The Resilience of a Sustainability Entrepreneur in the Swedish Food System

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Abstract: Organizational resilience emphasizes the adaptive capacity for renewal after crisis. This paper explores the sustainability and resilience of a not-for-profit firm that claims to contribute to sustainable development of the food system. We used semi-structured interviews and Holling’s adaptive cycle as a heuristic device to assess what constitutes social and sustainable entrepreneurship in this case, and we discuss the determinants of organizational resilience. The business, Biodynamiska Produkter (BP), has experienced periods of growth, conservation and rapid decline in demand, followed by periods of re-organization. Our results suggest that BP, with its social mission and focus on organic food, meets the criteria of both a social and sustainability entrepreneurial organization. BP also exhibits criteria for organizational resilience: two major crises in the 1970s and late 1990s were met by re-organization (transformation) and novel market innovations (adaptations). BP has promoted the organic food sector in Sweden, but not profited from this. In this case study, resilience has enhanced sustainability in general, but trade-offs were also identified. The emphasis on trust, local identity, social objectives and slow decisions may have impeded both economic performance and new adaptations. Since the successful innovation Ekolådan in 2003, crises have been met by consolidation rather than new innovations.

Keywords: sustainability entrepreneurship; social entrepreneurship; economic resilience; Sweden; organic production

1. Introduction

In a world undergoing constant change, the perspective of resilience offers a framework for facilitating sustainable development. Resilience is “the capacity of a system to absorb disturbance and reorganize while undergoing change so as to still retain essentially the same function, structure, identity, and feedbacks” [1], (p. 4). For an ecosystem, this can involve dealing with overfishing or pollution, while for a society, it involves an ability to deal with all kinds of disturbances. For a company, it can involve handling increased competition or fluctuating demand. Since the publication of Holling’s [2] article “Resilience and Stability of Ecological Systems,” ecosystem resilience has been rather well researched. The resilience of social systems, e.g., [3], as well as that of organizations and firms, e.g., [4,5], is gaining interest, as is the resilience of social-ecological systems, such as food systems [6,7].

The resilience approach focuses on the dynamic interplay between periods of gradual and sudden change and considers ways to adapt to change [8]. Resilience is thus a conceptual framework for understanding how persistence and transformation coexist in living systems, including human societies and food systems. Central to this paper is resilience thinking as a means of understanding the dynamics in a food business organization.
The role of entrepreneurs is often emphasized in discussions about sustainable development. One example from policy is the United Nations (UN) initiative “Supporting Entrepreneurs for Sustainable Development” [9], aiming to develop practical tools to help social and environmental entrepreneurs to scale up and inspire new entrepreneurial ventures to deliver social and environmental benefits. An example from social science is a special issue, Entrepreneurship and Sustainable Development, of the *Journal of Business Venturing*, where attention is paid to social and environmental entrepreneurs, e.g., [10].

According to Avery and Bergsteiner [11], operating on sustainable principles can enhance business performance and resilience. This is certainly an entrepreneurial challenge: “the choice to adopt a more sustainable strategy, one that research and practice show leads to higher resilience and performance over the long term, remains in the hands of each executive team” [11], (p. 13).

If strategies for environmental sustainability may enhance business resilience to external turbulences, the reverse causal order is not true: strategies for increasing business resilience may not benefit environmental sustainability unless this is the focus. For example, since the last century until 2012, the fossil fuel sector has been one of the most resilient globally and adapted to oil crises, but it has never contributed to environmental sustainability.

Business resilience means the ability to renew itself after crisis. Such adaptive capacity and renewal is the “natural consequence of an organization’s innate resilience” [4], (p. 54). In other words, resilience is not just stability (not undergoing change), but successfully adapting to external influences [8]. A business that strives for sustainable development should contribute to social, environmental and economic development in its production while at the same time remaining flexible and resilient [12]. Sustainability requires resilience: if a sustainability entrepreneurship cannot adapt to change, it may be unable to contribute to desired changes in the long run. A company’s efforts to be resilient, however, are not necessarily supported by government action [5].

In this paper, we explore the resilience of a business with a dual social and environmental orientation, a business that claims to contribute to the sustainable development of the food system. Two research questions are explored: (1) What constitutes social and sustainability entrepreneurship in this case? (2) What determines the organization’s resilience? We approach these questions through a case study of a business that has experienced periods of growth, conservation, release (caused by a rapid decline in demand) and re-organization. This makes it an interesting case from the perspective of organizational resilience.

2. Entrepreneurship and Resilience

2.1. Entrepreneurs and Entrepreneurship

Entrepreneurs and entrepreneurship have been examined by scholars in several disciplines and have therefore been described in different ways. Entrepreneurship should promote a sense of ownership, long-term commitment, learning and strategic thinking and should facilitate decision making under uncertainty [13]. Most research focuses on economic aspects of entrepreneurship [14], but the role of entrepreneurs in achieving sustainable development, an aspect of entrepreneurship that is of interest in this paper, has received increasing interest, e.g., [9,10,15]. Some authors focus on entrepreneurship’s social aspects. Social entrepreneurs, or those engaged in community business entrepreneurship, can contribute to economic, as well as social development [16,17]. Thake and Zadek [18] describe these businesses and organizations as community-based social entrepreneurs. Social entrepreneurs often adopt a not-for-profit form, but this is not always the case. A social entrepreneurship organization, what Bacq and Janssen [19] call a “social entrepreneurial venture” (SEV), must meet three criteria: (1) its social mission must be explicit and central; (2) its business idea, that is, the productive activity of goods or services generating an income, must go hand in hand with its social mission; and (3) the legal framework does not define SEVs, e.g., the social mission and purpose should not be defined by or limited to being a not-for-profit organization.
Besides social entrepreneurship, various concepts have been used to describe environmentally-oriented forms of entrepreneurship [12]. Social entrepreneurs “tailor their activities to be directly tied with the ultimate goal of creating social value” [17], (p. 22), and environmental entrepreneurs tailor theirs to environmental concerns [20,21]. Ecopreneurship, according to Schaper [20,21], uses more sustainable business practices; the motivations and orientations of green entrepreneurs have been investigated by Walley et al. [22], who found that many green start-ups are driven by economic motives as much as they are by wider sustainability goals.

Steyaert and Katz [23], (p. 193) foresee a “new multiverse of entrepreneurship” including “social, cultural, ecological, civic (…)” entrepreneurship. A suitable label for the business studied here might be, following Parrish and Tilley [24], sustainability entrepreneur. Schaltegger and Wagner [25] argue that while the literature on social entrepreneurship has focused on societal goals, seeing economic profit as a means only, the literature on environmental entrepreneurship has focused on integrating environmental goals with the business case as a strategy to make profits. Sustainable entrepreneurship, they argue, integrates all dimensions of sustainability and treats profits as both a means and an ends. Parrish and Tilley [24] indicate that sustainability entrepreneurship supports sustainable development in a broad sense and generates a reinforcing cycle of benefits to the entrepreneur, to other people and to the surrounding environment.

Central to entrepreneurship is social capital. Trust, reciprocity and common norms are central aspects of social capital [26]. Trust is crucial for establishing an entrepreneurial society, one “in which individuals in all kinds of organizations and in all aspects of life behave in an entrepreneurial manner” [13], (p. 34). Social capital and trust can be viewed as constituting a comparative advantage that an entrepreneur or a group of entrepreneurs enjoy over competitors. Trust reduces transaction costs and makes co-operation easier [27,28]. Trust improves relations with staff and clients and can also be an outcome of a long-term perspective on environmental and social responsibility [11].

2.2. Resilience and the Adaptive Cycle

Folke [8], (p. 259) argues that resilience “incorporates the idea of adaptation, learning and self-organization in addition to the general ability to persist disturbance”. Thus, the adaptive capacity of an organization is part of its resilience. To build resilience in social-ecological systems (SESs), diversity in the decision-making structure is critical and can be applied locally [28,29], as well as regionally and globally [30]. To enhance resilience, social capital and trust have been shown to be important [31,32].

Resilience is a descriptive term, retaining essentially the same function is “good” only to the extent that this function is desirable [33]. Since increasing the organically-grown acreage in Sweden is a politically decided goal (states as 20% organically-grown acreage), the resilience of the organic food system has normative connotations [34]. Resilience and adaptation are used in what follows to describe the socio-economic situation in our case study. Detailed empirical studies are needed because it is only after an extreme crisis that the degree of an organization’s resilience becomes fully visible [35]. Lengnick-Hall et al. [36] argue that organizational resilience is enhanced by learning and innovation among individual employees, which in turn can be promoted by human resource management. Learning and innovation are also emphasized in the reconstruction/reorganization phase (see Figure 1) by Linnenluecke et al. [35].

During periods of political or economic turbulence or environmental change, resilient communities and organizations are well prepared and quick to recover from the challenges they face [35]. Diversified production can absorb shocks and in practice acts as insurance for the local economy. Sources of organizational resilience include wisdom, perceptual stance and contextual integrity [37], which also provides authenticity [38]. Resilience is eroded when rigidities are built up in organizations, resulting in low capacity for adaptation and renewal when crises emerge.

Holling [39] illustrated these dynamics as an “adaptive cycle”, a description that should be thought of as a metaphor, a heuristic or conceptual model that can facilitate the understanding of
complex systems, including organizations (see Figure 1). Initially, it was used to study the dynamics of ecosystems where ecologists had observed that periods of exploitation, for example, the rapid growth that follows a forest fire, were followed by periods of slower growth and accumulation of energy and structure. The adaptive cycle added the release and reorganization phases.

Figure 1 illustrates how longer periods of stability and the slow accumulation of resources alternate with shorter periods of turbulence [40]. Periods of turbulence are characterized by rapid reorganization and are sometimes used to illustrate what Schumpeter [41] called creative destruction, when turbulence breaks down structures, in turn creating opportunities for innovation. During the reorganization phase in Figure 1, there is a possibility that the organization might transform and take an unexpected turn and develop in a new direction. This phase is unpredictable, and there is a risk that capital could be drained. The adaptive cycle can be applied to different systems and different scales. Resilience at a higher scale, e.g., a large corporation, may require transformations of smaller units of this corporation, just like resilience of the biosphere requires transformation of the food and energy systems [42]. The adaptive cycle is used below to illustrate periods of growth and crisis in an organically-certified business in Sweden.

3. Case-Study Approach: Materials and Methods

3.1. The Case Study

Biodynamiska Produkter (Biodynamic Products; BP) is a not-for-profit foundation “providing consumers with organic and biodynamic food of high quality, in a way that enables farmers to continue developing” [43]. This dual aim is meant to provide favorable long-term conditions for organic/biodynamic farmers. BP consists of four parts: a fruit and vegetable box scheme (Ekolådan), a wholesaler, a trading company and two production units (an organic fruit farm and an organic market garden in Sweden). BP is a fully-certified organic business situated in Järna, 40 kilometers southwest of Stockholm. This area is the most important anthroposophic cluster in Sweden, of which BP has been an integral part since its start in 1966. Anthroposophy is based on the philosophical teachings of Rudolf Steiner (b. 1861, Austria) and entails biodynamic agriculture, education, healthcare and more. Järna today is the anthroposophical center of all the Nordic countries. Anthroposophically-inspired businesses and organizations in Järna include Waldorf Schools and the Steiner College, the Vidar Clinic, Ekobanken (a not-for-profit bank), several farms and market gardens, food-processing concerns (e.g., Saltå Kvarn) and food distributors, including BP. The trading division of BP co-operates with similar organic mid-scale initiatives in Europe that together (i.e., not in the conventional retail network) source items, such as coffee, bananas and other fruits from overseas. Since these products come to ports in the Netherlands, BP has one employee there, as well. The wholesaler, which supplies restaurants, kitchens, organic shops and its own box scheme, buys all produce and processed products from Sweden, Europe and overseas.

The most recent and most important (in terms of publicity) part of BP is its box scheme, Ekolådan, studied in detail in this paper. The boxes delivered by Ekolådan contain only organic or biodynamic produce, but the box itself does not carry any visible label - neither Sweden’s organic certification, KRAV [44], nor the European Union’s (EU) organic label, nor the Demeter label. Demeter is the international organization certifying biodynamic products, which is a special type of organic food [45]. The Swedish branch of Demeter is located in Järna. After buying the fruit and vegetables from farmers, Ekolådan/BP alone has control over the rest of the value chain until the boxes are delivered to consumers’ doors. Every box also contains a newsletter, including the names and locations of all of the farmers that contributed the produce for the box. In this way, Ekolådan wants to establish a relationship between consumers and producers. Since Ekolådan’s establishment in 2002/2003, the chain of actors between the producers/farmers via the foundation (BP) and Ekolådan to final consumers has been fairly stable. Some producers have been added over time, and the number of customers has varied; those customers include individuals, households and offices. BP and Ekolådan
share the same economic accounts and workforce (Figure 2), but BP is the overarching business and decision-making unit. Thus, Ekolådan is a part of BP and is not run as a business of its own.

![Adaptive Cycle Diagram](image)

**Figure 1.** The dynamics of ecological, economic or social systems can be described in terms of an adaptive cycle with four phases: growth, conservation, release and reorganization. Long periods of stability and slow accumulation of structure (short arrows, from exploitation or growth to conservation, r to K) alternate with shorter, more turbulent periods of release of resources that create opportunities for innovation and reorganization (long arrows, when a crisis moves the system, K to Ω to α, and finally, to some new r phase). If the new r phase is fundamentally different from the previous r phase, a transformation has occurred. Modified from Holling [46].

![BP Stakeholder Network](image)

**Figure 2.** BP’s stakeholder network. Modified from Milestad and von Oelreich [46].

BP and Ekolådan are interesting for several reasons. First, they claim to support an environmentally-friendly food chain. Second, BP has a long history of experiencing ups and downs. Ekolådan has also experienced turbulence, but during a shorter period. Third, Ekolådan is different from all other actors on the box scheme market in Sweden in that it is run by a not-for-profit foundation.
3.2. Methods

Having identified the central respondent for this case study, we used a snowball sampling technique [47], whereby the initial respondent was asked to identify other relevant respondents, including people he thought would present a perspective different from his own. The key respondent (R1) has multiple roles within BP and Ekolådan. He is the chairperson of BP and responsible for project development, as well as for BP’s banana imports. We conducted three interviews with him. In addition, we chose to interview five more respondents: the current newsletter writer of Ekolådan, who was also a former quality manager and was responsible for the box contents (R2); Ekolådan’s senior purchaser (R3); one biodynamic farmer with long-term ties to Ekolådan (R4); the person responsible for customer service (R5); and BP’s founder and former CEO (R6) (see Table 1).

Table 1. The respondents and number of interviews.

| Respondent | Position at Ekolådan/BP                                      | Number of interviews *
|------------|-------------------------------------------------------------|---------------------
| R1         | Chair of BP’s board                                        | 3                   |
| R2         | Newsletter writer, former quality manager                  | 1                   |
| R3         | Senior purchaser                                            | 1                   |
| R4         | Farmer delivering to BP and Ekolådan                        | 2                   |
| R5         | Responsible for customer service                            | 1                   |
| R6         | Founder and former CEO of BP                               | 1                   |

* Not counting follow-up interviews conducted by telephone or e-mail.

Semi-structured interviews were conducted [48]. Of nine interviews, six took place in person and three by phone. All but two interviews were carried out in 2014; the last two took place in May and June 2015. An interview guide was used, but room was allowed for additional questions and explanations. When needed, follow-up questions were asked via e-mail or telephone. The interviews focused on resilience and adaptation, trust and economic sustainability. Some questions were of a general character (e.g., when the company/initiative was started and by whom; how suitable partners were identified initially). Other questions were more specific, including how the food chain is organized (e.g., the importance of trust and how trust is built in the business); on the balance between quality differentiation, volume and economic performance (e.g., the qualities the company uses to differentiate their products from other products); on business logics (e.g., what actors are seen as strategic partners); communication (e.g., on the views of biodynamic and organic, growth, quality, etc.); handling change (e.g., what the main critical phases had been; what have been the main barriers to growth). The interviews were recorded and all interviews, except two, were fully transcribed. The last two were partly transcribed. The transcripts and notes were analyzed thematically. All respondents, except for Respondent 6, currently have a professional relationship with the business.

4. Social and Sustainability Entrepreneurship in BP and Ekolådan

4.1. BP as a Social Entrepreneurship Organization

Following Bacq and Janssen [19], a social entrepreneurial venture (SEV) must meet three criteria (Table 2). Criteria 1 and 2 are reflected in BP’s charter (Table 2, Box 1). BP has consistently built its own independent and complete organic food chain, from farmer to consumer. BP’s approach has privileged independent control over growth. One respondent (R1) described this as “klein aber mein” (German expression meaning “small but mine”). Over the years, BP has experienced different legal frameworks without shifting its focus. After a few years as a private company, BP became a foundation in 1974 (R6). This was not a purpose of its own, but merely a way of raising capital to develop the business without risking a violation of BP’s core purpose, as stated in the charter, that is to support biodynamic activities (see Box 1). BP supported organic/biodynamic food production when it was a private company and continues to do so today as a foundation (R6); hence, the third criterion is also
fulfilled (Table 2). R1 described it as “exciting to keep it as a foundation—[there’s] no private owner, [and] we have no real requirements regarding profits, except for our own, so we must make a profit to be able to develop . . . What’s not re-invested is given away . . . You don’t have a profit-hungry owner chasing you. You can dare to engage in projects that business-wise are high risk, to say the least, if you find them culturally valuable”. Another respondent expressed similar thoughts: “a fundamental value” of Ekolådan that distinguishes it from other actors is that “we’re not here to make money” (R2).

Table 2. Criteria for classification as a social entrepreneurial venture. SEV, social entrepreneurial venture.

<table>
<thead>
<tr>
<th>Criteria Defining a Social Entrepreneurship Venture *</th>
<th>Biodynamic Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Its social mission must be explicit and central.</td>
<td>“Any profits from the foundation’s operations . . . will be handed over as a gift . . .” **</td>
</tr>
<tr>
<td>2. Its market orientation must be consistent with its social mission.</td>
<td>“Operations shall be run in continuous co-operation with the consumers and producers of the company’s products, and its operations shall mirror the consumers’ demand for biodynamic foods and the producers’ ability to grow and sell these”. **</td>
</tr>
<tr>
<td>3. The legal framework does not define SEVs; they can be found in the private for-profit sector and in the public sector.</td>
<td>Both structures, private company and foundation, have been shown to suit BP’s purposes.</td>
</tr>
</tbody>
</table>

* Bacq and Janssen [19]; ** According to BP’s charter [49].

Box 1. The BP charter.

BP’s charter states that its aim is to “trade in and contribute to processing of produce that, to the extent possible, has been produced according to the biodynamic methods developed by Rudolf Steiner. The Foundation also aims in its operations to fulfill an alternative within business . . . Any profits from the foundation’s operations, after allocations for consolidation and development of the operations have been made, will be handed over as a gift to anthroposophical activities, prioritizing research, education, and information in biodynamic operations. Operations shall be run in continuous co-operation with the consumers and producers of the company’s products, and its operations shall mirror the consumers’ demand for biodynamic foods and the producers’ ability to grow and sell these” [49] (Authors’ translation.)

The social aspects of entrepreneurship were also emphasized by the producer delivering to BP. On the importance of social responsibility, respondent R4, a biodynamic farmer, said: “at our farm, production is environmentally sound, but we also create job opportunities and we make a large social contribution in hosting some 50 pupils at different periods over the year”. This practice could be expanded so that each farm hosts one or two persons with special needs and provides housing for elderly individuals, R4 reasoned. “What I want to see is that a well-functioning biodynamic farm not only is a farm producing products but also is a place where social responsibility is exercised” (R4). Thus, the social imperative was present both at the farm level and at BP itself.

The business studied was characterized by a high degree of trust and social capital. The importance of trust was mentioned by almost all of the respondents: “To stand for what we say we do is of utmost importance” (R5); “I have never been at a company where so much is built on trust as here” (R2). R1 remarked, “I think that we live out of trust . . . people think we are honest . . . it is our only capital. And being such a small company on such a tough market, I think we would have been gone long ago without it”. He continued, “Sometimes we’re a bit slow and not always very professional, but everyone knows—we are always there”.

One example of this trust, or perhaps lack of professionalism, is the attitude towards written contracts. R3 usually told producers that “we can have [formal] contracts if you want,” but “I’ve never used contracts as long as I have been here”. The view that contracts are overrated was shared by respondent R4, who thought it was better to “try to be as accurate as possible” than to promise and not
be able to live up to something. The only time contracts were used was when payments were made in advance (R1).

4.2. Sustainability Entrepreneurship

Although contested [50], organic food is generally seen as environmental friendly, and support for organic farming has found a place in environmental policy both in Sweden and in the EU. BP has a history as an early adopter of new trends, of introducing new organic products and of catalyzing the organic market as such in Sweden. According to R3, “BP has been around for 40 years, and we have increased and decreased in size over the years. We have adapted and learnt continuously . . . For example, we were first in introducing [organic] coffee; now everyone has coffee, and our brand is very small. We were first with Ekolådan [as an organic box scheme in Stockholm]. We built Änglamark [the organic brand of Coop, a large retailer], before they started to run it themselves. We packed and distributed plenty of products to different retailers, which we don’t any more. We imported pears and apples and other fruit from Latin America, until all the others started doing it; now we have quit. We adapt all the time”. Another respondent described BP as leading its competitors: “This company has always been ahead . . . we were first in organic meat . . . first in serving retailers . . . first with organic bananas . . . but then the large [actors] enter the scene” (R1).

With its focus on both environmental and social sustainability, BP fits well with how Schaltegger and Wagner [25], (p.224) describe sustainability entrepreneurship: “attempts not only to contribute to sustainable development of the organization itself, but also to create an increasingly large contribution of the organization to sustainable development of the market and society as a whole, [requiring] substantial sustainability innovations”. Other criteria for sustainability entrepreneurship, given by a literature review, are also fulfilled by BP (Table 3); the last criteria being resilience, which is analyzed below.

Table 3. Summary of the findings concerning the constituents of sustainability entrepreneurship in the case of Biodynamic Products (BP).

<table>
<thead>
<tr>
<th>Sustainability Entrepreneurship Attribute</th>
<th>Reference</th>
<th>Findings in BP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical business case related to social and environmental sustainability.</td>
<td>Bacq and Janssen [19]; Schaltegger and Wagner [25].</td>
<td>BP is clearly value-driven, based on its charter.</td>
</tr>
<tr>
<td>High level of trust within staff and towards clients.</td>
<td>Avery and Bergsteiner [11]; Schaltegger and Wagner [25].</td>
<td>Trust-building is a key characteristics of the whole business model.</td>
</tr>
<tr>
<td>Promoting a cause beyond the success of the business.</td>
<td>SEEDS [9]; Parrish and Tilley [24].</td>
<td>BP did not scale up itself, but helped forming a niche, which inspired other entrepreneurs to expand the organic market.</td>
</tr>
<tr>
<td>High adaptive capacity, including renewal after crises (resilience) and innovation.</td>
<td>Schaltegger and Wagner [25].</td>
<td>Both BP and Ekolådan have survived crises by innovation.</td>
</tr>
</tbody>
</table>

5. The Resilience of BP and Ekolådan

We now describe important phases in the history of BP and Ekolådan through the resilience lens, using the adaptive cycle. Doing this highlights the organization’s dynamics, strengths and weaknesses and allows us to discuss them. We describe BP’s history in three phases (1966–early 1980s, late 1980s–2002, 2003–2015), of which the last focuses on Ekolådan.
5.1. Biodynamic Products, 1966–Early 1980s (Cycle I)

*Phase r to K (growth), Cycle I:* BP was started by R6 in 1966 as a private company that bought products from producers and delivered to a large number of stores that specialized in healthy food (R6). The producers were not certified by any organization, neither KRAV, nor Demeter had been established in Sweden at the time. Instead, BP, or rather, R6 himself, guaranteed that the products were cultivated without any use of “poison” (indeed, retailers advertised the produce as “grown without poison”). Demand was greater than supply, and BP advertised for new producers interested in converting to “non-poisonous production”. However, BP could not assist farmers financially to convert, and this impeded the growth of the market. As a way of generating the capital needed for the expansion of BP and to guarantee that the foundational idea of BP of supporting organic agriculture would not be violated over time, the private company was converted into a foundation in 1974. R6 formulated the foundation’s charter himself (see Box 1) and, together with a few others, formed an interim board of directors (R6). This board contacted potential donors and asked for a contribution to facilitate the expansion and the survival of the business. The fundraising was successful, and donors included other businesses with a mutual interest in the growing sector: farmers and retailers, as well as individuals engaged in what later became organic and biodynamic farming. In 1974, Stiftelsen Biodynamiska Produkter (Biodynamic Products Foundation; BP) was established with R6 as its first CEO.

*Phase K to Ω (release), Cycle I:* Profitability remained poor after the transformation to a foundation and in 1975/1976, R6 reluctantly left the position as CEO. The board wished to see more professional management, and an external CEO was recruited. In retrospect, R6 said the decision had been the right one.

*Phase Ω to a (re-organization), cycle I:* After the transformation to a foundation and the change of CEO, both investments and profitability increased, and this increased margin was needed to support the external activities mentioned in the charter (see Box 1). Until 1978, R6 was employed by BP as responsible for sales and producer contacts. He was a member of the board until 1980, but since then, he has had no formal contact with the foundation (R6) (Figure 3).

![Figure 3. The development of BP (1966–early 1980s) mapped onto Holling’s adaptive cycle.](image)

5.2. Biodynamic Products, Late 1980s–2002 (Cycle II)

*Phase r to K, Cycle II:* In the late 1980s, Coop, one of the largest retailers in Sweden, asked BP for help establishing its own organic brand. The retailer lacked a large network of organic producers, something that BP had. For BP, this was an opportunity to distribute products to a larger group of customers and to enlarge the organic market, albeit under the retailer’s brand. It was a difficult
decision for BP, because it would mean that Coop, with an increasing range of organic products, would start competing with an important group of BP customers, namely health stores. If BP turned down the retailer’s offer, the retailer would develop its own supply chain and perhaps compete with BP and decrease its market shares, according to R1. Retailers were set to enter the organic food sector more substantially. BP opted to engage in the collaboration; Coop became the first major retailer in Sweden to realize the potential of organic food. In the early 1990s, other retailers followed, and BP was contracted by SABA, a large wholesaler, to deliver organic produce throughout Sweden. Thanks to this arrangement, BP could sell large quantities of fruit and vegetables from a range of European producers.

Phase $K$ to $Ω$, Cycle II: This expansion phase was followed by some backlashes. In the mid-1990s, SABA wanted to introduce its own list of organic products with their own supply chains. Retailers who wanted to buy organic produce straight from BP were told to buy from SABA instead. Otherwise, they would not have access to SABA’s main list of products, SABA threatened. As a result, BP lost customers and had to close its packaging unit and lay off a number of employees (R1). At about the same time, in the second half of the 1990s, Coop ceased selling BP’s coffee brand without notice. This was yet another indicator of the risks of relying too heavily on retailers. Meanwhile, a reaction from the health stores facing increased competition from retailers was to stop selling food that required refrigerated display.

Phase $Ω$ to $α$, Cycle II: Early in the 21st century, Saltå Kvarn, a mid-sized organic mill, importer and distributor of flour, muesli, pasta, dried fruit, and so on, approached BP. Owing to the geographical proximity and joint history in the biodynamic movement, Saltå Kvarn initiated negotiations with BP around merging the two organizations into one private company. BP hesitated for several reasons. One related to the aim in BPs charter of financially supporting organic/biodynamic production. Would this continue in the future if new owners joined the company? Another concern for BP was that Saltå Kvarn aimed to increase sales of its own products to retailers. BP, having had several bad experiences collaborating with retailers, was more reluctant about this development. BP eventually rejected the merger (Figure 4).

![Figure 4. BP’s development during the period of late 1980s–2002 through the resilience lens/Holling’s adaptive cycle, starting with cooperation with Coop.](image-url)

In 2002, volumes were lower than they had been in the early 1990s, when BP had its own packaging operation and before many health stores had stopped selling fruit and vegetables that need refrigeration. The supply offered by major retailers was poor, and many organic/biodynamic farmers were on the verge of closing their businesses. The idea emerged to organize a food chain without retailers. This was an opportunity for BP, on the one hand, to offer farmers stable demand at stable prices and, on the other hand, to offer consumers organic/biodynamic products. The innovation that emerged was the box scheme Ekolådan. After the introduction of Ekolådan, BP’s development
has fluctuated along with Ekolådan’s ups and downs, since it has become the dominant part of BP. Hence, the third cycle focuses on Ekolådan.

5.3. Ekolådan, 2003–2015 (Cycle III)

The first Ekolådan boxes were delivered in autumn 2003. R1, chairperson of BP, recruited an external project leader who brought the idea from the U.K. and who contacted and recruited R2 (R1; R2).

Phase r to K, Cycle III: After a modest start with 13 boxes delivered in October 2003, the word spread, and the number of boxes delivered rapidly increased (R2). The growth phase can partly be explained by good timing. Ekolådan was the first of its kind in the Stockholm region (R2). Early on, Ekolådan received frequent media coverage (R2), which catalyzed interest. Hardly any resources at all were spent on advertising. Instead, the news was spread by word of mouth and through presentations about Ekolådan at events (R1). The increased demand called for a larger organization. The number of employees rose from 10 to more than 30 (see Figure 5) in Ekolådan alone. The number of boxes delivered peaked in 2008–2009, at some 4500 per week (R1) (see Figure 5).

Figure 5. The number of boxes delivered weekly and the number of BP and Ekolådan employees.


Phase K to Ω, Cycle III: In 2008–2009, three unrelated events occurred that affected both Ekolådan and BP in a most concrete way. First, on a macro level, the global financial crisis hit the market with full force. Customers unsubscribed from Ekolådan, citing their reduced income (R2). Second, on a local level, competitors now were on par with Ekolådan. BP had perhaps been the first to market an organic box scheme in the Stockholm region, but other actors soon copied the box concept or developed similar products. Retailers introduced web stores with home delivery. Others introduced home delivery of ready-made food bags with recipes and matching ingredients. There were niche deliveries for large or small households, for low carb/high fat diets, for vegetarians, and so on. Several actors claimed to have “as much organic food as possible,” thereby competing for Ekolådan’s customers (R2). Finally, large retailers also improved their supply of organic fruits and vegetables. When Ekolådan was launched, these retailers had very few organic fruits and vegetables, and what they had was expensive and of poor quality: “The organic [food you found] was hidden in a corner at Konsum [a Coop supermarket]. It was old and wrinkled and labelled KRAV [organic], and it cost twice as much as these other shining vegetables and fruits” (R2). However, a few years later, the major retailers could compete with specialty retailers, offering large quantities of attractively-displayed organic fruit and vegetables at competitive prices. Thus, one of Ekolådan’s unique selling points had been lost. The increased competition was a more severe blow for Ekolådan than the global financial crisis was (R1).
The drop in demand was severe and sharp. The number of boxes delivered fell by 50% in 2009, plummeting from 4500 per week to 2250 (see Figure 5). In the period 2009–2012, Ekolådan ran a deficit, and the BP board discussed the possibility of closing the division altogether (R2).

Phase Ω to α, Cycle III: The reduced number of boxes called for a smaller work force. The number of Ekolådan and BP employees combined had increased from 22 in 2005 to 49 in 2008, peaking at 53 in 2010 before decreasing to 34 in 2014 (see Figure 5). During the decline and consolidation period, the chair of the board took over responsibility for staff issues and was in fact the one who laid off personnel (R1). According to R1, “We experienced the growth as rather organic. We probably fooled ourselves and hired too many people too fast. We probably should have been more cautious”.

Phase α to r, Cycle III: The decline in demand was eventually halted. The period 2012–2014 was characterized by consolidation. The number of employees now correlated with incoming orders, and an increase in demand was seen for the first time since the crisis. By 2014, some 2600 boxes were being delivered per week (R1), and that number stabilized in 2014–2015 (R5; see Figure 5). The increase from the post-crisis low of 2250 boxes per week to today’s 2600 corresponds to 16% growth in absolute terms. However, in relation to the market and to competitors, it was losing market shares. Thus, Ekolådan might still be in a challenging period characterized by reorganization and tough competition. We return to this question in the Discussion Section (Figure 6).

![Figure 6. Ekolådan’s development from 2003 to 2015 through the lens of Holling’s adaptive cycle.](image)

5.4. On a Conservative Business Profile

Over the years, BP has experienced phases of continuous growth followed by periods of crisis. Lately, Ekolådan has increased its sales, but it has not kept pace with the market for organic food. R6 reflected on this and emphasized that BP has been managed in an economically-responsible fashion, noting his own respect for the financial management. He did wish, however, that BP had been more growth oriented and bolder in its choices. R1 was ambiguous when it came to the rather conservative business profile of BP. On the one hand, he acknowledged that a more aggressive attitude could have benefitted BP, but this would have required more capital for marketing and product development. One of BP’s weaknesses, according to R1, is that the foundation is specialized: it carries only organic products and has a limited assortment. Customers who desire a larger range of products might turn to another wholesaler. Overall, R1 believed it had been the right decision to remain a foundation, but BP’s lack of capital was a disadvantage and meant that BP “can be seen as slow” by others.

In the early days of Ekolådan, the managers found the slow decision making frustrating. Nevertheless, “in retrospect, one can see that perhaps it was good to stay calm” (R2). Slow decision making might have benefitted Ekolådan during the crisis inasmuch as at the moment when Ekolådan was “almost at a closing down scenario,” it kept going and focused on improving its operations and becoming more efficient (R1). One respondent (R5) saw a danger in adapting Ekolådan to a
changing environment. “I believe it is very important to protect our trademark and not try to follow the latest trend . . . this is what we stand for, and this is what we deliver, and we will continue to do so”. Thus, the organizational form as a foundation implies built-in resistance. A foundation reacts more slowly than a private company does. “A generational shift is about to take place in the house . . . and with that I believe there will be changes . . . What is good is the foundation. You can’t do just anything; the fundamental idea must be kept” (R3).

Another issue that emerged in the interviews was the problem BP had communicating its values to consumers, despite the fact that each Ekolådan box was accompanied by a newsletter with an editorial. Initially, when Ekolådan was introduced, the founders had chosen not to mention Järna or Demeter and to distance themselves from anthroposophy. When competition increased, and there arose a need to distinguish Ekolådan from its competitors, its identity as a foundation in Järna became something worth communicating. What had previously been seen as “ugly German labels” and “anthroposophically old” was now seen as “genuine” (R2). For example, “Today I believe that Järna still stands for something trustworthy, something that has a quality” (R2). However, the values BP stands for are not communicated by the organic labels. According to R1, the importance of organic labelling is “close to zero for Ekolådan”. Since KRAV is used by mainstream producers, “labelling in general has lost its meaning for us niche traders”. One respondent asked, “Why should we have the same labelling as Chiquita?” (R1). In other words, being a small cutting-edge company, why should Ekolådan use the same label as a mainstream multinational company only certifying a small part of its products? Thus, the values must be communicated in another way, and BP has not yet found such a channel. For example, no resources at all were being spent on advertising during our study period.

6. Discussion and Conclusions

6.1. Social and Sustainability Entrepreneurship

Our results suggest that this case meets the criteria for both a social and an entrepreneurial venture [19] (Table 2) and the broader framework of sustainability entrepreneurship (Table 3). BP has a strong commitment for creating social value, and the business has a clear environmental profile, to support environmentally-friendly food production and consumption. BP could be an environmental entrepreneur [20,21], but sustainability entrepreneurship fits better, since this term integrates all aspects of sustainability, including innovation [25].

By supporting other businesses in its network, BP supports not only organic development, but also, and not least, economic development on the local and regional levels. It can therefore be argued that BP is well suited to contribute to the sustainable development of the region in general and of the food system in particular. However, BP has not managed to profit from the organic food boom in Sweden, which they had contributed to by several innovations. Even if making profits has never been the main objective, our interviews reveal some disappointment concerning the economic performance. The reasons for this seem to be related to both BP's social goal of using surplus to support organic farming rather than investing in the business and the strong focus on resilience.

6.2. The Resilience of BP

BP exhibits several of the characteristics that may determine organizational resilience: renewal and innovation; flexible organizational culture; high level of trust; strong local identity; and value-based authentic trademark (Table 4). While resilience generally supports, and provides a more evolutionary understanding of, sustainability (e.g., handling crises by innovations and adaptations), this case study also suggests some trade-offs between resilience and sustainability. We identified three possible trade-offs or complex relations: trust, value-driven local identity and slowness related to the organizational form. First, trust and social capital build resilience. For BP, common norms, specifically, a shared understanding of the importance of environmentally-friendly food production and the practice of not relying on written contracts, point to the importance of trust and reciprocity. However,
in some cases, the high level of trust has been used to justify a lack of business orientation, e.g., it took several years to reduce the level of staff after the drastic decline in sales of Ekolådan, which threatened the sustainability of the whole box scheme (Figure 5).

Table 4. Summary of findings concerning the constituents of organizational resilience and how these criteria are met by Biodynamic Products (BP).

<table>
<thead>
<tr>
<th>Organizational Resilience</th>
<th>Reference</th>
<th>Findings in BP</th>
</tr>
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<tbody>
<tr>
<td>Ability to renew itself and self-organize after crisis</td>
<td>Hamel and Välikangas [4]; Folke [8]</td>
<td>BP has shown capacity for self-organization and renewal after crises in the mid-1970s and late 1990s.</td>
</tr>
<tr>
<td>Adaptation is sometimes not enough, and transformation is required</td>
<td>Sinclair et al. [7]</td>
<td>BP has, over time, both adapted (in terms of products) and transformed (in organizational form) depending on conditions.</td>
</tr>
<tr>
<td>The importance of control and independence</td>
<td>Milestad [6]</td>
<td>BP has privileged independence and control over growth.</td>
</tr>
<tr>
<td>Learning and innovation, especially in the α phase</td>
<td>Linnenluecke et al. [35]; Lengnick-Hall et al. [36]</td>
<td>BP has innovated continuously, introducing organic coffee, fruits and meat in Sweden, as well as the box scheme Ekolådan.</td>
</tr>
<tr>
<td>Organizational culture and working environment that stimulates flexibility and innovation</td>
<td>Lengnick-Hall et al. [36]</td>
<td>BP fosters trust, informality and flexibility with employees, promoting experimentation.</td>
</tr>
<tr>
<td>Value-based contextual integrity and wisdom generates authenticity,</td>
<td>Kantur and Işeri-Say [37]; Cameron et al. [38]; Aldrich and Meyer [31]; Bernier and Meinzen-Dick [32]</td>
<td>BP enjoys a strong local trademark and integrity as idealistic biodynamic enthusiasts. This provides authenticity, trust and loyalty among customers: “They know what we stand for”.</td>
</tr>
</tbody>
</table>

Second, concerning complex relations, the value-driven local identity enhances the trademark and consumer loyalty, but also conservatism; this neither promotes resilience (innovation and adaptation) nor sustainability (in terms of business orientation and a more “aggressive attitude”, as noted by R1). Third, the organizational form of a foundation entails more internal control than that of a listed company. Focusing on controlling the local value chain has increased the robustness and adaptive capacity of the overall community. This is supported by Johannisson [51]. Nevertheless, BP is subject to tough competition, which sometimes compels timely adaptations. However, decision making in a foundation can be slow, and this could reduce the company’s resilience ([4], p. 54) since adaptation opportunities are not realized. On the other hand, one respondent argued that slow decisions probably saved Ekolådan from going out of business.

Olsson et al. [29] argue that social transformation is needed when moving from a less desired trajectory to one where the capacity to manage for sustainability is strengthened. Regarding BP, transforming a private company into a non-profit foundation could be viewed as an attempt to increase the organization’s resilience by shifting to a more stable organizational form. In a study of the transformation of the dairy industry in Australia, Sinclair et al. ([7], p. 371) argue that “in some situations adaptation is an inadequate response to changing conditions and a transformation is required”. They view adaptation and transformation as different degrees of change along a continuum where transformation represents the highest level. Deliberate transformations are often carried out with the intention of obtaining a specific goal [52]. In this case, one could argue that transforming the private company into a foundation was a deliberate transformation, at least in organizational terms, intended to reach the goal of supporting biodynamic agriculture and increasing the organizational resilience of BP.

In a socio-economic system, accumulated capital (e.g., skills, productivity, networks, mutual trust) is developed and integrated during the progression from r to K in an adaptive cycle (e.g., Figure 1) [40].
Farmers delivering products to Ekolådan considered themselves fairly economically diversified, relatively stable and well prepared to tackle change and turbulence [53]. In terms of Figure 1, they have moved from r to K. If or when change arises, the supplying farmers are thus arguably prepared to handle the release phase in Ω. Of interest for the development of Ekolådan and BP is, of course, the larger development of organic food in Sweden. In the period 2008–2014, the total increase in sales amounted to more than 150%, and demand increased steadily even during the financial crisis [54]. During the last few years, demand has increased at an accelerating rate. In 2013, the increase was 13% [55]; in 2014, it was 38% [56]; and in 2015, the increase in organic sales was 39% [57]. This can be contrasted with the development of Ekolådan: sales have increased by 16% from 2009 to today. This result is somewhat contradictory. On the one hand, it is a sign of an increased interest in BP’s and Ekolådan’s products (organic food), and BP has clearly played an important role in the market’s development in Sweden. On the other hand, BP has not managed to capitalize on this increased demand to which it has contributed. Our results suggest that this is due to a combination of competition from conventional retail, the cautious attitude internally and the difficulty BP has in reaching consumers who now face multiple organic options. The growth in the number of delivered boxes suggests that Ekolådan has consolidated and recovered from the 2009 crisis. However, Ekolådan underperforms vis-à-vis the market and is vulnerable to new competition since the concept is easy to copy.

6.3. Conclusions

Sustainability entrepreneurship means, “promoting a cause beyond the success of the business” (Table 3), and for BP, controlling the company and the food chain has been prioritized over increasing volumes. BP has contributed to local and regional sustainable development for almost 50 years. Over the years, the market has grown more rapidly than BP itself, and their sales have not increased at the same rate as the market has developed. The organization catalyzed the expansion of organic fruit and vegetable sales and led the way by introducing a range of other organic products in Sweden. However, there are trade-offs between sustainability entrepreneurship and organizational resilience, which the BP case highlighted. Sustainability requires transformation after crisis, not merely adaptation, which can be illustrated with the adaptive cycle. While a case study cannot be generalized, we find the application of the adaptive cycle of business development and its implications for transformative innovation clarifying. Case studies have a role to play in knowledge building around adaptive cycles in business development and the business ecosystem that is required for this to be successful. This case study should assist in building a stronger dynamic business theoretical model that can address the lack of dynamic models in this area. The existing models are very profit-driven and lack sustainability as an integral aspect to their modelling.

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