The role of sustainable entrepreneurs as institutional entrepreneurs: A multiple case study approach about institutional change strategies

Master thesis

By

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“When sustainability is viewed as being a matter of survival for your business, I believe you can create massive change.”

*Cameron Sinclair*
Abstract

This research aimed to contribute to institutional entrepreneurship literature by studying the research question: ‘what institutional change strategies were used by sustainable entrepreneurs to encourage institutional change?’ A framework was developed on the institutional change strategies in order to see which strategies were applied. This framework was used in a case study on three Dutch sustainable firms. Semi-structured interviews were held and data sources were analysed. The findings show that all institutional change strategies were depicted: constructing new measures, framing, theorizing, lobbying, building consensus and forging new collaborations. However, not every case has applied all strategies. Furthermore, an additional institutional change strategy emerged from the data, building a community. Finally, the study presents multiple suggestions to improve the institutional change strategies.

Keywords: institutional entrepreneurship, sustainable entrepreneurship, institutional change strategies, institutional theory.
Acknowledgements

This thesis is not only a compulsory piece written for my master, it is also a reflection of my believes. I am a firm believer of sustainability, to such a degree that my friends jokingly refer to me as that eco-obsessed friend.

Therefore this paper has been written in Ecofont and has been printed with eco-friendly paper and ink. Ecofont is a font which uses up to 50% less ink than traditional fonts, as the letters have tiny holes in them that cannot be spotted with the naked eye. So regardless of your own principles, by printing this paper you have already started on your journey to a better environment.

The conducted interviews were either held through the internet, or have been travelled to by train. And during the writing of this thesis as little as possible has been printed.

To no one’s surprise I decided to specifically search for a subject in the direction of sustainable entrepreneurship. In the end it was the International Journal of Entrepreneurial Behaviour & Research that called for a paper on the role of sustainable entrepreneurs as institutional entrepreneurs, which is the subject of this paper.

I would like to thank a few people, without whom this thesis couldn’t have been written. Firstly I want to thank my supervisor Olga Belousova. You gave me the inspiration I needed when my writers block struck and were always willing to oppose your own appointments to alleviate me when things did not go as planned in het Doe Museum.

Secondly I want to thank Dany van Rein, you truly embody the quote ‘Shared grief is half the sorrow, but happiness when shared, is doubled’.

Finally I want to thank my family and boyfriend, Rob, for supporting me and reducing my workload in the final stages of writing so I could fully focus on finishing my thesis.

I hope you enjoy reading my thesis.

Marriël Edzes
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1 Introduction

Sustainability has been an important issue for years, highlighting the utmost importance of climate change, nature, and biodiversity. Some scholars argue that entrepreneurs play a major role in countering climate change, preserving ecosystems, maintaining biodiversity and alike (Cohen & Winn, 2007; Dean & McMullen, 2007). Shephard and Patzelt (2011) define sustainable entrepreneurship as:

“[…] entrepreneurship that is focused on the preservation of nature, life support, and community in the pursuit of perceived opportunities to bring into existence future products, processes, and services for gain, where gain is broadly construed to include economic and non-economic gains to individuals, the economy, and society” (p. 317).

Research in the field of sustainable entrepreneurship is necessary to understand how entrepreneurial action can provide economic and non-economic gains while, at the same time, sustaining nature and ecosystems (Shephard & Patzelt, 2011). In order for sustainable products and services to successfully compete with the existing normal and practices, change in these institutions is often required (Thompson, Herrmann, & Hekkert, 2015). Institutional change is the process of changing or closing existing institutions and setting up new institutions (Greenwood, Suddaby & Hinings, 2002). Institutions are the rules of the game in a society (North, 1990) formed by the business environment, market regulations, and societal norms and values (Thompson et al., 2015). Sustainable entrepreneurs may play an active role in modifying institutions in being pro-environmental which grants sustainable products to become legitimate and to succeed (Shepherd & Patzelt, 2011). Entrepreneurs that are involved in institutional change are also classified by literature as institutional entrepreneurs. Institutional entrepreneurs “lead efforts to identify political opportunities, frame issues and problems, and mobilize constituencies” (Rao, Morrill, & Zald, 2000, p. 240). Research stresses the importance of studying how institutional entrepreneurs can change the institutional forces - as it may explain the movement towards sustainable development - and the concealed role that sustainable entrepreneurship may have in institutional change (Woolthuijs, Hooimeijer, Bossink, Mulder, & Brouwer, 2013). Well-known sustainable entrepreneurs in the Netherlands like Daan Roosegaarde draw a large body of support. Roosegaarde is known for inventing innovative solutions to problems and has received credit for doing so by ministers, the media and others. It is easier to get changes made with little effort when you are a well-established name in the industry, but what happens when you are not (yet) in this position? You are new in the industry or have recently started your own business? How do you aim to change institutions? Multiple institutional change strategies to alter or create institutions have been
studied over the years. Only a few studies have paid attention to sustainable entrepreneurs in relation to institutional change (Thompson et al., 2015), leaving room to expand the academic knowledge in this field. This study will therefore focus on sustainable entrepreneurs in their journey on changing institutions by implementing various change strategies, by answering the question: What institutional change strategies do sustainable entrepreneurs use to encourage institutional change?

Three firms, who deliver a physical product to the market, have been researched to conduct a multiple case study. Furthermore, primary data was collected in semi-structured interviews and secondary data sources was used that stemmed from the corporate website (direct communications), public reports, and online interviews (secondary public sources). The findings indicate that through constructing new measures, framing and theorizing, the sustainable entrepreneurs aim to convince others not to resist their product in the market. Lobbying is used to relieve themselves of company specific regulations or to push for industry-wide change. Furthermore, building consensus and forging new collaborations is used to cooperate with others in to strengthen their position. Next, from the data an additional institutional change strategy was depicted, building a community. Finally, multiple suggestions have been presented to improve the institutional change strategies.

The article will be structured as followed. In the next section you will find the literature review, in which the sustainable entrepreneurship, institutional theory and institutional change strategies will be reviewed. Section three discusses the methodology and provides the case descriptions. In section four the results are presented. The final section will cover the discussion and conclusion.
2 Theory section

The following sections will discuss sustainable entrepreneurship, institutional theory, institutional entrepreneurship and institutional change strategies.

2.1 Sustainable entrepreneurship

Sustainable entrepreneurs are entrepreneurs that equally prioritize environmental, social and economic objectives in their business development. These objectives are also referred to as People, Planet and Profit (3Ps) or the triple bottom line (TBL) (Elkington 1997; Glavas & Mish, 2015). The TBL concept offered a new way of measuring organizational performance, which before was only concerned with the financial bottom line of profit or loss (Hubbard, 2009). The development of this measure originated from the definition of sustainable development that was stipulated by the UN World Commission on Environment and Development (WCED) (Hubbard, 2009): “it meets the needs and aspirations of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987, p. 43). This definition, and the foundation of all the other definitions that exist, is well explained by Willard (2012):

“All human activity needs to stay within the ecological carrying capacity of the planet, and it must not consume natural resources in excess of the ability of the ecosystems to regenerate them. Anything else comprises both the ability of the present generation to meet its needs and the ability of future generations to meet theirs” (p. 6).

Sustainable entrepreneurs make TBL an integral part of their firm. It is therefore more than just a slogan in their annual report (Glavas & Mish, 2015). However, there is an implicit conflict between the three dimensions as they have different perspectives (Harris, 2003). The economic perspective refers to producing products and services at a profit, while the environmental perspective is about the resources that firms use for production and the waste, air emissions and other by-products that that creates. The social aspect focusses on the impact on communities in which both the firm and the suppliers operate (Hubbard, 2009). Maximizing profit often leads to compromise on the environmental and social goals. Yet, these different perspectives should be balanced in order for sustainable development to happen (Elkington, 2004). This balance is illustrated by the three-legged stool’ metaphor of Willard (2012); if one of the legs is weak, the society is unstable. Even though it is an attractive metaphor to work with, Willard suggests that the ‘three-nested-dependencies’ model from Senge, Smith, Kruschwitz, Laur, & Schley (2008) may be more suitable. As this model highlights the
interdependent reality, in contrast to the ‘three-legged stool’ “that makes the economic, environmental, and social legs appear separate and equal” (Willard, 2012, p. 8). Interdependency is an important aspect as social equity is related to environmental sustainability. Conserving natural resources is key for sustainable economic production and social (intergenerational) equity, and economic sustainability needs natural, human, social and manufactured capital in order to produce (Harris, 2003). However, in practice the level of substitution and balance between the three dimensions is rather difficult and thus determine to what degree the sustainable development at hand is an actual improvement (Harris, 2003). To understand the level of advancement of the initiative Daly, Jacobs, & Skolimowski (1995) introduced ‘weak’ and ‘strong’ sustainability. Shortly put, weak sustainability only reduces the impact, while strong sustainability eliminates impacts (Daly et al., 1995). Weak sustainability is based on reform (Stål, 2015), meaning on eco-innovations, eco-efficiency and green consumerism (Kallio, Nordberg, & Ahonen, 2007). Substituting one dimension for another is allowed (Ayres, van den Bergh, & Gowdy, 1998). This all fits within the current market economy (Stål, 2015). Strong sustainability on the other hand argues that it does not fit within the current economic system, because of the limited level of natural resources (York & Rosa, 2003; Næss & Høyer, 2009). Hence, one capital cannot be substituted by another capital type, suggesting integration of social, environmental and economic dimensions (Neumayer, 2013). Strong sustainability thus implies that you need radical steps: radical eco-innovations and a reduction of detrimental practices (Stål, 2015). Accordingly, strong sustainability does not sacrifice anything on the triple bottom line, while weak sustainability does.

Regardless of which account of sustainability is adopted, weak or strong, research suggest that sustainable entrepreneurs operate differently from non-sustainable entrepreneurs. Results from the study of Glavas and Mish (2015) indicate that sustainable firms focus on collaborative advantage instead of the traditional competitive advantage, as advocated by the Resource Based View. They take the entire system into account and are transparent in doing so. They focus on collaborating with others in the industry and let others benefit by creating new markets. Furthermore, they aim to increase the knowledge symmetry of customers and push for market change in order to make the TBL part of the practice in firms on the market (Glavas & Mish, 2015; Jaworski, Kohli, & Sahay, 2000).

As discussed in the introduction, for sustainable products and services to successfully compete, change in institutions is often required. To clarify how institutional change strategies can assist entrepreneurs in accomplishing so, the following section, and the sections that follow, will present how the idea of institutional change has evolved from institutional theory.
2.2 Institutional theory

Institutional theory is an organizational theory that explains how institutions influence organizations (Greenwood, Oliver, Suddaby, & Sahlin-Andersson, 2008). Institutional theory is an alternative to views that assume organizations are independent and rational (DiMaggio & Powell, 1983). Institutions are defined as the “rules, norms, and beliefs that describe reality for the organization, explaining what is and is not, what can be acted upon and what cannot” (Hoffman, 1999, p. 351). You can classify institutions as either formal or informal institutions. Formal institutions are the constitutional, legal, and organizational framework for individual actions. Informal institutions are the norms, values, codes of conduct and the uncoded attitudes that are embedded in a society (North, 1990). Put shortly, institutions represent the rules of the game (North, 1990). When these rules are stable and work efficiently they lower risks and uncertainty for entrepreneurs (Welter & Smallbone, 2010). The institutional environment pressures organizations to behave a certain way, in order to “receive support and legitimacy” (Scott, 1995, p. 132). Legitimacy is in the roots of institutional theory (Elster, 1989): it is believed to play a vital role in the change and conservation of institutions (Scott, 2008). Legitimacy is defined as “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). Legitimacy and the institutionalization process are both are meant to provide organizations with a meaningful and natural position (Suchman, 1995). Legitimacy can both constrain and enable actors’ actions and thoughts (Berger & Luckmann, 1966). Studies consider actors to be pressured by institutions to sustain continuity by rewarding conformity (Battilana, Leca, & Boxenbaum, 2009; Garud, Hardy, & Maguire, 2007). So traditionally, institutional research has focused on how institutions are a stable and continual part in organizational processes (Garud et al., 2007). At some point the notion of change, and how actors may aim to accomplish institutional change, became more important (Garud et al., 2007).

There are multiple approaches to institutional change. Smets, Morris, and Greenwood (2012) have described four approaches to institutional change. Exogenous shocks represent the first approach. Examples of such shocks are changes in technological regimes (Garad, Jain, & Kumaraswamy, 2002), social values (Roa, Monin, & Durand, 2003) and policies (Edelman, 1992). These shocks lead to current institutional arrangements not being fit for the new situation at hand. The second source of change described is that from endogenous field-level contradictions. This represents the tensions between contradictory logics in maturing fields (Friedland & Alford, 1991). These contradictions are resolved by implementing change using political and networking skills. The third approach is about the role of interorganizational dynamics. This approach describes how contradictions are theorized and resolved. The fourth approach focusses on how everyday activities can instigate change in field-level...
institutional logics. This was new in institutional theory, as it focused on the practice level, instead of the organizational or field level like other approaches do. This means that they describe an approach on micro-level, instead of macro-level, like the majority of the institutional change studies. The approaches to institutional change described here differ in their view of how institutions change and if actors have an active part in this change. The next section will discuss how actors were introduced to institutional theory and which implications these introductions have.

2.3 Institutional entrepreneurship

Fligstein (1997) argues that actors can be reintroduced in institutional theory in two ways: 1) a theory of action based on game theory and the rational-actor model, both stemming from economics. 2) Introducing entrepreneurship to institutional theory: institutional entrepreneurship. This view considers the skills that an institutional entrepreneur possesses and how this relates to the actions an institutional entrepreneur performs that changes certain institutional arrangements.

The first person to introduce the concept of institutional entrepreneurship was Eisenstadt (1980); he focussed on how actors enact change. DiMaggio (1988) was next in line, he described institutional entrepreneurship in relation to the lack of agency that was present in neo-institutionalism (Hansen et al., 2015; Suddaby, 2010). More specifically, how actors change institutions in spite of forces that want to sustain the current situation (Holm, 1995; Seo & Creed, 2002). The introduction of institutional entrepreneurship by Eisenstadt (1980) and Dimaggio (1988) was done to provide an explanation on how actors can possibly contribute to changing institutions (Battilana et al., 2009). While institutional theory acknowledged the importance of change, entrepreneurship research understands the challenges that change brings (Garud et al., 2007). The majority of the studies on institutional change focussed on exogenous forces, thereby ignoring the role of actors in institutional change. Institutional entrepreneurship however provided an endogenous explanation of institutional change (Battilana et al., 2009). Institutional entrepreneurship can be defined as “the activities of actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or transform existing ones” (Maguire, Hardy, & Lawrence, 2004, p. 657). An institutional entrepreneur can be an individual or an organization (Battilana et al., 2009). Agency, interest and power are the core concepts that come with the introduction of institutional entrepreneurship (Garud et al., 2007). In recognizing the role of these concepts, the entrepreneur is no longer the powerless actor that is pressured by powerful institutions (Hansen et al., 2015). Research has examined the role of agency from different perspectives, structuration theory and the critical realism approach. In structuration theory the analysis is performed using duality, meaning that agency and structure will be
studied together at the same point in time (Mole & Mole, 2010). In the critical realism approach agency and institutions (structures) are examined using analytical dualism (Mutch, 2007). Analytical dualism implies that agents and institutions can be studied separately, this is appropriate for practical analysis (Mole & Mole, 2010). There is not one best approach, critical realism and structuration theory just views it from a different angle (Sarason, Dillard, & Dean, 2010).

Battilana et al., (2009) introduce two requirements that entrepreneurs must fulfil to be regarded as institutional entrepreneurs; (1) they should initiate divergent change; and (2) they should have an active role in the implementation of the change. Divergent change is described as change that breaks the institutional logics within an institutional context (Amis, Slack, & Hinings, 2004; Battilana, 2006; D'Aunno, Succi, & Alexander, 2000; Greenwood & Hinings, 1996). Institutional logics are the shared understanding of a field in what and how goals should be pursued (Battilana et al., 2009). The field, or organizational field, represents the social positions (Bourdieu, 1990). Connecting with others in the field seems important in order to gain success, institutional entrepreneurs should therefore craft their project to fit activities and interests of others in the field (Maguire et al., 2004). However, not all actors within a field are evenly capable of changing institutions, their social positions may have implications on the desired outcomes. For example, the formal and informal (social) positions that are available in a field are of importance (Oakes, Townley, & Cooper, 1998). Yet, sometimes actors that are not considered to be in powerful positions, are more opt in changing institutions than those that are (Maguire et al., 2004).

Over the years institutional entrepreneurship research has been separated in two streams of research, one stemming from institutional theory and the other from institutional economics (Pacheco, York, Dean, & Sarasvathy, 2010). The institutional theory stream focusses on the process and mechanisms that drive change, while institutional economics is about the antecedents and outcomes of institutional entrepreneurship. This notion of the separate research streams will be applied in the later section on institutional change strategies.

Even though many have a positive attitude towards institutional entrepreneurship, there is also critique on institutional entrepreneurship to be an over simplistic approach. There are concerns with regards to the introduction of entrepreneurship, and thereby agency, to institutional theory. Battilana et al. (2009) described the ‘paradox of embedded agency’ (Holm, 1995; Seo & Creed, 2002), which is the tension between institutional determinism and agency, in their paper. Battilana et al. (2009) clarifies: “If our norms and collective beliefs are institutionally determined, how can human agency be a factor in institutional change? […]” Research on institutional entrepreneurship has consequently been criticized
for being overly voluntaristic, that is, for ignoring the influence of institutional pressures on actors’
behaviours that is the very essence of institutional theory.” Even though researchers make an
important point with regards to institutional entrepreneurship, Battilana et al. (2009) continue: “[…]
the concept of institutional entrepreneurship should be central to future developments of institutional
theory because it enables us to explore actors’ degrees of agency, however institutionally embedded
human agency might be.” (p. 67). Even though institutional entrepreneurs play an essential part in
framing and initiating new views, and possibly even setting up ventures that fall into that view, many
agree that they are no supermen that can simply change institutions (Suddaby, 2010). Achieving
institutional change is a much more complex process (Woolthuijs et al., 2013), involving engagement
of many different actors and interaction between the institutional context and the entrepreneurs
(Bansal & Roth, 2000; Vermeulen, Büch, & Greenwood, 2007). Institutional entrepreneurs should be
viewed as actors that create the necessary conditions, to institutional change by promoting the new
institutional arrangements through applying institutional change strategies (Greenwood et al., 2002;
Pacheco et al., 2010).

2.4 Institutional change strategies

Few studies have addressed sustainable entrepreneurship in relation to institutional change even
though research does stress the importance of sustainable entrepreneurship in institutional change
(Woolthuijs et al., 2013). Stål (2015), for example, has conducted research on an approach that
explains what drives inertia and change in institutions. Stål (2015) focuses on industry wide change
initiatives, two boards that provided counselling, that were set up to reduce Green House Gas
emissions in the Swedish agri-food industry. Another study by Woolthuijs et al. (2013) focussed on
the tactics that institutional entrepreneurs use to realize their sustainable urban development projects.
The most recent study is that of Thompson et al. (2015). They conducted research on the institutional
change strategies that were applied by entrepreneurs in the Dutch biomass torrefaction industry. Other
studies in the field only focussed on the institutional pressure that sustainable entrepreneurs endured
(Silvestre, 2015), and not on how they can change those institutions in their advantage. This study will
focus on the institutional change strategies that sustainable entrepreneurs employ. The selected cases
are companies that have launched a physical product in the past three years in a mature institutional
field. It differs from the previous studies on sustainable entrepreneurship, because the three cases all
operate in different industries. The industries are also different from the ones that were studied by the
research listed above.

I will now continue to discuss the institutional change strategies or tactics that are discussed in the
literature.
Two studies in particular have paid attention to the institutional change strategies that institutional entrepreneurs use (Thompson et al., 2015; Woolthuijs et al., 2013). The study of Woolthuijs et al. (2013) is focused on sustainable urban development in the Netherlands. The research of Thompson et al. (2015) is conducted in the Dutch torrefaction industry. The change strategies that were used in their study are presented in Table 1. This study will build on the work of Woolthuijs et al. (2013) and Thompson et al. (2015). To my knowledge these are the only articles about institutional change strategies with a focus on sustainable entrepreneurs.

### 2.4.1 Adjusted framework institutional change strategies

There are six strategies that this research retains from previous literature. In integrating the literature from both studies, some possible improvements seem necessary to make it fit the study at hand.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Creating new symbols: creating new symbols that help to re-shape and share new ideas and initiate collective sense making.</td>
<td>Framing: tying new ideas and technical solutions with commonly accepted narratives (Lawrence &amp; Philips, 2004).</td>
</tr>
<tr>
<td>Theorizing: specifying a general organizational failing and justifying a proposed solution.</td>
<td>Theorization: emphasizing chains of cause and effect, not only by specifying why the old way of doing things is wrong but also by justifying their suggested change as being superior on moral and/or pragmatic grounds (Greenwood et al., 2002).</td>
</tr>
<tr>
<td>Constructing new measures: quantifying as a way to provide measures that communicate benefits of activities and help spread ideas widely and quickly.</td>
<td>Lobbying: using political tactics and power that can be employed to bring forward the vision and interests of the collective (Pacheco et al., 2010), or of the single, entrepreneurs (Levy &amp; Scully, 2007).</td>
</tr>
<tr>
<td>Building consensus: recruit powerful allies to their cause by offering some tangible and/or intangible benefit to other existing actors.</td>
<td>Cooperation and collective action: providing common meaning or identity (Fligstein, 1997) or sketching a pervasive vision on a common development path.</td>
</tr>
<tr>
<td>Forging new collaborations: establishing new inter-actor collaborations to bring about change through collective action.</td>
<td>Negotiating: the importance of contractual forms, property rights and financial arrangements in realizing new ventures (Pacheco et al., 2010).</td>
</tr>
</tbody>
</table>

Table 1: Institutional change strategies reprinted from Thompson et al. (2015) and Woolthuijs et al. (2013)
The first three institutional change strategies are about persuading other actors to support the cause the entrepreneur stands for (Garud et al., 2007). Firstly, this can be accomplished by ‘constructing new measures’, this is about quantifying measures to provide new activities and spread ideas widely and quickly (Déjean, Gond, & Leca, 2004). Secondly, by framing, which stands for tying new ideas and technical solutions to commonly accepted narratives (Lawrence & Philips, 2004). Thirdly, theorizing by implying chains of cause and effect (Greenwood et al., 2002), or specifying an issue and proposing a solution (Zilber, 2007).

The forth strategy is about lobbying, which stands for using political tactics and power. This leads to stretching and changing legislation to fit the cause at hand (Woolthuijs et al., 2015). The fifth strategy is about ‘building consensus’ by recruiting powerful allies by providing them a tangible and/or intangible benefit (Colomy, 1998; Maguire et al., 2004). Sustainable entrepreneurs are usually resource constrained, thereby not able to offer resources in return for support (Dorado, 2005). Power is also often a problem for nascent entrepreneurs (Colomy, 1998), providing intangible or tangible benefits is an alternative. Having access to resources plays an important role because they help to alter the ‘rules of the game’ (Goldberg, 1974). The final strategy represents forging new collaborations. Institutional entrepreneurship literature emphasizes on seeking collaborations with likeminded actors (Garud et al., 2007). Gaining power over resources and increasing their level of legitimacy is often a reason for institutional entrepreneurs to act in unison (Stuart et al., 1999). An overview of the changed strategies is provided in Table 2. The institutional change strategies presented here have their roots in institutional theory and institutional economics (Woolthuijs et al., 2013).

<table>
<thead>
<tr>
<th>Institutional change strategy</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>Constructing new measures</td>
<td>Quantifying as a way to provide measures that communicate benefits of activities and help spread ideas widely and quickly</td>
</tr>
<tr>
<td>Framing</td>
<td>Tying new ideas and technical solutions with commonly accepted narratives</td>
</tr>
<tr>
<td>Theorizing</td>
<td>Specifying a general organizational failing and justifying a proposed solution</td>
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<td>Lobbying</td>
<td>Using political tactics and power that can be employed to bring forward the vision and interests</td>
</tr>
<tr>
<td>Building consensus</td>
<td>Recruit powerful allies to their cause by offering some tangible and/or intangible benefit to other existing actors</td>
</tr>
<tr>
<td>Forging new collaborations</td>
<td>Establishing new inter-actor collaborations to bring about change through collective action</td>
</tr>
</tbody>
</table>

Table 2: Institutional change strategies

I will now discuss three strategies that were either adjusted or not used in my study. The strategy ‘cooperation and collective action’, as presented by Woolthuijs et al. (2013), has been separated into two single tactics by Thompson et al. (2015). Separating them seemed like the right thing to do, which
in this case led me to follow the example of Thompson et al. (2015). Thompson et al. (2015) included the strategy ‘creating new symbols’. Symbols represent logos, diagrams and slogans. However, the application of the strategy in their study did not convince me to include it as strategy. The background literature did not clarify how this strategy works, nor did other literature on institutional change strategies as it was not specifically mentioned. It appears to me that symbol creation is more related to a type of framing, as opposed to being a separate change strategy. The final strategy is ‘negotiating’, presented by Woolthuijs et al. (2013), which is about financial arrangements, contractual forms and property rights and negotiating these formal institutional arrangements (Pacheco et al., 2010). The measure on negotiating seemed more appropriate to use in the context of urban development, as is the context of Woolthuijs et al. (2013), in contrast to other industries.
3 Methods

This study employs a case study approach to explore how sustainable (institutional) entrepreneurs aim to influence institutions in which they are embedded, thus to understand the dynamics within single settings (Eisenhardt, 1989). The goal of this research is to extend the theory and discover which institutional change strategies are used by sustainable entrepreneurs. My study differs from previous research on sustainable entrepreneurship because the context of the industry differs, and the cases presented in my study are committed to changing the value chain of the products they produce. This is different to the cases in the torrefaction industry (Thompson et al., 2015) and urban development (Woolthuïjs et al., 2013) which focussed on providing a product that could replace the dominant product that was used at the time. It was not about changing the actual practices used in those industries, but using the same practice with a ‘greener’ solution.

As suggested by Yin (1994), a case study is advised to be conducted since the strategies applied (activities) by the entrepreneurs should be studied within the context in which they are used. A priori specification of constructs was made in order to determine the initial design of the research (see Table 2), this has allowed me to measure constructs more precisely (Eisenhardt, 1989). This study will take the critical realism approach as the perspective from which agency is considered (Archer, 1995). Critical realism approach seems more appropriate to use than structuration (see section 2.3), due to its applicability in the analysis in this study. The role of the entrepreneurs will be studied separately from the actual impact they have on institutions.

In the following sections the sampling approach, data collection, data analysis and the quality of the study will be discussed.

3.1 Sampling

The cases were selected based on theoretical reasons, theoretical sampling, this means that the cases were selected based on criteria derived from literature (Glaser & Strauss, 1967). Firstly, the selected cases needed to conform to the People, Planet and Profit principles, the cases were checked based on the definitions of the 3Ps from Harris (2003), see appendix 1 (Table 24 and Table 25). Secondly, the cases should have a transparent approach in providing information to the public, meaning that the process of interest was “transparently observable” (Eisenhardt, 1989, p. 537). Finally, the sustainable entrepreneurs needed to confirm to the classification of the institutional entrepreneur of Battilana et al. (2009). Even though, Battilana et al. (2009) did not require the institutional entrepreneur to actually launch a business in the market. I will only consider institutional entrepreneurs that have actually launched their firm.
The following section provides a description of all the cases involved in the study. The cases can all be classified as sustainable (social) enterprises, and have all launched a physical product on the market. They operate in different industries varying from the food, chemical to the consumer electronics industry. All the cases have won one or multiple prizes, see appendix 2 for an overview.

3.1.1 Fairphone
Fairphone started in 2010 as a campaign in the WAAG Society to raise awareness on conflict minerals in electronics. In order to get to the bottom of how the value chain in the consumer electronics works, it is helpful to produce a product. They therefore became a company and registered as an independent social enterprise in 2013. Fairphone aims to change the consumer electronics industry; they use a phone to start a discussion about what is truly fair. They want people to understand how a phone is made and what should change to make that phone fairer for all people involved. Starting at raw materials to production and ending at the recycling of the product. They have multiple problem areas in which they want to accomplish change, amongst other things to improve mining conditions of the minerals, working conditions for production staff, and making the phone modular which allows you to repair it easily. Currently, the firm has just launched their second Fairphone.

3.1.2 Moyee
Moyee is a company, founded in 2011, that sells coffee according to the FairChain principle. FairChain is about bringing back value adding activities to the countries that produce a certain raw material. In the case of Moyee importing green beans from Ethiopia, but also adding value to the beans by roasting the beans in that country. By moving value adding activities to the country of origin, the profit value of coffee is equally split, which supposedly reduces the need of development aid in that country. Over the years the profits of a pack of coffee dramatically reduced for the producing countries, leaving the farmers with very low prices and no incentive to improve the quality of their beans. Moyee wants to make high quality coffee available to the public by paying the farmers for premium quality beans. The current dominant blends in the coffee industry are a mix of many different kinds of beans, which gives a very neutral taste. Moyee therefore only uses one or two different beans in their blends to improve the taste of the coffee. Moyee aims to spread their FairChain principle to other companies and other products.

3.1.3 Seepje
Seepje was established in 2013 and is a firm that produces detergents from the shells of the Sapindus tree. The shells are used in countries like Nepal to wash both your own body as clothes. These shells release soap the moment they come into contact with water, meaning that you can naturally wash your clothes with this product. However, this method lost popularity as more people started using modern
washing detergents. This in return made the trees that grow the shells a popular target for chopping firewood, which is harmful to the environment because it causes deforestation. Seepje aims to put a halt to this by increasing the demand for the shells. The product is available as shells or as a liquid formula. The shells they use come from Nepal, are Fair Trade, and are grown organically. Seepje puts in effort to improve the working conditions in Nepal. They also collaborate with a social work company in the Netherlands, that provides work for mental or physical disabilities. They produce, package and send their products.

3.2 Data collection

Secondary data sources were used such as the corporate website (direct communications), public reports, and online interviews (secondary public sources). Information was added to the study until no new information could be found (Strauss & Corbin, 1990). For example, two of the cases had a blog section on their website, meaning that they would post all new updates on their project on this blog. However, the regular website would also be updated with the new information. Which led to the fact that the information from the blog no longer provided me with additional contribution, because the information was already presented in another section of the website.

Data was collected from several sources. Semi-structured interviews, see appendix 3, were conducted with employees, managers, or the owner of the firm (see Table 3 for the interviewees). These interviews were both recorded and transcribed. The interviews were conducted to understand which problems were encountered, how they solved these issues and any other issues that remained unclear from the initial analysis of the secondary data sources (see the next section on data analysis for clarification).

<table>
<thead>
<tr>
<th>Case</th>
<th>Interviewee(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairphone</td>
<td>- Impact and development manager</td>
</tr>
<tr>
<td></td>
<td>- Product manager</td>
</tr>
<tr>
<td>Moyee Coffee</td>
<td>- Impact specialist</td>
</tr>
<tr>
<td>Seepje</td>
<td>- Owner</td>
</tr>
</tbody>
</table>

Table 3: Interviewees selected cases

3.3 Data analysis

A qualitative data analysis was applied (Strauss & Corbin, 1990). In coding the data obtained from the cases, the computer-aided text analysis software Atlas.ti was used. This program is helpful in coding and organizing the data. Coding was performed using the open and axial procedure based on the work of Strauss and Corbin (1990). As the study does not entail a full grounded theory approach, selective coding was not included. Furthermore, the data was partly coded from categories (strategies) that were
found in the theory, and partly coded using the open coding procedure. I have made a selection of the information that was included in the analysis. Only information or actions that needed to be communicated in order for stakeholders to understand the purpose or actions of the company were incorporated. An example is information with regards to the raw materials used in their product: “There are four minerals on which we want to focus because these are classified as conflict minerals” [Fairphone]. Not included was information like calls for new internship positions. The analysis of the data was done in two phases. Firstly, the secondary data sources (corporate website, public reports, and online interviews) were analyzed. Secondly, based on the analysis of the secondary data sources the interview guide was written. The interviews had the function of checking the information from the secondary data sources, and gaining deeper knowledge about topics of interest that were not (thoroughly) discussed on the website. After the interviews were conducted and the transcript was completed, the interviews were coded as well. After the initial round of coding, a second round was completed. After the coding procedure was completed, two people with different educational backgrounds checked if the coding seemed logical to them.

3.3.1 Open coding
The data which was classified as being suitable after the initial selection procedure has been thoroughly looked at during this step. In the first round of reading the data was not coded, in the second round coding started. This means that paragraphs or sentences were given codes that described the meaning of that piece, codes that are similar in nature are grouped together under a concept (Strauss & Corbin, 2015).

3.3.2 Axial coding
In this step the framework derived from the literature review was used to implement axial coding. The concepts derived from the open coding procedure were, when possible, matched to the categories of institutional change strategies that were identified in the literature. Firstly, central to the framework of institutional change strategies is constructing new measures. Theorizing, framing and lobbying are all about persuading others to support, or at least not resist, the cause at hand. This means that at this step the following question was asked: how do firms let others understand the purpose of their existence and thereby aim for others to support their cause? If a concept did not match any of the categories, an ‘in vivo’ category was created. As the remaining two strategies are about recruiting powerful allies and collaborating with other parties, the following question was posed: with whom do they cooperate to realize certain goals and purposes? See Table 4 for examples on the coding procedure.
3.4 Steps case analysis

In order to provide a deeper insight into the analysis procedure conducted in this study, I will present how the coding procedure has been conducted. After the initial selection and first reading of the data, the first round of coding was possible. The first round of coding described what a section of text or a sentence meant. If the case codes were similar, they were merged wherever possible. For example in describing the elements of each product:

- Detergents (Seepje) → Code: ‘Product – Ingredients’
- Beans (Moyee) → Code: ‘Product – Composition’
- Phone (Fairphone) → Code: ‘Product – Parts’

In this case the open codes were merged under one code ‘Product – Composition’, as the meaning of that word was the most suitable to describe where three products, as they are different in nature, consist of. A few iterations were necessary in order to get the codes aligned. Subsequently the codes were grouped under a concept that would represent what the codes have in common. In the final coding round the categories of the change strategies were matched with concepts and codes. See Table 4 for examples on the coding procedure. The table provides a sense of how the data was analysed in using the coding procedure. A similar table on the coding procedure is presented in Appendix 4 (Table 28 and Table 29) on the remaining two cases of Moyee and Seepje.
Section Meaning Code: what are they saying here? Concept: what do these codes have in common? Category: how do they explain their approach / with whom have they cooperated?

“(...) the Fairphone 2 costs €525. Of that, €118 goes to sales tax and reseller margins, €340 is spent on the product itself, €33 is dedicated to investments and €25 goes to operations, leaving a net result of €9.”
- Cost structure
- Providing insight
Explain approach Constructing new measures

“Conflict minerals fund rebel groups, contributing to political and economic instability while neglecting workers’ rights, safety and their ability to earn fair wages.”
- Issues mining industry
Explain problem Explain purpose Theorizing

“[...], our goal is to work directly where we can contribute to alternatives to current mining practices, empowering workers and improving the livelihoods of the local population.”
- Improve conditions
Explain goal

“We are present in the European Commission in project groups, putting forward input for the conflict mineral legislation in the EU.”
- Building legislation
Explain steps Lobbying

“The commitment of KPN in such an early stage, 2 years before the phone was launched, was a strong message to the industry and customers, because such big and legitimate party was behind this initiative.”
- Early commitment
- Giving signal
Powerful ally Cooperating Building consensus

“The community is in our roots [...] they gave us funding in the initial period. This funding was a way of showing that people are willing to invest in such a product.”
- Funds
- Support
Include in campaign Involve supporters In-vivo: Building a community

Table 4: Example coding procedures Fairphone
3.5 Quality of the study

In order for others to be able to replicate the study at hand I will now explain how the study has been conducted (van Aken, Berends, & van der Bij, 2012). I have used a basic format for all the interviews in order to standardize the procedure (Swanborn, 1996), see appendix 3 for the interview guide. Because the interviews were semi-structured, there was a slight difference in focus between the interviews, but the body of the interviews was the same. Furthermore, the qualitative analysis software program Atlas.ti was used to make it more convenient to systematically perform the analysis (Van Aken et al., 2012). The interviews were conducted in different settings and under different circumstances, which may have influenced the reliability of the study (van Aken et al., 2012), please see Table 5 for the different settings in which the interviews were held.

They criteria credibility, transferability, dependability and confirmability of Lincoln and Guba (1985) will now be discussed to further access the quality of this qualitative research. Creditability is, in this case, to what extent the views of the interviewee corresponds with the interpretation of the researcher. In this case the transcripts of the interviews were reviewed by the interviewees to make sure that message that they aimed to get across matched the description put in writing. The transferability of the study is about providing an ample level of case information to ensure that a person can see if the context may make the findings relevant in other contexts. In order for the reader, to review the level of transferability, case descriptions were provided. In order to ensure dependability, the research process has been described. The section 3.3 shows which methods were used in analyzing the data, in section 3.4 an example of the analysis is provided to show how the methods were implemented. To increase the level of confirmability of the study, both public (external communications) and private (interviews) sources were used. Furthermore, two people, with different educational backgrounds, randomly went through the coding output to check if they agreed with the codes that were assigned to a section of text.

<table>
<thead>
<tr>
<th>Case</th>
<th>Circumstances interview</th>
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<tbody>
<tr>
<td>Fairphone</td>
<td>Google Hangout meeting with two members of the management and one other researcher. I initially was allowed to send them four questions due to time constrains. However, there was time left so I was able to ask more questions that I prepared already.</td>
</tr>
<tr>
<td>Moyee</td>
<td>Skype meeting with one member of the management. I was able to ask all the questions I have prepared for the interview.</td>
</tr>
<tr>
<td>Seejpe</td>
<td>A face-to-face meeting at their office in The Hague with one of the owners of the company. I was able to ask all the questions I have prepared for the interview.</td>
</tr>
</tbody>
</table>

Table 5: Circumstances interview
4 Results

In this section the results from analysing the interviews and their external communications (website, movies, online interviews and articles) will be showed. First the within-case results will be discussed, followed by the cross-case analysis of the findings.

4.1 Case 1: Fairphone

Based on the analysis of the data I was able to extract that all the institutional change strategies were present. Furthermore, I observed an additional change strategy that was applied by Fairphone, namely building a community. Even though, this is not described as an institutional change strategy, it appears to be a valuable extension to the strategies at hand.

4.1.1 Constructing new measures

Fairphone has applied ‘constructing new measures’ by showing the cost breakdown of the Fairphone 2. Fairphone aims to be transparent, so they want people to understand how the price of the phone had been established. They provide a global overview of the costs, which is shown in the following quote: “The Fairphone 2 costs €525. Thereof, €118 goes to sales tax and reseller margins, €340 is spent on the product itself, €33 is dedicated to investments and €25 goes to operations, leaving a net result of €9.” Additionally, they provide a more detailed overview of the cost breakdown of the phone. To view this cost breakdown please see appendix 5 (Figure 1).

<table>
<thead>
<tr>
<th>Type</th>
<th>Quote</th>
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</thead>
<tbody>
<tr>
<td>Constructing new measures</td>
<td>Communicating a reasonable price and provide detail on costs</td>
</tr>
<tr>
<td></td>
<td>“The Fairphone 2 costs €525. Of that, €118 goes to sales tax and reseller margins, €340 is spent on the product itself, €33 is dedicated to investments and €25 goes to operations, leaving a net result of €9.”</td>
</tr>
</tbody>
</table>

Table 6: Fairphone constructing new measures

4.1.2 Framing

Fairphone has tried to frame the innovation in such a way that it changes how people relate to a smartphone. The current view on consumer electronics is that they are “[…] semi-disposable objects, to be upgraded or discarded as soon as something better comes along.” Traditional smartphones can only endure software updates up until a certain point in time, and you cannot (easily) repair or update the hardware parts at the moment. Fairphone wants to change this narrative of a smartphone by changing the possibilities that you have in adapting the phone to your latest wishes and the newest
possibilities. They want to: “[...] make a design that is ‘future resilient’ to accommodate additional Fairphone innovations and industry developments in the years ahead.” This means that they aim to change the ideas about what a smartphone is: a phone that can be used over a longer period of time because it can be upgraded and repaired, instead one that is easily disposed of.

In addition, Fairphone puts effort in convincing the public that their smartphone is just as good as other smartphones that are currently on the market. They provide a comprehensive technical specification of the phone to show that their product has similar specifications as other smartphones, thereby framing their phone as being a good option next to other dominant brands on the market. See appendix 6 (Figure 2) for the technical specifications of the Fairphone 2.

4.1.3 Theorizing

<table>
<thead>
<tr>
<th>Type</th>
<th>Quote</th>
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<tbody>
<tr>
<td>Framing as an exciting development</td>
<td>“[...] make a design that is ‘future resilient’ to accommodate additional Fairphone innovations and industry developments in the years ahead.”</td>
</tr>
<tr>
<td>Framing as a suitable alternative</td>
<td>“5-inch Full HD LCD screen, Android™ 5.1 Lollipop, Dual SIM, 4G LTE, Wi-Fi and Bluetooth®, Qualcomm® quad core processor [...]”</td>
</tr>
</tbody>
</table>

Table 7: Fairphone framing

Theorizing the problems and solutions in certain areas was depicted from this case. Fairphone tries to explain the public about the problems in the electronics industry by separating the issue into five key problem areas: mining, social entrepreneurship, manufacturing, life cycle and design. For every problem area there are examples which can be characterized as ‘theorizing’. I will discuss one of the main problem areas (mining) and a sub-problem. Those two problems discuss the observed problem in that area and what they want to do to improve that situation. On the issues in the mining sector Fairphone states:

Conflict minerals fund rebel groups, contributing to political and economic instability while neglecting workers’ rights, safety and their ability to earn fair wages [explain the problem]. [...] While conflict-free minerals are certainly available from other countries, our goal is to work directly where we can contribute to alternatives to current mining practices, empowering workers and improving the livelihoods of the local population. We want to become a vehicle for change in the regions that need it most [proposed solution].

The problem areas are, after a general introduction of the issues there, sub-divided into more specific issues. In mining this is observed by dividing the area into four sub-categories: gold, tin, tungsten and
tantalum. Fairphone did this because these minerals, when sourced from the Democratic Republic of Congo (DRC), are classified by the Dodd Frank Act as conflict minerals. Which is why Fairphone emphasizes these four minerals separately out of the other 36 minerals that are nested in a smartphone. The following example illustrates how they theorize this in relation to gold.

One of the main obstacles [...] is the opacity of the entire gold market, especially because this commodity is heavily controlled by government authorities [explain the problem]. As a first step, we’ve started mapping the components in our next phone that contain gold and reaching out to suppliers to request information about where it is sourced [...] we’re exploring the possibility of integrating more responsibly sourced gold into the supply chain that is focused on improving social and environmental conditions in addition to being conflict free [proposed solution].

The previous examples show that Fairphone is structured in presenting the information to its readers because they present the information in a similar way. Fairphone consistently shows the incorrectness of the old ways, which justifies why their approach on solving the problem is appropriate.

<table>
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<tr>
<th>Type</th>
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<tbody>
<tr>
<td>Theorizing as a failing of the system</td>
<td>“Conflict minerals fund rebel groups, contributing to political and economic instability while neglecting workers’ rights, safety and their ability to earn fair wages.”</td>
</tr>
<tr>
<td>Theorizing as justifying the solution</td>
<td>“While conflict-free minerals are certainly available from other countries, our goal is to work directly where we can contribute to alternatives to current mining practices, empowering workers and improving the livelihoods of the local population. We want to become a vehicle for change in the regions that need it most.”</td>
</tr>
</tbody>
</table>

Table 8: Fairphone Theorizing

4.1.4 Lobbying
Fairphone is using political power to motivate change in the industry. They can employ their lobbying skills throughout their role in project groups in the European Commission.

We are present in the European Commission in project groups, putting forward input for the conflict mineral legislation in the EU. Furthermore, on the topic of the circular economy and
what the European Commission should do in the Circular Economy Package, that recently came out. So we also try to influence it there.

It seems that Fairphone is not interested in building legislation to benefit their own product. They are more concerned with motivating, and maybe at some point forcing, others in the industry to apply the same principles as they do.

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<tbody>
<tr>
<td>Lobbying</td>
<td>“We are present in the European Commission in project groups, putting forward input for the conflict mineral legislation in the EU. Furthermore, on the topic of the circular economy and what the European Commission should do in the Circular Economy Package, that recently came out. So we also try to influence it there.”</td>
</tr>
</tbody>
</table>

Table 9: Fairphone lobbying

4.1.5 Building consensus
Fairphone was able to get a powerful party on board at the start of their company. They were able to connect with the biggest telecom provider in the Netherlands, KPN. Fairphone clarifies why this announcement was important for them: “The commitment of KPN in such an early stage, two years before the phone was launched, was a strong message to the industry and customers, because such a big and legitimate party was behind this initiative.” Fairphone was able to provide KPN with the positive exposure of this deal, and in return they received the backing of a powerful company in the telecom industry.

<table>
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<th>Quote</th>
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<tbody>
<tr>
<td>Building consensus</td>
<td>“The commitment of KPN in such an early stage, two years before the phone was launched, was a strong message to the industry and customers, because such a big and legitimate party was behind this initiative.”</td>
</tr>
</tbody>
</table>

Table 10: Fairphone building consensus

4.1.6 Forging new collaborations
Inter-actor collaborations are observed in the case of Fairphone. In explaining each problem area, Fairphone continuously states which ‘friends and partners’ have been involved in the project to solve the problem at hand. For example the problems related to the mineral tin were tackled by involving the
Conflict-Free Tin Initiative (CFTI), Friends of the Earth Netherlands (Millieudefensie), and Scaling Up Mineral Trade. How they were included by Fairphone is illustrated in the following section:

For the Fairphone 1, we sourced conflict-free tin from the DRC in collaboration with the Conflict Free Tin Initiative (CFTI), a two-year pilot project funded by the Dutch Ministry of Foreign Affairs. When the project began, the CFTI employed a product segregation model of traceability, meaning that the conflict-free tin in our soldering paste could be traced directly to a specific mine in the DRC. […] In 2014, the CFTI pilot project ended and was followed by a new three-year initiative, called Scaling Up Mineral Trade. For the Fairphone 2, we will continue to support conflict-free tin sourcing from the DRC. Like the CFTI, Scaling Up Mineral Trade works with iTSCi, a traceability scheme implemented and monitored by PACT, an international development NGO.

The collaborations with the organisations enabled Fairphone to collectively source tin in a responsible manner.

<table>
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<tbody>
<tr>
<td>Forging new collaborations</td>
<td>Collaborating to accomplish as collective goal</td>
</tr>
<tr>
<td></td>
<td>“For the Fairphone 2, we will continue to support conflict-free tin sourcing from the DRC. Like the CFTI, Scaling Up Mineral Trade works with iTSCi, a traceability scheme implemented and monitored by PACT.”</td>
</tr>
</tbody>
</table>

Table 11: Fairphone forging new collaborations

4.1.7 In vivo: Building a community

As mentioned before a new institutional change strategy, building a community, was observed in the external communications of Fairphone. This was also confirmed in the interviews. Although institutional theory does not describe the aspect, of building a community that supports firms, to instigate change, this could be a relevant new strategy. The community involves a group of customers or fans of the product that offer their support via crowdfunding, crowdspeak, or by liking the social media channel(s). The community is more to the firm than just a group of customers; they offer financial resources, input and legitimacy. This becomes evident from the following statement from Fairphone:

The community is in our roots, [...] they gave us funding in the initial period. This funding was a way of showing that people are willing to invest in such a product. They gave us trust and
legitimacy, also for media, NGO’s and other companies, to show that people put the money where their mouth is. They gave €325 to a company that has never produced a phone, […] so from a legitimacy perspective and a financial independence perspective, the community has been an important aspect right from the start.

Having a community that supports the firm appears to be important for Fairphone. They express their gratitude to the community and show them how they can help the company to grow.

Thanks to the supporters who bought all 60,000 first edition Fairphones, we were able to invest in an original design for our new phone. This approach gives us the ability to gain more oversight of our supply chain, increase transparency and build deeper relationships with suppliers that share our social and environmental goals. It also allows us to incorporate our values directly into the phone itself, especially ownership and longevity.

<table>
<thead>
<tr>
<th>Building a community</th>
<th>Type</th>
<th>Quote</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>The community as a tool to gain momentum</td>
<td>“The community is in our roots, […] they gave us funding. […] trust and legitimacy, also for media, NGO’s and other companies, to show that people put the money where their mouth is.”</td>
</tr>
<tr>
<td></td>
<td>The community helps in accomplishing goals</td>
<td>“Thanks to the supporters who bought all 60,000 first edition Fairphones, we were able to invest in an original design for our new phone. This approach gives us the ability to gain more oversight of our supply chain, increase transparency and build deeper relationships with suppliers that share our social and environmental goals. It also allows us to incorporate our values directly into the phone itself, especially ownership and longevity.”</td>
</tr>
</tbody>
</table>

Table 12: Fairphone building a community

4.2 Case 2: Moyee

Moyee did not use all the institutional change strategies, building consensus was not observed in this case. Similarly, Moyee also engages in building a community.
4.2.1 Constructing new measures
Moyee has quantified measures in order to explain where Moyee stands for. More specifically, to clarify how their FairChain principle works and how it is related to the emergency and development aid that is given to a developing country, they quantify the value of beans. By doing this, they redefine assumptions and beliefs, because they put development and emergency aid in a different perspective by explaining an alternative solution. This allows them to quickly explain what it is they aim to accomplish with the company. This is exemplified by the following quote:

Ehtiopia exports €800 million a year of green beans. In that same year they receive €3 billion in development aid. If you roast green beans in Ethiopia, the value of the beans doubles or triples. This means that you are getting very close to amount of money that the country receives in development- and emergency aid. And now we are only talking about coffee, but there are some many other products where you pull the same trick.

Moyee is also very keen on delivering ‘premium quality’ coffee and sees this as another benefit of drinking their product. They connect the quality of their coffee to an international standard that is used in the industry, called the cupping score. They communicate what that score entails and which score their coffee has received. This allows them to swiftly communicate and proof the quality of their product. “Only the very best Arabica coffee can call itself 100% specialty coffee. It’s not an easy honour to win. You need to earn a cupping score of 85 points or higher. Trust us, that’s tough to pull off.”

<table>
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<tr>
<th>Type</th>
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<tbody>
<tr>
<td>Constructing new measures</td>
<td>“Ehtiopia exports €800 million a year of green beans. In that same year they receive €3 billion in development aid. If you roast green beans in Ethiopia, the value of the beans doubles or triples. This means that you are getting very close to amount of money that the country receives in development- and emergency aid.”</td>
</tr>
</tbody>
</table>

Table 13: Moyee constructing new measures

4.2.2 Framing
Moyee wanted to bring value-adding activities back to the country where the beans are grown, which is why they opened a roasting plant in Ethiopia. They were able to connect this principle to an accepted narrative, namely the International Organization for Standardization (ISO). ISO is an organisation that provides certificates that are internationally recognized. Moyee acquired an ISO 9001
certificate, which is about quality management, for their roasting plant in Ethiopia. The importance of possessing the certificate is explained in the following section:

Well, we are fun-loving coffee drinking radicals trying to change the world, but now we’re radicals with ISO 9001 certificate. To break the rules, we first have to play by them. To have global impact, we need an Ethiopian roaster focused on the details. ISO ensures we’re just that. […] ISO is a statement of intent, a serious step towards professionalization. Let’s just call it what it is: a badge that says we’re not screwing around here. You drink Moyee coffee and you are helping changing the world!

<table>
<thead>
<tr>
<th>Type</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Framing</td>
<td>“[…] now we’re radicals with ISO 9001 certificate. To break the rules, we first have to play by them […] ISO is a statement of intent, a serious step towards professionalization.”</td>
</tr>
</tbody>
</table>

Table 14: Moyee framing

4.2.3 Theorizing

Moyee clearly employs the theorizing strategy. They explain the purpose of their company by explaining what the problem in the coffee industry is, and how they aim to change the value chain to solve this issue. This is illustrated in the following section:

Coffee producing countries earn little from their own product, mostly only 2% of the value of the value that you pay for a pack of coffee. Ironically, most of them are also third world countries that largely depend on development aid, while the western countries are the major coffee drinkers and also receive the most profit from it. This is partly stemming from the low prices of the beans, but more so because the value-adding activities are missing. […] At the moment 98% of the added value of a cup of coffee disappears in the pocket of a few multinationals, that we call Big Coffee [explain problem]. With FairChain we don’t want to export the value-adding activities and take it from the producing countries, but we want to share it with the local economies. Instead of exporting unroasted green beans – and with that the value-added – Moyee roasts the beans locally. This ensures that more added value remains in the coffee producing country. FairChain is a 50/50 company with local entrepreneurs. They process and we sell the beans, the value is shared equally [proposed solution].
Theorizing the system as a problem

“[…] At the moment 98% of the added value of a cup of coffee disappears in the pocket of a few multinationals, that we call Big Coffee.”

Theorizing a solution to this problem

“Instead of exporting unroasted green beans – and with that the value-added – Moyee roasts the beans locally. This ensures that more added value remains in the coffee producing country. FairChain is a 50/50 company with local entrepreneurs.”

Table 15: Moyee theorizing

4.2.4 Lobbying
Moyee partly operates in another country (Ethiopia) than their home base (the Netherlands). Moyee has stated both on their website and in the interview that rules and regulations can sometimes be a struggle. The first example is about importing a coffee roaster for their roasting plant in Ethiopia, the Probat.

The standard tax rate if you want to import a machine is 200-300%. This sounds logical to make foreign cheap products less attractive. […] But this does not work for sophisticated roasting machines. They are not yet available in Ethiopia. We had the following choices: pay the tax rate, or look for another solution with the government. We decided to do the latter and after four months of paperwork and lots of calls with the government we solved it: we got an exemption for the investments in our factory.

Besides this Moyee also experiences problems with regards to buying greens beans and roasting them. The government has certain rules that impede Moyee at the moment. Moyee would like to know the exact location of the place of origin, but the laws and regulations prohibit them from getting beans directly from the farmer. To work around that matter, Moyee is collaborating with a farm that has permit to export roasted beans. Moyee clarifies: “We are trying to get a permit from the Ethiopian government so we are allowed to roast green beans ourselves.”
Forging new collaborations
Moyee seems to be keen on connecting themselves with firms and organizations that work from similar sustainable backgrounds: “We cooperate a lot with like-minded brands such as Tony’s Chocolonely and Kromkommer. […] Moyee coffee is also available at Marqt.” Not only companies, but also associations that are focussed on Corporate Social Responsibility (CSR) are a focus of Moyee. Being a member allows them to collaborate and possibly collectively take actions with the other members of this association. “We are already a member of a lot of associations like CSR the Netherlands (MVO Nederland), B Corporation, and Social Enterprise. We are involved in these institutions because we want to be a part of the Dutch movement [towards sustainability].

In vivo: Building a community
Similarly to the case of Fairphone, building a community is important to Moyee. The following sentence illustrates how they put their community to use: “Our community acts as ambassadors via for example the crowdspeak campaign we launched, during this campaign people could buy one package of coffee and you get one free to give to another person. So we don’t use famous people, but let the community spread the word.” Furthermore, they try to involve their supporters by organising various roast parties, campaigns, and by sharing updates on their websites.
In contrast to Fairphone, Seepje did not practice all the institutional change strategies. The strategies constructing new measures and lobbying were not present in the Seepje case. However, they are, just like the other two cases, involved with the additional strategy of building a community.

### 4.3.1 Framing
Seepje used framing by tying the idea of washing with shells to the narrative of clean clothes. They stressed the fact they have put in a great amount of effort to educate the consumers and stores that sell their products. Their slogan indicates what Seepje is and what they aim to achieve as a firm:

Seepje is a 100% plants-based and fairtrade washing detergent from Nepal. We wash our clothes using the Sapindus mukorossi-fruit, super shells that provide a natural kind of soap as soon as they get into contact with water. Together with you we want to wash the world cleaner and more beautiful!

These sentences are able the catch the essence of their message, and is able to explain to parties what their product does. They do not focus on how bad traditional detergents are for the environment and therefore do no point fingers at other brands in their industry. They rather highlight the positive characteristics of washing with their shells, in other words they use positive framing to convince people of their product. So by accentuating how ‘natural’ and, therefore, good the product is for the environment, it indirectly states that the old way of washing is, at least, not as good. This slogan on their website captures the point: “It is very plant-based and friendly too. For the environment, your skin and your laundry.”

<table>
<thead>
<tr>
<th>Type</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building a community</td>
<td>“Our community acts as ambassadors via for example the crowdspeak campaign we launched, during this campaign people could buy one package of coffee and you get one free to give to another person. So we don’t use famous people, but let the community spread the word.”</td>
</tr>
</tbody>
</table>

Table 18: Moyee building a community
4.3.2 Theorizing

They want to clarify that their product enables the user to ‘wash fairly’. “The shells are harvested organically from the wild. Because of the demand for the shells, the trees will not be used as firewood [because the shells grow on these trees], this is how we help to preserve the nature in Nepal.” This example indicates a problem, deforestation, and a proposed solution, use the shells for washing. Seepje thus provides a reason why their product should be accepted in the market.

<table>
<thead>
<tr>
<th>Type</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Framing</td>
<td>“Seepje is a 100% plants-based and fairtrade washing detergent from Nepal. We wash our clothes using the Sapindus mukorossi-fruit, super shells that provide a natural kind of soap as soon as they get into contact with water. Together with you we want to wash the world cleaner and more beautiful!”</td>
</tr>
</tbody>
</table>

Table 19: Seepje framing

4.3.3 Building consensus

Seepje has focused on acquiring credibility through allying with more powerful parties. This is illustrated by the following examples:

We did not possess knowledge about working conditions. [...] We decided to invest in a cooperation with Eco Collection, this is an organization that is acknowledged by the National Association of Worldshops (Landelijke Vereniging van Wereldwinkels, (LVVW) as Fair Trade importer. The LVVW inspects them via certifications. So we have asked Eco Collection to go to our supplier to perform an audit.

By collaborating with Eco Collection they were able to acquire a level of legitimacy that would have been much harder to get without the collaboration.
Forging new collaborations

Seepje has put in an effort to collaborate with certain parties. An important example for Seepje was their first collaboration with an important retailer in the market.

We have been very persistent in knocking on the door at Marqt [a leading organic supermarket in the Netherlands] because we really wanted to cooperate with them. It was difficult to get in, […] we wanted this because they are a leading shops in the Netherlands. Once they embrace your product, others will follow.

At the moment Seepje is available in many other shops as well. It is present in over 300 physical shops, and a lot of other online shops.

Forging new collaborations

Connecting with an established party to gain market access

“We have been very persistent in knocking on the door at Marqt because we really wanted to cooperate with them. It was difficult to get in […] we wanted this because they are a leading shops in the Netherlands. Once they embrace your product, others will follow.”

Table 22: Seepje forging new collaborations

4.3.5 In vivo: Building a community

The Seepje community, or fans, seems to be important to the firm. This is illustrated by the following example:
We try to gather knowledge from our fans. For example, we wanted to use a plastic bottle as the packaging for our liquid detergent, but our fans did not agree with this, leading to emails full of Caps Lock. This is why we chose to change our packaging.

When an earthquake in Nepal destroyed the village and the surrounding area of their shell farmer Hari, they used their community to sell products in order to help in Nepal. “In one week we were able to collect €22,000. With this money we were able to provide emergency aid there. We also made sure that the workshop of Hari was fully restored.”

<table>
<thead>
<tr>
<th>Type</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building a community</td>
<td>“We try to gather knowledge from our fans. For example, we wanted to use a plastic bottle as the packaging for our liquid detergent, but our fans did not agree with this, leading to emails full of Caps Lock. This is why we chose to change our packaging.”</td>
</tr>
<tr>
<td>Giving supporters the opportunity to assist</td>
<td>“In one week we were able to collect €22,000. With this money we were able to provide emergency aid there. We also made sure that the workshop of Hari was fully restored.”</td>
</tr>
</tbody>
</table>

Table 23: Seepje building a community

4.4 Cross-case analysis

I will now continue the analyses with the cross-case analysis. In Table 25 the institutional change strategies that were observed per case are listed. It becomes evident that the majority of the institutional change strategies are applied by the sustainable entrepreneurs. However, Moyee has not shown that they build consensus with powerful parties, in the case of Seepje the strategies on constructing new measures and lobbying were not present.

<table>
<thead>
<tr>
<th>Institutional change strategy</th>
<th>Case 1: Fairphone</th>
<th>Case 2: Moyee</th>
<th>Case 3: Seepje</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constructing new measures</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Framing</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Theorizing</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Lobbying</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Building consensus</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Forging new collaborations</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>In Vivo: Building a community</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Table 25: Cross-case occurrence institutional change strategies
To understand, not only what strategies were implemented, but also how these strategies were used, a co-occurrence table is provided in appendix 7. This table lists which codes are connected to a strategy, which gives a notion on the different types of sub-strategies that are possible within a change strategy.

- **Constructing new measures:** Clarifying the purpose of the firm by explaining the problem, product and approach is how the cases Fairphone and Moyee construct new measures.

- **Framing:** In framing explaining the product, approach and progress are dominant, which all again refer to explaining the purpose of the firm.

- **Theorizing:** In reviewing the results on theorizing, it is evident that explaining the problem on one hand and approach on the other, are the most prominent types of theorizing.

- **Lobbying:** In using political power, lobbying, explaining the problem and approach are the most observed, together with communicating content to the community. This connecting with communicating is explained by the fact that Moyee explicitly explained in a blog post on their website what the status was on their new coffee roaster. As there were problems with the roaster on import tax rates, Moyee explained what they did to relieve themselves from the high rate (negotiate with the government).

- **Building consensus:** In building consensus cooperating with powerful allies was the most prominent code applied. Collaborating with a powerful party is central to what this measure is about. Thereafter, explaining how progress was made is present here, as collaborating with a powerful ally may lead to a firm making progress in solving a problem or getting closer to achieving their goal.

- **Forging new collaborations:** Similarly, forging new collaborations was highly connected to cooperating with like-minded parties, which is also central in this strategy. Explaining progress and explaining steps is also depicted here, as the new collaborations often contributed to making progress and were included in the steps achieve their goal or solve a problem.

- **Building a community:** The final strategy on building a community was primarily embedded in involving supporters in the company. This was done by communicating content, including supporters campaigns and by stimulating them to give input.

What became evident in the three cases is that all of them accentuated how excellent their own products are, but do not communicate that products made by others are bad. Fairphone and Moyee are more concerned with focussing on how the present value chain is not working. For example, Fairphone states that rebel groups from the DRC are able to sell tin in the mineral market, while the system should not even allow that to be possible. Therefore, Fairphone wants to make sure that fair mines are set-up that benefit the local community and directly trade with them via the CFTI. Furthermore, they seemed eager on surrounding the brand with a positive attitude, which is reflected
in how they arrange their external communications. They communicate in an informal way, often using humour to get their message across. Another interesting aspect is that none of the cases were interested in becoming the dominant brand in their industry. They were more concerned with spreading their ideas and pushing the other businesses in their industry to adopt their principles. They were well aware of the fact that reaching a high sales volume to grow is the key to becoming well-known amongst the public, which in turn puts more pressure on other dominant firms to adopt their concept. However, at this point in time none of the cases felt that the big players in the market were concerned about their presence, as all the cases still only have a very small market share.

In the results section it became clear that across all 3 cases the institutional change strategies were applied. However some strategies were applied more often than others. Furthermore, there is a difference in the way the strategies are implemented by the cases. In the next section the research question will be answered, followed by the discussion and concluding remarks.
5 Discussion and conclusion

This research aims to uncover the answer to the following research question: *What institutional change strategies do sustainable entrepreneurs use to encourage institutional change?* The empirical findings indicate that the institutional change strategies constructing new measures, framing, theorizing, lobbying, building consensus, and forging new collaborations were implemented by the sustainable entrepreneurs. These findings provide clarification on how institutional entrepreneurs aim to bring about change in institutions. Furthermore, a possible additional change strategy is found in the data.

5.1 General discussion

I will now focus on how the institutional change strategies were used by the sustainable entrepreneurs in my study.

5.1.1 Constructing new measures

Constructing new measures was used to communicate the benefits of their product(s) by connecting it to how their product solves a problem in their industry (Moyee) or by giving a transparent cost breakdown which justifies their price (Fairphone). Seepje has not applied this strategy. The difference between the cases might be explained by the fact that, in the case of Moyee, the coffee industry is not functioning properly because of the monetary injustice. Which means that it is an issue that is easily quantified. Fairphone is, in contrast to others in the industry, very transparent. This transparency is also reflected in the selling price and production costs of the phone, especially because others in the industry do not share this information. The idea that Seepje is trying to ‘sell’ is probably less suitable to quantify in communicating the benefits.

5.1.2 Framing

It was expected that the firms would apply this strategy as it leads to a better understanding of the product and the firm by the audience, which helps to explain why they should not resist the company (Garud et al., 2007). The cases confirm this expectation as they framed their ideas in such a way that it highlighted the quality of their product (Fairphone: our phone is just as good as other phones), to change misconceptions that people have about their product category (Seepje: washing with shells), or by stressing operational quality (Moyee: ISO certification). They used this strategy in order to explain that their products are suitable to use and are produced according to the present standards.
5.1.3  Theorizing
Theorizing was the most prominent strategy, as it was most often used by the firms. The necessity of theorizing is in this study explained by the company goals, as theorizing describes the overall goal or purpose of the organization. The three cases differ in how they aim to convince others that they have the right to exist. Fairphone and Moyee have in common that they both reason from a problem that they observed from their industry of interest. For Fairphone this concerns issues in the electronics industry, and for Moyee it is the unfair conditions in the coffee industry. Seepje does not build their case from a problem point of view. They have used an alternative, a positive outcome, for the products that are currently used. Theorizing basically inhibits two steps, a chain of cause and effect, explaining the problem and proposing a solution (Greenwood et al., 2002). In explaining the solution they focus on why their suggested change is argued to be the better, superior, solution (Greenwood et al., 2002). Moyee and Fairphone focus on explaining the problem as a first step, while Seepje concentrates on the solution as the first step. It was expected that the cases would first present the issue and then pose the solution (Zilber, 2007), as this is how it was described in the literature and observed in the studies of Woolthuijs et al. (2013) and Thompson et al. (2015). However, it was not expected that manner in which they theorize would change the sequence (first solution, then problem).

5.1.4  Lobbying
Lobbying was mostly targeted at changing either industry wide regulations (that would benefit the company, Fairphone) or country specific rules (that were constraining a firm, Moyee). Seepje was not confronted with company, or product, specific regulations that constrained them, nor were they involved in changing regulations on the industry level. This would explain why they did not use this strategy. It seems that the level at which Fairphone and Moyee were lobbying differs. Moyee appears to be more focussed on rules and regulations that apply only to them, the single entrepreneur (Levy & Scully, 2007). In contrast, Fairphone aims to change rules and regulations on an industry-wide level, or for the collective (Pacheco et al., 2010). This suggests that Fairphone is pushing for industry-wide change to improve the position of the TBL in practice (Glavas & Mish, 2015; Jaworski et al., 2000).

5.1.5  Building consensus
In building consensus, powerful allies were used to strengthen the position of the firms. Fairphone collaborated with KPN and supplied them with 1000 phones. Seepje collaborated with Eco-collection, and in return Eco-collection supplied Seepje with a certification for their raw materials. Moyee has not collaborated with powerful allies that created benefits, they tend to focus more on collaborating with like-minded firms, as indicated in the next change strategy. The powerful allies are present in the value chain and are both transactional relationships (tangible in nature). As expected it seems that Fairphone and Seepje are resource constrained (Dorado, 2005) and do not possess a high level of power.
(Colomy, 1998), which leads to them seeking collaboration with these parties to improve their position.

5.1.6 Forging new collaborations
The final change strategy is on forging new collaborations. These collaborations were with organisations that had a similar goal (like-minded). Fairphone collaborated in collective initiatives to accomplish a collective goal. Moyee worked together with brands like Tony Chocolonely and is involved in associations. Seepje is involved in collaborating with Marqt and other like-minded brands. The collaborations are mostly targeted at helping each other penetrate the market faster. This suggests that they focus on a collaborative advantage, as suggested by Glavas and Mish (2015). Because the parties they collaborate with are like-minded, they see the importance of the other parties’ interests, which possibly makes collaborating more fruitful. In line with Stuart et al. (1999), the firms act unison in order to increase their level of power.

5.1.7 Building a community
Even though, these were the six institutional change strategies that were detracted from the literature, an additional tactic was distinguished from the cases: building a community. The community in this study involves a group of customers or fans of the product that offer their support via crowdfunding, crowdspeak, or by following the social media channel(s). The community is more to the firms than a group of customers. They community is involved in the firm by giving input and provide funds via the campaigns that the firms launch. In turn, the firms are very keen on keeping the community updated. Furthermore, the community provides legitimacy, as this large group of supporters has an influence on how others view the firm at hand. You may argue that a community may be similar to having a powerful ally, yet the characteristics of a community do differ from the former. The notion of building a community seems to be more widely discussed in the marketing literature (e.g. Plangger, 2012; Manchanda, Packard, & Pattabhiramaiah, 2015). Plangger (2012) states that: “For products and services […], social media can be an extremely useful set of tools to stimulate engagement, such as providing information, being outrageous, building buzz, and providing exclusivity (p. 147)”. From a marketing point of view firms only engage with customers to increase their economic activity (Manchanda et al., 2015). However, in this study the community appears to be more firms than a tool to gain economic value and it does seem to play a role in institutional change strategies.

5.1.8 Suggested modifications
In this section three suggestions for modifying the framework are clarified. Firstly, framing and constructing new measures initially seemed to be two separate strategies. However, while analysing the data, it came forward that the difference between the two is less obvious. By taking into account
the definition of Thompson et al. (2015) on constructing new measures, it seems possible that constructing new measures is actually more a type of framing than it is a separate strategy. If you construct a new measure, this measure is put in perspective by connecting it to an already existing quantification. This seems to exemplify framing. Secondly, as explained in the theory section, the strategies on cooperation were split by Thompson et al. (2015) into two separate strategies: building consensus and forging new collaborations. However, it appears that definitions of the two can be merged to cover the possible types of collaboration. As a like-minded actor may also be a powerful ally with which one takes collective action. In contrast, an inter-actor collaboration does not necessarily entail a collective action to bring about change. Supporting each other on for example social media channels, however does improve the position of those firms. This improved position may already assist the firm in achieving institutional change. Furthermore, there seems to be an overlap when a powerful ally is also a part of the value chain, as is for example the case with KPN and Fairphone. By connecting with KPN they acquired a powerful ally, but Fairphone was also a supplier of the phones. Finally, as discussed in the previous section, building a community was distinguished from the cases as a possible additional institutional change strategy.

5.2 Conclusion

The study provides an insight in the institutional change strategies that are used in a variety of contexts. The findings indicate that through constructing new measures, framing and theorizing, the sustainable entrepreneurs aim to convince others not to resist their product in the market. Lobbying is used to relieve themselves of company specific regulations or to push for industry-wide change. Furthermore, building consensus and forging new collaborations is used to cooperate with others in to strengthen their position. Next, from the data an additional institutional change strategy was depicted, building a community. Finally, multiple suggestions have been presented to improve the institutional change strategies.

5.2.1 Theoretical implications and managerial implications
This study contributes to the knowledge in which institutional change strategies sustainable entrepreneurs apply. It thereby clarifies how sustainable entrepreneurs are able to instigate institutional change. The findings indicate that an additional measure should be taken into account, building a community. The findings are largely consistent with extant literature on institutional change strategies. The results inform managers that there are different options in explaining the purpose of their firm. In explaining the purpose the use of more than one strategy is common. Furthermore, managers may also want to consider the role of supporters of the brand as it seems that building a community strengthens the position of the firm, which in turn helps to instigate change.
5.2.2 **Limitations**

There are a number of limitations to this study. Firstly, the case-studies all had a different industry background, which means that I cannot make statements on the differences within one industry. Secondly, the cases are all still young and small companies, they have not yet made a significant impact in the industries they operate in. Even though the cases have not made an impact yet, all the cases won one or multiple awards. Therefore, you may argue that there is bias involved with regards to success. Thirdly, the firms are all stationed in the Netherlands, it is possible that the strategies applied by sustainable entrepreneurs can be different from other countries. Due to time constrains, I was unable to conduct interviews over a long period of time. Finally, it is beyond the scope of this study to examine to what extent the institutional change strategies practiced by the sustainable entrepreneurs actually lead to change in the institutions.

5.2.3 **Future research**

Future research can focus on the effects that institutional change strategies actually have on institutions. Because the aim of the entrepreneur may be to change an institution, it is not certain that the efforts actually lead to change. Furthermore, future studies can take a look at the suggested modification of framing and cooperation. It might be possible to distinguish different categories of framing and cooperation. The additional change strategy, building a community, could be an interesting extension for future research to focus on. As this is not yet described in the literature on institutional change strategies.
6 References


7 Appendix

7.1 Appendix 1

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>An economically sustainable system must be able to produce goods and services on a continuing basis, to maintain manageable levels of government and external debt, and to avoid extreme sectoral imbalances which damage agricultural or industrial production.</td>
</tr>
<tr>
<td>Planet</td>
<td>An environmentally sustainable system must maintain a stable resource base, avoiding over-exploitation of renewable resource systems or environmental sink functions, and depleting non-renewable resources only to the extent that investment is made in adequate substitutes. This includes maintenance of biodiversity, atmospheric stability, and other ecosystem functions not ordinarily classed as economic resources.</td>
</tr>
<tr>
<td>People</td>
<td>A socially sustainable system must achieve fairness in distribution and opportunity, adequate provision of social services including health and education, gender equity, and political accountability and participation.</td>
</tr>
</tbody>
</table>

Table 24: People, Planet, Profit principles reprinted from Harris (2003)
<table>
<thead>
<tr>
<th>Case</th>
<th>Principle</th>
<th>People</th>
<th>Planet</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairphone</td>
<td>The case is continuously involved in improving the conditions of the workers in the factory where their products are assembled.</td>
<td>They want extend de life-cycle of phone to five years instead of two. The phone is better recyclable They source raw materials from mines that are certified and closely checked to prevent ecological damage.</td>
<td>They are able to cover the costs by producing their products. They continuously improve their product to reduce the impact it has on the environment.</td>
<td></td>
</tr>
<tr>
<td>Moyee</td>
<td>Moyee aims to improve the conditions in the country they source their coffee from by paying them a higher price for the coffee, and by returning value-adding activities back to that country. This reduces the dependence on emergency and development aid in this country.</td>
<td>The coffee is grown organically.</td>
<td>Moyee is producing coffee by taking into account the environmental consequences (organically grow the coffee) and by making sure that the farmers earn a good price that motivates them to increase the quality of the coffee beans.</td>
<td></td>
</tr>
<tr>
<td>Seepje</td>
<td>Seepje is cooperating with an organization that provides work for mentally and physically disturbed. They are in the process of improving the conditions of the workers in Nepal by increasing equity in payment and by improving working conditions.</td>
<td>The products are natural, meaning that no harmful substances are added. The shells are grown organically They have environmentally friendly packaging material for their products.</td>
<td>Seepje produces environmentally friendly detergents that are grown organically. At the same time they are very involved in taking care for the people that are involved in het value chain.</td>
<td></td>
</tr>
</tbody>
</table>

Table 25: People, Planet and Profit assessment cases
### 7.2 Appendix 2

<table>
<thead>
<tr>
<th>Company</th>
<th>Awards/Events</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fairphone</strong></td>
<td>Fontanel Public Award 2013</td>
</tr>
<tr>
<td></td>
<td>Sustainia Community Award Winner 2014</td>
</tr>
<tr>
<td></td>
<td>UN Momentum for Change Award 2015</td>
</tr>
<tr>
<td></td>
<td>Tech Award 2015 (“for fastest growing tech startup in the Netherlands”)</td>
</tr>
<tr>
<td></td>
<td>Tech 5 Award 2015 (“for fastest growing tech startup in Europe”)</td>
</tr>
<tr>
<td></td>
<td>Social Enterprise Awards 2015</td>
</tr>
<tr>
<td><strong>Seepje</strong></td>
<td>Haagse Vernieuwers 2015</td>
</tr>
<tr>
<td></td>
<td>ASN Bank Wereldprijs (finalist)</td>
</tr>
<tr>
<td></td>
<td>Student Ondernemer 2014 Lefprijs (finalist)</td>
</tr>
<tr>
<td><strong>Moyee Coffee</strong></td>
<td>Radical Innovator 2014</td>
</tr>
</tbody>
</table>

Table 26: Overview of the awards won by the cases
7.3 Appendix 3

Interview guide

Background
1. What is your function within the company?
2. How did the firm come into existence?
3. Where does the firm stand for?

Activities to influence institutions
4. What were/are the most pressing issues for the firm?
5. Could you provide me with a comprehensive account of the activities that the firm has done to influence stakeholders, the public and regulative institutions?
6. Why were these activities important?

Other questions
7. With which parties have you cooperated?
8. What does the community mean to the firm?
9. How did other firms in the industry react to your presence?
## 7.4 Appendix 4

### 7.4.1 Moyee

<table>
<thead>
<tr>
<th>Section</th>
<th>Meaning</th>
<th>Code: what are they saying here?</th>
<th>Concept: what do these codes have in common?</th>
<th>Category: how do they explain their approach / with whom have they cooperated?</th>
</tr>
</thead>
</table>
| Ethiopia exports €800 million a year of green beans. In that same year they receive €3 billion in development aid. If you roast green beans in Ethiopia, the value of the beans doubles or triples. This means that you are getting very close to amount of money that the country receives in development- and emergency aid. And now we are only talking about coffee, but there are some many other products where you pull the same trick. | - Relying on development aid  
- Reduction value-adding activities | Explain problem | | Constructing new measures |
| The standard tax rate if you want to import a machine is 200-300%. This sounds logical to make foreign cheap products less attractive. [...] But this does not work for sophisticated roasting machines. They are not yet available in Ethiopia. We had the following choices: pay the tax rate, or look for another solution with the government. We decided to do the latter and after four months of paperwork and lots of calls with the government we solved it: we got an exemption for the investments in our factory. | - High tax rate  
- Decrease the rate  
- Negotiate with government | Explain problem  
Explain purpose  
Explain problem  
Explain approach | | Lobbying |
| “We are already a member of a lot | - Member of associations | Like-minded organisations  
Cooperating  
Forging new collaborations | | |
of associations like CSR the Netherlands (MVO Nederland), B Corporation, and Social Enterprise. We are involved in these institutions because we want to be a part of the Dutch movement towards sustainability.”

| **Table 27: Example coding procedure Moyee** |

<table>
<thead>
<tr>
<th><strong>Section</strong></th>
<th><strong>Meaning</strong></th>
<th><strong>Code: what are they saying here?</strong></th>
<th><strong>Concept: what do these codes have in common?</strong></th>
<th><strong>Category: how do they explain their approach / with whom have they cooperated?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>“The shells are harvested organically from the wild. Because of the demand for the shells, the trees will not be used as firewood [because the shells grow on these trees], this is how we help to preserve the nature in Nepal.”</td>
<td>- Deforestation</td>
<td>Explain problem</td>
<td></td>
<td>Theorizing</td>
</tr>
<tr>
<td></td>
<td>- Incentive to preserve trees</td>
<td>Explain purpose</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“We have been very persistent in knocking on the door at Marqt [a leading organic supermarket in the Netherlands] because we really wanted to cooperate with them. It was difficult to get in […] we wanted this because they are a leading shops in the Netherlands. Once they embrace your product, others will</td>
<td>- Target partner</td>
<td></td>
<td>Like-minded organisations</td>
<td>Cooperating</td>
</tr>
<tr>
<td></td>
<td>- Persistence</td>
<td></td>
<td></td>
<td>Forging new collaborations</td>
</tr>
<tr>
<td></td>
<td>- Market access</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
“We try to gather knowledge from our fans. For example, we wanted to use a plastic bottle as the packaging for our liquid detergent, but our fans did not agree with this, leading to emails full of Caps Lock. This is why we chose to change our packaging.”

<table>
<thead>
<tr>
<th>Table 28: Example case analysis Seepje</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>follow.</strong>”</td>
</tr>
<tr>
<td>“We try to gather knowledge from our fans. For example, we wanted to use a plastic bottle as the packaging for our liquid detergent, but our fans did not agree with this, leading to emails full of Caps Lock. This is why we chose to change our packaging.”</td>
</tr>
<tr>
<td>- Gather information</td>
</tr>
<tr>
<td>- Adjustments from supporters</td>
</tr>
<tr>
<td>Giving input</td>
</tr>
<tr>
<td>Involved supporters</td>
</tr>
<tr>
<td>Building a community</td>
</tr>
</tbody>
</table>
Appendix 5

Cost breakdown of the Fairphone 2
Extending fairness throughout our business

Fairphone is making its business model transparent to show every aspect of running our social enterprise. All our work contributes to a fairer electronic supply chain, from manufacturing and marketing our product to investing in social innovation programs.

Average consumer price
(incl. average 20% VAT)

\[ $525 \]

- \[ $118 \] Taxes & Reseller Margin
A considerable portion of the phone’s total price goes to taxes and reseller margins, resulting in an average net sales price of \[ $407 \]. This is the amount we actually receive and can use to make the Fairphone 2.

- \[ $340 \] Product
Well over half of the phone’s price goes to making the product itself. After materials and manufacturing are covered, we use the remaining \[ $67 \] gross profit to invest in social and environmental programs in the value chain and run our operations.

- \[ $33 \] Investments
Fairphone invests in developing high-performance phones and projects that stimulate social innovation. For the Fairphone 2, we’ve created an original design that embodies our values of openness, longevity, and repairability.

- \[ $25 \] Operations
Your purchase helps keep Fairphone independent by covering basic operating costs like sales, IT, and administration.

After accounting for investments and operational costs, we have a result of approximately \[ $9 \] before corporate tax. We reserve the remaining profit from each phone for unexpected costs or additional investments in our social impact programs.

The numbers in this cost breakdown are an estimate. The projected costs are based on our business plan of producing and selling 140,000 phones per year and an average exchange rate of 1.06 dollars to the euro.

**Taxes & Reseller Margin**
A considerable portion of the phone’s total price goes to taxes. This includes value-added tax (VAT) which averages 20% across the EU as well as WEEE, a European Community Directive which sets targets for the collection, recycling, and recovery of consumer electronics.

**Product**
As a small manufacturer with relatively low production volumes, materials represent an especially significant cost. Combined with manufacturing, royalties and logistics, more than 60% of the phone’s price is used to make the product itself. By producing the Fairphone 2, we’re also working to improve working conditions throughout the supply chain, like integrating conflict-free tin and tantalum from the Democratic Republic of the Congo. In addition, we contribute to a Worker Welfare Fund at our production partner in China and an e-waste collection program in Ghana.

**Total product cost = €340.00**

<table>
<thead>
<tr>
<th>Material</th>
<th>€230.00</th>
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<tbody>
<tr>
<td>Royalty to patent holders &amp; IP license fees</td>
<td>€29.18 (estimation)</td>
</tr>
<tr>
<td>Manufacturing &amp; Assembly</td>
<td>€37.29</td>
</tr>
<tr>
<td>Reserved warranty repairs</td>
<td>€21.00 (estimation)</td>
</tr>
<tr>
<td>Handling &amp; Configuration</td>
<td>€4.00 (estimation)</td>
</tr>
<tr>
<td>Worker Welfare Fund</td>
<td>€2.31</td>
</tr>
<tr>
<td>E-waste projects</td>
<td>€2.31</td>
</tr>
<tr>
<td>Managed logistics (incl. transport insurance)</td>
<td>€2.28</td>
</tr>
<tr>
<td>Packaging</td>
<td>€1.50</td>
</tr>
</tbody>
</table>

Manufacturing & Assembly at W-P

| Line & Equipment | €15.60 |
| Lakes | €3.80 |
| General, Administrative & Handling | €9.50 |
| Scrap, Yield losses & Admin/Flow | €2.30 |

This is an indication.
Figure 1: Cost-breakdown Fairphone
Figure 2: Technical specifications Fairphone 2
### 7.7 Appendix 7

<table>
<thead>
<tr>
<th></th>
<th>Building a community</th>
<th>Building consensus</th>
<th>Constructing new measures</th>
<th>Forging new collaborations</th>
<th>Framing</th>
<th>Lobbying</th>
<th>Theorizing</th>
<th>TOTALS:</th>
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<tr>
<td><strong>Involves supporters</strong></td>
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<td>Community - Communicating content</td>
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<td>1</td>
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<td>3</td>
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<td>-</td>
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<td>Cooperating - Like-minded parties</td>
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<td><strong>Explain purpose</strong></td>
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<td>4</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>11</td>
</tr>
</tbody>
</table>

Table 29: Co-occurrence change strategies and codes