

6 Conclusion

Our study on the socially innovative business strategy shared value in the German apparel sector offered ample insights into how it should be configured in order to lead to business success. Shared value expands the total pool of value that is created by the business activities for the societal and environmental dimensions. Hence, it serves business and societal needs better than conventional strategies do. We argue that it does not only lead to business success by offering a new concept to face the current business environmental dynamics but it also responds to macro-economic and social development.

The present study adds value to current management research by being the first that explores shared value in practice. Thus, it provides insights that might promote the establishment of this value creation strategy by practitioners. Our findings show that shared value as a differentiation strategy offers valuable business opportunities especially for small and medium sized enterprises. In order to lead to business success, shared value should be implemented as a holistic concept, dominating all strategic decisions. Having strong, trust oriented relationships to partners inside and outside the value chain helps spur productivity and innovation as well as influence market rivalry. Furthermore, companies should try to constantly improve the ecological and social footprint of their products, applying a life cycle perspective. To ensure market success, enterprises should communicate their shared value approach to value creation in a transparent way in order to gain a high level of credibility.

We propose values as an explanation for the foundations and drivers of a shared value strategy. Our study introduced the value creation tree. This model facilitates the understanding of a successful configuration of shared value. This new management thinking can lead to economic success mediated by productivity gains, innovation and the absorptive capacity of positive external effects.

Furthermore, this thesis contributes to social innovation research by proposing strategic niche management as a more profound model for understanding the diffusion and institutionalization of social innovation. The niche internal processes that were identified in the German fair and organic fashion market, including the role model activities

of the sample companies, can be interpreted as first, frail attempts to build-up momentum for the diffusion of the socially innovative management paradigm shared value. To support this, stronger niche regime linkages are needed. Governments should assess the contribution of companies that create shared value to societal progress and back corporate ambitions in this regard. This could be efficiently done by entering into public-private partnerships. These are helpful for both, support and diffuse this social management invention as well as enhance the productivity of a company's shared value creating activities. Apart from that, our study provides an amplification of existing research on sustainability innovation, since it explored the so far neglected social dimension of the concept.

Due to the novelty of the shared value concept our study was designed with an explorative purpose. Hence, one limitation of our study is its low level of aggregation. Besides this, our research sample was limited to small German enterprises. Thus, the findings can only be cautiously transferred to big companies. Follow-up studies have to focus on big companies and other industry sectors in order to gain additional insights into the shared value concept. Moreover, an exploration of the single strategic elements of shared value that is more strongly based on existing research on these dimensions appears valuable. Especially the exploration of the role of governments in cluster development seems to provide additional insights. Furthermore, studies that explore the role of social innovation to business success are still under represented in innovation research.

Summing up, this study showed that a shared value approach towards value creation can lead to economic success and is mediated by productivity gains, innovation, and the absorptive capacity of positive external effects. Shared value is a radical social invention that faces a strong lock-in situation with regard to the prevailing business practices today. The most important implication for management is hence, to not refrain from creating shared value as it entails the restructuring of business processes. The creation of more value than mere profits offers huge economic potentials and presents a new challenge to corporate optimization endeavours.

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Annex

Annex 1: Interview Guideline



**Friedrich-Alexander-Universität
Erlangen-Nürnberg**



Interview guideline

**In context of the Master's thesis by Julia Schmitt
Master of International Business Studies (M.Sc.)
at Friedrich-Alexander-Universität Erlangen-Nürnberg**

Friedrich-Alexander-Universität Erlangen-Nürnberg
Economic Faculty
Chair for Value Creation and Innovation
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General questions:

When did you found your company?

What was your motivation for founding the company?

How big is your company? (Employees, profits, earnings)?

How did sales figures develop over the last years?

How would you judge the demand for fair trade and organic fashion currently and in future? Why do you think so?

Specific questions:

What is the competitive advantage of your company?

What are the main reasons for your company's success?

A low cost structure is often regarded central to sustainable business success. What is your position in this issue?

What makes your company a fair company?

Which value do you create with your company?
What does society and its need mean for you and your company?
In your opinion, what is important when one wants to also create value for society with ones enterprise?
Which entrepreneurial problems a company needs to consider when it wants to create value for society?
How do you produce and why exactly in this way?
How do you distribute your products and why exactly in this way?
How do you ensure the social standards in your value chain?
Could you please describe your product with regards to its innovativeness?
Do you collaborate with partners (e.g. competitors, non-governmental-organizations, institutions)? If you collaborate, in which ways?
Is it important for you to network? If yes, why and how do you do that?
How do you realize that the living standards and the income of the people that work

for you have improved?

Do you expect fair treatment of employees and the environment will established itself as a business model worldwide? Why?

Do you know any government programs that you could benefit from either in Germany or in the country you produce in?

Do you consider the fair trade and organic fashion market as a niche market? If so, why and what does this mean for you?

What is your strategy for the future?

Do you want to influence the fashion market with your label? If so, how?

Do you think that a change in customer's attitudes is needed so that those think more about living and production conditions of apparel?

Do you think that fair trade and organic fashion then would be more strongly appreciated and demanded for?

How important is marketing for you and which marketing activities do you pursue?

Who are your customers? Do they buy again your products?

What do you understand under the term social innovation?
Does your company find better ways to solve social problems compared to existing practices?
Which social innovations do you have at your company?
Can social innovativeness be a competitive success factor?
Who are your direct competitors in Germany?
What do you consider important that was not already mentioned?

Thank you a lot for answering these questions!

Annex 2: Table of Codes for Qualitative Analysis

Codes	1271
Idealism / Werte basiertes Wirtschaften	29
Current economic paradigm	11
Act as role model	13
BLAU	10
Small and Medium Enterprises / Firm size	18
GRÜN	2
Business model	4
Transparency	13
Offer of fair fahsion	7
Credibility	15
Business philosophy	26
Company size	13
Competitive advantage	3
Differentiation advantage / v.a. Qualität	34
Cost advantage	2
Competitive rivalry	30
Direct competitors	11
Corporate vision	4
Customers	19
Demand for Fair Fashion	17
Development of fair fashion market	14
Key actor	1
Motivation for Business Modell	4
Motivation for founding	20
Niche market	17
Obstacles	47
Sucess factors	39
Sufficiency	0
Time of founding	11
time orientation	2
Value proposition	1
Shared Value	5
Attitude towards environment	21
Attitude towards partner	53
Attitude towards profit	35
Fairness	7
Attitude towards emplyees	7
Attitudes towards society	37
Effectiveness	1
Legitimacy	1

Outcomes	2
Product with added value	8
Economic value	37
Environmental value	10
Innovation	0
Societal value	37
Rethinking processes	9
Rethinking products	7
Alternative materials	17
Environmental sustainability	7
Innovativeness	12
Social sustainability	2
Value for customers	21
Supply chain	0
Attitude towards partners	0
Collaboration with partners	52
Control of standards in value chain	13
Distribution	42
Ecological standards	2
Efficiency of logistics	0
Employee productivity	3
Labour standards	16
Location	16
Procurement	4
Use of resources	1
Zertification	43
Supportive industry clusters	0
Availability of partners	2
Geographic concentration	7
Governmental support	15
Infrastructure	0
Institutional support	11
Networking	22
NGO support	17
Use of resources	2
Value created	0

Social Innovation	1
Definition	13
Diffusion of social innovation	0
Change in attitudes	50
Strategies to achieve change in attit	25
Growing out of niche	3
Institutionalisation of social innovation	11
Role of marketing and Marketing measures	45
Press relations	10
Social Media	10
Word of mouth	4
Strategy for future	18
Intentionality of social innovativeness	12
New configuration of social practices	10
Social innovation as competitive success factor	9
Types of social innovation	9
