Abstract:

The newly emerging Fourth Sector combines a strong social or environmental mission with business practices, and could potentially play a catalysing role in moving society towards sustainability. This thesis explores the extent that Danish social businesses and enterprises are using a strategic sustainable development approach and discusses how such an approach could potentially strengthen their core business. The analytical framework we used is the Framework for Strategic Sustainable Development, complemented with sector specific elements. To gather our data we conducted twelve semi-structured interviews with Danish social enterprises and businesses, as well as expert interviews. Main findings include that few had both social and environmental goals, that they strategise informally, and few measure their impact. Recommendations to strengthen their core business include incorporating sustainability in their definition of success, making their decision-making framework explicit, and measure and communicate impacts.

**Keywords**: Denmark, Fourth Sector, Impact, Strategy, Sustainability, Sustainable Development, Social Business, Social Enterprise.
Statement of Contribution

It was the extensive territory of strategy that united our group. We originally wanted to explore how organisations with a strong social or environmental mission could be benefited by strategic sustainable development. Our passion was a great start, though one of the first challenges was to sufficiently restrict the research scope enough to finish within five months. To look for our topic and angle we found journals and articles to fill white boards with all the possibilities we searched through stakeholder engagement and collaboration. We plumbed strategic management, NGOs, governments and businesses. The whole while we knew we were on to something, but it was only in the 11th hour, moments before our first proposal was due, that it our topic seemed to emerge.

The symbol of emergence came to be a great metaphor for this thesis. By working with the emerging Danish Fourth Sector, and trying to work our way through the process of designing academic research – we noticed that design reiterations seemed to have an emergent quality to them. To make sense of our results through the lens of sustainability, we had to sit in some uncertain moments before we could know what should come. Adaptation was our key to success.

This thesis has been an effort for all our hearts and minds, requiring patience, dedication and all other kinds of strengths to allow it to emerge. It’s been a great contribution from each of us.

Yvette brought to this project the initial spark that united us. Her curiosity was something to rally around, because her passion went deep into strategy. She helped figure out all the nuances of strategy and strategic management, and we are sure we would all still be questioning what strategy is if she hadn’t of taken it on. Yvette was also was a lover of the literature and delved so intensely into miles of citations to become our master mapmaker. She knew all the past research. Luckily for us kept reading well past the due dates we set for our literature review since she kept digging up good leads to strength our research. She found many experts for our validation period, and our introduction and discussion would be surely incomplete without her drive and direction.
Solla held the timeline of our entire project, always one step ahead and checking what else needed to be done. She was also a master of process facilitation, helping remind us how our thesis meetings could be more colourful and participative. Without her, we surely would have had meetings void of a useful agenda, graphic harvesting, and vibrant group involvement. Solla was also our key bridge into the Danish Fourth Sector due to her experience and connection to social entrepreneurs in Denmark. Solla held the vital social nuts and bolts of our thesis.

Stuart held the ability to see things differently than others, and he captivated us with his burning questions and pointing out more angles to consider. He took us to different places in the research, allowing us to more thoroughly explore systems thinking before we concluded our recommendations. He had a main role writing our discussion and being our format extraordinaire. Without him, we would still be trying to piece together the details, both big and small.

Cassandra loved to write, and provided a meticulous comb through of the paper to help improve our detailed content with interesting language. When our page content grew too high, she helped find unnecessary sentences with one finger on the delete button. She looked for commas and brackets, adjectives and synonyms, all while trying (sometimes successfully) to provide a little bit of comic relief with her antics. She also helped get group energy flowing by setting the groundwork for building a good group process together. She was a liaison with the unpredictable and liked offering up the unusual.
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We wouldn’t have been able to write this thesis without the support of the people around us. We would like to thank the staff of MSLS program, especially Treva Wetherell and Karl-Henrik Robèrt for their great feedback and support. Special thanks go to our main advisor Marco Valente for his support, encouragement and dedication, as well as for keeping us sharp with his critical questions and attention to detail.

Secondly, we would like to thank all the social enterprises and businesses for taking the time to share their inspiring stories with us. We are also thankful to all our experts who provided valuable insights that strengthened our research considerably. Without you, we would still be swimming and trying to find the deeper meaning of our research.

We would also like to thank our MSLS class and peer cluster for supporting us throughout the year and during this research period. Your research was such an inspiration for us, and it was a powerful learning journey to work alongside each other and help each other so closely.

Last but not least we would like to thank our families and loved ones for their support and encouragement. It’s a real joy to have such a strong network of people rooting us on.
Executive Summary

Background

Organisations are a product of human design and reflect the cultural norms, values, priorities and context out of which they are created. Amidst growing awareness of twenty-first century challenges such as peak oil, climate change, unstable financial markets and an apparent lack of progress in dealing with these issues, a new organisational sector is emerging between the business and non-profit sector, for-profit organisations whose operations are based on missions that are rooted in strong socio-ecological values. Referred to as the Fourth Sector, these organisations can offer a promising model for helping to move society towards sustainability by providing a market-based business model that simultaneously addresses social and environmental needs (The Fourth Sector Network 2011).

This research investigates the potential of the Fourth Sector to contribute to moving society towards sustainability. The following research questions were formulated to guide the research:

Research Question 1: To what extent are Danish Fourth Sector social enterprises and businesses using a strategic sustainable development (SSD) approach?

Research Question 2: How can a strategic sustainable development approach potentially strengthen organisations within the Danish Fourth Sector in their core business?

Methods

The research was conducted in five phases. In phase I, exploratory interviews and research design, interviews were conducted with experts on the Danish Fourth Sector in order to gain background information and inform the research design. Literature was also reviewed. In Phase II we designed the interview guide using a semi-structured design. This design was to create the possibility of comparison between different interviews and allow us to best capture the unique richness of each organisation. During phase III we collated a list of potential organisations researched and
evaluated each for inclusion in this research. In total, twelve organisations participated. In phase IV interviews were carried out, transcribed and coded. In phase V the coded interviews were checked against an analytical framework, which was designed for strategic sustainable development in the Fourth Sector. We concluded with final expert interviews, recommendations for practitioners and a design for a practical application of our research.

Results

Looking at understanding of the interconnections between society and the socio-ecological system, we found that the organisations had a relatively high degree of awareness, systems thinking and understanding about the challenges of unsustainability. We also found that most of them had clear and measurable definitions of what success meant for their organisations. Although these were often defined in terms of the direct outputs of the organisations rather than in terms of outcomes. Additionally, few organisations included both environmental and social goals in their definition of success. None of the organisations included all three of the social, environmental and financial dimensions when asked about the success of their organisations, nor did they have a complete definition of sustainability.

In terms of strategy our main finding was that their approach to developing a strategy was mostly not formalised, with gut-feeling playing a large role. However, the use of prioritisation questions for strategically selecting actions could be derived from the interviews. The social entrepreneurs may therefore be more strategic than they themselves, as well as their stakeholders and potential clients, are aware of.

A majority of the entrepreneurs did not measure their effects or impacts on society; they did not use any tools or indicators to measure impact. Most of them were familiar with strategy tools, but did not use them. Finally, almost all practitioners worked actively on capacity building and used suitable tools for that purpose.
Discussion

One of the themes that emerged throughout the interviews with the social entrepreneurs was that impact and the potential for impact was used as criteria for selecting which actions to prioritise. Paradoxically, few of the practitioners actually measured their impact, neither impact with regards to the change they wanted to create, nor the potential negative impacts or side effects of their operations.

The majority of the organisations explained that they chose their actions based on their gut-feeling, or at times by using some strategic considerations. Although prioritisation questions were already used to some extent, making them explicit would allow for greater consistency and also allow for reflection and improvement, without losing the dynamic approach or the capacity for innovation, which characterises these organisations.

In addition to the social benefit that most of the organisations mentioned, finance was also considered a key component of success for most participants. This was reflected in how products and services were purchased, for example where awareness of both social and environmental impacts was demonstrated. However, they did not always take impacts into account which choosing products and services, especially related to environmental impacts. Financial reasons were given for not taking such considerations into account.

With regards to their social mission, not only did the organisations address a social issue, but they also displayed characteristics typical for social sustainability through strategic guidelines they employed, such as transparency, openness, inclusiveness, cooperation/collaboration and involvement (Benaim, Collins and Raftis 2008). We believe that this is an excellent platform for them to take their work on social issues further. These organisations also have an opportunity to become powerful role models for society in moving towards sustainability: if they adopt a holistic sustainability approach, they will have a vehicle for change that is rooted in their strong focus on social issues, and which also acts to promote the ecological aspects of sustainability.
Conclusion

This research demonstrates that interviewed Danish Fourth Sector organisations used some elements of an SSD approach, but did not apply the approach for working towards sustainability. This could be a missed opportunity both for society and for the organisations themselves, especially to help the Danish Fourth Sector organisations to minimise unsustainable impacts, and play a more active role in society’s transition towards sustainability. Based on the results and discussion, our main recommendations for Danish social enterprises and social businesses that would like to work strategically towards sustainability are:

- **Aligning organisation’s definition of success with the vision, and within the constraints of the sustainability principles,**

- **Finding an organisational narrative built around sustainability**

- **Measure impact and find where positive impact can be maximised and negative impacts minimised,**

- **Utilize upstream thinking to promote more effective and sustainable solutions by addressing root causes,**

- **Write down your basic decision-making framework,**

- **Help build stakeholder’s capacity to work towards sustainability,**

- **Form collaborative partnerships with other organisations within the sector.**

These recommendations would potentially strengthen the effectiveness of these organisations. To help Fourth Sector organisations implement our recommendations we designed a concept to be adapted for future workshops. Further research could include widening the scope of this research, looking at how to incorporate a strategic sustainable development approach from the very starting phases of an organisation, finding ways to specifically make strategy more accessible to starting up organisations with limited time and resources, and look how to best measure impacts within the sector.
Glossary

**Anthropocentric**: Interpreting or regarding the world in terms of human values and experiences.

**Autonomy**: Independence or freedom and the condition of having self-governance.

**Backcasting**: A planning method in which participants first build a shared vision of success in the future, then plan steps towards that future.

**Backcasting from Sustainability Principles**: Method utilising a shared vision of success aligned with the four sustainability principles, to plan towards the future in a strategic step-by-step manner (Holmberg & Robert 2000).

**Biosphere**: The portion of the Earth and its atmosphere that is capable of supporting life.

**Civil Society**: The collection of non-governmental organisations and institutions that manifest the interests and will of citizens in a society.

**Corporate Social Responsibility**: Manifested actions from a company’s sense of responsibility towards the community and environment (both ecological and social) in which it operates.

**Corporate Social Innovation**: The creation of business models, products and services within an organisation that deliver socially, environmentally and financially viable solutions to the challenges facing modern society.

**Capacity building**: The building of knowledge intent on strengthening the skills and ability necessary for self-sufficiency and excellence.

**Framework for Strategic Sustainable Development (FSSD)**: A planning model for solving complicated problems in complex systems with sustainability as the desired outcome.
**For-profit Organisations**: Businesses whose aim and mission is to make profit.

**Forecasting**: A planning tool that helps management in its attempts to cope with the uncertainty of the future, relying mainly on trends from the past and present.

**Governmental Organisations**: Organisations, which are extensions of, or pertaining to the government. Also known as the public sector.

**Lithosphere**: Comprises the crust and the portion of the upper mantle on Earth that behaves elastically on time scales of thousands of years or greater.

**Mission**: An organisation's core purpose and focus that clearly states who is served and how. A mission can be general, or based on objectives related to social, environmental or sustainability goals.

**Mission Creep**: The risk an organisation will move away from accomplishing its mission or vision when focused on finding funding, growth or other goals peripheral to the mission.

**Non-profit Organisations**: A non-governmental, non-sectarian, and usually voluntary organisation that contributes to or participates in cooperative projects, educations, training or other humanitarian, progressive or watch-dog activities, but does not make money from business activities.

**Profit**: Financial capital from business activities in excess of original cost.

**Shareholder**: A person or group who owns shares of stock in a business or mutual fund.

**SMART-milestones**: Specific, measurable, achievable, realistic and time bound goals set by an organisation to help with project management.

**Social Benefit**: A benefit to society, for example to provide a useful service or product. In this case, it does not refer to benefits provided from government bodies.
Social Business: A commercial business with secondary interest in social issues.

Socio-ecological System: The system made up of human society within the biosphere.

Stakeholder: Any person or group who has a direct or indirect interest (a stake) in an organisation because it can affect or be affected by the organisation's actions, objectives, and policies.

Strategic Guideline: A generaliseable strategy.

Strategic Sustainable Development (SSD): Development and planning based on first-order principles for sustainability to identify a gap in becoming sustainable while providing strategic structure to bridge that gap.

Sustainability Challenge: The growing demand for resources and ecosystem services, and the declining capacity of the earth to provide those resources and services, alongside stricter governmental laws and societal pressures that results in social tensions that affect our ability to respond effectively to the challenges.

SWOT Analysis: A strategic planning method used to evaluate the internal strengths and weaknesses, and external opportunities and threats involved in a project or business venture.

Systems Thinking: An approach to problem solving that assumes the individual problem is part of a much larger system. This approach is particularly important in complex systems where the interconnection between parts is not always clearly understood.

Triple Bottom-line: Consideration of an organisation’s financial, environmental, and social performance as categories of success. These should be considered as nested and inter-related.

Vision: An aspiration description of what an organisation would like to achieve or accomplish in the long-term.
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1 Introduction

1.1 Society and the Sustainability Challenge

The late 20th century saw the rise of a global debate on climate change, peak oil, ecosystem degradation and other environmental and resource issues. The evidence is compelling that modern society faces a wide range of complex challenges on an unprecedented global scale (Rockström 2009; Steffen et al. 2011). Billions of people need better access to food, water and energy to improve their material standard of living, and the prospect of a growing population intensifies the need for basic resources (ibid). There is little debate in the scientific community that it is the current mode of operation of society itself increasing the severity of these challenges (Rockström 2009).

Awareness of the challenges facing our society has fuelled the popularity of the concepts of sustainability, sustainable development and other related terms. From the anthropocentric1 perspective sustainability involves preserving the essential aspects of our environment, which support life in general, and human society in particular.

Although there are many definitions of sustainability and sustainable development, a common and often used one is that of the Brundtland Commission, which adopts the developmental perspective:

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland 1989).

One of the barriers to initiating the necessary changes towards sustainability is the belief that our society already functions in a sustainable fashion. Robèrt (2000) refers to this as the cylinder paradigm, where environmental and social problems are seen as inevitable and minor consequences of the functioning of society. Such issues are not considered threatening to society and are seen as separate and solvable in isolation from each other.

1 Bolded terms are defined in the glossary.
Robèrt (2000) shows that a more accurate understanding of the sustainability challenge recognises the negative impacts of society on social and ecological systems, successively degrading those systems. This can be metaphorically represented as a funnel, which Robèrt (ibid) refers to as the funnel paradigm.

The narrowing of the funnel walls represents that room to manoeuvre out of an unsustainable situation is diminishing as the socio-ecological systems on which civilisation depends are being successively degraded. For organisations, the narrowing of the funnel can already be noticed, and will be increasingly evident through increased costs for resources, waste management, taxes, insurance premiums and stricter legislation. All natural systems have limits, and human well-being requires that society functions within those limits (Hall, Daneke and Lenox 2010).

To understand the root of many issues associated with unsustainability, and understand the interconnectedness between these issues, it is important to understand the socio-ecological system society is part of.
1.1.1 Interconnectedness of Society with the Biosphere

Society is nested within and dependent on the biosphere. At the very basis of this socio-ecological system is photosynthesis, which is fuelled by solar energy and produces food, clean water and oxygen. In nature there is no waste, matter is recycled in perpetual cycles. Plants are eaten and return to the soil, where they are broken down into the compounds of which new plants are built up (Figure 1.2).

All life on earth depends on complex, self-regulating systems that circulate materials and energy in closed-loop cycles. Slow geological processes move materials from deep in the earth’s crust (or lithosphere) to the biosphere and

Figure 1.2 Understanding the Interconnections between the Biosphere, Society and the Lithosphere (TNS 2009)
back again. Ecosystems in the biosphere rapidly cycle and recycle nutrients, water and energy from one organism to the next (TNS 2012).

The sustainability issues facing humanity today are disturbances in these cycles that undermine nature's long-term capacity to support us. Sustainability experts have identified three main ways in which this happens (Ny et al. 2006). The first is putting ecological systems under pressure through the systematic addition of matter from the lithosphere, such as CO₂ from fossil fuels and mined-metals and minerals. This leads to effects such as pollution, acidification of the seas, and global warming, all of which have detrimental effects on humans, such as health problems and the decreased availability of food and clean water. The second way in which humans undermine the capacity of nature to support us is through the systematic accumulation of man-made substances within the biosphere. This includes persistent and toxic chemicals as well as large amounts of naturally occurring nutrients, such as nitrates. These accumulate in soil and surface water, disturbing natural cycles and in turn affecting the long-term fertility of the soil, aquatic biodiversity and the availability of food and clean water. The final category of human action that degrades natural habitats and ecosystems is through physical disruption, such as overfishing and deforestation. In all of the above examples, the human actions leading to unsustainable practices can be associated with the economic activity of various organisations such as mining and oil companies, the manufacturers of chemicals and pharmaceuticals, and enterprises in the forestry and fishing business.

Relating to the Brundtland definition of sustainable development, there are also social sustainability issues that undermine people's capacity to meet their needs, for example due to resource inequality, human rights violations, inadequate
access to health care (1989). These are partly connected to ecological issues, though not exclusively. For a sustainable society, both environmental and social issues need to be addressed.

To summarise, the social, economic and ecological systems are deeply interconnected and related at different levels. This is the root of the sustainability challenge. The common perception of sustainability as a triple bottom-line, like a three-legged stool that balances people, planet and profit equally is therefore also not fully accurate. Rather, these are dimensions nested into one another, where the economy is nested within and is dependent upon society, and society nested within and dependent upon the biosphere (Figure 1.3).

1.2 The Role of Organisations in the Sustainability Challenge: Limitations and Possibilities

Nested within society, organisations play a large role in the sustainability challenge since collective action is facilitated through the formation of organisations around common missions and goals. Organisations have traditionally been classified into one of three spheres: for-profit, non-profit (NGO) and government.

Globally, consumers are increasingly holding companies responsible for their products, safety of production, ethical treatments of workers and for not harming the environment (Ellis 2011). Companies are choosing to address the needs of their stakeholders and society on a greater scale to establish trust and avoid costs or liabilities that might arise from questionable business procedures (Schott 2009). Therefore, for-profit organisations have begun recognising these adverse effects, and sustainability has become a mainstay of corporate strategy. For instance, the majority of large firms have public sustainability policies and claim to adopt the triple bottom-line of financial, environmental, and social performance (Hall, Daneke and Lenox 2010).

However, for-profit organisations are still obliged by law and expected to seek the best possible return on investment for shareholders, therefore prioritising financial returns over environmental and social performance
(Speth 2008; Yunus 2006). This financial focus results in economically rational, but socially or environmentally damaging behaviour, such as externalising costs, disregarding environmental consequences, neglecting the labour force, inequitable wealth distribution, lobbying and influencing policy in favour of the firm (Dean and McMullen 2007).

Where the private sector has left societal problems unsolved, or failed to protect the environment, governmental organisations have often filled in the gaps (Mendell 2011). For example, in the financial crisis of 2008, public society used money to bail out the debts of organisations within the private banking sector (Moulton and Wise 2010). Furthermore, governments have a role in regulating and managing the production of substances and use of natural resources as well as providing social services. In the governmental sphere, there are many provisions for society through the welfare state (Mendell 2011). However, financial support for public activities was reduced from 1980 and onwards in major world regions such as the United States, Europe and South America (Kerlin 2010). Rising levels of unemployment also caused government revenue to fall, and in many cases government programs became ineffective. Resulting reforms have been characterised by decentralisation, privatisation, and a reduction in services (ibid).

Non-profit organisations have found ways to provide services not otherwise delivered by the business or governmental sectors (Weerawardena, McDonald and Mort 2010; Pitta and Kucher 2009). For example, they are increasingly being considered with a high degree of public trust, acting as “important players” in shaping global dialogues on sustainability development (Najam 2000), and as proxy for the concerns of society and stakeholders (IISD 2012). However, NGO capacity to influence concrete policy outcomes remains limited, for example within the arena of climate negotiations (Dombrowski 2010). This sector is also generally dependent on gifts and subsidies, and often struggles to be financially sustainable (Pitta and Kucher 2009).

1.2.1 Emergence of Hybrid Organisations: The Fourth Sector

Somewhere between the shortcomings and strengths of the three traditional spheres we find an overlap, where borders are blurring and methods are
mixing. This has come to be called the Fourth Sector (The Fourth Sector Network 2011). Fourth Sector organisations are also referred to as for-benefit organisations, providing benefits to society alongside the making of profit (Sabeti 2009). Fourth Sector organisations have been shown to be filling gaps left by commercial industries and government bodies and provisioning critical social and environmental goods and services (Parrish and Foxon 2006; Defourny and Nyssens 2010).

Across the literature, organisations within the Fourth Sector are broadly defined and therefore there is a high level of ambiguity present in defining this emerging sector (e.g. Bacq and Janssen 2011; De Clercq and Vorono 2011). However, this report works from the description provided by Sabeti (2009):

The emerging Fourth Sector is fundamentally comprised of organisations that pursue social purposes while engaging in business activities. These characteristics necessarily establish the archetype’s primary attributes:

- **Social Purpose** – The organisation has a core commitment to social purpose embedded in its organisational structure.

- **Business Method** – The organisation can conduct any lawful business activity that is consistent with its social purpose and stakeholder responsibilities.

Beyond these, the For-Benefit organisation has other attributes, which are reflected in various current Fourth Sector organisations, but may not appear wholly within any single organisation. Among these extended characteristics are inclusive ownership, stakeholder governance, fair compensation, reasonable returns, transparency, and social and environmental responsibility. [Emphasis in original] (Sabeti 2009, 5)

The Fourth Sector is an emerging profit-based business model (Bull 2008), which is also aiming to create social and/or environmental benefits. The Fourth Sector “has the potential to address many of the critical systemic challenges we are facing today” (Sabeti 2009). For example, in Western Europe, “the contemporary social enterprise movement was, in part, a civil society response to the unemployment problem” (Kerlin 2010).
We are therefore curious whether this sector can play a catalysing role in moving society strategically towards sustainability.

1.3 Denmark and the Danish Fourth Sector

In the following section, we will describe the development of the Fourth Sector in Denmark, as this is the focus of our research. We will specifically describe developments towards sustainability in the political and business landscape the Danish Fourth Sector is operating in.

The Danish Fourth Sector is inextricably linked with the Danish tradition of a civil society where ordinary people get involved as active citizens. In the late 1800s social/economic enterprises appeared as a form of organisation in Denmark when the political parties, unions, consumer cooperatives, charitable associations and the great civil and religious movements flourished. This had great impact on the formation of the Danish welfare society (Center for Socialøkonomi 2008). Such institutions have not been guided by organisational efficiency, or by profits but mostly rely on a set of organisational values to guide their actions (ibid).

A part of the Danish Fourth Sector is social business and social enterprise. According to the Danish Centre for Social Economy (Center for Socialøkonomi 2012), there are between 2500 and 3000 of these organisations operating in Denmark. The characteristics of social enterprises are that they have a social or environmental purpose and sell products or services from which profits are reinvested into the company and their social purpose. They are also organisationally independent from the public sector and are registered as a business (ibid). Social businesses are commercial businesses, but with a secondary interest in social issues. They differ from social enterprises on how they reinvest profit (Krull 2012).

1.3.1 Developments in the Danish Political and Organisational Landscape

The Danish government has put increased focus on marketing Denmark as a country where there is “sustainable welfare and growth” (Danish Business Authority 2008, 3). This marketing is based upon the success of the Danish welfare model, and is emphasised by supporting the business sector towards
Corporate Social Responsibility (CSR), and setting up initiatives that shift public procurement towards a more socially responsible direction. The government itself has created guidelines for their state-owned public companies to adhere to international principles of social responsibility. In their action plan they refer to business driven social responsibility, meaning that any work within the social field must help strengthen the core business of the organisation in question (ibid).

Since 2008 large Danish companies have been legally required to report on their policies, actions and achievements with regards to CSR. Of all of the areas where reporting is required, most organisations have a strategic focus around the theme of environment and climate (Danish Business Authority 2008). Danish companies see that addressing climate change, pollution and poverty reduction are possible avenues towards new business opportunities. Alongside governmental encouragement of CSR, a field of opportunities for Corporate Social Innovation (CSI) has opened up in Denmark (Als 2010). An increasing number of companies that have been previously focusing on using CSR are switching towards CSI, and they are incorporating sustainability and innovation into the core of their business models (Ellis 2011).

Today, entrepreneurship in social business and social enterprise is growing rapidly alongside these CSR trends in Denmark (Schött 2009). The increased willingness from governmental agencies and municipalities to support start-ups within the Fourth Sector builds upon the solid reputation of Denmark as a country with values of social welfare and environmental protection (Danish Industry Organisation 2009).

The Danish state provides a significant amount of funding for many Fourth Sector organisations (Kampmann 2012; Schött 2009). Between 70 and 90% of such organisations receive funding (Bisballe 2012), which highlights an important relationship. For example, newly founded organisations can receive support in the form of both funding and training, which is often fundamental for their survival during the early years (Kampmann 2012). However, the political accountability of the public sector requires that their programs show a tangible return on investment (Bisballe 2012). As a result, the public sector can be risk-averse, and unwilling to test new solutions to social and environmental problems. This is a challenge for Fourth Sector organisations whose solutions are often innovative and untested (Bisballe
In this way, the traditional political and economic structures don’t always fit the unique needs of the innovative and emergent Fourth Sector (Gregersen 2012).

1.4 The Framework for Strategic Sustainable Development

One way to explore the potential of the Fourth Sector’s role in sustainable development is by examining the sector through the lens of a framework for sustainable development. One such framework is the Framework for Strategic Sustainable Development (FSSD). The FSSD is a conceptual framework for strategically moving towards sustainability. The FSSD was designed as a tool to work with complex issues of sustainability for analysis, planning and decision-making and can be useful to organisations in these capacities. The framework categorises information into five levels as described below (Holmberg et al. 2000). These levels are presented here in relation to an organisation.

Level 1: Systems level

The system level focuses on the socio-ecological system. This level contains an overview of the sustainability challenge through an understanding of the functioning of the system, and the interconnectedness between the organisation, society and the biogeochemical/ecological system. It explains how the organisation is nested within society, with society nested within the biosphere, with the different levels of dependence (Robèrt 2000).

Level 2: Success Level

Success within the framework is defined as an organisation whose vision is placed within the constraints of four sustainability principles as explained below (Robèrt 2000).

Based on the understanding of the root causes of unsustainability in the socio-ecological system as described in 1.1.1, Ny et al (2006) defined a set of four principles to define the minimum conditions to which society and
organisations within society must adhere in order to move towards sustainability:

An organisation strategically moving towards sustainability should strive to eliminate the organisation's contribution to:

1. Systematic increases in concentrations of substances extracted from the Earth’s crust;
2. Systematic increases in concentrations of substances produced by society;
3. Systematic physical degradation of nature; and
4. The undermining of people's capacity to meet their needs worldwide (ibid).

These principles define the boundaries within which society must operate, constraining and guiding the activities and processes, which can be put into practice. As the principles are grounded in basic science from a wide range of disciplines such as Earth science, chemistry, ecology and the social sciences, framing success within these principles keeps it free from being constrained by time, technological developments or social change (ibid).

Level 3: Strategic Level

The strategic level is about how to strategically choose actions to reach the vision. This level first of all contains backcasting from sustainability principles as the preferred way of planning.

The future orientation of the Brundtland definition firmly places the dimension of time into sustainability. In order to move towards a sustainable society in the future, current unsustainable practices and trends must be changed. However, as many current trends move in the direction of further degradation of socio-ecological systems, planning for sustainability cannot rely only on forecasting from these trends or adjusting to the likely futures predicted through the forecasting method.

A different approach is to apply backcasting: first defining the vision of what an organisation is aiming to achieve, and then use that as the guide for
selecting actions. Backcasting is an iterative process of implementing actions, evaluating progress and devising new actions, which move further in the direction of the goal (Dreborg 1996). Backcasting from sustainability principles involves making use of general and relevant sustainability principles to define the goal, which is used as a guide in the backcasting process (Holmberg 2000).

The strategic level also contains three questions an organisation is recommended to use in order to strategically select actions that will help achieve their vision (Robèrt 2000):

1. Right direction: Is the action moving in the right direction with respect to vision, including the sustainability principles?

2. Flexible platform: Does the action provide a flexible platform to manoeuvre?

3. Return on investment: Does the action provide a sufficient return on investment to keep momentum?

*Level 4: Actions Level*

The actions level contains all planned and implemented actions that help move towards sustainability (ibid).

*Level 5: Tools level*

The level includes any tools and concepts that might aid in monitoring, implementing and educating the various actions taking to move towards sustainability (ibid).

**1.5 Previous Research on Sustainability and Strategy in the Fourth Sector**

Sustainability in Fourth Sector organisations has not directly been discussed in academic literature so far. Often, the word sustainability is used in a different sense by referring to how social enterprises can stay economically sustainable/viable, without compromising on their ideals (Dixon and
The importance of measuring performance and social impact is stressed in literature, with many articles proposing methods for doing that (Alex 2009; Bagnoli and Megali 2011; Connolly and Kelly 2011; Darby and Jenkins 2006; Lane and Casile 2011; Meadows and Pike 2009; Pärenson 2011; Ruebottom 2011), but it is recognised that while it is important to prove their effectiveness, it is not yet as straightforward as measuring financial performance (Bisballe 2012).

Some authors found that performance measurement may also have negative effects, such as hindering the pursuit of innovation, or placing emphasis on performances that are easy to measure at the expense of equally important performances that are not as measurable (Straub, Koopman, and Mossel 2010). Ormiston and Seymour (2011) confirm the last point and stress the importance of formulating a concrete mission before starting to measure.

However, the question about the role of how Fourth Sector organisations can help strategically move society towards sustainability remains unanswered by literature.

1.6 Our Research

The Fourth Sector is an emerging sector, which we assume has the potential for contributing to moving society towards sustainability. The research focuses on the Fourth Sector in Denmark because Denmark has vibrant and growing social entrepreneurship sector within a society with a prominent history of social welfare and environmental protection. Social entrepreneurs in Denmark are very agile, dynamic and quick to pursue new possibilities. With their already strong focus on social and environmental goals, we think they might be primed to take-up a focus on sustainability. We believe this makes the Danish Fourth Sector an interesting case to explore with regards to their sustainability awareness and strategies towards sustainability.

This thesis explores how these organisations understand sustainability and strategy, including how they see their role in helping society transition towards a more sustainable future.
1.6.1 Conceptual Framework in Relation to our Topic

We will apply the Framework for Strategic Sustainable Development (Robèrt et al. 2010) to analyse how, and to what extent the Danish Fourth Sector applies a strategic approach to sustainability. From the FSSD, we will develop an analytical framework we hope to use to understand organisation’s current practices in decision-making and strategy. Based on this analysis, we will then provide recommendations that may help strengthen their strategic approach and contributions towards sustainability.

1.7 Research Questions

**Research question 1:** To what extent are Danish Fourth Sector social enterprises and businesses using a strategic sustainable development (SSD) approach?

**Research question 2:** How can an SSD approach potentially strengthen organisations within the Danish Fourth Sector in their core business?

1.8 Scope

We have scoped our research within the Fourth Sector in Denmark. Given that there are many organisational variables in this sector, we have decided to narrow our focus to two particular types of organisations, as we explain below. The spectrum of the Fourth Sector in Denmark illustrated in figure 1.4 from for-profit companies to non-governmental organisations. The spectrum moves from pure profit motive through various degrees of CSR or social mission. We have chosen to focus on social enterprises and social businesses in this research, therefore our discussion, recommendations and conclusions will be targeted towards them. As mentioned before, the characteristics of social enterprises are that they have a social or environmental purpose, and sell products or services from which profits are reinvested into the company and social purpose. Social businesses are commercial businesses that have a heavy social or environmental focus.
Our previous personal experience and early investigations lead us to believe that the Fourth Sector is highly diversified, consisting of organisations working within very different goals, some relatively specific and localised issues and others much more global in scope (Peredo and McLean 2006). We expect that Fourth Sector organisations will not consider that their primary focus is to move society towards sustainability. Most likely there will be considerable gaps in their understanding of the sustainability challenge, as such they will not have considered the larger context of sustainability and may not have designed their operations to align with that goal, they are not likely to have awareness of the sustainability principles.

Furthermore we expect that the underlying motivations behind many Fourth Sector organisations are often personal to the founders and are not based upon traditional business models (Asiedu, Bryne and Corena Garcia 2011). We expect that these enterprises will often adopt original and innovative approaches to the problems that they attempt to address. However, we also expect that a systematic and strategic approach will often be missing, resulting in solutions that may solve one problem whilst creating or exacerbating others.

We expect to find variation regarding the degree of understanding, and appreciation of complexity involved in societal and environmental issues. This will result in considerable variety in approaches ranging from relatively simple problem fixing to comprehensive strategies, which address underlying systemic forces (Zahra et al. 2009).
2 Methods

In this chapter we describe the general design of our research and the specific methods for collecting, collating and analysing the data. We pay special attention to the various approaches we adopted to ensure validation of our results.

2.1 Research Design

Adopting an interactive approach to our research design (Maxwell 2005) ensured that we considered all aspects of the research process and designed each phase taking into account the other constituent parts to create a functioning whole. Our research was designed around our research question using the four elements below (see Figure 2.1):

- **Goals**: Discover the extent to which Danish Fourth Sector organisations are implementing strategic sustainable development approach (SSD) and evaluate whether an SSD approach could benefit these organisations.

- **Conceptual framework**: The FSSD and an analytical framework structured according to the FSSD constructed specifically for this research.

- **Methods**: Data was collected using semi-structured interviews, then transcribed and coded for emerging patterns and comparison with the analytical framework.

- **Validity**: We validated our research through literature review, and through interviews with experts in the exploratory and concluding phases.
2.2 Research Phases

The research phases are captured in figure 2.2:

*Figure 2.2 Research Phases*
2.2.1 Phase I Exploratory Interviews and Research Design

To inform our understanding of the Fourth Sector we held exploratory interviews with five experts who had extensive knowledge or experience within this area. These experts were academics, social entrepreneurs, funding providers and capacity builders, who offer their services to the sector. We chose them because of their diverse contact points into the sector, informing this research with their multiple perspectives. During the development of our project we used these interviews as an opportunity to help structure our research, and gathered feedback on our methodology. Material from the interviews was also used to construct an analytical framework, which we subsequently used as a lens for analysis and comparison of the organisations that we investigated. The analytical framework is presented in section 3.1.

For a list of the experts and their area of expertise see Appendix D. The exploratory interview phase was initiated in early March 2012.

2.2.2 Phase II Questionnaire Design

An interview guide for semi-structured interviews was constructed (see Appendix F), using a set of standard questions to extract comparable data for each organisation. The guide was designed to allow sufficient flexibility for in-depth exploration of the unique qualities of each organisation, including their situation, goals and methods of operation. The interview questions were informed and structured using the FSSD in order to collect sufficient data to answer the main research question. The interview guide also included questions on the analytical framework, allowing the practitioners\(^2\) to comment on how they saw that an ideal Fourth Sector organisation would operate.

The interview questionnaire was tested in a pilot process with two Fourth Sector practitioners from Denmark who did not participate in the study.

\(^2\) Note that we refer to the individuals from the Danish Fourth Sector organisations participating in this research as practitioners throughout this document.
These practitioners were chosen as being representative of the sample group included in our research, both having owned Fourth Sector organisations similar to the ones that we interviewed. The feedback from these interviews was incorporated before proceeding with interviewing practitioners.

2.2.3 Phase III Selection of Organisations

A preliminary list of 86 Danish Fourth Sector organisations was created of possible candidates for inclusion in our study. The organisations were collated from the following sources:

- Lists of suitable organisations provided by the experts contacted during the exploratory phase,
- The EMES list (Hulgård and Lundgaard-Andersen 2008).
- Organisations researched on the Internet using search terms, and LinkedIn interest groups for Social entrepreneurship in Denmark.
- Networking via the Danish Social Innovation Club (DANSIC).

The candidates were researched through their websites in order to select which ones qualified as Fourth Sector organisations according to our definition. The primary criteria used for selection was that the organisation should both demonstrate a clear social, environmental or sustainability mission and finance its operations at least partially through selling some product or service. The first four EMES criteria (a-d) for social enterprises (Defourny 2004) were also used as guidance for selecting the organisations (Appendix B). As per the EMES criteria, all had some continuous activity producing goods and/or selling services, a high degree of autonomy, at least a minimum amount of paid work, and made an explicit aim to benefit the community at a significant level of economic risk for the owners (Appendix C).

A total of 34 organisations were contacted, of which 12 responded positively and interviews were planned and carried out. These organisations employed between two and 40 people, with an average of ten employees.
The youngest organisation was one year old and the oldest more than twenty years old.

**2.2.4 Phase IV Data Collection**

Practitioner interviews were carried out in late March 2012. The majority of interviews were conducted in person in Copenhagen, Denmark, and the rest were scheduled via Skype. All interviews were digitally recorded.

**2.2.5 Phase V Analysis**

The practitioner interviews were transcribed and manually coded in order to do a comparative analysis across our sample and to discover general patterns. The coding was carried out in two iterations, the first iteration aiming to discover emergent themes and grouped with themes according to the questionnaire. The second iteration specifically searched for patterns associated with the analytical framework. All researchers went through all of the interviews, and worked on the coding individually for a specific level of the framework.

During the coding process, each question was reviewed to find commonalities, themes, patterns, and contradictions in order to group answers. Themes were highlighted and a legend was made to keep track. Unique or interesting cases were also noted. The numbers of respondents who addressed a theme were counted and used to summarise results.

Material regarding the analytical framework was also coded. We asked the practitioners how an ideal Danish Fourth Sector organisation would operate, and common themes were placed into the context of our framework. We also included more context specific elements from the exploratory interviews.

The coded data from the interviews on how the organisations functioned in practice was structured according to the FSSD and compared to the analytical framework for Fourth Sector organisations. This approach allowed for an evaluation on compliance with a strategic approach to sustainability as well as how the organisations are performing compared to their own expectations on the sector.
2.3 Validation

In order to ensure the validity of our results, we used a number of different techniques for data collection, as recommended by Maxwell (2005). The self-reporting bias resulting from respondent interviews was balanced to a certain extent through the interviews with experts in the exploratory and concluding phases.

2.3.1 Rich data

Maxwell recommends the use of rich data, that is, “data that are detailed and varied enough that they provide a full and revealing picture of what is going on” (Maxwell 2005, 110). We chose to research the most representative sample of the Danish Fourth Sector organisations, as time would allow. Therefore we selected a diverse range of organisations working with a wide variety of issues.

The semi-structured interviews were designed to make a comparative analysis across different organisations possible by covering the same ground using identical questions, but also to allow the respondents to give in-depth answers on subjects that were of special relevance or unique for that particular organisation.

2.3.2 Expert validation

To conclude the research we presented our results to four experts for commentary and feedback. These experts were chosen based on their experience with sustainability and their expertise around Fourth Sector organisations, covering impact, strategic finances, business case development and entrepreneurial support. This ensured validation through the experience and knowledge of these experts.

For a list of experts contacted in the concluding phase see Appendix E.
3 Results

This chapter presents our results starting with the analytical framework. We then present the practitioner interview results, which are structured in five levels. Each level corresponds with points from the analytical framework, and also includes other supplemented results.

3.1 Analytical Framework

This analytical framework is based on the FSSD, supplemented with sector specific elements derived from the exploratory expert interviews and practitioner interviews. Sections 3.1.1 to 3.1.5 present results for how the analytical framework was developed. It splits up our analytical framework into sub-categories, presented as bulleted lists. Interview responses were used to substantiate some categories, and are mentioned as such. Categories that came from an adaptation of the FSSD are cited. Otherwise, the result came from our own knowledge as authors.

3.1.1 Analytical Framework - Systems

- Organisations recognise the relationships between the issues they are working with and the global socio-ecological system.
- Understanding of the sustainability challenge and recognise the fundamental interconnectedness of society and the biosphere.
- Adopt a systems thinking approach, both to the causes and consequences of the issues they are addressing and to their own context and impacts on the system.
- Sustainability is defined and understood within the context of the organisation’s activities and impacts (Robért 2002).

3.1.2 Analytical Framework - Success

- The organisation has a clear and shared definition of success (Robért 2000).
• Success and vision is defined within the boundaries of the four sustainability principles (Robèrt 2000).

• Success includes addressing a societal or environmental need. This is a key characteristic of Fourth Sector organisations and six out of eleven practitioners provided this suggestion as an ideal quality.

• Being financially sustainable. Seven of eleven practitioners cited this as a valuable quality, as well as three of four of the experts contacted in the exploratory phase, “Financial sustainability … is what you need to focus on to focus on the other aspects” (Org. 9).

• Organisations have a high degree of administrative & financial autonomy. Administrative autonomy means organisations have independently governed projects. Alongside this, the organisation has a degree of financial independence meaning multiple funding sources for their business (Bisballe 2012).

3.1.3 Analytical Framework - Strategic

• The organisation uses backcasting from a vision of success to guide the overall strategy (Robért 2002).

• Actions are prioritised using the following prioritisation questions as a minimum:
  o Providing sufficient return on investment (ibid)?
  o Providing a flexible platform for further development towards the vision within bounds of the sustainability principles (ibid)?
  o Moving in the right direction with regards to all aspects of the vision (ibid)?

• Collaboration: The need for cross-sectoral collaboration is recognised and partnerships are developed with other stakeholders, where relevant. Four out of eleven practitioners suggested this was an important guideline for actions a Fourth Sector organisation should take.

• Promoting transparency: Two organisations stressed the importance of transparency. One said, “it’s really important to be committed to showing your intentions … because one of the most important things is transparency” (Org. 9).
• Being Innovative: Two practitioners said being innovative actions is an important quality, “it’s finding new ways to go about it, because it is a new field and it is experimental, so you need to be clever learners” (Org. 4).

3.1.4 Analytical Framework - Actions

• Actions are selected and prioritised using prioritisation criteria, to ensure strategically achieving the defined success.

• Actions suggested to include:
  o Assess progress towards mission.
  o Assess progress towards sustainability.
  o Apply planning frameworks iteratively in order to ensure vision and strategy are updated and actions are effective.
  o Form collaborative partnerships within sector and/or with other sectors. A partnership is a close and ongoing collaboration between two or more parties in order to advance mutual interests.

3.1.5 Analytical Framework- Tools

• Systems tools make direct measurements in the system to monitor damage or improvement based on actions in society (Robért 2002). Three of eleven practitioners said using tools, which help measure impact or success goals are very important to a Fourth Sector organisation.

• Strategic tools help organisation understand if/how the actions chosen move towards sustainability and align with the strategic guidelines (ibid). Three of the four of experts the experts contacted during the exploratory phase said strategic tools are important. For example, “they can get stuck in running their company and their daily operations. Maybe more strategic work with innovation … would help some of them” (Dietz Godt 2012).

• Capacity building tools help people learn about sustainability, group learning, systems thinking and co-creation (Robért 2002).
3.2 Interview Results

In this section we will present the results from the interviews. The results are structured according to the sections of the analytical framework and show to what extent the different elements of the analytical framework have been found in the responses of the interviewees. Italicised fonts in headlines guide the reader through the results, and act as a reminder of categories from the analytical framework. Some levels include supplementary headings that capture the emerging patterns and do not relate to the analytical framework as such.

3.2.1 Systems Level

Awareness of the interconnectedness of the global socio-ecological system

Four practitioners mentioned negative effects of our society on the biosphere, such as the loss of biodiversity, the build up of toxic chemicals and the need to support pollination. Each of these practitioners demonstrated an awareness of the dependency of civilisation and our survival on the biosphere:

And then there's the environmental side: CO\textsubscript{2} emissions we need to know that. Resources, we are using way more resources than is actually present and we are also actually destroying the planet. Chemicals, toxic all kinds of stuff that we are surrounded with everyday, is affecting our bodies in negative ways (Org. 1).

One of these four practitioners, and one other, specifically mentioned interconnectedness as a fundamental property of the global socio-ecological system by indicating a deep understanding of how social problems in Denmark and their actions to solve those problems impact the socio-ecological system in diverse ways:

… if you really want to look at it in depth, you realise things are very connected. And so it's the same thing with the context … it gets broader and broader, and deeper and deeper the more you look at it, and the more you realise that everything you do has an impact in your life and also in the business (Org. 7).
The other seven practitioners did not reason about the dependency of civilisation on the biosphere or the fundamental interconnectedness of the socio-ecological system.

**Sustainability Definitions**

The interviewees were also asked whether, and if so how they defined ‘sustainability’, either internally and or externally. Seven of the twelve practitioners had not defined sustainability. From these seven, three practitioners mentioned that their organisations did not use or refer to the term sustainability, instead using words such as resilience or abundance or focusing only on social aspects of sustainability.

Two of the above seven defined sustainability as being socially, economically and environmentally sustainable. For example, “it’s not our own definition, it is probably the same definition that you are working with, which is that true sustainability has three legs and that has to be sustainable both business, environmental and social aspects” (Org. 6).

Three of the seven worked from definitions or instructions provided by other organisations. One practitioner mentioned a definition that came from the Young foundation (2010), and another said, “sustainability as integrated into our vision into our mission has been to enhance and aid the Millennium Development Goals” (Org. 5).

**Understanding the sustainability challenge**

All practitioners displayed an awareness and insight into one or more societal problems and have committed to working on addressing those issues.

After providing them with our definition of sustainability (Brundtland 1989), we asked them to what extent their organisations’ work relates to it. Six of the practitioners felt their organisation’s work related clearly to this definition. Two of those mentioned that even though they related to the definition, in practice you might need to make choices that contradict the definition, “sometimes you have to bend the rules a little bit to make things happen” (Org. 6).
One participant mentioned that they wanted to go beyond only meeting needs towards creating greater abundance, “the potential in doing it and the evolutionary potential both for human development, and for life itself is a much cooler purpose” (Org. 8).

Six out of the twelve participants felt their organisation’s work did not relate to this definition. All gave a reason that included lack of capacity within the organisation to address needs of future people. Another reason was that their mission’s focus was too specific. For example, three of them mentioned the organisation is focused on specific areas of development, such as social issues, but implied that ‘sustainability’ was too big of a goal, “If you look at the general economy, or where we are heading in terms of sustainability, we are a long way from that” (Org. 4). Out of the six, one participant said that they would like their organisation to work under this definition, though, “I think that's difficult. But it also makes me want to do more. I see possibilities all the time. Of new products, of what could be done, what could be created? What could be changed?” (Org.1).

When asked the reverse question of how they saw sustainability issues impacting their own work, seven out of the twelve practitioners stated that they had difficulty with the issues of sustainability. For example, “it’s really hard work, and there is a long way to go. As an organisation, we really want to push this agenda, but I think it’s hard” (Org. 11). Four practitioners expressed that they were hesitant in bringing issues such as sustainability onto the table in terms of collaborating, as other businesses might not be ready to put sustainability on the agenda. About their potential collaborators one practitioner said, “they would like to do better, and of course they don’t want to hurt anything in the process of doing what they do, but they also have investors and stockholders” (Org. 6). In relation to collaboration a practitioner mentioned the difficulty of convincing others that their work was contributing to sustainable development. One practitioner stated that it was difficult to think about sustainability issues because they were operating on such a practical level day-to-day that they did not have time to look at, and work from definitions.
Adopting a systems thinking approach to the causes and consequences of the issues with which they work

When asked to reflect on the causes and consequences of the societal or environmental need that they worked with, eight of the twelve reasoned around characteristics of the societal systems that cause the need. They also mentioned possible consequences for the system if the need were to be left unaddressed.

Five of those practitioners questioned the current functioning of society, pointing to undesirable consequences and failures of the current socio-economic system. Problems such as how the social discourse or the global economy tend to marginalise and isolate certain groups were mentioned:

Most western economies are on pretty much the wrong track, very much focused towards growth, and very much focused towards development of knowledge workers. What that means is that if you’re not an academic, not a process consultant or a biochemist there is basically no place for you. The result is that you have an underclass of ethnic minorities with a low level of education who are a major headache for many authorities, which causes a lot of friction. (Org. 4)

Understands their own context, and impacts on the system

Two practitioners specifically mentioned the important role of business in contributing to the wellbeing of society and the biosphere:

How do we get big Danish companies to incorporate biodiversity in their CSR reports and strategy as a whole? How do we get them to see their interdependence with ecosystem services and how do we get them to take initiatives that guard these ecosystem services that they depend on? (Org. 8)

One practitioner reasoned that business in the form of social enterprise could provide a platform for positive impact in both the economic, social and environmental domains:

What the [Copenhagen] climate conference showed is that there is a need for concrete businesses that produce things that do not destroy the environment and might even make it better … and concrete businesses that provide a visible, meaningful role for people who are on the edge of the work-market: visible and meaningful being the key words. I think
combining these things in a business is … a step towards a much healthier economy, which makes people happy rather than makes people just rich. (Org. 4)

3.2.2 Success Level

The success level makes a minor distinction between vision/mission and success. Vision and mission relate to the overall purpose of the organisation, whereas success relates to waypoints along the way towards carrying out the organisation’s purpose.

Visions and missions of the organisations

When talking about their visions or missions, six organisations’ definitions contained both social and environmental issues. Examples of these included “closing the gap between humanity and the rest of nature” (Org. 8), and “I want to create an industry in Copenhagen, that can link the city’s different social layers, that improves the environment, that gives disadvantaged people a status and a role in society and that makes people happy” (Org. 4). Out of the above six, two explicitly mentioned sustainability when describing their vision or mission; “our goal is to have a wide selection of products that people need in their everyday lives to lead a more responsible lifestyle” (Org. 7). And the other who said their organisation’s mission is to “to lead companies down a path to sustainability” (Org. 6).

Six organisations only included addressing social issues in their vision or mission statement.

The organisation has a clear and shared definition of success, and within the boundaries of the four sustainability principles

When practitioners were asked how their organisation defines success for the organisation; all practitioners provide some definition of success. Three practitioners described their definition as something that was changing, citing that any success definition depended on the evolution of their organisation:

It's changing now, and we don't know what form it should take... it's like we had a research period for 3.5 years, and so we can actually look retrospectively to say ‘Ok, we started out with this, and what have we
created? What happened according to the plan? Maybe it's not aligned anymore, so we have a need to change it now (Org.1).

One practitioner specifically had an unshared definition of success saying that members within the organisation would have differing descriptions. All organisations had definitions of success consisting of two or more elements, which means that when answers were coded there were two or more distinctly different aspects within the organisation’s definition of success (see Figure 3.1 for a summary of success definitions).

Addressing some societal and/or environmental issue

Eight practitioners named that providing a social benefit is a component of their success. Social benefits included job creation for people on the fringes of the normal employment market, donation of profits or resources to charities, creating participatory events that highlighted social issues, inspiring others in the field, remaining ethical and innovative with creativity in their work, and helping their clients developing greater capacity, including specific skills or increased self-esteem.

Only one organisation specifically included that producing an environmental benefit was part of their success, “that's a measure of our success: are we actually increasing biodiversity?” (Org.8).

Being financially sustainable

All but two of the twelve practitioners cited finance as part of their organisation’s success. Six of the ten specifically called the financial aspect ‘financial sustainability’, while three mentioned ‘financial growth’, or ‘profit’. Four related success to finance, but did not specifically mention financial sustainability, or growth. Instead they responded that success meant gaining clients, or that the clients were utilising the practitioner’s funding services.
Vision of success is within the constraints of Sustainability Principles, or another definition including full sustainability, such as a nested system of triple bottom-line of success (financial, social, ecological)

No organisation included full sustainability or a vision of success as a success definition. In reference to a triple bottom-line of success, none included it, but seven had double lines of success, including financial sustainability and a social aspect:

We talk a lot about two results of the company. One is money, and one is people. We always have to combine these two things. What it means is when we talk money, we just close up, and it’s all up here in the head, and when we talk about people it’s just here at the heart. So, it’s two different sets of thinking blending together so to speak, but it’s very important that we maintain the outlook from both. (Org. 2)

High Degree of Autonomy

No organisations specifically mentioned the importance of administrative or financial autonomy for their success. Two however mentioned the link between financial autonomy and capacity to operate in the way they would like during another part of the interview where we asked into the Danish business context, one of them said:

If we are working with municipalities, it's many steps away from the organisation. So the money is coming from the municipality, but there are many links before them. We are much more doing business-to-public sector because the big companies, the business part ... are little bit in doubt of this whole area and if it's financially feasible. (Org. 1)

The other emphasised what set them apart from businesses receiving governmental funding: “the social companies, getting money from the social system ... are bit more afraid of losing their funding. We are not in that situation. We are in the situation where if we don’t get the order - we are in trouble, basically” (Org. 2).

Other definitions of success

Five practitioners had a definition of success related to accomplishing their mission or vision. In another case, the organisation felt success was about
making sure they only pass on a project when they “know that the project will be standing on its own feet with the involved stakeholders” (Org. 6). Four organisations had a definition of success that specifically marked success related to a longer-term goal, for example that a project succeeded over the long term. One of these also mentioned that success has different time-scale components, short term and longer term, “But it's not like you can, in five years … say, yeah, that's done … because you can always do more in this kind of area… but if you talk about success in a vision kind of way, that's a visionary success criteria” (Org. 10).

Summary

To summarise organisational definitions of success, figure 3.1 categorises the definitions of success using the distinct elements each response was made up of. It shows the relationships between the elements in the definition and can help gain a full picture of success within each organisation.

![Figure 3.1 Success Matrix Categorising the Definitions of Success for Each Organisation](image)
Challenges for reaching success

On our way, but...

When asked about where the organisation saw itself in relation to its success, eight of the practitioners felt their organisations were on their way to success, but said challenges were significant. Four of the eight said finances were a major challenge, including aspects around maintaining the bottom line for the business’ survival, “some of our projects are still not making it, and we were still not able to pay our salary, but I feel that the potential is rising every day” (Org. 8). One also said they needed better business skills to help make the impact they wanted to.

Another challenge included being able to share business and mission knowledge with people in the Fourth Sector field, “I think it's in everyone's interest that there is the highest level of insight for everyone, and that is a challenge, and it's not really happening... it's going too slow” (Org. 1). Another spoke about being able to share what they do with the public effectively:

The challenge is definitely to tell our story... we have a very complicated story to tell, that only a few experts understand. But the opportunities are also that we are filling that gap, because traditionally the issues we deal with are dealt with by scientists alone. (Org. 8)

Two organisations said finding the best organisational size and structure was difficult, because it affected their ability to shift their activities in response to important changes and opportunities. Another challenge was finding suitable finance collaborations, “I think that finding the right partners and funding as part of that is extremely important for us to be [financially] sustainable as an organisation and business... If we don’t get that we can’t go around and develop what needs to be developed and carried out” (Org. 12). Another challenge involved setting up a helpful organisational culture and structure, for example by “recruiting committed and talented employees” (Org. 3).

On our way...

Three practitioners said their organisations were on their way. There were also specific challenges, which may hinder the organisation, but the
practitioners did not say that these challenges were specifically blocking their success, but were only challenges on the way there. One challenge included working with negative public perception, “we have attracted so much attention and got so many prizes that people are now kind of speaking a bit that we haven’t really demonstrated anything... We’ve got really ambitious plans, and there is only so many hours in the day” (Org 4).

Far away...

Only one organisation felt they were far from their mark of success. They felt the main challenge was in the landscape, in that:

The business area in Denmark isn’t ready for taking sustainable action. Most of what we see out there and what we hear is CSR related... that doesn’t mean that no-one is moving in the right direction, it just, it takes a longer time then we wish it would, so the biggest challenge is to help them really see it as an opportunity, not just as a marketing, but for changing big things. (Org. 6)

3.2.3 Strategic Level

In this section, we will present data from the interviews that indicate to what extent the practitioners use the strategic guidelines and prioritisation questions described in the analytical framework. We also include other strategic guidelines and prioritisation questions that emerged out of the interviews. By strategic guidelines we refer to work-process characteristics (for example transparency), and strategies that were named by multiple organisations and can therefore be considered generic. By prioritisation questions we mean questions practitioners ask themselves in order to select and prioritise actions. Below each strategic guideline and prioritisation question we provide the data that indicate that they are indeed using these.

Use of strategy in general

Four out of twelve practitioners explicitly stated that they did not have “a written strategy with plans” (org. 10). Reasons stated for not having a strategy included time constraints, a business partner that is currently unavailable, and, or resulting in, a focus on quick-fixes, and what the possibilities are right now.
When asked into how and what actions are taken to reach goals, four of the twelve interviewed mentioned that their actions were focused on praxis, working and taking whatever actions from what is needed next essentially by their gut feeling, “I mean it’s a question of … just doing it really. We’ve got projects that we have to deliver” (Org. 4). Another one of these four said, “Well, I think we are just... working really hard” (Org. 3). Three different practitioners indicated they chose their actions based on goals or strategy meetings. The four remaining of the practitioners indicated they use both strategy and gut feeling. Two of those explained that prioritisation comes naturally, as some things just need to be done in order to meet a deadline or to deliver a project. Finally, one described using strategy and gut-feeling as “we are very reactionary and very opportunistic, whatever comes along, we eat it” (Org. 8). One has not been asked this question due to time constraints.

*Strategic guideline #1: Use of Backcasting*

When asked how the organisations defined strategy, five out of twelve practitioners described a backcasting approach by stating that it is about defining a desired goal, outcome, vision or purpose, and making a plan for how to get there. On strategy, “I think [it’s] defining a vision, a goal, a purpose, and what ... you want to create, what change you have created when you have achieved that goal. Then [it’s] something in between: how to get there” (Org. 1). One of the practitioners who described a backcasting approach also stated later on that they did not have a strategy at the moment.

Five out of twelve interviewed practitioners answered that they did not have a definition of strategy. The remaining two interviewees took more of a forecasting approach. One of them also stated the organisation did not have a shared definition of strategy, but that for him it meant being as good as possible in what they are doing, and setting some goals and milestones along the way. According to the other who took a forecasting approach, “Our strategy ... is just basic plans ... Strategy is a lot about being good at ... your budget, being good at targeting, putting up targets for yourself. Being good at seeing where you should move your business and reading the market” (Org. 2).
Strategic guideline #2: Actions are prioritised using as a minimum the following prioritisation questions:

In the section below, the prioritisation questions they use or should be using according to the analytical framework are described together with data that indicate whether or not they are using them. The specific questions asked at the strategic level can be found in Appendix F.

Prioritisation question #1: Does the action move in the right direction when all parts of the vision are considered?

This section does not cover financial sustainability, as that is covered below in the question on return on investment. We therefore focus here on alignment with the societal mission and values.

Ten practitioners mentioned as some sort of a prioritisation question whether the product or service contributes to, or is in alignment with their purpose, values and mission. Some examples include: “Every service we offer has to align with our cause” (Org. 8), and, “is what we're doing helping us get where we are going?” (Org.7). Another one said, “it needs to have a social ... benefit for our stakeholders and it needs to be environmentally as friendly as possible” (Org. 4).

Similarly, ten practitioners referred to value/mission alignment when asked about how inputs to the company are selected, such as products, materials and suppliers. Environmentally friendly/organic (seven practitioners), local (two practitioners) and fair trade/socially sustainable production (five practitioners) was named as criteria for purchasing goods. Two of the practitioners who named environmental sustainability as a criterion actually stated that they had not as yet worked on any large projects, and that environmental sustainability would be a priority in that situation.

Four of the ten also mentioned that value alignment is a criterion for carefully selecting partners, suppliers and/or accepting sponsors. To quote two practitioners: “We have had people offering us very big business within one week where we said no because they did not buy into the social project.” (Org. 2) and: “We have difficulties working with companies that are having specific harmful sort of activities going on that would be
unethical … [and] organisations that are looking towards using us as a way to sort of greenwash themselves” (Org. 12).

Another mentioned that they use a code of conduct a lot and push their main sponsors in the sustainable direction. In contrast, one other practitioner said they were open to any supplier of funding.

**Prioritisation question #2: Does the action provide an adequate return on investment (financial or otherwise)?**

Five out of the twelve practitioners mentioned financial considerations when choosing actions to take, or products to purchase or offer. Two of those mentioned the budget as a criterion, with one explaining that they need to believe that the project could work, so they “don't just throw lots of money out in the sea” (Org. 10). Similarly, two other practitioners respectively mentioned as prioritisation questions: ‘What can we afford?’ and “What is the most sustainable and financial lucrative way for us to conduct business in the future?” (Org. 5). One described it, as “it needs to be financially sustainable, so it needs to bring in money” (Org. 4). In addition to these five, a sixth mentioned earlier having “a wise economic perspective” (Org. 3).

Seven practitioners mentioned price as an important criterion for selecting inputs such as materials and products. Four of them explicitly mentioned that due to their tight budgets, price is prioritised over environmental sustainability, one explained that they try to balance environment, price and aesthetics.

**Sub question: Is this action creating most impact? Where can we create the biggest change?**

This criterion can be seen as a non-financial return on investment and was mentioned by six practitioners. Two mentioned impact as a selection criterion: “Where is the greatest opportunity to create change? That's… why we want to work with big private companies. We can create a bit of change there, it scales up to a much larger extent than it does in a minor community project” (Org. 8).
Similarly, one of these practitioners, plus another one described societal relevance as a prioritisation criterion, which services or products offered had to address a need or an important problem within society. “You could say that a social innovation setup has to revolve around first of all a problem which is really, really important to society and to social and sustainability agendas. The stakeholders involved must have a genuine interest in this area and the topic we are working with, and supporting change in that area” (Org. 12).

Prioritisation question #3: Can the action be a platform for further development towards the vision?

This prioritisation question has not been explicitly mentioned, but two practitioners did refer to the flexibility of their product as a strategy: “The … kitchen is the product platform from the centre of our whole production. And also it's a strategic centre in the organisation, because we want to build onto that platform” (Org. 2). Another practitioner stated: “… finding the right partners and constantly having a flexible enough product to fit those partners in different specific situations … tweaking our stuff to make it meaningful in their context” (Org. 12).

Prioritisation question #4 (additional): Do we have the capacity for this?

Two practitioners also explicitly mentioned capacity as an important criterion. “Are we capable of doing it, or do we know someone we could hire to do it?” (Org. 8).

Strategic guideline #3: Networking and collaboration

Eight practitioners mentioned networking as important to their strategy. The points below show nuances of the response.

Six out of twelve practitioners mentioned building their network as a key component of their strategy to become more established and find new partners, providers and possibly collaborators that can lift them up. “We need a network of members that will support the organisation” (Org. 4). Also, one added, “an embedded part of our strategy is that collaboration beats competition” (Org. 6). Four of the organisations used partnerships as a delivery strategy, either because they were too small to have all necessary
competencies in house, or as a preferred way to organise, putting together a team from their network for each project:

We are organised in a very dynamic way, so we don't have any full time steady employees, and we don't want to have that, so we have … a lot of different experts and also small companies that we use all the time, that we take in, depending on what the assignment is. (Org 1)

Four of the above six mentioned that their strategy had been effective as they were “reaching out to more people” (Org. 7), and were getting important stakeholders in, which allowed them “to get the right meetings with the right people” (Org. 6). One mentioned an indicator of effectiveness in their networking strategy was that the interest and dedication from their network, and ties between stakeholders and the organisation have grown.

Two practitioners explicitly mentioned that through networking they worked on building their reputation and communication around the organisation, “putting our name out there … talking the thing up really” (Org. 8). Similarly, another practitioner mentioned branding, “we have a strategy of building a sort of a brand, a good product hooked up to a strong social story” (Org. 2). Using the social story as a selling point is also mentioned by another practitioner: “We do a lot of work to develop products … that sell it as part of a wider story, to get a better price for it” (Org. 4).

**Strategic guideline #4: Promoting transparency**

Five practitioners mentioned transparency as a strategic guideline. Four practitioners mentioned the importance of being transparent as organisations, with three referring to financial/accounting transparency. Three of the five expressed how they are demanding of their suppliers to be transparent regarding sourcing. One of them pointed out that it was very hard to get transparency from suppliers. Of these three, two expressed that transparency was an important requirement towards beneficiaries that receive the organisation’s financial contributions and services, in order to prevent corruption.
Strategic guideline #5: Being Innovative

Even though this strategic guideline was mentioned by four organisations when describing an ideal Fourth Sector organisation, this did not come up as a strategic guideline when discussing their own work.

Strategic guideline #6 (additional): Growth

Three practitioners mentioned growth as a strategy. For example, “our main strategy right now is growth, to reach a point where we are stable and [financially] sustainable” (Org. 4). An additional four practitioners referred to growth as an indication that their strategy had been effective. With regards to growth, one practitioner refers to the risk of mission creep for social enterprises when experiencing organisational growth, “their company was growing fast but they were leaving their mission behind in order to meet the demand for their product” (Org. 3).

Strategic guideline #7 (additional): Continually improve the quality of the product or service

Six mentioned ensuring and improving the quality of the products or service. Two of these practitioners linked this explicitly to gaining new knowledge, “… to increase our knowledge base and to use that to provide better products and services. That would be a strategy” (Org. 7).

3.2.4 Actions Level

We present the results for the action including some of the reasoning behind the action. This is a formatting choice because it helps give context around which actions are used.

Applying frameworks iteratively in order to ensure that vision and strategy are updated and actions are effective

As described at the strategic level, a majority of the organisations used strategy in a relatively implicit way, with only three practitioners describing how they chose their actions at strategy meetings. It was not clear from the interviews whether the practitioners used a framework, or whether they were applying it iteratively in order to reflect on and update their vision,
strategy and actions. This lack of clarity in the results may partially be due to the fact that we did not specifically inquire into this area.

*Does the organisation form collaborative partnerships within sector and/or with other sectors?*

Four of the practitioners stated that an important action was to find and engage with potential partners and collaborators. On this, one participant mentioned that “it’s around creating partnerships, and it's around strengthening our communication around what we do” (Org. 12). Another one mentioned their main actions were focused on where they had the most leverage, “where can we create the biggest change and who are the players we need to have involved” (Org. 1). The ideal outcomes of the collaborations mentioned were: funding, increased leverage and outreach to potential collaborators.

*Does the organisation assess progress towards mission and success?*

Seven out of the twelve participants stated that they measured progress towards success, and the rest did not. Four out of the five who did not measure stated that they felt that the organisations were still too young to measure success. Two organisations felt that not having clear ways to measure social impact was a big hindrance to their success.

From those seven who measured, one said a measure is that they exist from day to day, “Right now the tool that we use to measure our success is that we’re here tomorrow” (Org. 5). Another participant said measuring success was a matter of perception, “we don't measure and I’m sure there is something, there is a way. Right now our success is very much how we perceive things” (Org. 1).

When asked about how the organisations would know when they have succeeded, nine of the organisations set measurable numerical targets for their success goals. These were financial, social, environmental or organisational goals, though some combinations were found. Relating to combinations, one practitioner had social and financial targets, one had financial and organisational targets, and one had social and environmental targets. The rest did not specifically combine measurable success targets,
but may have also included non-numerical goals. Whether measurable or non-measurable, all practitioners had more than one indicator of success.

Non-measurable success included social benefits they contributed to (five practitioners), such as success of participants in training programs, creating awareness within participants about environmental issues and social responsibility, and one respondent said “the day that we can look at some of these projects with ... our definition of sustainability, or social innovation and say that they are doing it now, then definitely it will be success” (Org. 12). Another two organisations named personal well-being as important signs of their success, “it’s holistic, I can’t just look at the bottom line... and say that’s success, because there can also be a personal expense. It’s that extra model of personal wellbeing in sustainability. If it’s all running around, but I’m killing myself in the process, that’s not sustainable, and that’s not successful” (Org. 7).

For one practitioner success meant they were no longer needed as an organisation. Four made the point that determining success was not truly possible, though of these four all suggested there was some specific aspect, which might indicate at least a partial success.

*Does the organisation assess progress towards sustainability?*

No practitioners assessed their progress towards a complete definition of sustainability. Two organisations measured their impact on the environment and two measured their impact on a societal level.

**3.2.5 Tools Level**

We present the results for the tools level also including actions that are taken when the tools are used. This is a formatting choice because it helps give context around which tools are used.

*Do they use tools that make direct measurements in the system to monitor damage or improvement based on actions in society? What tools?*

We asked the practitioners if they measured their impact both on the society and the environment, and what tools they used.
Ten of the twelve practitioners did not measure their effects or impacts on society, and of these ten, four mentioned that they were now developing analytical tools and evaluations to measure social impact.

Two of the twelve mentioned time or resources were limiting to conduct these social measurements, “I'm sure there are ways, but I don't know these tools and I don't have the time to [do it]” (Org. 7). Two said they were not yet at a stage where they felt they could measure much at all, “we have discussed the impacts assessments but we are too early on” (Org. 5). Two of the twelve practitioners said they do measure their social impact, but also found it very difficult to measure it well. The tools mentioned for measuring social impact were pre- and post questionnaires, storytelling methods, and counting numbers of hours worked on social issues.

Ten out of the twelve practitioners did not measure their effects, or the impacts on the environment. Four practitioners argued that their impact was so small that is was not worth measuring right now, “It really doesn't make sense when you are three people working in a tiny office space riding your bike to work. I guess we would almost emit more carbon if we were sitting in our home watching television. So we don't do that for now” (Org. 8).

Four out of these ten practitioners mentioned that they would like to measure their impact. Two of them envisioned measuring impact in relation to upcoming projects. One practitioner noted that they weren’t sure how to measure, “in terms of what criteria you could actually measure in terms of positive environmental benefits? It’s a bit more difficult to do” (Org. 4). One practitioner said that they would like to measure impacts “because you can't measure human well being without measuring environmental impact” (Org. 5). Two others mentioned they did not have the resources to do it.

The two that did measure their impact on the environment and effects on the environment measured their carbon footprint. “I enter into the [carbon footprint] calculator anything that has to do with energy consumption” (Org. 7).
Do they use tools that help understand if/how the actions chosen to move towards sustainability fit with the strategic guidelines? What tools?

Nine practitioners named at least one tool when asked what tools and methods they used when building their strategy. Two of the nine practitioners explicitly named they were trained and experienced in applying strategic tools, a third mentioned that they used “a lot of different methods” (Org. 10). One practitioner named two tools, and said that they were “weak on methodologies” (Org. 8).

Despite knowledge of the different tools, these were not always applied. Two practitioners correlated the size of the organisation to the use of tools. One of these mentioned that since the organisation had become smaller they had used strategic tools less often, as the key issue for the organisation at the current time was to break even. The other practitioner explained the correlation as follows:

That is one of the dangers when you start a company, you sometimes don’t have the time to build a decent strategy … But if we get big enough, it changes. I [have] worked in companies where we really worked with the models, and it’s almost always in companies that have moved to the next level … here, I would love to do that, but we just don’t have the time, and it’s not important right now. (Org. 2)

Two practitioners stated that they have started using the tools they know more intuitively, as they have become embodied into their day-to-day practices.

One practitioner was involved in two organisations, and explained that with the organisation this person was speaking from, they are very much “starting in the moment” (Org. 1), “what is there now” (Org. 1), whereas the other organisation has three year plans. The practitioner explained the difference as that it takes time to know exactly what you want to do, about willingness to commit in the long term and getting to know each other as business partners.

Four practitioners mentioned using a **SWOT analysis**, and one other practitioner described using a similar approach: “Instead of saying we want to go that way because that would be fun, but trying to find your strengths
as an organisation” (Org. 11). Three practitioners named stakeholder (sequencing) mapping as an important tool.

Two practitioners mentioned budgeting as a tool. “I use budgeting in order to see where we are, where we need to be, where we want to be, and then set goals based on that … that also trickles into … what products do we buy now, what products do we buy later” (Org.7). Two practitioners mentioned determining **SMART-milestones**, or steppingstones.

Two also mentioned assessing future scenarios. “In the future we see this and this coming on, how do we handle that?” (Org.10). Two also described visioning exercises, such as writing future articles. Others mentioned the following tools: facilitation tools such as paintings; group talks and discussions; internet/search engines to know what’s on the market and investigate trends; online tools to help them work from different areas, and collaborate with people outside of the organisations; processes exploring values and principles.

*Do they use Tools that help people learn about sustainability, group learning, systems thinking and co-creation? What tools?*

Eleven practitioners out of twelve are actively working on creating knowledge and capacity within and around their organisation. One practitioner responded, “I think since we are sort of a service organisation providing a service that helps others to grow in knowledge, our job becomes very much around creating knowledge ourselves and sharing that knowledge with other parties” (Org. 12).

Five practitioners mentioned outreach and engagement, seeking collaborations and knowledge from experts. “We actively engage all the people we meet in projects that have expertise that we do not possess ourselves” (Org. 6). Six practitioners mentioned spreading knowledge to others in order to inspire and share: “Because we are based in and around these partnerships … we’re trying to inspire our partners to be more socially and environmentally sustainable” (Org. 4).

The tools mentioned were blogs and online collaboration platforms, learning journeys, internal learning processes or workshops, leadership training and coaching.
4 Discussion

In this chapter we will go through some prominent themes that emerged from our results. The chapter also includes a SWOT analysis constructed from the results and answers to our research question. We conclude with reflections on a practical application of this research.

4.1 Discussion of Results

4.1.1 Impact and Measurement

One of the themes that emerged throughout the interviews with the practitioners was their focus on positive and negative impacts of their organisations. As these organisations are driven by a passion to make a positive contribution to society, it makes sense that the impact of their work is important to them. The following section looks more closely at how impact emerged from our results.

As explained in the introduction, the FSSD works from the premise that social and environmental issues are deeply intertwined and therefore should be considered and addressed in conjunction with each other. At the systems level, our results suggest that the organisations had a relatively high awareness of the social and environmental issues facing our society. Half included both social and environmental issues in their vision or mission; the other half included social issues only. However, only a few included social and environmental goals that could be linked to their mission or vision in their definition of success. This indicates a discrepancy between vision and definition of success as in some cases the definition of success did not correspond to the breadth of the vision. However some of the organisations had definitions of success related to longer-term goals, meaning that the vision sometimes related to goals that did not have an exact completion point, for example to promote human rights.

Incorporating both environmental and social dimensions in their work was considered difficult for various reasons, as described in the results section. When presented with a definition of sustainable development and asked how it related to their work, the majority of the practitioners mentioned that
it was difficult to work on both social and environmental issues. The main reason given for this was a lack of organisational capacity to deal with the complexity and magnitude of the issues, and also the perception that collaborators and potential partners were not ready to include these issues.

When choosing actions, some of the practitioners inquired into the potential impact of the action, asking what action would have the largest impact or where they could make the biggest change. Such questions were used to prioritise which actions to take. This clearly shows the passion of this sector for making a positive and effective contribution to society. Therefore it seems paradoxical that few organisations actually measured their impact. Neither impacts related to the organisational mission, nor the side effects of their operations were measured.

The reasons they gave for not measuring side effects, such as environmental impact, included a lack of resources, lack of know-how or that the impacts were too insignificant to measure. This lack of measurement could be considered a missed opportunity; if their environmental impact is low, this is an additional positive aspect of the organisation, which could be communicated to stakeholders and potential clients. Measuring impacts would be a way to substantiate these positive aspects and provide transparency around their overall impacts. Creating an overview of the organisational impact and measuring it will also show where an organisation has most leverage.

Perhaps the greatest impact an organisation could have for sustainability would be in educating their employees and stakeholders on sustainability or in requiring that stakeholders are incorporating sustainability in their operations. A large majority of the interviewed organisations were quite aware of the need to build capacity within and around their organisations; many considered it an essential part of creating and maintaining relationships with stakeholders. They mentioned various tools that could be utilised for the purpose of helping the network, within and around the organisation, to learn about sustainability. The focus on co-creation and collaboration within the organisations sets them up in a unique way. The use of capacity building tools and methods allows them to incorporate learning about sustainability more easily into this work.
In addition to the positive effects on the mission, measuring impact is an important ingredient in the story that is communicated to stakeholders. Facts and figures on impact are often necessary when working with environmental issues, but this is much more difficult for social issues. As Willard explains:

…the social matrix is a black art as to how you measure, not as much your output, but your outcomes. And it’s extremely difficult to come up with crisp metrics with how you show that you’re having a positive impact and what that looks like. The number of bikes repaired, the number of people fed, but what’s the outcome? (Willard 2012)

The results also show that nine of twelve organisations had defined measurable goals when asked about reaching success, yet these were also output oriented, rather than outcome oriented. Ormiston and Seymour (2011) caution that it is important to start measuring impact, but first it is more important to be clear on social missions and objectives as well as on how to measure those, before actually starting to measure:

The data suggests that the social entrepreneurs [in their case studies] have formulated incomplete missions or objectives, as they did not specifically address how social value would be measured, or what would constitute success. … If the social mission remains abstract, the social entrepreneurs may continue to resort to evaluating their activities with the tangible, easily measurable, growth-based measures, therefore self-perpetuating the strategy itself. (Ormiston and Seymour 2011)

The impact created by these organisations is not always easily measured and the interviewees expressed concerns in terms of how to measure it. There may be value in using a varied approach to impact measuring, for instance first starting with some storytelling tools and taking the time to find the right impact points to measure. In terms of the intangible values created, where it is difficult to measure impact directly, proxies can be used, for instance by finding inspiring stories which can easily be communicated. Tim Nash explains that storytelling is important for impact investment in social projects as some investors value stories as a non-financial return on the investment: “…if you can show lots of social value and really communicate it, then you don’t need as much financial return” (Nash 2012).
4.1.2 Strategy and Gut-Feeling

The majority of the organisations explained that they chose their actions based on their gut-feeling or a mix of strategy and gut-feeling. Thomas Dietz-Godt explains that their opportunism:

…can make them very agile and dynamic. In order to grasp possibilities when the possibility shows itself, sometimes you have to move very fast to be a part of something … If it takes too long to think about how it is going to work out, make a strategy, develop a strategy, then it is too late and the possibility has gone away. It is very significant for the social entrepreneurs; they are very fast at grasping new opportunities. That also makes them pretty innovative. (Dietz Godt 2012)

A strategic approach to working towards the organisational vision requires considering which actions or projects are most effective in moving towards that vision. In practice, the organisations in this research already used prioritisation questions and therefore may already be more strategic than they and their stakeholders are aware of. Not writing down these guidelines misses the opportunity of demonstrating their strategic approach, as well as the possibility of greater transparency for stakeholders and potential clients. Such transparency should lead to increased trust and a stronger brand.

Writing down a basic decision-making framework does not necessarily require writing lengthy reports. Making the prioritisation questions and strategies explicit would however allow the practitioners to use them more consistently and to reflect and improve upon them. At the same time this still allows the practitioners to act on their gut-feelings and draw on their capacity for innovation. Combined with an explicit definition of success related to their overarching vision, an explicit strategy will strengthen the organisational story for communication with stakeholders.

4.1.3 Financial Sustainability

The SSD approach requires a clear and shared definition of success, which is linked to the organisational vision and defined within the constraints of the four sustainability principles. For the Fourth Sector it also requires inclusion of both social or ecological goals together with financial goals. On inquiring about which challenges the practitioners faced in relation to
success, a common theme was the challenge of reaching financial sustainability. The importance of a shared, coherent and communicated mission is strongly correlated with financial performance (Hambrick and Fredrickson 2001).

On the success level, we saw that most practitioners considered finance to be a key part of their success in addition to the social benefit at the core of the organisation. None of the organisations had included all three of the social, environmental and financial dimensions in their definition of success, nor had they included a complete definition of sustainability. This was reflected in how products and services were purchased, where awareness of both social and environmental impacts was demonstrated. However, they did not always take those impacts into account, especially regarding environmental impacts. Financial reasons were given for not taking such considerations into account.

4.1.4 The Opportunity of Sustainability

With regards to their social mission, not only did the organisations address a social issue, but also displayed characteristics typical for social sustainability, such as transparency, openness, inclusiveness, cooperation and involvement (Benaim, Collins and Raftis 2008). We believe that this provides an excellent platform for them to take their work on social issues further. These organisations have an opportunity to be powerful role models for sustainable organisations if they integrate the environmental aspects of sustainability while still maintaining their strong focus on social issues.

Incorporating both environmental and social dimensions into the organisation may also have benefits for both the mission and the business. By embracing sustainability, the brand can be built and new markets opened up as explained by Bob Willard:

People may want to use your services because you have a reputation, a brand for being the kind of [sustainable] company that you are trying to help them become. If they only focused on the social side, which may work for some clients and may help them get money and that may be a great magnet for all of the revenue streams they are trying to attract. What you want to do is not replace that, but build on that, so that they had a reputation not only for being a socially responsible organisation, but layer on top of that they
are concerned about their energy consumption or carbon footprint, their water use, the hot buttons for a lot of people, concerned about climate change, and trying to walk the talk on those things, that makes them a more attractive organisation for companies to use the services or products they have. (Willard 2012)

It is precisely this layering of sustainability on top of their social mission that would give these organisations a competitive edge. This allows them to maximise their positive impact and minimise their negative impact at the same time to build on the new strengths that sustainability offers.

4.2 SWOT Analysis

We constructed a SWOT analysis from the results, focusing on summarising the strengths, weaknesses, opportunities and threats for a Fourth Sector organisation in moving strategically towards sustainability.

The sections on strengths and weaknesses summarise where the organisations stand in relation to moving strategically towards sustainability (Table 4.1). The strengths column shows that the organisations use some elements of an SSD approach although not necessarily towards sustainability. The weakness section confirms this and also shows how the organisations could strengthen their core business by adopting an SSD approach.
Table 4.1 Strengths and Weaknesses

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>• Systems awareness relatively high.</td>
<td>• Definition of success not aligned with vision.</td>
</tr>
<tr>
<td>• Social and/or environmental benefit in vision.</td>
<td>• Output rather than outcome oriented goals.</td>
</tr>
<tr>
<td>• Concrete measurable definitions of success.</td>
<td>• Impact is not measured.</td>
</tr>
<tr>
<td>• Capacity building with stakeholders.</td>
<td>• Strategy not explicit, tools not utilised.</td>
</tr>
<tr>
<td>• Embody characteristic of social sustainability.</td>
<td>• Lack of financial sustainability.</td>
</tr>
<tr>
<td>• Prioritisation questions implicitly present.</td>
<td>• Sustainability is not integrated.</td>
</tr>
<tr>
<td>• Knowledge of strategy tools.</td>
<td></td>
</tr>
<tr>
<td>• Opportunistic, fast and dynamic</td>
<td></td>
</tr>
<tr>
<td>• Innovative.</td>
<td></td>
</tr>
</tbody>
</table>

The opportunities and threats shed light on where the organisation could utilise their potential and prepare for obstacles and risks (see Table 4.2).

Table 4.2 Opportunities and Threats

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Responding to increasing demand of sustainable products and services.</td>
<td>• Political/economic infrastructure not supportive of Fourth Sector.</td>
</tr>
<tr>
<td>• Being a front-runner.</td>
<td>• Reduced funding.</td>
</tr>
<tr>
<td>• Increasing market segment due to reduced funding of public services.</td>
<td>• Risk of damage to reputation if sustainability is not integrated.</td>
</tr>
<tr>
<td>• Better brand positioning in face of increased pressure on organisations to be responsible.</td>
<td>• Stakeholders not ready to work with sustainability issues.</td>
</tr>
<tr>
<td>• Responding to societal demands for more transparent business practices.</td>
<td>• Collaborators/stakeholders pull away support as a result of a lack of proven results.</td>
</tr>
<tr>
<td></td>
<td>• Competition from organisations that position themselves on price.</td>
</tr>
</tbody>
</table>
4.3 Research Questions

In this section we summarise our results in terms of the research questions, answering each research question in turn.

4.3.1 Research Question 1

To what extent are Danish Fourth Sector social enterprises and businesses using an SSD approach?

The organisations displayed some of the characteristics of an SSD approach but did not use those to work towards sustainability. We found that the interviewed organisations embodied a strong awareness of the socio-ecological system and that most of them had a concrete, measurable definition of success Regarding what they wanted to achieve. Most of the definitions of success were aimed towards social and financial sustainability and none combined both elements with ecological sustainability as well. Strategy was most often not formalised, with gut-feeling playing a larger role. However, the practitioners were also relatively clear on how they prioritised their actions and therefore may be more strategic than they, their stakeholders and potential clients are aware of. A majority of the organisations assessed their progress towards success. However, very few measured their effects or impacts on society. Most were familiar with strategy tools although they did not always use them in practice. Almost all practitioners worked actively on capacity building in some form and used suitable tools for that purpose.

4.3.2 Research Question 2

How can an SSD approach potentially strengthen organisations within the Danish Fourth Sector in their core business?

Incorporating a fuller understanding of sustainability into each organisation’s mission, strategy and activities is an opportunity for the Danish Fourth Sector. Strategic sustainable development is a possible method for Fourth Sector organisations to deal with some of the challenges they face, specifically related to finding mission success and remaining financially stable, at the same time as moving towards sustainability.
Aligning goals and objectives with the vision ensures that the organisation is kept on course. Making strategic guidelines explicit helps strengthen the link between daily operations and the vision, and increases transparency towards stakeholders.

4.4 Practical Application

We have seen that the organisations have strong potential when it comes to utilising an SSD approach, and adopting this approach would strengthen their core business. We would like to offer guidance on how to implement such an approach, as we believe this would be more a more effective process for these organisations.

We believe that making a tool or a list of recommendations is not an optimal approach, as the practitioners would probably not benefit from a generic tool. We saw that despite their competence in strategic tools, they were not always used in practice. Given their tendency to rely on gut-feeling and use tools and methods in an implicit manner, it is important that recommendations for improvement are in line with this behaviour. Equally, it is important to ensure that when the SSD approach is introduced, it is offered in such a way that ensures that greatest likelihood of anchoring the approach within the organisation.

It would be a useful activity to work in a process-based format to help them create their own unique synthesis with SSD. Due to their collaborative nature it might also benefit these organisations to see how their peers are working with sustainability.

Therefore we have developed a workshop concept to help them incorporate the SSD approach. The design of this workshop is based on the key points and recommendations from our research that we see as essential for the practitioners (Appendix G).

The workshop focuses on how sustainability can strengthen a social enterprise’s mission case, and serve to help move society towards sustainability in this way. Through this workshop, practitioners will explore how sustainability can support their business.
4.5 Expected Results and Limitations

4.5.1 Expected Results

With our early investigations leading us to believe that the Danish Fourth Sector is highly diversified, we were not surprised to find organisations working with very different goals around relatively specific and localised issues. Only a few organisations in our sample were more global in scope, but almost all could see broader socio-ecological issues. We thought there would be significant gaps in their understanding of the sustainability challenge, but this was not found to be the case. We expected that the organisations would not consider their primary focus as moving society towards sustainability, which proved to be the case. We also expected them to not have designed their operations in alignment with the goal of sustainability, and this was also a finding of our results. The organisations had a more strategic approach than we expected, mostly implicitly, although it was not towards sustainability. Finally, we expected to find variation regarding the degree of understanding, and appreciation of complexity involved in societal and environmental issues. Indeed, there were a variety of approaches used to work with the issues the organisations were working with, but addressing underlying systemic forces was not prominent.

4.5.2 Limitations

The major methodological limitation of this study is the small sample size in relation to the size of the Danish Fourth Sector. The study is further limited by the fact that most of the organisations in this study were relatively small and young in age, with a median age of four years and a median number of employees of six. The majority of the participating organisations were at the entrepreneurial stage of development and some of the results of this investigation may be associated with them being at this stage.

Limitations of time and resources also restricted the number of people who could be interviewed at each organisation, and the number of documents that could be gathered and analysed. This limited the methodological triangulation especially regarding self-reporting bias.
5 Conclusions and Recommendations

This research demonstrates that the Danish Fourth Sector organisations that participated displayed some of the characteristics of an SSD approach but did not use those to work towards sustainability. In order to contribute to moving society towards sustainability, choosing an SSD approach would allow the Danish Fourth Sector to minimise unsustainable impacts, and play a more active role as model organisations for society’s transition towards sustainability.

Applying an SSD approach could also help them strengthen the organisational story, provide more opportunities for transparency and become more effective in working with the issues they address. This could potentially support financial sustainability as well.

5.1 Recommendations

What we therefore recommend for these organisations, are the following:

1. Aligning the organisation’s definition of success with the vision, and within the constraints of the sustainability principles creates clarity around sustainability and ensures that the organisation keeps on track towards the vision in all its daily operations.

2. Finding an organisational narrative built around sustainability helps strengthen the value of the organisation for stakeholders, and it can inspire other organisations to take up the torch towards sustainability.

3. In order to support the sustainability narrative, it is necessary to measure impact. Developing an overview of all impacts will also help identify where positive impact can be maximised and negative impacts minimised.

4. Upstream thinking promotes more effective and sustainable solutions by addressing root causes. Finding ways to address the causes of societal and environmental issues can help promote more innovative solutions.
5. In order to be able to reflect, improve upon and communicate strategic thinking, we recommend writing down the basic principles used to guide the organisation. What is the vision? What is the organisational role to achieve that? What criteria are used to decide on which actions to take and what are the key questions for choosing between options?

6. The strength of Fourth Sector organisations in building stakeholder capacity could be used to build capacity for a holistic approach towards sustainability. This not only serves society, it also helps prepare stakeholders for integrating sustainability in their own contexts.

7. Some of the challenges facing the Fourth Sector are due to a lack of support in the landscape within which they operate. These issues can potentially be approached through collaboration between Fourth Sector organisations, promoting the sector and reducing the barriers that currently obstruct them. Such collaboration might involve forming a branch organisation or using other cooperative approaches aiming to give the sector a voice in the societal, political and economic spheres.

These recommendations would potentially strengthen the effectiveness of these organisations, while at the same time strengthening the transparency as well as the story of the organisation towards stakeholders and potential partners. In order to help Fourth Sector organisations implement our recommendations we have designed a workshop concept. This workshop design can be found in Appendix G and we offer facilitation of such a workshop to any Fourth Sector organisation interested in working towards sustainability.

5.2 Future Research

Future research should widen the scope of this research by including other parts of the Fourth Sector, other geographical regions, and larger and well-established organisation. Another valuable avenue of research could be on how to incorporate a strategic sustainable development approach from the very starting phases of an organisation because organisational culture is
affected by the first few years of organisational existence (Schein 2004). An additional link between the potential integration of the idea of strategy and working from the gut could be beneficial as well, specifically to help make strategy more accessible to starting up organisations with limited time and resources. The paradox of Fourth sector organisations seeking to make a positive impact but being reluctant, or unable to measure it is an interesting topic. There is already much research on how to measure impact. However, it is unclear to what extent these have been co-developed within the sector itself, for example by taking their constraints on time and resources into consideration.
References


References - Interviews

Expert Panel for Exploratory Phase


Kampmann, Ulrik. 2012. Skype interview by the authors. Copenhagen, Denmark. 16th March.

Krull, Per. Interview by the authors. Copenhagen, Denmark. March 12th 2012.

Expert Panel for Concluding Phase

Hickish, Dermot. 2012. Skype interview by the authors. Sweden/USA. April 22nd 2012


Practitioner Interviews

Organisation 1. Interview by the authors. Copenhagen, Denmark. March 15th 2012.
Organisation 2. Interview by the authors. Copenhagen, Denmark. March 15th 2012.

Organisation 3. Interview by the authors. Copenhagen, Denmark. March 13th 2012.

Organisation 4. Interview by the authors. Copenhagen, Denmark. March 13th 2012.

Organisation 5. Interview by the authors. Copenhagen, Denmark. March 16th 2012.

Organisation 6. Interview by the authors. Copenhagen, Denmark. March 6th 2012.

Organisation 8. Interview by the authors. Copenhagen, Denmark. March 6th 2012.

Organisation 7. Interview by the authors. Copenhagen, Denmark. March 15th 2012.


Organisation 10. Interview by the authors. Copenhagen, Denmark March 16th 2012.


Organisation 12. Interview by the authors. Copenhagen, Denmark. March 9th 2012.
# Appendix A: The Organisations

<table>
<thead>
<tr>
<th>Classification</th>
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</table>

Average: 6 10

Median: 4 6
Appendix B: EMES criteria

The EMES criteria (Defourny 2004).

Financial & entrepreneurial

a) A continuous activity producing goods and/or selling services.
b) A high degree of autonomy.
c) A significant level of economic risk.
d) A minimum amount of paid work.

Social dimensions

e) An explicit aim to benefit the community.
f) An initiative launched by a group of citizens.
g) A decision-making power not based on capital ownership.
h) A participatory nature, which involves the various parties affected by the activity.
i) A limited profit distribution.
### Appendix C: The Organisations According to EMES

<table>
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<th>a</th>
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<th>c</th>
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## Appendix D: Experts Contacted in Exploratory Phase

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Area of Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sara Gregersen</td>
<td>Process and innovation consultant for Change Design.</td>
<td>CSR, ethical conduct and greater transparency in business.</td>
</tr>
<tr>
<td>Thomas Bisaballe</td>
<td>Advisor to Social Enterprises-København commune</td>
<td>Business counselling to Fourth Sector organisations.</td>
</tr>
<tr>
<td>Per Krull</td>
<td>PhD Social Entrepreneurship, University of Aarhus, Department of Business Administration.</td>
<td>Research expertise in CSR, social innovation and social entrepreneurship.</td>
</tr>
<tr>
<td>Ulrik Kampmann</td>
<td>Board member Den Sociale Kapitalfond, Denmark’s First Social Venture fund.</td>
<td>Helps promising social entrepreneurs through investment of capital and competency to scale impact and economic performance.</td>
</tr>
<tr>
<td>Thomas Dietz Godt</td>
<td>Senior consultant, Center for Socialøkonomi.</td>
<td>Policy level, with special focus on creating frameworks for business support or innovation.</td>
</tr>
</tbody>
</table>
## Appendix E: Experts Contacted in Concluding Phase

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Area of Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dermot Hickish</td>
<td>Director of Business and Community Development, B-Lab, USA</td>
<td>For-benefit corporations.</td>
</tr>
<tr>
<td>Bob Willard</td>
<td>Director, The Sustainability Advantage; Board Member, The Natural Step Canada; Author.</td>
<td>The business case for sustainability, providing tools and expertise on making sustainability financially attractive.</td>
</tr>
<tr>
<td>Tim Nash</td>
<td>President, Strategic Sustainable Developments, Canada.</td>
<td>Impact investing and strategic business development.</td>
</tr>
<tr>
<td>Spud Marshall</td>
<td>Executive Director, New Leaf Initiative, USA.</td>
<td>FSSD (former participant in MSLS program), sustainability consultant.</td>
</tr>
</tbody>
</table>
Appendix F: Interview Guide for Practitioners

General Questions

Background of the organisation: responding to social need, or responding to trend.

- What is your role in the organisation?
- Could you briefly describe the organisation and what it does?
- How many people work and/or volunteer for your organisation?
- What was the motivation for the creation of your organisation? Has this shifted since?

The System

- What is their understanding of the system in which they operate
- What is the need within society that your organisation is trying to address?
- What do you see as your role in addressing ... (insert mentioned need)?
- What do you see as the causes and consequences of the... (insert mentioned need)?
- Who else is working with this need and how do you see them, (as competitors and/or collaborators)?
- Can you briefly describe the context/ landscape your organisation is operating in?
- Who do you see as your organisation's stakeholders? What kind of contact does your organisation have with them?
Can you give us examples of collaborations and working relationship with stakeholders which are related to (insert mentioned need)?

**Sustainability**

- Has your organisation explicitly defined sustainability internally and/or externally?

- How does your organisation define and understand sustainability?

- We are working from the definition of a sustainable development as defined in the Gro Harlem Brundtland report from 1987. It defines sustainable development as:

  - "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs"; this includes economic growth, environmental protection, and social equity.

- To what extent do you see your organisations’ work relate to this definition of sustainability?

- To what extent do you see sustainability issues as just defined, impact your work on a daily basis?

**Success Level**

- How does your organisation define success for your organisation?

- How will you know when you have succeeded?

- Is there any way that you measure or could measure progress towards success?
  - If any, which tools or methods do you use for that?

- Where is your organisation now in relation to that success? What do you see as your main challenges to reach it?
Strategic level

- What is your organisation's definition of strategy?
- What do you see as your main strategy and how does your organisation work with implementing that strategy on a day-to-day basis?
- How effective has your strategy been?
- To what extent do you use any tools or methods when building your strategy? If any, which ones?
- To what extent do you apply selection criteria to choose your suppliers and materials, essentially all goods/services you require? And if you do, which ones?
- When your organisation is making decisions on which products or services to offer, are there any selection criteria you use to prioritise them?
  - If so, which ones?
  - If not, which do you think you would use?

Actions and Measurements

- In practice what actions do you take to reach your goals (day to day basis)?
- How are these actions chosen?
- Do you, and if so how, measure your (side effects) or impact on society? (Positive social change? Negative impacts?)
- Do you, and if so how, measure your impact on the environment?
Tools level

- To what extent do you actively work on creating knowledge and capacity within and around your organisation? What kind of tools or methods do you use for this purpose?

Dream Scenario/Analytical Framework

- Now we want to step out of your organisation and turn towards the sector in general, when you think about an ideal 4th sector organisation, how would you describe that?
- How would that organisation define success?
- How would that organisation use strategy and tools?
- What would an organisation operating now need in order to move towards this ideal?
Strategy from the Gut
- Strengthening the Core Business through Sustainability

This workshop is a prototype bone-structure in ten stages. It provides information about each stage, with advice about main themes to explore, as well as example tools to do so. It is our advice that the workshop is modified and adjusted to the specific needs of the organization each time. This will help to create the most optimal frames for moving in the right direction. Some suggestions of tools that help can be found at each stage, but the list is not exhaustive. As the workshop facilitator, there may be other specific techniques to employ to guide the organization through the overall process—be creative!

The theories suggested to guide the application of this model are Appreciative Inquiry, the Fifth Discipline, and the FSSD framework, specifically the ABCD process. These theories offer a foundation of specific principles and practices that help orient the organizations towards their passion within the boundaries of sustainability. We suggest that the workshop takes place over two days as a minimum. The facilitator should be aware to plan reiterations or follow-up processes to ensure anchoring.
WORKSHOP PHASES

DAY 1
1) Identity
   Unearthing the current vision, purpose and organisational identity

2) Discovering Sustainability
   Introduction to the sustainability challenge and systems thinking.

3) Going Upstream
   Seeing ourselves within the larger system. Place the organisation within the patterns of the larger system.

4) The Road to Abundance
   Building vision and refining core ideology.

5) Bridges and Gaps
   Current reality assessment. Use sustainability principle analysis to look at the current reality.

DAY 2
6) Creative Sessions
   Innovating towards sustainability. Brainstorm actions to bridge the gap and reinforce bridges to be stronger.

7) Prioritise
   Determine prioritisation criteria to analyse and prioritise possible actions and form a strategic action plan.

8) Drawing out the Manifesto
   Capture the organisational story emerging from the entire process.

9) Measuring what Matters
   Clarify where evaluations and indicators are placed.

10) Decide and Divide
    Decide on who has responsibility for actions. Divide tasks, set goals, plan future iterations.
Day 1

Our Organisation

Description: Unearthing current vision, purpose and organisational identity to create the strongest platform for the possibility of change.

Theme Questions and Discussions:
- Who are we now?
- What is our purpose?
- What is the need we address?
- What are our values?
- What are our strengths and weaknesses?

Example tools:
- Appreciate Inquiry
- Making a fingerprint blueprint of 'who we are'
- Organizational storytelling, i.e. Road Map

Discovering Sustainability

Description: Introduction to the sustainability challenge and systems thinking. The organisation understands their own dependence on, and their interconnectedness with, the biosphere.

Theme Questions and Discussions:
- Stocks, flows, and complex systems
- Human needs and social sustainability
- Funnel metaphor introduction
- What are the sustainability principles?

Example tools:
- Lectures
- Lecture based exercises
- Max-Neef’s need finding

Going Upstream: Ourselves within the Larger System

Description: Placing the organisation within the patterns of the larger system to aid understanding of its effects on its context.

Theme Questions and Discussions:
- Where are we in relation to the larger system?
- What are the underlying causes of the issues we feel passionate about?
- Where can we have the most influence?

Example tools:
- Metaphase
- Systems mapping
- Causal diagrams

Discovering the Road to Abundance (Modified A-step)

Description: Building vision and refining core ideology in relation to sustainability.

Theme Questions and Discussions:
- What is our vision of success within the bounds of the Sustainability Principles?
- What are our core values?
- What is our unique contribution towards sustainability?

Example tools:
- Business Model Canvas
- Hedgehog Concept
- Five Capitals

Bridges and Gaps: Current Reality Assessment (Modified B-Step)

Description: Using Sustainability Principle analysis to look at the current reality. Finding out what is implicitly and explicitly known about the organisation’s impact towards sustainability.

Theme Questions and Discussions:
- Identify sustainability successes and gaps.
- What do we deliver?
- What do we depend on?
- What are our impacts and wastes?

Example Tools:
- Impact Mapping
- SWOT Analysis
- PESTLE
Day 2

**Creative Sessions: Innovating towards Sustainability (Modified C-Step)**

**Description:** Brainstorming actions to bridge the gaps and reinforcing successes to unearth the new possibilities.

**Theme Questions and Discussion:**
- How do we innovate towards an abundant and sustainable future?
- What are the paths we could take?

**Examples Tools:**
- SCAMPER
- Brainstorm from positive future scenarios
- Storytelling

**Prioritise for Strategic Sustainability**

**Description:** Determine prioritisation criteria to analyse and prioritise possible actions and form a strategic action plan.

**Theme Questions and Discussions:**
- What key focus areas are important to our organisation?
- What is our prioritisation process?
- Where can we have the greatest impact?

**Example Tools:**
- Prioritization Questions
- Timeline Making
- Sequence Mapping

**Drawing out the Manifesto**

**Description:** Capture the organisational story emerging from the entire process. Draw out the main themes that will comprise the manifesto that will guide the day-to-day activity.

**Theme Questions and Discussions:**
- What is our organisational compass?
- What will we never do?
- What are our non-negotiables?

**Examples Tools:**
- Facilitation and prioritisation tools
- Pattern scanning
- Pattern recognition

**Measuring what Matters**

**Description:** Clarifying where evaluations and indicators are placed with clear links to the vision, mission, objectives, and current reality.

**Theme Questions and Discussions:**
- How are we going to measure impact, output and outcome?
- How will we measure intangible values?
- How will we know when we have reached success?

**Examples Tools:**
- Indicator tools
- Five Capitals
- Dialogue-based tools

**Decide and Divide**

**Description:** Decide on who has responsibility for actions. Divide tasks, set goals, plan future iterations, and tell everyone who needs to know about what has happened.

**Theme Question and Discussion:**
- Who is best suited to carry this forward?
- If not you, then who?
- How do we communicate this to our stakeholders?

**Examples tools:**
- Project management tools (specific to organisation, if any or not)