Beyond the Usual Suspects: How Non-Traditional Stakeholders Advance Sustainability in SMEs

A Qualitative Study of Stakeholder Interactions and Influence in the Swedish Fashion Industry.

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Abstract

This qualitative study examines how non-traditional stakeholders advance sustainable development (SD) among Swedish fashion SMEs, drawing on 17 semi-structured interviews with founders, CEOs, and sustainability managers. It investigates how interactions with non-traditional stakeholders such as marginalized groups, Indigenous communities, and migrant producers shape firms' sustainability progress, with the aim of understanding both the importance of these actors and the mechanisms through which they influence Sustainable Business Model (SBM) development and innovation. The theoretical foundation builds on Stakeholder Theory (ST), but the study modifies Fobbe and Hilletofth's model of stakeholder interaction to address a key limitation: its implicit assumption that stakeholders interact on equal terms. To address this gap, the analysis incorporates Kujala and Sachs' stakeholder governance model, which explains how stakeholders without formal authority can gain relational, interpretive, and normative influence as interactions deepen. The findings show that SMEs collaborating with non-traditional stakeholders develop deeper, more continuous, and co-creative interaction patterns where non-traditional stakeholders contribute specialized capabilities that help firms strengthen value alignment and foster mutual influence. This thesis offers a new perspective on how the fashion industry, despite its structural challenges, can advance sustainability by embedding non-traditional stakeholders into core decision-making and innovation processes.

Keywords: Sustainable development, non-traditional stakeholder interaction, stakeholder governance, SMEs, Swedish fashion industry.

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Definitions

Concept	Explanation
Small to Medium Sized Enterprise	The European Union's classification is adopted, defining SMEs as enterprises with fewer than 250 employees, a turnover of up to €50 million and a balance sheet total of up to €43 million (Commission Recommendation (EC) 2003/361, 2003).
Stakeholder Interaction	The concept refers to the actual exchanges between organizations and their stakeholders through which strategic intent is transformed into actual collaboration, mutual learning, and co-creation (Freeman, 2015; Gray & Purdy, 2018; and Sulkowski et al., 2018).
Sustainability	The concept builds on the World Commission on Environment and Development's (WCED, 1987) definition of sustainable development as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." In practice, this means integrating social, environmental, and economic dimensions to ensure that organizational practices contribute to sustainable development while respecting the limits of the natural ecosystem (Whiteman et al., 2013; Schaltegger & Burritt, 2005). It has evolved from a global vision to a strategic framework guiding corporate behavior and long-term value creation, emphasizing the interdependence and balance of economic, social, and environmental goals (Pazienza, et al., 2022)
Sustainable Business Models	A Sustainable Business Model is a stakeholder-oriented model that integrates economic, environmental, and social value creation into the core logic of how a firm creates, delivers, and captures value (Stubbs & Cocklin, 2008).
Sustainable Development	Sustainable development. This concept embraces three dimensions across the entire product lifecycle: (1) environmental preservation (Environment/Planet), (2) social responsibility (Society/People), and (3) economic viability (Economy/Profit) (United Nations, 2025)

Abbreviations

Concept	Explanation
SME	Small to Medium Sized Enterprise
SD	Sustainable Development
SBM	Sustainable Business Model
ST	Stakeholder Theory

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1. Introduction

1.1. Background

The fashion industry is widely recognized as one of the most environmentally and socially unsustainable sectors worldwide (Armstrong et al., 2015; Bick et al., 2018), a pattern confirmed in Sweden (Sandin et al., 2019). In recent years, both the Swedish government and the EU have sought to address these challenges by introducing new sustainability reporting and compliance requirements (Pantazi, 2024). However, small to medium-sized enterprises (SMEs), which constitute most of Swedish firms, often fall outside the scope of these regulatory requirements (Tillväxtverket, 2025). Consequently, SMEs' sustainability efforts tend to remain voluntary, creating both strategic flexibility and uncertainty regarding how these firms develop and implement sustainability initiatives.

1.2. Prior Research and Existing Gaps

Research consistently indicates that when sustainability efforts are voluntary, stakeholder interactions become particularly important for shaping SMEs' sustainability trajectories (De Chiara, 2017). Nonetheless, despite broad recognition of the importance of stakeholders, little attention has been given to how stakeholder interactions, understood as the concrete exchanges through which strategic intent becomes collaboration, mutual learning, and value co-creation (Gray & Purdy, 2018; Sulkowski et al., 2018), are mobilized by SMEs to advance sustainability, particularly within a sector as highly polluting as the fashion industry in Sweden.

Simultaneously, an expanding body of literature highlights that firms are influenced by an increasingly diverse set of stakeholders (Freeman, 1984). In addition to traditional stakeholders such as owners, investors, and government bodies, SMEs are also shaped by non-traditional stakeholders, including marginalized groups, animals, nature, and Indigenous communities (Blount & Conklin, 2024; Sui et al., 2025; Driscoll & Starik, 2004). Despite this broadened

stakeholder landscape, little is known about how SMEs interact with these non-traditional actors or how such interactions contribute to the development of Sustainable Business Models (SBMs) (Goni et al., 2020; Morioka et al., 2018; Preghenella & Battistella, 20210; Fobbe & Hilletofth, 2021).

Taken together, two key research gaps emerge: (1) limited understanding of how stakeholder interactions within SMEs contribute to Sustainable Development (SD) and the development of SBMs, and (2) insufficient insight into how interactions with non-traditional stakeholders shape these SBMs. Addressing these gaps is vital to understanding how sustainability strategies emerge under voluntary conditions but also promoting more inclusive, effective, and innovative governance in the Swedish fashion industry.

1.3. Purpose and Research Question

The purpose of this study is to examine how non-traditional stakeholders advance SD among SMEs in the Swedish fashion industry. By analyzing how their interactions differ from those of traditional stakeholders, and how these interactions shape the development of SBMs, the study clarifies relational and processual dynamics that remain insufficiently explored.

Additionally, the study advances Stakeholder Theory (ST) by extending research to non-traditional stakeholders, a group largely underrepresented in existing literature. It further refines current models of stakeholder interaction by incorporating broader perspectives on governance, influence, and power. Through this integration, the study deepens understanding of how more diverse and inclusive stakeholder interaction can strengthen sustainability governance within the Swedish fashion industry; an area that has not previously been explored in this way.

Accordingly, the research question guiding the study is:

How do non-traditional stakeholders advance sustainable development among SMEs in the Swedish fashion industry?

1.4. Delimitations

This study examines SMEs in the fashion industry in Sweden. SMEs are defined according to the European Commission's (2003) criteria as enterprises with fewer than 250 employees, an annual turnover under €50 million, and a balance sheet of no more than €43 million. The focus on SMEs reflects their critical role in the Swedish fashion industry and their limited regulatory pressure to adopt sustainability, making such initiatives largely voluntary. However, it excludes larger fashion firms, limiting the study's sectoral coverage.

Moreover, limiting the study to Sweden reduces cross-national variation, especially as Sweden's ambitious environmental policies and institutional support create favorable conditions for SD (OECD, 2025). Nonetheless, while this controlled setting enhances analytical precision, it may also limit the study's applicability to countries with weaker sustainability infrastructures.

2. Literature Review

2.1. Traditional and Non-Traditional Stakeholders

Literature conceptualizes traditional stakeholders as actors with formal, direct, and economically significant relationships to the organization, most notably employees, customers, owners, and investors (Park-Poaps & Rees, 2010; Blount & Conklin, 2024). Traditional stakeholders can further be identified based on influence, which typically operates through established channels such as purchasing decisions, resources, labor contributions, ownership rights, and investments (Harrison & Wicks, 2013; Le Feber & Smit, 2023). Because these relationships are institutionalized through contractual and regulatory frameworks, the interests and claims of traditional stakeholders are clearly defined and readily measurable (Blount & Conklin, 2024). Consequently, research suggests that traditional stakeholders can be classified using concrete criteria, such as the existence of contractual relations or ownership stake (Miles, 2017). Therefore, traditional stakeholders are generally straightforward for organizations to identify and incorporate into decision-making processes.

However, recent scholarship argues that this framing is too narrow to capture the complexity of today's organizational environments (Barney & Harrison, 2020). Instead, researchers highlight the growing relevance of non-traditional stakeholders; actors who lack formal ties to firms yet shape organizational behavior through normative, cultural, social, or moral influence (Masoud, 2025; Crane & Ruebottom, 2019). These include marginalized communities, Indigenous peoples, and non-human stakeholders such as animals or nature (Driscoll & Starik, 2004; Sui et al., 2025; Blount & Conklin, 2024; Barney & Harrison, 2020). For these actors, stakes arise not from purely economic exchange but from concerns related to cultural identity, social justice, and ecological preservation.

This expanding conceptualization introduces tensions within traditional stakeholder theory. While traditional stakeholders are easily defined, non-traditional stakeholders often exist as diffuse groups whose interests are difficult to formalize, often leading organizations to overlook them (Blount & Conklin, 2024). This tendency is evident in the Swedish fashion industry, where empirical studies show that managers primarily orient their attention towards a relatively narrow set of organizational stakeholders with direct economic impact, while more diffuse actors are harder to systematically integrate into strategic decision-making (Pedersen et al., 2017).

To clarify the distinctions between these two stakeholder categories, Table 1 synthesizes the main classificatory dimensions used in literature.

Dimension	Traditional Stakeholders	Non-Traditional Stakeholders	Key References
Relationship to Firm	Formal, contractual, economically defined	Informal and indirect	Driscoll & Starik, (2004)
Type of Stake	Operational, financial, resource-based	Social, cultural, ethical, environmental	Masoud, 2025; Crane & Ruebottom, (2019)
Decision-making Access	Institutionalized, predictable	Limited, often via networks	Park-Poaps & Rees (2010)
Identifiability	Clear membership andrepresentation	Diffuse, collective, often underrepresented	Barney & Harrison (2020)

Table 1. Summary of Stakeholder Classification (Zaczek & Yao, 2025)

2.2. Stakeholder Interaction

Stakeholder interaction is defined as the actual exchanges between organizations and their stakeholders through which strategic intent is transformed into collaboration, mutual learning, and co-creation (Gray & Purdy, 2018; Lane & Devin, 2018; Freudenreich et al., 2020). This interactive dimension is central to SD, as environmental, economic, and social challenges cannot be addressed by firms alone; particularly SMEs with limited resources (Dyllick & Hockerts, 2002; Dentoni et al., 2020). Therefore, stakeholder interaction has become a key driver of SD by

providing the insights and feedback needed to enhance business processes (Freudenreich et al., 2020; Fobbe & Hilletofth, 2021). Moreover, effective interaction requires capabilities for co-creation and mutual learning, enabling dialogue, trust, and shared understanding, which can range from low-level information sharing to high-level, continuous cooperation (Garriga, 2014; Schneider & Buser, 2018; Sulkowski et al., 2018).

While research has traditionally focused on interactions with traditional stakeholders, emerging studies show that non-traditional stakeholders are equally important for advancing SD (Collins & Saliba, 2020; Lardo et al., 2020). These actors can shape organizational change by initiating improvements, building capacity, and co-developing solutions (Liu et al., 2018; Carmagnac, 2021; Wankmuller & Reiner, 2020). However, integrating non-traditional stakeholders in businesses poses substantial challenges. Their informal, diffuse, or non-human status creates ambiguous identification and a lack of representation, often leading to exclusion (Barney & Harrison, 2020). Consequently, although research increasingly acknowledges the importance of non-traditional stakeholders, empirical studies rarely investigate how these groups interact with organizations, what forms such interactions take, or how they influence SD or SBMs (Fobbe & Hilletofth, 2021).

2.3. Sustainable Business Models

SBMs differ fundamentally from traditional business models. Rather than focusing solely on creating value for shareholders (Breuer et al., 2018), SBMs seek to generate economic, environmental, and social value for a broader set of stakeholders (Bocken et al., 2015). A central insight within literature is that to create sustainable solutions, SBMs depend heavily on stakeholder interaction. Organizations develop SBMs by building collaborative capabilities across networks of actors, including suppliers, customers, and NGOs (Garriga, 2014). These collaborations involve co-creation, shared problem-solving, and engagement, underscoring sustainability as a relational rather than purely operational achievement (Bocken et al., 2015).

More recently, scholars have begun to emphasize the contributions of non-traditional stakeholders to SBM development (Velter et al., 2020; Fobbe & Hilletofth, 2021; Rathobei et al., 2024; Gurzawska, 2020; Ferlito & Faraci, 2020). However, this literature remains fragmented as studies rarely examine the interaction processes and mechanisms through which sustained interaction unfolds (Fobbe & Hilletofth, 2021). Consequently, questions remain about how SBMs practically incorporate non-traditional actors to generate value (Geissdoerfer et al., 2016; Goni et al., 2020).

2.4. Summary and Research Gap

While research recognizes the importance of stakeholder interaction for sustainability, major gaps remain in understanding how these interactions function within SBMs, particularly with non-traditional stakeholders. Furthermore, existing studies rarely examine the specific roles or intensity of interaction, leaving the contributions of non-traditional actors underexplored. Limited attention has also been given to how organizational values shape, and are shaped, by stakeholder relationships.

To address these gaps, deeper insight is needed into how organizations, especially SMEs, structure, maintain, and navigate stakeholder interactions, especially with non-traditional stakeholders. This study therefore examines stakeholder interaction as a relational mechanism through which SBMs generate and align economic, environmental, and social value, with particular attention to how non-traditional stakeholders are included within these interactions.

3. Theory

3.1. Stakeholder Theory

ST posits that organizations consist of multiple interdependent actors whose diverse but interconnected interests shape organizational outcomes (Freeman, 1984). While definitions vary, stakeholders are broadly understood as actors who affect, or are affected by, an organization's activities; thus, holding a *stake* in its operations (Freeman, 1984; Preston & Sachs, 2002).

Beyond mapping organizational relationships, ST provides a normative basis for decision-making by arguing that firms must consider the interests of all stakeholders, not only shareholders (Freeman, 2010). Accordingly, recent additions to ST have examined how stakeholders shape sustainability practices and how these practices influence economic, environmental, and social performance (Maas et al., 2018; Rebs et al., 2019). Building on this, stakeholder interactions have emerged as central drivers of sustainability (Freudenreich et al., 2020).

Despite this growing emphasis, ST still provides limited theoretical or empirical insight into the specific contributions towards SBMs, and SD generated through stakeholder interactions (Fobbe and Hilletofth, 2021); a gap that extends to the Swedish fashion industry. Scholars, therefore, call for more comprehensive examinations of stakeholder interaction (Hörisch et al., 2014; Pagell & Wu, 2009).

3.2. Fobbe and Hilletofth's Framework of Stakeholder Interaction in SBMs

In response, Fobbe and Hilletofth (2021) conceptualize the role of stakeholder interaction within SBMs, offering a framework that explicitly addresses the reciprocal nature of these interactions. Their model advances ST-based research by highlighting stakeholder interactions as continuous, co-influential drivers of SBM.

Presented in Figure 1, the framework comprises three levels that capture the multifaceted role of stakeholder interaction in SBMs. Collectively, these categories illustrate how stakeholder interactions contribute to sustainable value creation, guiding both the strategic and operational development of SBMs. This focus on continuous stakeholder interactions aligns with the Swedish fashion industry, which depends on long-term multi-actor collaboration (Le Feber & Smith, 2023), making the model highly applicable.

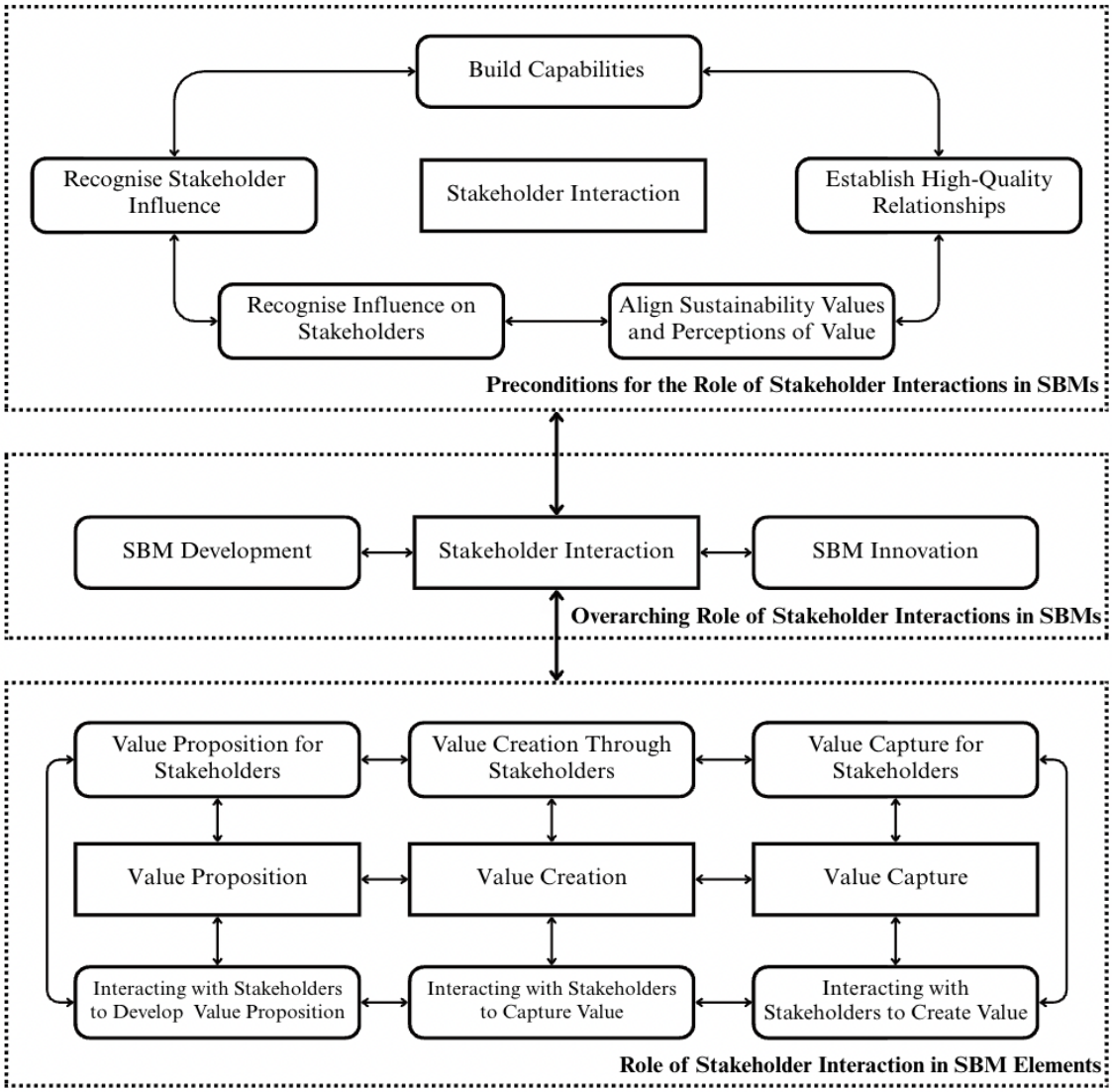


Figure 1: Role of Stakeholder Interaction in SBMs (Fobbe & Hilletofth, 2021)

Although the full framework provides a comprehensive foundation for understanding stakeholder interaction in SBMs, the present study adapts the model by removing the bottom layer concerning value creation, proposition, and capture. This reduction not only sharpens the analytical focus but also reflects the study's objective to understand interaction dynamics rather than evaluate performance outcomes. In other words, because the aim of this study is not to analyze how stakeholders contribute to value creation as defined in Fobbe and Hilletofth's model, but to understand how interaction patterns lead to SBM and SD across non-traditional stakeholders, narrowing the scope enables a clearer and more targeted analysis of stakeholder interaction dynamics.

3.2.1. Preconditions for the Role of Stakeholder Interaction

Fobbe and Hilletofth identify five preconditions for stakeholder interaction that enable effective SBM development. These preconditions determine whether interactions remain superficial or become a continuous process with meaningful stakeholder participation. First, organizations must *build both cultural and structural capabilities*. Cultural capabilities refer to norms and values that align with stakeholder expectations and support shared benefits, while structural capabilities are the organizational processes that enable learning with stakeholders (Stubbs & Cocklin, 2008). Moreover, stakeholders are expected to act independently and entrepreneurially within these processes to proactively contribute to innovation and joint problem-solving (Fobbe & Hilletofth, 2021).

Second, *high-quality relationships* must build on cross-cultural communication, trust, and equity, aligning the stakeholders and organization's sustainability values toward a shared purpose (Díaz-Correa & López-Navarro, 2018; Pucci et al., 2020). Next, *organizations' recognition of their influence on stakeholders* and *stakeholders' recognition on their influence on organizations* requires building alignment while fostering continuous mutual learning (Lüdeke-Freund, 2020; Fiore et al., 2020). Practically, this involves formal mechanisms that enable ongoing interaction,

such as stakeholder advisory panels, workshops, or cross-sector partnerships that regularly exchange expectations, data, and solve emerging issues. These structures institutionalize mutual learning, allowing stakeholders to understand organizational constraints while organizations gain insight into stakeholders' priorities (Collins & Saliba, 2020; Stubbs & Cocklin, 2008).

Finally, *aligning sustainability values* is essential for effective innovation and development. Organizations must coordinate with the right stakeholders to ensure coherence between missions and values, thereby avoiding conflicts of interest (Velter et al., 2020). Alignment is achieved by identifying stakeholders, developing tailored engagement plans with clear objectives, and maintaining consistent two-way communication that adapts to feedback.

3.2.2. The Role of Stakeholder Interaction in SBM Innovation

Stakeholder interaction is the central mechanism connecting SBM development and innovation, but its effectiveness depends on the preconditions discussed above (Fobbe & Hilletofth, 2021). When organisations build the required capabilities, interaction shifts from transactional exchanges to continuous, trust-based collaboration. Under these conditions, stakeholders can meaningfully shape strategic decisions, enabling richer knowledge exchange and joint problem-solving, allowing stakeholder interaction to steer both the creation of new SBMs and the transformation of existing ones. As Schneider and Clauß (2020) further note, long-term partnerships are essential for SBM innovation, and Bocken (2021) shows that SBMs differ from traditional models by reconfiguring stakeholder relationships around sustainability. Thus, the overarching role of stakeholder interaction is strengthened when the above preconditions are in place.

3.3. Stakeholder Governance

While ST highlights the interdependence of organizational actors, it offers limited insight into how these actors influence decision-making. A stakeholder governance perspective addresses this gap by examining how influence is exercised and coordinated across stakeholder groups. Contemporary governance models increasingly emphasize horizontally distributed power, where influence is shared among diverse stakeholders who collectively shape strategic outcomes rather than resting solely with top-down management (Powell, 2010). Kujala and Sachs' (2019) model advances this perspective by highlighting how stakeholder influence shifts through ongoing interaction. They demonstrate that stakeholder influence, referred to as *power* by the authors, evolves incrementally as engagement deepens, giving rise to three mutually reinforcing forms.

Relational power forms the foundation. Through repeated interaction, stakeholders build trust, shared understanding, and long-term commitment with the organization; relational qualities that provide greater access to decision-makers and strengthen stakeholders' voice in shaping organizational priorities. *Interpretive power* emerges as stakeholders begin influencing how issues are framed and understood. Through collaborative dialogue, workshops, and co-creation platforms, they contribute expertise that organizations often lack; shaping how firms diagnose challenges and identify responses. Finally, *normative power* reflects stakeholders' ability to express expectations and ethical concerns. Interaction exposes firms to values that extend beyond economic interests, and as these norms shape decision-making, stakeholders help steer practices and broaden governance attention to their expectations (Kujala & Sachs, 2019).

Together, these dimensions illustrate how increased stakeholder interactions, especially with a broader stakeholder base, reshape influence across stakeholder networks. Actors without formal authority gain relational access, interpretive influence, and normative legitimacy, allowing them to shape strategic decisions without formal, hierarchical influence. Therefore, interactions become central mechanisms for elevating stakeholders. This also becomes relevant in the Swedish

fashion industry, where non-traditional stakeholders may lack formal authority but increasingly shape sustainability transitions.

3.4. Applicability and Theory Modification

Fobbe and Hilletofth's adapted model provide the central theoretical framework for this study. However, while it identifies several preconditions for effective interaction in SBMs, it overlooks a fundamental factor: stakeholders' actual ability to influence change. Therefore, a key limitation of Fobbe and Hilletofth's model is its implicit assumption that stakeholders interact on equal terms, even though influence varies in practice. Without recognizing these differences, the framework risks overstating what interactions practically can achieve, and that formal influence does not translate into actual change.

To address this gap, the present study integrates Kujala and Sachs' (2019) stakeholder governance perspective to clarify how stakeholders without formal authority can gain or lose influence as interactions with non-traditional stakeholders deepen. Combining the two models allows the analysis to capture both the process of interaction (as outlined by Fobbe and Hilletofth) and the distribution of influence within those interactions (as explained by Kujala and Sachs). Together, the frameworks offer a more complete basis for examining how stakeholder interactions contribute to SBM interactions, innovations, and development particularly among non-traditional stakeholders. This integrated approach, presented in Figure 2, strengthens the study's explanatory power, and supports a more nuanced understanding of stakeholder participation in SBMs in the Swedish fashion industry.

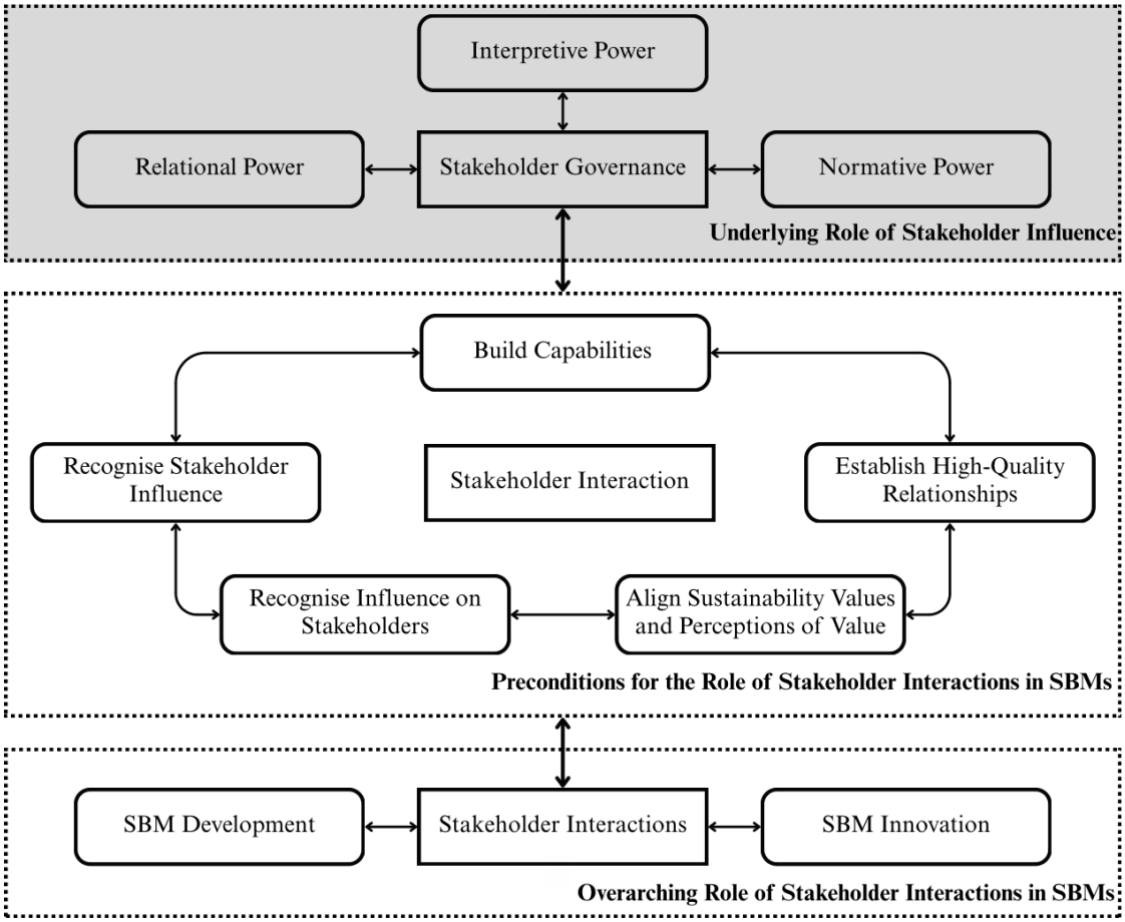


Figure 2: Integrated theoretical framework of stakeholder interactions in SBMs, incorporating stakeholder governance adapted from Fobbe and Hilletofth (2021) and Kujala and Sachs (2019).

4. Methodology

4.1. Research Philosophy and Approach

4.1.1. Research Paradigm

This study adopts an interpretivist research paradigm, viewing reality as socially constricted and continuously shaped by individual interpretations (Bryman & Bell, 2015). The interpretivist approach emerges as particularly well-suited to the present study, since it recognizes that stakeholder interactions related to SD are influenced by the values and priorities of the actors involved. By adopting an interpretivist stance, the study also acknowledges the researcher's role in the co-creation of meaning throughout the research process.

4.1.2. Research Approach

This study further employs an abductive research approach, integrating inductive and deductive reasoning through an iterative process that moves between empirical data and theory (Bryman & Bell, 2015). This approach proved particularly valuable, as unanticipated themes and perspectives emerged during the interviews, prompting the researchers to expand the initially selected model by Fobbe and Hilletofth to incorporate insights from Kujala and Sachs (2019). Through this iterative movement between data and theory, the abductive approach made it possible to identify discrepancies between the two and to refine existing frameworks, so they more accurately reflect the study's empirical context. Consequently, this approach enhanced the model's explanatory power and provided a more nuanced understanding of stakeholder interactions in SD and SBMs.

4.1.3. Cross-Sectional Research

Finally, this study employs a cross-sectional design, wherein data was collected at a single point in time to analyze existing conditions and interactions within the research context (Bryman & Bell, 2015). This design is particularly suitable for the present study, as qualitative data was collected from 17 fashion firms to explore stakeholder interactions. The approach, therefore,

allows for the identification of patterns and differences across firms, offering valuable insights into the relational dynamics that influence SD in Sweden's fashion industry.

4.2. Research Design

4.2.1. Qualitative Design

To explore stakeholder interaction for SD, a qualitative research design was employed. As Yin (2020) highlights, qualitative research enables in-depth understanding of complex social phenomena within their real-life contexts. Because stakeholder research involves numerous, sometimes conflicting interactions, interpretations, and relationships, a qualitative approach is suitable for capturing this complexity. This is particularly true when the study follows an interpretivist perspective (Mitchell et al., 1997).

Finally, qualitative research provides a solid foundation for theory development and discovery (Charmaz, 2014), complementing the study's theory developing aim and abductive approach. Specifically, its focus on depth and context enables the identification of patterns and theoretical gaps, helping refine and extend existing frameworks while keeping theory grounded in empirical reality (Charmaz, 2014). This integration strengthens the study's contribution by linking empirical insights with theoretical advancement.

4.2.2. Interview Structure and Question Design

Semi-structured interviews are the primary data collection method. They enable open yet focused dialogue, allowing interviewees to describe stakeholder interactions while giving researchers the flexibility to probe emerging themes (Kvale & Brinkmann, 2015; Seidman, 2019). This approach fits the study's qualitative, interpretivist design by providing the depth and flexibility needed for insights.

Furthermore, the interview design followed a funnel structure, organized in two stages (Saunders et al., 2019). First, introductory questions about the participant and their company established rapport. Second, the main questions focused on stakeholder interactions, structured around Fobbe and Hilletofth's model to ensure coherence and comparability. This progression helped build trust and openness, enabling more authentic responses (Kvale & Brinkmann, 2015).[1] The latter stage further ensured both depth and consistency, with theory-informed questions made open-ended to enable nuanced perspectives.

4.3. Data collection

4.3.1. Sampling Strategy

The study uses purposive sampling (Patton, 2015) combined with random selection. Firms were first identified based on their classification as SMEs within Sweden's fashion industry. Random selection was then applied to ensure diversity across market niches, from independent designers and slow fashion brands to mainstream retailers, varying in customers, location, offerings, and price. The goal in pursuing this diversity was to reflect various stakeholder interactions and build a stronger foundation for recognizing broader trends within the Swedish context. Importantly, companies were not selected based on expected interactions with non-traditional stakeholders or SD, allowing natural variation and a more authentic view of stakeholder dynamics.

In total, around 720 companies were contacted, resulting in 17 interviews. Outreach occurred in two stages and generated 25 positive responses. First, 90 SMEs identified through networks such as the Association of Swedish Fashion Brands were contacted, yielding 3 interviews.[2] Due to the limited response, the strategy was expanded to include non-traditional channels, particularly

[1] See Appendix 1 for interview guide.
[2] See Appendix 2 for e-mail template to prospective interview subjects.

LinkedIn and Instagram[3], which proved more effective. The final sample size of 17 was reached when additional interviews no longer generated new insights, indicating saturation.

4.3.2. Interview Process

Both in-person and online interviews were conducted to accommodate respondents' preferences and geographical constraints. The sample included 5 in-person interviews and 12 online interviews conducted through Google Meet.

With participants' consent, each interview, lasting between 35-75 minutes, was recorded using the iPhone Voice Memo application while the interviewers simultaneously took notes. The recordings were transcribed using Microsoft Copilot and subsequently summarized and integrated with the authors' notes on a question-by-question basis to capture key insights and trends. Furthermore, all interviews, except one, were conducted in Swedish, and the quotes included in the empirical section were subsequently translated into English by the authors. While every effort was made to preserve the original meaning and context, some nuances may have been lost in translation. To minimize this risk, all translations were cross-checked against the original transcripts for accuracy.

4.3.3. Thematic Analysis

Given the variation among firms, a reflexive thematic analysis was applied to reduce researcher bias and strengthen validity (Braun & Clarke, 2021). Following Braun and Clarke's framework, the analysis began with familiarization and systematic coding of the interview transcripts. These initial codes were reviewed, refined, and organized into broader themes.

Three overarching themes emerged as the main points of differentiation between firms with and without non-traditional stakeholders. These themes were supported by clusters of related codes,

[3] See Appendix 3 for Instagram and LinkedIn outreach message.

second-order dimensions, which explained how and why the firms differed. While the approach followed the flexibility of reflexive thematic analysis, the organization of themes into a structured hierarchy draws inspiration from Gioia (2013), helping illustrate the progression from coded material to higher-level themes.

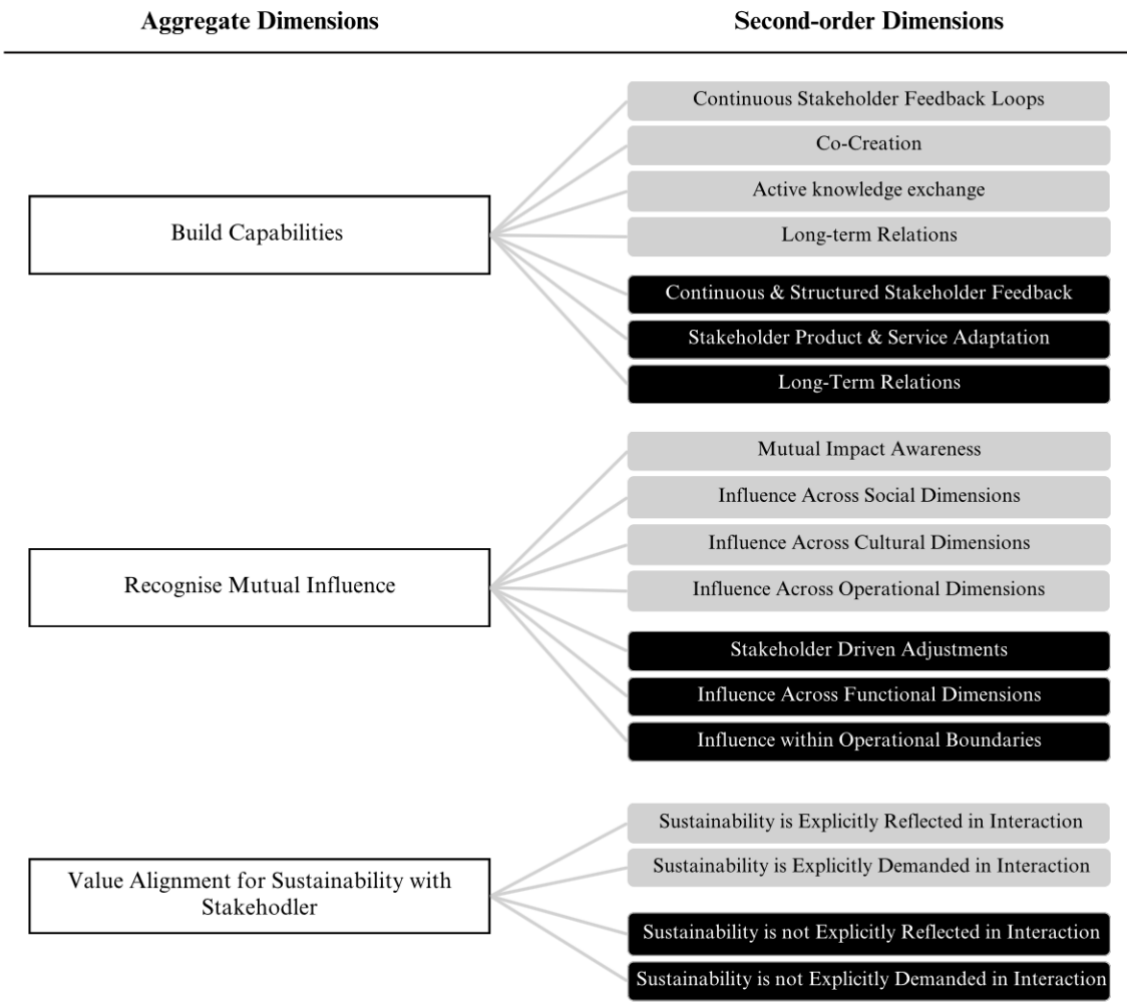


Figure 3: Overview of Thematic Analysis (Zaczek & Yao, 2025)

4.4. Ethical Considerations

Ethical considerations were central to the present study. Following principles of informed consent (BERA, 2018), all participants were informed of the study's purpose, scope, confidentiality, and procedures before agreeing to participate. Confidentiality and anonymity were ensured by removing all identifying information from transcripts and publications. All data was further securely stored in Microsoft OneDrive, accessible only to the research team, in accordance with GDPR and institutional guidelines.

4.5. Use of AI

AI tools were used in limited ways to support the data collection and summary process. All but one interview was audio-recorded and transcribed using Microsoft Copilot to efficiently manage the large volume of qualitative data. Having two complementary data sources (audio-recording and transcription) enabled specific quotes and nuanced statements to be verified manually through cross-checking with the original audio. Importantly, AI was not used to generate codes, themes, or interpretations. The researchers themselves made all analytical decisions, ensuring methodological rigor and integrity of findings.

4.6. Methodological Limitations and Reflexivity

4.6.1. Method and Sample Criticism

The interpretivist and abductive approaches present several limitations. The interpretivist focus inherently limits the transferability of findings beyond Sweden's fashion industry, as stakeholder interactions for SD are highly context-dependent (Bryman & Bell, 2015). Furthermore, cross-sectional design restricts the ability to observe how influence or interactions evolve over time, thereby reducing the potential to infer causality (Bryman & Bell, 2015).

Moreover, all interviews were conducted with founders, CEOs, or management. This was a purposeful choice given that, in the SME context, managers are typically involved in all key

stakeholder activities, making them the most knowledgeable about stakeholder interactions. While including additional groups could have strengthened robustness and ensured triangulation (Flick, 2018), the selected participants were best positioned to provide comprehensive insights due to their overarching exposure. Similarly, the exclusion of external stakeholders, such as suppliers and customers, limits the analysis to internal perspectives.

A further limitation concerns the composition of the sample: all participants already worked with sustainability in some capacity. This may have contributed to a self-selection bias, whereby companies with more established SD interactions were more willing to participate, making the sample potentially non-representative of unsustainable firms. However, because the research focuses on how companies experience and respond to stakeholder expectations related to SD, participants with existing sustainability involvement were able to provide richer, more reflective accounts of these dynamics. Their familiarity with SD practices thus contributed to the depth and relevance of the insights, even if limiting the breadth of perspectives represented.

4.6.2. Thematic Analysis Limitations

Thematic analysis also presents method-specific limitations. While thematic analysis offers flexibility, this adaptability can also reduce analytical depth and risk oversimplifying complex social phenomena (Braun & Clarke, 2021). The coding process may fragment the data, thereby reducing contextual nuance and weakening the link between individual statements and broader narratives. To address these concerns, regular revisits to interview transcripts were implemented to ensure emerging themes remained grounded in original contexts. Additionally, continuous discussions between the researchers enhanced consistency in theme development and prevented overlooking nuances.

4.6.3. Reflexivity

Reflexivity was an integral part of the research process, involving continuous reflection on how the researchers' backgrounds and interest in sustainability might influence the study (Berger, 2015). Acknowledging that full objectivity is unattainable in an interpretivist approach, the researchers actively examined their role in the design, data collection, and interpretation. This included systematic self-reflection, discussions to challenge potential biases, and careful cross-checking of notes, transcripts, and emerging themes for consistency. Therefore, the researchers aimed to enhance the credibility and authenticity of the findings, ensuring interpretations were grounded in participants' experiences rather than researcher assumptions.

5. Empirical Results

Building on the insight that stakeholder interaction is central to advancing SD and SBMs, the empirical findings illustrate how these dynamics unfold in practice. Based on the thematic analysis presented in Figure 3, the interview data reveals three key dimensions of stakeholder interaction: building capabilities, recognizing mutual influence, and aligning values for sustainability. Together, these dimensions indicate how traditional and non-traditional stakeholders, albeit in different ways and extents, shape the development of SBMs through interactions.

The empirical section is organized around these three dimensions. Each theme is first examined through the experiences of firms interacting with non-traditional stakeholders and then contrasted with firms working exclusively with traditional stakeholders. This structure highlights both overlaps and differences, clarifying how stakeholder interactions influence SD of SMEs.

Finally, Table 2 provides an overview of the 17 firms interviewed, indicating whether non-traditional stakeholders were involved.

Nr	Company	Fictive Name	Has Non-Traditional Stakeholders	Role	Size
1	Company A	Anders	Yes, plus-size clients	Co-Founder & CEO	1–5
2	Company B	Berit	Yes, Indigenous producers from villages in Nepal, India, and Himalaya	Co-Founder & CEO	1–5
3	Company C	Clara	Yes, petite and plus-size clients	Founder & CEO	5–10
4	Company D	Diana	Yes, fish industry & Indigenous communities in Sweden and Canada	Co-Founder	1–5
5	Company E	Elisabeth	Yes, specialized sizes (incl. plus-size) and marginalized migrant workers	Founder & CEO	5–10
6	Company F	Felicia	Yes, specialized sizes (incl. plus-size)	Founder & Designer	1–5
7	Company G	Greta	Yes, single-family production in Bali	Co-Founder & CEO	1–5
8	Company H	Hannah	No	Founder & Designer	1–5
9	Company I	Ilma	No	Founder & CEO	10–20
10	Company J	John	No	Co-Founder	20–50
11	Company K	Karin	No	Head of Sustainability	250
12	Company L	Lena	No	Founder & CEO	5–10
13	Company M	Maria	No	Founder and CEO	5–10
14	Company N	Niclas	No	Co-Founder & CEO	10–20
15	Company O	Ola	No	Store manager	5–10
16	Company P	Petra	No	Head of E-commerce	10–20
17	Company Q	Quentin	No	Co-Founder & CEO	1–5

Table 2: Interview Summary.

5.1. Building Capabilities

Companies collaborating with non-traditional stakeholders describe capability development for sustainability as a shared and iterative process with the stakeholders. Firms A and O routinely collaborate with plus-size clients in fittings, fabric tests, and ongoing design refinement, making lived bodily diversity a central driver of product development, innovation, and firm capabilities.

> "We regularly hold fittings, feedback sessions, and interviews with our plus-size clients to [ensure] our garments fit a wide range of body types. Our goal is to offer more sizes and fabrics that stay comfortable as bodies change, and we can only develop these by working directly with clients. They try the clothes and return with feedback. This collaboration builds the [capabilities] we need to make well-fitting, durable clothes." -Anders

> "I realized how difficult it is to find a bra that fits, most are made from one standardized pattern despite women's bodies differing. To create a bra that fits, I need to measure each customer and develop it with her. That meant working together throughout the process and building long-term relationships." -Felicia

> "[Our customers] write to us, send photos, and tell us what they need. We invite them to events and make them feel recognized in the brand. That's how the resale platform came about. People's bodies changed, and they wanted to stay sustainable while selling and buying clothes on a trusted platform" -Clara.

Capabilities also emerge through broader cross-cultural knowledge exchange. Company B, for instance, builds its business model on long-term collaborations with textile academics, dyers, and Indigenous producers in India and Nepal, regularly working with them to refine production methods, co-develop sustainable fabrics, and strengthen social sustainability.

> "We focus on building high-quality relationships and co-creating capabilities with our stakeholders, while also connecting their knowledge with one another. We travel to conferences to meet academics, learn new sustainable dyeing, and visit our seamstresses in Nepal and India. …Everything we learn is shared across stakeholders to improve techniques, production, and develop. We also bring our producers' expertise to conferences and share it with the community." -Berit.

Company D echoes this logic, stating:

> "Our work depends on the knowledge of [Indigenous] partners. They teach us traditional ways of treating [animal] skin, and we experiment together to adapt these methods for our production. They're always testing new techniques and suggesting refinements, and we adjust our processes in response, but also teach them stitching techniques. It's genuinely a two-way exchange." -Diana.

Contrastingly, companies interacting with traditional stakeholders rely on more structured tools, such as surveys, ratings, reviews, and supplier updates, to build capabilities.

> "Most of the [capability building] relates to colors, fit, or which items we should remove based on customer feedback. It helps us plan collections and amounts to produce, but it doesn't change how [we] work or produce." -Niclas.

> "Customers, [through in-store interaction or social media], tell us what they want but there isn't much interaction otherwise. We take their input, and then we make the decisions internally." -Ilma.

Supplier relationships follow a similar pattern. Companies occasionally receive suggestions about more durable or sustainable fabrics, but they do not engage suppliers in joint experimentation or development.

> "Our suppliers sometimes show us new materials or production methods, and we choose what fits. So [we] do travel to [our suppliers], but we don't actively work with them to create new techniques, it's more about selecting from the best that exists." -John.

5.2. Value Alignment for Sustainability

For firms interacting with non-traditional stakeholders, interviewees consistently describe a strong alignment between their sustainability values and those of the stakeholders. This alignment was often described and developed in direct relation to what stakeholders articulated during early stages of product and business model development.

> "Initial fittings with 35 participants confirmed shared values around inclusion, comfort, quality, and sustainability to create [clothes] that fit everyone and could be worn for a long time… So, we saw an alignment between what we were doing and sustainability through fittings with plus-size users." -Anders.

> "Plus-size women are very underrepresented and have traditionally had hard time finding suits. My own mother, a size 48, was a key example. Her occupation required formal clothes, but she could never find suits that fit." -Clara.

A recurring pattern among the companies interacting with non-traditional stakeholders was also the presence of a strong emotional motivation underpinning their sustainability initiatives. These personal connections and lived experiences frequently shaped the firms' commitment to addressing unmet needs and advancing more inclusive and sustainable solutions. For Company E and C, explicit value alignment with non-traditional stakeholders around sustainability developed later but still stemmed directly from ongoing and continuous stakeholder interaction.

> "When we began working with [marginalized migrant seamstresses], we immediately saw that they shared our sustainability values, both in creating long-lasting clothing and meaningful work that gave them financial independence. For them, sustainability meant durable garments as well as economic dignity, which we agreed with and integrated." -Elisabeth.

> "Our [traditional] clients told us that they wanted durable and long-lasting clothing. As the brand grew, we saw that we had missed plus-size clients, and so we shaped our designs, sizes, and materials around what these stakeholders wanted. This wasn't easy, especially in relation to our investors, who saw plus-sizes as risky since there could be stockouts. But because we had regular feedback with this segment, we understood what they needed and minimized risks."-Clara.

Firms with traditional stakeholders exhibited a different pattern: sustainability values are internally driven by the company, but these values are seldom explicitly shared with or demanded by stakeholders.

> "Customers care about quality, style, fit, and longevity, not sustainability. So, we make clothes that are sustainable in practice, using high-quality materials and fair production, which is important for us, but for clients, the priority is paying for something that feels exclusive and timeless." -Ilma.

> "Sustainability has a negative sound among customers […] they want good products without the explicit sustainability label." -Niclas.

> "Our suppliers care about sustainability, but that I feel is because with sustainability comes the more premium fit and feel, which is what our specific supplier specializes in. So even if we actively sought them because of sustainability, they aren't [framed as sustainable]" -John.

> "In my opinion we communicate a little too little about our product's sustainability. [...]If consumers are to make sustainable choices, they shouldn't buy many products but use them well" -Karin.

> "We have seen over time that sustainability is not what attracts most customers. Sustainability is something that might make the customer become loyal to a brand, and it can be a bonus. But it's design and comfort that usually matters more" -Petra.

Some traditional-stakeholder firms did, however, acknowledge this dynamic and attempted to influence stakeholder by communicating sustainability indirectly through quality and longevity. However, these stakeholders were limited:

> "We try to show customers that choosing something that lasts longer is better. It often makes them rethink what they buy. Beyond that, we prioritize suppliers who work responsibly, even if customers don't explicitly ask for it." -Maria.

5.3. Recognize Mutual Influence

Among the companies working with non-traditional stakeholders, there is a clear recognition that influence is two-directional, shaping both the companies and the stakeholder groups they interact with.

> "Some of [the migrant seamstresses] had difficulties getting jobs in Sweden. Now they earn their own income while contributing to our production. They are of course thankful for this opportunity, but most importantly we are thankful for working with them and learning from their techniques [...]" -Elisabeth.

> "We've influenced our partners in Nepal and India by helping them adopt organic dyeing techniques and supporting local innovation projects. For example, we work with [firms] extracting gas from pine residues in the Himalayas to help our producers improve production times. […] But importantly, our techniques and products are shaped by our stakeholders, their expertise is central. They determine how long an order takes, and we adjust, reminding us that they influence our processes just as much as we influence them." -Berit.

These examples illustrate a broader pattern observed across the dataset. Mutual influence was consistently described as a defining feature of relationships with non-traditional stakeholders. Firms reported that these reciprocal interactions generated new skills and enhanced production knowledge. Moreover, recognition of the impact non-traditional stakeholders had on companies, and active reflection of this has also led to more innovative processes and SBMs among companies.

> "[Our plus-size clients] tell us what they need, and when we sit in design meetings, we realize how dependent we are on them. […] Our resale platform emerged directly from customer feedback. Clients wanted a sustainable, trusted way to resell items or purchase at a lower price. […] So, we built a solution to meet that need." -Clara.

> "Having worked with sustainability for many years at EU, international, and firm levels, I've seen that sustainability is easier to talk about when it's made fun. [Company D's] first chance to do that was at the Nordic Seafood Summit, where I convinced my contacts to let us host a fashion show. Because the fishing industry is rarely seen together with fashion, we created an icebreaker to talk about sustainability." -Diana.

A similar pattern of mutual influence is also visible among traditional stakeholders, though in slightly different ways:

> "We did a sustainability-pilot test in 12 shops where we had customers give back their old products for shopping points. Once we saw that customers responded positively, we started implementing that in almost all our stores." -Karin.

> "We know we influence both suppliers and customers, and they influence us. If a supplier cuts corners on sustainability, we end the collaboration, which matters to them. We also see our impact on customers as we educate them on the value of buying fewer but higher-quality garments, and this shapes how they view sustainability because they tell us that when they come back." -Maria.

However, some companies with traditional stakeholders claim that although they recognize the influence stakeholders have on them, not all clients want to adapt to sustainability.

> "Feedback shapes our products, which we realize. Customers help us refine fit or adjust materials, and suppliers introduce improvements that make production smoother. But because our clients don't want sustainability per se, it's hard to influence them liking sustainability. We keep sustainable practices, but don't market them as such to clients." -John.

> "Stakeholder feedback helps us refine fit, materials, and small process improvements. But since our clients aren't driven by sustainability our influence is small." -Petra.

6. Analysis

The following section analyzes and compares how SMEs interact with traditional and non-traditional stakeholders, and how these interactions influence SD and the development of SBMs. Drawing on the empirical themes and the modified theoretical framework, it explains variations in stakeholder interaction and their implications for SD and SBM innovation, forming the basis for answering the research question.

The findings of the analysis are summarized in Figure 4. The figure positions each firm according to its level of stakeholder interaction for SBM development, ranging from low to high. Firms involving non-traditional stakeholders are shown in grey, while those working only with traditional stakeholders appear in black. The distribution illustrates clear patterns: firms with non-traditional stakeholders generally appear higher in the pyramid, indicating more frequent, co-creational, and sustainability-oriented interactions; meanwhile, firms relying solely on traditional stakeholders tend to cluster in the medium-low and low categories. Thus, the figure provides an overview of how different types of stakeholder interaction relate to the depth and strategic orientation of SD across firms.

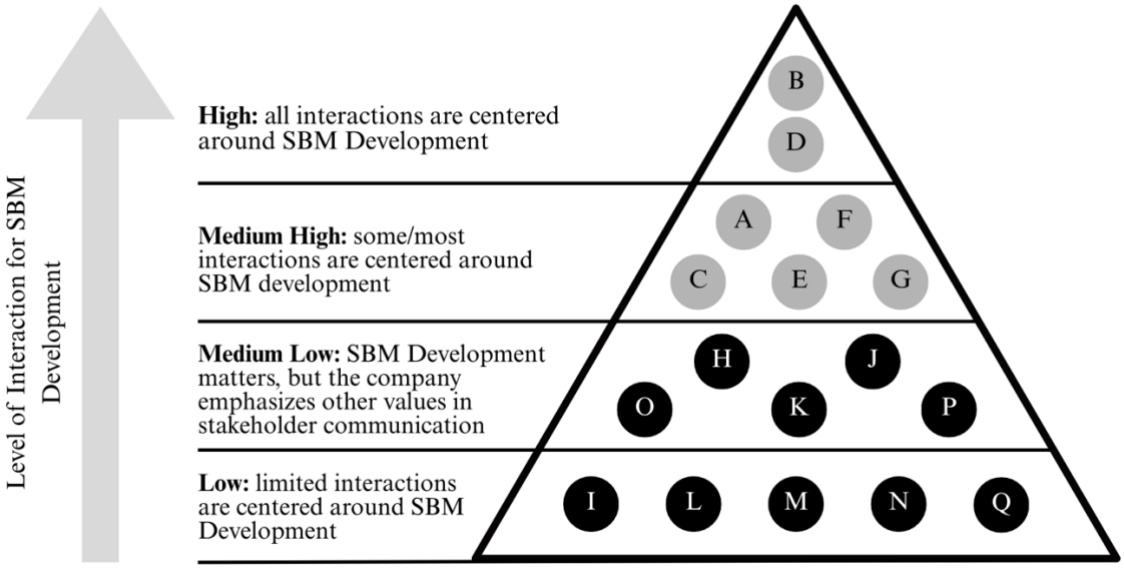


Figure 4: Respondents' positions in relation to level of interaction for SBM development (Zaczek & Yao, 2025)

6.1. Preconditions for the role of Stakeholder Interaction in SBMs

The empirical results indicate clear differences in how firms develop the preconditions for effective stakeholder interaction. These differences become apparent across the five precondition dimensions outlined by Fobbe and Hilletofth, which structure the analysis below. Each dimension is examined by contrasting firms interacting with non-traditional stakeholders with those interacting only with traditional stakeholders.

6.1.1. Building Capabilities

Firms working with non-traditional stakeholders build capabilities through close and continuous interactions. Specifically, cultural capabilities develop as company values align with stakeholder priorities, such as inclusive sizing and design or traditional craft, while structural capabilities emerge through regular feedback loops, workshops, and site visits focused on shared learning. Non-traditional stakeholders also act entrepreneurially by testing new techniques and methods to improve the social and environmental sustainability of garments, sizes, and production. Firms, in turn, adapt through reciprocal learning and joint problem-solving with the stakeholders, remaining open and willing to engage in this co-creation.

Contrastingly, firms with traditional stakeholders develop capabilities through more distant mechanisms. These interactions reflect transactional relationships in which stakeholders, especially customers, are neither positioned nor expected to act independently or entrepreneurially. The situation differs slightly for suppliers, as noted by John, but neither his comment nor broader patterns suggest that companies actively encourage or seek deeper interaction to enhance supplier capabilities or stakeholder interaction more generally. Consequently, capability development remains primarily operational, lacking the deeper cultural, structural, and entrepreneurial dimensions emphasized by Fobbe and Hilletofth (2021).

A clear distinction therefore emerges among firms interacting with non-traditional stakeholders, capabilities develop *with* stakeholders rather than *for* them, embedding co-creation into everyday practices and strengthening both firm competencies and stakeholder agency, confirming the results presented by Fobbe and Hilletofth (2021) and Stubbs and Cocklin (2008).

6.1.2. Alignment of Sustainability Values

Companies with non-traditional stakeholders demonstrate a clear two-sided value alignment for sustainability. Across firms, sustainability, both in social and environmental terms, is described as something stakeholders explicitly articulate and demand, but also something companies explicitly articulate and supply, making sustainability central to interactions. This occurs to varying degrees, but even when companies do not already share these values, they adapt as illustrated by Company C and E.

Contrastingly, companies working with traditional stakeholders tend to keep sustainability internal rather than openly expressed. Although these firms were committed to responsible sourcing, durable materials, and ethical production, such values were rarely explicitly demanded by stakeholders and therefore seldom explicitly communicated by the firms. Instead, sustainability was quietly embedded in choices, but its benefits were framed through quality, longevity, or craftsmanship. Therefore, sustainability remains an internally driven priority rather than a co-defined value, creating a degree of misalignment between firms and their stakeholders, especially customers, which ultimately lead companies to compromise through a tacit rather than explicit commitment.

Therefore, this contrast highlights a central trend: with non-traditional stakeholders, sustainability is explicitly negotiated and mutually reinforced, while with traditional stakeholders it remains internal, implicit, and decoupled from interactions. This divergence shapes not only how sustainability is enacted but also how visibly it becomes part of the business model.

6.1.3. High-Quality Relations and Recognized Influence

Both groups demonstrate high-quality stakeholder relationships, characterized by frequent communication, openness, and active feedback exchange. Companies invite stakeholder input and treat stakeholders as valued partners, with interactions consistently described as trusting and respectful. However, the outcomes of these relationships, and how firms recognize this influence, differs.

Companies interacting with non-traditional stakeholders experience more substantial and transformative mutual influence. Stakeholder input actively shapes strategic decisions, drives innovation, and informs sustainability practices through ongoing co-creation, with influence flowing both ways and often prompting shifts in business models, production methods, and organizational values. This trend was observed across the sample, and, although varying in degree, it remained consistently high and related to sustainability.

Contrastingly, firms working with traditional stakeholders show more limited and incremental forms of mutual influence. Customer or supplier feedback may refine products or processes, but it rarely affects deeper structures such as cultural norms, capability development, sustainability logic, or recognizing a fundamental need to change behaviors. Traditional stakeholder influence, while present, tends to remain within established commercial expectations rather than prompting sustainable innovation.

6.2. Stakeholder Influence

Companies engaging with non-traditional stakeholders clearly exercise relational power. Regular contact, long-term collaboration, and cross-cultural communication create strong ties that give these stakeholders direct access to decision-makers, especially in SMEs where management is closely involved in daily operations and strategy. The trust built through fittings, workshops, and

site visits reflects the relational depth Kujala and Sachs identify as essential for redistributing power.

This relational foundation also enables interpretive power. Non-traditional stakeholders reshape how firms understand key sustainability issues: migrant workers redefine meaningful work, producers in Nepal reshape production methods, fish-industry professionals introduce waste-based materials, and plus-size clients reframe sizing as inclusion. Through ongoing dialogue and co-creation, these stakeholders broaden the firm's interpretive lens and help set priorities, demonstrating the interpretive power that arises from iterative, knowledge-rich interaction.

Normative power is also strongly present. Non-traditional stakeholders articulate values tied to equity, cultural preservation, and bodily diversity. Through sustained interaction, these norms become embedded in decision-making, guiding firms toward more sustainable practices. This explains why sustainability becomes a visible, negotiated, and shared value in these companies: stakeholders possess the normative power to anchor sustainability as a moral and strategic imperative.

Contrastingly, companies interacting with traditional stakeholders exhibit some relational power, mainly through the more transactional feedback exchanges, but show little interpretive or normative influence. Although relationships are positive and respectful, the interactions lack the depth, continuity, and knowledge-sharing needed for stronger influence. Stakeholders provide input, yet they do not participate in reframing problems, shaping strategic priorities, or challenging underlying assumptions; showing lower levels of influence, especially as the companies themselves work for sustainability but this is not influenced or shared by stakeholders. Consequently, interpretive power remains internal to the firm, and normative power is confined to existing commercial expectations. Sustainability values, therefore, remain implicit, unchallenged, and disconnected from stakeholder involvement.

Taken together, the findings illustrate Kujala and Sachs' core proposition: stakeholder influence expands when engagement deepens and becomes multidimensional. Firms working with non-traditional stakeholders illustrate how relational access enables interpretive and normative influence, allowing actors without formal authority to shape organizational priorities, business models, and sustainability trajectories. Conversely, when interaction remains transactional, relational power does not evolve into broader forms of influence, and stakeholders' ability to drive sustainability-oriented change through interactions remains constrained.

6.3. Overarching role of Stakeholder Interaction

Firms interacting with non-traditional stakeholders show great innovation and continuous SBM development. This innovation is enabled by their stakeholders being embedded in daily activities, co-creating products, and contributing to materials, fits, production methods, and other SBM elements. Their lived experiences and cultural knowledge provide insights that firms would not otherwise access, enabling innovations that are co-created and broaden both the company's and the industry's understanding of SBMs and the range of product offerings they can encompass. This co-creation is also visible in more gradual SBM development.

Contrastingly, firms interacting with traditional stakeholders exhibit lower levels of innovation, particularly when considering collaboration with stakeholders. Interactions remain transactional, with stakeholders providing feedback through surveys, ratings, or occasional suggestions, input that supports incremental adjustments in colors, styles, or collection planning but rarely drive SBM innovation.

Therefore, a clear distinction emerges firms partnering with non-traditional stakeholders unlock transformative SBM innovation, whereas those relying on traditional stakeholders remain confined to incremental improvements.

6.4. Conclusions from Analysis

The analysis highlights clear differences in how firms interact with stakeholders for SBM innovation and development. Firms working with non-traditional stakeholders consistently meet the preconditions outlined by Fobbe and Hilletofth, fostering more inclusive and aligned relations that allow stakeholders to contribute unique knowledge, co-create offerings, and influence the firm's strategic direction, shaping SBM development and innovation.

Kujala and Sachs' perspectives further clarifies why these dynamics emerge. Non-traditional stakeholders gain power and influence because their close and continuous involvement provides regular access to decision-makers; particularly in SMEs, where leadership is more involved in development processes. Through repeated interactions, these stakeholders help reframe problems, shape interpretations, and influence the prioritization of sustainability issues, thereby deepening their impact on the firm. Consequently, their contributions affect not only what is developed, but also how the organization understands its broader purpose, strengthening their influence and shaping the trajectory of SBM development and innovation. This illustrates that it is not only the existence of interactions or preconditions that matter, but also stakeholders' ability to leverage these interactions to expand their influence, which becomes a critical driver of SBMs.

Traditional-stakeholder firms, however, are far less embedded in production or co-development. Therefore, they meet Fobbe and Hilletofth's preconditions to a much lesser degree. This limits stakeholders' ability to shape development for SBMs in more substantive ways because interactions remain transactional, offering minimal opportunities for shared learning or strategic influence. This is not to suggest that these companies lack sustainability ambitions; rather, their limited co-creation and stakeholder involvement indicates they make fewer concrete advances in their SBMs and rarely pursue the kind of transformative innovations seen in firms working with non-traditional stakeholders.

Moreover, traditional stakeholders rarely move beyond minimal relational influence. Their engagement is limited to occasional, transactional feedback that lacks the depth needed to challenge assumptions, reshape interpretations, or meaningfully steer sustainability priorities. Therefore, interpretive power stays concentrated within the firm, normative power remains tied to existing commercial logics, and sustainability values remain implicit, disconnected from stakeholder involvement.

7. Conclusions

7.1. Answering the Research Question

The research question guiding this study asked:

How do non-traditional stakeholders advance sustainable development among SMEs in the Swedish fashion industry?

The findings show that non-traditional stakeholders are embedded in firms' daily activities and engage in continuous co-creation, enabling more innovative SBMs and sustainability solutions. This is primarily due to the close, co-dependent interactions non-traditional stakeholders form with SMEs, as illustrated by the preconditions. These interactions are particularly valuable because they introduce broader, underrepresented perspectives, and novel knowledge that only non-traditional stakeholders, through their distinct backgrounds and identities, can contribute, leading to more adaptable and thus more sustainable outcomes. Contrastingly, traditional stakeholders provide merely transactional input due to the nature of their interactions, resulting only in incremental improvements and limited novel knowledge transfer.

Beyond this, the study also reveals how non-traditional stakeholders become so influential: SMEs form deep, evolving relationships with them, integrating these actors directly into innovation processes and SBM development. Therefore, non-traditional stakeholders move from being external influencers, as is the case with traditional groups, to becoming co-creators and drivers of SD. Here, Fobbe and Hilletofth's preconditions play a defining part, but equally crucial is the stakeholders' influence. As firms collaborate more closely with non-traditional stakeholders, these stakeholders gain relational and interpretive power, giving them direct access to decision-makers and a voice in how problems are framed and prioritized; an influence that arises specifically from the close nature of their interaction.

Collectively, the findings show that stakeholder roles are not fixed attributes, but instead shaped by the depth of interaction, degree of embeddedness, and distribution of power within SME-stakeholder relationships. In other words, the differences in stakeholder influence are not just *what* the stakeholders do, but *the structural and relational conditions* that allow (or limit) their ability to drive SD.

7.2. Contributions to Theory

The present study shows that non-traditional stakeholder interaction can serve as a key driver of SBM innovation when the necessary preconditions are in place. Furthermore, in the studied sample, these preconditions were met more frequently and more comprehensively in firms that interacted with non-traditional stakeholders, highlighting that such conditions are essential for enabling meaningful sustainability progress within SMEs. The findings, therefore, confirm, and add empirical nuance to, Fobbe and Hilletofth's model by demonstrating that, when the preconditions are fulfilled, stakeholder interaction does lead to meaningful SBM development and innovation.

Moreover, the study extends Fobbe and Hilletofth's model in important ways. By incorporating non-traditional stakeholders and comparing them with firms that interact only with traditional actors, an area not previously examined within this framework and generally underexamined in literature, the study shows that different stakeholder groups vary in how strongly they meet the preconditions for effective SBM. Notably, non-traditional stakeholders tend to fulfil these preconditions to a greater extent, which enables them to play a uniquely influential role in SBM innovation and development; especially due to their specialized interests, lived experiences, and strong motivation to influence production and design processes.

Furthermore, the study advances the model by integrating Kujala and Sachs' stakeholder influence perspective, addressing a key gap in Fobbe and Hilletofth's framework regarding how

stakeholders use interactions to build influence and shape sustainability priorities. This addition clarifies not only when interactions enable SBM development, but also how stakeholders can strengthen their influence through these interactions, ultimately shaping the direction and ambition of SBM innovation.

Finally, the research also extends Kujala and Sachs' model by introducing a comparison between traditional and non-traditional stakeholders, an aspect not previously examined. This comparison highlights how these groups differ in their ability to build and exercise influence, showing that non-traditional stakeholders can achieve this more effectively because they more consistently meet the preconditions for interaction outlined by Fobbe and Hilletofth.

7.3. Limitations of the Study

Despite offering valuable insights, the study has several limitations. This study focuses primarily on the perspectives of firms, meaning that stakeholder viewpoints, particularly those of stakeholders, are represented only indirectly through the interviewed managers. Incorporating stakeholders' own accounts would have provided a more comprehensive understanding of how influence and interaction unfold from both sides, and whether their interpretations differ.

Additionally, the fashion industry in Sweden operates within a context characterized by strong sustainability norms and a high societal commitment to SD. This may encourage greater openness toward non-traditional stakeholders and SBMs than would be found in other countries or industries. Therefore, the dynamics identified in this study may not fully represent stakeholder relationships in contexts where sustainability is less deeply embedded in institutional or cultural norms.

7.4. Suggestions for Future Research

While this study provides new insights into how different stakeholder groups shape SBM development and innovation within Swedish fashion SMEs, it also opens several avenues for further research.

First, future studies could extend the analysis by comparing SMEs with large fashion brands or firms. The present findings suggest that SME characteristics, such as more hands-on leadership and closer stakeholder relationships, amplify stakeholder interactions and influence. However, it remains unclear whether similar dynamics occur in large fashion companies, where greater organizational complexity and increased distance from decision-makers may limit non-traditional stakeholders' ability to interact or build relational and interpretive power. Comparative research would clarify whether the mechanisms identified here are SME-specific or generalizable. Such research further becomes particularly interesting in the case of larger companies, as they are more heavily regulated in sustainability and due-diligence areas, which may further shape how stakeholder interactions and influence unfold.

Second, the empirical findings reveal a recurring tension between customers and firms with traditional stakeholder groups. Several interviewees claimed that customers do not care about sustainability, creating a dissonance between the firm's sustainability ambitions and what they believe the market demands. This often makes firms avoid presenting themselves as sustainable and instead emphasize timeless, high-quality clothing, despite internally working toward SD. This gap between internal sustainability efforts and external communication highlights a broader challenge in translating sustainability into market-facing strategies. Therefore, future research could explore why this narrative and dissonance arise, and how firms can reduce this tension by better aligning customers with their internal sustainability vision.

7.5. Closing Remarks

This thesis demonstrates that interactions with non-traditional stakeholders advance SD within Swedish fashion SMEs. Drawing on an integrated framework combining Fobbe and Hilletofth's model with Kujala and Sachs' stakeholder influence perspective, the study shows that embedding non-traditional stakeholders in firms' daily activities enables continuous co-creation and the development of cultural, structural, and entrepreneurial capabilities, outcomes not achieved in the more transactional interactions typical of traditional stakeholders. Furthermore, these close, and co-dependent interactions seen with non-traditional stakeholders introduces novel perspectives and knowledge, strengthens sustainability value alignment, and makes sustainability a visible and shared part of everyday practices.

As these preconditions are met, non-traditional stakeholders gain relational, interpretive, and normative power, giving them access to decision-makers and influence over how problems are framed. Therefore, the interactions of non-traditional stakeholders allow them to become integrated co-creators of SBM development and innovation within SMEs.

Taken together, these findings underscore that stakeholder influence is not a static attribute but a product of the structural and relational conditions in which interactions occur. By reshaping these conditions, firms can unlock the full potential of stakeholders as powerful drivers of SD and long-term business transformation.

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Appendices

Appendix 1. Interview Guide

Intro to "warm up":

- Please introduce yourself, your background, and the company.
- What is your company's view of sustainability?

Section 1: Preconditions for the role of non-traditional stakeholder interaction in SBMs

1. Does your company interact with non-traditional stakeholders regarding SBMs?
   - If so, could you describe how these interactions take place and what motivates them?

2. Has your company established high-quality relationships with its non-traditional stakeholders regarding SBMs?
   - What characterizes these relationships, and how have they evolved over time?

3. Does your company plan to build or continue building high-quality, long-term interactions with non-traditional stakeholders regarding SBMs?
   - What intentions or strategies guide these plans, and how do stakeholders respond?

4. Do your stakeholders align their sustainability values and perceptions with your company's values, and vice versa?
   - Can you provide examples of alignment, or misalignment, and how these influence your sustainability work?

5. Does your company recognize its own influence on non-traditional stakeholders during interactions?
   - In what ways do you see your company shaping their behaviors, priorities, or perceptions?

6. Does your company recognize the influence non-traditional stakeholders have on it, and vice versa?
   - How do these stakeholders affect your decisions, strategies, or sustainability ambitions?

Section 2: Overarching role of non-traditional stakeholder interaction in SBMs

1. What role does interaction with non-traditional stakeholders play in the development of SBMs in your company?
   - How do these interactions shape or inform your overall sustainability business model?

2. What types of interactions has your company engaged in with non-traditional stakeholders regarding SBM development?
   - Could you describe the forms these interactions take, for example, collaborations, consultations, co-creation, or other formats?

3. What role does interaction with non-traditional stakeholders play in SBM innovation in your company?

- How have these stakeholders contributed to new ideas, processes, or business model transformations?

4. What types of interactions has your company used with non-traditional stakeholders regarding SBM innovation?
   - Please describe any initiatives, partnerships, workshops, or other engagement activities that support innovation.

Section 3: Role of non-traditional stakeholder interaction in SBM elements

For each of the following SBM elements, please explain the role your non-traditional stakeholders play, including examples where possible:

1. Proposing SBM values
   - How do non-traditional stakeholders/traditional stakeholders influence or contribute to the identification and formulation of sustainability value propositions?

2. Creating SBM values
   - In what ways do they take part in or enable the processes that generate sustainable value?

3. Capturing SBM values
   - How do non-traditional stakeholders affect how value is measured, shared, or realized in your sustainability business model?

Appendix 2. E-mail to prospective interview subjects

Hi [employee of company X],

We are two bachelor students at the Stockholm School of Economics currently writing our thesis in Management. Our study explores how small and medium-sized enterprises (SMEs) in the Swedish fashion industry approach sustainability, particularly what motivates them to engage in sustainable practices beyond legal requirements.

We believe your company represents an important perspective in this area, and we would be very grateful for the opportunity to interview you. The purpose of the interview is to understand your experiences, challenges, and reflections related to sustainability, whether your company actively works with these issues or not.

We expect to do the interviews within the following weeks (preferably week 44 or 45). We fully understand that you might have a busy schedule and we are therefore very flexible with both time and place for the interview.

The interview is expected to take approximately 45-60 minutes. All responses will be treated with strict confidentiality and stored securely in accordance with the ethical guidelines and data protection regulations of Stockholm School of Economics. The study is fully anonymous for both individuals and organizations, meaning that no information that could identify participants or companies will appear in the analysis, results, or any published material.

Our hope is that this research will contribute to a better understanding of the drivers and barriers of sustainable development in the Swedish fashion sector and offer valuable insights to both academia and practice.

Thank you very much for your time and consideration.

Kind regards,
Emily Yao & Magdalena Zaczek

Appendix 3. Instagram & LinkedIn outreach to prospective interview subjects

Hi!

We are two bachelor students at the Stockholm School of Economics currently writing our thesis in Management. Our study explores how small and medium-sized enterprises (SMEs) in the Swedish fashion industry approach sustainability, particularly what motivates them to engage in sustainable practices beyond legal requirements.

We believe your company represents an important perspective in this area, and we would be very grateful for the opportunity to interview you. The purpose of the interview is to understand your experiences, challenges, and reflections related to sustainability.

We expect to do the interviews (30-40 min) within the following weeks (preferably week 44 or 45). We fully understand that you might have a busy schedule and we are therefore very flexible with both time and place for the interview.

All responses will be treated with strict confidentiality and stored securely in accordance with the ethical guidelines and data protection regulations of Stockholm School of Economics.

Thank you very much for your time and consideration. We would be truly grateful if you or any colleague of yours would be available.

Kind regards,
Emily Yao & Magdalena Zaczek