



The business of business is the common good

– not-for-profit business and the transition to a sustainable society

The business of business is the common good – icke-vinstutdelande företag och omställningen till ett hållbart samhälle

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Abstract

New economic theories that seek compatibility with human needs and our planet's finite resources are emerging within different academic disciplines. For one, there is a growing body of literature considering alternatives to economic growth as potential solutions to the ongoing sustainability crises. Furthermore, a highly relevant question is what the role of businesses, as key economic institutions, is in the transition to a sustainable society. One possible answer to that question is that business in a post-growth future is not-for-profit.

The aim of this study is to examine the conditions for not-for-profit businesses in Sweden today, both in terms of their day-to-day operations and their work with sustainability. Three research questions are investigated: one considering the financial, legal and social structures surrounding not-for-profit business, one connecting the absence of a profit distribution motive and sustainability, and lastly, one gazing forward at what structural changes are perceived as important for facilitating a relative increase of not-for-profit business in Sweden.

Taking a theoretical stance in structuration theory, institutional economics, theories of sustainable business, and the Not-for-profit framework, the research questions were answered by conducting six semi-structured interviews with representatives from not-for-profit businesses in Sweden. Additionally, a pre-study containing document analysis was conducted.

The study concludes that there are constraining financial, legal, and social structures surrounding not-for-profit businesses consisting of for instance the exclusion from investment-willing private capital following the nondistribution constraint, public procurement being perceived as more adapted for the for-profit logic, and a skepticism towards not-for-profit business from banks and for-profit actors in some markets. On the other hand, there are simultaneously enabling structures exemplified by feasible alternative forms of funding, well-adapted association forms, and a positive attitude towards not-for-profit businesses from the public sector, politicians on all sides of the political spectrum as well as the general public. Furthermore, the study concludes that the absence of a profit distribution motive does not automatically entail that not-for-profit businesses are sustainable, but the results indicate that not-for-profit businesses have superior prerequisites to prioritize sustainability compared to for-profit forms of business. Finally, the study concludes that structural changes that are perceived as important for facilitating a relative increase of not-for-profit businesses includes adapting the rules surrounding public procurement, more actors such as unions getting involved, and a value shift away from prioritizing individual gain towards prioritizing gains for the common good.

Keywords: Not-for-profit business, Post-growth economy, Sustainable business, Sustainability, Social enterprises

Sammanfattning

Nya ekonomiska teorier som söker kompatibilitet med mänskliga behov och vår planets ändliga resurser växer fram inom olika akademiska discipliner. Exempelvis finns en tilltagande mängd litteratur som undersöker alternativ till ekonomisk tillväxt som potentiella lösningar på de pågående hållbarhetskriserna. Vidare är en högst relevant fråga vad företag – som ekonomiska nyckelaktörer – har för roll i omställningen till ett hållbart samhälle. Ett möjligt svar på den frågan är att företag i framtidens post-tillväxtsamhälle är icke-vinstutdelande.

Studien ämnar undersöka förhållandena för icke-vinstutdelande företag i Sverige idag, både i termer av deras dagliga verksamhet och deras hållbarhetsarbete. Tre forskningsfrågor undersöks: en med fokus på de finansiella, legala och sociala strukturer som omger icke-vinstutdelande företag, en som undersöker kopplingen mellan frånvaron av ett vinstutdelningskrav och hållbarhet, och slutligen en framåtblickande fråga som undersöker vilka strukturella förändringar som upplevs som viktiga för att öka den relativa förekomsten av icke-vinstutdelande företag i Sverige.

Med en teoretisk utgångspunkt i struktureringsteori, institutionell ekonomi, teorier om hållbart företagande och Not-for-profit-ramverket besvarades forskningsfrågorna med hjälp av sex semi-strukturerade intervjuer med representanter från icke-vinstutdelande företag i Sverige. Härtill genomfördes en förstudie innehållande dokumentanalys.

Studien drar slutsatsen att det finns begränsande finansiella, legala och sociala strukturer som omger icke-vinstutdelande företag bestående av exempelvis begränsade möjligheter att ta del av investeringsvilligt privat kapital, att offentlig upphandling anses vara mer anpassad efter en for-profit-logik och att det finns en skepticism gentemot icke-vinstutdelande företag från banker och vinstutdelande företag på vissa marknader. Å andra sidan finns samtidigt möjliggörande strukturer som exempelvis framkomliga alternativa finansieringsvägar, välanpassade associationsformer samt en positiv attityd gentemot icke-vinstutdelande företag från offentlig sektor, politiker på hela det politiska spektrumet och allmänheten. Vidare drar studien slutsatsen att frånvaron av ett vinstutdelningskrav inte automatiskt medför att icke-vinstutdelande företag är mer hållbara, men resultaten indikerar att de kan ha bättre förutsättningar att jobba med hållbarhet än vinstutdelande företag. Slutligen konkluderar studien att strukturella förändringar som ses som viktiga för att öka andelen icke-vinstutdelande företag inkluderar att anpassa reglerna kring offentlig upphandling, att fler aktörer såsom till exempel facken blir involverade samt ett värderingsskifte från att prioritera individuell nytta, till att prioritera samhällsnytta.

Nyckelord: Icke-vinstdrivande företag, Ekonomi bortom BNP-tillväxt, Hållbart företagande, Hållbarhet, Sociala företag

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Abbreviations

FP	For-profit
IOP	Values-based Public Partnership (Idéburet offentligt partnerskap)
LOU	The Public Procurement Act (Lagen om offentlig upphandling)
LOV	The Act on Systems of Choice (Lagen om valfrihet)
NFP	Not-for-profit
RQ	Research question

1. Introduction

This chapter gives a backdrop to not-for-profit (NFP) business, outlines the empirical and theoretical problems, and explains the thesis' purpose. Three research questions are presented at the end of the chapter.

1.1. Background

The background of this thesis is the climate and environmental crises that create new challenges for all of society, including businesses (IPCC, 2018). A growing number of reports show that we are far from reaching our environmental goals, not to mention the sustainability problem of mounting inequality within and between countries (Hinton, 2020; IPCC, 2018; UNEP, 2021). Our current economic system with GDP as a core measurement and economic growth as a goal is being increasingly questioned in the literature on both social and environmental grounds (Hickel, 2019; Hinton, 2020; Malmaeus, 2016; Raworth, 2018; Parrique, 2019). A common response to the critique of infinite economic growth on a finite planet focuses on green growth and circular economy (Khmara and Kronenberg, 2018). Green growth relies on absolute decoupling between GDP-growth and all critical environmental pressures (Parrique et. al., 2019). However, there is no empirical evidence that such decoupling is currently happening, and it is debated if it can be done at a rate rapid enough to meet the goals in the Paris Agreement (Parrique et. al., 2019; Hickel and Kallis, 2020; Wiedmann et. al., 2020). While some argue that shrinking the economy is necessary (e.g., Hickel and Kallis, 2019; Jackson, 2017) others state that we should simply shift our focus from GDP to social and environmental goals and let whatever happens to growth happen: in other words, be growth agnostic (Raworth, 2018).

New economic theories and pathways that seek compatibility with our planet's finite resources and human needs are emerging within different academic disciplines (Hinton & Maclurcan, 2017; Svenfelt et.al. 2019). For one, there is a growing body of literature on alternatives to economic growth (Hinton, 2020; O'Neill et. al. 2018; Spangenberg, 2014; Spash, 2017). Scientists have combined ecological constraints and human needs and based on this, suggested alternative

economic models such as collaborative economy, local self-sufficiency and automation for quality of life (Svenfelt et. al., 2019). Another suggested alternative for a post-growth compatible future is the NFP economy (Hinton, 2021a; Hinton and Maclurcan, 2017) which is the foundation for this thesis.

If planetary stability requires humanity to move away from the growth paradigm to something else, whether it be degrowth or growth agnosticism, a highly relevant question is what the role of businesses, as key economic institutions, is in this transition (Hinton, 2021; Nesterova, 2020). Today's damage to ecosystems is largely a result of production processes of firms and the consumption of their goods and services by customers (Earl, 2017). Furthermore, the current sustainability discourse has proven to be insufficient since ecological pressure continues to rise (Bonnedahl and Heikkurinen, 2019). The NFP-theory examines what system implications for-profit (FP) versus NFP business has, suggesting that the transition to post-growth societies requires a transition in the relationship-to-profit (organizational form) of business: namely from FP to NFP (Hinton, 2020). A central distinction here is whether profit is seen as a means to reach certain social and ecological goals, or as an end in and of itself (Hinton, 2021a). Unlike FP businesses, NFP businesses have a legal mandate to see profit only as a means and not an end in and of itself – a difference that Hinton (2020) argues has system implications fundamental for sustainability.

1.2. Problems

This section outlines the empirical and theoretical problems, forming the basis for the thesis' purpose and research questions.

1.2.1. Empirical problems

Nesterova (2020) points out that the urgency of the climate and environmental crises makes it increasingly important to not only theorize on post-growth and businesses but to translate it from an academic vision to reality. Although NFP businesses are gaining recognition as legitimate alternatives to more traditional forms of business (Maier, Meyer and Steinbereithner, 2016; Suykens, De Rynck and Verschuere, 2017), they do not operate in a vacuum but are influenced by other social agents and structures (Nesterova, 2020). Being NFP in a FP dominated market and operating on principles different from the mainstream pose challenges (Johanisova and Fraňková, 2017). For one, NFP forms of businesses do not allow for equity-based investment like FP businesses do, but only allow for debt- and donation-based investment (Hinton, 2021a). This constraint may pose a challenge

to NFP-business since the funds available from the allowed sources may not match the needs of the organization (Hansmann, 1980; Reiser and Dean, 2017).

1.2.2. Theoretical problems

The literature on NFP businesses in the context of sustainability and post-growth is limited (Hinton, 2021a). Much focus has been directed towards post-growth on a macroeconomic level while little attention has been given to the microeconomic level of business models in relation to post-growth and sustainability (Nesterova, 2020). Hinton and Maclurcan (2017) only recently connected the NFP business and post-growth transformation scholarship. Hinton's (2021a) theory is new, and empirical studies of NFP business are needed to reach further understanding of how structuration (Giddens, 1984) is enacted in this context, i.e., what and how structures enable and constrain NFP businesses' work and their possibilities to work towards sustainability (Hinton, 2021; Johannisova and Fraňková, 2017; Nesterova, 2020).

1.3. Research purpose and questions

The aim of this study is to examine the conditions for not-for-profit businesses in Sweden today, both in terms of their day-to-day operations and their work with sustainability. The following research questions are explored:

- What financial, legal and/or social structures may be enabling versus constraining for starting and running a not-for-profit business?
- How does the absence of a profit distribution motive influence not-for-profit businesses' work towards sustainability?
- What structural changes are perceived as important for facilitating a relative increase of not-for-profit business in Sweden?

2. Theories

This chapter delivers a literature review of the employed theories. The theoretical framework of this thesis has been inspired by works on NFP, sustainable business, structuration theory and institutional economic theory.

2.1. Sustainable business

Theories of sustainable business are expanding in number as sustainability issues are becoming more and more pressing (e.g., Bapuji et. al., 2018; Dyllick and Muff, 2016; Hopwood, Mellor and O'Brien, 2005; Shaefer, Doyle Corner and Kearins, 2015). In neoclassical economic theory, firms are assumed to produce goods and services for utility maximizing consumers, to be guided by self-interest and the measure of a firm's success is in the scale of profit to owners (Johanisova and Fraňková, 2017). Closely connected to this is the neoclassical economic assumptions about Homo Economicus – the view of humans as utility maximizing, selfish and rational beings, which is being increasingly criticized (Hinton & Maclurcan, 2017; Raworth, 2018; Spash, 2017).

A predominant theoretical approach in the sustainable business literature is the *triple bottom line*, stating that business should not merely focus on financial success but seek balance between people, planet, and profit, i.e., social, ecologic and economic sustainability (Hinton, 2021a). However, despite broad implementation of the triple bottom line framework, environmental pressures have continued to rise (Bonnedahl and Heikkurinen, 2019). Thus, critique aimed at the triple bottom line approach highlights that it i) conceals the contradictions between the aims of environmental conservation and welfare for all; ii) risks undermining the importance of the environmental dimension, and lastly; iii) makes a faulty separation of social and economic aspects who in reality are inseparable (Kuhlman and Farrington, 2010).

So, what is then sustainable business? Numerous researchers have sought to answer that question. Dyllick and Muff (2016) introduces a typology ranging from Business-as-usual (BAU) to Business sustainability 3.0 with three shifts differentiating the dimensions. The first shift, from BAU to Business Sustainability

1.0 is broadening the business concerns from solely economic concerns to three-dimensional concerns including social, environmental and economic (Ibid). The second shift to Business Sustainability 2.0 is expanding what/who value is created for from shareholders to people, planet and profit (compare to the triple bottom line) (Ibid). To clarify the difference between the first to steps: the first step is what the business is concerned about and the second is who/what it aims to create value for. The third and final shift is a fundamental change in perspective from inside-out, i.e., a focus on the business itself, to an outside-in perspective where society and the sustainability challenges it faces guides the businesses activities (Ibid). In Business Sustainability 3.0, which Dyllick and Muff (2016) argue can be seen as truly sustainable business, businesses start by looking at what sustainability challenges society is facing and has the main aim of creating value for the common good.

Other theories question whether profit should be seen as a goal in and of itself or rather as a means to reach social and environmental goals (Hinton, 2021a; Johanisova and Fraňková, 2017; Nesterova, 2020). This perspective represents a distinct shift from the neoclassical economic assumptions that the main objective of business is making money, that firms are financially self-interested actors and that firms are (or must be) privately owned (Hinton, 2021a). It can be seen as a complete rethinking of business and a call for a radical transformation, rather than merely greening existing forms of business and seeing social and environmental considerations as supplementary to the final goal of maximizing profits (Nesterova, 2020).

2.2. Not-for-Profit framework

This leads us into the main theory of this study, namely Jennifer Hinton's (2021a) dissertation "Relationship-to-Profit" that investigates an NFP economy as a sustainable way of organizing a post-growth society. The hypothesis is that an NFP economy – in which businesses have a legal mandate to pursue only social benefit – may amend some of the most problematic dynamics of the FP economy identified as political capture, inequality and consumerism¹ (see for instance Bapuji, 2018 and Hinton, 2020), and allow for post-growth transformations more in line with long term sustainability (Hinton, 2020). It is not a silver bullet. As Hinton (2021a, p. 16) points out "not all not-for-profit businesses will act sustainably and not all for-profit businesses are slaves to the profit-maximization mandate; rather not-for-profit

¹ This is not further elaborated here as it is beyond the scope of this study. Interested readers can read more about the system implications in Hinton (2020).

business frameworks naturally encourage a focus on social benefit, while for-profit business frameworks risk encouraging a focus on private financial gain and driving problematic dynamics.”

It is important to point out that NFP *businesses* differ from traditional nonprofits in the sense that traditional nonprofits are dependent on philanthropy, grants and donations while NFP businesses, according to Hinton’s (2021a) definition, generates a minimum of 50% of its income through the sale of goods and services.

Secondly, NFP business and FP businesses differ in a number of ways (Hinton, 2021a). Hinton (2021a) differentiates the two types of business in terms of investment, ownership and purpose. There are three alternatives when it comes to *investment* for business: equity-based in the form of for example shares, debt-based in the form of loans and bonds and lastly donation-based (Ibid). Unlike FP businesses that can use all three types of investment, NFP business are restricted to debt- and donation-based investment (Ibid). Looking at *ownership*, NFP forms of business does not allow for private ownership but instead requires collective ownership where individuals in the firm can have control rights - but not financial rights, i.e., legal entitlement to manage and operate a business but not legal entitlement to the assets and profits of a business (Ibid).

The final and perhaps most important category is *purpose* (Hinton, 2021a). From a legal perspective, businesses can either have social benefit, financial gain for owners or a combination of the two as their purpose (Ibid). Hinton (2021a) points out that not all FP businesses see financial gain for their owners as their ultimate goal, but unlike NFP they have the right to do so. In fact, their ability to distribute profit to private owners and to pursue financial gain as their purpose can be seen as the defining attributes of FP businesses (Hansmann, 1980). In contrast, NFP businesses can *only* have a social benefit purpose and are obliged to reinvest any profit or use it for social benefit, i.e., see profit as a means to achieve their ends (Hinton, 2021a). NFP businesses are not barred from earning a profit but are simply prohibited from distributing it to private owners – what Hansmann (1980) calls the *nondistribution constraint*. What qualifies as social benefit is defined by local policy or laws, and can for example include protecting animals and wilderness, providing healthcare and education (Hinton, 2021a).

Table 1: The three key differences in relationship-to-profit.

Relationship-to-profit	For-profit	Not-for-profit
Purpose	Financial gain for owners and possibly social benefit	Social benefit
Investment	Equity-, debt-, or donation-based with private financial rights	Debt- or donation-based with no private financial rights
Ownership	Private	Collective

Based on table from Hinton (2021a).

The difference between seeing profit as a means or an end is clarified in the *Ends-Means Continuum*, (see Figure 1). In a FP economy, profit for owners is classified as an intermediate end whereas in a NFP economy, profit is classified as an intermediate means used to reach other ends (Hinton, 2021a).

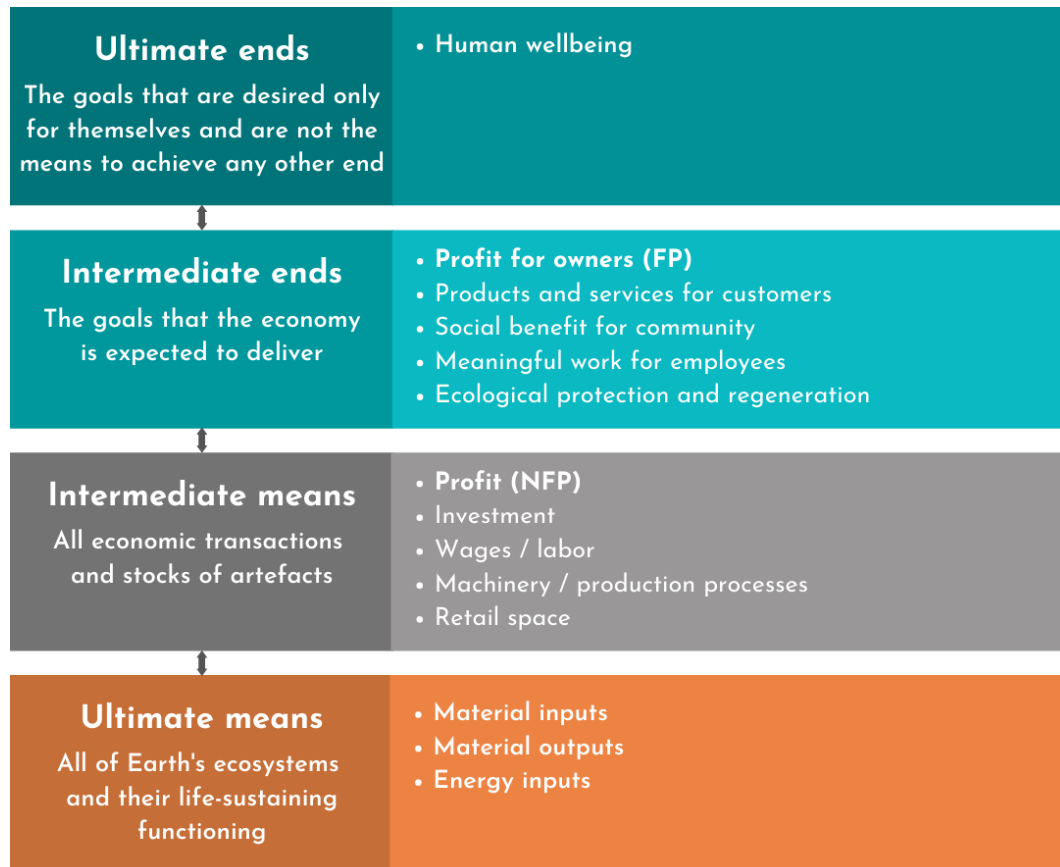


Figure 1: The Ends-Means Continuum. Own processing of figure adapted from the national economy framings of Daly (1997) and O'Neill (2012) by Hinton (2021a).

Finally, Hinton (2021b) offers a framework of five dimensions for analyzing businesses compatibility with post-growth pathways. The businesses in the here conducted case study will be explored using these Five Key Dimensions of Post-Growth Business proposed by Hinton (2021b), namely i) *Size and geographical*

scope – is the business small or large? ii) *Strategy* – how does the business use its resources for purpose achievement?, iii) *Governance* – how and by whom are decisions made? iv) *Incorporation structure* – what is the corporate/legal form of the business? and lastly v) *Relationship-to-profit* – is the business FP or NFP?.

The dimensions are related to each other in terms of *changeability*, i.e., if the dimension is more or less permanent, and if it influences or is influenced by the other dimensions (Hinton, 2021b). Figure 2 illustrates the relationship between the dimensions, where the upper dimensions relate to goals and purpose, whereas the lower dimensions relate to legal aspects and structure (Ibid).

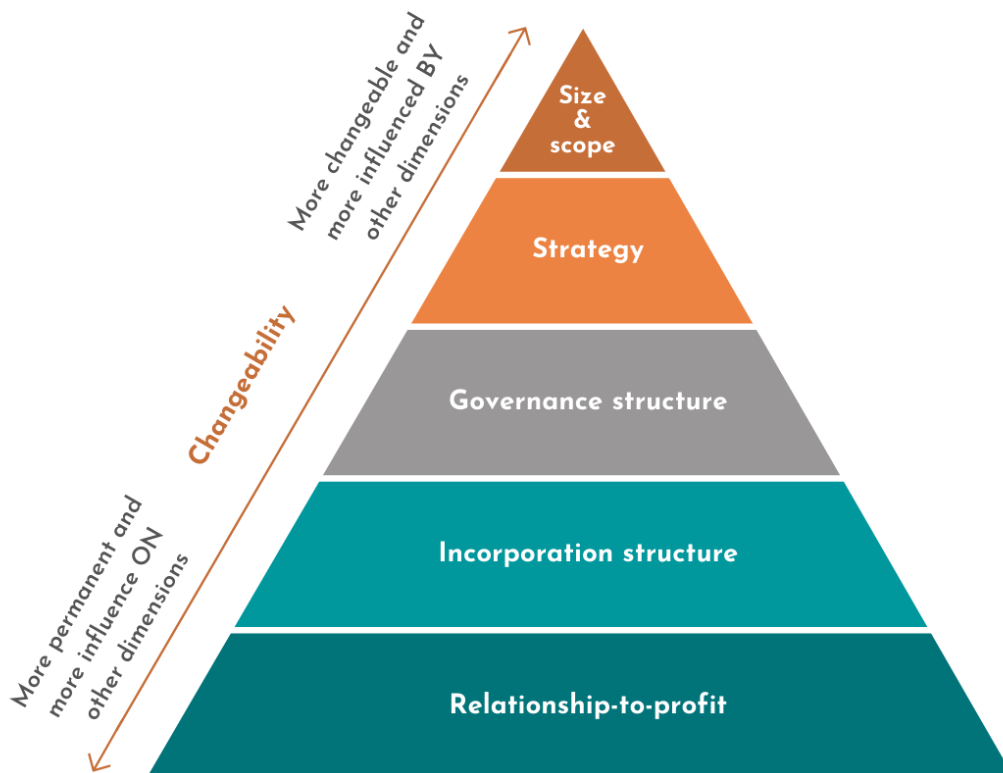


Figure 2: Five Dimensions of Business. Own processing based on figure from Hinton (2021b).

2.3. Structuration theory and institutional economics

In order to understand the day-to-day structural constraints and enablers in the context of NFPs, the theoretical logic of practice theory will be adopted in this thesis. In this line of thought, society is seen as a system that is powerfully constraining at the same time as it is upheld and recreated through human interaction and action (Ortner, 1984). The work of Anthony Giddens has here proven influential. In this thesis, Giddens' (1984) structuration theory will be used. Structuration theory states that human social activities are continually recreated by

social actors (Giddens, 1984). As Giddens (1984, p. 2) puts it “[...] in and through their activities, agents reproduce the conditions that make these activities possible”. The theory does not hold true that actors are slaves to their context, nor that they are completely free to act without limitations (Ibid.). Instead, Giddens highlights the delicate relationship between structure on the one hand and agency on the other: an intertwinement identified as *the duality of structure* (Lamsal, 2012).

Structure is defined as “the rules and resources that are potentially in the process of continuous reconstruction of the social system” (Giddens, 1984, p. 377). Structure can be both enabling through resources and constraining through rules (Ibid). It consists of three dimensions: *signification* (discursive practices, semantic codes and interpretive schemes), *legitimation* (naturalization of societal values, standards and norms) and *domination* (the production and exercise of power) (Lamsal, 2012). Domination is built upon the mobilization of either allocative resources, i.e., control over objects, goods or materials, or authoritative resources generating control over actors (Giddens, 1984).

Furthermore, structuration theory states that agency is the cornerstone to create any type of change, or in Giddens (1984, p.15) own words “action logically involves power in the sense of transformative capacity”. However, Giddens emphasizes that there are two faces of power: the so-called mobilization of bias built into institutions versus the capability of actors to make decisions and act in ways that differ from the pre-existing order (Ibid). The theory of structuration thus puts emphasis on the mutual dependence of agency and structure in a constantly generative stage that is mutually constraining as well as generative (Nicolini, 2013).

Similar perspectives to those in structuration theory can also be found in the institutional economic approach used by Hinton (2021a). Institutions are seen as systems of embedded social rules (Hodgson, 2018) and a distinction is made between *formal* institutions consisting of enforceable, precise rules and *informal* institutions consisting of values, social norms and belief systems (Hinton, 2021a). Institutions, actors and legitimacy are deeply intertwined: in order for actors to be perceived as legitimate, their actions must be congruent with society’s values, and institutions in turn gain legitimacy when actors go along with existing institutions (Ibid). In this thesis, NFP businesses are seen as agents and the context of a FP dominated markets as the structure in which they act.

3. Methods

This chapter presents the scientific approach and methods used in this thesis and is ended with a methodological reflection.

3.1. Scientific approach

In this thesis, a qualitative multiple case study with semi-structured interviews was conducted. The method of semi-structured interviews allows for unexpected angles of approach to arise (Bryman and Bell, 2012) and was chosen to get a deep and contextual understanding of NFP businesses. The study was based on an interpretivist epistemological approach, i.e., a social science perspective that dictates that the study objects of the social sciences differ considerably from the ‘objectiveness’ often brought forward in the natural sciences (Ibid).

Moreover, the study departed from a constructionist ontological point of view. This perspective implies that social phenomena are in a state of constant revision, produced by social interaction (Ibid). Thus, as enactment of social reality is understood as being in a constant state of flux, a perspective that goes hand in hand with practice theory and, more precisely structuration theory as described in chapter 2.

3.2. Sampling methods

To give the reader (and myself) a backdrop to the situation in Sweden, a minor pre-study was conducted. I listened to podcasts about social enterprises in Sweden, read reports from the Swedish Government and joined a Facebook-group called *Societal entrepreneurship and social business* (own translation) to get a view of the language used and topics discussed in Sweden. The results from the pre-study are presented in section 4.1 *Empirical background*. Following the pre-study, six representatives from NFP businesses were interviewed (see Table 2). To complement the interviews, some of the company’s websites and financial reports were scanned to get the information presented in Table 3.

To get access to all relevant knowledge about the company, a purposive sampling method (Bryman & Bell, 2012, p. 492) was used. By contacting people with knowledge about NFP business in Sweden, such as researchers and consultants and writing posts in relevant Facebook groups suggestions on NFP business to contact was received. The suggestions most relevant for the study was then contacted via email and an interview with someone who had knowledge about the business' history, organization, operations and sustainability work was requested. Companies of different sizes and who operate in different markets were chosen to get an understanding of variances between different NFP businesses.

Additionally, the snowball method was used since informants put me in contact with colleagues who could fill in their knowledge gaps. In the snowball method, initial contacts are used to get in contact with more informants relevant for the study (Bryman & Bell, 2012, p. 411).

Neither the purposive sampling method nor the snowball method follow the logic of a randomized selection (Ibid). Nonetheless, these sampling methods were chosen since NFP businesses are not mapped in Sweden and there is consequently no identified population to take a random sample from. Furthermore, it was a matter of getting in contact and setting up interviews in a relatively short period of time. I do not claim to speak for the whole population of NFPs in Sweden. Rather, my aim is to bring to light some of the existing perspectives. Considering these aspects, a purposive sampling method complemented with the snowball method was considered the best available method for fulfilling the purpose of the study within the given time frame.

A business that differs from the others is ETC since it is a limited company without any formal limitations concerning profit distribution. Although it is not part of their legal form, they are vocal about not distributing profits but instead reinvesting them into the business and argue that this external communication combined with transparency in financial statements guarantees that they in practice are NFP, even if their legal form does not explicitly say so. Their shareholders get an interest rate on their savings corresponding to the rate of inflation, but no additional dividend based on profit. In the strictest sense, ETC may not qualify as an NFP business. However, the investment described above can be seen as debt-based rather than equity-based, and since ETC have the aim to adopt the most important principles of an NFP in addition to having a social and environmental purpose, they were included in the sample.

3.3. Semi-structured interviews

The interview guide (see Appendix 1) was formed based on the theories used in this thesis to capture the experiences and views of the informants related to the research questions. Space was provided for the informants to discuss what they found important connected to the pre-decided topics. An overview of the interviews held is presented in Table 2. The informants were anonymized in this thesis and informed of this in the beginning of the interviews to create the best circumstances for them to speak freely.

Table 2: Information about the informants and interviews

Code	Business	Date	Time
Informant BD1	Bräcke Diakoni	2021-04-21	1 h 3 min
Informant KO	Koopus	2021-04-22	1 h 10 min
Informant BD2	Bräcke Diakoni	2021-04-23	58 min
Informant CM	Coompanion and Mikrofonden ² Jämtland	2021-04-27	52 min
Informant KF	Kooperativa Föreningen ³	2021-04-28	1 h 3 min
Informant ETC	ETC AB	2021-05-05	30 min

Helped by the interview guide, the interviews were held online via Zoom. Downsides of using Zoom instead of conducting interviews in real life includes reduced ability to interpret body language and subtle signals, and interruptions following poor internet connection (Archibald et. al., 2019; Gray et.al., 2020). However, for the purpose of this study, the benefits outweighed the downsides. The aim was to interpret the *words* and not the body language of the informants, so the previously mentioned downside had low relevance. Conducting the interviews online made it possible to interview people running businesses all over Sweden. Moreover, I deem it is conceivable that the convenience and accessibility of Zoom also impelled more of the contacted businesses to agree to the interview than had it included a physical encounter. Furthermore, the Zoom format makes it easy to record the interviews and watch them in tranquility afterwards. All informants were asked for agreement prior to starting the recording.

Since the case study was done in Sweden and to create an interview situation as natural and comfortable as possible, the interviews were held in Swedish.

² Coompanion and Mikrofonden Jämtland are two separate legal entities, but their operations are intertwined, and informant CM is involved in both of them.

³ Kooperativa Föreningen is the main owner of Coop.

Followingly, the quotes in the thesis are translated from Swedish to English. They were translated as directly as possible to make sure that the content did not change and to capture the essence of what the informants said. The translated quotes were also sent to the informants for acceptance (read about the respondent validation in *3.4 Methodological reflection*).

Furthermore, some informants spoke of themselves in other terms than NFPs. For instance, informant BD2 referred to the business as a values-based actor. Based on the NFP literature, the businesses were identified as NFPs or close enough to the definition of NFPs to contribute with valuable insights, and the framing of the interview and the questions asked made it clear that the interview was about NFPs. Thus, when the informants speak of values-based actor, it is reasonable to believe that they refer to NFPs. Nonetheless, for the sake of transparency, the same terms as the informants used are used to describe what they said in the empirical results.

3.4. Methodological reflection

An important part of qualitative studies is reflexivity (Bryman and Bell, 2012). Hence, a reflection on my past experiences, opinions and how they might have impacted the study follows (Creswell and Creswell, 2018). I went into this subject with a strong passion for sustainability, and first and foremost ecological sustainability, which is why I found Jennifer Hinton's theories interesting. My belief in her theories may have led me to have a positive view of NFP business compared to FP business, something that I kept in mind and attempted to be reflexive about throughout the process of writing this thesis. Other than this, I had little experience with NFP business prior to this study and thus went into the interviews with what I would describe as an open mind. I had no prior contacts at any of the businesses in the study and no particular relationship to them apart from shopping at Coop and from time to time reading ETC's newspaper. However, I do not believe that this had an impact on my interpretation of the results.

To minimize the risk of interpreting the informants with any type of bias, and to make sure that the essence of their quotes was not lost in translation, a respondent validation was carried through where the informants got the opportunity to revise the translation of their quotes. The quotes were sent by email to each informant the 27th of May 2021 and all informants were given the opportunity to review their quotes before submitting this thesis.

A limitation is that fitting five and a half hours' worth of interviews into a limited number of pages inevitably requires a sturdy selection, and there is a risk that the final presentation of the empirical results is skewed in some direction. To prevent

this, efforts were made to be reflexive when selecting quotes, and to pick quotes that highlights different perspectives.

4. Results

In this chapter, the results from the pre-study are first presented which is followed by a presentation of the results from the semi-structured interviews. The empirical results are structured after the three research questions. Key findings are summarized at the end of each sub-section.

4.1. Empirical background – contextualizing NFPs in Sweden

The immediate context for this thesis is Sweden where a myriad of business forms exists. One established term for business with a social benefit purpose that is frequently used by government agencies and in the public discussion is *social enterprises* (e.g., Swedish Agency for Economic and Regional Growth, 2021). The term includes many forms of businesses such as economic associations, non-profit associations and limited companies (Ibid). The Swedish Government defines social enterprises as businesses who i) use their business as a means to achieve one or more goals that benefit society, for example reducing social exclusion, improving the climate and environment or contributing to a safer living situation, ii) measure their results in relation to their societally beneficial goals and iii) *mainly* reinvest their financial surplus back into the business alternatively invest it in a new societally beneficial project (Government Offices of Sweden, 2018). As pointed out by Hinton (2021a), social enterprises *can* be NFP, but do not necessarily need to be. Although there are many similarities with the definition of NFP business, part iii) of the aforementioned definition leaves some room for distributing profit to private owners, i.e., the nondistribution constraint (Hansmann, 1980) does not fully apply. The NFP business interviewed for this thesis can thus be seen as a subsection of the wider groups of income generating social enterprises, as displayed in Figure 3.

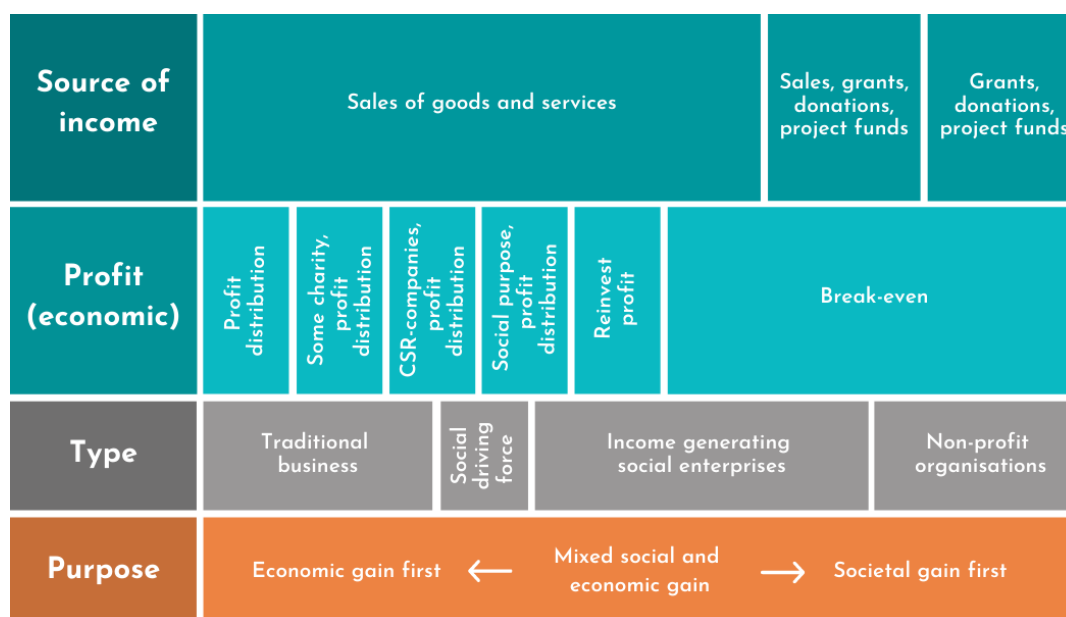


Figure 3: Different types of social enterprises (own translation). Own processing based on an image from the Swedish Agency for Regional and Economic Growth (2021).

Another frequently used, similar term is *values-based actors* (SOU 2019:56). The term is used somewhat differently in different contexts (Ibid). It includes all actors outside the public sector that have some sort of social benefit purpose and the nondistribution constraint applies in some definitions but not in others (Ibid).

Limited companies are traditionally owned by shareholders to which they distribute profits (Hinton, 2021a). In 2002 however, the Swedish government appointed an investigation to examine two new forms of limited companies: one where no profit distribution to owners is allowed and one where profit distribution is limited (SOU 2003:98). The new association forms were mainly thought for healthcare and education, but it was pointed out that it should also be considered for other areas of business (Ibid). The investigation resulted in one new association form, namely *limited company with special profit distribution limitations* (own translation) which allows for profit distribution to owners equal to the government borrowing rate plus one percentage point (SFS 2005:812). The new form was finalized in 2006, and in 2019, there were little over one hundred registered limited companies with special profit distribution limitations (SOU 2019:56).

In Sweden, there have been attempts at mapping social enterprises, a category which NFPs typically are placed within, but due to the lack of a coherent definition the numbers vary between 2000 – 3000 depending on what association forms are included (Swedish Agency for Economic and Regional Growth, 2021). Social enterprises exist in a wide range of markets and are most prominent in healthcare,

education, research and development as well as trade/employers'/professional organizations (Ibid). To the best of my knowledge, no attempts have been made at mapping NFP businesses in Sweden.

Formal structures that were mentioned in some of the interviews that may require some background information are the Public Procurement Act (LOU), The Act on Systems of Choice (LOV) and Values-based Public Partnership (IOP). Like the name testifies, LOU regulates the terms for public procurement (Swedish Competition Authority, 2016). LOV came into force in 2009 and regulates what applies when authorities set up a system of choice between suppliers and thereby create competition between different actors (The National Agency for Public Procurement, 2021). Since the law came into force, it is mandatory for regions to set up a system of choice within primary care but non-mandatory for other services (Ibid). Finally, IOP is a form of collaboration between public and values-based actors with the aim to reach common welfare goals (SOU 2019:56).

4.2. Empirical results

Before the results from the interviews are presented in the order of the three research questions (RQ 1, 2 and 3), a brief description of the interviewed businesses is given in Table 3.

Table 3: Information about the interviewed not-for-profit businesses

Business	Market	Purpose	Size (employees)	Approximate annual turnover	Incorporation structure
Bräcke Diakoni	Healthcare	A more humane society.	1 000 employees	900 000 000 SEK	Foundation
Koopus	Industry	To provide work for people with special needs or some sort of social exclusion.	28 employees + 22 trainees	3 500 000 SEK	Economic association
Coompanion ⁴ and Mikrofonden Jämtland	Business counselling and finance	Coompanion: Promote entrepreneurship that value social, economic and environmental sustainability and contribute to a variety of ownership models in the Swedish business community. Mikrofonden: to make capital available for businesses who works for a social economy and local development.	5 employees (depending on running projects)	2 500 000 SEK	Economic association
Kooperativa förbundet (KF)	Food	To support the members financial interests, realize the Swedish consumer cooperative business idea and enable the members to contribute to a sustainable future.	23 at KF, around 20 000 in the whole sphere	159 000 000 SEK (38 750 000 000 SEK for the whole sphere)	Economic association
ETC	Construction, solar energy, news.	To save the planet (focus on climate)	95 + 55 consultants, approximately 150 employees in total	170 000 000 SEK	Limited company with different forms of ownership

⁴ Coompanion mainly finance their operation through sales, grants and project funds. Information about the exact ratio between the financing forms for Coompanion Jämtland was not retrieved for this thesis.

4.2.1. Enabling and constraining structures

Financial structures

The interviewed businesses got their initial funding in different ways. Koopus received an initial 25 000 SEK investment from the municipality, ETC amassed capital through many individuals saving a relatively small amount of money in their businesses (the largest single saving was approximately 500 000 SEK). KF also collected capital through many members and Bräcke Diakoni got donations from rich tradesmen in the early 20th century.

When it comes to experiences of financial structures in the form of established banks, size appears to be a significant factor. Bräcke Diakoni and KF for example did not experience any particular problems with attaining funding from established banks but resonated that the situation is probably different for smaller NFP businesses. Bräcke Diakoni and KF are old, have an established business and high financial solidity which, they believed, enabled the banks' positive attitude towards them:

Those who founded the foundation back in the day, then there were like rich tradesmen who donated also quite a lot of money to the foundation, so we do have a pretty good equity and then like also have a solidity that enables us to go to the bank and maybe lend money in a way to do something that other, small, smaller values-based actors can't because you simply don't have those financial assets. So, for small, smaller values-based actors, the financial parts can probably be quite tough. – Informant BD2

This view was shared by the informants from Koopus and ETC who experienced difficulties integrating with banks. The informant representing Koopus, informant KO, spoke of a general skepticism from banks, that they did not see the value in an economic association compared to a limited company and that they evaluate businesses based on profit - an apparent problem for NFPs:

There is a skepticism from banks /.../ I don't really understand where the skepticism comes from, it is mostly a lack of knowledge because an economic association is quite similar to a limited company really, there are no big differences, but the banks have a hard time seeing the value in the form. – Informant KO

Informant CM put forth that the large banks look at the balance sheets – if you have money it is easy to get a loan, if not, it is more difficult. They believed that it was rather a matter of turnover than a matter of relationship-to-profit. As expressed by Informant CM: “They look at the balance sheet: if you have money or security, yes

then it is easy to lend money, if not... well... then it is [more difficult] independent of the form a little bit...”

The views of informant KO and CM were largely shared by informant ETC who, on a similar note, expressed that the fact that the profit is re-invested in the organization is an obstacle when applying for funding from traditional banks:

If I go to a regular bank and am not just looking for a small overdraft credit or so and say, ‘look we have taken forth this amazing nourishment... save the world here now’ and such they [the bank officials] say ‘okay, can I see the balance sheet, can I see the results...’ and then I say, ‘it will be low because everything is re-invested’ well then it does not work. It is... it is all the time that argumentation for the companies that the only company that can lend is the company that does not need to lend due to their enormous profit. And this I find a little bit strange because that profit, it is transferred to others, to the shareholders very often, but that is totally fine although what you are really doing is emptying the business every year and sending away a lot of force. – Informant ETC

Furthermore, informant ETC put forth another perceived issue with the traditional banks: namely that they have a lot of power that restrains what the NFP can do - if dependent on bank loans:

The problem is that when you conduct business that challenge and that is constantly for example climate activist in its attitude, sooner or later the banks will say that ‘this is not profitable’ or ‘there are people who does not like what you are doing, we don’t want to be part of this anymore’. That is the bank’s enormous power – because it is enormous. – Informant ETC

ETC instead financed some of their operations through many private individuals saving money in the project, which informant ETC argued is far more stable for a business that tries to challenge traditional ways of business and work progressively with, for instance, mitigating climate change. ETC, who give their funders an interest rate equal to inflation but do not distribute profits, did not mention any problems with finding financiers on those terms:

On the other hand, if you have lent money from 3000 people – these is very little risk that 3000 people suddenly and simultaneously decide that they no longer want to join. /.../ So, I think that is far more stable [than being dependent on bank loans] for a business who is trying to challenge and develop things. – Informant ETC

Moreover, informant KF believed that finding funding via many members has its challenges, but that if you manage to identify unfulfilled needs and create something that many people are in need of, it is a fruitful model. Informant CM put forth that being NFP is constraining when it comes to finding private funders since you cannot offer an increase in value and profit distribution:

The only limitation is to chase capital that wants to invest, if you have an idea and want to develop the business and the door is closed for a private investor to get a good return on the whole operation, yes well then, that possibility is extinguished, there you reach a stop. – Informant CM

Another alternative to major banks is Mikrofonden whose entire operation is built on lending money to small economic associations or other social enterprises. Informant KO spoke of Mikrofonden and that they make it somewhat easier for forms of business deviating from the mainstream to receive funding, but that the problem still remains that you have to vouch for a certain amount:

Today, Mikrofonden Sverige exist who, yes, makes it somewhat easier at least, but you still need creditors and so on. Because they [Mikrofonden] can vouch for up to 75 % of the loan amount then, the rest, the association or company must vouch for themselves and, yes, if it is people who are down-and-out who start something, then there is no possibility to vouch. – Informant KO

When up and running, the informants mainly financed their operation through the sales of their goods and services. This was said by informant BD1, who also added that Bräcke Diakoni receive some donations and project funding:

The financing comes to the largest extent through the work we do. /.../ Then we get some donations and such, now I don't know the size but from time to time I know that it can be of sizeable sums /.../. And some grants we get, you can apply for project money to do things too, that you can do. But essentially, I usually say that we live of the reimbursement we get for the work we do. – Informant BD1

Legal structures

Public procurement is seemingly a central part of some of the business's operations, especially for Bräcke Diakoni who operate within healthcare. Informant BD2 said that when Sweden chose to open up for non-state actors in welfare services in the late 20th century the logic in public procurement adopted the commercial market logic - a logic that they reasoned collides with the logic of values-based actors:

Sweden made a very clear choice in the 80-90s when you started to procure welfare. Because of course it was formed on procurement. It was as made for the commercial companies who knew that language and who understood the market and the logic. /---/ It is a law and a logic in itself and I mean, there are often a collision between the idea-based values and the LOU. /.../ Many idea-based actors think that the procurements become to square and stiff and don't really resonate with the service that they can actually offer. – Informant BD2

Bräcke Diakoni's statutes state that the director should have a priest background unless there are exceptional reasons not to. To adapt their organization to meet the demands of public procurement, Bräcke Diakoni decided to hire an economist as director (the highest official) in the 90's instead of a priest which had previously

been the case. Informant BD2 put forth that this was a fork of roads that not all values-based actors make:

Many values-based actors have said that they do not work with public procurement but have consciously chosen not to because they feel it is so much they have to compromise with, and it won't be good in the end for the ones they exist for. – Informant BD2

Apart from a collision in logic, informant BD2 believed that the extensive knowledge that is required to understand public procurement constrains small, values-based actors to take part in public procurement to a larger extent. They described that Bräcke Diakoni has made an extensive journey in terms of knowledge about public procurement and size of the organization. Today, they have numerous support functions within the organization that facilitates their participation and success in public procurement – support functions that smaller values-based actors might not have. Furthermore, informant BD2 preferred to work with LOV over LOU since they experienced contracts with their base in LOV as more long-term and not as controlled in detail which leaves more room to bring in the values-based added values. The public procurements following LOU on the other hand was described as too tightly regulated and detailed to give proper room for values-based actors.

Moreover, IOP was described as a potentially important tool for NFPs, but Informant BD2 described that the legal framework surrounding IOP is currently unclear. Informant BD2 described a legal case where Bräcke Diakoni and Alingsås municipality went into an IOP where they deemed that there was no market, but the court deemed differently and Alingsås municipality got a fine. Informant BD2 described that the case has become prejudicial and that many municipalities and regions who work with public procurement now talk about the Alingsås-case. However, there Swedish lawyers who argue that the Supreme Administrative Court made a faulty decision:

There are also Swedish lawyers who mean that the Supreme Administrative Court made a mistake [in the Alingsås-case] but it is still what has gained legal force, like that verdict. So, many values-based actors have lifted IOP as a possibility and that you can do IOP connected to some missions, but it is pretty limited with what [missions] you can do that simply. – Informant BD2

When it comes to the available association forms for NFPs, most informants spoke of them in positive terms. Informant CM could not see that there were any needs that were not met with the incorporation structure of economic associations. Rather, they experienced low barriers to start an economic association (only the registration fee), easily handled administration, suitability for the cooperative ownership form with members coming and going and generally a well-functioning structure:

I think it [the association form] works perfectly fine. It has been modernized now in 2018 the latest and I think it works, I can't see any need for anything to be different or to run the business in any other association form. No, I think it works. The good parts are that when we have members that come and go it is easy to become a member and leave as well. It is flexible to change owners. Some businesses can start and don't need vast capital to start so the threshold to start is low. – Informant CM

Informant KO on the other hand, who also ran an economic association but as an ASF (work integrating social enterprise) saw both pros and cons with different association forms, reasoning that it would be paramount to combine a non-profit organisation, limited companies and economic association. Right now, he experienced that they were not seen as a fully legitimate business but did not either get the perks that a non-profit does. Furthermore, they experienced that it was unfair that the state-owned limited company “Samhall” gets a lot of state subsidies, skewing the competition to the detriment of small ASFs like Koopus.

A challenge with the governance structure of an economic association acting as a consumer cooperative was lifted by informant KF, namely that the decision-making process is longer than for FP businesses:

The challenge is to get everyone with you. We are approximately 20 000 who should make this work and then it is important that everyone has the same vision. In another type of company that is set from the management and the rest just gets to tag along whereas vi need to work from the roots and up which is a longer process. – Informant KF

Social/informal structures

The informants' experiences of how they were viewed and treated by other actors varied. In general, they experienced a positive attitude towards them as NFPs from the general public, the public sector and politicians on all sides of the political spectrum. Informant CM believed that they got both customers and offers from the public sector thanks to their association form and that collaboration partners might feel reassured by the fact that they are NFP. Informant BD2 also had a positive view:

If you look generally in society my experience is that there is a large trust for the values-based sector, values-based actors in society. And I think I notice that when I meet politicians and state officials, but we also notice it since there are many relatives and residents who actively seek a spot at us and say that they do so because we are values-based and that is important to them. – Informant BD2

Larger actors included in this thesis, such as KF, rather experienced the problem that people generally do not understand that they are NFP, and they therefore did not experience that they were met any differently than a FP company:

I think that we are met just like anyone. You probably don't make a large difference between us and, well Axfood or ICA. I think that those things [being met differently than FPs] you notice more if you are a smaller and younger cooperative. I rather think that there are many people who doesn't understand that we are a cooperative. – Informant KF

Additionally, informant KF experienced that their large size brought with it challenges concerning remembering their core purpose and staying true to their democratic values:

Today, I think that our challenge is that we are so large, in some way, which makes it a lot harder to remember what we are, that it is easier to think that, well, 'it is like any other company and should have a profit in whichever way', while we like think that, we think that democracy and economy is interrelated but then we must also, we have to remember the democracy part. – Informant KF

Other informants experienced resistance from private actors and banks and that their alternative association form and view of profits provokes FP actors:

If they [for profits] are interested at all they think it [NFP] is madness. There is no support for this from banks or other companies. /---/ They don't like being questioned as owners and profit maximizing businesses which you automatically are when someone says 'no this cannot make a profit'. It is almost, profit is almost a religious term in ordinary businesses since that is how you motivate your operations. Somewhere, you motivate it with profit – then it is fun if you have a positive impact as well – but the profit is the goal. – Informant ETC

Similarly, informant KO expressed that they felt as though economic associations are not seen as full-fledged businesses in society and that there is a skepticism from banks and FP businesses. They explained that this has been a problem when meeting with new potential customers:

The business community is also very skeptical towards economic associations. So, finding new customers has been a hassle the whole time. Because if you are supposed to pitch your business and the first half of the conversation goes to explaining that you are an economic association, that you are a business and why – you have lost the pitch. It is hard to sell anything after that. – Informant KO

Furthermore, informant KO expressed that “we live in a quite capitalist society today” and that most people are motivated by money and do not do things for ideological reasons. They said that many ASFs need a passionate spirit (own translation from the Swedish word *eldsjäl*), something that brings with it fragility: “It is a problem we suffer from everyone in the ASF-industry, that when the passionate spirits retire or take another job or something there is a risk that the company disappears.” – Informant KO

Building on the theme of norms and values, several informants brought forth that NFP forms of business has downsides for people – managers as well as employees

– who aim to become super rich: “if the purpose of the business is that the owner should be able to make a lot of money, NFPs are bad.” – Informant ETC

Furthermore, informant KO experienced that the general public had an overly positive view of how well-functioning the welfare system is, and that this led to a lack of acknowledgement of the need for ASFs:

But I mean in the banking world today you are evaluated based on profit. So that is a problem. Together with the fact that we live in the Social democratic Sweden which means that the majority of the population think that we take care of these people that we work towards. It is as faulty as it can get, not even Samhall welcome people with more severe disabilities. It entails that our target group falls through the cracks all the time. The general public believes that Samhall takes care of these people which they don't because they are not productive enough. And that also entails that there is no public opinion for ASF. So, we are fighting quite hard. – Informant KO

Table 4: Summary of key findings related to RQ1

	Enabling	Constraining
Financial	<p>Various alternative financing forms to equity-based investment exist. Examples include many members each paying a small membership fee, donations and initial funding from the public sector.</p> <p>The large, established NFP businesses like KF and Bräcke Diakoni experienced that they were well met and could receive loans from traditional banks.</p> <p>For the smaller NFPs, alternative banks like Mikrofonden were seen as enabling to some extent.</p>	<p>The nondistribution constraint closes the door to investment willing capital in the stock market since investors expect a certain profit distribution.</p> <p>The relatively small NFP businesses experienced difficulties with receiving funding from traditional banks.</p> <p>Informants experienced that banks lack knowledge about NFP forms of business.</p> <p>Being dependent on banks for funding was experienced as constraining for the aim of the NFP since it gives the bank a lot of power.</p>
Legal	<p>LOV was perceived as better suited for NFPs than LOU.</p> <p>IOP was seen as a potentially important tool for NFPs in the future.</p> <p>The informants were generally positive to the available association forms for NFPs.</p>	<p>Public procurement was perceived as having adopted the commercial market logic and thus being too narrow in its focus for NFPs.</p> <p>Public procurement require extensive knowledge that small NFPs might not have.</p> <p>A prejudicial case concerning IOP has made this form of collaborating with the public sector more difficult.</p>
Social	<p>In general, the informants experienced a positive attitude towards them as NFPs from the general public, the public sector and politicians on all sides of the political spectrum.</p> <p>The larger and older NFP actors did not experience that they were met any differently than FP actors.</p>	<p>Some informants experienced a resistance and general skepticism from banks and FP businesses.</p> <p>The large size of some of the interviewed NFPs was experienced as challenging in terms of remembering what they are and staying true to their values.</p> <p>Capitalist values in society were seen as an obstacle since money is a key motivator, which it is not in NFPs.</p> <p>An overly positive view of the welfare system contributes towards a lack of acknowledgement of the need for NFPs (more specifically ASFs).</p>

4.2.2. Sustainability and the absence of a profit distribution motive

At their core, Bräcke Diakoni and Koopus focused on social sustainability. Bräcke Diakoni's focus is to provide qualitative healthcare while Koopus' purpose is to help people far from the labor market to get employment. These two NFPs work with ecological sustainability to a varying degree. Bräcke Diakoni has a

sustainability manager who works with reducing emissions from their transports and energy, reducing material waste and use of virgin materials and also putting sustainability demands on their suppliers. Informant KO felt as though Koopus did their part by sorting waste and having an environmental mindset but did not want to direct too much focus towards on ecological sustainability. Informant KO spoke of Agenda 2030 goals and said that they consciously focus on the socially related ones.

The assessment we make is like, that this ecological sustainability, it has to be where there is money. Because if we should take from our scarce profit and work with it, our employees will suffer from it. /.../ We have to do that [keep focus on the social sustainability] because if we flutter away and start to work with things that lie outside or area of activity – actual area of activity – the risk is that we lose our focus and become something else. – Informant KO

Coompanion, Mikrofonden, KF and ETC has a wider core focus on both ecological and social sustainability. Several of the informants representing said companies spoke of sustainability as highly integrated in everything they do. Informant CM described that sustainability is part of Coompanion's and Mikrofonden's DNA:

It can probably be the case that we do more things than we communicate or check off that 'this contributes to this and this global goal'. Rather, it is in the DNA of our operations somehow, to think and do so, to try to think and do so [act sustainably]. – Informant CM

On a similar note, informant BD2 described that the values they can contribute with guide their operations rather than the potential profits.

We do not start anything just because we see that 'here we can make this and that many pennies and dimes in profit', there has to be other values too that we can contribute with. – Informant BD2

The same idea was brought up by informant ETC who described that the operation is guided by the purpose. Furthermore, they added that you do not have to worry so much about profitability as long as you break even:

The operation is steered by the idea of what you are supposed to do, then you just have to make sure that it breaks even but you don't have to worry so much about if it is more profitable to do something else. – Informant ETC

Similarly, informant CM emphasized the need of a good economy in the business to be able to work with ecological and social sustainability:

To be able to work sustainably, to have an impact or make a difference in some sort of ecological sustainability then you need to also run a business and have economic sustainability you must have a good economy in the business, so that you have the energy and can work environmentally sustainable, it goes hand in hand. – Informant CM

Furthermore, Informant ETC stated that you cannot separate social and ecological sustainability and solely work with ecological sustainability:

You cannot work with the climate issue unless you also work socially, it interrelates, you cannot be a swine and not give a crap about everything else and then say ‘now we are going to put up solar panels here, but they are made by slaves’ – Informant ETC

When asked about the impact of the absence of a profit distribution motive on sustainability, different viewpoints came up. One perspective brought to light is that the NFP approach opens up for a wider array of things to do as a business:

When I get the question ‘Why NFP?’ I usually say that they who, a person can do this much (holds out his arms wide), all humans can do enormously much, and when you say, ‘we will do whatever generates profit’ then you like reduce your field of view to a very small square. – Informant ETC

Another perspective is that the lack of pressure to deliver profits to an external actor might give businesses more peace of mind to work with ecological sustainability. Informant CM reasoned:

[NFPs] are not dependent on external financiers demanding financial returns that might do so that you start thinking about buying bad cotton from somewhere, instead NFPs find other ways. So, you don’t have that demand on you and of course, when you don’t have that then, I mean then you might have more peace of mind to not deliver profits to an external actor who has invested money in the business and who makes one compromise with the ecological sustainability. – Informant CM

Moreover, informant ETC believed that the absence of a profit distribution motive makes it easier to be transparent and gain support in the organization’s efforts:

I think it becomes a lot easier to be transparent and to engage people seriously in what you are doing. It is easier to gain, say support for, as long as you can explain the project /.../ it is a lot easier if you explain the climate gain directly and don’t discuss that this will be very profitable because it has a climate gain. – Informant ETC

Informant BD2 highlighted that Bräcke Diakoni need to take into account the financial stability and thus shut down some parts of the operation, but that they can allow for some parts of the operation to go with a deficit, or at least break even, if they deem that they contribute with a lot of other values than financial:

We have had to shut down some parts of the operation that we for different reasons haven’t been able to keep on running for quality and economic reasons because even if we are values-based, of course we can’t have operations that go a great deal minus because then someone else should carry their weight. Then it can of course be that for some part of the operation we say that ‘these are so valuable so they can go with a small deficit or simply carry their own costs.’ – Informant BD2

Informant KF believed that the absence of a profit distribution motive and their cooperative ownership form allowed them to lead the way in sustainability. They lifted several examples of when Coop (part of KF) acted ahead of other large actors in the same industry. For instance, Coop – on the request of their members – launched their own line of ecologic products in 1991, while ICA, another large, FP actor in the same industry, did not launch theirs until 2008. Furthermore, Coop was first to recently launch a sustainability declaration, allowing customers to scan products and view their estimated impact on climate, biodiversity and society (Coop, n.d.).

Informant KF put forth that KF's actions are based on what their members request as well as on the values in their statutes, rather than waiting for the market to be ready. This, according to informant KF, allows them to take on a leadership role and lead the way for similar, FP actors:

I think it is very positive for our sustainability work, that we, our association form, because it should, like we, we don't have to be slaves under the market as much here and now. We can work a little bit more long term and dare, well, dare to develop things that others then use. Like, see the bigger benefits somehow. – Informant KF

Informant KF also raised challenges with being collectively owned and democratically governed: namely conflict of interests between the members' demands and KF's sustainability agenda. One example is about offering their members discounts on trips by flight:

It becomes challenging this with democracy and sustainability in one because we get incredibly many motions that wants us to stop having flights as a member offer and we have also got in place a collaboration with SJ [state owned Swedish railway company] that feels exactly right, but, when we ask our members what offers they want, incredibly many want these flight offers, and then the question is, is it the values or the members, who decides this then? Here it becomes like a collision. – Informant KF

Although informant KF spoke of difficulties in balancing their democratic principles and KF's values regarding sustainability, they generally believed that their association form allowed KF to be more progressive when it comes to sustainability than had they been a FP business.

Another perspective regarding NFPs and sustainability is that the people who are drawn to work at NFPs might have values that are more in line with sustainability and would therefore be more willing to accept and promote measures for increased sustainability:

I believe that the type of people who work for us to a large extent are more prone to think it is okay with sustainability work because you have chosen to work with us based on values. Many come to us because they believe in, well, ‘I want to work for an actor who do not distribute money but who do it because they believe that the undertaking is needed in society’. If you are predisposed towards that, you are probably also more inclined to be more caring of the sustainability work too, I would think. – Informant BD1

Informant BD1 also believed that Bräcke Diakoni being NFP allowed them to invest more in the organization and to prioritize quality:

It is good to work for an organization that is not profit distributing in the sense that you actually invest in the organization, invest back and that means that you have a lot of quality thinking. We have a quality department that might not exist everywhere. /---/ But we often do these different angles of approach that can be fun, or, fun but good for the operation to develop and become better at and that benefits people, not those things that maybe should generate money really. – Informant BD1

To exemplify, informant BD1 explained that Bräcke Diakoni every year spend money on educating employees in an area they are interested in and developing apps to enable better communication with people with disabilities.

Table 5: Summary of key findings related to RQ2

	Sustainability work	Lack of profit distribution motive
Findings and perspectives	<p>Some of the NFPs focused primarily on social sustainability while others saw social and ecological sustainability as inseparable.</p> <p>Informants described sustainability as integrated in everything they do and part of their DNA.</p> <p>The values guide the operations rather than profit.</p> <p>Economic sustainability was seen as a prerequisite to work with social and ecological sustainability.</p>	<p>NFP allows for an outside-in perspective.</p> <p>The lack of pressure to generate profits to external financiers can give NFPs more peace of mind to prioritize sustainability.</p> <p>Easier to be transparent and gain support for sustainability efforts.</p> <p>NFPs can allow for some parts of the operation that merely break even or run with a small deficit to continue if they contribute with other values than financial.</p> <p>NFPs can lead the way in sustainability and act before the whole market is ready.</p> <p>Conflicts between the members interests and sustainability can arise. Difficulties with cooperative governance structures.</p> <p>The values of people drawn to work at NFPs may be more in line with sustainability.</p> <p>The re-investment of profit in the business allows for a higher degree of quality thinking.</p>

4.2.3. Potential looking forward

When asked about the potential for NFP becoming more common in the future, all the informants had a positive view of possibilities moving forward based on different reasons. Informant CM based his projections on an increasing demand on the welfare system:

I think that the need to find more ways of solving for some sort of societies or the welfare's demand will require finding more ways to provide services, to solve for common needs, then I think that NFPs will have a lot more societal tasks to solve ahead. – Informant CM

Other informants based their projections on the values of the younger generations. For instance, informant KF hoped and believed that we as a society are moving towards focusing more on quality of life and being stronger together while focusing less on having a lot of money in our individual bank accounts. Informant BD1 reasoned in similar ways: “it is said that young people like you for example or your generation is more values-based than we old folks are. If that is true, then we have all the possibilities.” – Informant BD1

Informant ETC in turn believed that the stock market as a way of distributing capital will fail and that people and politicians will demand that business have other core objectives than profit generation and distribution:

I think that it [NFPs] can be huge because the stock market as a method for allocating capital will fail. And it has really already failed because most of the capital that is free out there and could be useful isn't used but in a stock market game /.../ and if that does not change, we won't manage the climate crises since so incredibly many investments are needed but not happening. Then I think that one of the things that people will demand at last, just straight up demand, is that if we should run this business it should not be for-profit, that is not the goal /.../. It will probably be a mix om politics and human activity that will determine. – Informant ETC

Moreover, several ideas for what would facilitate a relative increase in NFP businesses arose. One being a more progressive public procurement, and that the option to direct public procurement directly towards NFPs should exist as it does in Norway. Additionally, informant DB2 spoke of IOP as a potentially important tool:

In Norway you have opened up the possibility for municipalities and regions /.../ to make public procurements that only values-based actors can participate in. And that could be one way. /.../ [Another way could be] to have particular LOV only for the values-based sector if a municipality would want that, like ‘we want LOV in home care but only for values-based actors or such. There are thoughts like that in Sweden as well. And then, many values-based actors

have set their hope to IOP /.../ which lies somewhere between public procurement and association grants, but it necessitates that there shouldn't be a market. – Informant BD2

The need for public procurement to be more progressive was raised by other informants as well. In the words of informant CM: “There I think there is more to be done. To have a more progressive public procurement.”

An additional perspective raised by informant BD2 is that they saw a need for NFPs to find a values-based way of growing. They reasoned that growing is a part of FP businesses DNA in a whole other way than it is part of NFPs, that there is a need to find a values-based way to grow and that there needs to be room for NFPs who wants to grow as well as for those who do not:

Of course, if you go to a commercial actor [FP] they somehow have it in their DNA to grow, that is why they exist sort of, to grow and expand so the driving force is completely different and we in the values-based sector have naturally worked a lot with these questions; what does growth mean for the values-based sector? Can you weight it in different ways? Does it have to be about pennies and dimes? I think there is a desire and a possibility [for more NFPs] but some political decisions are needed and we ourselves need to think about the growth question and not maybe always be so afraid of it but, what should I say, find a values-based way to grow. /- --/ There has to be room for both: values-based actors who do not want to grow and values-based actors who wants to grow. – Informant BD2

Informant ETC believed that the unions could be a prominent force if they create NFPs with their members to create jobs. In terms of what politics would be needed ahead, they believed that state loans to NFPs would facilitate an increase in addition to creating a revenue for the state.

As described in chapter 4.2.1 under the subsection *social structures*, informant KO experienced that the need for the work they do were not seen. When asked what would be needed to facilitate a relative increase of NFPs, informant KO answered: “What we would need? Well, that we are visible.”.

Table 6: Summary of key findings related to RQ3

	Experienced potential	What would facilitate an increase?
Findings and perspectives	<p>All informants saw large potential for NFPs becoming more common moving forward based on different reasons.</p> <p>NFPs will be needed to meet the increased demands on the welfare system.</p> <p>The younger generations have values that are focused on quality of life and being strong together which is positive for NFPs.</p> <p>The stock market as a way of distributing capital will fail.</p>	<p>More progressive public procurement.</p> <p>Public procurement directed only towards NFPs.</p> <p>Particular LOV for NFPs.</p> <p>Clearer rules surrounding IOP.</p> <p>For NFPs to find a values-based way of growing.</p> <p>The unions could be a prominent force.</p> <p>State loans to NFPs.</p> <p>Public awareness about societies issues and the potential role of NFPs in solving them.</p> <p>Visibility.</p>

5. Analysis and discussion

5.1. Enabling and constraining structures

Analyzing the empirical results using the duality of structure (Giddens, 1984), it is apparent that the structures surrounding NFP businesses in Sweden are both enabling and constraining. Additionally, it is apparent that the NFP businesses - to various extent - act in ways that challenge the pre-existing order and dominating views of what businesses are and should be.

The power held by traditional banks as experienced by informant ETC can be seen as a form of domination (Giddens, 1984) built on allocative resources. Furthermore, informant ETC's statement that FP businesses and large banks do not like to be questioned - which might be an explanation for the experienced skepticism from said actors - can be connected to the link between institutions and legitimacy. If institutions, such as businesses or banks, gain legitimacy when actors go along with existing institutions (Hinton, 2021a), it is reasonable to believe that actors challenging the status quo can be seen as threats to their legitimacy.

A constraining financial structure (Giddens, 1984) is that NFPs' limitations in using equity-based investment excludes them from capital that is traded in the stock market as well as investments made by venture capitalists. One problem is the expectation of profit distribution: it is legitimate for these financiers to demand a certain return on their investment that NFPs cannot offer following the nondistribution constraint (Hansmann, 1980).

However, the many different possibilities for financing business operations can be seen as an enabling financial structure. In ETC's case, doing business differently was made possible by many people believing in their ideas and being willing to save their money in the company despite the probability that they would have gotten a better return in the stock market. Another possibility is getting the initial investment from the municipality, as was the case for Koopus.

The NFPs operating within healthcare and business advising, together with the large and established NFP businesses witnessed of an acceptance and positive attitude towards them from other actors – private as well as public. One possible explanation for this, at least in the healthcare sector, is that NFPs have long been present in the sector and are already part of the social structure (Giddens, 1984). The same could be the case for KF: they are so large and established that they rather have the problem that people, even their members, mistake them for a “regular”, FP company.

Koopus and ETC on the other hand operate within industry, manufacturing, and housing, i.e., lines of business that might not traditionally be associated with NFPs. Thus, the mobilization of bias (Giddens, 1984) against them might be stronger, which both Koopus’ and ETC’s experiences suggest. However, as exposed by their mere existence, there is enough enabling resources and they have enough power to challenge the status quo and do business in a NFP way.

Both KF and Bräcke Diakoni, who are old and established, spoke directly or indirectly of challenges to remain true to their original values. While informant KF spoke of the tendency to forget what they are and start seeing themselves as a regular FP, informant BD2 told the story of how they employed an economist as director, rather than a priest which had previously been the case, to get the required knowledge about the market logic. The latter can be seen as an example of how legitimation and domination based on authoritative resources (Giddens, 1984) in the form of rules surrounding public procurement and social norms of what businesses should be, may influence NFP actors to conform to the norm and take steps towards becoming more FP-like.

Informant KO experienced that they were not seen as fully-fledged actors in society, which connects to legitimation (Giddens, 1984). The legitimacy issues they are facing can be explained by the fact that they act in ways that challenge the naturalized norms of what businesses are. Institutional economics (Hinton, 2021a; Hodgson, 2018) state that in order for actors to be perceived as legitimate, their actions must be congruent with society’s values. Informant KO experienced that the values in society are largely focused on individual financial gain, and that not many people do things for ideological reasons. If Koopus’ view of the values in society is correct, acting incongruently with societies values by working hard without profiting financially from it can also be an explanation for their experienced legitimacy problems. At the same time, other informants experienced that actors from the public sector, politicians on all sides of the political spectrum as well as the general public had a positive view of them as NFPs.

The flexibility in, and rules surrounding the available association forms can be viewed as enabling legal structures (Giddens, 1984). Most informants had little or nothing negative to say about the association forms, but rather spoke of them as well-suited for NFP operations. This included all the different forms: both economic association, limited company with self-governed limitations to profit distributions, and foundations.

5.2. Sustainability and the absence of a profit distribution motive

A triple bottom line approach (Hinton, 2021a) was expressed by many of the informants. For example, informant KO who spoke of the Agenda 2030 goals and stated that they chose to work with the social goals, and not as much with the goals connected to ecological sustainability. One analysis is that the aforementioned way of reasoning fits into Kuhlman and Ferrington's (2010) critique that the triple bottom line approach risks undermining the importance of the ecological dimension of sustainability, and that businesses can pick and choose what kind of sustainability they work with. A risk is thus that NFPs with a purely social benefit purpose risk losing sight of the ecological dimension of sustainability.

However, this was not the case for many of the other interviewed businesses. ETC, for instance, did not see the three parts as separate but felt that they had to work dedicatedly with all of them. In fact, informant ETC's thoughts of their mission as a business can be clearly related to Dyllick and Muff's (2016) definition of Business Sustainability 3.0, and the outside-in perspective. Informant ETC stressed that a NFP businessperson can look at society and see what needs to be done instead of limiting themselves to start from a point of a narrow profit perspective. One possibility is thus that NFP forms of business are more compatible with the outside-in perspective of Business-Sustainability 3.0.

Furthermore, the empirical results support the ideas presented in the Ends-means-continuum (Hinton, 2021a), namely that NFPs see profit as a means to reach social and ecological goals. Many informants spoke of sustainability as guiding for the entire operation, and as part of their DNA rather than something external to their operation. Furthermore, they said that the financial stability was a prerequisite to work with sustainability rather than an end in and of itself.

The governance structure (Hinton, 2021b) of the cooperative KF was experienced as positive for the sustainability work since it allowed them to do what the members want and not wait for the entire market. Conversely, the governance structure could

hinder progressive sustainability work if the members requested something unsustainable. Furthermore, the vast size of KF posed challenges in remembering their democratic values.

In summary, the empirical results in this thesis support Hinton's (2021a) theory that not all NFPs act sustainably but that the NFP framework naturally encourages a focus on social (and/or environmental) benefit.

5.3. Potential looking forward

As described in chapter 4, the informants saw immense potential for NFPs to become more common in the future. One explanation to the projections can be connected to legitimation (Giddens, 1984) and a shift in societal values, standards and norms. Several informants spoke of a new generation with more collective values, moving away from individualism, which they believed to be enabling for NFPs. With such values becoming more dominating, what institutions are seen as legitimate (Hinton, 2021a) might change in favor of NFPs. As informant KO expressed, in order for NFPs to be seen as legitimate actors there is also a need for public awareness about the sustainability issues they could contribute to solving. Furthermore, ETCs explanation that the stock market as a way of distributing capital will fail since people will demand that businesses focus on the common good can be interpreted as a belief that the dominating institutions are beginning to lack legitimacy (Ibid) as the social norms are changing. In conclusion, a shift in the social norms regarding what businesses are and should be is perceived as important for facilitating a relative increase of NFPs.

Said shift can also be connected to the experienced difficulties with receiving funding from traditional banks and private investors. Informants expressed that the possibility of getting a loan depends largely on financial results, and that the possibility to attract private investors depends on the share dividend you can offer (which for NFPs is none due to the nondistribution constraint (Hansmann, 1980)) rather than the aim and purpose of the business. A shift towards seeing profit as an intermediate end rather than an intermediate goal (Hinton, 2021a) might be a way to turn banks and investors power based on allocative resources from something constraining to something enabling (Giddens, 1984). Alternative forms of financing the businesses such as alternative banks, crowdfunding and support from the state also appear to be important.

Moreover, informants spoke of financial stability as a prerequisite to work with ecological and social sustainability. Thus, it is thinkable that an improvement in the

financial situation for NFPs would also entail an improvement in their work with ecological and social sustainability.

Informant BD2 brought up the need for NFPs to find a values-based way of growing. Several informants spoke of size as a prominent factor of how legitimate (Giddens, 1984) they were perceived to be. The findings indicate that there is a need to develop strategies and governance structures that allow for a values-based way of growing that may differ from a FP way of growing, and simultaneously leave room for those NFPs who do not wish to grow.

Finally, there is room for improvement in the formal structures (Hinton, 2021a) surrounding public procurement. Informants experienced that the public procurement logic is more adapted for FP businesses than NFPs. Moreover, the prejudicial Alingsås-case was seen as hindering the potential for IOPs. Thus, one way for policymakers to enable an increase in NFPs may be to adapt the rules surrounding public procurement and IOP to be clearer and more compatible with the NFP logic. An additional way is to allow for public procurement to be directed exclusively to NFPs similar to what has been done in Norway.

6. Conclusions

The aim of this study was to examine the conditions for Not-for-Profit businesses in Sweden today, both in terms of their day-to-day operations and their work with sustainability. This was done exploring three research questions: one considering the financial, legal and social structures surrounding NFPs, one connecting the absence of a profit distribution motive and sustainability, and finally, one gazing forward at what structural changes are perceived as important for facilitating a relative increase of NFP in Sweden.

As pointed out in the introductory chapter in this thesis, the need to solve sustainability issues are becoming increasingly urgent. If planetary stability requires a transition to post-growth, and NFP businesses are more post-growth compatible than FP ones, there is a need to understand the challenges and opportunities NFP businesses are facing as a foundation to take measures to increase the presence of NFPs. Furthermore, if the aim is to create a sustainable society, as is decided in the Paris Agreement to name one example, it is also highly relevant to understand how NFPs work - and can work - with sustainability.

By connecting structuration theory, institutional economics, the NFP framework and theories of sustainable business, this thesis has theoretically bridged the macro and micro level in the context of NFPs, perspectives that thus far have largely been existing in separate spheres. Moreover, this thesis has contributed towards an increased knowledge about NFP businesses in Sweden, of which parts likely applies to a wider context. Knowledge about NFPs and their context are important to understand in order to translate the NFP framework from academic vision to reality.

Seemingly, enablers and constraints affect the practice of NFPs in multiple ways concerning both financial, legal and social structures. The conclusion is that there is potential for a relative increase of NFPs, and that such increase could be enabled by several different actors including policymakers, financiers and the general public. Moreover, a conclusion is that NFP forms of business may have better prerequisites to work with sustainability than FP forms of business. The outcomes of thesis have value for the NFP theory and practice insofar as that they can be used to guide policymakers and business leaders, as well as spread knowledge of this type of organization, hopefully increasing the legitimacy of NFP forms of business.

Nevertheless, there is no lack of gaps to fill. In many respects, this thesis has merely scratched the surface of a wide and comprehensive subject, and there is a need for further research. Suggestions for further research include:

- Comparing the sustainability work of FP and NFP actors.
- Mapping NFPs in Sweden and other countries.
- Comparing structures surrounding NFPs in different countries. Informants in this thesis brought up Scotland and Norway as examples of countries who are successful in creating enabling structures for NFPs.
- Conducting a more thorough investigation of the legal framework surrounding public procurement and what impacts it has on NFPs.

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Appendix 1: Interview guide

1. About starting an NFP: Start with describing the company's history (leave room for them to speak freely). Timeline to today. Follow-up questions:
 - a. When did you start?
 - b. How come you chose to be NFP?
 - c. How did you get the initial funding? Was it difficult/easy?
 - d. What is your legal purpose? Was it difficult/easy to start as NFP instead of FP?
 - e. Basic information: how many people work there today? How are you doing financially? What do you use the profit for?
2. The view of NFP: what is it like to run an NFP today? Hinders? Opportunities? Follow-up questions:
 - a. What does running an NFP entail for you? What is it like that the profit is re-invested in the company?
 - b. How do you experience that you are met by FP companies in your industry? Other actors?
 - c. Do you see any advantages for the business in being NFP instead of FP?
 - d. Do you see any disadvantages for the business in being NFP instead of FP?
 - e. Formal frameworks: how do you experience the legal structures surrounding you?
3. Sustainability work. How do you work with sustainability? Social, ecologic, economic? Follow-up questions:
 - a. Does the absence of a profit distribution motive impact your possibilities to work with sustainability? If yes, how?
4. What potential do you see for NFPs becoming more common in the future?
 - a. What financial, legal and/or social changes do you see as important in order for NFPs to become more common?
 - b. Do you have plans on expanding? Why/why not?