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Challenges and opportunities for developing sustainable business in industrial networks - A case study of Eleiko Group AB

Bachelor's Thesis in Industrial Engineering and Management

Erik Ahlberg
Edvin Gustavsson
Max Hilding
Jakob Rydberg
Marcus Wassenius
Knut Zetterling

DEPARTMENT OF TECHNOLOGY MANAGEMENT AND ECONOMICS
DIVISION OF SUPPLY AND OPERATIONS MANAGEMENT

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Utmaningar och möjligheter för hållbart företagande i industriella nätverk - En fallstudie av Eleiko Group AB

ERIK AHLBERG
EDVIN GUSTAVSSON
MAX HILDING
JAKOB RYDBERG
MARCUS WASSENIUS
KNUT ZETTERLING

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Department of Technology Management and Economics
Chalmers University of Technology
SE-412 96 Gothenburg
Sweden
Telephone + 46 (0)31-772 1000

Cover: A Prestera system with the Prestera Cables included, courtesy of Eleiko Group AB

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SUMMARY

The business landscape is trending towards sustainability, and the EU has launched several regulations in order to keep this trend going. One such regulation is the Corporate Sustainability Reporting Directive (CSRD), which forces companies to become transparent about the sustainability of their business activities through reporting. This includes gathering data from the whole value chain, emphasizing the need for collaboration and information sharing. Eleiko, a global leader in premium strength equipment, is one of the companies now faced with adhering to the new regulations, while also seeking to improve their sustainability.

The purpose of the study is to investigate the challenges and opportunities for established companies in industrial networks to support sustainability and meet legislative directives. This is investigated through a case study of Eleiko with focus on their product Prestera Cables.

The theory advises how to analyze a business network through the network approach of IMP, including the relationship characteristics and paradoxes of networks. Furthermore, gaps to suppliers limiting a sustainable supply chain are introduced, as well as the sustainability information processing needs of firms. Finally the theory behind how to propose, create and capture value toward customers are discussed.

The study is a qualitative case study with the data collection consisting of semi-structured interviews. Systematic combining was used to develop a final framework, complementing the theoretical one.

The study concludes that Eleiko has the potential to create a resilient and proactive network. This is done by developing value propositions where customer demand and regulative pressure converge, as in the case of the modular Prestera Cables, backed up by suppliers capable of providing sustainability information and progressively improved sustainability. For this to succeed, Eleiko must continue to nourish their customer and supplier relationships.

The additions from the abductive reasoning of the study are a knowledge gap about sustainability and sustainability regulations between customers and suppliers, and two additional factors impacting the uncertainty tolerance of a customer towards their supply network. It can be said that the study also found usefulness in the network approach of IMP in a sustainability context. Further studies are encouraged to continue on this topic and also to further investigate the study's additions to the existing theory.

Keywords: sustainable business, sustainability regulations, industrial networks, business model, business relationships, sustainable supply chain, modularity

SAMMANFATTNING

Det råder en ökad trend mot hållbarhet i det moderna affärslandskapet, och EU har lanserat flera nya regleringar för att upprätthålla denna trend. Ett exempel är Corporate Sustainability Reporting Directive (CSRD), som tvingar företag att vara transparenta med hållbarheten i sina aktiviteter genom rapportering. Detta inkluderar insamling av data från hela värdekedjan, vilket understryker behovet för samarbete och informationsutbyte. Eleiko, en världsledare inom premium-utrustning för styrketräning, är ett av de företag som måste anpassa sig till dessa regleringar samtidigt som de vill förbättra sin hållbarhet.

Syftet med studien är att undersöka möjligheter och utmaningar för etablerade företag i industriella nätverk att främja hållbarhet och efterleva lagkrav. Detta undersöks genom en fallstudie av Eleiko med fokus på deras produkt Prestera Cables.

Teorin rådgör för analys av affärsnätverk genom nätverksperspektivet från IMP, vilket inkluderar karaktäristik för affärsrelationer och nätverksparadoxer. Vidare introduceras gap till leverantörer som begränsar en hållbar leverantörskedja, samt behoven att samla in och behandla hållbarhetsinformation. Slutligen diskuteras teori för hur värde erbjuds, skapas och fångas gentemot kunder.

Studien är en kvalitativ fallstudie med datainsamling bestående av semi-strukturerade intervjuer. Systematiskt kombinering användes för att utveckla ett slutgiltigt ramverk som kompletterar det teoretiska.

Studien drar slutsatsen att Eleiko har möjlighet att skapa ett motståndskraftigt och proaktivt nätverk. Detta sker genom att utveckla kunderbjudanden där efterfrågan och press från regleringar möts, som i fallet med den modulära Prestera Cables, med uppbackning från leverantörer kapabla att tillhandahålla hållbarhetsinformation och gradvis förbättra sin hållbarhet. För att detta ska lyckas måste Eleiko fortsätta vårda sina kund- och leverantörsrelationer.

Tilläggen från den abduktiva ansatsen i studien utgörs av ett kunskapsgap om hållbarhet och hållbarhetsrelaterade regleringar mellan kunder och leverantörer, samt ytterligare två faktorer som påverkar toleransen för osäkerhet gentemot ens leverantörsnätverk. Studien fann även användbarhet i nätverksperspektivet från IMP i en hållbarhetskontext. Vidare studier uppmanas att fortsätta inom detta ämne och även undersöka studiens tillägg till existerande teori.

Nyckelord: hållbarhet, hållbarhetsregleringar, industriella nätverk, affärsmodell, affärsrelationer, hållbar leverantörskedja, modularitet

Preface

We would like to thank Simone Rishede, Head of Sustainability at Eleiko, as well as Eleiko themselves for giving us the opportunity to write this bachelor thesis with them and for their generous reception. We would also like to thank everyone who agreed to participate in the conducted interviews and for sharing their valuable insights. Finally, a special thank you to our supervisor Frida Lind, Professor in Industrial Marketing at the Division of Supply and Operations Management at Chalmers University of Technology, for her extensive expertise and guidance throughout the development of this thesis.

Chalmers University of Technology
Gothenburg, May, 2024

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1. Introduction

This chapter intends to introduce the subject, purpose and scope of the study.

1.1 Background

Sustainability has become ever more vital for many modern businesses, due to new laws and regulations as well as increasing pressure from consumers on businesses to do their part. This has led to the development of many commonly used frameworks such as the triple bottom line (TBL), which measures a company's performance based on three factors: people, planet, and profit, as opposed to only profit (Slaper & Hall, 2011). Furthermore, investing in sustainability has proven to be profitable in the long term according to a study conducted by McKinsey, since high-ranking ESG (Environmental, Social, and Governmental metrics) companies very often outperform low-ranking ones in the long term (Chladek, 2019). The reason for this is that sustainable businesses attract a skilled and motivated workforce, as well as increase demand by attracting customers who are sustainability conscious. Another benefit of a sustainability centric strategy is that it can mitigate PR risks.

However, sustainability is no longer just a potential competitive advantage, but also a requirement since the governing bodies are increasing their demands on companies through regulations (Hummel & Jobst, 2024).With so many regulations on the way and some already in place, companies can no longer postpone their change and must act with haste. Significant regulations that have been recently introduced are, for example, the EU regulations Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD) (European Commission, n.d.-b).

A study published in Harvard Business Review describes that the general idea of the sustainability regulations of today is to place them on the downstream sellers (Villena & Gioia, 2020). In turn, these sellers will then place higher expectations on their suppliers, and those suppliers will raise the requirements on their suppliers, and so on. In other words, a business-to-business (B2B) company residing in a supply network will face pressure from several customers, and in turn, put pressure on their own suppliers. However, the study also found that suppliers rarely adhere to these regulations, meaning the intended cascade effect won’t come into effect. This supplier-based problem is further investigated by Boström et al. (2015) where the presented challenges in doing sustainable business with one’s suppliers are stated to be particularly difficult to overcome in industries characterized by global supply chains.

An interesting industry with regards to sustainability is the gym equipment industry. Other than being characterized by globalization (Eleiko, 2023a), this industry is especially interesting because the equipment is mostly made out of metals (International Stainless Steel Forum [ISSF], n.d.), which are often mined in places where social and environmental

sustainability are usually an issue (International Energy Agency [IEA], 2021). Furthermore, the gym equipment industry has experienced massive growth in the previous years following societal trends and was by 2022 an estimated $16 billion US dollar industry (Grand View Research, 2022).

One global and prominent actor in the gym equipment industry is Eleiko. Eleiko is a Swedish manufacturing company that has been the industry leader since the 1960's when it comes to high-quality weightlifting equipment, spanning both competition and commercial segments with the goal of creating high-end products lasting a lifetime (Eleiko, n.d.-c). Regarding Eleiko's supply network, they have a focus on building long-lasting partnerships in order to strengthen their brand and build overall loyalty (Eleiko, 2023a). In their pursuit to be more sustainable, Eleiko is now focusing on creating compatibility and modularity for their new products, increasing the use cases as well as lifetime and ability to upgrade existing equipment. Their new product line Prestera exemplifies this, with Prestera Cables being a noteworthy example.

1.2 Purpose

The purpose of this study is to investigate the challenges and opportunities for established companies in industrial networks to support sustainability and meet legislative directives.

1.3 Problem Analysis

In order to fulfill the purpose of the report, the problem has been split into three research questions, which are to be described in each of the following sections. Each question relates specifically to the product or network of Prestera Cables.

1.3.1 Network Approach

Business relationships are fundamental to any business, both in terms of achieving sales with customers and receiving goods and services from suppliers (Håkansson & Snehota, 1995). They are not only necessary, but also of great importance as it has been recognized that the success of a business largely depends on the performance of their main business relationships. However, these relationships are not isolated between just two actors. Rather, as Håkansson and Snehota (1995) describes, the different relationships of a business are to a varying degree connected to each other, meaning that one relationship is impacted by that of another.

Relating to businesses' efforts and pressure on improving sustainability it becomes evident that the use of a network approach is needed. In a similar way to economic success, the overall sustainability of a business depends on their business relationships (Svensson et al., 2018). The sustainability of their product is partly determined by that of their suppliers, while also being influenced by the demands and expectations from their customers.

Eleiko is no exception to this and in early discussions with the Head of Sustainability at Eleiko, it is expressed that the most important part of their efforts for increased sustainability and compliance with regulations lies in the relationships to suppliers (Rishede, S., personal communication, 2024). However, the importance of relationships to their customers should also be noted due to the connectedness of relationships. In the context of sustainability regulations, this is further supported when noting that Eleiko is not only impacted by them as a buyer but also as a supplier in the value chain of their customers within the B2B-market.

With a basis in this network approach, developed by the Industrial Marketing & Purchasing (IMP) Group (Håkansson & Snehota, 1995), and further related theory, the report will aim to map out the network position of Eleiko and their business relationships to create a better understanding of their situation and to form a foundation for further analysis. This can be framed as the first research question of the report.

RQ1: *What does Eleiko's current network position look like?*

1.3.2 Supplier Relationships and Sustainability

Boström et al. (2015) recognize six challenges for businesses in attaining a sustainable and responsible global supply chain and network. Based on early accounts, these challenges appear to be well reflected in Eleiko's situation (Rishede, S., personal communication, 2024). For example, data needed from their suppliers and in turn their sub-suppliers has been proven difficult to obtain. Hence, further study into the matter is called for.

Moreover, Busse et al. (2016) maps the factors contributing to a firm's sustainability information processing needs, in other words how high of a priority sustainability information gathering and interpreting is. Communication with Eleiko suggests a certain discrepancy between them and their suppliers in this regard which constitutes a problem in sustainability cooperation requiring further study (Rishede, S., personal communication, 2024).

With a foundation in these theories and models, the aim is to analyze Eleiko's current situation and discuss possible actions, which is formulated in the following research question.

RQ2: *How can Eleiko handle the challenges they are facing with respect to their suppliers in their pursuit to improve sustainability and comply with regulations?*

1.3.3 Customer and Sustainability Demands

With the increasing pressure from governing bodies noted by introduction of new regulations, more and more companies are becoming market reactive, resulting in possible divergence from their current value proposition in order to adhere to the new regulations (Slater & Narver, 1998). In reacting to, and implementing the newly introduced regulations into their operations, it is adamant that there is an existing customer demand for the implied changes,

even if the customers are not yet obligated to comply with these regulations. If not, there is the possibility of a gap in the value proposition which could result in the loss of a customer should the divergence be too large (Slater & Narver, 1998). An important factor in providing a sustainable value proposition is to be proactive and view the regulations as opportunities instead of obstacles (Morioka et al., 2017).

For the gym equipment market, product development can be considered the core behind proactivity and value proposition towards customers. Currently, the primary incentives for product development are mostly based on economic metrics, devoid of social and environmental aspects.

With increasing regulatory demands and the emergence of new products, there could arise a potential discrepancy between actual customer demand and the offering, motivating a deeper investigation. The purpose of the final research question is therefore to provide a framework as to how Eleiko should collaborate with its network in order to respond to the above-mentioned challenges of the customer-side.

RQ3: *What opportunities are there for Eleiko to create a competitive, trustworthy and sustainable value proposition in order to meet new demand through sustainable growth?*

1.3.4 Intended Results

With help from the content provided by the answers of the research questions, the intention is to provide a clear picture and framework for Eleiko to support their sustainability and compliance with sustainability regulations while accounting for customer demand. As such, this report will serve as a use case for other industrial companies abiding by similar legislations and positioned in similar networks, hopefully granting them insight into their own processes. It can furthermore contribute to research in the area of sustainable business practices – particularly in how a network perspective, including both supplier and customer relationships and their connectedness, may be considered in relation to sustainability.

1.4 Scope and Delimitations

Other than the implied delimitations posed in the problem analysis, further clarification may be suitable as to the scope of the study. As this study is a case study of Eleiko, the laws and regulations discussed will mainly be the ones affecting them, namely the EU legislation. Even though Eleiko does sell directly to consumers, this report will only focus on their B2B business, as that is their main area of business (Rishede, S., personal communication, 2024). Furthermore, among the B2B customers the study focuses on Eleiko's customer segment called *Commercial Fitness and Corporate Wellness* (sometimes referred to simply as *Fitness & Corporate Wellness*) and specifically commercial gyms within this segment. Moreover, the report will take the perspective of one recently launched product, Prestera Cables, in order to exemplify the problem. Finally, competitors to Eleiko are not investigated or analyzed. Rather, the study focuses on customers and suppliers in the network of Eleiko.

2. Methodology

In the following chapter, the method used to fulfill the purpose of the study is described.

2.1 Method Design

As this study investigated the aspects of developing sustainable business in industrial networks, with the network in question being that of Eleiko, this led to the conduct of a case study (Baxter & Jack, 2008). This is further backed by the nature of the research questions, with RQ1 focusing on a company's network position and RQ2 and RQ3 being so-called how-questions. Moreover, the character of the case study signifies that the study was to take a qualitative approach, allowing for detailed and nuanced answers to the research questions (Bell et al., 2022). By taking a qualitative case study approach, complex phenomena accounting for Eleiko's network position and network context along with challenges and opportunities related to their pursuit for sustainable business may be investigated (Baxter & Jack, 2008).

2.1.1 Systematic Combining Approach

Beyond taking a qualitative single case study approach, the study utilized abductive reasoning where systematic combining was used to develop a framework through ongoing combination of existing theory and empirical findings (Dubois & Gadde, 2002). The usage of systematic combining is proposed by said authors as a good approach for qualitative single case studies such as this, allowing for a constant matching between theory and empirical findings in order to find new relationships and variables relevant to the case in question. By actively letting empirical findings refine existing theory and modify the framework, and by enabling cross-fertilization between literature and the case at hand, this approach may contribute to the generation of fruitful insights, adding to the overall quality of the study. Below, a visualization of the process of systematic combining is presented, of which the study has based its iterative process.

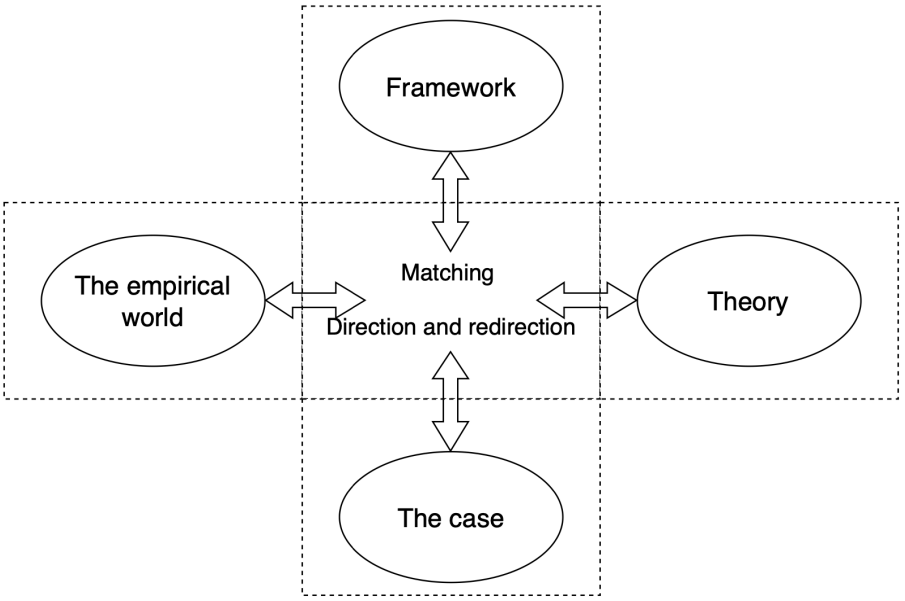

Figure 1: Systematic combining based on the research of Dubois and Gadde (2002)

In order to develop the evolving framework, the work procedure this study followed was based on the steps proposed by Bell et al. (2022), extended with the addition of the development of a theoretical framework. The following steps were followed:

1. Establishment of research questions through literature review and communication with Eleiko
2. Extensive literature study and development of theoretical framework
3. Interview study
4. Data analysis and possible revisions
5. Writing of findings/conclusions

To better utilize the resources of the study it was decided to divide the group into three teams. Each team was designated a research question to focus on, meaning that from step 2 and up until step 4 three different teams worked somewhat independently of each other with their own area of the study. The areas were as follows: Network and Sustainability (RQ1); Suppliers (RQ2); Customers (RQ3). RQ1 was a broader question enveloping both RQ2 and RQ3 that in turn were more independent. This arrangement resulted in cooperation between the teams taking place e.g. when there was overlap, when one team had a smaller workload or when important decisions affecting the whole study were to be made.

The data gathered in steps 1-4 was both primary and secondary data **(**Eriksson & Wiedersheim-Paul, 2014). Data gathered through interviews was considered primary data as it was first discovered by the study. In contrast, data obtained through the literature study was secondary data, as it was data already available in articles and other sources. These steps are described in more detail in the following sections.

The data was analyzed and the revisions mentioned in step 4, which served in accordance to abductive reasoning and systematic combining as suggested by Dubois and Gadde (2002), were of different types in the study:

- Narrowing the research questions
- Adapting the framework
- New interviews
- Additional/complementary literature
- Other unforeseen measures

The revisions resulted in a positive feedback loop which continued until satisfactory conclusions, answers and framework were found. The image below describes the method process visually.

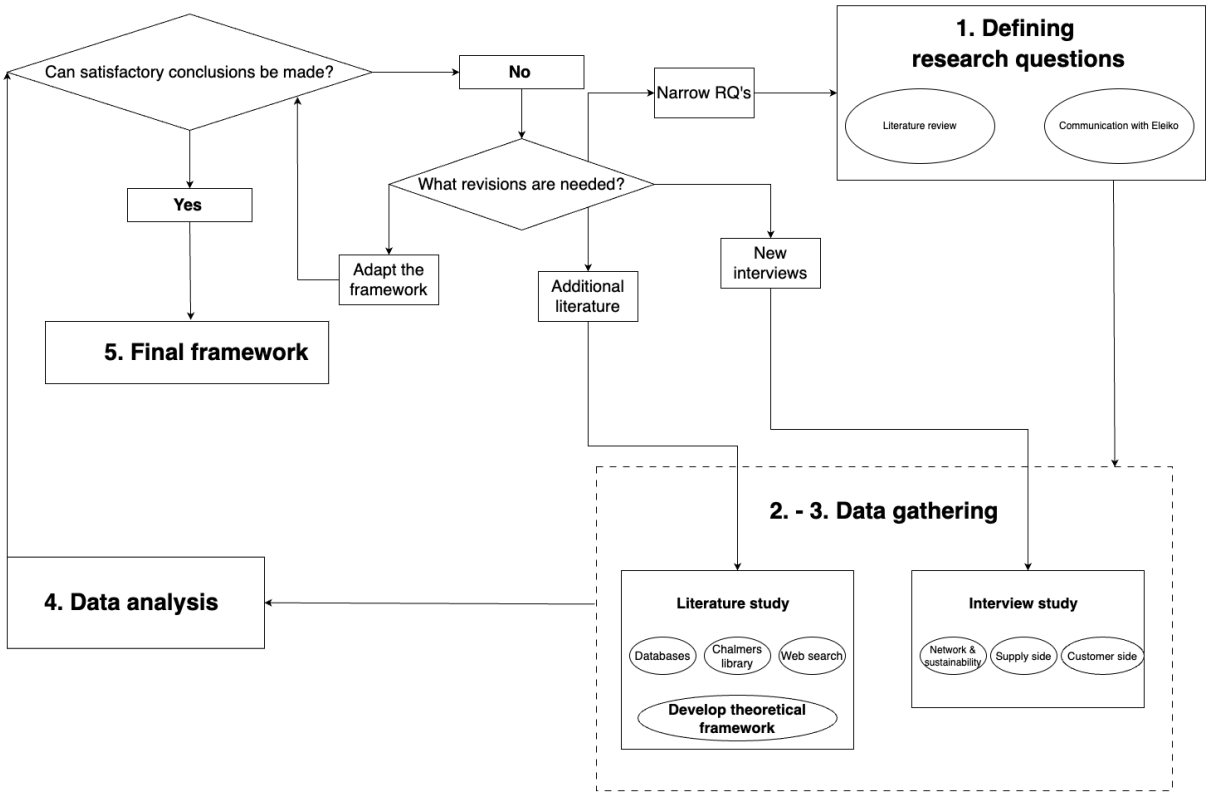

Figure 2. The method process

2.1.2 Literature Study and Development of Theoretical Framework

A theoretical framework was developed by finding literature relevant to the different aspects of the study. This was done through the databases available via Chalmers Library, primarily Scopus. The search function was used, where prompts like "sustainability* AND business*" were carried out, followed by ordering by number of citations or newest date. The function Scopus AI was also used, although to a lesser extent, where prompts like "the challenges for sustainable business in global supply chains" were carried out. Scopus AI then gave a list of potentially interesting articles based on the prompt. ChatGPT-4 was used in the same way as Scopus AI, only to find relevant literature. Furthermore, when no relevant reports and articles

could be found using the above methods, Google search was used. Finally, conventional books from the Chalmers Library were also used.

The usage of forward snowballing and backward snowballing was used extensively throughout the literature study (Wohlin, 2014). Forward snowballing, meaning the usage of articles citing an interesting article, was used to find newer and sometimes more nuanced studies. Backward snowballing, meaning the usage of articles cited by the article, was similarly used to find older and sometimes more generally applicable studies.

By combining the literature found for all parts of the study, a foundational framework was designed and visualized which was to be expanded upon after the interview study.

2.1.3 Interview Data Collection

The interviews in question were prepared with regard to the found literature and then conducted, specifically as semi-structured interviews. The choice was made due to the semi-structured interviews' higher flexibility and the more nuanced answers produced compared to structural interviews, two aspects which are required to answer the more comprehensive qualitative research questions. The interviews followed interview guides with moderately specific questions, so that they left plenty of space for the interviewee to answer and elaborate (Bell et al., 2022). However, the interview guide was not followed strictly. If the interviewer came up with another relevant question, be it for any reason, it was also asked.

Table 1.1: The interviews that were conducted.

Company/Organisation	**Interviewee's position**	**Date**	**Length**
Eleiko	Head of Sustainability	2024/01/30	117 min
Eleiko	Product manager	2024/04/04	45 min
EICA	Purchaser and production manager	2024/04/05	40 min
Core Gym	CEO	2024/04/05	43 min
XPULS	CEO	2024/04/09	50 min
Fysiken	Equipment Manager	2024/04/11	53 min
Eleiko	Head of Sustainability	2024/04/12	40 min
Formtoppen	CEO	2024/04/15	36 min
Supplier X	Sales manager	2024/04/16	65 min

2.1.4 Data Analysis and Revisions

The interviews were summarized and some key points formed a starting point for the analysis. In parallel, the framework was developing. The sustainability regulations and their role was evaluated during this time. By fitting the data from the interviews into the framework developed in the literature study, the framework was assessed. Depending on the fit of the data, the framework was modified to account for any shortcomings or misalignments of the framework and depending on the fit further revisions was made from the list described in section 2.1.1.

These revisions were made for all interviews and afterwards final modifications were made with all the interviews and general observations in mind. Finally, the framework was deemed complete and conclusions were made with this final framework in mind.

2.2 Method limitations, source criticism and ethics

What follows is an assessment of the method quality, divided into three parts: a consideration of the study's limitations, a description of how source criticism has been taken into account, and a discussion regarding the ethics of the study.

2.2.1 Limitations

In regards to critique of the study's method there are several points to be discussed. One could argue that the study has a low degree of generalization due to the nature of the case study. Furthermore, the uniqueness of Eleiko as a sports equipment supplier puts them somewhat in a niche situation that might further lower the generalization of the study. However, at the same time, by going in-depth into a case, specific learnings can be made regarding network position, supplier gaps and value propositions. This in turn can be of value for many companies striving to develop in accordance with sustainability regulations.

Regarding the interviews, there may be important areas that were not asked about for different reasons. Perhaps they were wrongfully disregarded for being irrelevant, forgotten about or the importance/interests of the area might have been realized until after the interview etc. To counteract this, questions that were later conceptualized were emailed to the relevant interviewee for answers. Moreover, perhaps some of the interviewees might not have been as suitable as first believed and maybe the selection of interviews was too small and as such the quality of the conclusions and framework might be impacted negatively. It should also be noted that the interviewees on the supplier-side were all chosen by Eleiko and as such that area of the study will be influenced by them for better or worse. In addition, the customers interviewed were of similar size, leading to the possibility of sample bias. All in all however, the semi-structured interviews gave insights in relation to the topics that were new and contributed to the study.

The triangulation of sources in the study, regarding both literature and interviews, might have been suboptimal (Eriksson & Wiedersheim-Paul, 2014). During the literature study finding relevant sources was difficult and as such finding sources covering the same topic was even more challenging. This made reviewing sources of different opinions and views difficult or in some cases impossible. Furthermore, due to time constraints and a limited number of interviewers only a few interviews per area (network and sustainability; suppliers; customers) were done, and perhaps the selection was too small for the triangulation to be of a satisfactory level.

As stated, a great part of the study was conducted in three teams of two. This was to better utilize the resources of the study, but it may have had some consequences worth mentioning. As each team was specialized in one part of the study, when it came to finalizing the study, there was some challenge in combining the three areas of study. Someone with a more overarching perspective may have been useful in facilitating a holistic paper from the start.

Ultimately, further research conducted on similar topics could focus on minimizing these limitations while further investigating the abductive changes made by the study to address their general applicability. If successful, this could result in more generalizable findings.

2.2.2 Source Criticism

The study had to exercise source criticism in order to assert its validity, relevance and reliability, and as such, a systematic approach was in order (Eriksson & Wedersheim-Paul, 2014). The data retrieved from the literature studies has been reviewed with the general guidelines for source criticism suggested by Eriksson and Wiedersheim-Paul (2014). The review of the data retrieved from the interview studies has instead been based on the guidelines provided by Schaefer and Alvesson (2017), as they are geared towards interview studies specifically.

Source Criticism on Interview Data

The study has practiced *intrasource critique* on each individual interview source (Schaefer & Alvesson, 2017). This was done in three main ways. Firstly, a careful consideration was made of the rationales behind each answer other than efforts to tell the unfiltered truth. Secondly, questions with similar semantics were asked in different framings, in order to check the consistency of the answers provided. Thirdly, the interviewers made sure to be greatly educated in the topics of their respective interviews. This was a necessity in order to enable the interviewers to critically view the answers provided. Moreover, the study practiced *extrasource critique* on the aggregate of sources interviewed. This was done by encircling each interesting empirical finding touched upon in the interview study by linking related information from each interview together to find potential inconsistencies and patterns. In this way, a general understanding of which sources may be unreliable in certain aspects could be formed as a result of the broader perspective given by the extrasource critique.

Source Criticism on Literature Data

Each source from the literature study has been scrutinized based on *contemporary requirements, tendency critique, dependency critique,* and *authenticity* (Eriksson & Wedersheim-Paul, 2014). The vast majority of sources were published in renowned journals and retrieved through established databases, which made authenticity likely. It also made the tendency critique straight-forward, as the tendencies or inclinations of the authors were, in most cases, easy to rule out. However, as the academic sources often discussed related topics, the risk of them sharing the same root-sources were very much real - especially in the cases where a commonly cited article by an academic authority exists in a topic. As such, the dependency critique required greater care and effort to carry through. The contemporary requirements were also rather intricate to ensure. By scanning the sources used by the articles, any possible larger time differences between article and source were identified.

2.2.3 Reflections on Quality

Even though the study is limited in some regards and although there are valid points to critique, the overall quality and validity of the study, and in extension its results and conclusions, remain high. Regarding the method design, the clearly outlined steps in terms of literature study, data collection, framework development and analysis in conjunction with the utilized iterative process results in better matches in accordance to systematic combining. Consequently, the outcome of this method design is a higher degree of quality and validity for the benefit of study.

2.2.4 Research Ethics

Regarding the ethics of the study, Bell et al. (2022) states that there are four main ethical principles to adhere to: avoidance of harm, informed consent, privacy and prevention of deception. With respect to avoidance of harm and privacy the interviewees and stakeholders have been given the option to remain anonymous if desired. Moreover, care has been taken to avoid them from still being identifiable. To ensure informed consent, enough information has been given to the interviewees so they sufficiently could assess whether or not they wanted to participate. In order to prevent deception, the intentions of the study have been clear and transparent to all. Another aspect kept in mind when conducting the study was that a broad perspective is desirable in order to make the findings more nuanced, meaning that several interviews of different perspectives were conducted. The interviewees also included people outside of Eleiko’s organization.

3. Theory

Below the result of the literature study is presented.

3.1 Sustainability in the Business Context

The following section describes theory regarding sustainability in a business context.

3.1.1 The Notion of Sustainable Business

The meaning of sustainability and sustainable business differ between individuals, however they often concern three dimensions: environmental, social and economic issues (Lankoski, 2016). Due to these differences in conception, Lankoski (2016) underlines the importance of declaring one's own definition and furthermore points out the benefit of this for managers, due to the increased clarity when developing the sustainability strategy, carrying out the related operations and communicating with stakeholders.

A widespread framework for sustainable business is the *Triple Bottom Line* (TBL) by Elkington (2004). The framework emphasizes the importance of a business performing in three different aspects known as the 3P's: *people*, *planet*, and *profit*. In other words, the triple bottom line focuses companies to care about their environmental and social value that they add or destroy, as opposed to only focusing on profit.

Dyllick and Muff (2015) discuss the vagueness of what it means to integrate social and environmental issues with economic ones. Many companies have introduced the triple bottom line and sustainability into their regular business, but many of them forget that the core of sustainable business revolves around helping better the world regionally or globally. The triple bottom line is a good start for a business to achieve sustainable business, however the company still has an *inside-out* perspective, meaning that the company still looks at sustainability from the view of the company as opposed to a birds eye view. Dyllick and Muff (2015) thus explains that to achieve truly sustainable business, a company has to expand beyond the triple bottom line and adopt an *outside-in* perspective, and aim to create value for the common good.

3.1.2 Sustainability Reporting

A major topic of the new EU directive, Corporate Sustainability Reporting Directive (CSRD), and the related reporting standard, European Sustainability Reporting Standard (ESRS), is to adhere to the double materiality principle when reporting. This means that companies should not only identify and disclose information on sustainability matters that could have a financial effect on the company, so called financial material, but also information about the company's and its value chain's external impact on the environment and people (Mezzanotte, 2024). To improve reporting quality, stakeholder engagement during the materiality assessment process is of high importance (Torelli et al., 2017) and it is highly endorsed in the ESRS, albeit not mandatory, to work with the affected stakeholders during the assessment

process. Furthermore, as communicated in CSRD and ESRS, the interaction between company and stakeholder is seen as fundamental in the company's processes for impact management, which are mandatory to report on (Mezzanotte, 2024).

Another aspect related to the introduction of impact materiality and the broader scope of the entire value chain, is the need for high-quality data on the impacts to ensure good reporting accuracy and avoid being misleading or even take part in greenwashing (Mezzanotte, 2024). Having the issue of gathering value chain data in mind, the ESRS allows for a three year ease-in period where companies can explain why they currently can not collect data and what they will do in order to get the information needed and be compliant to the rules.

3.1.3 Networks and Sustainability

There are arguments for using the network approach of Industrial Marketing Purchasing (IMP) in the context of sustainability for businesses, with Harrison et al. (2023) and Johnsen et al. (2017) being proponents, albeit asking for further research on the topic. The alignment to the aforementioned importance of stakeholder involvement in sustainability reporting processes can also be noted.

Harrison et al. (2023) view the aspect of *connectedness* as pivotal in enabling the network perspective, which they in turn argue is necessary in exploring and analyzing sustainability issues due to their system level of concern. Johnsen et al. (2017) explore what theoretical perspective research tends to use in relation to sustainability regarding purchasing and supply management. The findings suggest that, apart from a lack of theoretical perspective or just general sustainability theory, the most common frameworks, in order, are: stakeholder theory, resource-based view (RBV), institutional theory and finally the IMP perspective. However, Johnsen et al. (2017) advocate the use of the IMP network approach and discuss interesting aspects to consider in comparison to the others. This includes that the IMP approach has a greater focus on relationship management and interaction processes between actors and that it has less emphasis on the focal firm view.

Finally, both Harrison et al. (2023) and Johnsen et al. (2017) draw attention to the possible need of incorporating non-business actors within the IMP approach, which there traditionally has been a lack of.

3.2 Industrial Networks

As now established, taking a network perspective based on the IMP approach is an interesting proposition. As such, the notion of industrial networks will be discussed further.

3.2.1 The Importance of Network

Business relationships are fundamental to any business. Most intuitively, a business needs customers to achieve sales and suppliers to source products and services. Ford et al. (2011) describe companies as being incomplete, in the sense that they do not possess all necessary

skills and resources to function. This implies that companies are interdependent to other actors and must interact with them (Håkansson & Snehota, 1995).

3.2.2 Defining Business Relationships

The fundamental premise of the IMP approach is to not view business relationships as isolated between just two actors, but as part of a network of interdependent relationships that, to a varying extent, are connected to each other (Håkansson & Snehota, 1995). This connectedness refers to how one relationship can impact that of another.

To elaborate on the approach, there are some common characteristics of business relationships. Common features, in structural terms, are *continuity* over time, *complexity* in different aspects such as the people and goods involved, *symmetry* in size and capabilities between the members and a relatively high degree of *informality* during interactions (Håkansson & Snehota, 1995). In terms of the process in intercompany relationships, Håkansson and Snehota (1995) specify the need for *adaptations* between the participating parties, the balance between *cooperation* and *conflict*, the importance of *social interaction* and the occurrence of *routinization* over time.

3.2.3 Managing in Networks - the Three Paradoxes

Due to the complex nature of networks, both within a single network and comparing different networks, Håkansson and Ford (2002) describe how there are no simple universal solutions to follow in order to be successful in a network, but rather that it's highly case-dependent. However, there are ways for companies to guide themselves and Håkansson and Ford (2002) describe three paradoxes related to networks to be aware of and their managerial implications.

First, that a relationship both creates opportunities for the involved parties and places limitations on them because of the dependence between them. Additionally, the greater the investment into the relationship, denoted as *heaviness*, the greater the impact these dimensions have. Second, the relationships of a company are simultaneously a means to influence others and be influenced. This emphasizes how a company, to a high degree, is shaped by the other actors in their network. Third, control in the network is important to strive for to achieve one's aims, but at the same time can become troubling if the network becomes less dynamic as it worsens the conditions for innovation.

Implications related to the first paradox are that companies need to recognize both the advantages and restrictions posed by their network and their investment into it (Håkansson & Ford, 2002). What follows from this is that having a variety in the network gives a great amount of prospects, but that the structure inherently causes restrictions on how the company can act. Related to this, a company always needs to work with their network when aiming to change, even if it is just perceived as company-internal. In the most simple form it could be to gain acceptance from the network. Finally, creating change through switching counterparts,

i.e ending one relationship and forming another, is more challenging than developing existing ones.

The second paradox suggests that companies need to understand that they can not develop and act on strategies independently, but rather need to work with their peers in their network through interaction (Håkansson & Ford, 2002). This also includes viewing the relationships from the perspective of the other party, rather than being self-centered. Moreover, companies have to acknowledge the importance their counterparts in the network have on the development of the company itself.

The third paradox calls for companies to be conscious that they should not pursue a full control of their network (Håkansson & Ford, 2002). Instead, a certain degree of conflict is beneficial in facilitating innovation. Once again, Håkansson and Ford (2002) also stress the need to avoid a company-centric outlook in preference of taking the perspective of others.

3.3 Suppliers and Sustainability

Supply chain management and in extension the supply chain itself has great impact on the economical, social and environmental impact of a company and is therefore a vital part of a company's sustainability (Carter & Easton, 2011). This is a notion that goes hand in hand with the aforementioned IMP perspective as the supply chain constitutes a large part of an industrial company's business network. It is therefore reasonable to say that it is not viable to disregard the suppliers when developing sustainable business.

3.3.1 The Six Gaps

Actively taking sustainability into account with one's suppliers brings challenges however, which are augmented by the globalization of today's supply chains (Boström et al., 2015). These challenges are outlined by the authors and referred to as *gaps*. According to Boström et al. (2015) there are six gaps; *geographical, information, communication, compliance, power* and *credibility*. These gaps of sustainable global supply chain governance constitute a framework for analysis of supplier relationships in regards to sustainability. Below is a brief definition of each gap followed by proposed learnings and takeaways as to how a firm may address these gaps.

Defining the Gaps

The geographical gaps derive from the great distances between customer and supplier on a global market (Boström et al., 2015). This gap has a negative effect on communication with suppliers, traceability, and sustainability governance.

The information gaps refer to the information asymmetries present in many global supply chains. They are affected by factors such as reluctance to disclose sensitive sustainability information, and discrepancies in social norms regarding transparency. Boström et al. (2015)

calls these gaps information and knowledge gaps, but for semantic reasons this report will address them as simply information gaps.

The communication gaps address the communication barriers often present in global supply chains. They are a byproduct of factors such as different languages, cultures as well as trust. They are further augmented by the multi-tier nature of many supply chains, with many layers of sub-suppliers.

The compliance gaps refer to the difficulties in ensuring the adherence of established standards all the way upstreams the supply chain. They are an effect of insufficient auditing and generic, incomplete regulatory standards.

The power gaps point to the multifaceted aspects regarding power dynamics between actors in a supply network, where one actor or cluster of actors hold a disproportionate amount of power.

The credibility gaps address the fact that many sustainability reports and governance arrangements continue to be in effect despite the lacking evidence of their actual sustainability improvement. These gaps are increased by the illusion of improvement, low transparency and limited monitoring.

Addressing the Gaps

The effects of the geographical gaps are many and multifaceted. First, they introduce the risk of global regulations being too generic and insensitive to differences between nations as to being locally applicable. This in turn brings the need for standard setters to recognize the differences in contexts between global actors, further adding complexity to sustainability governance. Second, the geographical gaps amplify the information gaps, communication gaps and compliance. Boström et al. (2015) suggest that one solution to the geographical gaps is to simply bring suppliers closer to one self, which has proven to mitigate the negative effects of these gaps. An increased geographical proximity is, as concluded by Dou et al. (2018), positively affecting the general supply chain sustainability, further emphasizing the upsides to a geographically close and gathered supply chain.

The information gaps are, other than being an effect of geographical gaps, reluctance to disclose sensitive sustainability information, and discrepancies in social norms regarding transparency, also greatly affected by the multi-tier nature of global supply chains in two main ways (Boström et al., 2015). First, the communication gaps in multi-tier supply chains feed the information gaps. Oftentimes an actor far downstream doesn't know who the sub-suppliers are, and have few possibilities of having meaningful dialogue with them regarding sustainability data. Second, Kembro et al. (2017) find that maintaining data confidentiality across multiple tiers of actors involves great challenges which increases the reluctance to disclose information. Boström et al. (2015) suggest that the information gaps

call for independent, disinterested information providers and information verifiers, as well as platforms offering data availability.

Boström et al. (2015) state that the compliance gaps are, more than just being a byproduct of insufficient auditing and generic incomplete regulatory standards, also an effect of the geographical gaps. As previously mentioned, the regulations in place often struggle to adhere to local contexts, failing to ensure implementation and compliance as a result of lacking monitoring procedures, often resulting in negotiations where ethical codes are marginalized. Moreover, the increasing auditing of supplier sustainability compliance often leads to so-called audit fatigue (Khalid et al., 2020). This refers to suppliers being swarmed by audits, often resulting in audit fraud and fraudulent sustainability reporting. Boström et al. (2015) suggest that the role of non-governmental organizations (NGOs) could play a large role in monitoring and pressuring specific activities in supply chains to adhere to sustainability standards.

The aspects of the power gaps are multifaceted. For a buyer on one hand, a lack of power leads to insufficient ability to enforce sustainability standards on suppliers, and a potential sense of not being responsible. Boström et al. (2015) propose that one way to give influence to the buyer side is governance arrangements such as third-party sustainability certifications, allowing the buyer to actively choose a certified supplier and as such exercise influence over the suppliers. For a supplier on the other hand, a lack of power leads to an inability to efficiently adhere to stringent sustainability standards. Moreover, small suppliers in developing countries may be victims of imposed standards, which due to aforementioned gaps and challenges, may disregard the local context of the suppliers. As such, an equal power distribution is proposed by Boström et al. (2015) as necessary for sustainable business in supply networks. The negative effects of power asymmetry in supply networks are further stated by Kembro et al. (2017), who suggest that an uneven power distribution sometimes leads to an unwillingness to share information with others – thus feeding the aforementioned information gap. However, the authors continue by stating that in many cases a powerful player demanding certain information sharing across the multi-tier network leads to more efficient data sharing. This sentiment is complemented by the findings of Dou et al. (2018), who propose that one of the leading factors in sustainable supply networks is, in fact, a power asymmetry where buying firms downstream with high sustainability expectations hold power over their suppliers, creating a trickle-down effect. Evidently, the nature and true effect of power gaps in this context is not clear-cut.

Limited monitoring of many sustainability reports and governance arrangements have led to them adding to the five aforementioned gaps in the form of credibility gaps, rather than closing them (Boström et al., 2015). These instruments are suggested to especially benefit already powerful actors in their pursuit for increased market shares, and to hinder the market incentives for actual sustainability compliance.

3.3.3 Information Processing Needs

In addition to the six gaps as proposed by Boström et al. (2015), Busse et al. (2016) propose a framework that helps to break down the reasons behind a company's need for extensive sustainability information processing. Information processing in this context refers to a business' processes for acquiring and interpreting external and internal information. Busse et al. (2016) propose that buying firms are exposed to three types of sustainability-related risk in their supply chains; *task uncertainty*, *source uncertainty*, and *supply network uncertainty*. These risks, augmented by the firms' distinct so-called uncertainty intolerance, determine the extent of the firms' information processing needs.

Task uncertainty relates to the aggregate of bought products with respect to their numeric scale, novelty, variety and environmental characteristics. As such, the task uncertainty for a buying company depends highly on the characteristics of the products provided by their suppliers. A large number of different complex bought products would mean a high task uncertainty, for instance.

Source uncertainty, on the other hand, relates to the aggregate of suppliers in the supply chain with respect to the distinct locations, the extent of the business relationships, and the production characteristics. This means that factors such as institutional distances, stiff supplier relationships and production processes with potentially negative environmental or social impact increases the source uncertainty.

Supply network uncertainty, moreover, relates to the structure of the supply network with respect to horizontal, vertical and spatial complexity. Horizontal complexity refers to the number of first-tier suppliers, vertical complexity to the number of tiers, and spatial complexity to the geographical distance between firms in the network. Many first-tier suppliers each with deep supply chains characterized by little to no insight means high supply network uncertainty.

Furthermore, Busse et al. (2016) introduce the concept of uncertainty intolerance. This simply refers to the intolerance a firm has towards sustainability related uncertainty - a high uncertainty intolerance means that avoiding uncertainty is of great priority, whereas a low uncertainty intolerance means that uncertainty is to some extent tolerated. The uncertainty intolerance is according to the authors determined by three factors: *listings in sustainability indexes*, *extent of sustainability strategy*, and *company size*.

Busse et al. (2016) propose that the magnitude of the three aforementioned risks combined with the extent of a company's uncertainty intolerance determine the total information processing need.

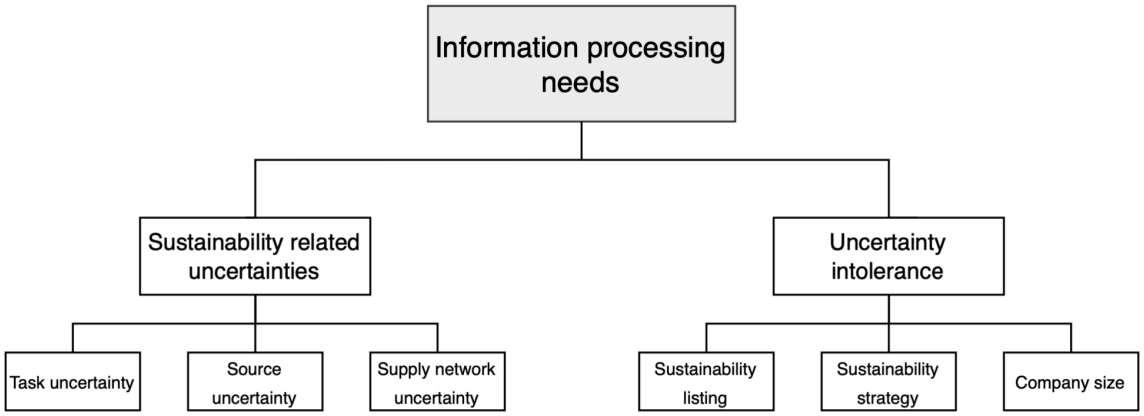

Figure 3: The sustainability information processing needs based on research from Busse et al. (2016)

3.4 Customers and Sustainability

Similar to how the suppliers are vital for the economical, social and environmental success of a company, the customers are also impactful. A company's business model can be referred to as the tool with which they address their customers. The business model is the core of their existence, and the deciding factor for their operations as well as their overall success. With regard to sustainability, the business model can be used to turn imposed regulatory challenges into opportunities (Morioka et al., 2017).

In turning sustainability challenges into opportunities, Richardson (2008) has created a framework that divides the overall business model into three main categories, namely *value proposition*, *value creation & delivery*, and *value capture*. This model is illustrated in figure 3 in order to bring greater clarity.

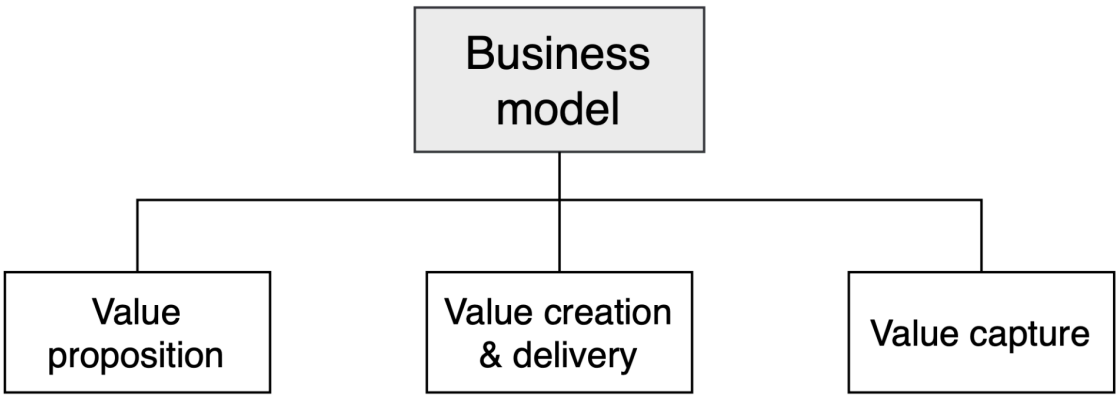

Figure 4: The business model framework based on research from Richardson (2008)

3.4.1 Value Proposition

As the first stage of the business model proposed by Richardson (2008), the value proposition is introduced to display what a company can offer their customers based on their resources.

Definition, Development and Integration

For a company, the first factor in becoming sustainable is anchored in the value proposition, suggested by research of Richardson (2008) and Morioka et. al (2017). The value proposition is a combination of the products and services that a company has, which together brings what the customers experience as valuable. When developing the value proposition a company can therefore not just focus on one aspect but must include all the ones mentioned above. Morioka et al. (2017) identifies both tangible and intangible assets connected to the value proposition as internal capabilities. The tangible assets are as mentioned the products and services of the business while the intangible assets are things such as company culture, people-work connection and personal visions and dreams.

In order to meet existing and potential future sustainability regulations, a company must connect both the tangible and intangible capabilities to the external challenges. In doing so a sustainable business model will emerge from the internal strengths, where careful consideration to the business environment in which it operates is taken. When establishing the value proposition it is therefore crucial to connect the external challenges to internal capabilities, anchoring them throughout the business network and aligning sustainability goals with the overall company strategy.

Segmentation

To develop the value proposition properly, a company has to know what customer it addresses, as no one can estimate the value of an offer without considering who will receive it (Richardson, 2008). To do this, it is conventional to divide customers based on certain metrics and attributes into well defined groups. These well-defined groups serve as focused segments of the company's business. By actively focusing marketing resources on acquiring, developing and retaining the value proposition towards selected segments, companies are able to succeed in their operations (Hutt & Speh, 2015).

Product Modularity and Sustainability

In designing products in an ever changing environment it is important to not only look at the current capabilities of a product, but also the potential future ones. Product modularity is an important factor for reducing the needed material, reducing costs and increasing reusability as well as the potential lifespan of a product (Sonego et al., 2018). The stated arguments are further strengthened by Machado and Morioka (2021) who highlight that modularity can help decrease material and energy consumption whilst facilitating reusability, innovation and remanufacturing. In addition, modularity is also shown to improve efficiency, increase synergy between products and shorten lead times, leading to a more agile production process (Sonego et al., 2018). What should however be noted is that the primary incentives for

product development and modularity are currently based mostly on economic metrics, devoid of social and environmental aspects.

Sustainability and Perceived Value

Research has shown that engaging in sustainability work increases perceived value of brand and increases customer loyalty (Rastogi, 2024). Despite having to give an initial investment that will reduce short term profits, Rastogi (2024) argues that the increase in long-term customer loyalty could still create a positive net present value. Complementary research also shows that there is an increasing focus on social and environmental governance as companies become more differentiated (Ren, 2024). This is explained by the need to stay ahead of competition and keep a strong brand image. The adoption of sustainable operations could furthermore create a more long lasting relationship since the customers in the B2B network can decrease procurement cost, because of the underlying trust of the brand (Vesal, 2021).

3.4.2 Value Creation and Delivery

The second component of the business model establishes from what resources and through which channels the company is going to compete and actualize its competitive advantage (Richardson, 2008).

Definition, Development and Integration

Value creation has its core in how the company through both internal operations and supply network is able to provide the value proposition. The value creation is therefore larger than just the product and services of a business, and instead includes the systems in place in order to efficiently realize them. The creation is then supported by the value delivery, which includes the logistics as well as the relationship management through which the company is able to provide the products and services to the end-customer. In establishing a strong business model, Richardson (2008) therefore highlights the importance of not looking at the different model parts as independent, but rather through the lens of how they can be used together to expand the total value brought to the customer.

In order to work proactively with regulations, with clear alignment to the core business model, Morioka et al. (2017) established four main key points. The first point is alignment to business-as-usual, meaning the ordinary operations of the company. The second point is people-work connection which is defined as the alignment of personal values with the business purpose. Finally, proactive problem solving and systemic thinking is mentioned as the last two key points that will help a company develop its sustainable business model.

These four main ways of working are supported by research tying into the perspective of the business relationships as an ecosystem, where not only the focal company but instead the entire ecosystem is responsible for creating and delivering value. The ecosystem approach with integrated information sharing has the ability to foster innovation and aids adherence to sustainability reporting as the increased transparency and collaboration helps the business network to stay proactive (Suarez & Vargas, 2021). While systemic thinking and proactive

problem solving are indicators of a healthy business ecosystem, the business-as-usual and the people-work connection are enablers to achieve it (Morioka et al., 2017).

This is furthermore supported by the IMP perspective which takes the environment in which the business acts into consideration when regarding the strengths and weaknesses of a business (Baraldi et al., 2007). IMP suggests that relationships are seen as something created and developed through an iterative process, resulting in a higher value. An IMP approach is therefore considered to be systemic, not something created with respect to a set environment, but instead something created and shifted through the interactions, negotiations, adaptations and collaborations with the relationships of the focal company (Baraldi et al., 2007).
The collaborations between companies in a network can furthermore be seen as a tool for consolidation between the customer demands and new reporting standards, from which innovation can bring a clear competitive advantage. Supporting research further highlights the benefit of co-creation and the consideration of customer sustainability criterias in building and sustaining long term customer relationships (Arnold, 2017).

Factors Regarding Relationships

In an ever developing business environment where regulations and technology open for fast changeovers, customer relationships are becoming more and more central (Strategic direction, 2023). What were previously looked upon as transactional relationships, where customers chose suppliers on financial metrics, are now developing into being more relationship based. Companies without a relational outlook on their customer base tend to be more negatively exposed to new competitors entering the market as well as changes in regulatory demands. When focusing on relationships and proactive problem solving, the companies involved will be able to reap synergistic advantages with each other. The benefits include increased ability to react to external market forces, in this case regulations, since their collaboration results in increased agility.

One vital aspect to develop integrated business relationships with collaboration is to realize the potential differences between company culture, societal norms, geographical distance and regulations that need to be adhered, especially when acting on a global market (Singh, 2021). This aligns well with the notion of the six gaps of sustainable global supply chains, as well complementing the need to develop customer-driven supply chains in the network perspective.

Relationship Management

A central tool to consider in relationship-forming is a system for customer relationship management (CRM). Coupled with the knowledge of factors regarding relationships and the conventional idea to segment business into customer groups, a CRM system allows a company to actively take consideration to different customer needs and over time track and pursue their perceived satisfaction. CRM systems can also be used to establish a better brand image among customers, especially when related to the communication of a company’s sustainability efforts (Vesal, 2021).

3.4.3 Value Capture

The third and final component of the business model is the value capture, where the company receives both its financial and non-financial gains from the efforts of the previous steps (Richardson, 2008). Although financial value capture has previously been regarded as the only metric, companies today are able to see it as an enabler for both social and environmental value (Morioka et al., 2017). The value capture is not only tied to a transaction, but is also regarded in the relationships built in the process of conducting business. In changing the business network to meet the set sustainability goals a network can, as previously mentioned, become more competitive in the long run, which Morioka et al. (2017) referred to as cascaded sustainability. The effects of value capture can be hard to measure as there are spillover effects from the synergies that the business network is creating. When integrating the sustainability goals into the company, it is therefore crucial to establish a broad set of metrics, able to measure the effects of the value created beyond the financial.

3.4.4 External Factors for Customer Market

Any part of the business model is subject to external forces at all times, which adds complexity to the pursuit of successfully proposing, creating and capturing value. The potential and unexploited market demand is one of those external forces, as mentioned by Morioka et al. (2017). The key to navigate it is to do thorough research and identify the development. By doing so, the market can be addressed accordingly, and the inherent potential of the company can be unlocked. However, Morioka et al. (2017) argues that not all market potential is attainable at once, but the key is to be aware of it and include it in the business strategy since it inevitably impacts the business model. The same goes for industry-specific competitive dynamics and public opinions. These are dependent on factors beyond the company's control, and the factors themselves are highly impacted by the governing bodies and official policies active through institutions.

3.5 Developed Framework

Solely based on existing literature, a new model was designed by combining the previously presented theory. It constitutes the framework for the analysis of the data provided in the interviews and aims to aid the specific purpose of the study. It will as such serve as a basis when analyzing the empirical findings.

The framework suggests that the perspective taken when facing the research questions is based on IMP, and the concepts of sustainability and the industrial network should be seen as interconnected. Thus, a bird's eye view of the company's network is utilized to view the overarching sustainability efforts of the network.

The first part is thus to map the company's network position in terms of structural terms and process terms, as described in section 3.2.2. This part also includes mapping the managerial implications of the company's network position, where the three paradoxes' applicability in the network are to be evaluated.

The second part is to outline the company's sustainability values while also mapping the sustainability reporting demands put on the firm, as well as how stakeholders, such as suppliers and customers, are involved in these reporting challenges. While doing this, the IMP-centric approach of focusing on relationship management and interactions is to be used rather than restricting one's view to just the focal firm, avoiding to regard the company as an island.

The third part is to map the supplier relationships and the current conditions for sustainable supply chain governance. Firstly, this will be done in regards to the six gaps to establish which sustainability governance challenges related to the globality of the supply network are the greatest, and how they are interconnected as well as handled. Secondly, the sustainability related risks and the company's sustainability uncertainty intolerance will be regarded in order to outline the extent of the company's sustainability information processing needs in relation to the supply networks'.

The fourth part is to outline the business model and how it coincides with both customer demand and regulative sustainability requirements. Firstly, the value proposition is to be evaluated. The way in which the value proposition aligns with potential both to comply with aforementioned regulations and to provide competitive advantage, and whether there exists synergies between the value proposition and sustainability demands, are to be mapped. Secondly, the value creation is to be regarded, and the extent to which the company co-creates value together with its network. Thirdly, the value capture is to be outlined, and whether the effects of strengthened competitiveness of the network in regards to sustainability compliance is accounted for when measuring value in the company.

The fifth part is to map the regulations acting on the focal company as well as on the suppliers and the customers. These external forces include the sustainability reporting demands put on the firm as outlined in the second part, as well as sustainability reporting demands put on suppliers and customers.

The resulting mapping will be helpful in mapping the company's challenges and opportunities in regards to their network from a sustainability perspective.

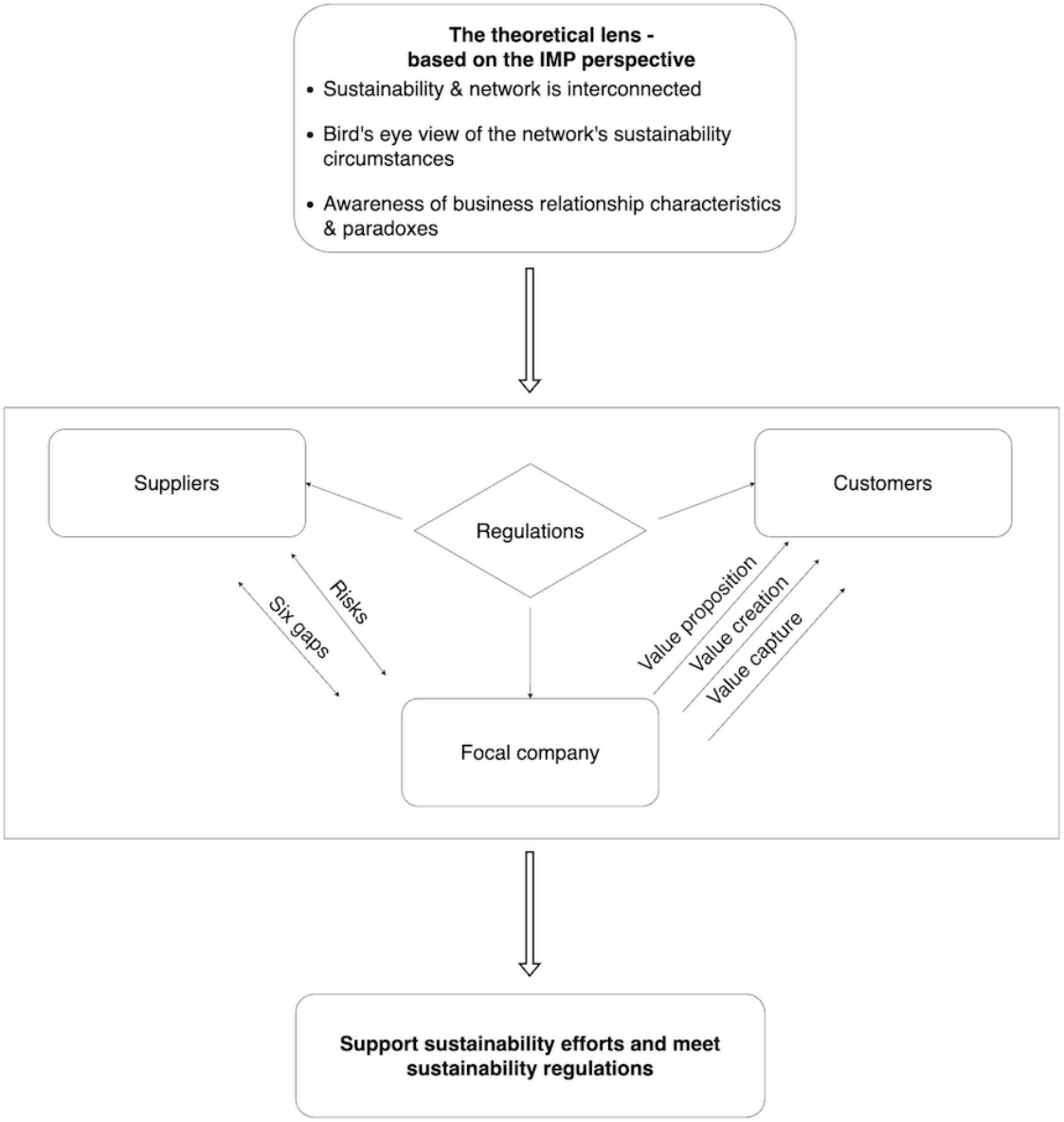

Figure 5: The developed framework

4. Empirical findings

The following section presents the empirical findings of the study. The data aims to complement the study's developed framework and aid in answering the research questions and fulfill the purpose of the study. The data in question was gathered in accordance with the interview method earlier described and from other sources, such as reports and legal documents.

The section starts with a description of Eleiko and their newly developed product Prestera Cables, which is the product of focus in the study. This is then followed by a description of their network, relevant sustainability regulations and current situation from their perspective, mainly with regards to sustainability. Focus then shifts towards suppliers of Eleiko and thereafter their customers.

4.1 Description of Eleiko

Eleiko is a family-owned business with headquarters in Halmstad, Sweden that offers equipment for strength training and fitness, with design and manufacturing of products mainly in the former category (Eleiko, 2023a).

4.1.1 Eleiko's Customer Market

Eleiko is a global leader in premium strength training equipment and among a select few certified to supply prestigious strength competitions. In weightlifting Eleiko is one of six companies with certified barbells (International Weightlifting Federation [IWF], n.d.), and in powerlifting one of eight companies with approved barbells and weight plates (International Powerlifting Federation [IPF], n.d.). Selling to both businesses and consumers, their customer segments are *Competition*, *Performance*, *Commercial Fitness and Corporate Wellness* and finally *Home*.

In financial terms, Eleiko had a revenue of 618.5 MSEK and total assets of 331 MSEK in 2022 (Eleiko, 2023b). Geographically, 33.7% of total sales took place in the Nordics region, 31.5% in Europe excluding Nordics and 22.9% in North America in 2022 (Eleiko, 2023a). Their financial goal is to have more than 20% yearly sustainable growth. This includes a continued global expansion focused mainly on Europe and USA, as well as South East Asia (Eleiko, 2023b).

In terms of the composition of their product offering, Eleiko has defined four categories and reported their share of sales during 2022 as following (Eleiko, 2023a): *Free Weights* (45%), *Stationary Strength* (38%), *Tools and Gear* (4%) and *Partner Brands* (13%). The Partner Brands category refers to complementary products from other companies that allow Eleiko to offer complete customer solutions in the Nordics. An example is Precor that supplies machines for cardio, such as stationary bikes and treadmills, and strength machines as well (Eleiko, n.d.-b).

4.1.2 The Prestera Cables Product

Prestera Cables is a part of the modular product system from Eleiko called Prestera, in turn part of the product division Stationary Strength, which can be described as a customizable system of racks and rigs with complementary attachments and equipment (Eleiko, n.d.-a). Prestera Cables is one such attachment that is mounted to a rack or rig and allows users to pull a cable with variable resistance based on the weight plates used at the end of the cable.

Prestera Cables adhere to a kind of modularity that features add-on functionality, the purpose being to incorporate more available workout variations into stationary standard rigs without increasing the spatial requirements needed for the equipment. In addition, Prestera Cables efficiently decrease material consumption as the standard rig and the variations allowed by the add-on equipment do not have to be manufactured to be standalone units. By not being standalone, Prestera Cables can utilize the rigidity and size of the rigs and be mounted directly to an already installed unit.

4.1.3 Eleiko's Operations and Supply Chain

Eleiko has the largest portion of their production in Sweden (46%), followed by Europe (22%), USA (14%), Asia (14%) and Rest of the World (3%) during 2022 (Eleiko, 2023a). However, this does not account for the location of suppliers in tiers lower than first-tier.

Eleiko is currently striving to move production closer to Sweden. According to Simone Rishede, Head of Sustainability at Eleiko, this has some key benefits. The first is that it will increase cooperation between Eleiko and their suppliers, which in turn will increase delivery accuracy, meaning that product arrives at the agreed upon time by the customer and supplier. Rishede also believes that increased cooperation can increase the quality of the ordered product. In 2022 Eleiko was struggling with their delivery accuracy. According to Rishede, this was due to the many external factors that had occurred, such as the blocking of the Suez canal, Covid-19, and the war in Ukraine. The second reason Rishede argued for moving production closer to Sweden was that Eleiko makes a lot of prototypes, where a short lead time is very important, and having the production in Sweden would shorten this.

The main problems Eleiko faces with moving production back to Sweden is that the prices are generally higher, but also that there is a shortage of knowledge about how to produce some parts. The knowledge shortage is largely due to local suppliers being forced to close down when companies switched to global suppliers.

Eleiko has long term relationships with their suppliers, and Rishede says that their goal is to create a high quality supplier pool. This is done by strengthening their existing relationships as opposed to switching suppliers.

Rune Selstad, product manager at the Stationary Strength product division at Eleiko, describes that Eleiko has 30 suppliers in the Stationary Strength product division, with one being particularly large and the majority relatively small. Eleiko is larger in size than most.

For Prestera specifically, Eleiko works with 22 of these suppliers. Selstad expresses that Eleiko is focused on building close and long-term relationships with their suppliers. As Eleiko grows rapidly they hope that their long-term suppliers are able to keep up, but they acknowledge the need for revisions when a supplier is unable to adapt to this growth. Furthemore, changing suppliers is associated with risk, and such measures are to be avoided if possible according to Selstad. Rishede also agrees that Eleiko much rather works with their supplier for them to improve, rather than changing supplier.

Selstad describes that the nature of the purchased goods varies and that they purchase everything from very simple components to intricate products from their suppliers. The components purchased for Prestera Cables are quite simple each on their own, but put together in-house to a complex finalized product. Moreover, he describes the number of bought components for Prestera Cables to be quite large, at least in the hundreds.

In terms of insight into suppliers, Selstad says that they have good insight into the operations of their suppliers, but that the fewer and less vital the bought products from a supplier are, the less insight Eleiko may have into the supplier. Regarding the supply network, Selstad expresses that it is very difficult to overview the suppliers further down the supply network (vertically), and that the depth of the network is very varied depending on the product in question. Horizontally, he expresses that there is a greater clarity as they have relatively few suppliers for the Prestera line - around 20, but he says that complexity and uncertainty is quickly introduced when looking further down the supply network. Finally, he expresses that their relationships with suppliers may sometimes affect each other, stating that some of their suppliers are competitors.

In terms of working with their suppliers Selstad describes that, unless Eleiko is developing a new product, there is a purchaser and himself who handles the relationship on a day-to-day basis. In the other case, when developing a new product, R&D from Eleko is also involved. The communication is handled informally and Eleiko rarely has any conflicts in their relationships, and since they cooperate with the supplier, they also rarely have to compromise detrimentally. They view the individual relationships between the people in business as very important, and they quickly fall into routines within their long term relationships.

4.2 Eleiko and Sustainability

The following section discusses the sustainability regulations affecting Eleiko, as well as the company’s perspective on sustainability.

4.2.1 Sustainability Regulations

Below, CSRD and due diligence are discussed.

Corporate Sustainability Reporting Directive (CSRD)

As part of the strategy The European Green Deal, where one target is to become climate neutral by 2050, the EU has proposed and subsequently adopted several policies promoting sustainability (European Commission, n.d.-c). Among many is the Corporate Sustainability Reporting Directive, CSRD, that introduces new rules for companies to report on the impact of their business activities on social and environmental sustainability, as well as related risks and opportunities (Directive 2022/2464). One of the aims is to increase companies' transparency on sustainability and allow the public, with its different stakeholders, to evaluate them. Importantly, the CSRD not only mandates a sustainability report to be conducted but also outlines what it must include and that it must follow the European Sustainability Reporting Standards, ESRS (Delegated Regulation 2023/2772).

The year for which companies apply under the CSRD depends on the size of the company with regards to defined thresholds. However, for 2024 the largest companies will start to report under the CSRD. Regarding small and medium businesses (SMEs) the CSRD directives are meant to be implemented towards listed SMEs in the year 2026, but will then be based on a voluntary decision by each company to conform should they be non-listed. A considerable number of SMEs, both listed and unlisted, are already adopting these voluntary reporting standards and the trend is positive (Berrigan, 2024).

Based on the net turnover and balance sheet total for 2022 (Eleiko, 2023b), Eleiko is subject to CSRD for the year 2025 with reporting in 2026.

Due Diligence for Sustainability

On a regional level the EU is now set to introduce the Corporate Sustainability Due Diligence Directive, CSDDD, as a provisional deal was reached in December 2023 (European Council, 2023). The CSDDD is expected to mandate large companies to conduct due diligence with respect to human rights and environment through their whole value chain. An important aspect is thus supply chain traceability to enable proper due diligence and fulfill the lawful obligations. Although SMEs will not fall under the CSDDD they will still be impacted if they are part of the larger companies' value chains.

Eleiko does not seem to be subject to CSDDD directly based on their size for 2022 of 156 employees and 618.5 MSEK net turnover (Eleiko, 2023b), but with continued growth there is a possibility in the future. In particular, if their business is defined as operating in a high-impact sector, as defined by the EU, the only missing criterion would be to have more than 250 employees (European Commission, n.d.-a).

4.2.2 Eleiko's Perspective and Work on Sustainability

There are many definitions of sustainability, but Eleiko uses the definition disclosed in their sustainability report, which is a self-defined version of the triple bottom line approach with basis in the Brundtland definition for sustainable development that goes under the name *A Stronger World*. According to Rishede, Eleiko strives to increase the knowledge about their

sustainability views and work mainly through their sustainability report. However, it is not heavily marketed to customers.

The Impact of Sustainability Regulations

The main directives that Eleiko is working on to comply with at the moment is CSRD and, although not currently affected by it, CSDDD. Overall, there is a large focus on Eleiko being as transparent as possible. After the year 2025, which will be the baseline year when all the data has been gathered, Rishede expects the focus to shift from collecting data to improving the values, which she expects to be just as difficult.

Rishede expects that there will be about 700 to 900 different sustainability related disclosures that Eleiko needs to have collected at the end of each year. This is a mix of disclosures from both Eleiko's operation and Eleiko's suppliers. It should be pointed out that the actual number of disclosures is uncertain pending the completion of their double materiality assessment. For storing and using the data Eleiko has used and will continue to use a digital platform.

Complying with the extensive demands on disclosure will be a large challenge, says Rishede, since there is so much data, a lot of which they have not collected before, as well as their smaller suppliers struggling to gather all their data. Regarding data from suppliers, Selstad on the other hand says that Eleiko does not currently struggle getting most of the relevant data and reporting it to the governing bodies. However, he expresses that it is more difficult to validate the data from Asia than their near region, so they have used some third-party assessments for Asian sub-suppliers.

Supply Chain

Selstad expresses that Eleiko values a sustainable supply chain greatly, and that the sustainability of their suppliers is evaluated yearly through a quality assessment. He explains that through this assessment they find a handful of suppliers where they identify potential for sustainability improvement, and that he together with the Head of Sustainability cooperates with said companies to improve these aspects. Selstad emphasizes that they do this together with the supplier, rather than by placing demands.

When describing what Eleiko prioritizes when choosing suppliers to move forward with, Selstad says that a certain level of sustainability has to be achieved for a supplier to be interesting. The materials cannot be disapproved by external sustainability standards, and the supplier has to provide an acceptable result in the quality assessment. He also expresses a hope that sustainability regulations will contribute with new KPI's helping them to choose between suppliers. Selstad further expresses that great quality in delivered products is a must, and that geographical proximity is something they increasingly value.

According to Rishede, the largest risk for Eleiko in terms of sustainability reporting is them not being able to collect all the data for the disclosures. The main improvement which needs to be made according to Rishede is the closing of the knowledge discrepancy between Eleiko

and their suppliers. Eleiko receives a good amount of information about sustainability and the regulations they need to comply with from governments, but the smaller suppliers do not receive any of this. Therefore the smaller suppliers need more support from both their customers, as well as governments. Another risk Rishede expresses is that when so much value is put on simply collecting data, there is a risk that the sustainability work and improvement will stagnate.

Customer Demand

Rishede expresses a large variance in the customer demand for sustainability, and that this is largely dependent on the customers size, and location. The greatest demand has been in the EU market. For instance, in the EU, governmental procurement processes sustainability has been an advantage. The main sustainability data that Eleiko's customers want is the end products data, but the amount and type of sustainability data varies largely in a similar way as described. Furthermore some companies simply need the data, but do not really care how much work is being done to improve the values. Eleiko has some cooperation between them and a few customers when it comes to sustainability, but this is on a small scale in relative numbers.

Eleiko's Work on Sustainability

Eleiko is not only working on complying with regulations, but has also done some actions to improve sustainability (Eleiko, 2023a). For example they have conducted a cradle-to-gate life cycle analysis of their barbells. Eleiko also measures parts of their Greenhouse Gas (GHG) emissions. Furthermore they are working on improving their social sustainability through different measures. One example is a metric for employer satisfaction known as Employer Net Promoter Score.

Partnerships and Communities

Eleiko is a part of different networks and initiatives, in order to further improve their sustainability and Rishede expresses the great value of these, e.g. for knowledge-sharing. One example of this is that Eleiko is a member of the United Nations Global Compact (Eleiko, 2023). The UN Global Compact is a voluntary and legally non-binding initiative for companies to incorporate ten principles in the areas of Human Rights, Labor, Environment & Anti-Corruption and report on their progress to promote corporate sustainability (UN Global Compact, n.d.).

4.3 Supplier Situation

During the interview process an interesting contrast was found in regards to some of Eleiko's suppliers. The first of the two interviewed suppliers was EICA, a smaller company situated in the same local area as Eleiko with a yearly revenue of around 50 million SEK, where a procurement & production manager was interviewed. The second of the two is a larger supplier providing Eleiko with Chinese-manufactured parts with a yearly revenue of around

200 million SEK, which requested to remain anonymous, henceforth labeled as Supplier X. The interviewee was a sales manager working in Sweden.

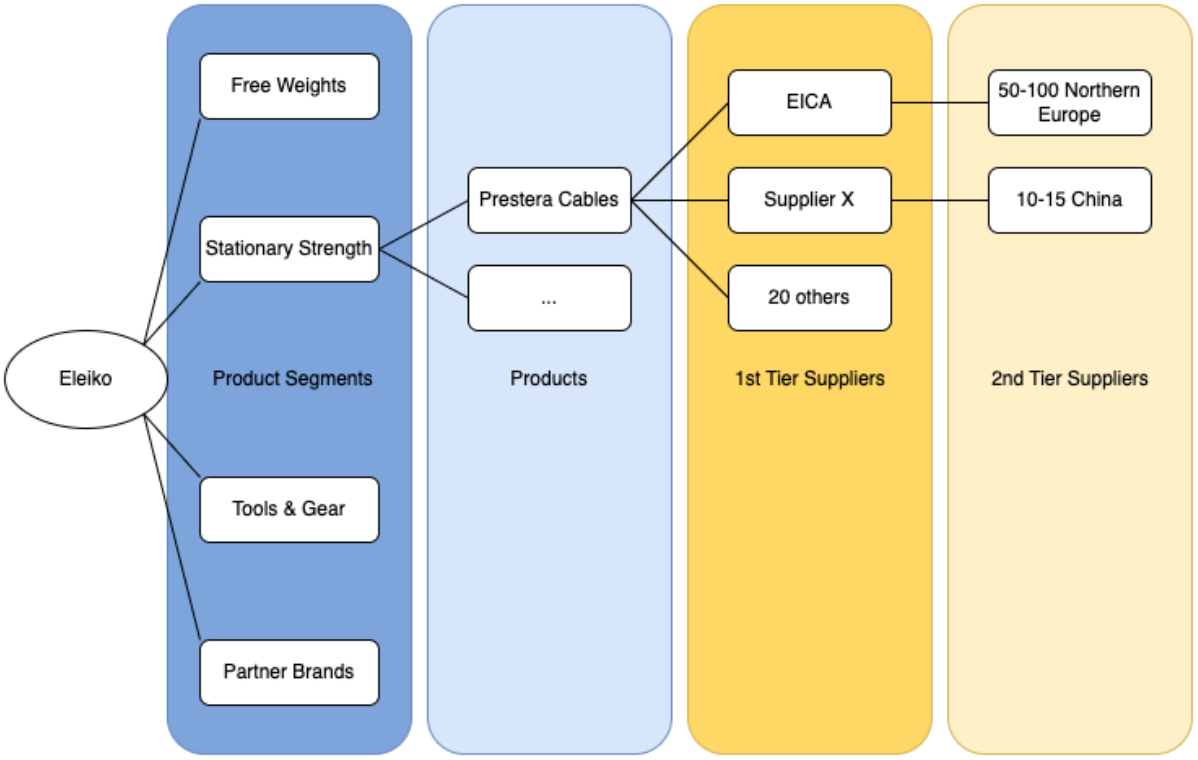

Figure 6: The supply network with focus on Prestera Cables and the interviewed suppliers

4.3.1 Sustainability Related Characteristics of the Suppliers

The geographical distance between Eleiko and its suppliers varies, as described in interviews with both Selstad and Rishede and as demonstrated by the distance of the two interviewed suppliers. EICA, as stated, is a local supplier situated less than a kilometer away from Eleiko's facilities. EICA's suppliers in turn are located in Scandinavia and central Europe. In contrast, the production of Supplier X is done in China and their suppliers are in turn from around the same area. However, Supplier X has personnel in the same country as Eleiko (Sweden) which aids the communication.

In supplying Eleiko with necessary sustainability related data, Supplier X expresses some concern. They explain that, currently, there can be difficulties in gathering necessary data due to the somewhat lacking knowledge of the subject in Asia, but elaborates and tells of the great progress done in the last few years to improve in this regard. Moreover, validating the data is something Supplier X is aware may be complicated requiring third-party consultants, and they state that comparing provided data with governmental standard figures may be necessary. They also mention the fact that the Chinese government is keen to support native producers in these aspects in order to protect the country's export. EICA on the other hand does not express any concern and says that they and their suppliers can get the data Eleiko desires without any major effort and that validating the sustainability data should be no

problem for them. Furthermore, neither EICA nor Supplier X express any unwillingness to share sustainability data, neither from their own part nor from their own suppliers' part.

The cultural differences characterizing the communication in the business of the two suppliers are also contrasting, and the companies' express different perceptions as to these differences' implications for sustainable business. EICA being located in the same local area as Eleiko says that they have almost no differences at all concerning culture, language, etc. which facilitates the act of sustainable business, but Supplier X's situation is somewhat more complex. The production and engineering facilities of Supplier X is situated in China, but the sales team is situated in Sweden meaning that this cultural aspect may differ depending on which part of Supplier X Eleiko is in contact with. This cultural difference is smaller when the sales team is the one communicating with Eleiko, but the differences are bigger if the Chinese engineers are involved, where for instance formality is of greater importance. However, Supplier X states that the Chinese office works in a relatively traditional Swedish way, meaning that perhaps the cultural difference is not as big as they may seem.

Differing size ratio between Eleiko and their suppliers results in them having more or less influence over them – something EICA and Supplier X experiences in two different ways. EICA explicitly states that Eleiko is a very valuable customer and as such are very likely to adapt to Eleiko's needs. Supplier X also views Eleiko as a very valuable customer but are not as dependent as EICA on this relationship. They further explain that they wish to do business as equals in regards to their customers, such as Eleiko, although they admit that they (Supplier X) generally hold a strong position in relation to their customers. Supplier X suggests that their services such as investigating potential Chinese suppliers and contributing to product development with regard to Chinese capabilities would be very resource consuming for customers to do in-house, and that this improves Supplier X's power position. Similarly, they suggest that since much production has been moved to China in the past years, capabilities in the west have not kept up with Chinese development, resulting in further dependency on Chinese production. Supplier X states however that, regarding their suppliers, they actively need to situate themselves as an important customer – meaning that they try to maximize their influence over their suppliers in order to secure future production. As such, there is clearly a higher degree of power play within the supply chain containing Supplier X than within that containing EICA.

As for the outlook on sustainability regulations on Eleiko's supply-side, EICA states that they do not think that the increasing sustainability regulations will have any greater effect on their own business, on their sustainability or on their sustainability data deliverance. They do however stress that they lack knowledge of sustainability regulations and that they have little to no insight as to how they will affect their company in the long term. Even so, EICA do believe sustainability and the ability to provide sustainability data to be a potential competitive advantage, although they have not done any notable changes to improve these aspects.

Supplier X on the other hand communicates that they believe aforementioned regulations will have a large impact and that they will create a western demand on eastern supply to provide necessary data and in the extension that the sustainability figures will be expected to improve. However, they express deeper insight into the EU regulation Carbon Border Adjustment Mechanism (CBAM) rather than for instance CSRD, stating that this is legislation they are focusing on currently. They also express that regulations may make it easier to evaluate suppliers in general, bringing new KPI's to the table. As such, Supplier X believes that sustainability and the ability to provide such data in a smooth way will constitute a tangible competitive edge for suppliers selling to European customers, and Supplier X is currently positioning themselves to be in a good spot as these regulations reach the market fully. Their aim is to now proactively scan their portfolio of Chinese producers to find those who have the potential to one day provide sustainability data and in the long term improve their sustainability, but who are not there yet. They do this rather than focusing on producers already far ahead in these aspects in order to get lower prices, and will then help these suppliers in improving their capabilities.

4.3.2 Supplier Relationships

What follows is a brief description of the general characteristics of the supplier relationships between Eleiko and the two interviewed suppliers, as well as between the suppliers and their own suppliers. This is in line with the network approach taken.

EICA describes their relationship with their customers as close and long-term, Eleiko being no exception as already established. In fact, EICA states that they have daily correspondence with Eleiko, and adds that they always have informal communication with customers in general. When approaching a new customer, they always aspire to start a long lasting relationship from the get go. In all of these aspects, Supplier X describes a similar philosophy, although a big difference is that Eleiko is a very big customer for EICA, and not so much for Supplier X. Another slight difference is that as Supplier X works with Chinese counterparts, the occurrence of more formal communication is more common on their supply-side. Generally speaking, the description given by both suppliers is in line with the picture painted by Eleiko (Selstad), adding the insight that Eleiko is generally a lot larger revenue-wise than their suppliers – EICA and Supplier X being no exception.

A difference between the relationship management between EICA and Supplier X is that the former generally has about one to three people involved with each relationship, whereas the latter generally has a smaller team consisting of technically skilled people involved in each relationship – both firms consider their own approach as effective. This is well in line with the way Eleiko (Selstad) describes how their supplier relationships differ between contexts.

EICA points out that their customer relationships sometimes result in them having to adapt, which is also prevalent in the customer relationships of Supplier X. Moreover, EICA stresses the need for routine to come into place in their customer relationships, something Eleiko (Selstad) agrees with – there is a certain starting distance for the relationship so to say.

4.3.3 Supplier Complexity

EICA and Supplier X constitute two contrasting suppliers to Eleiko and provide two different perspectives into the complexity characterizing Eleiko's extended supply network. Below, some aspects relating to the complexity of the supply network are described.

The products procured by EICA which they process and refine are according to them quite simple in nature although of excellent quality – likewise, there are quite few different articles bought in numeric terms which contribute to their value proposition to Eleiko. They however do stress that the sheer quality of the goods bought introduces complexity in the procurement process. Supplier X paints a similar picture, stating that the demands from Eleiko on excellent finishing and accurately calibrated weights are huge, making seemingly simple products extremely complex. Supplier X says, similarly to EICA, that they buy and sell relatively (numerically) few articles related to Eleiko. Eleiko on the other hand buys many dozens of components which they manufacture into Prestera Cables.

EICA describes their relationship with Eleiko as very close, and says that their striving for long-term and close relationships is mirrored in their good insight into their own suppliers as well. They do however stress that it generally takes some time for them to reach sufficient insight into new suppliers. Supplier X, also having great insight into Eleiko, states that they have a very high presence in their present and potential suppliers' facilities in order to audit the capabilities of said suppliers, and as such, Supplier X consider themselves to have great insight into their suppliers. However, they add that the more vital the supplier, the more insight they require.

While both suppliers express great insight into both Eleiko and their own first-tier suppliers, they both agree to the fact that insight into the sub-tier suppliers is scarce and difficult to achieve. They both work with over a hundred first-tier suppliers in total, and agree that the depth of each individual chain may differ greatly and is subject to great complexity. EICA describes how their relationship with Eleiko does affect their possibility to engage in new customer relationships in a tangible way, while they do not perceive any influences between their own supplier relationships. Supplier X simply states that they avoid having rivalrous customers, with the opposite being true for their supplier relationships.

4.4 Customer Situation

For the customer part of the analysis, a total of 4 gyms located in different places in Sweden were interviewed. These gyms had in common that they were existing customers of Eleiko's and that they all fit in the segment of Commercial Fitness & Corporate Wellness. Several of the interviewees were owners of their respective gyms, but the most important aspect was that they all had several years of experience dealing with investments in equipment and facilities, making them well suited to represent the customer market within the scope of this study.

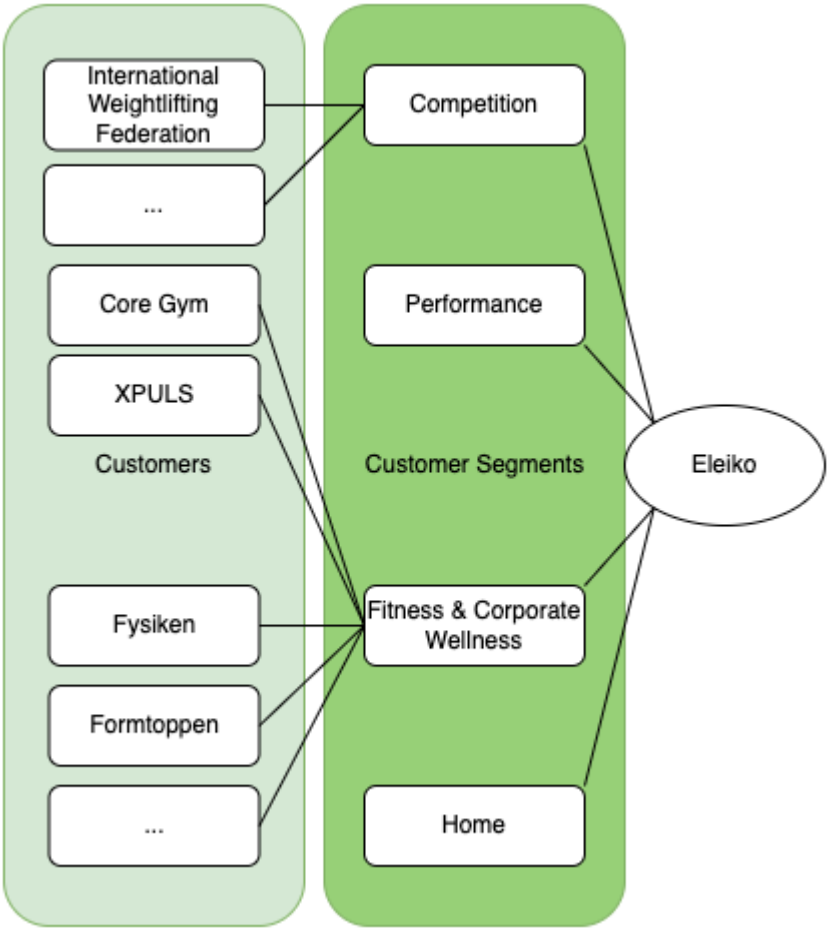

Figure 7: Eleiko's customer segments and a selection of specific customers, those interviewed in the study and a competition organization

4.4.1 The Sustainability Demand

During the interviews with the different gyms, the questions regarding sustainability are at times met with ambiguous answers. In interviews with the gym owner and entrepreneur behind Core Gym, the owner highlights that branding and long lasting products are important factors when choosing between suppliers, and confirms that the communication of these factors highly impacts their decisions about suppliers. On the other hand, he mentions that it is the aspect of branding that is the major benefit with Eleiko being sustainable, while the environmental impact of the products itself is not a metric they consider.

The CEO of Formtoppen and the equipment manager at Fysiken have similar opinions, where the former mentions that Eleiko has room for improvement in their communication of sustainability. Despite the view that sustainability matters, Fysiken was the only gym to conduct active work towards sustainability themselves by installing solar panels on the roof. Although Fysiken had participated in sustainability work, no one provided any information about their perception of sustainability downstreams towards their customers.

The rationale for the weak participation in sustainability efforts was that their respective customer bases were rather unphased by the sustainability metric when it comes to gyms.

This is agreed upon by all representatives, and the common perception is that an end-customer's willingness to pay for a gym membership is not at all motivated in either direction by environmental sustainability.

With the consequence of lacking end-customer interest in sustainability, no gym had developed their own definition of sustainability. The owner of XPULS explained that a co-investor of the company had a career within the field of sustainability, but the terms upon which they decided for investments were mostly based on quality and financial outlook. In fact, the underlying sustainability of a product provided no extra incentive for them when considering an investment. They instead refer to the sustainability work of Eleiko purely as a bonus.

What should be noted is that all the companies still agree that the sustainability communication from a supplier elevates their perception of the brand. Yet the only factor not making them indifferent about it is their personal beliefs. All actors expanded on the argument of branding, adding that they believe that their customers perceive a higher value because of sustainability efforts made by Eleiko accompanied with the fact that it is produced domestically in Sweden.

Regulations Imposed on Customers

When asked about the regulatory pressure put on the gyms in the form of sustainability reporting, all of the interviewees answered that they are not yet obligated to report to any standard. Their businesses are free to operate unrestricted by environmental legislation under current circumstances, and there is no current demand for data regarding emissions. Moreover, none of the interviewees have actively considered the implications of CSRD being implemented towards SMEs from 2026. What should be noted is that although no gym was considering gathering data for any reporting, they believed that there would be a growing demand from customers as they became more knowledgeable.

4.4.2 Market Demand and the Prestera Cables

Below, the market demand for the Prestera Cables is described based on the interviewees' answers.

Important Factors of the Value Proposition

In answering what the most important factors were when choosing a supplier of gym equipment, the consensus among interviewees was that quality and feel in terms of products was at the top of the list, traits they all believe that Eleiko's products fulfill often better than competitors. Aspects as to what brings out the quality in their products is a combination of durability, aesthetics and complementary offers, e.g. modularity and adaptability.

The other important factors the interviewees valued in a supplier were their design, the social interaction and their provided service. In contrast, the areas that generally could be improved was a higher accommodation to individual demand and making customer-specific

adjustments. But these factors varied between customers, as Core Gym wanted more available service, while Formtoppen had high praise for the available service.

Effect of Modularity

Formtoppen and Fysiken put a major emphasis on the value of a modular product as both spatial requirements and increased functionality were greatly demanded in their gyms. Fysiken mentioned the possibility of implementing this at their current facilities with the motivation that the gym could be created with a minimalistic approach whilst keeping the functionality needed. This was agreed upon by both Core Gym and XPULS as well, with an extra amount of emphasis added on the possibility to keep adding to the existing product portfolio over time.

When asked about the interest in a scalable and multifunctional product such as Prestera Cables, the interviewees express full consensus that there is a high demand, since functionality is of intrinsic value for any gym. Furthermore they shine a light on the currently high utilization rate of existing machinery that adheres to the same functionality that the Prestera Cables does. The proposed functions of Prestera Cables are independently the functionalities with the highest demand in the gym, making the product launch increasingly interesting for them to solve a common problem experienced by both themselves and their customers.

The Need for Space

Besides the high demand for the functionality provided by Prestera Cables, Core Gym and XPULS also mention spatial requirements as a key factor contributing to the success of their business. Core Gym's customer base often communicate their satisfaction of their newly-built facilities where open space had been a priority in design. Yet, the facility still includes equipment that are considerably abundant when compared to the modularity of Prestera Cables and the owner expresses a desire to integrate them in the future. At Fysiken, they have opted to redo a large portion of their gym to install, among other things, an extensive system of rigs with Prestera Cables to increase the utility provided by the space available.

XPULS mentions similarly how their main service offering in the form of a Xfit concept workout, as they call it, is entirely dependent on the fact that they require a lot of open areas and space-efficient machines and equipment.

Attractive with a Scalable Proposition

Another instance of the benefits of modularity is the inherent possibility to make it scalable. Several gyms mention that their investments are conducted in waves, theoretically limited either as safety precautions in terms of tied up capital or that they are uncertain about the outcome. A modular product enables smaller investments over time, and creates a platform for further development depending on the desires of the customer when they feel confident in the next step. XPULS highlights that as they feel that Eleiko provided superior products compared to competitors, they were interested in buying a product with the possibility to

increase functionality. By gradually extending their respective portfolio with incremental upgrades, the product ecosystem creates a larger value than the components initially did independently. One key element that enables scalability to become an attractive proposition is the underlying trust in Eleiko's brand.

4.4.3 Customer Relationships

The customer's relationships with Eleiko was a theme of interest throughout the interviews, in accordance with the network approach taken by the study. By asking questions about and examining the current structure of the relationships, as well as understanding what it implied for both Eleiko and the customers, a better understanding of the customer market could be found.

Personal Relations and Long-Term Business Relationships

For Core Gym, relationships rank as one of the most important factors for choosing a supplier. Their relationship with Eleiko has both lasted a long time and is from Core Gym's perspective hopefully lasting long into the future as well. Historically, the contact between the companies has always been between Core Gym and the same representative seller at Eleiko, turning into a personal relationship. The same goes for XPULS and Fysiken, where the relationships span over several years. For XPULS, the owner originally came in contact with Eleiko when in a different role at a different gym. Over time and with the birth of XPULS, he explains that the choice to nourish the already established relationship was obvious.

Core Gym highlights the product portfolio as the incentive behind the initial idea for the long term and close relationship as it is both the current products, as well as the development of new ones that attract the close collaboration. However, the owner of Core Gym mentions that the personal relation between him and the sales representative has developed a trust and mutual respect, from which both experience comfort in conducting business with each other. The mutual respect and customization to needs was also highlighted by Formtoppen and XPULS, as they too had long lasting relationships with a single salesperson. These three gyms mention the possibility of a long term relationship as a major factor in why they choose to have Eleiko as a supplier. Fysiken was the only gym who adopted Eleiko as a supplier quite recently, which had happened by chance when they needed to cancel a planned procurement with a competitor during Covid-19. This took shape as a more transactional relationship where although communication was strong, there was a larger focus on price.

The amount of suppliers varied between the gyms, where both Core Gym and XPULS had Eleiko as their primary supplier and were interested in developing the relationship further. For Formtoppen and Fysiken, Eleiko was only one of three main suppliers. All of the gyms stated that the proposition of a single supplier was attractive and had benefits, but also mentioned that not one single supplier covered the entire range of products they needed.

Power Distribution and Continuity in Relationships

In sheer company size, the companies interviewed are considerably smaller than Eleiko. According to the interviews, this does not equal a negative power differential to the customers. Formtoppen and Fysiken argue that they hold a considerable sense of power regarding the relationships. They express that when acquiring new equipment, they are free to make comparisons between the suppliers on any metric they deem fit. Often relating to price, customer demand, feel and quality. Core Gym and XPULS are more conservative in their view, but still imply that they are comparing offerings between suppliers. It is a unison agreement that they are not dependent on Eleiko, but that they choose to rely on them. In this regard, the continuity of the relationships are crucial. All four firms mentioned Eleiko's continuity and consistency in communications as a strong quality from which they gain trust. Formtoppen highlights the interaction between them and Eleiko as one of the cornerstones in why they keep Eleiko as a supplier. Furthermore all the gyms experience that Eleiko is doing a good job in both their communications and management of relationships.

This, along with the formerly described findings in section 4.1-3, concludes the empirical findings based on interviews of network, suppliers and customers. Together with the developed framework and provided theory, an analysis will now be conducted to investigate any challenges and opportunities that can be found for Eleiko based on this information.

5. Analysis of Eleiko's Network Position

In the following section the characteristics of the business relationships will be compared to those described by Håkansson and Snehota (1995). Thereafter the network paradoxes discussed by Håkansson and Ford (2002) will be applied to Eleiko's network to show how Eleiko should interact with others in their network. This will contribute to answering RQ1 about what Eleiko's current network position looks like.

5.1 Supplier Relationships Characteristics

The structural characteristics of Eleiko's supplier relationships will be analyzed first, followed by the process characteristics later.

Eleiko strives for long-term relationships with suppliers, reflecting the structural characteristic of continuity in business relationships. Both EICA and Supplier X confirm this aspect, both in their relationship with Eleiko and with other customers as well. The complexity in the supplier relationships of Eleiko depends on the extent of the relationship and whether the product is new or not. The relationship is more complex during product development since people from R&D also participate, compared to the ordinary scenario when just two from Eleiko are involved. Even though Eleiko is larger in size than most of their suppliers, there is symmetry to some extent in the amount of resources. However, this of course varies depending on the size of the supplier. This was demonstrated in the examples of EICA, who has significantly less resources than Eleiko, and Supplier X who expressed a greater independence from Eleiko due their size and other customers. The supplier relationships feature a high degree of informality as expressed by Eleiko, EICA and Supplier X. The only exception is the relationship Supplier X has to their suppliers in China, which require more formal communication largely in part to cultural differences.

Eleiko and their suppliers all agree on how the relationship becomes more routinized as time passes and especially after the initial phase of getting acquainted. Furthermore, they also stress the importance of the social interaction and personal connection with individuals from the counterpart for success in the relationship. Additionally, further in line with the process characteristics of business relationships, Eleiko and their suppliers have cooperation in mind with the aim of growing together. Conflicts do occur, but very rarely, and according to Eleiko it often revolves around quality issues, which is a high-priority aspect for Eleiko. Both Eleiko and the interviewed suppliers express having to do some adaptations, although to a limited extent. EICA specifically, though, communicates having to do many adaptations. Despite their answers, Eleiko and their suppliers are probably doing more adaptations than they are aware of when comparing with the literature's definition on adaptation. This is probably because the adaptations that occur are so frequent and small that they go unnoticed.

5.2 Customer Relationships Characteristics

First, the structural characteristics of the customer relationship will be analyzed. The majority of Eleiko's customers want to develop long term relationships with Eleiko, and even stated this as being one of the reasons for choosing them as their supplier. This conveys that Eleiko's relationships are continuous both with customers and suppliers. In terms of complexity of Eleiko's customer relationships, the relationship was usually developed on an individual level between two people, reflecting a low level of complexity. Some of the customers experienced symmetry in their relationship from the sense that they are able to choose other suppliers. However, in general for Eleiko, the symmetry is largely dependent on the customer, since their size varies, and this has an effect on how many resources they have. All of the customer relationships analyzed were found to be informal. The relationships were handled by one person from each party, and every customer highlighted that since the relationships were long lasting they quickly developed into relationships on an individual level. Furthermore, both Formtoppen and XPULS highlighted the mutual respect that developed in the relationship.

Second, the process characteristics of the customer relationships will be analyzed. Adaptations are done when creating the value proposition for the consumer. Each customer's gym layout is unique, and through Eleiko's design offering and customization, they are able to adapt to the customers. Eleiko cooperates with their customers to create the best product possible, and this helps in strengthening their long term relationships. As expressed by all of the customers the social interaction between the companies is highly valued, and all of them are handled on an individual level between mostly one person from each party. Although not explicitly stated by the customers, having the relationships be long lasting on an individual level results in a high degree routinization.

5.3 Analyzing the Network Paradoxes in the Case of Eleiko

Below, the paradoxes relating to management of networks found in the theory are analyzed in regards to the empirical findings.

5.3.1 First Paradox - Opportunities vs Restrictions

From the first paradox of networks, which describes how the network both creates opportunities and places restrictions on the company, it is evident that Eleiko benefits from their network in creating opportunities, but that it also has some limitations, which is not necessarily negative. To illustrate, the interviewed suppliers in the study act as good examples.

In working with Supplier X, Eleiko has the possibility of working with factories in China in possession of resources and knowledge not available in closer regions. Additionally, as Supplier X is an intermediary focused on European customers, the ordeal becomes more efficient since Eleiko does not have to devote as much resources in interacting with the Chinese suppliers directly. Rather, they channel the interaction through Supplier X who have

specialized and built up knowledge in this area. However, this also means that Supplier X is important for Eleiko in their portion of suppliers from Asia, specifically in China, although these make up a smaller percentage than suppliers from other regions. This importance is both related to the possible difficulty for Eleiko in reaching these Chinese suppliers if their relationship would end with Supplier X and also the amount of the trust they place in Supplier X. This is further highlighted when taking the context of the study in account, with the need for Eleiko to gather quality data throughout the value chain. It is then important that Supplier X is able to accommodate this adequately in order to have correct sustainability reporting and awareness of their sub-tier suppliers operations. This also supports the idea of using a third-party to verify and validate the data.

Having EICA as a supplier, who is located in very close proximity, benefits Eleiko in that they can work closely with them. This in turn allows for quick interaction, for example in prototyping and problem-solving, and also in ensuring high-quality products, which is a key aspect in the business strategy of Eleiko. There is some power imbalance between them, with EICA expressing their high dependence on Eleiko. Nevertheless, as EICA have built up knowledge over time it is not simple for Eleiko to change to a different supplier – this relates to the heaviness of the relationship, where Eleiko's investments in the relationship leads to an amplification of the effect of the first paradox. However, this is not necessarily undesired for Eleiko since this knowledge of EICA can be beneficial in improving the product and manufacturing of it. Once again, the relationship causes both opportunities and some restrictions at the same time, but this cannot be avoided.

With regards to the interviewed customers, all relatively smaller sized gyms, these do not simply garner revenue to Eleiko but can also contribute in developing the product offering through creating customized customer solutions and providing feedback. However, identifying the restrictions they cause on Eleiko is not as clear-cut. Possibly it could be that Eleiko commits long-term to them and thus needs to accommodate them in the future or how the brand of Eleiko can be impacted by the brand of a customer. Another possible restriction lies in the demands of the customers, for example the current lack of demand on sustainability that lowers the incentives and benefits for Eleiko on said sustainability.

Taking other customers or partners into account, such as competition organizations, the opportunities and restrictions for Eleiko, apart from revenue, is likely similar to the interviewed customers. They can improve product offering, but Eleiko needs to provide services to them. Furthermore, the brand association can be both for good and bad. For example, being certified by the governing bodies for competitions in strength improves Eleiko's brand and supports the legitimacy of their products being high-performing and high-quality. However, the brand of Eleiko could be impacted if the brand of a partner to Eleiko worsens. This points out the need for being diligent in choosing partners.

5.3.2 Second Paradox - Influencing vs Being Influenced

The second paradox states that the company can not only influence others, but is inherently influenced at the same time. A company must then take into account the perspective of the other party and recognize how they are impacted by them.

Eleiko is no exception to this. In its basic form, there are notable aspects such as Eleiko developing new products in collaboration with suppliers, receiving demands from competition organizations in order to be certified, and as touched upon recently, the impact brand association has on the members of a relationship and the value of feedback from customers in improving the product offering.

In the context of study, it must also be stated, once again, how the sustainability of Eleiko's suppliers directly influences that of Eleiko. To delve deeper, an interesting aspect from the empirical findings is how the difference in size of a supplier seems to impact their awareness and concern with sustainability regulations, with the larger actors being more knowledgeable. Meanwhile, Eleiko mostly works with smaller suppliers. This could possibly influence Eleiko negatively due to the suppliers' unfamiliarity of sustainability reporting. However, the size difference also allows Eleiko to exert greater influence, which can be used to educate and develop the supplier. This strategy is expressed to be preferred by Eleiko and to support the idea one must also bear in mind the other benefits in having smaller suppliers, like the aforementioned closer interaction. It can be added that the customers and other partners also influence the sustainability of Eleiko, although indirectly – for example, if they use Eleiko's products in a shorter time than intended life-span of the product.

Overall, Eleiko needs to be aware of the sheer extent to which they are influenced by their counterparts.

5.3.3 Third Paradox - Control vs Dynamic Network

Increasing control in a network is about making the other actors work more in the direction of one's own ambition. The pursuit for control is one of the principal forces in networks, but the literature (Håkansson & Ford, 2002) stresses the downside of wanting complete control of one's network. Rather, some conflict is argued to be beneficial in order to achieve a dynamic network that is more innovative.

As recommended in the literature, Eleiko strives for some control in their supply network, but not with the aim of complete control. The ambition is derived from their business strategy, where the assurance of high quality products and the improvement of sustainability, in part for regulation compliance, are key parts. It is then necessary for Eleiko in pushing these aspects upon their suppliers and being persistent about it. However, Eleiko states that they focus on working together with their supplier in order to improve them, rather than placing harsh demands.

Achieving total control of the customer network or broader network is not possible due to the existence of competitors with a similar offering. Perhaps not about achieving control per se, it could be beneficial for Eleiko to advocate for more sustainability in their industry to reap more benefits of their then possible competitive advantage. This could possibly be done by fostering their relationships to governing bodies in the industry.

To what degree the network of Eleiko is dynamic has to be investigated and analyzed further. However, it can be noted that the competition for customers and the feedback from customers drives new product innovation. Similarly, Eleiko develops products in collaboration with suppliers who give a different perspective. This suggests some dynamic characteristics that are beneficial to the firm.

5.4 Mapping Eleiko's Network Position

Using the collected information from the empirical findings, Eleiko's network has been mapped in the following figure with a focus on Prestera Cables. This will be used to answer RQ1, which states as the following:

What does Eleiko's current network position look like?

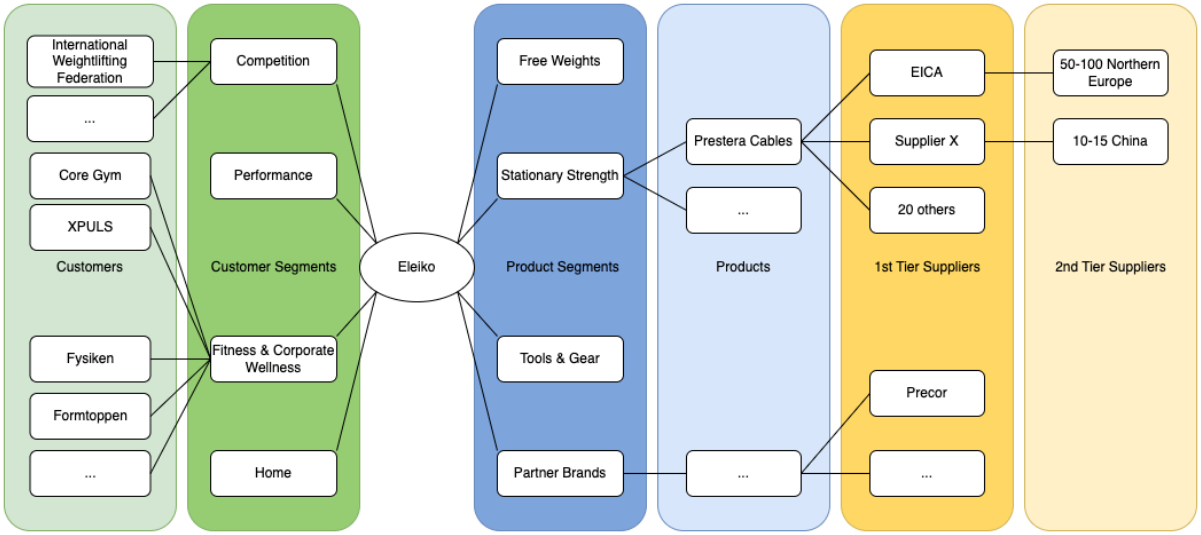

Figure 8: Eleiko's Network

With a basis in the figure, the network of Eleiko can be summarized as follows.

Eleiko is working with relatively few first-tier suppliers, however the amount of suppliers rapidly expands when moving through the lower tiers. On the customer side, where the study has focused on commercial gyms in the segment Commercial Fitness & Corporate Wellness, Eleiko is working with a relatively large number of customers. These range from small and independent gyms, such as the ones interviewed, to larger gym chains. A governing body in the Competition segment is included as well, to highlight the authenticity of Eleiko being part

of the global leaders in premium strength equipment. Additionally, the partner brand Precor has been incorporated to showcase that Eleiko partners with other companies in order to improve their product offering.

The characteristics of business relationships as described in the literature appear to be well reflected in Eleiko's network, apart from some minor differences, as garnered from the interviews. Especially the ambition for long-term relationships, and to the benefit of both parties, together with personal interaction is mentioned consistently. The differences to the literature were a generally lower complexity for Eleiko in their relationships except during product development, slight overlook of adaptations and finally the need for more formal communication with some actors, referring to the suppliers located in China.

Furthermore, Eleiko is also experiencing the paradoxes of networks. First, that their network both creates opportunities and restricts them in how they can act, which is more so seen in their relationships with suppliers. Second, that Eleiko and their brand is largely dependent on who they are working with. Third, Eleiko seems to be aware of avoiding complete control, but aspire to ensure high-quality products, which is at the core of their business and brand, and improve sustainability along with compliance of regulations.

In their network, Eleiko appears to be the main driver of compliance to sustainability regulations. The customers in the Commercial Fitness and Corporate Wellness, at least those interviewed, express disinterest and unawareness, while the suppliers lack knowledge about the regulations. However, Eleiko seems to have positioned themselves with suppliers that are favorable in other aspects and in part enable their high-quality products. This begs the question about how they can improve their network rather than changing its composition, calling for further analysis of the suppliers and customers of Eleiko.

6. Analysis of Eleiko's Suppliers and Customers

Having mapped Eleiko's network position, the abductive process of applying empirical findings to the developed framework in regards to suppliers and customers will be carried out in the following section. This will result in the answers of RQ2 and RQ3.

6.1 Supplier Analysis

Below, an analysis of the suppliers is provided, mapping empirical findings to the theoretical findings concerning supplier relationships in a sustainability context.

6.1.1 Supplier Characteristics

Before any elaborate analysis based on the aforementioned framework, a brief analysis of the general characteristics of the two suppliers is in order to motivate the relevance of the two cases.

The two suppliers EICA and Supplier X constitute an interesting contrast for the analysis, the first being small and of local character with a yearly revenue of around 50 million SEK, the second being larger and working towards another continent with a yearly revenue of around 200 million SEK. For the purpose of this analysis, EICA will serve as a case example where findings may be applicable to a number of Eleiko's suppliers. In fact, as Eleiko states that a large portion of their production comes from Swedish suppliers who are substantially smaller than Eleiko, it is reasonable to consider EICA as an interesting case. Supplier X on the other hand will serve as a case example of Eleiko's procurement strategy towards Chinese production. Eleiko states that a rather small portion of their production comes from Asia, however they also argue that this is where they as a company face the greatest sustainability challenges, and as such, Supplier X is also an interesting case.

6.1.2 Mapping the Supply Chain Sustainability Gaps

The empirical findings provide insight into the sustainability circumstances characterizing the suppliers of Eleiko in regards to Prestera Cables, enabling a mapping of the sustainability gaps in the analytical framework. As the study takes a network perspective, interest is taken in the way Eleiko's suppliers experience the different gaps. The findings of Boström et al. (2015) help us connect the way different gaps interact with each other - amplifying or reducing other gaps in the supplier relationships. As an initial reflection, it was found that the communication gaps were of little to no relevance in this specific case and will thus not be elaborated on further. This was due to EICA being located very near Eleiko and Supplier X having a Swedish salesperson. Hence, the communication gap was negligible.

Geographical Gap

The findings suggest that the geographical gaps are generally quite small in Eleiko's supply network in a global context, unsurprisingly, as about 68% of supply comes from Europe, the majority coming from Sweden. EICA is an excellent example of this, being located in the

same city and in turn having suppliers located in Scandinavia and central Europe. Supplier X provides insight into what the geographical gaps may look like in the 14% of Eleiko's production being in Asia - Supplier X acts as a middleman helping to bridge the gap between the Swedish Eleiko and the Chinese producers. As Supplier X has sales people in Sweden, the geographical distance between Eleiko and them is small. However, Supplier X works with companies on the other side of the world, and as such the geographical gaps for Eleiko's second-tier suppliers in this particular supply chain is very large.

Knowledge Gap

The study found that there is a substantial gap in the supply chain regarding knowledge of sustainability and sustainability regulations, a phenomenon found in the empirical study and later explicitly stated as a problem by Eleiko. This gap is, in accordance with abductive reasoning, added in the context of the study to the six sustainability gaps in global supply chains based on the findings of Boström et al. (2015). It should be stated that this gap, henceforth referred to as the knowledge gap, is semantically different to the information and knowledge gap proposed by Boström et al. (2015), in this study simply referred to as the information gap. The knowledge gap between Eleiko and their suppliers was found to be of great magnitude. EICA simply had not heard of CSRD, and were unable to address the various similar regulations being introduced or how they as a company would be affected. This certainly is in part due to EICA's relatively small size, not being covered by many directives as of yet. Eleiko being generally educated in the subject means there is a great contrast between the two.

Supplier X was substantially more knowledgeable in the matter, however they too were more read up on (and interested in) CBAM. This discrepancy is not as big, but still something to consider as Eleiko would benefit in being positioned in a network characterized by little to no knowledge gap. Moreover, the sub-tier suppliers in China working with Supplier X as a customer are stated by the latter to lack the same knowledge as European counterparts on sustainability and incoming regulations, further adding to the knowledge gap characterizing Eleiko's supply network.

Information and Compliance Gaps

As stated, EICA is an example of a supply chain characterized by small geographical gaps, both between them as a first-tier supplier and Eleiko, and between them and their next-tier suppliers. EICA further expresses no difficulty in retrieving or validating the sustainability data required by Eleiko or other customers as of yet, which goes in line with the findings of Boström et al. (2015), as geographical gaps are often connected to the information gaps and compliance gaps. Supplier X on the other hand finds these aspects tricky, due to for example the knowledge gap between European and Chinese companies. This validates aforementioned findings in literature, and confirms the notion presented by Eleiko that Chinese suppliers' sustainability data deliverance is generally lacking compared to their European counterparts. Another interesting aspect confirming the findings of Boström et al. (2015) is that Supplier X finds the usage of third-party actors such as consultants specialized in retrieving and

validating sustainability data to be a vital solution to what can be considered rather large information and compliance gaps. This is also in line with Eleiko's perception of validation through third-party actors being necessary in the cases of data from Chinese suppliers.

Power Gaps

Differences in size between firms could suggest an inbound *power gap*, and as Eleiko is generally larger than their suppliers, logic would suggest that there would be some unbalanced power distributions at hand. However, Eleiko proposes that they do not experience any power gaps between them and their suppliers – a perception not shared by EICA though partly by Supplier X. The power gap between Eleiko and EICA is clearly leaned towards Eleiko being more influential, EICA having to adapt to Eleiko's demands in every way they can. Between Eleiko and Supplier X on the other hand, the latter seem to have a very strong position, however not to the same extent that Eleiko has over EICA as Supplier X does state that they adapt to Eleiko's requests.

In the case of EICA, representing the small, local supplier, this uneven power distribution favoring Eleiko seems beneficial for the potential for sustainability data deliverance, as the demands from Eleiko in this case seem to create the trickle down effect as described by Boström et al. (2015) and Dou et al. (2018). EICA simply has to do everything in their power to comply with Eleiko's demands, even though they themselves are not affected by any pressing regulations.

In the case of Supplier X, representing a slightly larger supplier targeting Chinese producers, Eleiko sits on a less powerful position, and the implications differ greatly from that of the EICA case. In this case, Eleiko's demand on sustainability and sustainability data holds less power. Supplier X does however express how they view the ability to provide necessary sustainability data and, in the long run, the ability to improve the numbers, as an intriguing potential for competitive advantage in the coming years. Their strategy of helping producers with lesser capabilities in this regard, bolstering lower prices, to improve is an interesting prospect for Eleiko to note.

The perception of Supplier X, that the ability to provide sustainability data and in the long run sustainability improvement, will constitute a competitive advantage, is evidently backed by the view of Eleiko. They both express a hope that the sustainability regulations will provide clearer KPI's in order to more efficiently evaluate suppliers.

As a final note on power gaps, Supplier X moreover describes how they very actively work towards having a good position in terms of gaining a certain power advantage against their suppliers, meaning that even though the power gap between Eleiko and Supplier X is rather small, it is way bigger on the second-tier in this case.

Credibility Gaps

An interesting finding in the empirical study is the difference in the view of the future effect of the sustainability regulations. EICA has less belief in the overall effect of the sustainability regulations on their business, which may be caused by the knowledge gap described earlier, creating a general discrepancy in knowledge and opinion between them and Eleiko. The opinion of Supplier X is more in line with the one of Eleiko however.

6.1.3 Mapping the Sustainability Information Processing Needs

Based on the network approach used by the study, interest is taken in mapping the sustainability information processing needs of Eleiko and their suppliers with a theoretical foundation in the findings of Busse et al. (2016) as described in section 3.3.3. As a reminder, a firm's sustainability information processing needs are according to the framework based on a combination of its sustainability-related uncertainties and its uncertainty intolerance.

Uncertainties

Firstly, the task uncertainty of both EICA and Supplier X is described in similar ways. They both supply Eleiko with simple products in regards to design, but with both stating that the high quality and strictly defined tolerances still makes the production and procurement process itself challenging, adding to the complexity. Moreover, the numerical amount of products bought and sold in respect to Elieko is stated by both to be relatively small - adding complexity to a much lesser extent. It should be noted that Supplier X, taking part in Eleiko's product development and bolstering many engineers and technically skilled personnel, probably has a higher task uncertainty in general than EICA. Furthermore, Eleiko considers the products bought from suppliers to be of the entire complexity scope, from extremely basic to quite complex. For Prestera Cables specifically, the general complexity is interpreted to be introduced in-house based on Eleiko's descriptions although they buy quite many components for it externally, increasing task complexity.

Secondly, regarding source uncertainty, both EICA and Supplier X state that they possess very good insight into Eleiko resulting in transparent and flexible business relationships. Furthermore, they both claim to have good insight into their own suppliers as well, but EICA explains that their insight grows over time in contrast to Supplier X who from day one visits potential future producers – meaning that whereas EICA gains the insight overtime Supplier X wants good insight from the start. Furthermore, as Supplier X works directly with Chinese suppliers with different perspectives, knowledge levels and sustainability related capabilities than European counterparts, their source uncertainty is further amplified. On Eleiko's part, they generally consider themselves to have good insight into their suppliers, which is in line with what the two suppliers say, meaning a rather low source uncertainty on Eleiko's part.

Thirdly, in the case of the supply network uncertainty, first-tier suppliers for both EICA and Supplier X are stated to be known and of a high degree of insight, as mentioned before. However, knowledge and insight into suppliers further down in the supply chain is told to be poor by both EICA and Supplier X. Furthermore, they elaborate and explain that they both

work with a large number of suppliers in total, while less for specific clients, and with the different supply streams varying in complexity and depth. EICA describes that they work with up to 100 suppliers in total, while Supplier X works with slightly more – about 120 main-suppliers. Regarding products for Eleiko though, Supplier X states explicitly that they work with approximately 10-15 suppliers. In regards to competition in the supply chain EICA and Supplier X both agree that they would not engage in business with a competitor to Eleiko without their consent, but in regards to competition upstream they differ. Supplier X utilizes competition upstream to decrease prices and increase their influence over their supplier in line with a transactional procurement strategy, whereas EICA simply does not engage in this behavior. Eleiko has fewer suppliers related to Prestera Cables than EICA and Supplier X has in their portfolio, making the width of their supply network more narrow. However, as they buy components of many different characters and materials, they stress that the depth of their supply chains are very varied and hard to map, resulting in an overall high supply network uncertainty on Eleiko's part.

The aforementioned three uncertainties together constitute an overall level of sustainability related uncertainty unique for each firm. Taking a network perspective, the interplay of the different actors' uncertainties affect each other. Eleiko has with respect to Prestera Cables generally a moderate task uncertainty, low source uncertainty, and high supply network uncertainty. EICA has low task uncertainty, low source uncertainty, and high supply network uncertainty. Supplier X has moderate task uncertainty, moderate source uncertainty and high supply network uncertainty.

Notably, the insight related to the source uncertainty is gained in two different ways. In the case of Eleiko and EICA respectively, they gain insight with their suppliers through a growing relationship, and in the case of Supplier X, they gain insight through thorough inspection and visits. Another duality interesting to point out is the way in which the supply network differs between the companies. Supplier X's supply network is characterized by tendencies of transactional business and high competition, not found in EICAs case. In their case however, Eleiko introduces complexity in their customer relationships as Eleiko has such a great say.

Overall, though there are differences in the overall level of sustainability related uncertainty between Eleiko, EICA and Supplier X creating an interesting dynamic, the total sum of the differences is still quite small. A final reflection is as such that the network as a whole is characterized by similar sustainability related uncertainty.

Table 2.1: Presentation of the three different uncertainty levels of the three firms

Company	**Task uncertainty**	**Source uncertainty**	**Supply network uncertainty**
Eleiko	Moderate	Low	High
EICA	Low	Low	High
Supplier X	Moderate	Moderate	High

Uncertainty Intolerance

The uncertainty intolerance of the different parts of Eleiko's supply chain that this study has covered, with them being EICA, Supplier X and Eleiko themselves, differ in almost every regard. In respect to sustainability related listings however, no apparent listings were found for either part and as such they all share similar positions. However, Eleiko's voluntary partaking of UN Global Compact, which is closely related to a sustainability listing, adds a small yet substantial contribution to the firm's uncertainty intolerance.

In terms of company size, there is a clear difference in tiers between the three firms – EICA being the smallest, with Supplier X in the middle and Eleiko largest. Moreover, to complement the size factor, the regulations factor is introduced in accordance with abductive reasoning to better highlight the impact of regulations on the uncertainty intolerance. This was, through the empirical findings, found to be a relevant addition in this particular case. In terms of regulations, EICA has no notable legislative demands on sustainability reporting and sustainability improvement upon them, certainly as a result of their small size. Supplier X on the other hand has slightly higher demands put on them, although not to the same extent as Eleiko, further showcasing the connection between a company's size and the amount of legislation covering it.

Furthermore, the factor of customer demand is added through abductive reasoning, as this is, similarly to regulations, found to be a contributing factor to uncertainty intolerance. The customer demand in question refers to the demand for accurate sustainability data, and in the long term improved sustainability overall, which affects the firms in slightly different ways. In particular, Eleiko is faced with very little such demand from their customers within the examined gyms, whereas they place relatively big demands on their suppliers. EICA and Supplier X being examples of such suppliers, do express that they experience a growing customer demand on reliable sustainability data, but not in an overwhelming way greatly affecting the way they do business as of now.

Aforementioned factors size, regulations and customer demand all seem to affect the final factor, the extent of a firm's sustainability strategy. In the case of EICA, they lack a comprehensive sustainability strategy. As a result of nonexistent legislative pressure, and a demand from customers such as Eleiko which can be met ad hoc, they likely lack the incentive to develop one. In the case of Supplier X, some regulations cover them, but the

challenge of meeting their western customers' demand on sustainability data and sustainability improvement is much greater in their case as they work with Chinese producers, as described in previous sections. This may contribute to the fact that they have a more thorough sustainability strategy than EICA. Finally, Eleiko trumps them both in this regard, having an ambitious and proactive sustainability strategy, certainly partly as an effect of their size and the regulations covering them.

The two new factors, regulations and customer demand, have as stated both been found to be relevant aspects to include. As such, the following illustration represents the study's perspective on contributing aspects to a firm's sustainability information processing needs, replacing the previous figure 3.

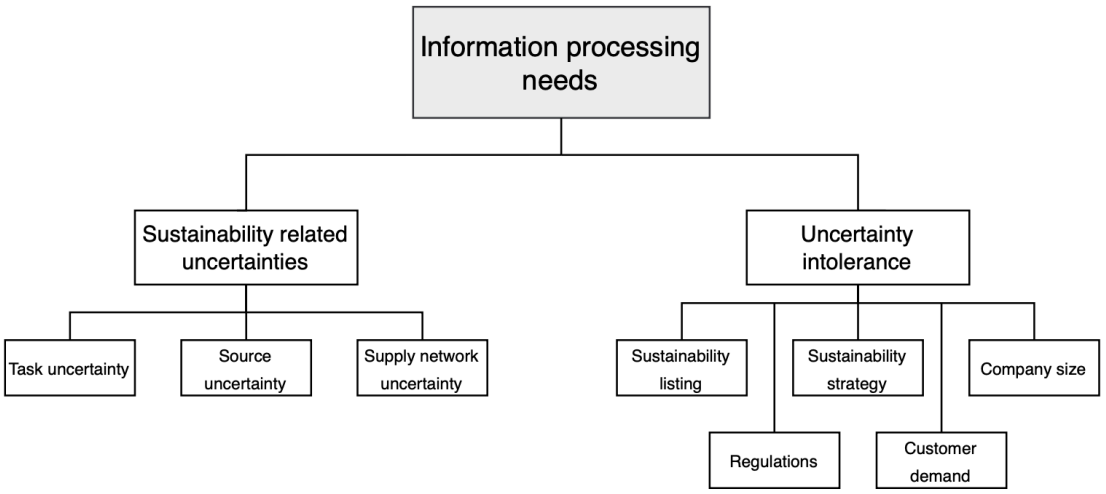

Figure 9: Expanded model of the sustainability information processing needs

To summarize the uncertainty intolerances, they differ greatly between the three actors. Eleiko is the biggest firm, being most prominently pressed by regulations although not so much by customers, and undertaking an ambitious sustainability strategy. EICA is substantially the smallest firm, being spared from regulations and only being moderately pressed by their customers, and overall having no noteworthy sustainability strategy at hand. Supplier X sits in the middle size-wise, being covered by regulations though they find customer demand is more pressing in a sustainability regard, and having a somewhat thought out sustainability strategy.

Table 2.2: Presentation of the four factors of uncertainty intolerance of the three firms

Company	**Sustainability listings**	**Company size**	**Regulative pressure**	**Customer demand**	**Sustainability strategy**
Eleiko	Small	Large	Great	Low	High
EICA	None	Small	None	Moderate/High	None
Supplier X	None	Medium	Moderate	Moderate/High	Moderate

Information Processing Needs

The information processing needs of a firm is based on their uncertainties amplified by their uncertainty intolerance. The total level of sustainability uncertainty is regarded to be very similar between the three actors, which may be considered overall moderate. Where things differ is in the uncertainty intolerance. EICA has little to no sustainability uncertainty intolerance, meaning their total sustainability information processing needs stay at a relatively speaking very low level. Supplier X has moderate sustainability uncertainty intolerance, amplifying their sustainability processing needs to a moderate level. Eleiko finally has very great sustainability uncertainty intolerance, resulting in very large sustainability information processing needs.

Table 2.3: Presentation of the three firms different levels of information processing needs

Company	**Eleiko**	**EICA**	**Supplier X**
Information processing needs	Very large	Low	Moderate

6.1.4 The Challenges

Eleiko's pursuit of improved sustainability and regulatory compliance results in a multitude of challenges in regards to their suppliers. Below, the major challenges are outlined based on the analysis above.

Gap Related Challenges

When using gaps to find weakpoints in a supply network the size of the gap determines the size of the challenge or problem – the bigger the gap, the bigger the challenge. A big gap implies urgency to decrease it. The same urgency is in order for a gap which amplifies other gaps regardless of size.

Of the gaps presented the biggest one was determined to be the knowledge gap, which also influences other gaps such as information, compliance and credibility gaps. The second largest gap was determined to be the power gap. Finally, the last gaps that were determined as bringing challenge was the combination of the aforementioned information and credibility gaps. To summarize, the challenge in this regard simply is to close the problematic gaps. The following challenges are derived from the problematic gaps:

- There is potentially a general lack of sustainability related knowledge in their supply chain
- Eleiko has to be aware of the power dynamics characterizing their supplier relationships and position themselves in a thought through and favorable position
- There is friction in retrieving valid Chinese data

Information Processing Related Challenges

As the uncertainties themselves were deemed to be of similar size, only the differing intolerances were deemed impactful on the information processing related challenges. The total sustainability uncertainty intolerance of Eleiko and their suppliers appear very varying resulting in equally varying information processing needs, constituting a problematic foundation for sustainability related cooperation in the supply network.

The challenges the intolerances then bring are those related to four out of its five factors, as *listings* were deemed irrelevant for all firms and thus excluded. The following challenges are derived from the uncertainty intolerances:

- Cooperation of firms with different regulatory obligations
- Cooperation of firms with different customer demand of sustainability
- Cooperation of firms with different sustainability strategy
- Cooperation of firms of different sizes

6.2 Customer Analysis

Below the theory about Customer and Sustainability (section 3.4) is combined with customer related empirical findings in order to allow for RQ3 to be later answered.

6.2.1 Market Segment

Assessing Prestera Cables, the focus is directed toward the segment of Commercial Fitness and Corporate Wellness where the product is used most frequently. Prestera Cables is a subpart of the wider range of products called Prestera, in the product division Stationary Strength, a category corresponding to about 38% of Eleiko's total sales. The scope excludes large parts of their business and will therefore not be a perfect representation of reality. Although not perfect, it will hopefully serve as a good instrument and proxy for the analysis.

The customers interviewed are all part of the Commercial Fitness and Corporate Wellness, and are in total quite small actors, all generating below 50 million SEK in revenue each. The homogeneity of the sample became clear when asking about the most important factors from which all mentioned quality as one of the most important factors. Furthermore it was a clear coherence that the design, branding and relationships were some of the more important factors leading to the choosing of Eleiko as their suppliers. The customer demand within the segment was therefore quite clearly centered around Eleiko's main business capabilities. The only real discrepancy between the supply and demand of value was regarding the efforts of sustainability, where none of the gyms currently needed to comply with any sustainability reporting standards.

6.2.2. Value Proposition

As a cornerstone of the theory, the analysis begins by investigating the value proposition of Eleiko. In the empirical findings, customers place high value in Eleiko's offerings in certain

aspects, namely: their product quality, their product feel and their operative contribution to design and holistic solutions. These three extracted key points for customers are mainly related to the tangible assets of Eleiko, which makes sense from a customer's point of view. They tend to evaluate Eleiko based on the products and services they receive rather than the internal development processes at Eleiko. Interestingly, and as explained by Morioka et al. (2017), the internal intangible assets are most likely an enabler to the perceived customer value, but it is not something that customers are aware about. By that reasoning, it is a fair assumption to express the value proposition in the eye of the customer, and focus on the tangible aspects in the analysis. The relationships which in turn are also seen as enablers for the more tangible value proposition will be highlighted further under section 6.2.3.

Products

Based on interviews, the consensus regarding Eleiko's products are evident. The first thing that comes to mind for interviewees is the exemplary quality they relate to the products supplied by Eleiko. The suggested theory to present the best possible value proposition is to relate internal capabilities to external challenges, something Eleiko has embodied by solely focusing on high-end offerings. Eleiko offers a wide range of products, adhering to all of the previously stated segments. The Prestera Cable product is one aspect of Eleiko's holistic solution, and despite the nature of the delimitations to only assess Prestera Cables, it must be said that the value in their products are based on the synergistic effects of combining their portfolio, not isolating it. Furthermore the customers experienced a great value from the effect of modularisation which is argued by Machado and Morioka (2021) as well as Sonego et al. (2018) as being an important strategy for creating a more environmentally friendly value proposition. The concept of developing modular products could therefore be seen as a good tool for turning the challenges of sustainability into an opportunity to meet customer demand.

Morioka et al. (2017) emphasizes that products and services are interrelated in the value proposition. The empirical findings suggest that Eleiko is highly prominent in the areas of product and product development. These combined are the primary metric to assess value in a gym equipment provider, according to the customers interviewed. The secondary metric that surfaced among all interviewees was the feel of the equipment itself, which were described as a subpart of the total quality.

Services

Besides the highly demanded quality and feel of a product, the third metric in perceived value for customers is the available service offering. As also referred to in the previous paragraph, Morioka et al. (2017) regards services as a major part of a business model, able to propose value.

As the last of the two tangible assets investigated in Eleiko, services are the factor at which empirical findings do not unequivocally conclude Eleiko as prominent. As a manufacturer of equipment and responsible seller, Eleiko are the ones with both expertise but also obligation

to address issues of both machinery and complaints. Interviewees express among their desires from a supplier that service needs to be adhered to, both swiftly and with quality, something they believe to be a weaker point in the value proposition of Eleiko. But services extend further than field services of already installed machinery. One cherished offering from Eleiko was their willingness to include design and conceptual models of how customers' gyms could be integrated to maximize value. This is something that Fysiken mentioned as immensely valuable when they decided to restructure a large part of their facilities. Furthermore, Eleiko seems to be relatively strong regarding the factors proactive problem solving and systemic thinking mentioned by Morioka et al. (2017). For example, Core Gym is able to have Eleiko as their only supplier. What should be noted is that Eleiko would be wise to continue to focus on the areas the customers feel are weaker, such as the service of machines.

It stands to reason that the main value driver among customers is the product quality of Eleiko. No customer had any objections to that, but they experienced other issues. Complaints often regarded a wish for improvement in other aspects of the value proposition.

During discussion, one of the interviewees expressed that the high quality of the products have an anchoring effect, making the other aspects of the value propositions seem relatively worse. Their products are the best on the market, but other competitors have better complementary offerings. This could be considered a weak spot in the value proposition, the gap between strengths and weaknesses being too large. With a holistic business model, this is an issue that needs to be balanced to maintain a strong brand.

6.2.3 Value Creation and Delivery

As mentioned by Richardson (2008) in the theory, the value creation and delivery is defined as the channel in which the company conceptualizes and realizes its competitive advantage. This means that the company cannot analyze the customer demand and plan on how to react without regarding the entire supply network's strengths and weaknesses. A business goal, purpose and strategy must therefore be clearly adopted by the entire value chain in order to determine the best way of delivering the value proposition. When interviewing Eleiko, it is clear that they are adopting the framework of pursuing a sustainable business model, and in doing so putting additional pressure on their suppliers. As previously mentioned this is currently implemented in Eleiko's supply network, where for example Supplier X are involved in product development.

This involvement of suppliers in product development is something that both the empirical findings and theory suggest as a major benefit for the business as a whole. Both Baraldi et al. (2007) and Arnold (2017) highlight agility and innovation as core aspects, which are strongly supported by Eleiko, the suppliers, as well as customers. From the interviews it is clear that the relationships that are deeply integrated in Eleiko's business-as-usual are seen as enablers for this increase in agility and innovation. The close relationships with the customers has resulted in many of the gyms having customized designs of facilities, which were noted as something springing from customers being able to communicate their needs, with Eleiko

being highly responsive. This responsiveness is in turn made possible by Eleiko's diligent work of anchoring the internal goals with their suppliers, creating a clear focus on the key aspects that form their value proposition. However, what can be noted as a developing aspect, is the prospect of additionally anchoring sustainability throughout their supply network.

The gyms interviewed all had ambitions to sustain a long-term business exchange, creating a more integrated ecosystem of products. This was not only because of the stand alone value of modularity, but because of synergistic effects between superior quality, good branding and long lasting relationships. This confirmed the theory of increased proactivity through collaboration presented by Suarez and Vargas (2021) whilst further strengthening the research of a more relationship-centered approach of Baraldi et al. (2007). What should be noted is that the gyms highlight the high quality of products and services as the basis from which the relationships are built upon. This means that in the case of a premium supplier of goods like Eleiko, the IMP perspective might be beneficial since it aligns with the overall strategy, whilst for a more transactional relationship it might not be an appropriate strategy.

What the gyms mentioned as a key factor in building this relationship is that they had been assigned to one single person. Whenever they needed something, this person was their contact when requiring any new products or ideas. All of the gyms had developed a personal relationship with their respective contacts, as they were always able to understand and take their history into consideration when proposing new solutions regarding products and services. This is what Baraldi et al. (2007) focuses on when stating that relationships are built through iteration. What should however be noted is that in many companies this might be a question of assets, as factors like employee turnover rate will determine the possibility of keeping one salesperson to the same customer. As the communication and responsiveness was lifted as key factors for the gyms when choosing suppliers, the adoption of a CRM system suggested by Vesal (2021) could be beneficial to any business where the relationships could enable a value adding measure. It should once again be noted that the adoption of the Prestera collection was seen as a long term investment from which the factors of relationships, quality and branding had a synergistic effect. The implementation of a CRM system could therefore in this sense affect more than just their customer satisfaction from a single product line, but also create spill-over effects into others.

The research of Arnold (2017) is also strengthened by the empirical findings, showing that customers working closely with their suppliers in creating and developing products reap rewards of both a better product and a closer and more trustworthy relationship. Both Formtoppen and XPULS highlighted the responsiveness to individual demands as a strong factor for Eleiko which lead to the prosperity of a longer relationship horizon. This was further strengthened by Fysiken and Core Gym who had received help from Eleiko to re-design a major part of their current facilities. In this collaboration they had worked closely with one person, who they felt could visualize their needs and turn them into reality. Another illustration of the spillover effects from a relationship was when Core Gym got the opportunity to buy a bankrupt company's machinery for a bargain price. The reason this was possible was that the salesperson at Eleiko thought it would fit their newly developed

facilities, ultimately granting Core Gym a beneficial deal and Eleiko an increased trust from a customer.

6.2.4 Value Capture

All of the conceptual ideas to propose and create value are embodied by the ability to also capture it. Richardson (2008) mentions the value capture as being a metric based on mostly financial measures. This is however expanded by Morioka et al. (2017) who adds the need of social and environmental metrics. The three together creates a more well rounded outlook on how the business as a whole affects the world, further supported by the related perspective of the triple bottom line presented by Elkington (2004). It stands to reason that the measure of finance is needed in order for a company to be able to prioritize the other metrics and has in the past been the only focus, which is why we still see it as the main metric of value capture.

Interestingly, Eleiko has established one potential problem of being a high quality brand during discussions with Rishede, especially when the main proportion of business revolves around sales. This is the problem of how their long lasting products limit their potential to sell more products over time to the same customer. When regarding the sales of the product it can be a good idea to build a scalable proposition from which the customers can make incremental investments. XPULS mentioned that as a smaller customer, one major issue when choosing Eleiko was high investment cost tied to buying their products. The scalable product of Prestera therefore removes some of the initial barriers of entry when choosing a premium supplier. This furthermore affects the revenue streams of Eleiko by providing more continuous but smaller cash flows which in turn could have a positive effect on customer loyalty and liquidity risk but also presents the possibility of increasing administrative costs.

The social aspect of value capture is a more vague concept as mentioned by Dyllick and Muff (2015), but can be seen with most clarity by looking at some of the newly established metrics. Eleiko puts a clear focus on promoting diversity and raising employee satisfaction through the metric of Employer Net Promoter Score. In doing this Eleiko is able to in a clearer way define how the company is contributing towards sustainable societal business. This is helpful to clear some of the vagueness that today can be associated with social sustainability. In addition to the establishment of relevant KPIs, Eleiko is through the creation of a more domestically based production removing some of the network risks by placing the responsibility upon their own internal business. Furthermore the societal value capture can be seen in the segment of competition where Eleiko is a prominent ambassador and long-term partner for Para-Powerlifting. This feeds into their company value of building A stronger world. This can be seen in some of their customers as well, as Formtoppen in 2020 chose to develop the concept of sustainable training.

With regard to environmental sustainability Eleiko is in accordance with the literature, staying proactive and looking to keep their network integrated in the process of developing more sustainable products. This can be noted primarily on their lifecycle analysis developed for their barbells, but also in the way that they are now working with their suppliers to gather

data and stay accountable for their products. With regards to the Prestera Cables they are as previously mentioned focusing on multiple aspects of sustainability. Rishede mentions that the primary source of emissions and energy costs are related to the production and handling of steel. Through creating a modular and compatible product they can drastically reduce the component which is responsible for the majority of emissions. As the customers also highlight a demand and willingness to pay for modularity, Prestera Cables therefore tackles both the economical and environmental aspects simultaneously. However, the empirical findings also show that the gym equipment market may not be entirely ready for the transition. The customers interviewed are indifferent to their efforts for sustainability, and the end-customers in turn do not place value in it.

6.3 Answering the Remaining Research Questions

Below, RQ2 and RQ3 are answered.

6.3.1 RQ2

How can Eleiko handle the challenges they are facing with respect to their suppliers in their pursuit to improve sustainability and comply with regulations?

Regarding the information processing challenges, the challenge lies in how Eleiko has way bigger sustainability uncertainty intolerance than their small suppliers. To address this, the differing factors have to be considered. In terms of company size, Eleiko has to make sure that their smaller suppliers keep up with their overall growth. It is evident that size differences greatly affect sustainability uncertainty intolerance and that it inherently translates into differing regulatory demands and strategic priorities. As such, an even growth pace is desirable for Eleiko's sustainability efforts. Moreover, regulations will eventually catch up to the smaller suppliers (quicker if they grow with Eleiko), and in the short term Eleiko needs to prepare these suppliers. If Eleiko were to further increase their demand for sustainability, sustainability data and a comprehensive and proactive sustainability strategy from the small suppliers, this would in turn prepare their suppliers for the inevitable regulatory obligations. This would decrease the differences in sustainability information processing needs.

Aforementioned increased demands should be characterized by cooperation where Eleiko should aim to increase their suppliers' knowledge of sustainability regulations and sustainability strategy – influencing their suppliers in a positive way. In doing this, Eleiko will benefit from having a clear sustainability definition and strategy. This leads to the addressing of the gap challenges, as the aforementioned measures would help decrease the knowledge gap. Generally, educating smaller suppliers in these subjects is vital for them to develop the capabilities to meet Eleiko's demands.

The knowledge gap between Eleiko as a western company and the Chinese sub-suppliers is not as easy to handle directly, though this gap will decrease over time as Asia catches up to the west in sustainability matters. Working with middlemen like Supplier X who has a

proactive mindset regarding issues revolving the difficulties in retrieving and validating Chinese data will be necessary, and in doing so, utilizing third-party actors to validate the data will be crucial.

Furthermore, Eleiko holds a favorable position in their relationship with small suppliers, giving them the opportunity to put sustainability related demands such as the ones previously proposed. It should be of high priority for them to acknowledge this and take this into consideration moving forward with other, potentially more powerful suppliers. The power dynamics between Eleiko and Supplier X is different, where the latter is in no way in a disadvantageous position, giving Eleiko less room to place extensive demands. Fortunately Supplier X somewhat shares Eleiko's proactive mindset, decreasing the risks related to this power play. However, the forces behind their mindsets differ, which in the long term could result in those mindsets drifting apart. More explicitly, Supplier X's desire to turn sustainability data deliverance into a competitive advantage, could mean their position on the market could strengthen even further.

6.3.2 RQ3

What opportunities are there for Eleiko to create a competitive, trustworthy and sustainable value proposition in order to meet new demand through sustainable growth?

When analyzing the discrepancy between Eleiko's sustainability efforts and the customer demand it is clear that the efforts focused on gathering data and being an overall sustainable business has little demand in the segment investigated. However, what should be noted is that Prestera Cables are not exclusively focusing on just sustainability or customer demand but instead happens to be a subset between the two.

This creates a situation where Eleiko can simultaneously focus on both adhering to regulations while also satisfying customer demand. Eleiko should therefore continue to align the launch of new products with their core value proposition. In the case of the Prestera Cables, modularity is the enabler to leverage customer needs while addressing sustainability at the same time. With this focus on combining the separate demands, Eleiko has the opportunity to build a sustainable business model which satisfies both current and future needs.

It should be noted that although customers among commercial gyms aren't feeling regulatory pressure at this moment, there is the possibility that they will do so in the future as the general trend is that both customers and suppliers are moving towards sustainability. What is today regarded as an investment on which Eleiko experiences little return has the possibility to become a large competitive advantage because of the proactive efforts. In order to accelerate the market trend of increased focus on sustainability aspects, Eleiko should keep on marketing their efforts and providing data. This will not only help them in establishing a stronger brand, but also help market development by being a more competitive actor.

The value proposition of the Prestera Cables and how the market trend is contributing as a centripetal force is illustrated in figure 10. This means that in the future there will be a greater overlap between the value proposition of the modular Prestera Cables, the customer demand, and the sustainability demand. This is an addition made to the framework of Richardson (2008), where the Prestera Cables in this case represents the value proposition. The figure therefore represents the abductive addition made to the customer part of the framework, based on the empirical findings.

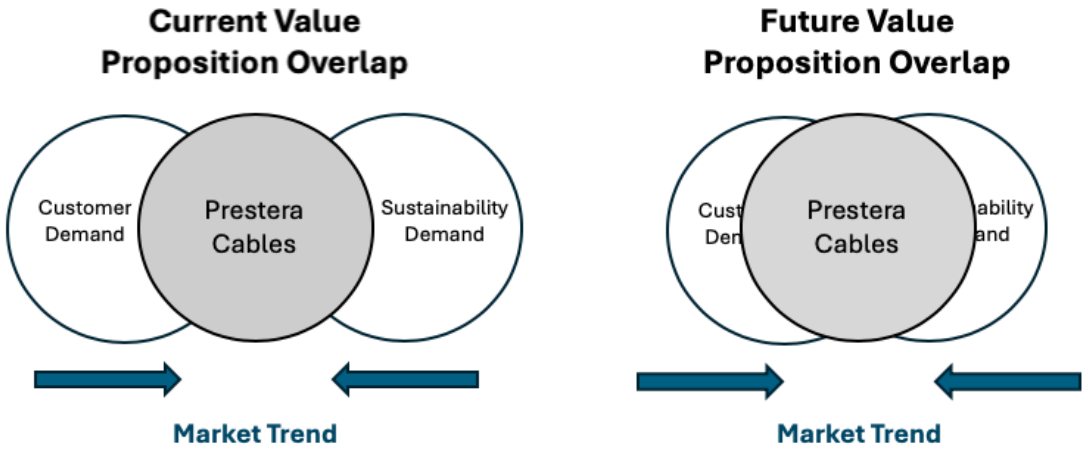

Figure 10: The value proposition overlap of the Prestera Cables

7. Discussion

This chapter discusses the interplay of answers of the different RQ's as well as presents the final framework. The latter is a modified version of the developed theoretical framework with additions based on the empirical finding and its resulting abductive additions.

7.1 Product and Sustainability Demand

This case study has illustrated how a company is able to meet both regulatory demands today as well as in the future. The key behind this being to map and collaborate with their entire business network, taking both supplier capabilities and customer demand into account. As sustainability regulations are increasing and affecting more and more of the total market it is adamant that Eleiko continues to work together with both its suppliers and customers in order to turn the imposed challenges into opportunities. This is true for the product development of new products as well as any current operations the company has.

7.1.1 The Opportunity of The Prestera Cables Proposition

When analyzing the Prestera Cables it is clear that the product line is of great value in the sense that they are satisfying multiple demands of both customers and sustainability, demands that in today's setting are mutually exclusive in the gym equipment market. As both the theory and the customers suspect a continuing market development towards sustainability, the efforts in market and sustainability demand will as suggested in figure 10 slowly converge. Even though the empirical findings show that there is a great discrepancy in the value proposition today, this discrepancy will hopefully dissolve in the future. This discrepancy can be looked upon as a clear parallel to the knowledge gap introduced in the supplier analysis. Interestingly enough, much of the problems regarding this gap can be seen when looking at the customers as well. In bridging the gap, Eleiko as a prominent force in the network will have to lead the development and facilitate learning of both its suppliers and customers. In contrast to the more straightforward knowledge gap of the suppliers, the customers must be communicated through the sellers and marketing. This communication is in turn reliant on the people and relationships of the organization, as the customers clearly indicate them as the source behind continuous deals. As such, personal inter-corporate relationships will be pivotal in closing the customer related knowledge gaps – a notion surely relevant when closing the supplier related knowledge gaps as well.

Ultimately, this implies that the efforts made today to satisfy both of the demands will, as they merge, result in additional value to the customers and more potential gain for Eleiko. In continuing to build upon their existing strategy of proactiveness in sustainability terms, Eleiko could therefore see an incremental increase in competitiveness. This is to be seen as a great opportunity for Eleiko.

7.1.2 The Challenge of Global Expansion

What should be noted is that aforementioned competitive gains imply that the demand for sustainability is increasing in the customer segment. The current demand is as noted from the smaller businesses non-existent, meaning that regulatory demands from e.g. the EU might slowly become a disadvantage as Eleiko tries to expand globally. When focusing on solidifying domestic production in Sweden and adhering to the EU regulations it is important to take into consideration what risks this brings to the other markets. If the development of regulatory demands does not keep up outside of the EU, Eleiko will have invested a great deal in sustainability and sustainability information processing capabilities, which might not be necessary or even desired outside the EU market. This is a major risk of the proactive strategy, and is also a challenge that needs to be considered when investing resources in sustainable transitions.

The Swedish customers all expressed price as being a factor in which they had to consider when procuring new equipment. Currently, they are all inclined to pay a premium price for Eleiko's products based on quality metrics and for the brand, but not because of explicitly communicated sustainability. The tradeoff for Eleiko will be between increased sustainability and the cost imposed on customers that inevitebly follows if they do so. It is suggested that Eleiko further indulge in macro analysis of the markets they intend to grow in, to map the future regulations and market trends characterizing them. This is vital to avoid a gap in the value proposition, but also to avoid losing the opportunities to grow in other markets.

7.2 Supply Network Capabilities

As valuable as a sustainable value proposition is in the customer market perspective, it is just as important to evaluate the entire supply network in order to identify its capabilities to back up the value proposition. Below, a general discussion regarding the capabilities of Eleiko's network is given, lifting some focal points that have not yet been discussed.

7.2.1 Supply Network Opportunities

First, some general supply network opportunities regarding its capability to support Eleiko in their value proposition are presented.

Knowledgeable Focal Firm

As discussed, one of the core problems Eleiko faces is the knowledge gap between them and their suppliers, specifically regarding sustainability regulations. Luckily, the network benefits from Eleiko being very proactive when facing these regulations, as they have knowledge and resources which their suppliers do not yet possess. This puts Eleiko in a position to develop their suppliers in these regards. However, this requires that Eleiko continuously educate themselves in sustainability topics, for example through their participation in UN Global Compact or similar initiatives.

Cooperative Culture

The general sentiment in Eleiko's supply network is that cooperation between firms is beneficial for all parties, laying a solid foundation. Cooperation will be crucial moving forward with Eleiko placing further demands on sustainability data and improved sustainability numbers, while at the same time Eleiko's growth will place further pressure on suppliers to deliver the same quality in higher volumes.

This cooperative mindset appears especially true with suppliers located closely to Eleiko, and not so much with Chinese sub-suppliers. However, their connections with suppliers such as Supplier X who share a proactive perspective on the ability to provide up-to-standard sustainability data and who themselves are cooperative will prove helpful. Similarly, the customers stated that Eleiko's responsiveness was of great value, suggesting that cooperation takes place with the customers as well.

New KPIs

The regulations will provide Eleiko and their network with KPIs enabling value capture of their collective sustainability efforts other than the financial ones which, due to the overlap of customer and regulative demand, will inherently follow. It is thus crucial for Eleiko to develop sustainability and regulation literacy both within their own organization but also within their supply network, circling back to the proposed measures to close the knowledge gap. The influence that Eleiko can have on their supply network should not be underestimated, and the network analysis suggests that there is great potential for such collective learning if initiated by Eleiko.

7.2.2 Supply Network Challenges

Furthermore, potential supply network challenges are addressed, which may impede the network's ability to support Eleiko's value proposition.

Value Discrepancy

The study noted a discrepancy in the perceived value of sustainability regulations between Eleiko, who believes they are going to have great effect on their business, and EICA, who do not express a great belief in the regulations' potency to induce change. If this credibility gap is often recurring with similar suppliers, then it could create friction in Eleiko's sustainability pursuit and such suppliers' interests as differing values regarding the regulations and sustainability could disable cooperation. This credibility gap could well be a byproduct of the knowledge gap, and by closing the latter as described when answering RQ2 this discrepancy could potentially be countered.

Chinese Dependency

Many of the challenges outlined previously in the report can be traced to the involvement of Chinese sub-suppliers, and in facing these challenges cooperation with their middlemen such as Supplier X will be crucial. In fact, Eleiko currently depends greatly on these middlemen to deliver sustainability data and sustainability improvement in their value propositions to

Eleiko. The priorities and goals of Eleiko moving forward must therefore align with those of, for instance, Supplier X. With less room for negotiation on Eleiko's part, the evolution of their relationship with Supplier X and similar must be managed.

Eleiko has however stated that their aim is to gradually move production closer to themselves as they grow, an aim potentially addressing the aforementioned problem in the long term. As there appears to be a lack of capabilities in the west to produce some components since the intense outsourcing to China, there are still question marks regarding to what extent this re-shoring will be carried out.

Size Matters

As Eleiko positions themselves proactively in their value propositions aligning both with customer demand and regulative pressure while also growing rapidly, the previously addressed differences in sustainability information processing needs could disable the supply network's ability to provide. As stated earlier, differences in company size are currently at the core of this issue, where solutions were proposed when answering RQ2.

Connectedness

Harrison et al. (2023) argued for the importance of *connectedness*, i.e how one relationship impacts that of another, when using the network perspective. The study found low connectedness in the aspect of sustainability between Eleiko's customers and suppliers, due to the customers' current lack of interest. However, the connectedness between Eleiko's relationship to first-tier suppliers and in turn, their suppliers was apparent. By Eleiko increasing the knowledge on sustainability regulations there is opportunity for a cascaded knowledge gap closure if the knowledge is increased for each lower tier.

7.3 The final framework

As a culmination of the discussion and analysis, the final framework includes all abductive additions of the study made from the empirical findings in conjunction with the original theoretical framework. Hence, the final framework illustrates a way of mapping the current situation to gain an understanding of the challenges and opportunities Eleiko faces in regards to their suppliers, customers and regulations from an IMP perspective.

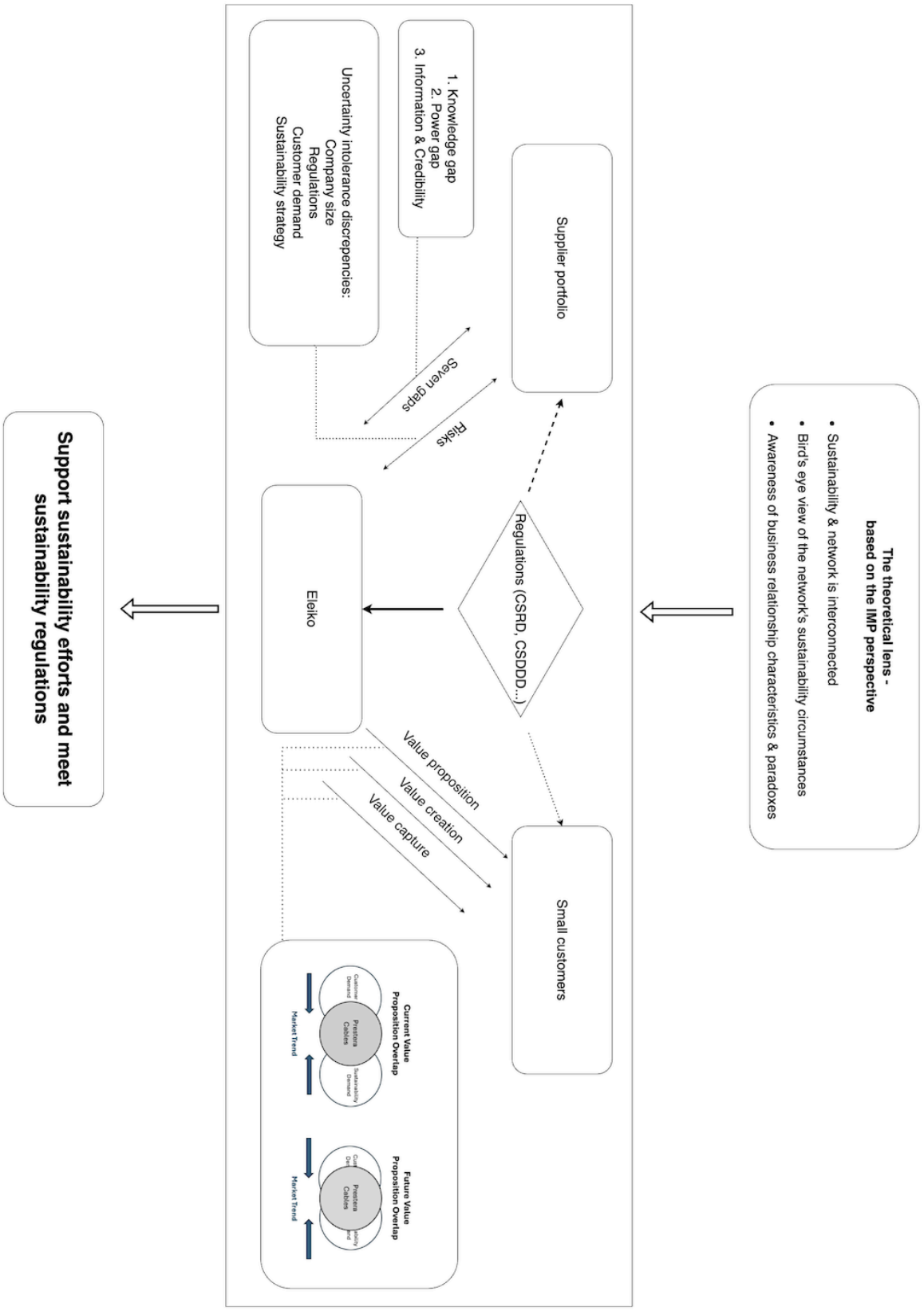

Figure 11: The final framework. Note that the dotted arrow pointing from regulations is thicker to the supplier portfolio denoting its greater pressure.

8. Conclusion and contributions

The study has investigated the challenges and opportunities Eleiko face in their pursuit for sustainable business, driven by intensifying sustainability regulations, by taking a network perspective. By combining the findings of previous research with empirical findings, a comprehensive analysis could be made enabling answers to the research questions and opening for further discussion.

8.1 Conclusion

The study has found that Eleiko has the potential to create a resilient and proactive network, robust enough to not only comply with increasingly strict sustainability regulations but to use them for their competitive advantage. This is done by developing value propositions where customer demand and regulative pressure converge through ventures such as the modular Prestera Cables, backed up by suppliers capable of providing sustainability information and progressively improved sustainability in their delivered goods. For this network to succeed, it is adamant that Eleiko nourishes their customer and supplier relationships, especially considering their niche towards the premium product segments.

8.2 Contribution

When it comes to the contributions of the study, it has hopefully highlighted some sustainability related challenges a company in an industrial network might face. In Eleiko's efforts to transform their operations towards more sustainable practices, this study has gathered information about the important factors to consider on both ends of the network. Regarding the research contributions of the study, there are several points to be made.

Firstly, the abductive additions of the study should be mentioned. The seventh gap proposed, the knowledge gap, was found to be very relevant in the case study and may be applicable in other cases. In networks where there is a discrepancy in knowledge of sustainability between actors, difficulties seem to arise. Similarly, the addition of the two factors contributing to uncertainty intolerance may be of academic interest, them being regulations and customer demand. These additions enunciate factors that appear interesting in networks characterized by different levels of sustainability regulations and customer demand on sustainability data and sustainability. Furthermore, the modeling of the value gap between customers and legislative demand highlighted an important aspect to consider. In this study, the gap consists of a lack of customer demand for a sustainable transformation. Without taking such gaps into consideration, the development of new products might not make successful market entry.

Secondly, the usage of the IMP perspective in a sustainability context constitutes a point of interest. The empirical findings turned out to be very much aligned with the theory of IMP. Furthermore, the paradoxes applied to Eleiko's current situation, which overall strengthens the IMP perspective's validity.

Ultimately, the authors of the study call for further research validating the abductive additions proposed. Also, the dilemma between how much a company should invest in their sustainability pursuits in contrast to the potential returns could be investigated in future research.

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Appendix

Below, the interview guides used for the conducted interviews are presented. They are all in Swedish, as all of the interviews were done in Swedish.

Appendix 1: Interview Guide Supplier X

0. **Pre-intervju**
   Stort tack för att du vill ställa upp på intervju för vårt kandidatarbete!
   a. Anonymitet
   b. Får vi spela in?
   c. Inledande bakgrundsfrågor:
      - Berätta om Supplier X.
      - Vad är din roll i Supplier X?
      - Hur länge?
      - Samma roll?
      - Hur ser Supplier X:s relation ut till Eleiko?
   d. Vi berättar om det teoretiska ramverket som ligger till grund för intervjun
1. **Relation med Eleiko**
   a. Hur ser Supplier X:s relation ut till Eleiko?
   b. Hur länge har ni jobbat tillsammans? Vad säljer ni / vad köper Eleiko? Hur ofta träffas ni?
   c. Hur många kunder har ni ungefär? Är Eleiko en viktig kund?
2. **Hållbarhetsperspektiv och regleringar**
   a. Hur definierar ni hållbarhet inom ert företag? Omfattas ni av något regelverk för det?
   b. Ser ni hållbarhet som en nödvändighet eller som en möjlighet att differentiera er på marknaden? Upplever ni något krav på hållbarhet från myndigheter eller era kunder, såsom Eleiko?
   c. Vilka åtgärder har ni vidtagit för att främja hållbarhet inom ert företag?
   d. Hur viktiga är hållbarhetsaspekterna när ni väljer leverantörer och partners?
      - Vad skulle ni säga är de tre viktigaste aspekterna vid val av leverantör? (i sin helhet, ej bara hållbarhet)
   e. Med bakgrund i nya och kommande EU regleringar, hur påverkar det er i ert arbete?
      - CSRD
      - DPP
3. **Nätverket -** Notera: “Relationen” som benämns kan vara till kund eller leverantör.
   Strukturella egenskaper hos affärsrelationer
   a) Continuity:
      i) Hur länge brukar era relationer hålla?
      ii) Brukar det finnas en långsiktighet från början i relationen?
   b) Complexity:

i) Hur många personer (och vilka roller) brukar vara involverade i en relation?

c) Symmetry:
   i) Hur stor skillnad i storlek på företaget brukar det vara till motparten i relationen? Brukar det andra företaget vara större, jämnstort eller mindre?

d) Informality:
   i) Sker kommunikation enkelt och informellt med motparten?

Processegenskaper hos affärsrelationer

a) Adaptations:
   i) Behöver ni ofta göra anpassningar eller kompromisser när det kommer till exempelvis produkt, logistik, administration eller annat, på grund av era relationer?

b) The balance of Cooperation/Conflict:
   i) Brukar det uppstå konflikter med motparten?
   ii) Isåfall, hur hanterar ni dessa?

c) Social interaction:
   i) Hur viktiga upplever ni de personliga relationerna till individer hos motparten för att uppnå en lyckad affärsrelation?

d) Routinization:
   i) Brukar det bli mer rutiner över tid i de långsiktiga relationerna ni har?

4. Gap

a. Geografiskt:
   - Hur hanterar ni det geografiska avståndet mellan de kinesiska leverantörerna och de europeiska kunderna?

b. Information:
   - Upplever ni det som utmanande att förse era kunder, samt myndigheter, med den hållbarhetsinformation som de efterfrågar?
     - Om ja - på vilket sätt?
     - Om nej - hur lyckas ni få tag i datan?
   - Har era leverantörer (betoning på de kinesiska leverantörerna) hållbarhetsinformation tillgänglig? Delar ni generellt information? Hur? Vilken typ av information? Till vem?
   - Hur villiga är dessa leverantörer att dela med sig av hållbarhetsinformation?
   - Hur villiga är ni att dela med er av hållbarhetsinformation till era kunder?
   - Är kinesiska leverantörer ofta varsamma med data för att inte råka sprida konfidentiell information?
   - Hur ser skillnaden ut mellan er, era leverantörer och era kunder i synen på transparens, och i synen på hur mycket information man bör dela med sig av?

        - Följdfråga: Nya EU-direktiv om rapportering etc. (CSRD, DPP)
    c. Kommunikation:
        - Hur påverkas era leverantörsrelationer och era samarbeten av skillnader i språk, kultur och tillit?
        - skippar
    d. Lydnad:
        - Ställer era kunder (t.ex Eleiko) krav på er att ni ska tillhandahålla information om dels ert företags hållbarhet, dels era leverantörers hållbarhet och i så fall har ni möjlighet att tillmötesgå dem?
        - Med avseende på de nya EU-direktiven - hur svårt är det för er att säkerställa att era leverantörer efterlever hållbarhetsstandarder? Hur visar ni att era leverantörer efterlever hållbarhetsstandarder?
    e. Makt:
        - Upplever ni en makt-obalans mellan
            - er och era kunder?
                - er och Eleiko?
            - er och era leverantörer?

        och isåfall, hur ser den ut?
    f. Trovärdighet
        - På vilket sätt upplever ni att EU-regleringarna som finns och som ska komma, faktiskt bidrar till er hållbarhet?

5. Risker och osäkerheter

    a. Task:
        - Hur komplexa är produkterna som ni (Supplier X) köper in, som sedan säljs till Eleiko?
    b. Source:
        - Hur ser era relationer ut med era leverantörer, som förser er med de ovan diskuterade produkterna?
        - Hur god insyn har ni i era leverantörers affärer och produktion?
        - Hur ser er relation med Eleiko ut?
    c. Supply network uncertainty:
        - bredd och djup
            - Ev. förtydligande: hur många leverantörer har ni som Eliko berörs av och hur många leverantörer har underleverantörerna i sin tur?
        - påverkar relationerna mellan leverantörerna varandra?

6. Avslutning

    a. Är det något vi missat att fråga om?
    b. Avslutande frågor om framtiden - hur ser du på vad som kommer hända 2 år framåt i tiden:
        - i relationen med Eleiko
        - i hållbarhetsregleringarnas genomslag
    c. Stort tack för din tid och dina svar!

Appendix 2: Interview Guide EICA

0. Pre-intervju

Stort tack för att du vill ställa upp på intervju för vårt kandidatarbete!
Vi presenterar oss och vårt arbete.

a. Anonymitet
b. Får vi spela in?
c. Inledande bakgrundsfrågor:
    - Berätta om EICA.
    - Vad är din roll i EICA?
    - Hur länge?
    - Samma roll?
    - Hur ser EICAs relation ut till Eleiko?
d. Vi berättar om det teoretiska ramverket som ligger till grund för intervjun

1. Relation med Eleiko

a. Hur ser EICAs relation ut till Eleiko?
b. Hur länge har ni jobbat tillsammans? Vad säljer ni / vad köper Eleiko? Hur ofta träffas ni?
c. Hur många kunder har ni ungefär? Är Eleiko en viktig kund?

2. Hållbarhetsperspektiv och regleringar

a. Hur definierar ni hållbarhet inom ert företag? Omfattas ni av något regelverk för det?
b. Ser ni hållbarhet som en nödvändighet eller som en möjlighet att differentiera er på marknaden? Upplever ni något krav på hållbarhet från myndigheter eller era kunder, såsom Eleiko?
c. Vilka åtgärder har ni vidtagit för att främja hållbarhet inom ert företag?
d. Hur viktiga är hållbarhetsaspekterna när ni väljer leverantörer och partners?
    - Vad skulle ni säga är de tre viktigaste aspekterna vid val av leverantör? (i sin helhet, ej bara hållbarhet)
e. Med bakgrund i nya och kommande EU regleringar, hur påverkar det er i ert arbete?
    - CSRD
    - DPP

3. Nätverket - Notera: Relationen kan vara till kund eller leverantör.

Strukturella egenskaper hos affärsrelationer

a) Continuity:
    i) Hur länge brukar era relationer hålla?
    ii) Brukar det finnas en långsiktighet från början i relationen?
b) Complexity:
    i) Hur många personer (och vilka roller) brukar vara involverade i en relation?

c) Symmetry:
    i) Hur stor skillnad i storlek på företaget brukar det vara till motparten i relationen? Brukar det andra företaget vara större, jämnstort eller mindre?
d) Informality:
    i) Sker kommunikation enkelt och informellt med motparten?

Processegenskaper hos affärsrelationer

a) Adaptations:
    i) Behöver ni ofta göra anpassningar eller kompromisser när det kommer till exempelvis produkt, logistik, administration eller annat, på grund av era relationer?
b) The balance of Cooperation/Conflict:
    i) Brukar det uppstå konflikter med motparten?
    ii) Isåfall, hur hanterar ni dessa?
c) Social interaction:
    i) Hur viktiga upplever ni de personliga relationerna till individer hos motparten för att uppnå en lyckad affärsrelation?
d) Routinization:
    i) Brukar det bli mer rutiner över tid i de långsiktiga relationerna ni har?

4. Gap

a. Geografiskt:
    - Hur långt bort befinner sig era leverantörer respektive era kunder? Var finns ni geografiskt?
b. Information:
    - Upplever ni det som utmanande att förse era kunder, samt myndigheter, med den hållbarhetsinformation som de efterfrågar?
        - Om ja - på vilket sätt?
        - Om nej - hur lyckas ni få tag i datan?
    - Har era leverantörer hållbarhetsinformation tillgänglig? Delar ni generellt information? Hur? Vilken typ av information? Till vem?
    - Hur villiga är era leverantörer att dela med sig av hållbarhetsinformation?
    - Hur villiga är ni att dela med er av hållbarhetsinformation till era kunder?
    - Hur ser skillnaden ut mellan er, era leverantörer, och era kunder i synen på transparens, och i synen på hur mycket information man bör dela med sig av?
        - Följdfråga: Nya EU-direktiv om rapportering etc. (CSRD, DPP)
c. Kommunikation:
    - Om ni har utländska leverantörer: Hur påverkas era leverantörsrelationer och era samarbeten av skillnader i språk, kultur och tillit?

d. Lydnad:
    - Ställer era kunder (t.ex Eleiko) krav på er att ni ska tillhandahålla information om dels ert företags hållbarhet, dels era leverantörers hållbarhet och i så fall har ni möjlighet att tillmötesgå dem?
    - Med avseende på de nya EU-direktiven - hur svårt är det för er att säkerställa att era leverantörer efterlever hållbarhetsstandarder? Hur visar ni att era leverantörer efterlever hållbarhetsstandarder?
e. Makt:
    - Upplever ni en makt-obalans mellan
        - er och era kunder?
            - er och Eleiko?
        - er och era leverantörer?

      och isåfall, hur ser den ut?
f. Trovärdighet
    - På vilket sätt upplever ni att EU-regleringarna som finns och som ska komma, faktiskt bidrar till er hållbarhet?

5. Risker och osäkerheter

a. Task:
    - Hur komplexa är produkterna som ni (EICA) köper in, som sedan förädlas till Eleiko?
b. Source:
    - Hur ser era relationer ut med era leverantörer, som förser er med de ovan diskuterade produkterna?
    - Hur god insyn har ni i era leverantörers affärer och produktion?
    - Hur ser er relation med Eleiko ut?
c. Supply network uncertainty:
    - bredd och djup
        - Ev. förtydligande: hur många leverantörer har ni som Eliko berörs av och hur många leverantörer har underleverantörerna i sin tur?
    - påverkar relationerna mellan leverantörerna varandra?

6. Avslutning

a. Är det något vi missat att fråga om?
b. Avslutande frågor om framtiden - hur ser du på vad som kommer hända 2 år framåt i tiden:
    - i relationen med Eleiko
    - i hållbarhetsregleringarnas genomslag
c. Stort tack för din tid och dina svar!

Appendix 3: Interview Guide Eleiko - Purchasing

0. **Pre-intervju**
   Vi presenterar oss själva kort.
   Stort tack för att du vill ställa upp på intervju för vårt kandidatarbete!
   a. Anonymitet
   b. Får vi spela in?
   c. Inledande bakgrundsfrågor:
      - Vad är din roll i ELEIKO?
      - Hur länge?
      - Samma roll?
   d. Vi berättar om det teoretiska ramverket som ligger till grund för intervjun
1. **Relation med leverantörer**
   a. Hur många leverantörer har ni ungefär? Har ni några stora? Många mindre?
   b. Hur ofta ser ni över era leverantörer? Byter ni ofta eller fokuserar ni på långvariga och starka relationer?
2. **Hållbarhetsperspektiv och regleringar**
   a. Hur uppfattar du ert hållbarhetsarbete inom ert företag?
   b. Ser ni hållbarhet som en nödvändighet eller som en möjlighet att differentiera er på marknaden? Upplever ni något krav på hållbarhet från era leverantörer?
   c. Vilka åtgärder har ni vidtagit för att främja hållbarhet inom din avdelning av ert företag?
   d. Hur viktiga är hållbarhetsaspekterna när ni väljer leverantörer och partners?
      - Vad skulle ni säga är de tre viktigaste aspekterna vid val av leverantör? (i sin helhet, ej bara hållbarhet)
   e. Med bakgrund i nya och kommande EU regleringar, hur påverkar det er i ert arbete?
      - CSRD
      - DPP
3. **Nätverket -** Notera: "Relationen" som benämns kan vara till kund eller leverantör.
   Strukturella egenskaper hos affärsrelationer
   a) Continuity:
      i) Hur länge brukar era relationer hålla?
      ii) Brukar det finnas en långsiktighet från början i relationen?
   b) Complexity:
      i) Hur många personer (och vilka roller) brukar vara involverade i en relation?
   c) Symmetry:
      i) Hur stor skillnad i storlek på företaget brukar det vara till motparten i relationen? Brukar det andra företaget vara större, jämnstort eller mindre?
   d) Informality:
      i) Sker kommunikation enkelt och informellt med motparten?

Processegenskaper hos affärsrelationer

e) Adaptations:
   i) Behöver ni ofta göra anpassningar eller kompromisser när det kommer till exempelvis produkt, logistik, administration eller annat, på grund av era relationer?
f) The balance of Cooperation/Conflict:
   i) Brukar det uppstå konflikter med motparten?
   ii) Isåfall, hur hanterar ni dessa?
g) Social interaction:
   i) Hur viktiga upplever ni de personliga relationerna till individer hos motparten för att uppnå en lyckad affärsrelation?
h) Routinization:
   i) Brukar det bli mer rutiner över tid i de långsiktiga relationerna ni har?

4. Gap

a. Geografiskt:
   - Hur långt bort befinner sig era leverantörer? Var finns ni geografiskt?
b. Information:
   - Har era leverantörer hållbarhetsinformation tillgänglig? Delar ni generellt information? Hur? Vilken typ av information? Till vem?
   - Hur villiga är era leverantörer att dela med sig av hållbarhetsinformation?
   - Hur ser skillnaden ut mellan er och era leverantörer i synen på transparens, och i synen på hur mycket information man bör dela med sig av?
     - Följdfråga: Nya EU-direktiv om rapportering etc. (CSRD, DPP)
c. Kommunikation:
   - Om ni har utländska leverantörer: Hur påverkas era leverantörsrelationer och era samarbeten av skillnader i språk, kultur och tillit?
d. Lydnad:
   - Upplever du att det ställs krav på er, dels från kunder och dels från myndigheter, att ni ska tillhandahålla information om dels ert företags hållbarhet, dels era leverantörers hållbarhet och i så fall har ni möjlighet att tillmötesgå dem?
   - Med avseende på de nya EU-direktiven - hur svårt är det för er att säkerställa att era leverantörer efterlever hållbarhetsstandarder? Hur visar ni att era leverantörer efterlever hållbarhetsstandarder?
e. Makt:
   - Upplever ni en makt-obalans mellan er och era leverantörer? Om ja, hur ser den ut?
f. Trovärdighet

- På vilket sätt upplever ni att EU-regleringarna som finns och som ska komma, faktiskt bidrar till er hållbarhet?

5. **Risker och osäkerheter**
    a. Task:
        - Hur komplexa är produkterna som ni köper in, som sedan förädlas?
    b. Source:
        - Hur ser era relationer ut med era leverantörer, som förser er med de ovan diskuterade produkterna?
        - Hur god insyn har ni i era leverantörers affärer och produktion?
    c. Supply network uncertainty:
        - bredd och djup
            - Ev. förtydligande: hur många leverantörer har ni och hur många leverantörer har underleverantörerna i sin tur?
        - påverkar relationerna mellan leverantörerna varandra?
6. **Avslutning**
    a. Är det något vi missat att fråga om?
    b. Avslutande frågor om framtiden - hur ser du på vad som kommer hända 2 år framåt i tiden:
        - i relationen med era leverantörer
        - i hållbarhetsregleringarnas genomslag
    c. Stort tack för din tid och dina svar!

Appendix 4: Interview Guide Eleiko - Sustainability

0. Pre-intervju

a. Anonymitet
b. Får vi spela in?
c. Inledande bakgrundsfrågor:
   - Vad är din roll i ELEIKO?
   - Hur länge?
   - Samma roll?

1. Definitionen av hållbarhet

a. Vilken (eller vilka) definition(er) av hållbarhet arbetar ni utifrån?
b. Arbetar ni för att kommunicera och öka medvetenheten för företagets definition av hållbarhet och hållbarhetsstrategi…
   i. … inom företaget?
   ii. … bland intressenter?
c. Hur viktig anser ni att en ökad medvetenhet och samstämmighet om hållbarhet inom företaget och nätverket är?

2. Hållbarhetsrapportering

a. Vilka hållbarhetsdirektiv är mest relevanta för er just nu?
   i. …samt hur påverkar de er verksamhet?
b. Om det finns några, vilka hållbarhetsdirektiv kommer att bli relevanta för er i nära framtid?
   i. Isåfall, hur kommer de påverka er verksamhet?
c. Vad tror ni om framtiden om hållbarhetsrapportering i relation till er verksamhet?

3. Hållbarhetsdata

a. Hur stor efterfrågan på data (och vilken typ) upplever ni att…
   i. … ni (Eleiko) har?
   ii. … era leverantörer har, och hur skiljer det sig beroende på exempelvis storlek?
   iii. … era kunder har, och hur skiljer det sig beroende på exempelvis storlek?
   iv. … andra intressenter har?
b. Hur väl fungerar det att få tillgång till och dela data…
   i. … internt?
   ii. … i samarbete med leverantörer?
   iii. …i samarbete med kunder?
c. Hur skulle tillgången till och utbytet av data kunna förbättras?
d. Hur använder ni er digitala plattform med data?

4. Risker och risktolerans

a. Vilka områden i er verksamhet ser ni högst hållbarhetsrelaterade risker med?
b. Efter att ha genomfört riskutvärderingen, hur bestäms hur hög risk som tolereras?
c. Vad gör ni för att få bättre koll (minimera osäkerhet) på era leverantörer?

        i. Köpa in färre produkter och tjänster?
        ii. Utveckla relationer med leverantörer?
        iii. Byta leverantörer?
        iv. Minska antalet leverantörer och/eller antal nivåer av leverantörer?

5. **Produktion närmre Sverige**
    a. Varför har ni förflyttat mer produktion till Sverige?
    b. Hur har denna förändring varit? Har det uppstått problem?
6. **Leverantörer**
    a. Hur arbetar ni med er process för utvärdering av leverantörer (Supplier Review Process)?
        i. Hur genomförs utvärderingen?
        ii. Vad resulterar utvärderingen i?
    b. Angående transport, vilka svårigheter var det som låg bakom att ni (2022) hade svårt att få produkter i tid?
    c. I hållbarhetsrapporten för 2022 beskriver ni ett samarbete med två av era leverantörer för att minska avfall…
        i. … hur har detta samarbete fungerat?
        ii. … gör ni några andra liknande projekt?
    d. Vad innebär er Quality Report och hur genomförs den?
7. **Relationer**
    a. Hur viktiga är era samarbeten med andra, exempelvis organisationer, andra företag, företagsnätverk etc…
        i. … i allmänhet?
        ii. … för att främja hållbarhet?
    b. Hur ser ni till att utveckla dessa relationer?
    c. Har ni en medveten strategi för relationer (t.ex. utveckla långsiktiga relationer eller ha kortsiktiga relationer)?
8. **Produkter och produktutveckling**
    a. Hur ser ni till att hållbarhet tas i åtanke under produktutvecklingsfasen?
    b. Hur har det större fokuset på hållbarhet vid produktutvecklingsfasen påverkat er verksamhet jämfört med tidigare?
    c. Vad är tankarna som ligger bakom Eleiko Prestera?
    d. Vad har responsen varit på Eleiko Prestera?
9. **Kunder**
    a. Hur stor efterfrågan för hållbarhet upplever ni från era kunder?
        i. Hur skiljer det sig mellan stora och små kunder?
    b. Vad tänker ni kring samarbete med kunder för att främja hållbarhet?
10. **Nätverkskomposition**
    a. Hur ser kompositionen av leverantörer ut? Är det många små, få stora eller en blandning?
    b. Hur ser kompositionen av kunder ut? Är det många små, få stora eller en blandning?
11. **Avslutning**
    a. Är det något vi missat att fråga om?

Appendix 5: Interview Guide Customers

0. Pre-intervju:
Börja med en introduktion där vi lär känna varandra, pratar lite generellt om dem som individer och träning, tacka för att de tar sig tid.

a) Kort introduktion
b) Lyfta anonymitet om det önskas
c) Kort presentation av vårt arbete, vad det handlar om med fokus på hållbarhet och det "industriella nätverket".
d) Övergång till intervju
e) *Vi kommer att ställa frågor, uppdelade i 5 olika block, om framförallt*
-relationen till Eleiko som leverantör, och dvs. er som kund.
-er syn på hållbarhet och dess betydelse i era beslut,
- samt er uppfattning och samverkan i Eleikos hållbarhetsstrategi och hur det påverkar era köpbeslut.

1. Inledning och bakgrundsinformation:
- Kan du berätta lite om ditt/ert företag och dess verksamhet?
- Vad är din roll och ansvar inom företaget?

2. Relationen till Eleiko:
- Hur ser er relation ut till Eleiko som leverantör?
    - *Hur jobbar ni tillsammans? Hur har ni kontakt? Hur ofta och kring vad? Vilka personer / funktioner?*
- Hur uppfattar ni Eleikos produkter och deras varumärke? utveckla gärna om hur de själva använder sig av redskap och när de köper nytt t.ex.
    - Hur skiljer sig detta från andra leverantörer? Vad gör Eleiko bättre?
    - Har ni flera leverantörer för denna typ av utrustning?
    - Hur skiljer sig andra leverantörer sig från Eleiko? Vad gör dem bättre?
- Vilka faktorer är viktiga/viktigast för er när ni väljer att samarbeta med en leverantör? (som Eleiko?)
- Hur har eran relation sett ut tidigare och hur skulle ni vilja att den utvecklas? Ser ni några fördelar med en djupare relation?

3. **Hållbarhetsperspektiv**:
- Hur definierar ni hållbarhet inom ert företag? Omfattas ni av något regelverk för det?
    - Hur fungerar uppföljningen och rapporteringen enligt detta regelverk?
- Ser ni hållbarhet som en nödvändighet eller som en möjlighet att differentiera er på marknaden? Upplever ni något krav från myndigheter eller era kunder?
- Vilka åtgärder har ni vidtagit för att främja hållbarhet inom ert företag?
- Hur viktiga är hållbarhetsaspekterna när ni väljer leverantörer och partners?
    - Vad skulle ni säga är de tre viktigaste aspekterna vid val av leverantör? (i sin helhet, ej bara hållbarhet)
    - Hur viktigt är konkret hållbarhetsdata från era leverantörer, för er?

4. Eleikos hållbarhetsstrategi och värdeskapande:

- Är Eleikos hållbarhetsarbete något ni är medvetna om, i så fall, vad tycker ni om det?
- Ser ni Eleikos hållbarhetsstrategi som en styrka som förstärker ert förtroende för dem och deras produkter?
- Är ni involverade på något sätt? Hur? Har ni en egen hållbarhetsstrategi?
- Hur skulle ni säga att Eleikos hållbarhetsstrategi påverkar era beslut att köpa deras produkter? (Jämför med en konkurrent som säljer billigare men ev. lägre kvalitet och/eller sämre sådana värderingar)

5. Avslutande o generella frågor:

- Finns det några specifika områden där ni anser att Eleiko kan förbättra eller utveckla sitt "erbjudande" för att bättre möta era behov och önskemål?
- Har ni några ytterligare synpunkter eller förslag när det gäller er relation med Eleiko?
- Har ni några andra önskemål från leverantörer som ni känner inte riktigt uppfylls på marknaden? Framtiden – vad tror ni kommer ha hänt om 2 år?
- Skulle ni säga att era lokalers storlek någon gång begränsar eran verksamhet och hade det isåfall hjälp med modulära maskiner i gymmet?
- Tack!

6. Nätverksfrågor

Strukturella egenskaper hos affärsrelationer

a) Continuity:
   i) Hur länge brukar era relationer hålla?
   ii) Brukar det finnas en långsiktighet från början i relationen?
b) Complexity:
   i) Hur många personer (och vilka roller) brukar vara involverade i en relation?
c) Symmetry:
   i) Hur stor skillnad i storlek på företaget brukar det vara till motparten i relationen? Brukar det andra företaget vara större, jämnstort eller mindre?
d) Informality:
   i) Sker kommunikation enkelt och informellt med motparten?

Processegenskaper hos affärsrelationer

a) Adaptations:
   i) Behöver ni ofta göra anpassningar eller kompromisser när det kommer till exempelvis produkt, logistik, administration eller annat, på grund av era relationer?
b) The balance of Cooperation/Conflict:
   i) Brukar det uppstå konflikter med motparten?
   ii) Isåfall, hur hanterar ni dessa?
c) Social interaction:
   i) Hur viktiga upplever ni de personliga relationerna till individer hos motparten för att uppnå en lyckad affärsrelation?
d) Routinization:
   i) Brukar det bli mer rutiner över tid i de långsiktiga relationerna ni har?

DEPARTMENT OF TECHNOLOGY MANAGEMENT AND ECONOMICS
DIVISION OF SUPPLY AND OPERATIONS MANAGEMENT
CHALMERS UNIVERSITY OF TECHNOLOGY
Gothenburg, Sweden 2024
www.chalmers.se

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