

# Challenges within Scaling

*Tradeoffs and Tensions*



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**Abstract:** Clothing brands implementation of supply chain sustainability in regards to controlling the labor rights of suppliers has long taken the form of auditing, compliance and monitoring. However, critics argue that these methods are not designed to protect labor rights and improve working conditions, but rather to prevent damage to brands reputations, as well as limit their legal responsibility. Therefore, more comprehensive approaches to improve working conditions in factories have arisen, where an alternative solution is Business Case Sustainability Initiatives (BCSI), such as Quizrr. They are a pioneer, working with capacity building, aiming to improve worker well being. However, Quizrr has reached a point where they have met difficulties when trying to scale up, leading them to realize that changes in the business model needs to be made in order for them to potentially succeed. When BCSIs fail to scale up their collaboration, they only reach a limited amount of brands and their suppliers. Consequently, failing to contribute to improvements for stakeholders, such as suppliers and factory workers. Business model innovation has in the specific case been refined changes in components of the business as a reaction to challenges in the organization concerning scalability. The changes will be discussed in regards to Richardson's (2008) business model framework, focusing on three components: the value proposition, the value creation and delivery and the value capture. This study analyzes what challenges Quizrr faces when scaling up their business, as well as the tradeoffs and tensions that arise when changing the components of the business model.

**Key words:** Sustainability, Corporate Social Responsibility, Capacity Building, Scaling, Collaboration, Value Creation, Business Model, Business Model Innovation

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## 1. Introduction

### 1.1 Background

The clothing industry has grown increasingly during the past few decades (Amutha, 2017). As production has grown in the global supply chains, so has the scale of the social and environmental issues involved within the industry (Oka et al., 2020a; Klassen & Vereecke, 2012). Today, garment brands and retailers (hereinafter called brands) outsource the majority of their production to developing countries in order to keep prices low and quantities of orders high (Sjödín, 2017). By outsourcing the manufacturing process, the brands do not own the production of the items they sell. Hence, leading to a loss of control of how the production process is undertaken (Alexander, 2020). Several reports reveal poor labor practices in the global supply chains, where unsafe working conditions, long working days, forced overtime, as well as low salaries are common (Locke et al., 2007a; Yu, 2009). Consumers' awareness of the social and environmental impact related to the production of their clothes leads to them pressuring brands to improve the standards of their global supply chain (Locke et al., 2009). Furthermore, the absence of global regulatory framework (Oka, 2010) and the inadequate efforts of national governments' ability to address the sustainability challenges within the garment industry, have led to brands enforcing private and voluntary sustainability practices at their globally spread suppliers (Locke et al., 2013; Egels-Zandén & Lindholm, 2015).

Brands have therefore implemented methods, such as auditing, compliance and monitoring (Sendlhofer & Lernborg, 2018), where they aim to control the labor rights of their suppliers (Sjödín, 2017; Oka et al., 2020a), as well as the environmental conditions in their global supply chain. The auditing approach focuses on supplier performance being reached at a minimum level in regards to social and environmental issues that have been defined in codes of conduct and/or local law (Egels-Zandén & Oka, 2019). The rise of non-state regulation has provoked heated debates about the effectiveness of codes of conduct and monitoring procedures (Oka, 2010). Critics argue that these types of methods are not in fact designed to protect labor rights and improve working conditions, but rather to limit the legal responsibility of global brands and prevent damage to their reputations (Locke et al., 2013). Despite enormous investments in codes of conduct and auditing, research suggests that they only lead to marginal improvements in the factories (Locke et al., 2007a; Egels-Zandén & Lindholm, 2015). Brands' are aware of its limitation, however the practice often continues because it gives them assurance and guidelines at a manageable cost (Oka et al., 2020b). Nevertheless, brands have in addition to the traditional methods, started to experiment with more comprehensive approaches to improve working conditions in factories (Pruett, 2005).

As a response to this ongoing challenge, various initiatives have emerged with a focus on social and environmental conditions (Oka et al., 2020a). One of these alternative solutions is Business Case Sustainability Initiatives (BCSI), described as a “capacity building initiative that claim to bring tangible financial benefits to participating factories while improving social and/or environmental sustainability” (Oka et al., 2020a, p. 1). Egels-Zandén and Oka (2019) suggests three criteria that need to be fulfilled in order for an initiative to be viewed as a BCSI. First, BCSIs are focused on capacity building in contrast to auditing. Second, they are explicitly focused on social or environmental sustainability. Therefore, traditional initiatives that focus purely on productivity or quality enhancing, such as lean manufacturing are not categorized as BCSIs, despite their potential positive impact on sustainability. Third, BCSIs should claim that it makes sense for factories to participate due to improved internal operational efficiency and effectiveness. The return on investment for factories should be high enough for factory managers to want to participate in the initiatives regardless of whether it

makes brands more inclined to source from their factories (Egels-Zandén & Oka, 2019). This contrasts with auditing initiatives where supplier participation is mainly argued to make financial sense for factories through attracting and retaining brands (Oka, 2012). In addition to the return on investment, other benefits for suppliers include aspects, such as achieved social or environmental impact, saving money on resources, reducing worker turnover and improving productivity (Oka et al., 2020a).

Despite its advantages, BCSI have faced challenges when wanting to scale up in order to increase the reach of global brands and their suppliers (Oka et al., 2020a). Regardless of the growing interest of how these capacity building initiatives can address root-cause issues, not all brands are actively involved or willing to invest in the approach. And when they do, it is often strategic suppliers in selected countries that are targeted, leading to a limit in reach and impact (Oka et al., 2020b). When BCSIs fail to scale up their collaboration, they only reach a limited number of global brands and their suppliers. This constrains their ability to contribute to improvements for stakeholders, such as suppliers, factories and factory workers (Oka et al., 2020a).

## **1.2 Purpose and Research Question**

Despite the growing interest and emergence of BCSIs, there is challenges for them scale in order to increase the reach of global brands and their suppliers (Oka et al., 2020a). Hence, often leading to engagement with a few selected suppliers, engaged in pilot projects (Lund-Thomsen & Lindgreen, 2014) and consequently, failing to contribute to improvements for stakeholders, such as suppliers, factories and factory workers (Oka et al., 2020a). In spite of the growing importance in practice, there is limited research about BCSIs and in particular, in relation to their scalability (see Oka et al., 2020a and Oka et al., 2020b for exceptions), compared to the extensive research into codes of conduct and auditing (e.g., Egels-Zandén & Lindholm, 2015; Locke et al., 2007).

The purpose of this paper was therefore to understand how a specific BCSI scale up their business to reach more companies, suppliers, factory workers and markets. In order to do so, an understanding of what factors enable and constrain the scalability of the business is a vital part of the paper. The chosen BCSI and case object of the study is Quizrr, a Swedish company, founded in 2013 that offers a digital educational tool for global brands and suppliers. The tool is used to strengthen the knowledge on issues relating to workers rights and responsibilities among employees, middle managers and management in factories. To study the BCSIs' attempts to scale up, the following research question is posed: *What challenges does Quizrr face in their efforts to scale up their business?*

## **1.3 Delimitations**

This paper has been narrowed down to solely focusing on one specific BCSI, which opens up space for an in-depth analysis of the topic. In addition to this, the emphasis is on social sustainability due to it being recognized as having been lagged behind in comparison to environmental aspects (Klassen & Vereecke, 2012), making it interesting to look at. BCSIs focusing on social aspects have a more difficult time to articulate their business case, environmental programmes can more clearly quantify savings in comparison to social programmes (Oka et al., 2020a). It is due to its focus on social sustainability that the specific BCSI has been chosen.

## **1.4 Relevance to Global Studies**

The paper links to major debates in Global Studies due to its focus on the social consequences of production processes in developing countries. The insights are valuable to the field of Global Studies as it concerns itself with the effect of companies that are active in the Global North but outsource a large part of their manufacturing process in the Global South. Hence, by understanding the enabling and constraining factors for a specific BCSI from scaling up their business could contribute to improvements for stakeholders, such as suppliers, factories and factory workers. Furthermore, it analyzes the friction that can arise between trying to be global in the efforts of scaling, but keeping a local context.

## **2. Previous research**

Globalization has with its mixture of economic opportunity and social disruption led to an intense debate about working conditions and labor rights in developing countries (Locke et al., 2007b). On the one hand, it has created opportunities in the form of contract manufacturers embedded in global supply chains, which has provided developing countries with tax revenues and employment. On the other hand, challenges have occurred where the global corporations have been depicted as exploiting and taking advantage of the low wages and weak social and environmental regulations of developing countries. This has been done, with the aim to produce products at a low cost, but at the expense of the local workers' welfare (Locke et al., 2013). Many scholars claim that the globalization of supply chains and the shortage of existing regulatory capacity at a global level calls for new forms of governance (Bartley, 2007). During the last decades, an emphasis has been made on corporations need to undertake transformations in order to become more proactive in evolving sustainable development (Lozano, 2015). The effort on social sustainability has lagged behind in comparison to the environmental aspects (Seuring et al., 2008; Klassen & Vereecke, 2012), but is rising as a key part of sustainable development. Social sustainability, defined as involving, identifying and managing business impacts on people and satisfying human needs (Brundtland, 1987) has been important but it has left many companies struggling with the management of these issues (Klassen & Vereecke, 2012). This is due to difficulties of operationalizing and measuring the social dimensions (Boström et al., 2015), which makes it more difficult to argue for being a business case (Oka et al., 2020a).

The debate about social sustainability in a global supply chain is often centered on labor rights and their lack of enforcement (Egels-Zandén & Lindholm, 2015). The emphasis has been on highlighting the asymmetrical power relationships between the powerful and concentrated corporations in the Global North and the dispersed suppliers in the Global South (Oka et al., 2020b). As globalized supply chains cross several regulatory borders, the corporations involved in these chains become pressured from various actors, such as consumers, non-governmental organizations (NGOs) and governments to take responsibility for the impact they make beyond their immediate organizational boundaries (Boström et al., 2015). Corporations are able to influence conditions through action or inaction, which can result in various social outcomes (Klassen & Vereecke, 2012).

The huge amount of pressure on organizations to assume more responsibility for their social impact throughout their supply chain has resulted in various standards worldwide (Boström, 2015). The common methods that have been used in order to control labor rights have mostly been auditing, compliance and monitoring (Sendlhofer & Lernborg, 2018). The auditing approach focuses on supplier performance being reached at a minimum level in regards to social and environmental issues that have been defined in codes of conduct and/or local law (Egels-Zandén & Oka, 2019). Similarly, monitoring is concerned with assessing and

measuring outputs against particular performance criteria (Klassen & Vereecke, 2012). Critics argue that these types of methods are not in fact designed to protect labor rights and improve working conditions, but rather to limit the legal responsibility of global brands and prevent damage to their reputations (Locke et al., 2013). Problems in social performance can spoil the brands equities and sales, making supply chain performance a critical competitive focus (Seuring et al., 2008). In addition to this, the trustworthiness and qualification of those monitoring the factory conditions have been debated. It has been debated whether those conducting the audits can be trusted to make accurate and honest assessments of factory conditions, regardless of whether it has been monitored by internal, company staff or audited by third-part, external consultants or NGOs (Locke et al., 2007b). The internal audits performed by brands and their suppliers have an interest in hiding labor violations rather than reporting them, Locke et al. (2007b) argue. This also applies to third-party consultants due to them wanting to please their clients, being the brands and the suppliers. Furthermore, NGOs have been criticized for not being competent to do audits, since these involve assessing technical issues, such as air quality in the factories (Locke et al., 2007a).

Despite huge investments in codes of conduct and auditing, research has estimated that they only lead to marginal improvements in the factories (Locke et al., 2007a; Egels-Zandén & Lindholm, 2015). Brands are aware of its limitation, but the practice often continues because it gives them assurance and guidelines at a manageable cost (Oka et al., 2020b). Nevertheless, brands have in addition to the traditional methods, started to experiment with more comprehensive and commitment-oriented approaches to improve working conditions in factories (Pruett, 2005; Locke et al., 2009). More participatory methods of auditing and training have been proposed in order to remedy this situation. In line with this finding, Sendlhofer and Lernborg (2018) argue that there is a need to involve workers more in order to assess what their situation actually looks like and emphasize their needs. Lund-Thomsen and Lindgreen (2014) have identified a shift from the traditional compliance model of codes to a cooperation-based model, focusing on a close collaboration related to sustainability practices between brands and their suppliers. The cooperative paradigm is inclined to engage suppliers and brands in joint problem solving, information sharing and trust (Locke et al., 2009) to drive sustainability challenges and reforming auditing systems in order to better understand production processes (Alexander, 2020).

As a response to this ongoing challenge, various initiatives have emerged with a focus on social and environmental conditions (Oka et al., 2020a). One of these alternative solutions is Business Case Sustainability Initiatives (BCSI), described as a “capacity building initiative that claim to bring tangible financial benefits to participating factories while improving social and/or environmental sustainability” (Oka et al., 2020a, p. 1). These initiatives involve training, as well as support to factories and are argued to improve the efficiency of suppliers to the extent that factory managers should want to undertake initiatives for their own sake (Egels-Zandén & Oka, 2019). As Egels-Zandén and Oka (2019) explain more explicitly, the return on investment for factories should be enough for factory managers to want to participate in the initiatives regardless of whether it makes brands more inclined to source from their factories. The benefits for suppliers include aspects, such as saving money on resources, reducing worker turnover and improving productivity (Oka et al., 2020a). Capacity building approaches are increasingly viewed as a promising complement or possible substitute to the traditional methods, such as auditing, compliance and monitoring (Oka et al., 2020b). They rely on mutual benefits and trust development between brands and suppliers since they allow a positive, educating role instead of a negative, policing one (Boström, 2015).

Despite its advantages, BCSIs have faced challenges when wanting to scale up to improve the conditions for stakeholders, such as suppliers, factories, factory workers and the brands (Oka et al., 2020a). Oka et al. (2020b) argue that since auditing and capacity building usually come from the same Corporate Social Responsibility (CSR) budget of brands, there is often a tradeoff between the activities (Oka et al., 2020b). BCSIs that seek to change the status quo are often more resource-intensive than traditional auditing. They require a long process of trust building and convincing to change the way companies are run, continuous interaction with programme implementers and factory management, as well as requiring participation fees (Oka et al., 2020a). Similarly, Boström (2015) argues that capacity building is a long-term learning exercise and cannot be achieved through one-shot training sessions. Nonetheless, BCSIs do not only compete with auditing, but also against other BCSIs, as well as brands' in-house programs (Oka et al., 2020a).

Furthermore, Oka et al. (2020b) explain that regardless of the growing interest of how capacity building can address root causes and tackle deeper issues, not all brands are willing to invest in the approach. And when they do, it is often strategic suppliers in selected countries that are targeted, leading to a limit in reach and impact (Oka et al., 2020b). In line with this finding, Oka et al. (2020a) argue that scaling BCSIs and achieving greater impact requires prioritizing suppliers that are far from being excellent. However, in reality brands are inclined to target their strategic suppliers that are already performing good in order to showcase success stories, rather than making an impact. It is for these reasons that Lund-Thomsen and Lindgreen (2014) argue that collaboration often leads to engagement with a few selected suppliers, engaged in pilot projects. They go on to explain that close cooperation across the large amount of suppliers that brands have requires a lot of effort to maintain. Furthermore, in comparison to monitoring, the collaborative initiatives require a longer time period to develop, implement and generate performance benefits (Klassen & Vereecke, 2012). Moreover, Locke et al. (2009) argue that even though some suppliers invest in new training programmes aimed at improving labor standards, they are not always rewarded for these investments due to brands' being price sensitive and leaving to less-expensive suppliers elsewhere.

In a similar vein, Egels-Zandén and Oka (2019) suggest more explicitly in their study that brands limited budgets pose as a challenge for them to scale their collaboration with BCSI. Sustainability departments often have limited budgets and therefore requires them to find solutions to increase their budgets, for example by applying external or internal funds or collaborating with other departments in the company. Several brands in their study recognize the challenges of moving these initiatives as an add-on to something integral. The BCSI are often upheld as a legitimacy activity, but isolated in token projects run by the sustainability department, consequently, failing to be incorporated in holistic strategies (Egels-Zandén & Oka, 2019).

## **2.1 Scaling processes**

The concept of scaling is in this paper referred to two aspects: geographic and economic. The geographical concept indicates that a corporation goes global by operating solely within a specific geographical region to operating in multiple regions around the world (Herod & Wright, 2002). A specific initiative could thereby scale by expanding their geographic and industry scope (Egels-Zandén & Oka, 2019). The economic concept on the other hand, refers to the increase in the number of brands and factories that enroll and participate in the



programmes of the initiatives (Egels-Zandén & Oka, 2019). The two can go hand in hand, but they are distinct.

Oka et al. (2020a) present three different scaling processes: top-down, bottom-up and through intermediaries. The top-down approach, being the most common scaling process, depends on the ability to attract brands into the initiatives that further nominate factories (Oka et al., 2020a). Brands are pressured to assume social and environmental responsibility for the products produced in the supply chain (Boström, 2015). The brand responsibility for supply chain practices has evolved throughout the years, from denial and rejection in the 1980s, to acknowledgement and development of Codes of Conduct and auditing in the 1990s, to a more proactive engagement in the past decade (Schrempf-Stirling & Palazzo, 2016). The top-down approach requires engagement, investment of resources, as well as time from the brands, which can, according to Boström et al. (2015) differ in ability depending on the size of the company. The call for greater responsibility from the brand is often based on the assumption that they wield power over the suppliers (Oka et al., 2020b). Power, defined as “the ability to influence others to do what they would not otherwise have done” (Gadde et al., 2010, p. 115), is in this case rooted in dependence. This means that the more dependent one actor is on another, the more power the latter has over the former (Egels-Zandén et al., 2015). Moreover, it is argued that the relationship between the brand and the supplier is central to improve sustainability in supply chains (Oka et al., 2020a). Oka et al. (2020a) explains how trustful and long-term relationship between the two actors have been found to motivate factories to implement positive changes while indirect and distant relationships have not. Capacity building activities require a more collaborative relationship based on trust in comparison to the auditing approach (Oka et al., 2020a). Similarly, Egels-Zandén et al. (2015) argues that trust and collaboration have proven essential to improve suppliers’ sustainability conditions. However, collaboration often involves brands placing strong demands on suppliers to reveal sensitive information, such as sustainability conditions, audit reports and names of sub-suppliers, which can lead to conflicts, where they undermine their relationship and collaboration (Boström et al., 2015). Despite this, information from suppliers has been considered a key prerequisite for developing a socially responsible and sustainable supply chain (Boström, 2015).

The bottom-up approach, on the other hand, involves the initiatives recruiting the suppliers directly (Oka et al., 2020a). In a related vein, Merk (2014) explain that many Tier 1 suppliers are not dependent and captive of brands since they are now large business entities and capable of offering packages of services. This leads to brands not being as powerful than commonly assumed (Oka et al., 2020b). Their power over suppliers’ performance in social and environmental sustainability issues is according to Boström (2015) exaggerated and cannot be taken for granted. A power gap can, from a brands’ point of view be a problem since the lack of power consequently means lack of ability to enforce standards and requirements on the supply chain (Boström et al., 2015). One could argue that the sizes of brands play a role, where the smaller ones feel that they do not have the ability to change the operations of suppliers (Boström, 2015). Nonetheless, bottom-up recruitment is rare (Egels-Zandén & Oka, 2019). Oka et al. (2020a) argues that if recruiting factories for sustainability-related training, one needs to make a business case since they are often resistant to change and unwilling to participate. The business case could be financial return on investment, either directly through efficiency gains and/or indirectly through attracting and retaining brands. Moreover, the return on investment for factories should be high enough for factory managers to want to participate in the initiatives regardless of whether it makes brands more inclined to source from their factories (Egels-Zandén & Oka, 2019). In addition to this, factory managers need

to be convinced that improving the well being of their workers can actually benefit the factory (BSR, 2011).

Lastly, the intermediaries approach is when BCSIs partner together with industry associations to help recruit suppliers, as well as brands to the initiatives (Oka et al., 2020a). Hence, being a way to bottom-up supplier recruitment, but also a top-down brand recruitment (Egels-Zandén & Oka, 2019). Since interactions between organizations are rarely balanced, Lozano (2008) argues that influence can be used for leverage. Leverage can be defined as small actions that produce significant and enduring improvements, to help the transition towards, for example more sustainable organizations. Hence, to convince a powerful group or organization that a change towards sustainability is required, eases the transformation of the group to which they belong (Lozano, 2008).

### **3. Theoretical framework**

This section consists of five theoretical areas. The first section discusses business in the sphere of social sustainability. The second defines the concept of a business model and explains the business model framework, consisting of three components: the value proposition, the value creation and delivery system, and value capture. The third part introduces business model innovation in order to understand the BCSIs process to change their business model to scale and what challenges they face in their efforts to scale up their business. The fourth section discusses extended business model boundaries in regards to inter-organizational collaboration and competition. Lastly, the fifth section, sums up the theoretical framework.

#### **3.1 Business within social sustainability**

The relationship between CSR and profit is not only a theoretical and empirical topic for scholars to study, but also a realistic problem for companies. Corporations' attitudes towards CSR are, to a large extent, dependent on the relationship between social responsibility and profit, meaning that they often have a positive approach if their practice of CSR contributes to generating profits (Wang, 2014). It is a genuine concern for corporations to consider whether CSR should be given more priority than making profits, where two different approaches are commonly presented; one approach is to treat sustainability as a tradeoff and make a choice between profit and societal impact (Alberti & Varon Garrido, 2017). This approach views the practice of CSR as a burden on corporations and consequently believes that it should be abandoned. Corporate leaders within this approach are worried that the practice of CSR will consume resources and increase the costs of the corporation. In addition to this, they identify CSR as a social issue and believe that they have no obligation to solve these types of problems. Instead, arguing that the responsibility lies with the government and that there exists contradictions between making profits and fulfilling social responsibility (Wang, 2014).

The other approach is to incorporate societal demands to re-think the business model of corporations so that tradeoffs can potentially lead to new business strategies, where profit and sustainability are aligned (Alberti & Varon Garrido, 2017). When looking at it from this point of view, CSR is understood as an efficient way to help corporation make profit. According to this opinion, there is no contradiction between the performance of CSR and making profits. Instead, the relationship between these two factors is positive in the long run. Advocates argue that they can do better for shareholders by working with social issues, and furthermore, believe that it is not only worthwhile to perform CSR, but a must (Wang, 2014). In a related vein, Caprar and Neville (2012, p. 231) explain that from a business perspective, the sustainability concept is essentially about “creating long-term value by adopting a business

approach that is equally mindful of economic, social, and environmental implications". In a contemporary society, corporations can no longer purely make profits. Instead, CSR has become necessary in order to survive in the business environment, where social and legal institutions, NGOs and the social direction of public opinion have made it an essential factor for development. Although corporations without good performance of CSR can make profits in a short-term, they have a difficult time to win in the long run (Wang, 2014). It is for these reasons that Joyce and Paquin (2016) argue that there is a need to integrate sustainability into business model thinking, where value creation is related to the economic, social and environmental aspects of an organization (Pedersen et al., 2021).

### **3.2 Business model**

The literature presents various perspectives on what a business model is (Bocken et al., 2014). It is often referred to as a conceptual tool to help understand how a company does business (Magretta, 2002). It is concerned with how a company defines its competitive strategy through the design of products or services being offered to the market, how it charges for it, the production cost, as well as how it differentiates itself from its competitors (Bocken et al., 2014). The essence of a business model is to establish how a company "delivers value to customers, entices customers to pay for value, and converts those payments to profit" (Teece, 2010, p. 172). It reflects the management's assumption about what customers want, how they want it and how the company can organize to meet those needs, as well as convert the received payments to profits (Teece, 2010). Therefore, business models can be viewed as the bridge between value for customers and profit for the firm (Leih et al., 2015). A good business model is essential to all successful organizations, despite being a pioneer or an established actor (Magretta, 2002).

In this paper, the framework presented by Richardson (2008) is used in order to define a business model and how it can be used to think strategically about the way a firm does business. It consists of three main components: the value proposition, the value creation and delivery and the value capture. The value proposition comprises what the firm will deliver to its customers, their willingness to pay for it and the firm's approach to competitive advantage. More specifically, it encompasses a company's offering. The elements of the value proposition include the offering or what the company sells, the intended customer or target market and lastly, the firm's reason for existence. It is often assumed that if value is delivered, customers will pay for it. However, Teece (2010) argues that customers do not just want products; they want solutions to their perceived needs. Beyond what the firm will offer and to whom, it is essential to understand the basic strategy to win customers and gain competitive advantage. Hence, understanding why other firms are not already serving the market and how the specific firm is going to do something better (Richardson, 2008). Richardson (2008) claims that the strength of a company's value proposition rests on its strategic positioning and that a company, planning to offer the same product to the same target market that is already served by several existing companies' does not have a strong value proposition. The value proposition thus represents the value the firm will offer to a customer in relation to the competition.

Secondly, Richardson (2008) suggests that the value creation and delivery system refers to how the firm will create and deliver value to its customers and the source of its competitive advantage, i.e. resources and capabilities. It includes the activities that a company undertakes to create, produce, sell and deliver their offering to customers. It also includes the position in the value creation network of which the firm is a part, where activities will be divided among actors, such as the company, partners and suppliers. Richardson (2008) explains that the

resources and capabilities of the various actions, as well as the activities among them should match the value proposition. Hence, that they should be able to create and deliver the value proposition.

The third component, the value capture, refers to how the firm generates revenue and profit. Even though a company develops a strong value proposition and successfully creates and delivers value does not mean that it will earn great returns. It also has to have a model that produces revenue and provides for a profit margin over its costs (Richardson, 2008). This is coherent with when Chesbrough (2007) argues that it is critical for a company to earn a profit from a portion of its activities, since it otherwise cannot sustain those activities over time. This component of the business model includes what is often called the revenue model, as well as the economic model. The revenue model describes the sources of revenue or various ways that the company receives money in exchange for its services, whereas the economic model covers the costs, margins and financial aspects of the company. The company needs to consider its activities and position in the value network with value capture in mind. Various revenue sources and alternative economic models can be compared to find improved ways to deliver value to customers and capture it for the firm (Richardson, 2008). It is for these reasons that Richardson (2008) explains that value for the customers in relation to value for the company is not a zero-sum game. Therefore, a better business model could increase value for both the customers and the firm. However, there will be tradeoffs to be made to ensure value capture and a competitive advantage for the firm.

### **3.3 Business model innovation**

Today, innovation needs to include business models, rather than just technology and research and development. To innovate a business model, there is a need to understand and examine what paths exist to continually make improvements (Chesbrough, 2007). It may take time to get a business model right, where pioneers in particular, are often forced to make educated estimations as to costs, customers, competitors and complementors. They need to have an understanding of customer needs and their willingness to pay, as well as competitors positioning and potential competitive responses (Teece, 2010). Magretta (2002) explains that once a company starts operating, the business model is subjected to continuous testing in the market and is successfully established only after considerable trial and error (Teece, 2010). The success is often dependent on management's ability to tweak or even overhaul the model when needed (Magretta, 2002). Similarly, Teece (2010) argues that keeping the model viable is a continued task that requires improving commercially feasible components for revenues and costs in order for the company to be successful. However, if failing to achieve the expected results, the company should according to Magretta (2002) reexamine the model and revise when necessary.

This goes in line with Chesbrough's (2007, p. 15) definition of business model innovation as to "advance [the] business model [...] from very basic (and not very valuable) models to far more advanced (and more valuable) models". It is seen as a process, where corporations need to change, adapt and innovate their business models in order to sustain successful over time (Achtenhagen et al., 2013). It is usually a change in the structure of the entire business model or specific components of it that can be refined either as a reaction to opportunities or challenges in the organization's environment, but also as a tool for diversification and innovation (Geissendoerfer et al., 2018). It can take the form of changes in the internal organizational structure (Leih et al., 2015) or involve the design of a new product for an unmet need. It can also be a process innovation, where the company works on improvements in regards to making, selling or distributing an already proven product or service (Magretta,

2002). These types of business model innovations are almost by definition strategic issues, where the management team is responsible (Leih et al., 2015). It is perceived as a key activity if wanting to remain competitive (Bocken & Geradts, 2020). Teece (2010) explains that there is an abundance of business model possibilities, where some are better adapted to customer needs and business environments than others. He continues to explain that selecting, adjusting and/or improving business models is challenging and requires creativity, insight, as well as knowledge about both customers and competitors (Teece, 2010).

Business model innovation can itself be a pathway to competitive advantage if the model is non-imitable, either by being hard to replicate or by risking to disturb relationships with existing customers, suppliers, or essential partner if replicating it. However, developing a successful business model can be insufficient to assure competitive advantage, due to imitation often being easy. Therefore, a differentiated and hard to imitate business model is more likely to generate profits (Teece, 2010). This call resonates with Magretta's (2002) argument that organizations achieve superior performance when they are unique and do something no other business does in ways that no other can replicate. The logic is straightforward: when all companies offer the same products or services to the same customers by performing the same kind of activities, no company will thrive.

### **3.4 Extended business model boundaries and cooptation**

Collaboration between corporations and other actors are becoming increasingly important, especially with the rising global sustainability pressures. In these types of sustainability-oriented initiatives, actors collaborate with the aim to create and capture value around a joint value proposition (Oskam et al., 2020). Value is no longer created by corporations acting by themselves, but by corporations acting together with external parties (Bocken et al., 2014). In these types of circumstances, the boundaries of the business model extend beyond the boundaries of the company. This allows, as Beattie and Smith (2013) suggests that both parties can share resources, costs and develop competitive skills together. Businesses, policymakers, and researchers have during the last decade, advocated the need for value creation through inter-organizational collaboration (Pennec & Raufflet, 2018). Bryson et al. (2006, p. 9) define collaboration as "the linking or sharing of information, resources, activities, and capabilities by organizations to achieve an outcome that could not be achieved by the organizations separately" (Bryson et al., 2006, p. 44). On a similar note, Galbreath (2002, p. 9) argues that the economy has entered into a "relationship age", where success is dependent on a corporation's capacity to build quality relationship assets for value creation.

Austin and Seitanidi (2012, p. 731) echo this and identify four types of values that are developed in a collaborative relationship: associational value, transferred resource value, interaction value and synergistic value. The first value, associational value, refers to an accrued benefit simply from being in a collaborative relationship with the other organization. This can for example yield credibility, improved reputation, higher visibility and support for the organizations that are engaged in the collaboration. The second value - transferred resource value - refers to the benefit derived by a partner due to receiving a resource from another partner. These resources can for example be mastering a new skill learned from a partner (Austin & Seitanidi, 2012). In a related vein, Lozano (2008) explains that when organizations collaborate with other organizations located in other countries, it can offer them perspectives and increase the organizational knowledge that perhaps would not have been thought or developed in-house. An example of this can be to enter local partnerships in order to reduce the global-local gap and frictions that can be associated with distance (Vellema & van Wijk, 2015). Local actors can be understood as partners in co-creation processes since

they have the ability to suggest how local guidelines and practices can be incorporated into global, generic standards to make them context-specific (Boström et al., 2015). Thirdly, interaction value comprises the intangibles deriving from partnerships, such as reputation, accountability and trust (Austin & Seitanidi, 2012). Lastly, synergistic value arises from the combined resources that partners' accomplish together, which they would not have been able to do on their own (Austin & Seitanidi, 2012). This call resonates with Vellema and van Wijk's (2015) view that one of the main drivers behind collaboration is that they combine a unique capability and recourse of each party, which contributes to outcomes that the individual partners cannot easily achieve in isolation or lack critical competencies to develop on their own in a timely way (Selsky & Parker, 2005). Hence creating a win-win situation (Vellema & van Wijk, 2015). Although Austin and Seitanidi (2012) framework is designed for non-profit-business collaborations, Pennec and Raufflet (2018) argue that it is applicable to all types of inter-organizational collaboration, given its generic nature.

Moreover, Hamel et al. (1989) argue that the case for collaboration is stronger than ever due to the fact that it takes both time and money to develop new products and to penetrate new markets, leading to only a few being able to do it alone. Although, the highest priority of any organization is economic survival, whether through profit generation, donations or membership inscriptions, organizations' leaders are encouraged to engage with the different players through collaborative measures. Similarly, Lozano (2008) argues that collaboration is the fastest way to overall optimum and without it; there would be no real development. He continues to explain that collaborative approaches are better than competitive ones in the path towards sustainability. Even though competition and cooperation are considered mutually incompatible, they are not totally independent. To capture the complex phenomenon of co-existence of cooperation and competition among corporations, the term "coopetition" is coined, meaning that competition is embedded in cooperative relationships (Kim, 2020, p. 1). Hence, creating a "hybrid activity" in which corporations compete against and cooperate with each other at the same time (Bouncken et al., 2015, p. 578). These relationships are composed of the value creation of pursuing common benefits, representing cooperation, and the value appropriation of pursuing private benefits, representing competition. For these reasons, competition can seldom be separable from cooperation despite cooperative partners being non-competitors (Kim, 2020).

Cooperation can be viewed a way to acquire resources, such as knowledge, technical skills and capabilities, leading to competitors being good cooperative partners (Kim, 2020). Companies use competitive collaboration to improve internal skills and technologies while they are careful to transfer competitive advantages to partners (Hamel et al., 1989). Hamel et al. (1989, p. 134) argues that "collaboration is competition in a different form", where the ones that benefit the most from it follow the principle of entering the alliance with a clear strategic objective and also an understanding of how their partners' objectives can possibly affect their success. They explain that for collaboration to succeed, each partner must contribute to something distinctive, such as specific skills, product development or access to distribution. However, the challenge is to share enough skills to create advantages in relation to companies outside the alliance, while preventing a transfer of core skills to the partner. Companies must carefully select what skills and technologies they pass on to their partners and develop protections against unintended, informal transfers of information. The goal is to limit the transparency of their operations. In addition to this, Hamel et al. (1989) stress the importance of learning from partners. In their study, they found that in all cases of strategic alliance, the partner that had made a greater effort to learn was the one that emerged stronger

from the alliance. Companies must be more receptive in order to realize the benefits of competitive collaboration.

Furthermore, the incentives to cooperate are grounded in the belief that it will allow organizations to gain the benefits of coordinated activity, which Bartley (2007, p. 306) describes as “cooperation-for-collective-benefits”. However, it requires competitors in an industry to cooperate and the more similar a company is to its rivals, the more competitive is their relationship due to overlap in shared resources. An essential resource for which organizations can compete is their members that are almost always recruited from a limited segment. In order for organizations to not compete intensely with one another, they need to become specialists and consequently, occupy regions in social space where they are seemingly well adapted to monopolize resources (McPherson, 1983). Magretta (2002) claims that the losers in the industry are the companies that try to be all things to all people. Such companies fail to find distinctive ways to compete.

### **3.5 Summing up**

This theoretical framework brings together the perspectives on business in relation to sustainability and the need to integrate it in business model thinking. It also sheds light on how corporations can change and refine their business models as a reaction to opportunities or challenges in the organization’s environment, as well as a tool for diversification and innovation. It further discusses how business models can have extended boundaries, where inter-organizational collaborations take form in order to create value but also mentioning how competition can seldom be separable from cooperation and the challenges that might arise. All of this is highly relevant to the work of BCSIs as they combine sustainability and business. They focus on the positive impact on sustainability, as well as wanting to create a business case for factories, concerning financial return on investment, directly through efficiency gains and/or indirectly through attracting and retaining brands.

## **4 Methodology**

In the following section, the research design and method used in the study is presented. Firstly, an explanation of the research design is presented, followed by a motivation of the decision behind case study research and choice of case object. Secondly, the data collection and data analysis will be explained. The methodology section is concluded with a discussion of the trustworthiness, limitations and validity, as well as ethical considerations of the research.

### **4.1 Research design and method**

This thesis uses an inductive approach in order to gain a deeper understanding and draws generalized conclusions from the specific observations (Bryman, 2012). It was conducted in line with a single case study (Gerring, 2004), namely Quizrr, where the object of analysis was the BCSI. By using case study as research design, it was possible to provide an in-depth and detailed examination of one specific case (Bryman, 2012), where the aim was to understand the challenges a specific BCSI face in their efforts to scale up their business. Since scalability of BCSIs is a relatively new phenomenon, the choice of a qualitative study with a few highly informative interviews felt more relevant than a quantitative study with many less informative observations. Information was also gathered through participant observation in the sense that the author’s prior internship at Quizrr yielded many relevant insights. The intensive examination of the case was followed by engagement in a theoretical analysis (Bryman, 2012).

### 4.1.1 Case selection

The chosen BCSI and case object of the study is Quizrr, a Swedish company, founded in 2013, which offers a digital educational tool for global brands and suppliers (Quizrr, 2020). The tool is used to strengthen the knowledge on issues relating to workers rights and responsibilities among employees, middle managers and management in factories, based on the three basics “educate, measure and share” (Oud, 2018, p. 6). Hence, meaning to educate your workforce, measure your results, and share your progress. Quizrr’s aim is to scale training by continuous and long-term use of the digital solution through a series of customized educational short films, followed by quiz questions. The films portray various scenarios in the factories, followed by a quiz where the user is asked to answer questions. The gathered data, which is related to the number of executed trainings and their result (concerning the number of correct and incorrect answers), can be viewed in a web portal, where statistics are available to both the supplier and the brand (Oud, 2018). It measures and monitors suppliers more specifically in regards to issues, such as rights and responsibility, worker engagement, wage management, involuntary work, ethical recruitment and digital wages (Quizrr, 2020). The concept behind Quizrr is to meet a demand for tools that go “beyond audit” to build capacity in factories through training and engagement (Oud, 2018, p. 6).

## 4.2 Data collection

The data collection has been made through participant observation during an internship, followed by a project position at the case object, as well as through formal interviews afterwards. Therefore, the empirical data of this research consists of both eight internal meetings and four interviews with relevant employees at the studied BCSI (see table below). Two internal meetings and one interview were conducted with one of the co-founders (referred to as co-founder 1), as well as an additional interview with the other co-founder (referred to as co-founder 2). Three internal meetings and one interview were executed with the CEO. Lastly, three internal meetings and one interview were with the Commercial Director. The reason for this was due to the four interviewees having expertise in various subjects in regards to the corporation, leading to insights into different topics. The first three internal meetings took place at the Quizrr office and were executed in person (the interviewer lived in the same city as the respondents for a few months). However, the rest of the internal meetings and the interviews were conducted online, using video due to the geographical distance and Covid-19, which impacted travel logistics. However, since the interviewer had met the respondents several times due to having an internship there, leading to a project position both parties felt relaxed during the interview despite it being conducted online. Since the interviewer, as well as the respondents are native speakers, the interviews were conducted in Swedish. This interview structure was set up in order to, together with the theoretical framework, gain deeper knowledge of what challenges the BCSI face in their efforts to scale up, as well as what factors enables and constraints the scalability of the business.

	Internal meeting	Internal meeting	Internal meeting	Internal meeting	Internal meeting	Internal meeting	Internal meeting	Internal meeting	Interview	Interview	Interview	Interview
<b>Date</b>	2020-11-09	2020-11-11	2020-11-12	2020-11-20	2020-11-24	2021-01-14	2021-01-27	2021-01-28	2021-02-15	2021-02-16	2021-02-19	2021-02-23
<b>Time (min)</b>	120	60	60	75	60	60	60	65	48	51	47	45
<b>Title</b>	Co-founder 1	CEO	Commercial Director	CEO	CEO	Commercial Director	Commercial Director	Co-founder 1	Co-founder 2	Co-founder 1	CEO	Commercial Director
<b>Location</b>	Quizrr Office	Quizrr Office	Quizrr Office	Online (Video)	Online (Video)	Online (Video)	Online (Video)	Online (Video)	Online (Video)	Online (Video)	Online (Video)	Online (Video)

### *Interview Structure*

The interviews were conducted with a semi-structured approach; meaning predefined and open-ended questions were prepared and had an initial order, which is in accordance with the recommendations presented by Bryman (2012). However, the interviewees were given a great



amount of freedom in how they responded to the questions and were not steered excessively in a specific direction. Follow up questions were spontaneously given in order to develop relevant subjects for the study, as well as to clarify some answers (Bryman, 2012).

The internal meetings were gathered through participant observation due to the information being collected during the internship and project position. Participant observation can be defined as the researcher being immersed in a group for a period of time, observing behavior, listening to what is said in conversations between the members of the social setting and asking questions (Bryman, 2012). However, it diverges slightly from its common form in the sense that it preceded the research. Therefore, these observations were not as purposive as they could have been if these observations had been a part of a deliberate ethnographic study. The positive aspects of being a participant observer, in addition to doing formal interviews afterwards, is to have contact with the people in the case study for a longer period of time, as well as participating in many of the same activities as the members of the social setting that is being studied. This allows the observer to come closer to the naturalistic emphasis due to confronting members of the case study in their natural environment, which goes in accordance with the argument presented by Bryman (2012).

### **4.3 Data analysis**

The interview data was transcribed verbatim and used as a basis for answering the research question. Despite the fact that it was a time-consuming task and not all parts of the transcription were equally important, the interviews were transcribed precisely. This was done to avoid not missing anything or having to go back to the recordings at a later stage in the analysis. Also, it gave the researcher a chance to familiarize herself with the empirical data (Bryman, 2012). The additional data, gathered through internal meetings, had been collected in the form of detailed and comprehensive notes during participant observation. The acquired knowledge about Quizrr during the internship and project position allowed for more specific questions being asked during the interviews.

The transcriptions from each interview, as well as the notes from the internal meetings were then coded by categorizing the answers and information as related to different themes. The coding of the data identified and marked interesting parts of the interviews and internal meetings with a focus on the question, which is suggested by Berndtsson (2017). The themes were (in line with Bryman, 2012) not pre specified but rather developed throughout the coding process in order to organize the data. When all interviews and internal meetings were coded, the suggested themes were examined and named appropriately in order to not miss out on any categories relevant for the study.

In line with the process of inductive research, the empirical data was reviewed parallel to constructing the theoretical framework, as well as writing the analysis (Bryman, 2012).

### **4.4 Quality of results**

Three aspects of the quality of the results require discussion: trustworthiness, limitations and validity, as well as ethical considerations.

#### *4.4.1 Trustworthiness*

The issue of quality in this paper can be evaluated in line with the theories regarding “trustworthiness”, as explained by Lincoln and Guba (1985 in Bryman, 2012, p. 49), namely containing four aspects: credibility, transferability, dependability and confirmability. In order for this paper to be perceived as trustworthy in regards of the credibility criteria, great

attention has been given into contributing to the familiarity of the research topic and to make sure that the claims made in this paper are well supported with the collected data. Furthermore, while the reasoning in this paper is specifically made in relation to the fashion industry, it is argued that this is done with the intention of the study to be categorized as transferable to other industries as well. In regards to the criteria of dependability, Eriksson and Kovalainen (2008) argue that the choice to be anonymous has to be given to case objects when doing research. For these reasons, the researcher asked Quizrr whether they wanted to remain anonymous, which they decided was not needed. This allowed the researcher to work with the issue of securing the empirical data in a confidential way (Eriksson & Kovalainen, 2008). Hence, referencing the used sources throughout the paper, leading the reader to arguably be able to trace the information to its original source. Therefore, the paper can be perceived as dependable since the reasoning throughout the process has been supported with direct words expressed by the interviewees. In addition to this, the interviewer has been aware of the potential risk of subjectivity influencing the interpretation and reasoning. Complete objectivity is impossible, which is in accordance with the argument presented by Bryman (2012). However, the interviewer's constant awareness regarding the issue has minimized the risk of subjectivity, which is an important issue when conducting research that meets the criteria of confirmability.

#### *4.4.2 Limitations and validity*

Conducting a qualitative study based on data from one single case study can be challenging in terms of making generalized conclusions of other cases, which goes in line with the arguments presented by Berndtsson (2017). This is coherent with Bryman's (2012) point regarding the case of external validity, referring to the degree which findings can be generalized across social settings. This research could be experienced as having low external validity since only one business case is studied and the interviews conducted were within the case study, leading to the conclusions necessarily not being applicable outside of its context. Moreover, since the people interviewed within the study were people within the company, the data is premised on Quizrr. Thus, leading to an inside out view, based on thorough discussion and observations about how the company view themselves and the challenges they face in their efforts to scale their business. This was a conscious choice in order to create an in-depth analysis, which is related to Gerring's (2004) argumentation that single case studies can contribute to how we understand and study other similar cases. Furthermore, the availability of similar research is a limitation due to the lack of relevant theories that are applicable, in order to understand the scaling process of a BCSIs. Nevertheless, this opens up for an opportunity to create a scientific addition to the topic.

Moreover, an additional limitation in regards to participant observation is that people's knowledge of the fact that they are being observed may make them behave less naturally (Bryman, 2012). However, since the information was collected during the internship and project position and therefore preceded the research, it could be argued that the members of the social setting did not view the researcher as an observer. Therefore, not limiting them in their natural environment. In addition to this, one can argue in line with Bryman (2012) stating that people being observed often become accustomed in the observers presence and begin to behave more natural the longer they are around.

#### *4.4.3 Ethical considerations*

When conducting the research, ethical issues were taken into consideration (Swedish Research Council, 2017). Since this study involves interviews, the principle of informed consent (Bryman 2012; Swedish Research Council, 2017) was particularly relevant. The

interviewees were fully informed of what the research was about and entitled to refuse to participate in every step of the interview process, which goes in line with the recommendation presented by Bryman (2012). Also, they were asked if notes from specific internal meetings were allowed to be of use for the research. In addition to this, extra measures to reduce the power imbalances that can be present in qualitative methods were taken into account. The power hierarchies of interviews are to some extent unavoidable due to the interviewer determining everything from the planning stages to the analysis of the results. In this connection, Kvale (2006) argues that power imbalances are created due to the interviewer deciding the topic, posing the questions, interpreting and reporting what is said during the interview to benefit the research (Kvale, 2006; Brinkmann & Kvale, 2005). For these reasons, a semi-structured interview approach was chosen in order to allow a free-flowing conversation, where the interviewee could to some extent control the direction of the interview and not feel constrained. The interviewees also had the possibility to go through the empirical findings in order to feel that they have been interpreted the correct way. In addition to this, one could argue that the interviewees had power over the interviewer as well due to the interviewer being employed by the company and feeling gratitude for being there.

## **5 Empirical Findings**

The following chapter provides the results of the study of Quizrr's challenges in their efforts to scale up their business. It includes four components: a description of the company, an explanation of what they offer, followed by the platform and lastly, how they try to reach their target audience.

### **5.1 Company description**

Quizrr is multi-cultural company with 19 employees, mostly women, spread across different parts of the world, such as Sweden, China, Bangladesh, Thailand, and the US. They are a remote-friendly company, offering their employees the possibility of working remote. They also have co-working offices, available in the various countries that they are operating in. The background of the people behind the company is a mix between business, global manufacturing and production, media and operations. The common denominator is a strong will to improve supply chain sustainability and enable positive impact for businesses and employees in global supply chains. The organizational structure comprises only few levels, making it a rather flat organization where everyone is involved in the decision-making process within the various departments.

The idea behind Quizrr came from the founder's understanding that there exists a need for solutions that can help suppliers to train their workers. They wanted to create opportunities for brands and suppliers to meet in the field of CSR (Co-founder 1, Internal meeting, 2020-11-09). The company started within the textile industry since both of the founders had a background of working together for a large clothing brand, but has since evolved to other industries (Co-founder 2, Interview, 2021-02-15). Quizrr uses a bottom up approach to help companies address key topics, such as human rights issues, occupational health and safety training, basic rights and responsibility, as well as wage management (CEO, Internal meeting, 2020-11-24). The topics in the platform are based on the ILO Core conventions, OECD Guidelines for Multinational Enterprises, the UN Sustainable Development Goals 5, 8, 12 and 17, as well as local law (Co-founder 2, Interview, 2021-02-15). They are addressed through engaging live-action movies performed with real actors, which educate workers on all levels of the supply chain: management, mid-managers and workers. The idea is to improve worker well being – and ultimately to drive engagement at the work place, resulting in concrete business benefits (CEO, Internal meeting, 2020-11-24). One of the co-founders explains that

the films are like soap operas, which engages the workers and makes them excited when using the platform (Co-founder 1, Internal meeting, 2021-01-28). Similarly, the CEO compares the content in the films with following a favorite TV-show. She argues that Quizrr's path to impact is by spreading knowledge and understanding on key topics since "knowledge is the key to behavioral change" (CEO, Internal meeting, 2020-11-24). The films are followed by quiz questions, creating an interactive and gamified approach to validate the knowledge of the topics that have been watched. The results are then harnessed and aggregated into a dashboard overview, where the brands and factories transparently can get knowledge and insights into the status of the factory in order to act upon it. The gathered data is more specifically related to the number of executed trainings and their result, concerning the number of correct and incorrect answers (CEO, Internal meeting, 2020-11-24).

## **5.2 The Quizrr offering**

This section will provide the reader with an understanding of what the company offers its consumers. An explanation of the pricing model, followed by the Quizrr solutions will be specified.

### *5.2.1 The pricing model*

Quizrr has tried several different business models throughout the years and has during 2020 worked actively to evolve a streamlined business model. The new business model is two folded, with shared responsibility between brands and suppliers. Since Quizrr offers a Software as a Service (SaaS) platform, it has a subscription based training (CEO, Internal meeting, 2020-11-24). Consequently, incentivizing and holding for scaling efforts without the needs of re-modeling quote by quote. Two of the most essential components have, according to the CEO been to create a business model that: a) works for all potential customers with a clear understanding of what it costs, and b) creates an understanding for the customer regarding the values being delivered and the acquired benefits of using their platform (CEO, Interview, 2021-02-19). The previous business model had, according to the CEO, limited incentive to scale for brands and was time-consuming in regards to persuading suppliers to get onboard. In addition to this, it did not resonate with Quizrr being a digital service provider (CEO, Internal meeting, 2020-11-20).

An essential part within the business model is the pricing model. In Quizrr's previous pricing model, the supplier license fee depended on the number of employees and the brand annual fee depended on the turn over (Co-founder 1, Internal meeting, 2020-11-09). One of the challenges with the previous pricing model was that the Cost of Acquired Client, the cost related to gaining a new customer, was bigger than what they were able to get on a contractual level (and invoice). Also, it had long sales processes from when they got a commitment from the brands to when the suppliers where on boarded, which the CEO explains made them lose momentum and the compromised feeling of being a "plug and play" solution. Hence, not ready to use immediately, which loses the feeling of being easy, fun and engaging that Quizrr identifies itself as being (CEO, Interview, 2021-02-19).

According to the CEO, the new pricing model has given Quizrr insights into their cost base, which allows them to visualize costs more accurately and focus on upselling through additional services (CEO, Internal meeting, 2020-11-20). In the new pricing model, the brands usually covers program set up and initial start, whereas the supplier inherits a lighter subscription fee in order to enable the digital training (CEO, Internal meeting, 2020-11-24). The Commercial Director mentions that the idea behind the pricing is that brands take most of the cost in the beginning due to it historically being more successful in those cases

(Commercial Director, Internal meeting, 2021-01-27). Similarly, the CEO mentions that brands often have the economic capacity and incitement to take the first cost in order to get started (CEO, Interview, 2021-02-19). With time, the responsibility moves to the suppliers, where it also becomes less expensive for them to use the training platform (Commercial Director, Internal meeting, 2021-01-27). The hope is that the suppliers will see the return on investment and the benefits, such as increased productivity and lower employer turnover, which is visible at the earliest after a few months or one year. The CEO clarifies that it is only relevant to discuss the case of suppliers taking over the cost when they are able to see the benefits of the trainings themselves. Otherwise, the persuasion process will be difficult since two of the arguments for taking over the cost are: strategic intent, as well as leverage from the brand point of view (CEO, Interview, 2021-02-19).

### 5.2.2 *Quizrr solutions*

Quizrr offers three different solutions to their customers: Quizrr Go, Quizrr Core and Quizrr Tailored. Quizrr Go is deployed through smart phones with the aim to raise awareness beyond factory walls (CEO, Internal meeting, 2020-11-20). It reaches people, primarily migrant workers and other vulnerable groups directly instead of going through suppliers in factories. It is a simplified structure with lighter learning contents. Quizrr Go is license based per market, meaning that it is charged per reach of people (CEO, Interview, 2021-02-19).

Quizrr Core, the most used solution, is explained as “the DNA of the company” (CEO, Interview, 2021-02-19). It is a strategic tool to build worker engagement by using capacity building in global supply chains (CEO, Internal meeting, 2020-11-20) and is deployed through both tablets and smartphones. The CEO describes the model as being able to scale since the customers can start in a smaller scope and then scale at their own rate (CEO, Interview, 2021-02-19).

Quizrr Tailored is created due to a growing need for custom-made programs (CEO, Internal meeting, 2020-11-20). This is their way of driving sales for the customers that do not fit into the framework of Quizrr Core solution (CEO, Interview, 2021-02-19). An example of customers like these can be brands with a leading position that are creating standards in their industry (Commercial Director, Interview, 2021-03-01), which Quizrr is focusing more towards. They often have custom-made wishes and strategies within social sustainability. The CEO argues that they can charge more for services such as Quizrr Tailored; however, it also means that they need to deliver new components in regards to technology and development. She continues to explain that it is a way for Quizrr as a company to evolve the platform and their concepts, together with customers. This also leads to them being committed long-term, instead of only doing six months pilots (CEO, Interview, 2021-02-19). Currently, Quizrr Tailored is the solution that drives most of their business. However, the CEO stresses that the hope is that the Core solution will drive most of the company business in the future since it being their off-the-shelf solution and where they have the most margin. She believes that the more they develop the Core solution, the better it will become. Consequently, becoming their “cash cow”, generating a steady return of profits (CEO, Interview, 2021-02-19).

In addition to this, Quizrr also works with add-ons that the customers can choose as a complement to one of the three above-mentioned solutions. The CEO explains that they do not have enough data to see what add-ons their customers are most interested in. However, one of the add-ons that they have seen more of an interest in is to combine Quizrr with their partner services, for example the organizations that they are cooperating with. The CEO clarifies that Quizrr has a solution that is extremely focused on addressing issues in the supply

chain and working with behavioral change. By cooperating with organizations that are niched in other parts of the supply chain they can together meet the needs of the customers. An example of this is their service partner Ulula that focuses on grievance mechanisms, a two-way communication line, allowing workers to anonymously submit reports, complaints, as well as concerns and receiving responses directly from management. The CEO believes that this is the way forward, where they will team up with other organizations instead of creating a product, covering all the needs of the customer (CEO, Interview, 2021-02-19).

### **5.3 The platform**

This section will give an explanation of the Quizrr platform and solution.

#### *5.3.1 An industry agnostic tool*

Quizrr is an “industry agnostic tool”, meaning that it is not specialized in a specific industry or market and can therefore be used in various settings, which makes it easier to scale (Commercial Director, Internal meeting, 2021-01-14). One of the co-founders identifies the importance of making the films as general as possible in order to be able to use them for different industries (Co-founder 2, Interview, 2021-02-15), which has been apart of their strategy since start (Co-founder 1, Interview, 2021-02-16). However, she also raises the concern of making the films too general, which could lead to workers not recognizing themselves in the characters and having a more difficult time to absorb the information (Co-founder 2, Interview, 2021-02-15).

In addition to this, they work on keeping the message in the films universal and making the quiz questions more specific instead. Hence, leading to them not putting any information that can possibly change during time in the films, for example local laws, dates, how long a maternity leave is etc. By doing so, they can use the same films despite changes in laws and regulations (Co-founder 2, Interview, 2021-02-15).

When creating the films in the hope of working throughout various industries’, Quizrr tries to film in general scenery, where one cannot identify the specific targeted production setting. An example of this is filming in the entrée of the factory or in the canteen instead of inside the factory in order to not see what specific product is being produced. An additional challenge with this has according to one of the co-founders been to create films where the workers look general in their role. She explains that a factory worker producing products for an electronic device company looks completely different than one working with fruit in the way they for example dress. She raises the concern if for example wanting to go into the mining industry, where the workers will look completely different and how to go about that (Co-founder 2, Interview, 2021-02-15).

#### *5.3.2 From live action to animations*

Quizrr is currently expanding to new markets and it is assessing what markets to produce trainings for depending on demand from customers. One of the co-founders explains that it is always from countries where they know that a lot of brands are sourcing from. She continues to explain that going forward, she believes that they will make more clear decisions on what markets they are expanding to. However, they will never produce trainings if not having buying customers onboard before. They will have a minimum number of brands or suppliers onboard before deciding to expand to a new market in order to be sure for scaling efforts (Co-founder 2, Interview, 2021-02-15).

Currently, Quizrr training is available in China, Bangladesh, Thailand, Cambodia and Mauritius. They are also developing trainings for markets, such as Egypt, Jordan and Taiwan (CEO, Internal meeting, 2020-11-24). Previously, Quizrr only produced live-action films in local settings, where they hired native actors and directors (Co-founder 2, Interview, 2021-02-15). In order to expand to more markets at a faster pace, they have started using graphic elements and animation (Commercial Director, Internal meeting, 2021-01-27) due to it shortening the production lead times, which has been slow and expensive when doing the live-action films (Co-founder 2, Interview, 2021-02-15). One of the co-founders states that in order to continue being relevant to more and bigger companies, Quizrr has to be able to produce content for expanding markets in a faster pace. Consequently, meaning that they need to have some animated films in their platform (Co-founder 2, Interview, 2021-02-15).

However, the reason for not working with animation before is due to the risk of losing worker engagement or the aspect of workers having a harder time identifying themselves with the characters in the films. One of the co-founder raises the challenge of trying to become “more generic and global but at the same time keeping the local context”, meaning to create films that can be used in various markets and industries, but where local workers can identify themselves (Co-founder 2, Interview, 2021-02-15). Similarly, the Commercial Director explains that there is a fine balance between creating something that is not too costly and still keeping the personal touch of the live-action films. She argues that by mixing live-action and graphic elements, they might be able to succeed. They can for example use live-action films when explaining why something is vital for the workers, however, using graphic elements when explaining how they should use for example protection gloves (Commercial Director, Interview, 2021-03-01)

An additional challenge is to create films without being in the actual country and knowing the culture. However, one of the co-founders stresses the importance of having local partners that can help them when creating the content. It is also essential to do research when expanding to a new country, such as watching local soap operas, as well as films in order to get an understanding of how they talk, act and solve problems. An example of this can be that physical contact between a male and female can be understood in different ways depending on country and culture (Co-founder 2, Interview, 2021-02-15).

## **5.4 Target audience**

Quizrr has several different stakeholders: brands, suppliers, workers, organizations and consumers (Commercial Director, Internal meeting, 2020-11-12). When reaching out to potential customers, Quizrr has tried various methods by trial and error to understand what gives the best results, such as reaching out to brands, suppliers, industry organizations, as well as collaborations with organizations (Commercial Director, Internal meeting, 2020-11-12).

### *5.4.1 Brands*

When approaching potential customers, Quizrr’s most common sales channel is through the brands since they often have a relationship with their suppliers. When deciding what suppliers to nominate for Quizrr training, the brands often choose their key suppliers, where they have most of their production volume. This, in order to do a proof of concept, showcasing the benefits with the Quizrr platform, since it being easier to get the supplier on board when having leverage on them. In addition to this, they have the possibility to explain the importance of the Quizrr training. The Commercial Director explains that by doing so it is easier to create a business case and make it scalable by getting additional suppliers onboard

on the same market due to using the proof of concept as a result of the benefits of Quizrr training (Commercial Director, Interview, 2021-03-01).

In order to get the brands onboard, Quizrr explains the benefits of using their platform. According to the CEO, it is possible to trace the positive outcomes on all three levels being brand level, factory management level and ultimately worker level. She explains that it is where “the origo of business and social responsibility meet and has the best chances for creating long-term behavioral change” (CEO, Internal meeting, 2020-11-24). A good example that is often used as a success story is a case with Electrolux that they have worked with in several markets. Electrolux has studied the outcomes from implementing Quizrr training in basic rights and work place dialogue over a period of 12 months. One of their key suppliers with approximately 4000 workers reported a 7% increase in productivity and a 2% decrease in employee turnover, which is valuable to the factory management. On a worker level, they got records on better dialogue and interactions in between management and worker, better working conditions, less contradictions and disputes thanks to a joint understanding of how to deal with complaints. The CEO explains that they have many similar independent studies indicating the same numbers across both smaller and larger factories (CEO, Internal meeting, 2020-11-24).

When discussing the case of scalability, one of the co-founders raises the question of whether they are bad at giving examples of success stories, such as the one mentioned above. He expresses the concern of whether the scaling has not yet happened due to their business idea or if the industry is not yet ready for social sustainability (Co-founder 1, Internal meeting, 2020-11-09). For almost a decade, the focus on sustainability has been a one-sided affair, where the emphasis has been on the environment. Despite this, one of the co-founder identifies a shift where brands are saying that they need to do environmental activities, but also work on social compliance (Co-founder 1, Internal meeting, 2021-01-28). He believes that one of the reasons that social sustainability has not blossomed is due to measurability. He continues to explain that it is easier with environmental sustainability due to it being more black and white, for example seeing that a factory does not have an wastewater treatment plant and demanding that they need to install one. With regards to social issues, it is more difficult to explain what is right or wrong (Co-founder 1, Interview, 2021-02-16), and various aspects, such as worker engagement are hard to measure (Commercial Director, Interview, 2021-03-01). In addition to this, the issue of social sustainability has been loaded question for suppliers. This makes it difficult to bring up with the management of a factory and therefore leads to brands not wanting to discuss it with the factories they are sourcing from due to the risk of meeting resistance. Furthermore, companies and organizations have been bad at showing the business case for factories, which one of the co-founders believes is vital to do in order to create better conditions for all stakeholders involved (Co-founder 1, Interview, 2021-02-16). He continues to explain that even though the factories get good results, many brands only use the Quizrr training as a pilot. When the project is over, it does not become anything long-term (Co-founder 1, Internal meeting, 2020-11-09). He argues that if wanting to actually make a difference, companies need to go beyond a pilot project and scale it to more suppliers. He believes that there is a fear in companies to dare to invest in projects like these (Co-founder 1, Interview, 2021-02-16).

In a related vein, the Commercial Director argues that the brands are often not aware of what sustainability efforts to focus on. She argues that they need help and guidance and that a part of Quizrr’s job is to listen to their needs and give them guidance. She explains that the resistance they sometimes meet from brands is that they feel that Quizrr can be time- as well



as resource consuming. In addition to this, she explains that since Quizrr is working in a new space of capacity building, it is difficult for the brands to know whether it works or not, leading to them not being able to compare it with anything relatable. Hence, making it difficult to anchor internally and therefore receiving a budget for it. In addition to this, many working with sustainability has a background in revision and audits, leading to them not having the proper knowledge about these types of capacity building activities (Commercial Director, Interview, 2021-03-01).

An additional way to get brands to use Quizrr is by explaining the investment in brand equity and how to share social investments with consumers. The CEO explains that they see a huge trend of the modern day consumers that want increased knowledge regarding how and where their products are made. Quizrr offers add-on services, such as helping brand communicate and inform consumers about their supply chains in regards to worker training (CEO, Internal meeting, 2020-11-24).

#### *5.4.2 Suppliers*

The suppliers often face the challenge of getting various demands regarding sustainability programs and audits from different brands. According to the Commercial Director, the suppliers feel that it takes a lot of time from their core business (Commercial Director, Interview, 2021-03-01). Despite this, Quizrr together with the brands do not work with incitements for the suppliers to get them onboard on the trainings. The Commercial Director mentions that it can be an effect of joining and continuing to work on the relationship and cooperation, however, it is not something that they work actively with (Commercial Director, Interview, 2021-03-01). In a related vein, the CEO argues that the trainings that Quizrr offer is related to the basic requirements that the suppliers' have an obligation to secure in their supply chains. However, they have the option to choose how to work in order to secure it by using for example doing audits, classroom trainings, or digital trainings, such as Quizrr. She argues that something that the brands can do is to give an ultimatum to stop working with the suppliers that do not do the trainings. However, this it is something that seldom happens (CEO, Interview, 2021-02-19).

Despite this, there are several benefits with Quizrr training from a supplier point of view. Studies have shown that audit scores often improve after using Quizrr. One of the co-founders (Co-founder 1, Internal meeting, 2021-01-28) mentions a specific case, where external audits were conducted at 13 of MQ's suppliers. They did an audit before Quizrr training and one after the workers had been trained for a year. The factories trained two of their programs during this time: Rights and Responsibilities and Worker Engagement. They were able to see a shift on their audit scores, where 44 % improved their scores (Co-founder 1, Internal meeting, 2021-01-28). The Commercial Director argues that this is proof that digital training can lead to improved quality and bottom line (Commercial Director, Internal meeting, 2021-01-14). By having these success stories, Quizrr wants to show that knowledge has been acquired in the factories (Co-founder 1, 2021-02-16). In a related vein, one of the co-founders explains that this is not a unique case. However, they need to have aggregated data from more than a few factories in order to make a generalized point, which is something they are continually working on and need to get better at. He also mentions that in addition to the quantified data, where one can indicate changes in behavior, they also have qualitative data, where one can indicate changes in experience. An example of this can be that a worker understands why they need to use personal protective equipment in order to be safe at work (Co-founder 1, 2021-02-16). In a related vein, it is vital to get the suppliers to see the benefits of the platform and how measurable data is useful in order to get brands to choose them as

suppliers. One of the co-founders explains that they can use business as a driver for change and show the brands that they are pro-active in their sustainability work. He continues to argue that they want to achieve social sustainability from a factory point of view and give them the tools in order for them to improve their own set-up. The platform is supposed to be useful for the suppliers and they should be able to see the benefits, which can hopefully lead to them continuing with the trainings, even if the brands would not want to continue (Co-founder 1, Internal meeting, 2021-01-28). Similarly, the Commercial Director explains that the brand becomes the door opener for them, however they have factories signing contracts without the brands due to them understanding the positive impact of training their workers (Commercial Director, Internal meeting, 2020-11-12). Despite this, the CEO mentions that it is difficult to get the suppliers to continue with Quizrr when the brands stop being engaged in the training (CEO, Interview, 2021-02-19).

When it comes to the resistance from the supplier side, it is usually about the suppliers being afraid of letting go of their power and what will happen if they train their workers (Co-founder 1, Internal meeting, 2021-01-28). The suppliers are restrained with sharing information regarding their factories in regards to productivity and turnover of staff among other things, which one of the co-founders believes is due to them being afraid of negative consequences if being transparent about it (Co-founder 1, Interview, 2021-02-16).

#### *5.4.3 Industry organizations*

The Commercial Director mentions that they often get the best results when aligning and cooperating with industry organizations, where they have the possibility to connect with several brands or suppliers within the same industry (Commercial Director, Interview, 2021-03-01). An example of this is with Bangladesh Garment Manufacturers Exporters Association (BGMEA) that Quizrr is collaborating with in order to reach suppliers in Bangladesh. One of the co-founders explains this as being an organization that has thousands of suppliers and can therefore impact an entire industry (Co-founder 1, Interview, 2021-02-16).

#### *5.4.4 Partnerships and collaborations with organizations*

Quizrr tries to engage and connect with relevant partnerships instead of, as the Commercial Director mentions, “reinvent the wheel”. They collaborate with organizations, such as International Organization for Migration, The Centre for Child Rights and Business, Just Solutions Network, Ethical Trade Initiative, Better Work, Solidaridad, Business for Social Responsibility (BSR) among others (Commercial Director, Internal meeting, 2021-01-27). When choosing what organizations to partner with, Quizrr strategically looks for organizations that are the best at the specific issues that they want to focus on. One of the co-founders gives an example of when they wanted to create a program about Wage Management, where they chose to collaborate with Solidaridad because they believed that they were the strongest partners globally on the wage issue (Co-founder 1, Interview, 2021-02-16).

The reason for collaborating is that Quizrr and the platform becomes validated by working with organizations that are authorized and have a huge impact. According to one of the co-founders, it is easier to get brands on board with Quizrr if they are partnering with an organization that the brands are aware or apart of. Consequently, leading to a bigger reach for brands and suppliers at a faster pace (Co-founder 1, Interview, 2021-02-16). Similarly, one of the co-founders argues that in markets where suppliers are strongly tied to organizations, it is easier to collaborate with them if partnering with the specific organizations (Co-founder 1, Interview, 2021-02-16)

Despite this, one of the challenges of cooperating with organizations is that one needs to take in to account the administrative aspects, which leads to decision-making taking a long period of time. In addition to this, one of the co-founders argues that people having an executive role are often afraid of taking the wrong decision, leading to decisions not being taken at all (Co-founder 1, Interview, 2021-02-16). Nonetheless, he stresses that the advantages of collaborating outweighs the disadvantages and explains that they have always collaborated with organizations that they believe are logical for their development as a company and what the industry needs (Co-founder 1, Interview, 2021-02-16).

In a similar vein, one of the co-founders states that cooperation has always been an essential part of the company. Despite being a business driven corporation, they focus on driving impact and creating change, which she argues can only be reached when cooperating. However, she continues to explain that more and more organizations are starting to understand the importance of digital tools, which could lead to them getting competition from previous partners (Co-founder 2, Interview, 2021-02-15). Hence, leading to it becoming more vital to be cutting edge and creating better content, as well as onboard bigger companies in order to scale (Co-founder 2, Interview, 2021-02-15). Likewise, the other co-founder believes that if they would scale faster with various companies the competition would not be a problem since it would lead to them having a more leading position in the industry. He also mentions that a solution could be to trademark their product in order for others to not be able to create similar or inspired products (Co-founder 1, Interview, 2021-02-16). In a related vein, the Commercial Director explains that the more essential social sustainability is becoming, the more vital it is for Quizrr to keep better track of their competitors and be more careful with what they share, as well as how. She explains that they have always worked very transparently and keep doing so, however, they have started to notice tendencies of competitors trying to copy their solutions (Commercial Director, Interview, 2021-03-01). One of the organizations that they have had collaboration with has recently copied their solutions with films and quiz questions as a digital training for factory workers (Co-founder 2, Interview, 2021-02-15). Despite this, one of the co-founders argues that he does not like the idea of not cooperating when it comes to sustainability since it drives change and should be something that organizations drive forward together (Co-founder 1, Interview, 2021-02-16).

## **6. Analysis**

In this section, a connection of the theoretical framework and the empirical findings of the study are provided in order to answer the research question of what challenges Quizrr faces in their efforts to scale up their business. The first part mainly focuses on Quizrr's journey towards scaling. This is followed by the second part, which discusses the business model framework in regards to business model innovation. It raises the challenges and tradeoffs that arise when trying to scale.

### **6.1 The journey towards scaling**

Brands implementation of supply chain sustainability in regards to controlling the labor rights of suppliers (Sjödin, 2017; Oka et al., 2020a), has long taken the form of auditing, compliance and monitoring (Sendlhofer & Lernborg, 2018). However, the effectiveness of these types of sustainability efforts has been criticized (Oka, 2010), where critics argue that they are not in fact designed to protect labor rights and improve working conditions, but rather to prevent damaging the reputation of global brands and limit their legal responsibility (Locke et al., 2013). For these reasons, brands have in addition to the traditional methods, started to experiment with more comprehensive approaches to improve working conditions in factories

(Pruett, 2005). An alternative solution that has arisen is BCSIs (Oka et al., 2020a), such as Quizrr if following the criteria's suggested by Egels-Zandén and Oka (2019).

The company has been a pioneer, working with capacity building with the aim to improve worker well being (CEO, Internal meeting, 2020-11-24). From the beginning, the company has been a digital training platform, which is a series of customized educational short films, followed by quiz questions (CEO, Internal meeting, 2020-11-24). They have reached their target audience by using a top-down approach, reaching out to brands (Commercial Director, Interview, 2021-03-01), as well as through partnerships with other organizations (Co-founder 1, Interview, 2021-02-16). In addition to this, the company been using a pricing model, where the supplier license fee has depended on the number of employees and the brand annual fee depended on the turn over (Co-founder 1, Internal meeting, 2020-11-09). This business model has been used as a way to become a dominant market player. However, it has not been easy and Quizrr has reached a point where they have met difficulties when trying to scale, which caused them to realize that changes in the business model need to be made in order for them to succeed. This is coherent with the CEO's (Internal meeting, 2020-11-20) view that the previous business model had limited incentive to scale. When BCSIs fail to scale up their collaboration, they only reach a limited number of global brands and their suppliers. Consequently, failing to contribute to improvements for stakeholders, such as suppliers, factories and factory workers (Oka et al., 2020a).

## **6.2 Business model innovation to reach scalability**

To innovate a business model, there is a need to understand and examine what paths exist in order for it to be improved (Chesbrough, 2007). It may take time to get a business model right, where pioneers in particular are often forced to make educated estimations as to costs, customers, competitors and complementors (Teece, 2010). This can be viewed in the case of Quizrr, where the company has tried several different business models throughout the years (CEO, Interview, 2021-02-19). Since the previous business model had limited incentive to scale (CEO, Internal meeting, 2020-11-20) and therefore failed to achieve the expected results, the company has in accordance with the advice suggested by Magretta (2002) reexamined their model. Teece (2010) argues that keeping the model viable is a continued task that requires improving commercially feasible components for revenues and costs in order for the company to be successful. Business model innovation has in the specific case been refined changes in components of the business as a reaction to challenges in the organization (Geissendoerfer et al., 2018), more specifically concerning scalability (CEO, Internal meeting, 2020-11-20). The changes will be discussed in regards to the business model framework presented by Richardson (2008), focusing on three main components: the value proposition, the value creation and delivery and the value capture.

### *6.2.1 The value proposition*

Firstly, the value proposition explains what the firm will deliver to its customers, their willingness to pay for it and the firm's approach to competitive advantage (Richardson, 2008). In the case of Quizrr, this refers to their product: the platform that consists of the films and the quiz questions. The films, that have previously only been live-action films with hired native actors and directors (Co-founder 2, Interview, 2021-02-15) have started to move in the direction of animation due to the need to expand at a faster pace (Commercial Director, Internal meeting, 2021-01-27). After all, the live-action films have been slow and expensive to produce (Co-founder 2, Interview, 2021-02-15). In order to continue being relevant to more and bigger companies, Quizrr has to be able to produce content for expanding markets at a faster pace, where one of the co-founders believes that the solution is to produce animated

films in their platform (Co-founder 2, Interview, 2021-02-15). When trying to scale, the company needs to do tradeoffs between continuing with the live-action films that take a longer period of time to produce and is more expensive but implements a local context, using local directors, as well as actors in comparison to the animations. When doing these tradeoffs, Quizrr is exposed to the risk of losing worker engagement, which according to one of the cofounders is the reason they have not been working with animation before. This, since the workers have a harder time identifying themselves with the characters in the animated films (Co-founder 2, Interview, 2021-02-15).

In addition to this, Quizrr view themselves as an industry agnostic tool that it not specialized in a specific industry or market (Commercial Director, Internal meeting, 2021-01-14) and therefore, wants to keep the message and scenery in the films as universal and general as possible (Co-founder 2, Interview, 2021-02-15). When trying to create films that are generic and global, but at the same time keep the local context of the production countries, Quizrr is faced with challenges, which one of the co-founders also raises as an issue (Co-founder 2, Interview, 2021-02-15). Tensions arise when the company changes components of the business model in the hope of becoming more efficient, lowering their costs and producing with shorter lead times. However, there is a risk of losing some of the strengths in regards to the innovative films that have been identifiable and engaging for factory workers and an essential part of their business. There are tensions when balancing global and local strategies since local variations leads to added costs and might detract from economies of scale. However, if not customizing, the company risks losing their uniqueness of adapting to local markets, especially, because the platform is created for the needs of suppliers in the Global North.

Furthermore, the value proposition also refers to the intended and targeted customer, as well as the reasons a customer will value a company's offering (Richardson, 2008). When approaching potential customers, Quizrr's most common sales channel is through the brands since they often have a relationship with their suppliers (Commercial Director, Interview, 2021-03-01), which refers to the top-down approach presented by Oka et al. (2020a). When deciding what suppliers to nominate for Quizrr training, the brands often choose their key suppliers, where they have most of their production volume (Commercial Director, Interview, 2021-03-01). The reason is that they have more leverage with those suppliers, when wanting them to start using the Quizrr platform, which is coherent with when Oka et al. (2020b) argues that there is a call for greater responsibility from the brand due to the assumption that they wield power over the suppliers. Moreover, it is argued that the relationship between the brand and the supplier is central to improve sustainability in supply chains, where trustful and long-term relationship between the two actors have been found to motivate factories to implement positive changes (Oka et al., 2020a).

In order to get the brands onboard, Quizrr explains the benefits of using their platform (CEO, Internal meeting, 2020-11-24), which is related to when one of the co-founders argues that it is essential for the suppliers to see the benefits of the platform. She continues to explain that they want to achieve social sustainability from a factory point of view and give the suppliers the tools to improve their own set-up. The platform is supposed to be useful for the suppliers and they should therefore be able to see the benefits, which can hopefully lead to them continuing with the trainings, even if the brands would not want to continue (Co-founder 1, Internal meeting, 2021-01-28). Similarly, Oka et al. (2020a) argues that if recruiting factories for sustainability-related training, one needs to make a business case since they are often resistant to change and unwilling to participate. The business case could be financial return on

investment, directly through efficiency gains and/or indirectly through attracting and retaining brands. Moreover, the return on investment for factories should be high enough for factory managers to want to participate in the initiatives regardless of whether it makes brands more inclined to source from their factories (Egels-Zandén & Oka, 2019). Despite this, using a bottom-up approach when reaching out to the target audience is rare (Egels-Zandén & Oka, 2019), which can also be seen in the case of Quizrr. They argue that the importance lies in the factories understanding the positive aspects of using the platform, however, their most common way of reaching their target customer is by reaching out to brands. If wanting to achieve social sustainability from a factory point of view and improving the livelihood of workers, a way to reach the target audience should be to go through the suppliers. Since the platform ultimately is produced for their wellbeing and consequently creating a sustainable supply chain, they are eventually the ones deciding if wanting to continue using the platform.

### *6.2.2 The value creation and delivery*

Secondly, Richardson (2008) suggests that the value creation and delivery system refers to how the firm will create and deliver value to its customers and the source of its competitive advantage, i.e. resources and capabilities. It includes the activities that a company undertakes to create, produce, sell and deliver their offering to customers. Consequently, including the position in the value creation network of which the firm is a part, where activities will be divided among actors, such as the company, partners and suppliers (Richardson, 2008). To create and deliver value, it is necessary with a strong network of collaborators and contacts, which is coherent with Quizrr's view. According to one of the co-founders, cooperation is an essential part of the company (Co-founder 2, Interview, 2021-02-15), where they engage and connect in relevant partnerships (Commercial Director, Internal meeting, 2021-01-27). When changing their business model, it can be argued that Quizrr's view and the component regarding partnerships and collaborations has not been changed. This type of partnership can be compared to when Bocken et al. (2014) suggests that the boundaries of the business model extend beyond the boundaries of the company, where value is no longer created by corporations acting by themselves, but by corporations acting together with external parties (Bocken et al., 2014).

This is coherent with the four types of values that Austin and Seitanidi (2012) identify: associational value, transferred resource value, interaction value and synergistic value. Associational value refers to an accrued benefit simply from being in a collaborative relationship with the other organization. This can for example be projected credibility or improved reputation. It is closely related to interaction resource value, deriving from partnerships, such as reputation and accountability (Austin & Seitanidi, 2012), which one of the co-founders explains is one of the reasons why Quizrr collaborates with other organizations, leading to their platform becoming validated by authorized organizations (Co-founder 1, Interview, 2021-02-16). Transferred resource value refers to the benefit derived by a partner due to receiving a resource from another partner. These resources can for example be mastering a new skill learned from a partner (Austin & Seitanidi, 2012). This is coherent with when Lozano (2008) explains that when organizations collaborate with other organizations located in other countries, it can offer them perspectives and increase the organizational knowledge that perhaps would not have been thought or developed in-house. An example of this can be to enter local partnerships in order to reduce the global-local gap and frictions that can be associated with distance (Vellema & van Wijk, 2015). This is in accordance with the importance of having local partners that can help them when creating the content (Co-founder 2, Interview, 2021-02-15). Local actors can be understood as partners in co-creation processes since they have the ability to suggest how local guidelines and practices



can be incorporated into global, generic standards to make them context-specific (Boström et al., 2015). Lastly, synergistic value arises from the combined resources that partners' accomplish together, which they would not have been able to do on their own (Austin & Seitanidi, 2012). This call resonates with when one of the co-founders explain that they strategically look for organizations that they can collaborate with that are in the forefront of the subjects that they want to focus on (Co-founder 1, Interview, 2021-02-16). In a related vein, Vellema and van Wijk (2015) argue that one of the main drivers behind collaboration is that they combine a unique capability and recourse of each party, which contributes to outcomes that the individual partners cannot easily achieve in isolation or lack critical competencies to develop on their own in a timely way (Selsky & Parker, 2005). Hence creating a win-win situation (Vellema & van Wijk, 2015). This could for example be where Quizrr can offer the resource of their digital platform; whereas the organization they are partnering with comes with knowledge within a specific subject.

Despite the positive aspects of collaboration, there are other aspects to consider as well. This call resonates with when Lozano (2008) argues that even though competition and cooperation are considered mutually incompatible, they are not totally independent. To capture the complex phenomenon of co-existence of cooperation and competition among corporations, the term “coopetition” is coined, meaning that competition is embedded in cooperative relationships (Kim, 2020). Hence, creating a “hybrid activity” in which corporations compete against and cooperate with each other at the same time (Bouncken et al., 2015, p. 578). This can be viewed in the case of Quizrr, where one of the organizations that they collaborated with, recently copied their animated solution (Co-founder 2, Interview, 2021-02-15). Hence, making them a competitor. It is for these reasons that Hamel et al. (1989) argues that companies must carefully select what skills and technologies they pass on to their partners and develop protection against unintended, informal transfers of information, where the goal is to limit the transparency of their operations. There are several challenges and risks arising when extending the business model boundaries in the hope of acquiring benefits and values with collaboration. When changing components in the business model in the hope of scaling, but deciding to continue with collaborations and partnerships, Quizrr is exposed to the risk of being copied despite having first mover advantages within the field of capacity building. Consequently, leading to Quizrr becoming vulnerable to competitive forces and needs to become more careful when entering partnerships with other organizations.

Despite this, one of the co-founders argues that he does not like the idea of not cooperating when it comes to sustainability since it drives change and should be something that organizations drive forward together (Co-founder 1, Interview, 2021-02-16). On the contrary, the other co-founder explains that when other organizations are starting to understand the importance of digital tools (Co-founder 2, Interview, 2021-02-15) and when social sustainability is becoming more essential, it is vital for Quizrr to keep better track of their competitors and be more careful with what they share, as well as how (Commercial Director, Interview, 2021-03-01). They need to become cutting edge (Co-founder 2, Interview, 2021-02-15) within their field in order for customers to choose them instead of their competitors. Similarly, McPherson (1983) argues that in order for organizations to not compete intensely with one another, they need to become specialists and consequently, occupy regions in social space where they are seemingly well adapted to monopolize resources. The losers in the industry are the companies, trying to be all things to all people, leading to them failing to find distinctive ways to compete (Magretta, 2002). Despite collaborating with partners to create value, Quizrr might have reached a point where they need to decide weather they gain more benefits of doing so. They have historically been a relatively small player, gaining a lot from

working with larger, international organizations and corporations. However, as social sustainability increases in importance and as Quizrr becomes a more essential player, they cannot collaborate like they have done before and need to become more careful in the competitive landscape that they are operating within.

### *6.2.3 The value capture*

The third component, the value capture, refers to how the firm generates revenue and profit. Even though a company devises a strong value proposition and successfully creates and delivers value does not mean that it will earn superior returns or be viable. It also has to have a model that produces revenue and provides for a profit margin over its costs (Richardson, 2008). In Quizrr's previous pricing model, the supplier license fee depended on the number of employees and the brand annual fee depended on the turn over (Co-founder 1, Internal meeting, 2020-11-09). Since the previous model had a Cost of Acquired Client that was bigger than what Quizrr were able to get on a contractual level (CEO, Interview, 2021-02-19), it can be understood that they needed to revise it. Instead, the new business model is two folded, with shared responsibility between brands and suppliers, where the brands usually covers costs in the initial start, whereas the supplier inherits a lighter subscription fee in order to enable the digital training (CEO, Internal meeting, 2020-11-24). The hope is that the suppliers will see the return on investment and the benefits, such as increased productivity and lower employer turnover, which is visible at the earliest after a few months or one year (CEO, Interview, 2021-02-19).

Since Quizrr offers a SaaS platform, it has a subscription-based training (CEO, Internal meeting, 2020-11-24). Consequently, incentivizing and holding for scaling efforts without the needs of re-modeling quote by quote (CEO, Internal meeting, 2020-11-20). Despite this, the CEO also explains that Quizrr's Tailored solution, where they create custom-made programs, is the driver of most of their business. This, comparing to their Core solution, being an off-the-shelf solution, providing them with the highest margin (CEO, Interview, 2021-02-19). When continuing to tailor custom-made solutions for customers, Quizrr loses the benefits of being a SaaS solution, offering an already created product and consequently, has a more difficult time to capture value. This, since tailored solutions indicated that the company needs to focus on technology and content intense development, leading to an increased cost. Conversely to applying the license model, being a cost efficient solution with an already created product and shorter sales cycles.

## **7. Conclusion**

This thesis has examined what challenges a specific BCSI, Quizrr, faces in their efforts to scale up their business. The company has been a pioneer within the space of capacity building with the aim of improving social supply chain sustainability. However, Quizrr has reached a point where they have met difficulties when trying to scale, leading them realizing that changes in the business model needs to be made in order for them to potentially succeed. To innovate a business model, there is a need to understand and examine what paths exist in order for it to be improved. This can be viewed in the case of Quizrr, where the company has tried several different business models throughout the years. Since the previous business model had limited incentive to scale and therefore failed to achieve the expected results, the company has reexamined their model. The changes have been discussed in regards to the business model framework presented by Richardson (2008), where focus has been on three main components: the value proposition, the value creation and delivery and the value capture.



The first component, the value proposition refers to what Quizrr offers their customer, being their digital training platform. The company has started producing animated films, as well as working towards becoming more universal and general in order to scale at a faster pace. They are faced with challenges when changing components of the business model in the hope of becoming more efficient, lowering their costs and producing with shorter lead times. More specifically, risks of losing the strengths in regards to the innovative live-action films that have been identifiable and engaging for factory workers and an essential part of their business. Tensions arise when Quizrr tries to balance global and local strategies. They risk losing the uniqueness in their product. Moreover, the value proposition also refers to the targeted customer, where the most common sales channel for Quizrr is by using a top-down approach. This is done despite the fact that the platform is produced and used by the suppliers. The study raises the concern that if wanting to achieve social sustainability from a factory point of view, a way to reach the target audience should be to go through the suppliers.

The second component, the value creation and delivery include the position in the value creation network of which the firm is a part. To create and deliver value, it is necessary with a strong network of collaborators and contacts, which is coherent with Quizrr's view. Even when they change their business model, it can be argued that Quizrr's view and the component regarding partnerships and collaborations have not been changed. Despite the benefits that can arise in partnerships with other organizations, the study shows that competition and cooperation are not totally independent. There are several challenges and risks arising when extending the business model boundaries in the hope of acquiring benefits and values with collaboration. Quizrr becomes vulnerable to competitive forces due to the risk of being copied and needs to be careful when entering partnerships with other organizations despite having first mover advantages within the field of capacity building.

Thirdly, the value capture refers to how the firm generates revenue and profit. The study discusses that despite being a SaaS platform, the driver of most of Quizrr's business is their tailored solutions. Therefore, they lose the benefits of being a SaaS solution and consequently, have a more difficult time to incentivize for scaling efforts and capture value. Tailored solutions indicate that the company needs to focus on technology and content intense development. In contrast to actually applying the license model, where the customer uses the already produced platform and consequently, being a cost efficient solution.

In the business model innovation, where changes are happening, tensions arise and tradeoffs need to be made. Their changes might allow for lower costs, shorter lead times for production of the platform and the company becoming more efficient. However, there is a risk of them losing the strengths of having innovative films that are identifiable and engaging for factory workers, making them a unique player. In addition to this, by continuing to collaborate without being careful of the risks that arise, they become easier to copy and more vulnerable to competition. When doing business model innovation, Quizrr is faced with challenges and need to adjust and tweak the components in their business model without losing their core.

### **7.1 Future research**

This thesis focuses on the challenges Quizrr faces in their efforts to scale up their business. Conducting a qualitative study based on one business case opened up for an in-depth analysis of the topic despite the time limit. However, it leads to limitations that could be addressed in future research, where one could focus on creating more of a quantitative study, covering a wider range of BCSIs in order to gain a more generalized perspective of the challenges of scaling up processes.

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