implies that fair behavior is reciprocal.

In what Jokela says and in how he acts, we identified several ways in which trust plays a role for Jokela: First, he trusts that by giving things away for free he will eventually gain benefit in return. Second, he has trust in others in general and third, he engages in trust building.

_The common reaction in the beginning according to ToolPool was that they were so surprised that it was totally free. And many of the older client said that you must get paid. I think that kind of wakes up this maybe unconscious feeling that it's a question about trust. Because it is a question about trust. So that they get something for free and I trust that they are coming back._ (M. Jokela, business owner, personal communication, April 14, 2015)

The way Jokela frames trust as reciprocal is similar to the way he conceptualizes fairness. A part of our understanding of the case is that ToolPool is built on the idea of reciprocity. Giving out tools and advice for free will make some customers return to the shop and actually purchase goods. What Jokela makes sense of in the above statement can be termed as reciprocity because Jokela intends to economically profit from his act of courtesy (M. Jokela, business owner, personal communication, April 14, 2015). The ToolPool users receive the tools free of charge and as a response to this the hardware store makes higher sales since the implementation of ToolPool (M. Jokela, business owner, personal communication, April 22, 2015). This suggests that Jokela’s trust pays off. However, Jokela does not expect that the reciprocation happens immediately (M. Jokela, business owner, personal communication, April 14, 2015), which can again be traced back to a long-term orientation.

Besides the economic result of this reciprocity, both Jokela and his employee state that with regards to ToolPool and the more social aspects of the business it is personally rewarding for them.

_Maybe it's that you make [...] a little bit of a difference, you solve a practical problem. So you make a little difference. And that's appealing and rewarding for me. At the same time, naturally it's good to see that the concept I created works. That's satisfactory, naturally._ (M. Jokela, business owner, personal communication, April 14, 2015)
Jokela adds that what he is receiving back for his trust, fair behavior and the concept as such, is recognition from customers and the media (M. Jokela, business owner, personal communication, April 14, 2015), which brought him much media coverage internationally. Likewise, Jokela’s colleague perceives the reciprocation from customers and states: “I feel good about it and it gives me a lot for my heart. I feel good when people give back.” (H. Johansson, employee, personal communication, April 15, 2015). In this context, Johansson refers to all the services that are offered in the store and gets a good feeling out of treating customers in a fair manner as well as about transferring knowledge to them. It is gratitude and personal feedback that Johansson and Jokela get back from customers.

Reciprocity in fairness and trust can be made sense of from a leadership perspective. In a chapter on sustainable, ethical power and influence, Caproni (2012) references Cialdini (2001) who determines six forms of influence. These are: reciprocation, commitment consistency, authority, social proof consensus, scarcity and liking (Cialdini, 2001). Caproni (2012) refers to them as “rules” which allow for the exertion of influence in interactions. In this context, Caproni (2012) describes reciprocation as a feeling of obligation towards the person we got something from making us want to give something back in return. This connects to leadership, since the act of leading by itself comprises the exertion of influence, which is also rooted in the definition of leadership as a process of influence (Northouse, 2013; Yukl, 2006). Reciprocity rules (also referred to as norms of reciprocity) can thus be seen as a leadership instrument. Tying this back to the case in focus, we find that such an influence on others is exerted in all four service areas of the business (in-store service, handyman service, ToolPool and workshops), since they all present free offers to customers with the intention of generating reciprocation by the customers. As such, the business is designed in a way that increases the economic sustainability of the business and personal satisfaction of staff when customers stick to norms of reciprocity.

...it's kind of a wake up call that you can in fact trust people. That's why I have things on the street outside. Many are saying that you can't have that [outside], they are disappearing. Yes, sometimes they are. As far as I know two things in four years have disappeared. That's nothing. (M. Jokela, business owner, personal communication, April 14, 2015)

In the above citation Jokela remarks that he believes in the trustworthiness of others and that he engages in trust building (M. Jokela, business owner, personal communication, April 14, 2015). This is reflected in his presentation of products on the street in front of the shop window, which Jokela describes as an expression of trust in the people passing the store. We argue that trust building takes place in the store. This is shown in these situations in which Jokela advises people to not buy a product, because their problem can be solved without it. Instead of making use of his position and the lack in know-how on the side of customers, he shows them that they can trust him, even though economic profit is as important to the hardware store as for any other for-profit business (M. Jokela, business owner, personal communication, April 14, 2015). Later in chapter 5.3 we present findings on social interaction characteristics that contribute to the sustainability orientation of the business, which we interpret to be to a large extent based on these aspects of trust.

### 5.1.1.6 Integrating Values

Long-term orientation, environmental and social values, problem-solving, creativity, fairness, and trust are in summary the owner’s personal values underlying the business according to Jokela himself and as supported by other research participants and observations. We see how they are reflected in the hardware store and in the different services. We recognize that in particular concern for the environment and the community, fairness and helping others solve their problems are values that are directed towards others. On the other hand, trusting to receive something back after giving something to others or solving problems collectively, imply to some extent a self-based rationale. In prior entrepreneurship studies, Tiessen (1997) and Van de Ven et al. (2007) divide entrepreneurs’ values into individualist versus collectivist values. Tiessen (1997) thereby relates the value orientation of the entrepreneur and the venture to the level of individualism and collectivism
in the national culture, which is based on Hofstede’s (1997) cultural dimensions. Van de Ven et al. (2007) do not make this link and rather understand the simultaneous striving for individual and collective interests as part of human nature. They suggest that pursuing both individual and collective interest is key to achieving “a balanced explanation of economic sustainability and social legitimacy for all forms of organizations” (Van de Ven et al., 2007, p. 366). Conger (2012) on the other hand refers to self-enhancing versus self-transcending values. Clearly, what Conger (2012) terms self-enhancement which is defined as the value that “motivate[s] people to enhance their own personal interest” (Schwartz, 1992, p. 43) is the equivalent of what Van de Ven et al. (2007) call individual interest; self-transcendence as the value that “motivate[s] people to transcend selfish concerns and promote the welfare of others” (Schwartz, 1992, p. 44) is synonymous to collective interest. Conger (2012) argues that how economically or socially-oriented an entrepreneurial venture will be after its foundation depends on the founder’s tendency towards self-enhancing or self-transcending values. Thus, the literature suggests that personal values of the founder are expressed in the sustainability orientation of an enterprise, which is in line with the result of our data analysis.

When Jokela speaks of the “wake up call” (M. Jokela, business owner, personal communication, April 14, 2015) that his business format is supposed to represent, his personal values and how they relate to the sustainability orientation of the business imply an intentional approach. With regards to this finding, entrepreneurship research suggests that people’s values and world view direct their intentions (Bird, 1988). Intentions and subsequent actions in turn are according to Bird (1988) the foundation of a business idea and eventually lead to the start-up of an entrepreneurial venture. Intention determines “the form and direction of organizations at their inception” (Bird, 1988, p. 442). However, Bird (1988) also acknowledges that entrepreneurial intentions are partly formed by rationality and by intuition. This is in line with the case, where it can be perceived that personal values are embedded in the business format and behavior in a rational, calculated way but also in a rather intuitive, authentic way.

To sum it up, we find in the underlying case that the founder’s personal values play an important role in the sustainability orientation of the business and the strategic decision for the establishment of the business. In this way the business reflects the owner’s personal values in a manner that is perceivable even for those that are not members of the business. Thus, we see that such representation of the self in the business is a sign of authenticity but also of rational intention.

5.1.2 Authenticity of Values

The data analysis suggests that an authentic representation of values is characteristic for the studied small business. In the following section the values of the owner and customer’s response to them is discussed, which finally leads us to view the leadership approach in the case as authentic leadership.

From all the values that are presented in the above section we find in interview data that business and private customers perceive and appreciate the problem-solving and the environmental business value the most. We infer this from a prevailing reference to these two values. With regards to environmental values, Jokela feels the responsibility to create a service that makes customers act environmentally friendly no matter if they are environmentally conscious or not (M. Jokela, business owner, personal communication, April 8, 2015). However, those who are environmentally conscious – which some customers we talked to articulated – see their own values overlap with those of the hardware store.

> It's really nice I mean we also care about this sustainability not just going out and buying if you have the opportunity of loaning it from someone. [...] So this is perfect. I think it's a very win-win situation. So you get to not buy something you're probably only going to use once or twice in ten years or something. It's very sustainable, it's very environmentally friendly. And also you get to do it for free. (Customer 2, personal communication, April 17, 2015)
Customer 2 mentions that he feels like he “wins” from being a ToolPool user and that he appreciates the sustainability consideration of the business (Customer 2, personal communication, April 17, 2015). It appears to lead to customer satisfaction, when customers perceive that the environmental values they are committed to are shared with the hardware store. In the case of shared values, we therefore perceive that the customer identifies with the values represented in the business.

Linking this to CSR theory, we can tie customers’ identification with the business’s environmental values back to an economic argument for a sustainability orientation. Werther and Chandler (2011) suggest that “CSR is a way of matching corporate operations with societal values” (2011, p. 18). In this way they argue that CSR has a positive economic effect “because it allows companies to reflect the needs and concerns of their various stakeholder groups” (2011, p. 18). Werther and Chandler (2011) add that satisfying customers is in the long run crucial for maintaining societal legitimacy, which in turn adds to the economic sustainability of a business. SME research presents a similar link between customer’s identification with the values of an enterprise and added economic value. In a study among 261 SME entrepreneurs and owner–managers in Germany, Hammann, Habisch and Pechlaner (2009) examine the impact of personal values as expressed in socially responsible business practices on economic values for the business. The study suggests that employees, customers and society are the main stakeholders of SMEs and that a value-based interaction takes place with these stakeholder groups (Hammann et al., 2009). For customers they find that a value orientation towards them positively affects their satisfaction and constructive feedback as well as that it reduces their price sensitivity, which all ultimately creates business value (Hammann et al., 2009) by reducing cost and by increasing profits (Hinterhuber, 2004, cited by Hammann et al., 2009). Value orientation towards society adds to business value by affecting the reputation of the business (Hammann et al., 2009). Applied to the underlying case, this research suggests that the owner’s personal value orientation is expressed in the business practices and concept (in the case e.g. in-store service that solves problems, lending out tools as an expression of environmental friendliness) which, if appreciated by customers and society, increases the economic sustainability of the business. This implies for the studied case that shared values lead to customer’s identification with Jokela and the business which in turn is theorized to have a positive effect on economic returns.

In the above section we interpret the business owner’s self-expression in the business as a sign of authenticity meaning in the field of positive psychology “that one acts in accord with the true self” (Harter, 2005, p. 382). The finding that customers identify with the values of Jokela and the store can thus be explained by this authenticity as well, and not only by shared values. Other than in the field of positive psychology, leadership literature also deals with the subject of authenticity which evolved out of the psychology research (Avolio, Gardner, Walumbwa, Luthans, & May, 2004; Gardner, Avolio, Luthans, May, & Walumbwa, 2005; Michie & Gooty, 2005). Relating the finding to leadership theory, we see that Avolio et al. (2004) recognize a similar connection in their theoretical argumentation. According to them the authentic behavior of a person leads others to identify with that person and with the organization s/he represents (Avolio et al., 2004). Therefore, we infer that a similarity between the customers and the store in terms of values is not necessarily required for customer identification. The fact that Jokela authentically expresses his values in the design of the business influences customers and can result in identification by the customers with Jokela and the business.

That Jokela can indeed be referred to as an authentic leader is not only due to an authentic representation of values in the business, but also due to the kind of values he holds. The appreciation of fairness and “correct” behavior has as mentioned earlier a moral dimension. Further, we showed that some of the values Jokela mentions (i.e. environmental and social values, fairness, problem-solving for others) can be categorized as self-transcendent, implying that Jokela serves customers and the greater good of the community. This is supported by leadership literature where authentic leaders are considered to “try to do the “right” thing, to be honest with themselves and others, and to work for the common good” (Northouse, 2013, p. 270). This consideration of morality and self-transcending values as integrated part of the definition of the authentic leadership
approach stands out in comparison with most other approaches to leadership (Avolio et al., 2004; Gardner et al., 2005; Michie & Gooty, 2005; Northouse, 2013). And Cogliser and Brigham (2004) point out that such a moral dimension has a “positive consequences of veritable, sustainable performance” (2004, p. 786).

As discussed in this section, we find that customers identify and thus react positively to the concept due to shared values but also due to an authentic representation of values. When critically looking at authentic leadership, Northouse (2013) points out that since it is a rather new research area it has to that point not yet been discovered in which cases authentic leadership is effective. Observing what we consider authentic leadership operating in the case of the hardware store demonstrates such a context in which this leadership approach shows favorable organizational outcomes in the triple bottom line.

5.1.3 Contribution to Sustainability Orientation

In answer to research question one, we see that from a leadership/entrepreneurship perspective, there are two main characteristics that impact the sustainability orientation of the business: the business as an expression of the owner’s values, and the authentic manner in which the values are expressed by the leader through his business practices.

As an entrepreneur of a small business, Jokela’s values are embedded in the formation of the business, and transformed into the values of the business itself. If an entrepreneur is not a sustainability-oriented individual, it is unlikely that s/he would create a small business with a sustainability orientation. In Jokela’s case, his self-identified values of environmental and social mindedness are apparent in the values of the business, and there are visible artifacts of these values in the store; from the services provided such as ToolPool to carrying products created locally by people on the margins of society. In this way, the sustainability orientation of the business is a product of the values of Jokela.

Other of Jokela’s self-identified values support the sustainability orientation of the business. Problem solving provides customers with knowledge they do not possess, creating social value, while at the same time finding repair solutions that possibly prevent complete replacement of a broken item, thereby creating environmental value. The money earned in the sale of the products used to solve the problems contributes to the economic value.

The ToolPool service is the prime example of the idea of environmental, social and economic benefit in the store, and the concept of ToolPool is shaped by Jokela’s self-identified values of creativity and trust. Tool sharing already exists in non-profits around the world, and renting tools for money exists in many hardware stores. The creative twist of lending for free at a hardware store is what makes the concept a novel one. The value of trust is expressed by the loaning of tools for free, and we see it as a potential source of reciprocity, creating a feeling in the customer that s/he is indebted to the business and should return the favor in the form of buying from the hardware store.

The authenticity of the owner also contributes to the sustainability orientation of the business. It allows for customers to clearly see the values of Jokela and the store, and to identify with those values, which positively affects the economic returns of the business. Additionally, authentic transparency in sustainable values such as environmental and social mindedness create more business through customer identification supporting those values, which in turn makes it possible to increase the sustainable actions, creating positive sustainable change.

5.2 Structure: an Organizational Perspective

This section presents those characteristics of the business that we categorize into the structure dimension. We see them as opportunities for sustainability-oriented behavior that come with the choice of organizational structure. The three characteristics that have emerged from the case data
and are presented in the following sections are: a small scale, a city concept, and a commercial orientation. These characteristics are discussed from an organizational perspective, meaning that findings are related to research in organization literature. Finally, we point out how these characteristics contribute to the sustainability orientation of the business.

5.2.1 Small Scale

When discussing his background as a sales manager in a hardware store chain Jokela recalls how he realized that there was a need, that “customers had different needs than these big chains could serve” (M. Jokela, business owner, personal communication, April 8, 2015). The small scale is the first of our observed characteristics within the structure dimension, as it serves as the basis for the hardware store’s business concept:

Because the big chains, they basically sell things. They don't want to give any advice because it takes the sales person's time. And it's a lack of resources there. So that's why I decided, well let's make a new old-fashioned concept again – a local, local shop, which is to solve the problems. (M. Jokela, business owner, personal communication, April 8, 2015)

Looking from an organizational perspective, Jokela’s hardware store is significantly different from bigger chains in all three dimensions of formal structure as presented in Tolbert and Hall (2009): complexity, formalization and centralization. Jokela experienced hardware chains as mechanistic organizations with a focus on production (Hage, 1965). He describes the high levels of centralization and formalization as a difficult and stressful environment to work in, always having a “huge big list to do” (M. Jokela, business owner, personal communication, April 8, 2015) and no time for interaction with customers.

While in big organizations the structure depends on the interplay of complexity, formalization and centralization, microenterprises with one owner-manager can usually characterized by the simple structure (Mintzberg, 1983). Kelliher and Reinl (2009) argue that “the merging of ownership and management in the micro-firm setting creates a one-person centred organisational structure” (2009, p. 523). In this small scale, it is not applicable to look at the complexity, defined as division of labor by Hage (1965). The centralization of decision-making power on the owner-manager alone often leads to the business strategy being a “direct extrapolation of his personal beliefs, an extension of his own personality” (Mintzberg, 1983, p. 158). This is in line with our findings, as Jokela sees his business as a way to express himself, presented in detail in 5.1.1. The ability to communicate the business’s mission in an authentic way is named as a big advantage by Mintzberg (1983) as it creates potential for “solid identification with such an organization” (1983, p. 162).

The strong focus on the owner-manager and the reliance on his/her intuition in all decision-making (Kelliher & Reinl, 2009) are indicators that leadership in this organizational form is more important than formal structures. It can be seen as a challenge as Mintzberg (1983) states that those small firms are “forced to rely on leadership to get things going” (1983, p. 159). Relating this back to the case, it is clear that the structure of the hardware store relies in major part on Jokela’s personality. The informal structure however makes the business more personal and organic and enables Jokela to be flexible and respond to customers’ needs to fulfill one of his core business values: problem-solving.

Within the characteristic of small scale our findings suggest three aspects to be of specific importance. The adaptability of the product assortment, the responsibility it evokes in the customers and Jokela’s ideas about growing the business while staying small are presented in the following paragraphs. A conclusive paragraph relates the small scale back to the sustainability orientation of the business.

5.2.1.1 Adaptability of Product Assortment

A smaller scale however does not only relate to hierarchical structures. As the scale gets smaller, it is only natural that the store is smaller in a literal sense: less space. Can a small hardware store
Despite its limitations in size, compete with the immense product assortments of big hardware chains? In our interviews, none of the customers mentioned the dimensions of the business as a disadvantage. Generally, the size was associated with a friendly atmosphere, and one customer clarifies: “it feels very small and welcoming, and even though it’s small, it’s well-equipped. It has got everything that I, not being a big estate owner, need” (Customer 3, personal communication, April 21, 2015).

Talking to Jokela, he makes clear that the size is not about having every possible product: “People think that you have everything there and no I don't have everything there because I am good with the product mix. … I have little things. But I have many solutions for problems” (M. Jokela, business owner, personal communication, April 8, 2015). He explains how he works hard to provide his customers with everything they need. Again, it is related to his problem-solving attitude. Jokela tells us that when he opened the store four years ago his approach to put together the product assortment started in his flat where he went to every room on the lookout for things that could possibly break and need fixing. His product mix came together as the answer to the question “What do I need to fix those things in my apartment or a single house?” and has the goal to “solve 95 percent of the problems in every day life housing” (M. Jokela, business owner, personal communication, April 8, 2015).

Another aspect that Jokela highlights is the need for constant adjustments of the product assortment as a result of changing seasons and developments in the community. Asked about how such an adaptation is possible and what it is based on, Jokela answers:

How do you recognize it? Yes you observe, and you ask your, you talk to your customers. And that's also, when you are little, you have instant feedback. When you are big, some salesman maybe gets some feedback that they want something else, clients, or customers. But it never goes up the ladder. That's the problem also. Like I worked in a store as a sales manager. It took about one year to get a new product in a line. And then they wanted to have it in all 11 warehouses. (M. Jokela, business owner, personal communication, April 8, 2015)

In this statement, Jokela clearly relates his adaptability back to the size and organizational structure of the business. It is in line with organizational theory that the non-existent hierarchy and low levels of formalization allow “responding to problems in an effective way, especially when the problem is not one that was anticipated by the rule-makers” (Tolbert & Hall, 2009, p. 35).

5.2.1.2 Responsibility in Transactions

The personal level created by the small scale is also crucial for the part of the business that fascinated us first: ToolPool. The transactions of tool sharing are facilitated by the trust Jokela establishes in his interactions (section 5.3.1). He explains how the scale influences the successful implementation of the concept:

When the scale is little, it's more personal. So then you have much higher principles and morals. … our consciousness is much wider when we are dealing with the [big chain] then if we are dealing with the shop next to you. (M. Jokela, business owner, personal communication, April 14, 2015)

What Jokela means, is that because of the personal approach, customers feel a stronger sense of responsibility in interactions with small firms compared to bigger chains. He tells us that in a business of this size the customers see the owner behind the store and therefore realize that they are harming a person if they do not behave according to existing norms and morals (M. Jokela, business owner, personal communication, April 14, 2015). In dealing with big businesses however, according to Jokela, customers experience the other end of the transaction as an impersonal institution, which creates the impression that stretching morals does not hurt anyone personally (M. Jokela, business owner, personal communication, April 14, 2015). These adjustments in responsibility perceived by Jokela can also be linked back to the authenticity of his values as
described in section 5.1. The small scale of the store facilitates the communication of those values and an engagement of the customer.

5.2.1.3 Business Growth
To talk about business growth within an argument for the importance of the small scale might seem controversial at first. Jokela however states that he has a plan to keep the scale small while growing the business. His idea is to create a chain of local hardware stores where “every unit is a small one” (M. Jokela, business owner, personal communication, April 14, 2015). In our communication he emphasizes how central the social competences of people who would be working in this chain are for his concept to work. This shows how, even while he is planning on expanding the business and thus its sustainability impact, he is looking out for ways to keep the scale small.

5.2.1.4 Small Scale Sustainability
Concluding, our findings suggest that the small scale is an important facilitator for the sustainability orientation of the business as it allows to directly enact the owner’s values and makes the business flexible to adapt to customers’ needs. Additionally, it makes the customer more aware about the person behind the business and therefore leads to more responsible customer-business behaviors.

In research, the scale has also been connected to a business’s preconditions to incorporate sustainability aspects in general. While Blomback and Wigren (2014) criticize a focus on differences in company size and highlight other influencing factors, others (Jamali, Zanhour, & Keshishian, 2008; Jenkins, 2006; Moore & Manring, 2009) find that SMEs traditionally are more integrated in the community and therefore enact their (corporate) social responsibility more naturally. Additionally, SMEs are seen to “clearly have the human element at the core of their work” (Jamali et al., 2008, p. 358) and to be “less encumbered by existing organizational structures that predate sustainability as a factor in enterprise performance” (Moore & Manring, 2009, p. 278). We find this supported in our case, where Jokela chooses the structure of a microfirm for the exact reason to operate on a more personal level.

5.2.2 City Concept
In addition to the small scale, another structural characteristic of the business is the location of the store. Jokela tells us that it “is a city concept, it must be in a central place” (M. Jokela, business owner, personal communication, April 8, 2015), because the knowledge and the tools he offers are especially needed in cities. According to him, the development of city centers in Sweden has taken a wrong turn:

[In many Swedish cities] you don’t have anything, you can’t buy a screw in the center, you need to go outside … you need to leave the city and go somewhere, the shopping center. It’s totally craziness. We have lost this concept of close service to make it easier, every day lives because that’s the one other point - what I try to do is to make every day life easier. (M. Jokela, business owner, personal communication, April 8, 2015)

Jokela tells us how small service-oriented businesses like the hardware store used to characterize Swedish city centers and now keep vanishing from the cityscapes. He stated that when he opened his business, there had not been a hardware store in Malmö for at least five years (M. Jokela, business owner, personal communication, April 8, 2015). Cities however grow (Boverket, 2012) and with more and with more people living in urban environments Jokela identifies an increasing need for knowledge on do-it-yourself/home-repair:

We are losing the knowledge, faster and faster. So that's what I'm also fascinated, to have that kind of old-fashion concept, it's the knowledge base. And there's a huge need of knowledge. (M. Jokela, business owner, personal communication, April 8, 2015)
According to Jokela the knowledge loss is a general trend, but surfaces especially in the disconnected communities in cities, where people live almost anonymously next to each other. In his opinion, knowledge sharing amongst big families and neighbors, as experienced in the small towns, diminishes as well as the sharing of resources like tools. Jokela realized this need as his opportunity to start his problem-solving hardware store. This knowledge and service orientation is clearly appreciated as we hear from the owner of a neighboring business, that “he’s like Wikipedia for people around this area when it comes to how to do things.” (Neighboring business owner, personal communication, April 15, 2015). Customers also express that they feel like “he is not over selling anything. It's more like he is sharing his competence” (Customer 3, personal communication, April 21, 2015). An illustrative example of how bigger chains are not able or willing to conduct this knowledge transfer is a story we heard from one of our interviewed customers:

_I think the only time we went to one of these big ones, ... we were going to buy like wooden planks to ... put on the balcony when we were in Lund and we ended up not doing it. We just ended up buying [a ready-made solution]... - It was too difficult._ (Customer 2, personal communication, April 17, 2015)

Jokela created free do-it-yourself workshops, specifically aimed at sharing knowledge and thereby counteracting knowledge loss in the community. This service is a component of the business since 2013 and held periodically. The idea is to give people the know-how to do their own small everyday repairs.

The knowledge sharing is important for the business as it lays the ground for problem-solving, one of Jokela’s core values presented in section 5.1.1. We find that the sharing of knowledge on the one hand contributes strongly to the social and environmental aspects of the business as it acts like a catalyst for longer conversations with customers in the store, creating the regularly mentioned friendly atmosphere, and helps customers to buy exactly what they need, preventing over-consumption. On the other hand, the knowledge-sharing also plays an important role for the financial sustainability of the business because it is one of the factors that trigger the reciprocity processes we found in place that plays a role within the characteristic of personal connections with customers discussed in 5.3.1.

Besides the transfer of knowledge that is present in all aspects of the business, the other factor significant within the city context is the sharing of tools. The relevance of the ToolPool service being located in an urban environment follows the same argumentation as presented above for knowledge sharing. The importance of its location also comes across when we talk to the person responsible for ToolPool in another hardware store with a ToolPool license in Scandinavia. He describes the business as “a local store in one of [the city]’s biggest shopping areas… pretty much a neighborhood store” (Manager second ToolPool, personal communication, April 23, 2015). He explains the limits of the concept in rural areas, in Scandinavia especially, where “a lot of people have their own cabins where they have to do a lot of practical work and they are spread all over the place so they need their own tools available” (Manager second ToolPool, personal communication, April 23, 2015). This means that the concentration of people who need tools is greater in the city, because they have less frequent repairs and therefore less need to own tools themselves. This need is compounded by the smaller size of apartments typically found in the cities, making it difficult to own items that are only occasionally needed.

In conclusion, the central city location is crucial, because it is the needs of the people who live in the city center that Jokela aims to meet. By offering nearby services and sharing knowledge and tools in city centers, Jokela meets the needs of the city center community in a different way than the big hardware chains, giving him a niche in the competitive market.
5.2.3 Commercial Orientation

It's totally commercial, it's not idealistic. I am a little bit idealist but the shop is not an idealistic shop. (M. Jokela, business owner, personal communication, April 8, 2015)

To close the organizational perspective, we present a characteristic that might seem trivial at first, but has some interesting implications for our case: the fact that the hardware store is a commercial enterprise. The preceding section identifies values as an important part of the business concept. The above statement however shows that even though Jokela is strongly rooted in his values, he sees the business as “totally commercial”. This is only worth mentioning because the introduction of the workshops and ToolPool to the business at first glance seems to break with the conventional approach to offer services for payments. In this case, no money is exchanged and Jokela tells us how some of his older customers repeatedly tell him he needs to think of the business side of his store (M. Jokela, business owner, personal communication, April 8, 2015). One of our interviewed customers expresses similar concerns about the business not making enough money because “it seems really strange to … get this expensive good hardware just for free” (Customer 1, personal communication, April 17, 2015).

We are intrigued by what at first seems counter-intuitive: that Jokela is strengthening the financial, social and environmental sustainability of his business by sharing knowledge and resources for free. Jokela tells us that he uses this effect consciously to “show that this is [his] way to do it, but it's a business. And if they say that you need to think of the business, well yeah I do that all the time; it is a business.” (M. Jokela, business owner, personal communication, April 14, 2015). From this quote we understand that he is consciously embedding these environmental and social values in the core business practices with a mind towards his economic stability.

An important factor derivable from Jokela’s business concept is that it does not rely on the environmental or social mindedness of the customer. Jokela explains his approach:

We need to change how you supply services and products - to make a concept that is environmentally friendly so that then consuming becomes also automatically more environmentally friendly. (M. Jokela, business owner, personal communication, April 8, 2015)

So, instead of aiming at the customer’s good conscience and value-based behavior Jokela is doing everything to make things easier. Convenience as customer motivation is reflected in the data. The owner of the neighboring business as well as the interviewed customers pointed out convenience as one aspect of their motivation for using the store. All interviewees mentioned the proximity of the store when asked to tell us why they use the store. This relates back to the city concept introduced above and shows again what an important role the business location plays. A recurring theme within this response was that the store was in walking or cycling distance: “you don’t have to take the car or to go by bus outside of the city” (Customer 1, personal communication, April 17, 2015).

Another aspect that made the shopping experience more convenient for our interviewees was the service. The owner of the neighboring business compares it to a big chain store where “you have to run around and look for stuff, [at Malmö Hardware] you just ask. It’s a time saver definitely” (Neighboring business owner, personal communication, April 15, 2015). Also mentioned was the possibility to buy items in small quantities, which is typically not possible at bigger hardware stores (Customer 3, personal communication, April 21, 2015).

Talking about the ToolPool service, unsurprisingly the main incentive is that it is free. However, customers also mentioned the quality of the tools, the convenience of the online booking system and the environmental aspects of the concept. While all customers were aware of the sustainability orientation of ToolPool, it is difficult to say how strongly their motivation was influenced by environmentally or socially conscious behavior. Employee Johansson makes clear that he is not judging the customer based on his/her motivation. He states that people using ToolPool because it’s
free and convenient is “as good as those that think it’s good for the environment. It doesn’t matter” (H. Johansson, employee, personal communication, April 15, 2015). The end result of customers using ToolPool is the same, regardless of motivation.

We find that instead of expecting customers to act out of an identification with his values, Jokela sees the ToolPool service as marketing his way of thinking and “a process to change your habits” (M. Jokela, business owner, personal communication, April 8, 2015). He explains how the changing process works:

   For the first time, you will visit the shop twice. Then you get that pink tool, it's assimilating. And then you get something for free. Where do you get something for free nowadays? (M. Jokela, business owner, personal communication, April 8, 2015)

Even though we were drawn to the business because of its visibility of sustainability values and also found that interviewed customers identify with his values to some degree, we find support in research that a business approach based on potential customers self-interest is more promising than communication of sustainability-oriented efforts (Werther & Chandler, 2011). Werther and Chandler (2011) question whether stakeholders in general care enough about CSR to make “significant short-term sacrifices” (2011, p. 60) for the greater good. On a customer-business-level the translation from pro-environmental attitude into responsible behaviors has been discussed as well (Nordlund & Garvill, 2002). Nordlund and Garvill (2002) propose an explanation based on the fact that “the choice between acting in a pro-environmental way and not doing so often involves a conflict between immediate individual and long-term collective interests” (2002, p. 741). In our studied case, Jokela eliminates this conflict by combining the two interests.

Another of our findings is that our interviewees who compared the ToolPool service to non-profit sharing initiatives found the business solution to be more serious:

   I thought it was going to be a bit more “hippie”, environmentalist kind of thing. But you know he is a serious hardware store guy, and that made it, I don't know, I think it felt better in a way. (Customer 1, personal communication, April 17, 2015)

The neighboring business owner explains why she thinks a commercial solution like the ToolPool service is more reliable:

   And one thing that’s good with it, because it’s you get a feeling of him and the knowledge with the store, it is a proper business. ...When you have to run your own business, everything, everything is serious. Take what you have in the store seriously, you have to... basically all of it, it’s your life, it’s your money. You get that feeling, that kind of person as well. You trust them a lot more than you would if it was open only an hour Fridays from 10 o’clock to 11 o’clock. I mean because you don’t have to have it open. He does. And that also makes you trust him a lot more, I think. (Neighboring business owner, personal communication, April 15, 2015)

Our findings suggest that framing the traditionally non-commercial act of sharing within a business creates a higher level of trustworthiness and reliability compared to not-for-profit initiatives. Going into research, as mentioned in the previous section, satisfying customers in the long run and display of authentic values can help create legitimacy (Werther & Chandler, 2011). The above quotations suggest that customers see the organizational form as another factor for legitimacy. Our interviewees’ statements show the acknowledgement of a certain legitimacy that comes with framing those sharing activities within a commercialized form.

Linking this to research, there is an approach within organizational theory that derives legitimacy from the institutional form of an organization itself. The institutional approach to legitimacy is put forward by DiMaggio and Powell (1983) among others. In a broad literature review on
organizational legitimacy Suchman (1995) argues to bring together this institutional legitimacy with strategic legitimacy, which argues that legitimacy is created based on management strategy and is treated as a “manipulable resource” (1995, p. 577). Based on his literature review Suchman (1995) provides the following definition:

*Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.* (Suchman, 1995, p. 574).

Suchman (1995) identifies three forms of legitimacy: pragmatic, moral and cognitive. All three forms can be explained with the above definition, but they each build on different motivations and dynamics. Pragmatic legitimacy is based on self-interest and exists as long as stakeholders perceive the organization to be beneficial for them personally. Moral legitimacy is based on collective interests and an evaluation of the organization’s contribution to a greater good. The third form, cognitive legitimacy, is so deep-rooted in the perceiver that the organization’s legitimacy is taken for granted. Suchman (1995) concludes that as one moves from pragmatic to moral and cognitive forms, “legitimacy becomes more elusive to obtain and more difficult to manipulate, but it also becomes more subtle, more profound, and more self-sustaining, once established” (1995, p. 585).

Legitimacy is important, as it allows an organization to gain continuity and credibility and helps the organization to be perceived “not only as more worthy, but also as more meaningful, more predictable, and more trustworthy” (Suchman, 1995, p. 575). That these features are crucial for an organization to reach sustainability and that sustainability-oriented activities can strengthen legitimacy have been established by several authors (Hart & Milstein, 2003; Werther & Chandler, 2011).

Going back into the case, our findings suggest evidence for pragmatic and moral legitimacy. By providing free services and tools, the hardware store meets the customer’s self-interest leading to pragmatic legitimacy. In addition, through the business’s communication of social and environmental values the customer perceives its contribution to the greater good, thereby increasing the store’s moral legitimacy. The built up two-dimensional legitimacy is important for the business’s financial sustainability because it creates stability of incomes and is at the same time a component of the business’s social sustainability orientation because it fosters values and trustworthiness.

### 5.2.4 Contribution to Sustainability Orientation

At Malmö Hardware we identified three main structural characteristics: small scale, city center location, and commercial orientation. With regard to research question one, each of these three structural characteristics is crucial for the business’s sustainability orientation. The decision to create a small scale hardware store compared to a large chain and to locate in a city are decisions that are made to address identified needs, such as the need for solutions to customer problems and the need for knowledge in urban societies.

A small scale brings about the simple structure and flexibility of the organization, which allows the business to be change-oriented. This is visible in the fact that the founding of the business was a response to needs in society and also in the willingness to make adaptations in the product assortment and in the organization in general in response to the hardware store’s surrounding environment – the local community. We see being responsive to the business environment as a prerequisite for the sustainability orientation of a small business, comparable with stakeholder management and strategic CSR in large companies.

The small scale characteristic also implies that interactions with customers take place on a more personal level where values can be communicated. On the one hand this leads to a moral appeal in customers to behave responsibly and in favor of the store, which is for example demonstrated when customers treat borrowed tools respectfully. On the other hand, the personal level and community integration facilitates businesses operating in a small scale to practice social responsibility at the
core of their business. This is observable in the case of the hardware store, where all sustainability related actions, such as giving advice to customers, lending out tools and giving do-it-yourself workshops, are related to its core business – hardware retail.

A for-profit business naturally involves a commercial orientation and yet it is worth pointing this characteristic out, since it has implications for the sustainability impact of the business. This is associated with strategic sustainability-oriented behavior at the core of the business, in which socially responsible actions are designed to bring economic benefit to the store. This is also why the concept of ToolPool does not rely on customers’ environmental and social conscience and instead builds on convenience. Jokela’s intention is to minimize consumption in favor of the environment while still solving problems. This is incorporated in the ToolPool concept in such a way that customers conveniently act environmentally friendly by choosing a free and nearby service.

The commercial orientation of the hardware store is also found to be a source for legitimacy. By gaining legitimacy in society, the store has the potential to be sustainable in the truest sense of the word – it can survive as a business even though other similar businesses in cities die.

In relating the structural dimension with the previously discussed value dimension, we can note that the decision for such an organizational structure facilitates the authentic self-expression of personal values, which in turn has implications for the sustainability orientation (see chapter 5.1.3). The same effect can be observed in the case of social interactions, which is explored in the following discussion of the third dimension.

5.3 Social Interactions: a Social Capital Perspective

The third identified dimension is the area of social capital. This section builds on the preceding two sections as our observations suggest that the personal level on which the social interactions take place is facilitated by the structure and underlying values of the business. Characteristics of the business based on those social interactions that emerged from the data are: personal connections with customers, inclusive environment and neighborhood engagement. In the following we discuss and analyze these characteristics using a social capital perspective and conclude with a summary on how they contribute to the business’s sustainability orientation.

5.3.1 Personal Connections with Customers

In addition to the impacts of small scale discussed in section 5.2, the scale of the store also has a major impact on the social interactions between the staff and customers. We qualify the types of interactions taking place at the store to be slightly more connected and personal than the average staff/customer relationship. We label this level of interaction as personal connections between staff and customer. In this section we take a look at both the cause and effects of these more personal connections. Jokela began his career in hardware as a manager in a big-box hardware chain. He faced pressure to staff his large store with as few people as possible to increase the profit margin of the store. He recognizes how this impacts the customers:

As the scale gets bigger and bigger, it also gets more and more impersonal. And when things get very impersonal, it's difficult to give the knowledge and information, because it gets so formal and if you are unsure you don't dare to ask. I think the scale is important. And it's also important about how you feel when you are in a shop. When the shop is little, it's totally different; you are more relaxed as a consumer [as compared to] a huge warehouse. And also it's easy to ask and easy to find the personnel who is working there. (M. Jokela, business owner, personal communication, April 14, 2015)
One of the common threads throughout our data was around the notion of the personal connection between the store staff (one owner plus one employee) and the customers. One factor to explain this is the small number of employees – with only two people; customers are likely to see the same staff over multiple visits. It can also be explained by the physical layout – from any point in the store you can see the rest of the store, meaning that the staff is always in sight. However, the low number of employees and small store size does not in itself guarantee that personal relations will develop. In the case of this business, the connections seem to arise from a willingness to engage with the customers on a personal level. The nature of helping the customers find the right item in the store often means that Jokela and Johansson are out from behind the register, standing side-by-side with the customers, creating a sense of informal personal interactions. Many of the customers we spoke with and saw in the store knew Jokela by name. Conversations with customers in the store often turn into chitchat about non-sales related topics. Johansson said that in his old job at the bigger hardware store, his main responsibility was to stock the shelves and organize, and the customers were not prioritized. About Malmö hardware, he says “Here it is always the customers. If the phone rings, if the paint [cans are] on the floor, I don’t care – it’s the customers, always” (H. Johansson, employee, personal communication, April 15, 2015). Taking the time to connect with the customers and prioritizing them over the other tasks of the store ensures that they are finding what they need and that they get the information that they need to solve their problems. Treating the customers like their problems are a higher priority than getting the inventory shelved may increase the customers’ sense of feeling important and valued. Jokela sees a specific, tangible outcome to building these personal connections. He says the tools he loans out through the ToolPool service almost always come back on time and in good condition. He attributes this to a shifting sense of personal responsibility based on to whom the tools belong:

...you think that if it’s a big company they can afford it if they lose something, it doesn’t matter. But when the scale is small, it’s more personal. So then you have a much higher principal and moral. Because it’s a little company and they can’t afford that much so you try to be proper or take care of the things. (M. Jokela, business owner, personal communication, April 14, 2015)

Fostering the personal relations with the customers creates a sense of responsibility on their part to care for the tools. This responsibility results in a reduction in transaction costs, as less formal measures are necessary to ensure that the tools are handled properly, returned on time, etc. If customers did not feel this sense of responsibility and did not take care to treat the tools properly or did not return them at all, the cost of the ToolPool program would be much higher due to the cost of repairing and replacing tools more frequently, and the cost of implementing stricter regulations on the customers to prevent tool damage/loss, diminishing the returns Jokela sees from the increase in sales related to the ToolPool service. This relates to the small scale aspect of responsibility in transactions discussed in section 5.2, suggesting that the personal relations between the staff and customer leads the customer to feel more responsible for the tools they borrow.

Store employee Johansson sees a different benefit to having personal connections with customers:

It’s not personal in a big store. [Working in a big store.] I’m just a number. Here [at this store] I am Hasse. Everybody knows who I am, and they can’t be angry, because it’s only me at the shop. And in the big shops they always say “I want to speak with your supervisor”... so that’s the biggest difference. (H. Johansson, employee, personal communication, April 15, 2015)

To Johansson, the personal connection means that he is treated more respectfully in his interactions with customers. He benefits from the customers’ recognition of him as a person with thoughts and feelings. The most important things for him are the interactions that take place with the customers and the calm, relaxing atmosphere. He says in the small store people wait patiently when he is helping another customer because they understand that it’s just him (H. Johansson, employee, personal communication, April 15, 2015).
The importance of building connections with customers can also be identified in Jokela’s clear prioritization on building long-term relationships with customers. We saw many instances of this, reinforcing our view that Jokela’s long-term orientation is embedded in the business. In the case of social interactions, Jokela says:

*Everyday is problem solving. Sometimes I sell nothing, I just give advice. Sometimes the client says ‘well I have that at home’. Good, use it. Because that’s the way. Because in the long term, you win the client. I can even tell them that ‘no, they need to go to [one of the larger hardware chains]. Go there and buy it... I don’t have it here.’ But still, next time, they come. They start with me. And that’s fact. I see it, almost every day. Because they get answers [from me]... So in the long run, you always win when you give information and advice.* (M. Jokela, business owner, personal communication, April 14, 2015)

From the above passage, Jokela makes explicit that he is looking for long-term gain over the immediate sale. When he gives customers information and advice without making a sale, it affects the way customers perceive the business. The underlying message is that it is more important that the customer gets the right thing than that the store makes a sale. There is a sense of the owner or employee looking out for the best interests of the customer, rather than the best interests of the store’s profit, thereby showing care towards the customer, which builds the trust of the customer towards the store and its staff. Customer 3 feels like she receives valuable information in the store, and that Jokela is prioritizing her needs: “He’s not overselling anything. It’s more like he’s sharing his competence” (Customer 3, personal communication, April 21, 2015). This implies a more personal relationship, one of sharing rather than an impersonal sales relationship.

When the owner of the neighboring business was going to paint the chairs in her store, Jokela redirected her to a different product than she originally intended to get. She said “he doesn’t just let you buy what you think you should have, he actually helps you out with stuff, which is good” (Neighboring business owner, personal communication, April 15, 2015). She knows that when she goes to the store, she will get the right things to meet her needs and will not be sold something that won’t work. During the in-store observations we witnessed a customer wanting to buy insect repellent for clothes. She asks Jokela for information on what he carries. She then asks if it would be best to get all of the products and use them together, and Jokela says that is not useful to combine all of them, as some of the products have the same effect. Here is an instance in which it would be very easy to allow the customer to buy all of the products, resulting in a higher-profit sale. She is ready to purchase them all, and he discourages her from doing so. By foregoing the larger sale and having the customer buy only what she needs, this builds confidence in the customer that Jokela is treating her honestly and looking out for her best interests.

When asked about how he builds relationships with his customers, Jokela says:

*Well it can be easy things. Sometimes I give away things, if it's five crowns and I don't have change it's 'okay, pay next time you're coming'. Sometimes they do, sometimes not. And usually it's just, I forgot it, they forgot it. But 5 crowns, it's nothing. And you give out good advice, all the time, even if sometimes you could earn more money if you didn't do that. But it's the long run, long-term. I get something, you get something. It's so easy. Everyday life is so much easier.* (M. Jokela, business owner, personal communication, April 14, 2015)

The small gesture of making an informal agreement that the customer can repay five crowns the next time s/he comes into the store could be seen as a gesture of trust being granted to the customer by Jokela.

Applying current research to the findings above, the behaviors exhibited may create a sense of trustworthiness in the store and its staff, through the perceived notion of the staff’s benevolence,
which is one of the three factors of trustworthiness as identified by Mayer, Davis and Schoorman (1995). Benevolence is defined as “the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive […]” (Mayer et al., 1995, p. 718). Kadefors (2004) suggests that development of trust is influenced by emotional reactions to trustees’ behaviors such as showing respect and concern, implying that benevolence is possibly transmitted as an emotional message rather than through concrete or calculable means.

By increasing the amount of trust in stakeholder relations, there is an increase in social capital, and a consequent reduction in transaction costs such as monitoring and controlling (McEvily et al., 2003; Pinto et al., 2009; Smyth et al., 2010). Additionally the trust granted by the lack of control measures can itself create more trust from the other party (Pinto et al., 2009). In other words, creating partnerships with less formal oversight and an implicit trust for the stakeholders may be reciprocated by trust in return. Applying this to the case, we derive that Jokela’s insight that “everyday life is so much easier” (M. Jokela, business owner, personal communication, April 14, 2015) in the long run is indirectly referring to the reduction in transaction costs by the extension of trust and solidification of relationships with his customers.

Jokela states that “…they get answers from me” (M. Jokela, business owner, personal communication, April 14, 2015), implying that he believes people will come back to the store because they value the information that they get from him, and will return as customers in order to gain more information in the future. In this way, Jokela has found a niche in the market that most competitors cannot or do not provide sufficiently: knowledge. He admits that price-wise he is a bit more expensive than the larger hardware stores but that the cost is worth it to the customers because they “…know they get the right thing. They don’t need to guess” (M. Jokela, business owner, personal communication, April 14, 2015). If a customer perceives that they are saving money by being advised to buy only the things they need, and to do the project the right way they are more inclined to trust the staff based on their perceptions of the benevolent behavior of Jokela and Johansson in making the customers feel that their needs are prioritized. Jokela justifies this prioritization of customer needs because he believes that making the customers feel this way makes his business more stable in the long run, resulting in a win-win for customers and business. In this way, Jokela builds the relational aspect of social capital, by creating long-term partnerships through demonstrated trust, friendliness, and respect for the customers. Additionally, the stability of these relationships is strengthened through the legitimacy granted to the hardware store due to its status as a commercial business, as established in 5.2.3.

In summary, we can see that these deeper level social interactions we call personal connections support the business by creating a sense of responsibility and respect in both the staff and the customers. Staff prioritizes customer needs, and the customers respond with patience in the store and care for the tools. By spending time guiding customers to the right product, Jokela sees a benefit in the development of a long-term relationship with customers. The personal connections define the distinctions of this small business from the larger hardware chains.

5.3.2 Inclusive Environment

I remember - I don't know if the guy, I think he's half Finnish maybe? - he was very friendly, very nice, and I speak broken Swedish, and English and he was very nice, very open. He was helpful... with what I needed to do. I was telling him what I wanted to do with the ceiling and he was very patient. Yeah, I had a good experience. (Customer 2, personal communication, April 17, 2015)

Malmö is a very diverse city, with a high percentage of people coming from outside of Southern Sweden (Salonen, 2012). This suggests that businesses that rely on customer service as a competitive advantage must be able to appeal and relate to a wide range of backgrounds. From the data we collected, the hardware store seems to be very adept at welcoming people from all cultures,
lifestyles and ages. Many of the interviewees remark on the fact that Jokela himself was not from Malmö, and in the case of neighborhood business owner, that is the initial aspect that starts them talking. She is from Stockholm and they began bonding over the differences between where they came from and Malmö. The personal style that both Jokela and Johansson take with their customers, and the time they devote to helping the customers solve problems perhaps creates relational connections that are typically more difficult for outsiders to make. In addition, the ToolPool service provides a way to borrow tools for people who may not have as many personal relationships from which to borrow tools. Customer 2 said that when he and his girlfriend lived in Lund they had friends they could borrow from, but moving to Malmö made things more difficult. In this way, ToolPool is a good way for the store to connect with people who are not yet embedded in the community.

Traditional hardware stores can also feel unwelcoming if a customer is not confident that s/he has the skills to solve the problem s/he is working on, or that s/he is not the right kind of person to do repairs:

*My knowledge and my view on building stuff and doing home improvement stuff was that it’s too difficult for me and too loud, too noisy. And yeah, [Malmö Hardware] showed me that it can be really easy. You don’t have to be a manly man to do those kind of things.* (Customer 1, personal communication, April 17, 2015)

Jokela and Johansson seem to find a way to build peoples’ confidence, and to show them plainly and clearly how to get a task done themselves. Customer 1 compared this to a time in another town in Sweden when he had to buy a lawn mower from a large hardware chain:

*I went there with my father and he knows about this kind of stuff. He was on holidays, visiting us. And I don't think I would have gotten the same approach from the sellers if I went there alone, because then I think they just try to get me to buy something too expensive that I don't really need. But with this, you know, 60-year-old man they can't push him to buy something he doesn't need and he knows what I need. And I didn't get this feeling with Malmö Järnhandel.* (Customer 1, personal communication, April 17, 2015)

In the chain store, Customer 1 was concerned that his lack of knowledge about tools and hardware would open him up to being taken advantage of by the store, but his interactions with the staff at Malmö Hardware did not make him feel this way. Customer 1 trusts Jokela and Johansson in a way that he did not trust the staff at the chain store. Perhaps this is due to the fact that Customer 1 perceives the staff at Malmö Hardware as having integrity, which Mayer et al. (1995) define as “involv[ing] the trustor’s perception that the trustee adheres to a set of principles that the trustor finds acceptable” (1995, p. 719). In general, the outward perception of values and principles of the trustee plays a large role in the level of trust given. Customer 1 grants Jokela and Johansson integrity trust in a way that he does not grant to the larger chain stores.

On the opposite end of the spectrum, Customer 1 feels that some of the non-profit organizations he is familiar with are not welcoming for everybody:

*I really think it's sad, because there is a lot of good initiatives, but if something feels too... too punk, people won't go there if they're not into punk... or into... the anarchist scene.* (Customer 1, personal communication, April 17, 2015)

In this way he feels that sometimes the non-profit stores are only open to people of the same type, and that if you are not that type you are less welcome. These non-profit stores can have the impression of being meant for people who strongly align themselves with the values of the non-profit, whereas the hardware store is open to everyone. In this context, Customer 1 expresses that to him the expected demographic in hardware stores are “middle aged men with their own houses and
their own homes”, but that he likes the demographic diversity that ToolPool creates in Malmö Hardware (Customer 1, personal communication, April 17, 2015).

ToolPool, as one of the store’s services, is a good mechanism for getting a wider variety of people into the store. By the nature of having tools to loan out, it broadcasts the message that it is okay if you do not know how to use the tools. You can come in to borrow a tool and not feel embarrassed that you do not have the knowledge to use it. During our in store observations we saw a wide variety of people borrowing the tools, and each time they were asked if they knew how to use the item they are borrowing. One customer clearly felt uncomfortable saying that she did not know how to use the tool, and only responded with a nervous giggle. Jokela interpreted her response as a ‘no’ and promptly explained how to use the tool properly. From a consumer economic standpoint, it allows a wider section of social classes to become customers, because the barrier of expensive tool purchases has been removed, making it possible for more people to do repairs. This in turn can be economically beneficial for the business that can access a new customer base.

By making tools and knowledge more accessible, the store empowers customers to do repairs they did not think themselves capable of doing. Johansson speaks of a 19 year-old female customer who was at first hesitant to borrow a drill because she did not think she would be able to use it, and now she comes in “every fourth day” to borrow a tool (H. Johansson, employee, personal communication, April 15, 2015). The fact that Johansson emphasizes this anecdote shows us that he experiences it as unusual compared to the customers he had when working in a big hardware store. Those findings suggest that by providing the tools and knowledge needed, Jokela and Johansson create customers out of a group of individuals who might not be customers in another hardware store as they do not have confidence in their repairing skills.

During our in-store observations, we saw 77 customer interactions. These customers were diverse in terms of age, gender and cultural background. Due to the nature of observations, we did not speak to the customers and so the customers’ ages are estimated. We divided the age ranges into ‘younger’ (less than 30 years old), ‘middle’ (30-49) and ‘older’ (50 plus). Around 1/5 of the customers we saw were under 30, and the rest were evenly split between the middle and upper age range. Almost half (46%) of all customers were female, and 55 percent of the customers in the ‘older’ age range were female. In addition, ten percent of the customers were non-native Swedish speakers, supporting the idea put forth by the interviewees that the place is welcoming to people from different cultural backgrounds. Together these numbers may speak to the business’s ability to draw in people with diverse demographic attributes.

In summary, we can see that the inclusivity of Jokela and the business increases the types of people who come into the store, thereby increasing the overall amount of business. The reason for the success in inclusivity is complex, but includes the time and attention given to customers in the store, making it accessible to people from a variety of backgrounds and experience levels.

5.3.3 Neighborhood Embeddedness

The neighborhood surrounding the hardware store is a shopping street filled with bars, cafes, ateliers, small businesses and specialized shops on the ground level and apartment buildings on the upper levels. The street is adjacent to the city center, but with less foot or car traffic than the main city center streets. The owner of a neighboring business describes the supportive behaviors of the business owners on the street:

*There are business owners here that want this street to come alive because that will benefit our businesses. So we’ve been working together pretty well... And they are social and friendly people... [We] try to keep an eye on things for each other and help out basically talk to each other, inform each other. Like with the deck here, I think it was a guy at [the neighboring coffee shop] who said we can get bicycle racks put up as well. So giving each other tips and how to do things and stuff like that. So keep an eye on what the government does and what’s going to
cost money. Because you can’t know everything yourself. Try to just inform each other of stuff. And I mean, because... it’s just three blocks... So everyone just runs into everyone all the time. (Neighboring business owner, personal communication, April 15, 2015)

The neighborhood businesses work together to build up the activity on the street, thereby increasing the customer base for all of them collectively. Attempting to make the whole street more appealing to visitors increases the foot traffic and thereby the potential customers for the businesses, and they can change the street much more efficiently by working together than they would without cooperation. In relating this to other research, this could be seen as an outcome of the business owners’ built up social capital. Spence and Schmidpeter (2003) claim that social capital “permits citizens to pursue their individual goals more efficiently” (2003, p. 93) and lowers transaction costs. In other words, efficiency comes through network connections and ties, and more can be achieved collectively than alone. They go on to argue that if these network collaborations contribute to a “culture of co-operation and help operationalize the solutions of societal problems, they can be considered as a major contribution to the common good” (Spence & Schmidpeter, 2003, p. 108). So the output of collective action can benefit the community or society at large. Working collaboratively with entities outside of the organization can create greater social value (Austin, Stevenson, & Wei-Skillern, 2006). In this case we can see that the collective actions of the organizations on the street are making the cost and efforts of improving the street lower on an individual scale, and are providing collective benefits.

Beyond collective action with the neighboring businesses as a whole, Jokela has also formed individual connections with many of the businesses in the neighborhood. As part of his handyman services, he has done repairs or installations for many of the businesses on the street. In referring to one of those partnerships, Jokela says that although it is a business transaction, the nature of their built up relationship allows for something more:

Yes it is more, they get more... I have helped them for three years. So that sure they get more, extra... But we still have professional, but very flexible, professional terms. Like if I go there and have a beer, I pay the full price. Sometimes I get something; if there is extra food, I'll get that. But you know that's kind of if you feel like it. And that works very well because we know each other, but they are paying full price. When I am working there, they are paying full price. So I am factoring, no problem. But then, because you are good neighbors, you have a good social contract, so naturally you are much more flexible than if you don't know people. And that's again, scale. We are much more flexible. ‘I have a problem now, can you help?’ 'Yeah, I can try. I'll come in two hours. We will fix it'. (M. Jokela, business owner, personal communication, April 14, 2015)

When we asked about collaborative exchanges with other businesses, Jokela informed us that most of those kinds of exchanges of services between businesses are illegal, and so they are not made. But when we investigated further, we found more basic examples of how favors were done between businesses that were not illegal activities, but are examples of how the businesses help each other out. For example, Jokela will get someone in asking about fixing an old lamp, which is something he has experience in and likes to do.

I take in old lamps for example, in the shop. Sometimes, I think, ‘Oh yeah that's nice, I can do that, when I have spare time.’ Just to refresh my brain. Because I like doing that. Because that's the thing also, what I find fascinating and irritating. For example, if you want to fix quite a simple thing which is wrong in an old lamp, if you leave it to somebody to fix it, it costs more than a new one. And it might be very simple things. Yeah it takes a little bit of time to fix it, but I sometimes do those because I just say that, it's a pity. ‘Bring it here and I'll fix it. Come back next week’. So I fixed it some morning, lunch, I don't know. But you never can get paid
properly for that kind of thing. It's extra service, because I like it. And I like that it is in a system. Because then you create something again. With the social connection, it's a marketing too. Those costs, when I can't give the bill, it's a marketing cost. (M. Jokela, business owner, personal communication, April 14, 2015)

By working on old lamps in his spare time, Jokela gets to display his underlying environmental values for consuming less and reusing items when possible, and to build some social capital with the people who he makes the repairs for. He recognizes that he could not charge the appropriate fee that would equal a fare wage for the time worked, but that the outcome “is a marketing cost” (M. Jokela, business owner, personal communication, April 14, 2015). This again could be seen as an example of benevolent behavior that inspires trust in Jokela and the store, by displaying that Jokela places more value on the needs of the customer and his concern for the environment than on his profit margin.

Another example of favors is with the owner of the neighboring business. She explained that when people need to drop off or pick up ToolPool items after hours, occasionally they arrange to pick up or drop off at her business, which is open later. She says it works out nicely for her, as these hardware store customers then come into her business and meet her, which could possibly lead to business for her in the future. Neither of the people involved with this exchange (Jokela or owner of the neighboring business) recognized this as a type of exchange. This is possibly due to the high level of personal relations that have been built between the two owners over the last three years. The fact that they have built up so much social capital between them makes this sort of favor seem inconsequential.

In summary, we can see that the investment in working with the neighboring businesses increases the business’s customer base through neighborhood connections, and reduces the transaction costs of business in the neighborhood.

5.3.4 Contribution to Sustainability Orientation

To answer research question one, this section summarizes our observations on how the social interactions contribute to the business’s sustainability orientation. Based on Jokela’s values and facilitated by the organizational structure, social interactions build the core of the examined business. The personal connections Jokela and Johansson establish with their customers create a relaxed and pleasant atmosphere for staff as well as customers. As part of this characteristic Jokela and Johansson aim to win a customer in the long run with their services instead of focusing on maximizing short term profits. Establishing connections with customers on a personal level can already be seen as a part of the business’s social sustainability orientation since it strengthens links within the community and builds up social capital. Taking the time to truly understand what a customer needs and offer him/her the best solution also decreases over-consumption and bad buys and thereby reduces the environmental burden. Additionally, the trustworthiness gained helps the business to maintain a stable customer basis, which adds to its financial sustainability.

Our data suggests that Jokela has a good approach to make people feel welcome, independent of origin, demographic characteristics and prior knowledge concerning home repairs or handling of tools. The inclusive environment we observe reinforces the effects described above and gets people involved with do-it-yourself repairing, whose needs are not met at bigger chains. The introduction of the ToolPool service contributes to this approach by eliminating the costs for tools and therefore lowering the barrier for people with a smaller budget. Encouraging people to repair, fix and recycle what they already have at home is the result of Jokela’s efforts to reduce overall consumption in order to get closer to environmental sustainability.

The embeddedness of the business in the neighborhood also contributes to its sustainability orientation since building social capital within the community creates a stable environment for the business. Working together with the other businesses has benefits for everyone involved as it
means using each other's services, which increases financial sustainability, and developing deeper connections, which make everyday transactions more personal and flexible.

In summary, the social interactions between the store and its private and business customers turn the owner’s sustainability-oriented values into action facilitated by the simple structure. At the same time, the social interactions build the ground for certain aspects of the structure to develop, like for example the adaptability of the product mix. We therefore argue that the sustainability orientation of the business comes naturally as an interplay of the three dimensions.

5.4 Discussion

![Diagram](Image)

Figure 4 The combined contribution of leadership values, organizational structure and social interactions to the small business's sustainability orientation

From our analysis of the case and as illustrated in Figure 4, we see the sustainability orientation of the business as a complex mix of the values of the owner, the structure of the business, and the interactions between the business and customers. From our research, we cannot assign directionality to these relationships. They are highly interconnected and it is difficult to pull apart cause from effect. The values of the owner are reflected in the structure and the social interactions, but the level of sustainability orientation achieved seems unattainable without the structure and social interactions of the business. We see that the social interaction characteristics facilitate many of the value and structure characteristics, and at the same time the value and structure characteristics facilitate social interactions.

There were certain aspects of the case that were not surprising such as the owner’s values are reflected in the store and the small scale makes personal interactions more possible. However, there were some aspects that were quite unexpected. The characteristic of “inclusive environment” emerged as an important aspect of social interactions of the business. We did not realize the extent or variety of ways in which people feel excluded from traditional businesses and non-profits, nor did we expect the ways in which the hardware store overcame these barriers. This is connected to another surprising result, and that is the perceived positive aspects of the store being a commercial business, and the legitimacy that provides. As a value based business, we see that the business can succeed from customer's alignment with the values, but framed in this more traditional business model, it is not necessary for the customer to share the values, and the customer can successfully
patronize the store purely based on convenience reasons. In this way, the store benefits from both types of relations, expanding their customer base.

In answer to research question two, regarding the role of social interactions between the business and customers, we see that they are intricately linked with the values and structure of the business. We identified three main characteristics of the social interactions between the business and customers: personal connections, inclusive environment and neighborhood embeddedness. The reason these characteristics are the way they are is due to the values and structure of the owner and business. But conversely, having a deeper level of interactions with customers also informs the values and structure of the business. By interacting closely with customers, Jokela can adapt his product mix to better meet consumer demands. The inclusive environment created by Jokela supports the city concept by creating a space for the diverse population of the city to feel welcomed and included. In this way, we see that social interactions are a necessary component of this business. The values and structure alone can create certain levels of sustainability, but this is raised to a much higher level when combined with social interactions with customers.

We do see a few limitations to the business’s sustainability orientation through the identified characteristics. First, Jokela worked for a few years running the business by himself, and only now has a part time staff person helping. He mentioned that trying to do it all himself hampered his creativity (M. Jokela, business owner, personal communication, April 14, 2015). This seems to be a short-coming of an owner-operated small business, that strain is put on the owner, impacting the long-term sustainability of the business. As the business itself is such a reflection of his values, this brings up a second problem. If Jokela were to leave the business, could it function without him? Would the sustainability orientation suffer? We see that the social interactions and structure are so wrapped up in the values and ideas of Jokela that the business could not function in the same way without him. This leads to our third concern. Jokela plans to expand the small hardware store model into other towns, and wants to preserve the qualities of Malmö Hardware. He speaks of co-owning the stores with other like-minded individuals with similar values, and the importance of finding the right type of partner (M. Jokela, business owner, personal communication, April 14, 2015). We see the challenge of replicating this model successfully as a difficult one. As so much of the sustainability orientation of the business is a product of the authentic expression of values in personal interactions that take place between Jokela and his customers, we consider it to be challenging to spread those interactions successfully across multiple stores.
6 Conclusion

6.1 Answer to Research Questions and Research Purpose

In answering the first research questions, eight characteristics that contribute to a sustainability orientation of the studied business emerged from the empirical data: self-expression of owner, authenticity of values, small scale, city concept, commercial orientation, personal connections with customers, inclusive environment and neighborhood embeddedness. For the purpose of discussing these characteristics they were divided into three dimensions: values, structure and social interactions. We laid out how each of the characteristics and the dimensions as a whole contribute to the sustainability orientation of the business and see that they are highly interconnected in their effectiveness. For example, an authentic expression of the business leader’s personal values in business is facilitated by personal connections, an inclusive environment and neighborhood embeddedness; at the same time the emphasis on social interaction characteristics are an expression of certain values. The characteristics account for a sustainability orientation by laying the foundation for core business services that minimize consumption in favor of the environment, solve customers’ everyday problems, transfer knowledge, and build social capital within the community, and in doing so creates economic benefits and a stable environment for the business.

Led by a notion developed early on in the research and reinforced by case data, business characteristics related to the social interactions between the business and its customers are found to be a third dimension in the business’s sustainability orientation next to leadership and organization. With regard to the second research question of the role of social interactions between the business and customers, we conclude that social interactions have the effect to raise the overall level to which sustainability is considered and practiced in the business. We infer from the theoretical analysis of the case data that in combination with values and structure, social interactions are a facilitator of the other dimensions and thus play a considerable role in the business’s sustainability orientation.

By addressing the two research questions we have embraced the purpose of this study, which was to explore how leadership and organization of a small business impact its sustainability orientation. We see that these dimensions impact the sustainability orientation through the identified characteristics. In discussing value characteristics as a leadership dimension and structural characteristics as an organizational dimension we have demonstrated their impact on the business’s sustainability orientation. The prominence of social interactions in the business and the combined force of leadership, organization and social interactions lead us to claim that social interactions are fundamental as a third dimension that enhances the impact of the other dimension on sustainability-oriented business behavior.

6.2 Contributions to Theory and Practice

This study contributes to theory by highlighting the importance of social interactions for sustainability orientation in a small business. It also adds to the pool of theory on small businesses and specifically micro-enterprises in the field of ‘CSR’, for which not much research exists. This study also serves to respond to the request of Fuller and Tian (2006) for case research on the responsible practices and ethics of small businesses in daily business activities.

While we do not see true sustainability as an achievable goal of business, we see the importance for all businesses to move towards sustainability. Through this study we provide an example of a sustainably oriented business with environmental and social concern embedded into the business model. We see this as a positive move forward and a possible inspiration for other small businesses.
In practice, this study can stand as a good example for others that lead or are about to start a small business and who see the need to be sustainability-oriented in their business. Some of the mentioned implications of a sustainability-oriented, small business that operates in a local community may be taken for granted / self-evident, however this study points out that such a natural and somewhat simple approach can indeed be leadership for sustainability at its core. By providing insight into this single business, we think that readers will be able to draw connections to their own small businesses, perhaps providing ideas on reinforcing sustainable orientation in a small business. This research is particularly useful as it points out some ‘ordinary’ characteristics of small businesses and highlights them as potential opportunities in sustainability orientation, suggesting that not all aspects of sustainable orientation are achievable only by large corporations. Current public policy and initiatives around CSR typically refer to larger corporations. This study deepens the understanding of how micro enterprises deal with sustainability issues, and could be helpful for public initiatives to support sustainability activities in small businesses. We also provide an outsider perspective of the case to the owner of the business, as he seeks to expand to additional stores. We have drawn special attention to what we see as the successful characteristics contributing to his sustainable orientation, and would recommend that he work on strategies to incorporate the characteristics into the new stores.

6.3 Further Research

To further explore the case of the hardware store, it would be interesting to conduct an in depth ethnography in the store to get a deeper sense of the day-to-day interactions at the store. This would require a fluent speaker of Swedish to understand the subtle details. Additionally, we recommend identifying and interviewing customers who were not satisfied with the store, to see what made the interactions with them unsuccessful. Since the inclusiveness of the business is a rather surprising result of the case study, we recommend a further investigation in customers’ cultural backgrounds with quantitative methods in order to get a clearer picture of the extent of this aspect of social interactions and its opportunities for business and society.

Even though we do not claim that the results of this study are fully generalizable within the frame of this paper, we think that it would be interesting to conduct a similar study in order to see whether a theory on small business sustainability orientation can emerge. If these research methods were repeated over multiple cases, we believe that there would be an overlap of certain characteristics which would allow for further generalizability regarding sustainability orientation in small businesses.

Beyond the case at hand, we recommend more case studies of micro-enterprises. This would provide a broader view of how micro enterprises function, and could perhaps combined serve as the basis for theories on micro enterprises and the implementation of sustainable responsibility.
List of References


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Appendix A: FAQ on ToolPool

Source: https://www.facebook.com/toolpoolMalmö (translated from Swedish)  
Retrieved: May 2015

Why ToolPool?  
Most people do not need most tools (for example an angle saw) very often. And then it feels silly to have to buy one, both for your wallet and the environment. So why not share with each other?

How long can I borrow a tool?  
One day. When you book a tool, you pick it up and return it the following day, any time the store is open. (Mon 11-18, Tue-Fri 10-18 and Sat 10-15.) Bring your ID!

How many tools can I rent at a time?  
Four. But as soon as you return them you can borrow more!

Can I borrow the same tool several days in a row?  
No, unfortunately. You can only borrow each type of tool one time per week. (But you can of course borrow four different tools.) This is so that as many people as possible can borrow tools.

Does it really cost nothing?  
Borrowing tools costs nothing. But since our goal is that many people will use ToolPool, there is a charge in the form of a post on your Facebook wall - when you go to the ToolPool, and when you borrow a tool.

Accessories for tools  
Accessories to tools such as drill bits and goggles are leant to you for free. But accessories that wear down like saw blades and abrasive paper you must buy, and they are all available in Malmö Hardware Store.

What happens if I return the tool late?  
Tools returned late are charged at the rate of 50 SEK / day. We don’t like to charge, but it's not so fun for the person who booked after you...

How do I cancel a tool?  
Click on the "booked tools" at top right of the page with all the tools. It shows which tools you booked, and it is also where you cancel the tool / tools.

And what if I need screws or other hardware items?  
Most things you could want, we have at Malmö Hardware Store. Everything from electrical goods, nails, nuts, wires and putty to garden accessories, paint and storage.

About Malmö Hardware  
Malmö Hardware has been around for almost four years. It is the only dedicated hardware store that is left in the center of Malmö today, and it is owned by Matti Jokela.

Environmental considerations  
We strive to be as environmentally friendly as possible. Including through the use of environmentally friendly electricity, recycling, paper bags and reuse of packaging. But above all we encourage customers to repair, fix and re-use. The products sold in the shop are of high quality. Buying the wrong thing and products that don’t work are the worst purchases environmentally!

What tools are available?  
Today you can choose between circular saw, drill hammers, screwdrivers, Sanders, jig saw, reciprocating saw, random orbit sander, circular saw, angle grinder, wallpaper steamer, laser level, heat detector, laminate cutter, ladder with six steps, tool box (five screwdrivers, wrenches, hammers, measuring tape) expandable pliers, caulking gun and spirit level 120 cm.

vi