The Interplay of Sustainable Development and Managers of Scandinavian SMEs

A qualitative approach on how Scandinavian managers view and prioritize the three pillars of sustainable development and how this affects their overall performance.

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Preface

This master's thesis is written by two students enrolled in the Master's Program of International Business, at the Faculty of Business and Law at the University of Agder. The thesis represents our final work at UiA and marks the end of an era. The process has been demanding, time consuming and at times frustrating, however, the professional gains achieved have contributed to new perspectives and knowledge, as well as allowing us to acquire deeper insights in a subject we find interesting.

The collaboration between the two researchers has been absolutely fantastic, and we have learned a lot from each other. We further hope and believe that this is reflected in the thesis.

First of all, we would like to thank our supervisor, professor Kalanit Efrat. Thank you for taking the time to help us by answering questions and guiding us in the right direction. We would also like to take this opportunity to thank all our respondents. We appreciate that you took the time to meet with us and answer our questions, to help cover deficient areas in the research literature. An additional thanks to the two participants in the test interviews, contributing to an improved version of the interview guide.

We would further like to thank our previous professors at UiA. You have contributed to capital in the form of knowledge which we have benefited from throughout our thesis.

Finally, we wish to express our deepest gratitude to our families for the endless support and encouragement throughout our entire course of study. Thank you!

We hope that our research will provide and improve a broader understanding of the subject "sustainable development" in the form of the three pillars, and how this affects managers in Scandinavian small and medium-sized companies. We further hope that an increased understanding of this can lead to more research in this important area.

Abstract

The topic of this thesis is the interplay of sustainable development and managers of Scandinavian small and medium sized enterprises (SMEs). As a delimitation, we address the three pillars of sustainable development; the financial, social and environmental pillar, which will work as a basis for our thesis. This framework was selected due to its dominant position in the research literature. The quantity of SMEs has experienced a significant increase since the beginning of the 21st century and represents as much as 90% of businesses globally and 99% of businesses in Europe. SMEs are of high importance in the global economy, and because of their dominant position it is therefore important that these companies contribute to sustainable development by integrating sustainability in their core business model, decision process and that it is reflected through their actions. The importance of managers is illustrated through their key position in the company and their attitudes and values coinciding with the company's core values. The Scandinavian countries have outperformed the rest of the world on the sustainable competitiveness index. This has aroused our curiosity - what are these countries doing that other cannot? The purpose of this thesis has been to explore managers' subjective attitudes and perspectives and how this relates to their prioritizing of the three pillars of sustainable development.

Our study is based on a qualitative research design where we have used an exploratory, inductive approach that emerges through our use of the research method Grounded theory. The data has been collected through 12 semi-structured interviews with informants based on predetermined criterion. This data has created the basis for our analysis which was performed through a harmonious interplay between the Gioia method and Grounded theory.

Our research shows that managers in Scandinavian SMEs are not sustainable according to the three-pillar model, due to an unequal priory of the three dimensions. We also see that several of the sustainability measures that have been implemented are a result of external factors, such as laws and governmental regulation or customers' expectations, and not necessarily a voluntary action. Furthermore, our empirical study indicates that there is a lack of knowledge concerning sustainability among managers in Scandinavian SMEs. The research has uncovered an increasingly likelihood of conduction unintentional greenwashing as a result of unknowingness. Our empirical research provides both theoretical and practical implications, providing a solid foundation for further research.

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1. Introduction

In this chapter, we will demonstrate the importance of conducting this study. It is illustrated by providing an insight into the current situation in relation to sustainability, management, and business at a global level, but especially in Scandinavia. Furthermore, we will also point out areas where there is a lack of literature and research gaps. Our goal with this thesis is to shed light on topics we consider extremely important, as well as close several of the research gaps we have identified.

1.1 Background of the study

During the last century, the Scandinavian countries have experienced a tremendous increase in prosperity. From being strongly affected by poverty in the 19th century, the countries experienced economic prosperity in the latter half of the 20th century as a result of increased extraction of, among other things, raw materials such as natural gas and oil (Nordic Cooperation, n.d). Today, Norway, Sweden and Denmark are considered to be some of the richest countries in the world (WorldData, n.d). This is an example of how rapidly and drastic circumstances can change.

Over the years we have witnessed the world becoming more complex and interconnected, as a result of both internationalization and globalization. Internationalization is explained as the process where companies progressively increase their international involvement (Johanson & Vahlne, 1990). The definition of globalization varies depending on what angle that is emphasized when defining it, however Gibson- Graham (1996) has offered an adequate definition of the terminology.

> "A set of processes by which the world is rapidly being integrated into one economic space via increased international trade, the internationalization of production and financial markets, the internationalization of a commodity culture promoted by an increasingly networked global telecommunications system" (Gibson-Graham, 1996, p. 121).

These are two complex phenomena which overlap and entwine to a great extent (Teichler, 2004). Both globalization and internationalization has contributed to a positive development of both economy and technology (Braga, 1996; Skare & Soriano, 2021). As the economy and technology have developed, we have also witnessed an increasing growth of small and medium- sized enterprises (SMEs), and the number of SMEs on a global basis has doubled during the last 20 years (Clark, 2021). Changes like these have led to the development of the world as we know it today. These are some of the positive changes that internationalization and globalization have led to, however we also must mention the other side of the coin.

From an ecological perspective, globalization has contributed to global warming, loss of biodiversity, ozone depletion, pollution, and deforestation (Lawrence, Rodrik & Whalley, 1996). As we move towards the social perspective, we see that globalization has had an impact on increased child labor, lack of education, discrimination on women and minority groups (Torres, 2001). These problems are not necessarily representative in all countries around the world, but mainly in developing and emerging countries. Melchior, Telle & Wiig argues that globalization entails greater differences, in other words, the rich get richer, and the poor get poorer, and the differences can be seen both between and within countries (2000). In relation to the economic perspective, globalization has contributed to increased consumption of products, which in turn has led to increased production of these products (HelpSaveNature, n.d). It must be said that the economy has not been exposed to the same negative effects, on the contrary, the economy is flourishing. However, this becomes a vicious circle where the positive effects of the economy pose challenges for the social and ecological aspect.

These negative effects of globalization are just a fraction of the challenges we are facing today. Sustainability has never been more important. The importance of sustainability is illustrated through the growing awareness of the inevitable ecological crises, as a result, concepts such as “sustainable development” emerged and became reasonably popular during the end of the 20th century. Jacobus (2006) claims that the concept has become rather exploitative, and is used incautiously, without considering its real meaning. Admittedly, using the actual meaning of the concept is problematic as it is based on innumerable interpretations and context-specific understandings causing it to be a relatively open concept (Purvis, Mao & Robinson, 2019).

The combination of the three pillars of sustainable development is seen as a key factor for achieving sustainable development. The importance of the three pillars can be demonstrated by the UN explicitly embedding them in their formulation of the Sustainable Development Goals (SDGs) which are also referred to as Global goals, and as the name implies, they apply to all countries (UN, 2012). To succeed implementing the UN's SDGs, enhanced interaction between the business community, the authorities and civil society is required (NHO, 2018). Many companies and corporations are accountable for too many factors that erode the earth's stability and resilience while at the same time having little knowledge of how they can fulfill the demands of sustainability (Liljeroth, 2022).

Transforming a business from its origin to becoming sustainable entails several challenges in addition to being costly and time consuming (Nidumolu, Prahalad & Rangaswami, 2009). Implementing change is considered extremely difficult and most attempts at change turn out to be unsuccessful, approximately 70% of all change initiatives fail (Beer & Nohria, 2000). A change agent is considered to be a key factor in the conduction of change and can be an internal or external individual who is responsible for initiating, implementing and leading a project (Caldwell, 2003).

Managers are considered important change agents. Furthermore, managers hold a key role when it comes to sustainable development, and their involvement is considered fundamental in the contribution towards sustainable development (Kiesnere & Baumgartner, 2020). Mintzberg (1994) argues that the leader performs the leadership role or the role as a change agent based on, among other things, his own personal values. It is therefore problematic for a leader to act on something that deviates from their own values, in other words, personal values impose limitations on the leader's behavior and actions. From an employer's perspective, people hired as managers must have core values which align with the values embedded in the business (Busch, 2012).

In accordance with this, we have chosen to focus on the business aspect in this thesis, where we will have a closer look at SMEs on the grounds of them representing as much as 90% of businesses worldwide (World Bank, n.d) and 99% of businesses in Europe (European Commission, n.d).

Studies that have explored and researched sustainability in relation to companies have predominantly focused on large enterprises, which is astonishing considering the key role that SMEs hold in the global economy (López-Pérez et al., 2018). This represents an obvious gap in the previous research literature. Furthermore, we have also found little research based on sustainability in Scandinavian SMEs. We found some studies focusing on sustainability in relation to SMEs in Sweden (Tsvetkova, Bengtsson & Durst, 2020; Jansson, Nilsson, Modig & Vall, 2017) and Norway (Granly & Welo, 2013; Qureshi, Strønen, Tyseng & Urdal, 2020). Although these studies also focus on sustainability in SMEs, they will not be able to serve as a substitute for our thesis, because they do not offer a combination of sustainable development considering the three pillars, compounded with managers' subjective attitudes and potential/actual actions.

The Scandinavian countries represent a top five ranking position in relation to sustainability scores (Solability, 2021). These top positions have triggered our curiosity and lead to the assumption that these countries must be doing something righteous. In addition to the close geographical distance, the Scandinavian countries also share cultural similarities (Inglehart, Basanez, Basanez, & Moreno, 1998). Based on this, we have chosen to examine the Scandinavian countries as a whole, rather than looking at one individual country. This also helps cover a research gap as we do not find any research that is based on the Scandinavian countries as an undivided segment, but as previously mentioned based on individual countries such as Sweden and Norway.

Much of the existing literature and research centered on sustainability in companies has been based on the manufacturing industry (Bonvoisin, Stark & Seliger, 2017). The manufacturing industry has long been a dominant industry for these countries but has in recent years become less important and does not represent the largest share of GDP in any of the Scandinavian countries (Alsén, Colotla, Daniels, Kristoffersen & Vanne, 2013). To diverge our study from previous literature we have chosen to include a variety of different industries including, but not limited to computer and technology, education, food and beverages and entertainment. We also represent both the private and the public sector in our study. In addition to covering research gaps, this will also give us the opportunity to see if any perspectives or challenges change in relation to the industry.

1.2 Research Questions

Economic, social, and environmental sustainability represent the three pillars of sustainable development. We will explain the three pillars of sustainable development thoroughly in our literature review in chapter 2. Whether a company is sustainable or not is determined by these three dimensions, and in order to be sustainable, all three pillars must be prioritized given equal attention (Elkington, 1997). The research question is formulated in such a way that it can be answered through interviews. Based on this, we have developed the following research question:

RQ1 "How do managers in Scandinavian SMEs prioritize the three pillars of Sustainable Development?"

This issue will give us answers to how Scandinavian leaders in SMEs, i.e., companies with 1-250 employees, prioritize the pillars of sustainable development. Furthermore, sustainability measures are often associated with processes and actions which are resource-intensive and costly. We thought it would be interesting to examine if these measures could lead to any benefits, which thus will make it more desirable to become sustainable. This formed the basis of our next research question:

RQ2 "How do managers of Scandinavian SMEs believe implementing sustainability measures affects the company's overall performance?"

As sustainability has become more important for both customers and society, we wonder whether the sustainability measures companies implement are voluntary for the sake of the greater good or if it is coerced as a result of the requirements enforced by laws and government regulations, or the demand from customers. To gain a deeper understanding of what is considered to be the driving force for implementing sustainability measures in Scandinavian SMEs, we developed this last research question:

RQ3 "Why do managers of Scandinavian SMEs choose to implement sustainability measures?"

The research question is formulated on the basis of a perception that it can be answered through the qualitative research method, with semi-structured interviews. Through the

conduction of interviews and the collection of empirical data, our findings will be interpreted against our research questions, and the theory which serves as a foundation for this thesis.

1.3 Delimitations

Since sustainability represents a large and comprehensive topic, which also contains many research areas, we will naturally have to delimit. The delimitation we have chosen is done for the simplicity of the task considering our time limit on this thesis, but also on the basis of what we ourselves were curious about. In relation to the sustainability aspect, we have chosen to delimit our thesis by basing it on the three pillars for sustainable development, in addition to exploring Scandinavian SMEs managers' subjective perspectives on this matter. This delimitation has been determined on the basis that we want to go into debt in this particular area. If we were to address sustainability as a whole, or all types of businesses it would have resulted in a superficial thesis. The gathering of primary data has been limited to 12 informants who meet our criteria of being managers or chief executive officer (CEO) of a Scandinavian SME.

1.4 The structure of the thesis

Our thesis is based on the qualitative method, where it further follows an exploratory research design with an inductive approach. This is reflected in the Grounded theory research method that we have used throughout our thesis. As part of a qualitative method, we have chosen to collect our data through semi-structured interviews where our sample consists of 12 informants. The analysis of the interviews has been carried out according to grounded theory and the Gioia method, as a harmonious interaction. The analysis has led to the creation of first-order concepts, second-order categories, third-order themes, and aggregated dimensions, which in combination with the literature review serves as a basis for our results and discussion.

The structure of the thesis is as follows: In Chapter 2 we present relevant theory and themes on which the thesis is based on. We have divided it into three sections: (1) Sustainable development and the three pillar framework, (2) Theories of sustainable development and (3) Attitudes towards sustainability. Chapter 3 is based on the methodology. This is where a justification of our methodological approach is presented, as well as a detailed description about the research strategy, research design, data collection, transcription and an evaluation

of the thesis' reliability, validity, and transferability (as a substitute for generalizability). The data collected through the interviews have been interpreted and coded in Chapter 4, which represents our analysis. The outcome of the analysis is further presented in Chapter 5, which deals with results. In Chapter 6, Discussion, the findings will be discussed in light of our literature review and research questions. Finally in Chapter 7, we talk about the limitations of this thesis and suggest areas for further research based on our findings. Lastly, we conclude based on our research questions, our findings and the relevant literature.

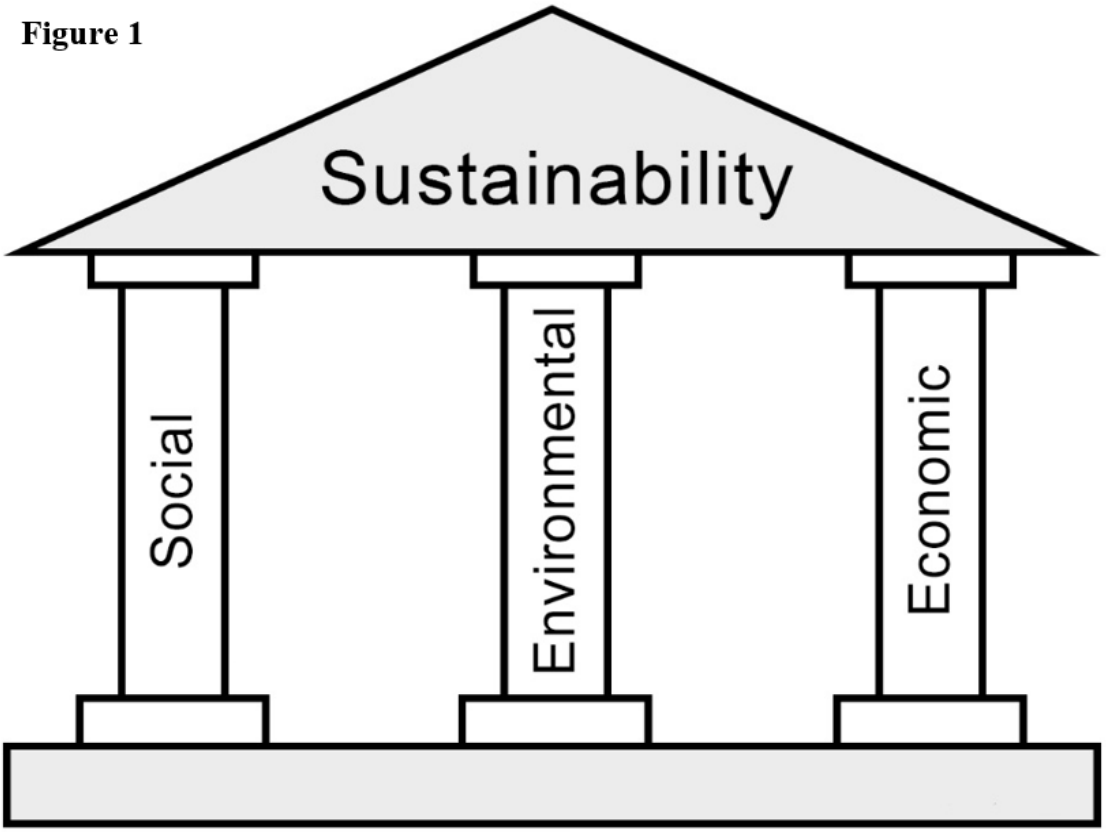
2. Related literature and theoretical focus

The purpose of this chapter is to provide a theoretical foundation for our data analysis and discussion. First we will break down the concept of sustainable development and provide a thorough explanation of the various aspects, including the three pillars of sustainability and how these can be incorporated into the company. Then we explain the four main theories of sustainable development, and how these are challenged, before touching upon the pie-growing opportunities. Furthermore, we look into attitudes towards sustainability, especially in the Scandinavian countries, before presenting sustainability in light of consumer expectations and brand image. Finally, we will provide theory on the concept of small and medium enterprises and eventually the role of Managers in SMEs and how they affect the business.

2.1 Sustainable development and the three-pillar framework

Sustainable development was defined in 1987 by the United Nations Brundtland commission as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland, 1987). The concept of sustainability is often divided into three pillars, economic, environmental and social sustainability. Sustainable development aims at balancing these areas and providing them equal attention (Giddings, Hopwood & O’Brien, 2002). The three sections have also been displayed as nested concentric circles or as interconnected, symmetrical rings, with sustainability placed in the middle, however, the three-pillar framework can be argued as the dominant interpretation found in today’s literature (Purvis, Mao & Robinson, 2019).

Figure 1



The 3 pillars of Sustainability. (Purvis, Mao & Robinson, 2019).

2.1.1 Social Sustainability

Social sustainability is development that fosters an environment with socially and culturally diverse groups, while encouraging social integration and aiming at improved quality of life for the entire population. It concerns the cohabitation of individuals, societies, and communities, aiming for development while respecting the physical boundaries of Earth (McGuinn, et al., 2020). According to Dyllick & Hockerts (2002) a company can be viewed as socially sustainable when their stakeholders understand and broadly agree with the company's intention behind their actions.

Many have tried to define the concept of social sustainability, yet in lack of a universal definition we have chosen to use the definition of Coor, one of the leading suppliers of Facility Management in the Nordics. "Social Sustainability is about working for all people to have equal chances at a stable, health-promoting life, to get an education, to work and to live without discrimination of any kind" (Coor, n.d.).

2.1.2 Environmental Sustainability

Environmental sustainability could be defined as a condition of balance, resilience, and interconnectedness that allows human society to satisfy its needs while neither exceeding the capacity of its supporting ecosystems to continue to regenerate the services necessary to meet those needs nor by our actions diminishing biological diversity (Morelli, 2011, p.5).

Advancing from this definition, environmentally sustainable companies are those companies who only use natural resources consumed at a lower rate than development of substitutes. They would for example not take part in activity that degrades the services of the ecosystem or generate concentrated emissions in the environment faster than the natural system assimilate or absorb those emissions (Dyllick & Hockerts, 2002).

2.1.3 Economic Sustainability

Economic sustainability encompasses practices that ensure economic growth for the long-term. It requires using resources in a way in which current economic development does not have negative impacts on future economic development, while also encompassing regulatory compliance and transparent accounting (NHO, 2020). This pillar is sometimes referred to as the pillar of governance, saying that the management team needs to align with the interest of both shareholders and stakeholders. According to Dyllick & Hockerts (2002), both management and financial accounting can only provide approximate numbers of a company's economic capital. Economic sustainability also requires managing different capital, both financial, tangible and intangible capital. They also state that a business will become unsustainable long before the business is out of economic capital and define economic corporate sustainability the following way: “Economically sustainable companies guarantee at any time cashflow sufficient to ensure liquidity while producing a persistent above average return to their shareholders.” (Dyllick & Hockerts, 2002, p. 133).

2.1.4 Critique of the three pillars

Despite the theory of the three pillars being commonplace throughout literature, representing a commonly used view throughout the population, it lacks theoretical development and does not seem to be universal. A theoretical rigorous description is not to be found. Other frameworks consider additional pillars, while some works simply avoid the compartmentalization of sustainability. Even the UN follows an integrated approach by aiming at 17 wider goals instead of fewer categorizations (Purvis, Mao & Robinson, 2019).

Clarifying the origins of the three pillars of sustainability seems challenging, as the conceptual foundations on which this model is built are far from clear and do not seem to derive from a singular source. However, the concept has emerged gradually from critiques in academic literature based on the status quo of both ecological and social perspectives, combined with the quest to unite economic growth as the answer to ecological and social problems (Purvis, Mao & Robinson, 2019).

Regardless of the lack of a solid theoretical conception, the three-pillar framework can according to Purvis, Mao & Robinson (2019) as previously mentioned, be argued as the dominant interpretation found in today's literature, thus it is the framework we chose for this literature review.

2.1.5 The implementation of the three pillars in the company

According to Epstein and Roy (2001), Brundtland's macroeconomic definition of sustainable development points out the overall goal yet fails to provide guidance on how sustainability should be implemented at the company level. "For companies that are committed to improving their environmental and social performance, the difficulty is no longer whether to implement sustainability, but how" (Epstein and Roy, 2001, p. 586). This leaves managers to question how corporate sustainability could be encouraged, although recognizing the challenges and barriers related to implementation. However, should companies manage to implement the three pillars within their company, it could be beneficial in many ways. The social pillar ensures the well-being of the company's employees, which again makes it more

likely for the company to prosper (Papetti, Gregori, Pandolfi, Peruzzini & Germani, 2020). Furthermore, it could attract and retain new business partners, unlock new markets and increase productivity and employee engagement (UN Global Compact, n.d.) The economic pillar helps the company optimize its budget through for example better resource management, with recycling and limiting waste, which could reduce the company's current expenditure considerably. Finally, the environmental pillar is essential for the company to improve their CSR strategy, which could further enable companies an increased market share or allow them to reap price premiums (Sprinkle & Maines, 2010).

As previously mentioned, sustainable development aims at balancing the three pillars and providing them equal attention (Giddings, Hopwood & O'Brien, 2002). In other words, prioritizing only one or two pillars is not sufficient to achieve sustainable development, and all three aspects need to be satisfied simultaneously to ensure a corporation's overall sustainability. If a company has a single-minded focus, for example only prioritizing economic sustainability, the company might be successful in the short-term, however, to achieve sustainability for the long run the company would have to manage their social and natural capital along with the economic capital (Dyllick & Hockerts, 2002).

From this section we find that sustainable development is often explained by the three-pillar framework, which divides sustainability into pillars of economic, environmental and social sustainability. The goal of sustainability is balancing these three pillars and providing them equal attention. The framework is criticized for lacking theoretical development and failing to address ways in which such measures could be implemented at the company level. However, seeing that it is the dominant interpretation found in today's literature we chose to use this framework in our thesis.

2.2 Theories of Sustainable Development

Over the past six decades, the significance of sustainable development has risen to become a critical perspective in firms' management, through the holistic approach considering environmental, social, and economic dimensions of companies. Firms are crucial for the achievement of sustainable development, thus the theories of sustainability in businesses have evolved parallel to the concept of sustainability. To help describe, explain, understand, and predict the phenomena of sustainable development, four major theories have been identified.

These are the theories of Corporate Social Responsibility, Corporate Sustainability, Stakeholder Theory and Green Economics (Chang et al., 2017).

2.2.1 Corporate Social Responsibility

Corporate social responsibility (CSR) describes the phenomenon where organizations take measures beyond their legal and economical requirements. Simplified, it is the activities a company performs on a voluntary basis which reflect upon their priorities and characteristics (Dahlsrud, 2006). The phenomenon CSR has during the last few decades experienced a rapid growth globally and has become an important focal point among companies. The increased awareness has contributed to a shift in corporate objectives, the former profit maximization focus has to a greater extent been replaced by social and environmental practices (Bani-Khalid & Ahmed, 2017).

More companies are now looking at CSR-measures as an investment and choose to implement it in their strategy to achieve positive and long-term benefits (Marquez & Fombrun 2005). Due to the great attention that CSR has accumulated during the recent years, one might assume that the concept is relatively new, however, that is inaccurate. Evidence of businesses' concerns for society can be traced back several centuries. Having said that, the literature is predominantly considered to be a product of the 20th century and especially for the past 70 years (Carroll, 1999).

CSR is a comprehensive and a complex topic and several different definitions and theories, which emphasize different aspects of the topic, have been developed since the early 1950s. The publication of Bowen's (1953) "Social Responsibilities of the Businessman" is mostly categorized as the start of the modern and serious take on the subject, as we know it presently (Carroll, 1999). Bowen explains Corporate social responsibility as: "While implementing strategies and making their decisions, organizations should act taking into consideration society's values" (Bowen, 1953, cited in Tekin, Ertürk & Tozan, 2015).

The concept was still vague and lacked consensus regarding its meaning (Carroll, 1979). Throughout the 1960s several attempts were made with the purpose of formalizing and giving the phenomenon a more precise meaning (Carroll, 1999). Davis (1960) is according to Carroll (1999) considered to be "*the runner-up to Bowen for the Father of CSR designation*"

(p. 269) and he defined the concept as “business-men’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (Davis, 1960, p. 70).

The stakeholder theory was developed in the late 1970s as a new concept in the management literature. The theory is based on the fundamental idea that the organization is not only responsible for its own shareholders, but also for their stakeholders such as customers, employees, and suppliers (Harrison & Freeman, 1999). However, it has been argued that this theory lacks a solid philosophical, sociological, and economic foundation (Argandoña, 1998).

Based on this new approach and the lack of an ethical aspect, Carroll (1979) developed a CSR framework, later redone in the form of a pyramid. He explains CSR as a four-part framework where the entire range of a business’ obligations are categorized by its importance, starting with economics as the foundation. The scope of several different responsibilities in this framework provides a more complex definition of CSR. Carroll (1979) defines CSR as “The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time” (Carroll, 1979, p. 500).

During the 1980s, sustainable development became a major focus, especially after the establishment of the World Commission for Environment and Development, also referred to as the Brundtland Commission. The aim of the Commission was solving both poverty and environmental problems (FN, 2021). The Brundtland Commission deals with sustainable development, which by its definition is not the same as CSR. However, CSR is linked to sustainable development, and they share similarities. Many researchers therefore argue that the Brundtland report can be considered the turning point regarding the flourishing of the referential of CSR (Cohen & Winn, 2007; Hueting, 1990 cited in Behnassi, Gupta & Pollmann, 2019, p.378). Following the Brundtland report, The World Business Council for Sustainable development introduced a definition of CSR in 1999, calling it “The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life” (World Business Council for Sustainable Development, 1999).

The definitions mentioned above are some of the countless attempts trying to establish a specific universal meaning of the concept. Despite their differences, these definitions are

predominantly congruent and highlight the importance of taking responsibility for the environment and society.

2.2.2 Criticism of CSR

There are also those who criticize the concept of CSR and do not see the benefit of contributing to society. Previous economists have distanced themselves from the concept of CSR and rejected the idea that companies have a social responsibility. Milton Friedman believes that it is paradoxically immoral to argue for ethical obligations in businesses. According to Friedman a business should do what they do best, which is to produce goods and services with the greatest profit possible, "The business of business is business" (Carson, 2015, p. 151).

The wide variety of definitions makes it harder for companies to interpret the essence in a consistent way, some might consider CSR to be absolutely corporate philanthropy while some companies dismiss it completely. This issue has contributed to a debate about CSR, where some authors prefer to use "responsiveness" rather than "responsibility" (Mullerat, 2005). Ackerman and Bauer (1976) argued that "responsibility" only refers to the assumption of an obligation where the motivation is emphasized rather than performed. They argue that the motivation to act is not enough itself. To make a difference and respond to social demands one need to do more than merely determine what needs to be done. Doing what has been decided on is responsiveness (Ackerman & Bauer, 1976).

Some claimed that several companies use CSR as a part of their public relations to promote their own reputation. In 2003 Tim Wright wrote a prize-winning essay where he argues that CSR practices are used as a supplement for companies to be portrayed as better than what they in reality are (Wright, 2003).

According to Lindsay and Martella (2020) companies on a general basis are quick to declare the importance of sustainability and the corporate successes regarding the subject. It is nice to see that there is a great deal of commitment within companies regarding sustainability. However, much suggests that it can be difficult to implement sustainability in the company if it is not directly linked to the measures of performance (Lindsay & Martella, 2020). The voluntary approach of CSR is said to promote free- riding behavior (O'Neill, 2007), additionally companies are free to communicate whatever they want in their chosen manner

(Lock & Seele, 2016). An increasing number of companies have been accused of "not walking the talk" which means that they have not complied with their CSR claims (Walker & Wan, 2012), which refers to a practice known as greenwashing, which we will further elaborate on in section 2.3.6. Although CSR was created with the intention to contribute to a better world it may seem that it sometimes is working against its purpose, resulting in window dressing or even greenwashing.

People are unique and thus have different perceptions and opinions, which is reflected by the many definitions that exist of the term, CSR. As of today, there is still no theoretically dominant paradigm that precisely describes CSR (Argandoña & Hoivik, 2009). However, the common component in these definitions is society's expectations of companies, and that they take responsibility for the society of which they are a part of. This is primarily voluntary, however, there has been discussions regarding the accuracy of this when it comes to reality. The fundamental idea behind CSR is that companies are committed to working in a way that will improve society. In several cases, this is perceived as coercion and not voluntariness (Frederick, 1978). Society is placing higher demands in the form of stricter guidelines for the authorities, increased pressure from the media and a greater degree of activism (Olkkonen, & Jääskeläinen, 2019). These factors can affect companies' degree of freedom because they are responsible for their actions, and their actions will have consequences (Horvath, 1995). To summarize, the idea behind CSR is that there are certain minimum requirements regarding the financial performance, environmental and human considerations that companies are expected to comply with.

2.2.3 Corporate Sustainability

In the wake of the Brundtland report, sustainable development has increasingly been applied in the corporate context. Corporate sustainability lacks a universal definition, yet the different definitions all seem to emphasize meeting stakeholders' needs, while balancing environmental, social and economic dimensions of the corporate performance (Chang et al., 2017). One could define corporate sustainability as "meeting the needs of a firm's direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities etc), without compromising its ability to meet the needs of future stakeholders as well" (Dyllick & Hockerts, 2002, p. 131). Corporate sustainability is commonly operationalized along the Triple Bottom Line (Chang et al., 2017).

Triple Bottom Line

The concept “Triple Bottom Line”, from now on referred to as “TBL” was first introduced in 1994 by Elkington (Elkington, 2018). In 1997 he launched a book called “Cannibals with forks” (Elkington, 1997) where he, among other things, indicated that businesses should go beyond traditional measures of profit to include both the environmental and social dimensions in addition to the financial aspect (Slaper & Hall, 2011). Elkington is considered to be a pioneer when it comes to his work concerning the importance of sustainability in businesses.

The framework which provides an extension to the Brundtland report, describes sustainability based on three different dimensions; economic, environmental, and social, which are also known as the 3P’s; Profit, Planet and People (Elkington, 1997). From an economic perspective, companies with good profitability will have a good effect on society by creating jobs in addition to the payment of taxes and fees. It is not necessarily the profit itself that is of value, but what it can be used for, is what makes it valuable. The environmental dimension is about the consequences companies contribute to through, for example, pollution and energy use. The social bottom line originates in how companies treat people both internally and externally, for example, complying with human rights and working conditions (Slaper & Hall, 2011).

Because the three dimensions are given an equal amount of emphasis, they must work together to achieve sustainability (Elkington, 1997). This means that a development that is at the expense of one of the dimensions, will be at the expense of sustainability. The framework presents some challenges when it comes to implementing it into practice, for example, finding a common unit of measure. Profit can be measured in currencies, but how can environmental and social factors be measured the same way? (Slaper & Hall, 2011). Despite various challenges, many businesses and non-profit organizations have acquired the framework to evaluate their performance (Slaper &Hall, 2011).

2.2.4. Stakeholder Theory

The Stakeholder theory was, as previously mentioned, introduced by Freeman in the 1970’s, claiming that companies should prioritize their relationship to all of their stakeholders. A stakeholder is defined as “any group or individual who can affect or is affected by the

achievement of the organization's objectives" (Freeman,1984, p. 46). The theory originally focused on social stakeholders, but has recently turned to incorporate non-social stakeholders as well, in an attempt to best tackle the environmental issues the world is facing (Chang et al., 2017). The stakeholder approach wishes to expand strategic management beyond Friedman's shareholder approach, which emphasizes the economic responsibility towards stakeholders, and rather make managers consider all stakeholders instrumental for their strategic decisions. The idea behind the stakeholder approach is that businesses play the role as actors in the social environment, thus they should respond to demand and pressure from stakeholders to reach their strategic objectives (Linnenluecke & Griffiths, 2013).

2.2.5 Green Economics

A Green Economy is one that is considered resource efficient, low in carbon and socially inclusive. Green Economy was defined by the UN Environment Programme as "one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities" (UNEP, n.d).

The relatively nebulous concept of green growth means "fostering economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies" (OECD, 2011, p. 4). Green growth is considered a necessity for producing a green economy in the context of poverty reduction and sustainable development (Chang et al., 2017).

There are several theories explaining the relationship between economic growth and environmental impacts. The Environmental Kuznets Curve is a hypothesis of which economic growth first leads to environmental deterioration, then eventually provides the necessary resources to enable nations to decrease their environmental impact. The concept was based on data from the 1980s on emission of sulfur dioxide, proving substantial reductions in SO2 emission at a relatively modest income level, providing quite encouraging results. The hypothesis has also been validated through tests from 19 of the 25 OECD countries that were tested from 1950 to 2005. However, the theory does not seem to apply to the overall environmental aspect and has through several analyses proven not to be applicable for emissions of carbon dioxide. Therefore, economic growth does not seem to be the solution for our global issue of climate change (Harris & Roach, 2018).

Traditional economic theory suggests that companies must minimize their cost for the firm to remain competitive, claiming that environmental regulations would impose additional costs on the firm and reduce their profit. This view was challenged in 1995 by what is today called the Porter hypothesis, which indicates that firms can lower their costs due to environmental regulations, as these will encourage innovation, thus lowering costs and resulting in competitive advantage (Harris & Roach, 2018). The studies of the Porter hypothesis have mixed results, where some indicate that there is a correlation, while others fail to support the hypothesis. A paper published by OECD which summarized existing research on the Porter hypothesis at both national- and firm-level concluded that

> "Empirical research on the productivity effects of environmental policies is largely inconclusive. Results are usually very context-specific and hence can only provide limited general policy conclusions – raising the question to what extent the results from a specific policy change, aimed at a particular pollutant and industry in a given country, can be generalised" (Kozluk & Zipperer, 2015, p. 174).

Chang et al. (2017) also conclude that the core assumption today is that economic growth and development cannot be separated from environmental progress. They further state that Green Economy should be regarded as a pathway to sustainable development, and not as a substitute for sustainability, as sustainability must be achieved through adjusting the economy and the way we make investment decisions.

Decoupling

The term decoupling means breaking the correlation between increased negative environmental impacts and increased economic activity. We differ between relative and absolute decoupling, where in relative decoupling, the rate of economic growth is bigger than the growth rate of negative environmental impacts, whereas in absolute decoupling, decreased environmental impacts are related to an increase in economic activity (Harris & Roach, 2018).

The economic growth measured in GDP was correlated to the increasing trend of global CO2 emissions from 1960 to 1977. The following period however, the two factors became relatively decoupled, despite the global economic activity and the global CO2 emissions both increasing (Harris & Roach, 2018). A report done by the United Nations from 2011 also finds that technological improvements and increased efficiency of production caused recent decoupling across a variety of resources, not blaming it on direct policy interventions. Another example of absolute decoupling happened between 1970 and 2013 in the United Kingdom, where, due to a transition in energy sources, the UK's carbon emissions decreased drastically while the GDP increased. Between 2000 and 2014 we also saw an absolute decoupling in 21 other countries (Harris & Roach, 2018).

Furthermore, it is important to be aware of the concept of outsourcing, as decoupling could occur from exporting emissions, meaning that industries relocate to other countries, typically less developed ones, thus the total emissions lead to huge environmental impacts even though decoupling appears to occur in the original country (Harris & Roach, 2018). On the other hand, some justify that if goods will produce lower emissions by being produced in certain countries, we need to take advantage of this as it will result in a global advantage and avoid carbon leakage, where industries relocate to areas with fewer climate regulations, raising the total global greenhouse gas emissions (McLaren, 2021).

To achieve a global absolute decoupling requires highly ambitious policies and would impose profound implications. Developed countries would have to lower their use of resources, and the required international cooperation is currently not evident in the world for this to happen. A report from the European Environmental Bureau even states that

> "The conclusion is both overwhelmingly clear and sobering: not only is there no empirical evidence supporting the existence of a decoupling of economic growth from environmental pressures on anywhere near the scale needed to deal with environmental breakdown, but also, and perhaps more importantly, such decoupling appears unlikely to happen in the future." (Parrique et al., 2019. p. 3)

2.2.6 Can we grow the pie?

The pie-growing mentality suggests that both the business and society can benefit from favoring responsibility towards the society as a whole. This theory is backed by meticulous evidence, proving that companies who prioritize their stakeholders will deliver superior returns to investors. This view sees the pie as expandable, and the pie represents social value. Profits will be achieved as a by-product from creating value and it is not the end goal itself. Profit is simply just a slice of the pie (Edmans, 2020). Edmans further claims that companies with a pie-growing approach seem to be more profitable than companies just aiming for profit generation, as it enables investments that lead to significant payoffs in the long term. Therefore, aiming for value creation for stakeholders is good business sense, and not just a worthy ideal. According to Edmans' own study, conducted over four years, businesses with high employee satisfaction "beat their peers by an average of 2.3 to 3.8% per year over a 28-year period. That's 89% to 184% cumulative." (Edmans, 2020, p.112).

Edmans (2019) claims that a company's finance department frequently is the enemy of purposeful business, thinking it distracts the business from creating profit. Although it might be accurate in the short term, he states that evidence shows it is not verifiable for the long term (Edmans, 2019). According to Karoline Nystrøm, CEO of Schneider Electric Norway, managers lose many opportunities from viewing sustainability and CSR as costs for the company (Nordstrøm, 2019).

The pie-growing aspect is different from CSR, as serving the society and generating good outside of the company should be fundamental and happen at CEO level. The strategy should be implemented into the core activities of the business, and not just belong to a CSR-department. One of the main challenges however is that CEOs often seem to be rewarded based on short term results, whereas the necessary changes require plans for the long term (Edmans, 2020). This aligns with studies which indicate that managers might make strategic decisions based on personal gain (Katz & Niehoff, 1998). A proposal could be to offer long term incentives to CEOs, hoping to ensure a change of mentality (Edmans, 2020).

To summarize, four major theories of sustainability in business have evolved, as firms are crucial for the achievement of sustainable development. The essence of Corporate Social

Responsibility is the organization's responsibility to take measures beyond their legal and economic requirements, focusing on social and environmental practices. Corporate Sustainability is commonly operationalized along the Triple Bottom Line, and Green economics means fostering green growth, and aiming for decoupling. Finally, the stakeholder theory states that companies should prioritize their relationship to all of their stakeholders and not just shareholders. Further research suggests a pie-growing mentality, where both the business and society can benefit from favoring responsibility towards the society as a whole, and highlight the importance of aiming for value creation in the long term.

2.3 Attitudes towards sustainability

In this chapter we will reveal changes in attitudes towards sustainability worldwide, and in the Scandinavian countries. Further we will investigate consumers' expectations towards sustainability, and how sustainability can affect a company's brand image. We also touch upon the topic of greenwashing and the detrimental effects this could lead to. Then we define small and medium enterprises, and present their impact on sustainability, before we finally have a closer look at managers and their roles in the company.

2.3.1 Shift in attitudes

We find a tremendous shift in attitudes towards sustainability over the past few decades. Dating back to 1971, the Department of Commerce warned that imposing environmental regulations would result in severe unemployment and economic dislocation (Kazis & Grossman, 1982). Notwithstanding, later reports conclude that by implementing the right policies, transitioning to a green economy can result in tremendous future job growth, creating around 24 million jobs (International Labour Organization, 2018).

The Paris Agreement from 2015 was an important milestone that marks a shift in global acceptance towards climate change and unites almost all nations in a binding agreement to combat climate change through ambitious efforts (United Nations, 2022). Today, sustainability is used in a evaluative and normative meaning in societal discourses, being viewed in a positive manner, and "sustainability is globally considered as crucial norm in many political documents" (Becker, 2017, p. 3).

2.3.2 Attitudes in Scandinavia

In the *Framework for the UN Decade of Education for Sustainable Development*, culture is purported as an underlying dimension of the social, economic, and environmental areas of sustainable development. The report states how culture has a strong influence on how sustainable development is dealt with (UNESCO, 2006). Efrat (2014) also concludes that firms "should consider national culture when establishing their expectations regarding the units' outputs and when planning the management of such units" (p. 19).

When considering Cultural Distance, a term measuring similarities between countries (Grenness, 2003), the Scandinavian countries are clustered together, proving to have similar cultures (Inglehart, Basanez, Basanez, & Moreno, 1998). The Scandinavian countries also form a distinct pattern based on the scores from Hofstede's cultural dimensions (Grenness, 2003).

We can find several examples of the importance of sustainability being stressed across public institutions in the Scandinavian countries. The Norwegian government decided that sustainable development was one of the three prioritized areas in the official new curriculum, to be applied in all schools from 2020. This came as a response to the UN wanting to facilitate a comprehensive education for sustainable development that shows the global interplay between social, economic and environmental conditions, and that shows how the world's challenges are connected (FN-SAMBANDET, 2021). Furthermore, the Norwegian government also presented their ambitious goal for 2025, which is that all new light vans and passenger cars should be zero-emission (Government.no, 2021).

The Swedish government is also imposing legislations to safeguard sustainable development, and in 1998 Sweden adopted the Swedish Environmental Code which is a major legislation, containing nearly 500 sections and 33 chapters (Government Offices of Sweden, 2015). Sweden has also set ambitious goals for sustainable development, like becoming fossil-free and using 100% renewable energy by 2045 (Sweden.se, 2021).

Denmark's overall objective of their energy and climate policy is to grow into a green and sustainable society. They declared their long-term goal of becoming completely fossil fuel

free and achieving a renewable energy supply by 2050. Additionally, they have carried out a number of initiatives aimed directly at the consumption of the end-user, affecting enterprises and consumers. Furthermore, Denmark has placed additional taxes on the use of scarce resources, discharge of pollutants and the use of environmentally harmful products (Thomson Reuters Practical Law, 2022).

Another example is the Norwegian Transparency Act, which is an "Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions" (Lovdata, 2021). The act will enter into force on the 1st of July in 2022 and aims to endorse companies' respect for decent working conditions and basic human rights. The law forces companies to provide information and intend to secure public access to this information. The act also imposes companies to carry out due diligence assessments. The Transparency Act applies to all Norwegian enterprises of larger scale, as well as for larger foreign companies doing business in Norway and who according to Norwegian law qualify as taxable (Forbrukertilsynet, n.d.).

2.3.3 Sustainability and consumers' expectations

The market today is exceedingly competitive, and most companies are under the risk of losing their position within the marketplace. To survive in such an aggressive environment, businesses must adapt to the changing demands and expectations in which they are exposed to (Unal & Tascioglu, 2022).

A shift has been detected regarding consumer behavior. Consumers are becoming increasingly concerned with sustainability and the environmental challenges we face (Jansson, 2011). The Global Sustainability Study 2021*, conducted by Simon-Kucher & Partners, shows that sustainability is becoming progressively important. The study found that 85% of consumers had made some sort of changes regarding their purchasing to become "greener". It must be confessed that the changes are unevenly distributed between the generations, where millennials stand out as the most caring, with a significant change in their behavior (Wiemer, 2021). This changes present challenges; however, it also represents opportunities. According to Belz and Schmidt-Riediger (2010) companies should look at the

environmental challenges as an opportunity to further help change the consumers' needs and wants even further.

The purchase intention can be described as a decision-making process within the consumer's mind, that studies the reason to buy a certain brand before the final choice is made (Shah et al., 2012) the action is then considered to be the consumer behavior (Ajzen, 1985). Kotler and Blom (1992) refer to various stimuli that can be influenced by a consumer's purchasing decision, in relation to marketing stimuli these can be factors such as price, product and promotion. Additionally, consumers will also be affected through the environment, in the form of technological, economic, and cultural stimuli (Kotler & Blom, 1992). In recent times, sustainability has also been identified as a key consideration which can influence an individual's purchase intention (Deloitte, 2021).

2.3.4 Consumers' expectations in Scandinavia

According to a study conducted in 2018, it emerged that several of the Scandinavian consumers were influenced by sustainability regarding their buying decision. To be exact, this was 73% of Swedes, 70% of Norwegians and 62% of Danes which was influenced by sustainability. As the world's most sustainable country, it's not surprising that 42% of Swedish respondents were willing to pay more for a sustainable product (Thige, 2020). Jansson (2011) claims that because sustainable products have fewer negative consequences on the environment compared to regular products, this helps the consumers perceive the relative advantage of the sustainable product.

These attitudes are also reflected in the Global Sustainability Competitiveness Index (GSCI). The GSCI measures national development and green growth based on 131 quantitative indicators. According to GSCI's measures from 2021 the average sustainable competitiveness score was 45.3% out of 100% symbolizing an ideal world. The Scandinavian countries are in the top five ranking where Sweden has the highest score of 61.2%, Denmark in fourth- place, scoring 60.2% and Norway in fifth place with a score of 59.8% (Solability, 2021).

2.3.5 Sustainability and Brand Image

Like most concepts, several definitions and interpretations of the term "Brand Image" has been developed during the years, which has resulted in incongruence (Lee, James & Kim,

2014). The lack of a dominant universal definition is problematic; however, Keller (2008) offers a simple straightforward description, and defines brand image as "Consumer perceptions of any preferences for a brand, measured by the various types of brand associations held in memory" (p. 636). Research argues that a positive brand image creates a competitive advantage for companies, in addition they help differentiate themselves from the competition (Shapiro, 1982). Roy & Banerjee (2008) argues that to achieve a strong brand, the brand image must be congruent with the brand identity. Brand identity is how the company wants the consumers to perceive them and is defined by Aaker (1996) as "a unique set of associations that the brand strategist aspires to create or maintain" (p.68).

A sustainable brand is one that has successfully implemented all the three pillars of sustainability in their businesses. However, several companies claim to be sustainable even if they only deliver sufficiently on one of the three pillars (Lein, 2018). It is desirable to have a good reputation and be perceived as a company that cares about sustainability as it can be used as a tool to gain competitive advantage in addition to being exceedingly important for the survival of the company (Lloret, 2016). As many as 90% of CEOs claim that sustainability is a fundamental factor in achieving success (Lein, 2018).

Reputation is defined by Lexico as "the beliefs or opinions that are generally held about someone or something." (Lexico, n.d). Firestein (2006) argues that the reputation is the most decisive factor of an organization's sustainability. He further explains that building a reputation is difficult and time consuming, however, a company's reputation is easily destroyed and then difficult to restore (Firestein, 2006). A corporation's reputation continues to grow in importance (Brammer & Millington, 2005). There are several factors that are considered important to achieve a good reputation, it entails areas of responsibility such as customers, employees, society, and investors. A company's reputation is sustained by creating good relationships with all their components (Ismail, Mustapa & Mustapa, 2006).

Loyal customers are extremely important for a business due to several reasons. A loyal customer is more likely to buy something from a brand that they trust, additionally they can advocate on behalf of your company (Rioux, 2020). Research shows that there is a positive relationship between customer loyalty and the companies that take responsibility for the environment (Kuchinka, Balazs, Gavriletea & Djokic, 2018).

Employees are considered one of the most important factors in a business. Studies show that employees prefer to work for socially responsive organizations, and a study done by Schwepker (2001) found a positive relationship between employees' satisfaction and the organization's environmental commitment. Furthermore, it is explained that satisfied employees are more motivated and will have a positive long-term effect on the company (Brammer & Millington, 2005).

Additionally, it is important for society that a company proceeds with sustainable behavior. Porter and Kramer developed the concept shared values which is defined as

> "Policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress" (Porter & Kramer, 2011, p.6).

Furthermore, they point out that the interests of the business will essentially coincide with the interests of society, and it will therefore be possible to create common values that both parties can benefit from (Carson, 2015). This will improve the competitiveness of the company while the societal conditions evolve in a positive direction (Porter & Kramer, 2011).

2.3.6 Greenwashing

Due to the increased demand for sustainable operations, the concept of greenwashing is skyrocketing. As previously mentioned, greenwashing is the combination of a company's poor environmental performance while executing positive communication about their environmental performance (Delmas & Burbano, 2011).

We find several examples of greenwashing amongst larger companies. The nonprofit organization Changing Markets Foundation did research on some of the larger UK and European fashion brands, discovering that a shocking 59% of their green claims are misleading. Many of these firms also fail to provide information of how they intend to reduce their environmental footprint (Changing Markets Foundation, 2021). Furthermore, the

Independent could recently reveal that in just a year, the amount of advertisements that were banned for greenwashing were tripled (Tidman, 2022).

Greenwashing is indeed flourishing, but this misleading of consumers about the company's environmental performance could result in profound destruction of consumer confidence in sustainable products and services (Delmas & Burbano, 2011). It also limits the consumers' ability to make decisions that are actually environmentally friendly, and exploits the consumer's environmental concerns (Brouwer, 2016).

2.3.7 SMEs

To qualify as a small or medium-sized enterprise, according to the standard of the European Commission, one evaluates the company's number of personnel or turnover. A small business is a company where the staff headcount is below 50, whereas the staff headcount in a medium sized company is below 250. Based on turnover, small companies have € 10 M or less, while medium sized companies have € 50 M or less. Small and medium-sized enterprises are shortened to SMEs, and the abbreviation is used by multiple international organizations such as the United Nations, the World Trade Organization and the World Bank (European Commission, n.d.) As we are not collecting or evaluating financial numbers in our thesis, we base our definition on small or medium enterprises in regards to their staff headcount.

Small and medium enterprises account for the greater part of businesses, representing around 90% of businesses worldwide (World Bank, n.d.) and 99% of businesses in the EU (European Commission, n.d.). They play a big role in most economies, especially in developing countries, and contribute to global economic development. Furthermore, SMEs are important for job creation, representing more than 50% of the worldwide employment (World Bank, n.d.).

According to a report published in 2018 by OECD, SMEs contribute to 60-70% of Europe's industrial pollution, and they leave a large environmental footprint (OECD, 2018). Despite their environmental and economic significance, getting the full range of SMEs involved in working for sustainable solutions is a tremendous challenge, as small firms "tend to be less aware than larger firms of environmental externalities and of the legislation that governs their

activities. They have fewer resources to invest in environmental improvements and management tools that could make their operations more sustainable." (OECD, 2000, p. 6). Gallo and Christensen (2011) confirm this in their study, by providing evidence that the organizational size impacts companies' sustainability-related behavior. Articles researching how organizational characteristics affect sustainability efforts also conclude that the extent of sustainability practices seems to be larger in geater firms compared to smaller ones, and greater in international firms compared to local ones (Balasubramanian, Shukla, Mangla & Chanchaichujit, 2021).

2.3.8 Scandinavian Managers and their role in the company

Grenness (2003) argues that "the assumption that management in the Scandinavian countries do not differ from one another in a significant way seem to find rich support in previous empirical studies" (page. 11). He further states that despite somewhat scarce comparisons between management within and outside of Scandinavia, there are strong indications of existing differences in the conducted studies. This was backed up by the results from the study of "Cultural variation of leadership prototypes across 22 European countries" (Brodbeck et al., 2000), concluding with a clustered Scandinavian management style, which differs from countries outside of the cluster. In other words, Scandinavian countries seem to have a homogeneous management style, which differentiates to that of other nationalities. The Scandinavian approach to management is characterized by a flat hierarchy and involves a great deal of employee engagement in the decision-making process. It aspires to achieve consensus through democracy and cooperation (Grenness, 2003).

Lloyd-Reason and Mughan (2002) argues that the SMEs' behavioral characteristics are largely determined by the manager. They conclude that the decision maker in the firm is a main influence towards the firm's strategic agenda, and that the manager's strategic orientation is the key to success (Lindkvist, 1988, as cited in Grenness, 2003). Thus, the managers' attitudes are of great importance, and could affect the entire company's strategy.

Managers are considered a key factor when it comes to sustainable development, and their involvement is fundamental in the contribution towards sustainability (Kiesnere & Baumgartner, 2020). Mintzberg (1994) argues that the leader performs the leadership role

based on, among other things, his own personal values. It is therefore problematic for a leader to act on something that deviates from their own values, in other words, personal values impose limitations on the leader's behavior and actions. It is therefore fundamental that the managers core values align with the values embedded in the business (Busch, 2012).

It seems like the world is now sharing a more or less global consensus towards there actually being environmental challenges, and that we share a common responsibility of being sustainable, for us and for future generations. This is portrayed both through governmental incentives and reflected through consumer expectations and requirements. This also poses an opportunity for companies, as providing a sustainable solution could improve the companies' brand image and enhance their competitive advantage. However, the growing focus could also lead to negative side effects, and increase the occurrence of greenwashing, which again could result in destruction of consumer confidence. Small and medium enterprises represent most of the businesses in the world today, but it is difficult to make them work for sustainable solutions as they often lack the necessary resources to obtain a more sustainable operation. That underlines the importance of the Manager's role in the company, as it turns out that their demeanor could spread through the entire company and have a huge influence on the company's strategy.

3. Methodology

In this chapter we will justify the choice of method. We will then explain which design we have used for collection methods, research design and the selection process. Finally, we will explain how we carried out the collection of data.

3.1 Qualitative vs. Quantitative - Available Methods

The methodology provides guidance on how a researcher can collect, process, and analyze data; this is considered a comprehensive topic. Hellevik defines a method as a procedure of solving problems and acquiring new knowledge. Any means that serves this purpose is part of the arsenal of methods (Hellevik, 1999). Given the complexity of the methodology, it has been necessary to divide it into different categories. When it comes to the social science

methodology, a distinction is made between two types: quantitative and qualitative (Johannessen, Christoffersen & Tufte 2020).

A quantitative research strategy is based on numerical data, and a qualitative research strategy is based on data in the form of text. That is, the quantitative method provides descriptions of the importance of numbers and tables, whereas the qualitative method provides textual descriptions, for example based on transcripts from interviews. A quantitative research strategy requires a relatively large number of units, while a qualitative research strategy may be based on a few units or informants (Ringdal, 2018).

3.2 Choice of method - Qualitative

In the process of deciding whether to use a quantitative or a qualitative research method we saw the necessity of studying the advantages and disadvantages of both methods and then evaluate the two against each other. If we were to conduct quantitative research, we would most likely conduct a survey which is cost-effective and could potentially lead to a large sample of respondents (Queirós, Faria & Almeida, 2017).

However, in our study we are looking for an in-depth understanding to be able to answer our research questions. We believe that closed-ended questions would not be sufficient in this manner. We would like our respondents to get open-ended questions, so that they have the opportunity to elaborate about their own experiences and provide us with additional information we would not otherwise have known about. According to Lund and Haugen (2006) qualitative research would be best suited as it has to a greater extent the ability to provide a deeper understanding and insight compared to qualitative research.

Additionally, Maxwell (2013) claims that qualitative research can work with the universe of meanings, beliefs, values and attitudes on a deeper level in terms of relationships, phenomena and processes, that cannot be described through the operationalization of variables.

To succeed with qualitative research a researcher must have direct contact with the research objects which can be achieved through for example a conversation or an interview. A common feature of all qualitative approaches is that the data the researcher analyzes will exist in the form of text. This text becomes empiric and creates the basis for further analysis (Thagaard, 2009). A consequence of this close contact between researcher and the research

object is that one can easily interpret the data. Each researcher can interpret the data differently in the light of the context which they appear in (Thagaard, 2003).

Another important factor regarding qualitative research is the approach. It is commonly used for a smaller selection of research objects because the objective is to get a deeper understanding and not to generalize the findings (Thagaard, 2003).

On the other hand, quantitative research methods are often more time consuming in terms of the verification process, structuring an interview guide, conducting interviews, and finding interview objects (Queirós, Faria & Almeida, 2017). However, in our research we feel that it would be unnatural to choose anything other than a qualitative approach.

3.3 Research design

Nachmias and Nachmias (1992) have described a research design as a plan that "guides the investigator throughout the process of research. It is a logical model of proof that allows the drawing of inferences concerning the causal relations among the phenomena under investigation" (Nachmias & Nachmias, 1992, p. 53). Easily explained, it functions as a blueprint or a plan of what the research is to focus on, who the relevant informants are, where the research is to be conducted, and how it will be carried out (Thagaard, 2009).

According to Gripsrud, Olsson & Silkoset (2004) the research design includes all stages in the research process and describes how the analysis process is facilitated in order to answer the study's problem and its research questions in the best way. The main objective of a research design is to avoid situations where the findings do not address the research questions. Which design is preferred is highly dependent on what is questioned and what is theoretically assumed (Yin, 2009).

The three main types of research design are exploratory, descriptive, and causal designs (Gripsrud, Olsson & Silkoset, 2004). A descriptive research design is used when the researcher has a basic understanding of the problem area (Gripsrud, Olsson & Silkoset, 2004). The main purpose is to collect data which will be used to describe something such as a phenomenon, situation, or characteristics of an object, and this method is often associated with quantitative research techniques (Sekaran & Bougie, 2016). A causal research design is normally used when you want to investigate cause-effect relationships between variables (Sekaran & Bougie, 2016). To best answer our research question, we have decided to use an

exploratory approach. This choice is made on the basis that a causal design is obviously deductive (Sekaran & Bougie, 2016) and a combination of qualitative study with a descriptive design can be described as a deductive approach if the theory is very governing (Casula, Rangarajan & Shields, 2021).

3.3.1 Exploratory research

An exploratory research design is as the name suggest exploratory, and it is used when

> "a) not much is known about a particular phenomenon; b) existing research results are unclear or suffer from serious limitations; c) the topic is highly complex; or d) there is not enough theory available to guide the development of a theoretical framework" (Sekaran & Bougie, 2016, p. 43).

The main purpose is to further explore the topic of interest to gain more information and a clear idea of how to analyze the phenomenon. This means that one will not have a clear idea of connections and relationships that exist within the area at first (Gripsrud, Olsson & Silkoset, 2004). The research focus starts out broad, is usually not based on any theoretical framework, and becomes progressively narrow throughout the process. It is a flexible design and often not generalizable to the rest of the population (Sekaran & Bougie, 2016). This type of research often relies on a qualitative approach, and the most common data collection methods are according to Gripsrud, Olsson & Silkoset (2004) focus groups and in-depth interviews.

3.3.2 Inductive and deductive reasoning

Sekaran & Bougie (2016) distinguishes between two types of methodological approaches: deductive and inductive reasoning. Mish (1991) defines inductive reasoning as a "generalized conclusion from particular instances" (p. 615). Inductive reasoning is empirically driven and starts out with a specific assumption or an observation and works towards a general theory. The theory is developed throughout the research process as a result of the interaction between the data collection and the analysis (Mehmetoglu, 2004).

Deductive reasoning is the opposite of inductive reasoning where the starting point is quite broad with a general theory as a basis and works towards something more specific such as a hypothesis that can be tested, this method is often referred to as theory driven (Sekaran & Bougie, 2016).

Both these approaches can be used in qualitative and quantitative research, however exploratory and qualitative studies seem to favor the inductive approach whereas the deductive approach usually is preferred when conducting causal and quantitative studies (Sekaran & Bougie, 2016).

Furthermore, a distinction is also made between several different research methods within the empirically driven approach. After a careful review of different methodological approaches, we concluded that Grounded theory was the research method best suited for our thesis.

Grounded theory was developed and introduced for the first time in 1967 by Glaser and Strauss in their book, The discovery of Grounded theory. This approach is not based on any general theory; however, the theory will flourish inductively as a result of the data collection and analysis. Qualitative research approaches had received much criticism from the quantitative research tradition which claimed that the method was too unscientific and objective. Considering this, grounded theory was developed in response to this critique (Mehmetoglu, 2004).

Over the years, three variants of grounded theory have been developed: Classical, Interpretive and Constructivist. Classical Grounded theory is characterized by being inflexible and assumes that the researcher does not have knowledge of the area before, in other words one must be objective and neutral (Sebastian, 2019).We realized that the Classical Grounded theory was against some of our basic assumptions, additionally is presupposes an objective and neutral researcher, which we do not believe would be possible in this manner. It would not be possible for us to renounce the knowledge we have already acquired.

Charmaz (2006) also saw the challenges with the classical grounded theory and developed constructivist Grounded theory which we see as more appropriate in this context. This version replaces a clearly described recipe with more flexible guidelines and focuses on circumventing a compression of the material into a predefined framework. This approach is the one used in the analysis chapter as an interaction with the Gioia method in relation to coding.

3.4 Sampling & Population

Sekaran & Bougie (2016) defines sampling as "The process of selecting the right individuals, objects, or events as a[sic] representatives for the entire population" (p. 235). A population is defined as the whole group one is interested in (Mitchell & Jolley, 2010) and our sample will thus be the respondents selected from this population of interest (Ringdal, 2018).

According to Dalen (2004) the choice of informants is considered a particularly important topic in qualitative research. The quantity of informants should be large enough to allow for a new elaborately understanding (Sandelowski, 1995). There are several debates in relation to deciding on the right size of informants (Dworkin, 2012). Guest, Bunce and Johnson found that 12 interviews are sufficient in order to reach saturation (2006). Dworkin describes saturation as the point where the data collection process does not provide any new or relevant substantive information. However, several books and articles suggest anywhere from 5 to 50 informants as acceptable (Dworkin, 2012). An oversized sample could potentially result in superficial interviews which would go against the purpose of a qualitative methodology (Thagaard, 2009). According to Gasson (2009), the required sample size to reach saturation for a grounded theory analysis depends on how much effort you are willing to invest in the construction of the theory, and what type of theory one wishes to develop.

As the use of grounded theory in this thesis develops a transferable substantive theory rather than a formal theory, the use of a wide sample is the best option, providing a natural delimitation. Should the aim be to create a formal theory with generalizable conclusion, a larger sample size would be preferred to better approximate the population (Gasson, 2009).

In line with the concept of Grounded theory (Glaser & Strauss, 1967) we collected and processed the data ourselves. The selection of the informants was not random but based on two non-probability sampling methods. A non-probability sampling method is when "some members of the population, compared to other members, have a greater but unknown chance of selection" (Galloway, 2005, p. 859)

One of the disadvantages of using a qualitative method is that it can be problematic to find informants, due to its personal angle. We therefore had to use a selection method to ensure that we got a sufficient selection of informants. According to Thagaard, it is common to rely on a strategic selection when conducting a qualitative study (Thagaard, 2009). We have used

two non-probability sampling methods. A non-probability sampling method is when "some members of the population, compared to other members, have a greater but unknown chance of selection" (Galloway, 2005, p. 859)

We have used purposive sampling, which is also referred to as selective sampling, as a tool to find our informants. Robinson (2014) defines purposive sampling as "Intentional selection of informants based on their ability to elucidate a specific theme, concept, or phenomenon" (p. 5244). Based on this, we have looked for informants with characteristics and qualifications which we find appropriate to answer our research question. Andrade refers to a disadvantage regarding purposive sampling "the more purposive the sample is, the more limited the external validity will be" (Andrade, 2021, p. 88).

In addition to purposive sampling, we have also used the snowball method. The snowball, or chain sampling is

> "A sampling method in which one interviewee gives the researcher the name of at least one more potential interviewee. That interviewee, in turn, provides the name of at least one more potential interviewee, and so on, with the sample growing like a rolling snowball if more than one referral per interviewee is provided" (Kirchherr & Charles, 2018, p. 1).

This was not a method we had intended to use, but some of our informants who were very engaged in our thesis provided us with additional names of potential informants.

Thagaard points out that this could lead to the sample consisting of too many people from the same network and environment. This is problematic because one might end up with a sample with little variation, which is not desirable (Thagaard, 2009). We did not find this problematic in our thesis. First, few of our respondents have been collected through the snowball method because we already had a reasonable number of respondents. Additionally, we knew from the beginning that we wanted to interview people from different industries, so if someone from a similar industry should emerge as a potential alternative, we chose to not contact that person.

The respondents were initially detected through our personal network and were contacted through emails before the snowball sampling method was used. Thagaard points out the

importance of meticulous sample selection, as this has a bearing on conclusions about generalizability (Thagaard, 2009).

The age of our informants varies from 24 years to 57 years. They have different types of education, but a common denominator is that everyone has completed some kind of higher education. Some informants have long experience from their respective and relevant positions, while others have shorter experience. Another important criterion for us was that we wanted an even distribution of men and women. Our participants are 50% female and 50% male. We find this to be positive and believe that it will provide us with different perspectives in addition to increasing the validity of our thesis. These two groups often have different perspectives and studies show that it is more important for women to be sustainable than it is for men (Brough & Wilkie, 2017).

In our thesis we interview managers in Scandinavian small and medium-sized enterprises to examine their subjective attitudes and actions/performances in relation to sustainability. That being the case, leaders in Scandinavian SMEs have been selected as the population in our thesis. This means that our informants need to be in the management within a business with at least one, but no more than 250 employees, located in either Norway, Sweden, or Denmark. We could further choose to limit the population by looking at other parameters such as age, level of experience, a specific industry etc. However, we are interested to see if managers' attitudes and subjective opinions are the same or different in relation to age, gender and across industries. Table 1 contains the characteristics of our informants, also reffered to as our sample size.

One thing we consider a strength is that our geographical selection is wide. We have been in contact with leaders in Norway, Sweden, and Denmark. In addition to our informants representing different countries, they also represent different parts of the country.

Table 1 – Characteristics of our Informant

Informant	*Gender*	*Position*	*Size*	*Industry*
Informant 1	Female	CEO	Small	Transportation
Informant 2	Male	CEO	Small	Computer & Technology
Informant 3	Female	CMO	Small	Food & Beverages
Informant 4	Male	Sales Manager	Small	Transportation
Informant 5	Female	CEO	Small	Computer & Technology
Informant 6	Male	Manager	Small	Food & Beverages
Informant 7	Female	Communications Manager	Medium	Advertising & Marketing
Informant 8	Male	CEO	Medium	Manufacturing
Informant 9	Female	Marketing Manager	Medium	Telecommunications
Informant 10	Female	CEO	Small	Fashion
Informant 11	Male	Manager	Medium	Education
Informant 12	Male	CEO	Medium	Entertainment

3.5 Interview and Interview Guide

In this section we will elaborate and justify our chosen interview methods, and explain the process of developing the interview guide.

3.5.1 Interview

Primarily a distinction is made between three types of methods to collect primary data. These are surveys, in-depth interviews and observations (Kvale & Brinkmann, 2015). The interview is described as the dominant method within qualitative research studies (Ryen, 2002).

According to Thagaard (2009) a research interview can be conducted in three different ways; unstructured interview, structured interview, and semi- structured interview. An unstructured interview is considered to be at one extreme point of the scale and is characterized by little structure, with the main topics predetermined, but not the questions. A structured interview is at the other end of the scale, with structured interviews and predetermined questions asked in a specific order. Lastly, the semi-structured interview, which is the structure we chose to use in our research, can be seen as a mixture of the two other methods (Thagaard, 2009).

Kvale and Brinkmann (2009) defines a semi-structured lifeworld interview as “a planned and flexible conversation that aims to obtain descriptions of the interviewee's world of life with a view to interpreting the meaning of the phenomena being described” (p.325). Leavy points out that this type of interview creates room for flexibility because the themes are predetermined but the order is decided consecutively (Leavy, 2020). This structure is used to get descriptions of how people understand their own situation. It is not unlike an everyday

conversation, except you have to use different approaches and techniques to collect the data (Kvale & Brinkmann, 2009).

Interviews can also be conducted individually or as group interviews, however interviews with individuals are the most common procedure (Thagaard, 2009). Conducting interviews with several informants at the same time may lead to the respondents' answers not reflecting their genuine opinions and what one participant said could potentially depend on what another participant said (Mitchell & Jolley, 2010).

Interviews are usually conducted either face-to-face or by telephone according to Mitchell & Jolley (2010) , however, through the covid-19 pandemic, there has been a much greater acceptance of using other tools such as the zoom software. A video conference is considered to be the most similar to face-to-face interviews, which means it does not involve any major changes, just a few. You won't have the same predictions for creating a safe atmosphere over the software as you could physically, but on the positive side, you can conduct interview informants which are far away geographically (Saarijärvi & Bratt, 2021). This has been important for us, considering the fact that we are looking at managers in Scandinavia and their relationship to sustainability.

Mitchell & Jolley (2010) points out that there are advantages and disadvantages when conducting interviews. On the positive side, an interview provides the opportunity to ask about or explain the questions if something should be unclear. Additionally, personal interactions often entail a greater response rate. Although the personal interactions lead to two significant problems. The first problem is Interviewer bias, which happens when the researcher influences the informant's responses by confirming "correct" answers physically or verbally. Secondly, the informant may try to impress the researcher by giving desirable responses, and thus the answers they give will not align with their actual opinions and perceptions (Mitchell & Jolley, 2010).

We chose to conduct a semi-structured interview individually with our informants. This gives us the opportunity to ask almost the same questions, at the same time providing us a chance to ask questions based on the informants' descriptions and statements for further elaboration. The interviews we preferably conducted face to face but where the distance was too excessive, we had to use video interviews through the software Zoom. This was done because we wanted to make sure that we asked our informants almost the same questions. However,

several of our informants are in industries we do not have sufficient knowledge about, and it was therefore natural to ask questions if we did not understand what they meant, or if we were interested in learning more. This helped us get clarification in addition to a broader perspective.

3.5.2 Interview guide

An interview guide is considered a necessity in all projects that use interviews as a method. Preparing an interview guide is a demanding process both in terms of time but also workload. The main point of the interview guide is to set the problem of the thesis on specific topics in the form of underlying questions, where all questions must be relevant for the problem statement. Based on this, it will be beneficial to have both the working title and the problem already prepared (Dalen, 2004).

Dalen argues that the introductory questions should not be of an emotional nature, they should make the informant feel comfortable and relaxed. After asking some warm-up questions and hopefully creating a safe atmosphere, you can move on to the more central themes, this type of structure is referred to as the "funnel principle". The aim of the questions related to the more central topics is to get them as comprehensive and detailed as possible, as this will be used as data material. To get good, complementary answers, it is important to ask the questions in a way that makes the informants open up to tell, a question where something is to be described can often be good questions (Dalen, 2004).

It is also important to think through some criteria when preparing the interview guide and the questions.

> "- Is the question clear and unambiguous? - Is the question leading? - Does the question require special knowledge and information that the informant may not have? - Does the question contain sensitive areas that the informant will refuse to comment on? - Does the question allow the informant to have their own and perhaps untraditional perceptions?" *(Dalen, 2004, p. 30)*

Based on these criteria, we tried to prepare an interview guide that was clear and distinct. We have also approached the management in the businesses, who we assume has the best

conditions to answer our questions. In addition, we informed our participants that they are 100% anonymous which gives them the opportunity to answer the questions honestly even if they hold unconventional views.

We have based our interview guide on our research questions, and we asked between four and seven questions in relation to each topic. We started out with the "funnel principle" where we asked simple questions in the beginning, and regarding our central themes were curious about how the three pillars of sustainability are prioritized, and if the implementation of sustainable measures could result in a competitive advantage. We also wanted to know if the sustainability measures were done voluntarily or due to laws and legislations. For our last question we were interested in hearing the informant's subjective opinion in relation to the sustainable development in the world versus Scandinavia, if they believe that the development is coherent or different. This question was asked on the basis that we will write a discussion paper in addition to this thesis, and our topic is "International". We therefore wanted to include this in our interview guide.

The interview guide was a security for us. Several times throughout our 12 interviews we experienced moving away from the original questions. Because of the interview guide we still managed to keep track of what questions we had asked and what we were going to ask next. We also had very open questions such as "To what degree do you think sustainability is important from an organizational competitiveness perspective?" (appendix) which we believe will open for rich descriptions as reflections.

3.5.3 Test Interview

Thagaard points out the importance of conducting a type of training before initiating the interviews. She emphasizes that a good training situation can be to interview colleagues in order to get feedback. Furthermore, she says that no matter how good experience one has, training is important, especially in a new research situation (Thagaard, 2009, p. 91). Dalen supports this and claims that one must conduct at least one test interview (Dalen, 2004).

To be absolutely sure that the interviews would take place as we had imagined, and to make sure that our interview guide would be good enough, we chose to conduct test interviews on our fellow students who we knew had some experience from managing positions and would be able to answer our questions. We conducted two trial interviews, which was done on the

basis that we would have both physical and digital meetings with our informants, and we needed confirmation that both methods would work.

We found the conduction of the trial interviews extremely helpful. This made us aware that some of the questions were difficult to understand as our interview guide was initially characterized by an excessively academic language. We were also informed that our test interviewees lacked existing knowledge regarding the three pillars of sustainable development, both on a general basis and in relation to our thesis, hence we took this feedback into consideration and chose to add a definition of the three pillars and applied a more informal language.

3.6 Data collection:

Prior to the process of collecting the data, we had to send in a presentation of the project, the interview guide, and an information letter to NSD (Norwegian centre for research data). This is in relation to privacy and the fact that we as researchers have an obligation to inform our participants about the study they are participating in (NDS, n.d). Once our study was approved, the data collection started. The interview guide and the information letter are attached in the appendix.

3.6.1 Conducting the interviews

There are few standardized procedures for conducting interviews, this is because of the diverse range of different types of research interviews (Kvale & Brinkmann, 2009). The interviews conducted in this thesis have, as mentioned earlier, taken place through a physical meeting at the person's workplace or another preferred meeting place, or through the software service Zoom. It was a necessity for us that the interviews could be conducted undisturbed, which was an important criterion in relation to where the meetings took place. We forecasted the interviews to last approximately 30 minutes and have therefore arranged the number of questions to this time schedule. Our interviews lasted between 20 and 40 minutes.

At the beginning of each interview, we asked our respondents for consent to record the interview. This is not something we have set as a requirement in our consent form, nevertheless Kvale and Brinkmann (2015) point out that tools such as video recording, audio recording or note writing may be appropriate for later documentation and analysis.

Furthermore, they argue that audio recordings is the most common tool, this will lead to complete focus on the informant and the dynamics of the interview. Based on this and with a desire to devote all our attention to the informant, we chose to carry out audio recordings. Video recording can also be used as a tool but because our informants are to be anonymous, we did not consider this appropriate.

We always conducted the interviews together in order to achieve good internal reliability. This means that both could ask questions, as we are not exclusively thinking about the exact same thing. However, we felt that a potential problem could be that we would talk over each other. Because we were aware of this from the start, we chose to create a structure where only one asked the questions, and therefore consequently avoiding this problem. The other researcher was focused on taking notes both on what was being said and when any non-verbal actions were performed.

Before starting the interview, we also gave some information about our thesis. This information was to some degree restrained because we did not want this information to have an impact on our respondents' answers. Throughout the interview, we emphasized that we were aware of the respondent and gave non-verbal cues to show that we were interested in what was being said.

We had a desire to appear and act professional and make a good impression on the informants. To conduct the interview in the best possible manner, we had as earlier mentioned, prepared an interview guide with an overview of our topics and questions. We read through the interview guide several times prior to the conduction of the interviews, this was done to prepare ourselves. However, we used the interview guide while conducting the interviews because it created a sense of security in case we were to forget a question.

3.7 Data interpretation and processing

Transcription stands for transformation which means shifting from one form to another, in our case transforming an oral interview into written form. This process will allow for a better structure which will be more suitable for analysis (Malterud, 1996). Transcription is an extensive and time-consuming process and according to Kvale & Brinkmann (2015) it takes an experienced writer about five hours to write a one-hour interview. We are not experienced

writers and have not transcribed before which certainly entails some shortcomings for us compared to an experienced writer.

There is no universal form or code for transcribing research interviews, however, there are some standard choices that need to be made before embarking on the process. As one initiates the process of reviewing and listening to the interviews, problems and questions of principle may arise. How detailed should one transcribe? Should all pause fillers such as “eh”, “ehm”, “hmm” be included? Must one include repetitive words or not? Questions such as these indicate that choices must be made regarding which of the many dimensions of the verbal interviews are to be included in the written transcript (Kvale & Brinkman, 2015).

Kvale & Brinkmann (2015) claims that there is no standard answer to what is right or wrong in this context, further they argue that this depends on the purpose of the transcription. Thus, it will be more important to focus on what is considered useful transcription regarding our research. If we were conducting a language analysis it would be natural to include everything at a detailed level, however, this is not the case of our study. Although there is a lot of confusion and no universally determined procedure, there is a main rule within the transcription; Write explicitly in the report how the transcripts were performed (Kvale & Binkmann, 2015).

The real raw data is the actual event between the parties involved, as it took place both in time and space. Malterud points out that it is not possible to recreate this situation, and she further explains that the use of sound recording in addition to transcription will result in an indirect representation of an indirect representation obtained from a specific perspective and hence cause deficiencies from reality (Malterud, 1996).

The transcription process was performed in parallel with the data collection. The authors of this paper, who also conducted the interviews, have undertaken the work of transcribing. This was done because the possibility of discovering weaknesses in the material increases when the researchers themselves do the transcription. Those who participated in the interview have a higher chance of remembering moments that might clarify ambiguities or remember something of significance when exposed to the sound recording. This plays a key role in order to strengthen both the reliability and validity of the material (Malterud, 1996).

We transcribed each interview once it was completed. This was done so that we would have the course of events and the conversation fresh in our minds. We used the word processing

program Word in relation to our transcription. We have emphasized on making the interviews as verbatim as possible when transforming the verbal form to text. Dialects words, pauses, laughter, and nonverbal communication such as hand- gestures have been included in our transcription. It is important to notice the nonverbal communication because underlying meanings can be detected through them (Graham & Argyle, 1975). We have used different signs to demonstrate what type of action that took place, for example would "/" demonstrate that there was a pause. If the informant mentioned the name of his or her respective company, we chose to demonstrate this by inserting an "X" in our transcripts.

There are several challenges associated with the transformation of oral language into written form. When an oral conversation is to be translated into written text, there is always a distortion of the event, even with detailed reproduction word for word. Few people speak in such a way that a direct recording of the conversation and a valid reproduction of what was said and heard. Malterud (1996) points out that there will always be a distortion of the event when transforming an oral interview into written text, even with a detailed word for word reproduction.

Given that our thesis is written in English and because our informants have been promised full anonymity, we had to further translate from the native language to English, which means that we had to transcribe each interview twice. As a result of several years of education and completing exchanges in anglophone countries we have adopted an eloquent English language. We argue that we have enough inherent knowledge to translate from our native language into English. However, translating did present a few challenges. Firstly, for every time one must transcribe something this will entail a loss of information (Malterud, 1996) Secondly, it is difficult to directly translate Scandinavian words and expressions that do not exist in the English written language. An example of this is the Norwegian expression "Hestgærnt" which in English would be directly translated to "horsecrazy" and is translated by Google Translate into "horse yeast." Words such as these would not have made sense in the context to which it belonged and leads to us having to omit the words or find words with a similar meaning, which results in loss of the raw material. Despite some difficulties, we have managed to present the interviews in a clear and structured way so that they are adequate to use in the analysis.

After having transcribed our interviews, we started analyzing them using the Gioia method through an open coding process, before evaluating whether the data collection contributed to

an analysis that provided theoretical saturation. If we had not reached saturation we turned back to the theoretical sampling which helped us find new informants with whom we could proceed with further data collection. This also allows for the researcher to change their perspective on already collected and analyzed data. By using repeated iterative cycles of analyses and coding, it results in the emergence of theory grounded in empirical research (Gasson, 2009). We will describe this method in more detail under the chapter of Data Analysis.

3.8 Research ethics

Ethical dilemmas often arise in qualitative methods because of direct contact between the researcher and the interview objects. Based on this, ethical guidelines that define the relationship between the researcher and the informants have been established. Ethical considerations are important because the actions and choices made by the researchers could potentially have consequences for the people being studied (Thagaard, 2009).

Ethics are extremely important in situations involving the process of personal data. Personal data is defined as "Information that can be directly or indirectly linked to an individual. A person will be directly identifiable via name, social security number, or other personally identifiable characteristics" (Thagaard, 2009). Research that requires the processing of personal data falls under the Personal Data Act of 2001, which means that the projects are notifiable (Birkeland, 2020). Since we carry out our master's thesis through a university, we had to report the project to NSD.

The National Committee for Research Ethics in the Social Science and the Humanities (NESH) functions as a professionally independent advisory organ with the purpose of promoting and making sure that people conduct responsible research (Ringdal, 2018). NESH has developed several guidelines based on six different categories: "(a) The research community, (b) consideration for persons, (c) groups and institutions, (d) clients, financiers and partners and (e) research dissemination" (NESH, 2021). Based on all the guidelines established by NESH, Thagaard (2009) points out three ethical guidelines that are particularly important: "(1) Informed consent, (2) Confidentiality and (3) Consequences of participating in the research project" (p.26)

3.8.1 Informed consent

Informed consent is considered a starting point in any research projects. NESH defines the principle of informed consent

> "As a general rule, research projects that include individuals can be initiated only after securing participants' free and informed consent. The informants have the right to withdraw from participation at any time, without this entailing any negative consequences for them" (NESH, 2006, p.13).

The principle is based on having respect for the informant and his right to control his own life. The fact that the consent is free means that the individuals have not been exposed to any form of pressure and informed refers to the participant receiving information of his participation in the project and what this entails. There are some challenges related to this principle, for once, it can be difficult to give a complete picture of what a possible participation entails when the researcher does not have absolute knowledge of how the material will be interpreted (Thagaard, 2009).

In relation to our study, the informants were contacted through email with a request to participate with an attached information letter containing the description of the study (Attachment 1, Information letter). All participants have given their consent in writing and has been reminded before and after the interview that they have the opportunity to withdraw themselves from the project at any point of time.

3.8.2 Confidentiality

The second principle that underlies an ethically researched practice is the requirement of confidentiality. This principle states that:

> "Research subjects are entitled to a guarantee that all information they provide about their private lives will be treated confidentially. Researchers must prevent the use and dissemination of the information that could harm individual research subjects. Research material must usually be anonymised, and strict requirements must apply for how lists of names or other information that would make it possible to identify individuals are stored and destroyed" (NESH, 2006, p. 18).

This principle refers to the importance of anonymizing the informants when the results of the interviews are to be presented. There are some problems linked to the consideration of the participants' anonymity and how the results are presented. An example of this is that in relation to the methodology it would be correct to present the informant as he or she appears to the researchers. However, ethically it is important to hide the person's identity. Some problems are linked to the consideration between the participants' anonymity and how the results are presented. An example of this may be that in relation to the method, it is correct to present the informant as he or she appears to researchers. But ethically, it is important to hide the person's identity (Thagaard, 2009).

How and for how long the material is stored is also a factor one must take into consideration. According to NESH "Data related to identifiable individuals shall be stored responsibly. Such data shall not be stored any longer than what is needed to attain the objective for which it was processed" (NESH, 2006, p. 19).

We have not asked any questions that have required the informants to provide personal information such as name, age, etc. in our interview guide. However, every material we have gathered through our interviews have been treated confidentially and only the researchers of the project have had access to the unfiltered material. All participants have also been anonymized throughout our project in such a manner that they will not be recognized.

3.8.3 Consequences of participation

The third and final basic principle for an ethical research practice is linked to the consequences the research may have for the participants. "Researchers have a responsibility to prevent research subjects from being submitted to harm or other suffering" (NESH, 2006, 12). Emphasis is also placed on the respect for the informant's integrity, co-determination, freedom, and important general norms that must be safeguarded. However, it can be difficult to know what this means in practice. An important part of the researcher's responsibility is to protect the informant's integrity by avoiding negative consequences in relation to the participation. Ideally, there should be a reciprocity between what the informants provide in terms of information and what they receive in return for participating in the research (Thagaard, 2009).

We hope and believe that our informants value their participation and found it to be an interesting experience and an opportunity to gain better insight into their own situation. We also hope that we have contributed to new perspectives and aspects in relation to sustainability.

3.9 Quality of the data

In this section we will account for the quality of our study and thereby show that our conclusions are equitable and coherent. This involves that the problem statement is clarified and correctly defined, in addition to the fact that our research can be considered reliable.

Reliability, validity, and generalizability are concepts that are mostly used in relation to quantitative research, and their relevance in relation to qualitative research has been a disputed topic (Ringdal, 2013). Thagaard points out that the content of these concepts has a different meaning in qualitative research and argues that it would be appropriate to use other concepts. She prefers the concepts of credibility, verifiability, and transferability as substitutes for the first-mentioned concepts (Thagaard, 2003). However, Ringdal (2013) argues that even though these terms in the sense of statistics are not applicable in qualitative data, the terms are still useful.

3.9.1 Reliability

Reliability means credibility or exact replicability. This presupposes that one can rely on both the data material and the results from the analysis. It is therefore extremely important that there are no errors in the investigation of the phenomenon (Gentikow, 2005). Reliability is considered unsuitable in qualitative research. Firstly, qualitative methods are characterized by the conversation being in control of the data collection, which illustrates that this method does not use structured data collection. Secondly, it might be problematic for others to duplicate qualitative research because observations are clearly value-loaded and context-dependent. Lastly, the researcher enters the role where he uses himself as an instrument. Consequently, no one else has the same experience or background as this individual, and it will therefore be difficult for someone else to interpret it in the same way (Johannessen, Christoffersen & Tufte, 2020).

In spite of the challenges linked to the justification of reliability in qualitative methods Johannessen, Christoffersen & Tufte point out that this can be done by providing the reader with a detailed in-depth description of the context and the proceeding throughout the research process (2020). It is our task as researchers to argue for the reliability by explaining how we have developed data during the research process (Thagaard, 2015).

We have explained the process of conducting interviews and how we have transcribed them in detail earlier in this thesis, but we have chosen to include a summary in this section to elaborate on how our choices have contributed to the strengthening of the reliability in our thesis.

We have strengthened the reliability of our study by consistently providing a detailed description of what we have done throughout the research process. Furthermore, both researchers have been present during all interviews, which have provided us with the opportunity to discuss our experience of the interview. One last method we used to strengthen our reliability was the use of sound recording. This provided us with the opportunity to review the interviews several times. As a result, our transcripts are to a certain extent representing the reality if one disregards the loss of the raw material because of several transformations.

Grønmo (2016) addresses two types of consistency, internal and external which are important in the reliability discussion. Internal consistency addresses the relationship between the different parts of the collected data. For the internal consistency to be good the data elements must be reasonable and plausible in relation to each other, in other words, the different parts of the data material must fit together and help clarify the overall purpose of the research (Grønmo, 2016). In our thesis, the internal consistency is good. We consider this a result of our well-prepared interview guide because our interview questions are well connected in order to retrieve information which will shed light on our research questions.

The external consistency addresses the relationship between the collected data and other relevant information about the subject of interest, if they correspond, then the external consistency is good. This means that our data material must harmonize with the theme of the study and must be seen as reasonable from a larger context (Grønmo, 2016). The external consistency is good in our thesis as our material provides a sufficient and reasonable

presentation which corresponds with our assumptions and the literature that we have based our thesis on.

3.9.2 Validity

Validity can also be referred to as confirmability, correctness, or truth. The boundaries between reliability and validity are not immediately clear, but Gentikow perceives validity superior to reliability because the validity could indicate whether the investigation is relevant to the research problem or not (2005). Furthermore, it will not be possible to have a perfect validity in social science studies because criteria, tests or calculations have not been formulated for what characterizes high validity (Grønmo, 2016). For example, one cannot test the validity by repeating the study to check the stability of observations (Gentikow, 2005). In order to assess the validity of qualitative studies, the procedure should be a critical and systematic discussion of the survey design, data material and data collection, based on the relevance of the research question (Grønmo, 2016). For the research to be correct, the researcher must avoid sources of error in his work. Postholm & Jacobsen (2011) argues that one must trust that the researcher has done a proper job throughout the research process.

Grønmo refers to different types of criteria for validity within qualitative studies. He points out face validity as preferable because it bases itself on features of the data material and data collection that are obvious to the researcher himself and others. The validity is considered satisfactory if it is obvious that the data collected are good and accurate regarding the study's intentions and issues. In other words, the notion of validity is uncontroversial and is considered unproblematic for this criterion (2016).

Grønmo further divides qualitative validity into three sub-categories. The first one is competence validity which refers to the inherent competence the researcher has for collecting the qualitative data. The greater the competence of the researcher is, the bigger the probability of obtaining material with high validity (2016). We have ensured the validity of our data by investigating the topic of interest in order to obtain more knowledge on this area and also decide on what we wanted to further research for our thesis. We also spent a lot of time on planning and designing our interview guide, to ensure that the questions we asked would give us sufficient answers. Regarding the interviews, we spent a lot of time preparing for the interviews, in that connection we also chose to conduct two test interviews. These preparations were done to ensure that we had high validity. We were able to create a safe

environment for our participants, even though we spent approximately 30 minutes per informant, we would dare to say that we formed a good enough relationship to get sufficient answers. Finally, it must be mentioned that the researcher's competence does not provide a guarantee for high validity, the researcher's competence is thus not a prerequisite for high validity but is considered a necessity on a general basis (Grønmo, 2016).

Secondly, communicative validity is based upon dialogue and discussion between the researcher himself and others around him to ensure that the data material is accurate and is based on the research questions. These discussions or conversations can be effective in an effort to detect problems or weaknesses with the data material. Validity is assumed to be satisfactory if the outcome of the discussions is agreement or consensus, this means that there are no weaknesses or problems detected (Grønmo, 2016). We have ensured high validity by offering our informants to read through their interview in transcribed form and then approve our representation of them, once they approved our interpretation the validity was considered satisfactory. Additionally, we have discussed the material between us, the two researchers, so the presented material is a combination of three different perspectives, which we believe have strengthened the validity even more.

Lastly, pragmatic validity shows to which extent the data material and the results from the research form a basis for specific actions. The validity is considered high if the study provides a basis for potential actions. Through our research we have studied what managers' attitudes are towards sustainability and how they prioritize the three pillars (Grønmo, 2016). According to Elkington (1997), it will not be possible to call a business sustainable if the three pillars are not prioritized or provided the same attention. We hope and believe that our thesis has contributed to the acquisition of new and valuable knowledge for our informants, and that this will lead to some type of action in the future. Nevertheless, several of our informants have said that they want to improve various things in relation to the three pillars in the near future. This study forms the basis for improvements as we see that most companies prioritize one or more pillars, we can therefore say that we have high pragmatic validity (Grønmo, 2016).

3.9.3 Transferability - as a substitute for Generalizability

It is difficult to generalize empirical studies as they do not have statistical validity, thus reliability and validity are more relevant to qualitative research than generalizability. The

requirement for statistical generalizability cannot be transferred from qualitative to quantitative studies because the informants in qualitative studies are rarely representative of the population. In other words, a qualitative study will not be suitable for generalizing the findings (Ringdal, 2013).

As suggested by Thagaard (2003) we use the term transferability as a substitute for generalization, referring to the degree of which the understanding one develops within a project may also be relevant in other situations. It questions how the results can be transferred to other settings with similar characteristics. In qualitative studies, it is the interpretation that provides a basis for transferability, and not just the descriptions of patterns in the data (Thagaard, 2003).

Our data interpretation, which we will explain in detail further down, leaves us to assume that the understanding we developed from our study will be relevant in other situations. This, in combination with the thoroughly chosen data collection method, leaves us to argue that it would be possible to transfer our findings to other situations, thus we conclude that despite our results not being generalizable, they have a high degree of transferability. This is aligned with our results forming a so-called substantive theory, which is considered to be transferable and not generalizable, in a way in which elements of the context could be transferred to other contexts with related characteristics (Gasson, 2009)

SUMMARY Methodology:

Our study is based on the qualitative research design where we have an exploratory, inductive approach that emerges through our use of the research method Grounded theory. The collection of primary data has taken place through semi-structured interviews with our informants who have been selected based on predetermined criteria. To ensure good interviews, test interviews were also conducted. The interviews have been transformed from oral to written form in order to be used in the analysis. Throughout the process, we have been aware of ethical guidelines and consideration for the informants. Furthermore, we score satisfactory on all three subsections of qualitative validity, including competence validity, communicative validity and pragmatic validity, indicating our investigation to be relevant for the research problem. Finally, we conclude that our results have a high degree of transferability, but not generalizability.

4. DATA ANALYSIS

In the upcoming chapter we will explain in detail how we, following the grounded theory method of qualitative analysis, conducted an iterative data collection and analysis. The analysis was conducted in accordance with the Gioia method, starting with open coding and axial coding, before creating aggregate dimensions through selective coding. This process also included our memos, and we will show how it provided the foundation for our data structure. Furthermore, we will explain how moving back and forth between interviews and analyses allowed for the developed theory to be grounded in the empiric.

4.1 The Coding Process

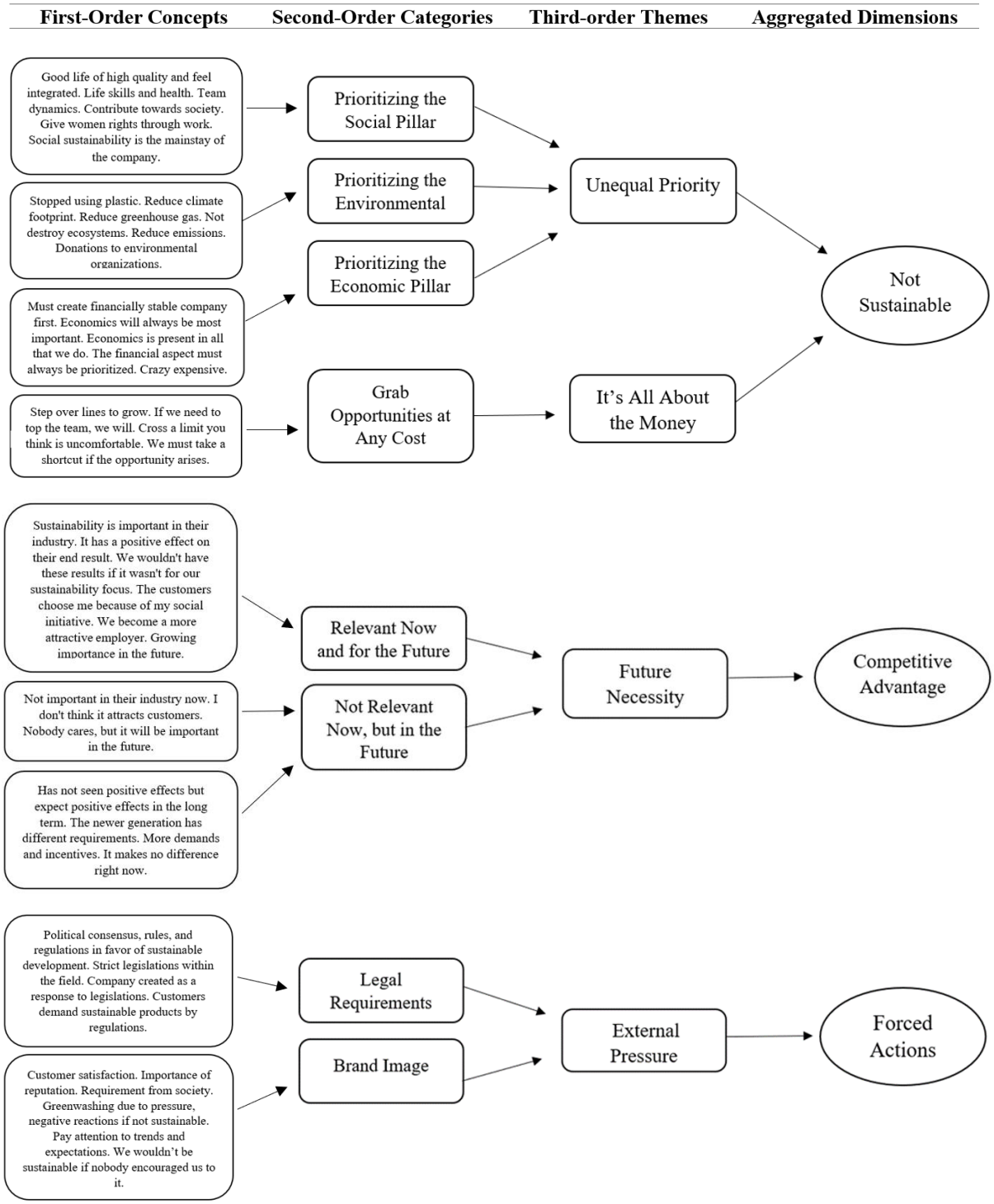
Through the interpretation of qualitative interviews, the researcher aims to find internal connections in the data material and acquire a deeper understanding of the topic to be studied (Dalen, 2004). After transcribing our interviews, we conducted first-order coding, clustering all the answers from our respondents and developing concepts based on what codes surfaced from the transcripts. According to Gioia, Corley & Hamilton (2013), one does not aspire to distill categories in the first-order analysis, but a myriad of informant codes, categories and terms will freely emerge in this early stage of the research. This is also referred to as open coding by Dalen (2004) and is defined by Strauss & Corbin (1998) as "The analytic process through which concepts are identified and their properties and dimensions are discovered in data" (p. 101).

Progressing with the analysis, we started seeking out differences and similarities among the codes, also called axial coding (Gioia, Corley & Hamilton, 2013). In this part of the analysis, we identified links within the first-order codes and organized them into second-order categories. We then merged the categories into third-order themes of more abstract nature. After acquiring a practical set of concepts and advancing toward theoretical saturation, the state in which it seems counterproductive to collect additional data (Strauss & Corbin, 1998), we emerged the third-order themes further into aggregate dimensions. This last part of the coding process is often referred to as selective coding and is the last step of those used in grounded theory (Dalen, 2004). In this theoretical domain, we questioned whether the sections that emerged suggested concepts which helped us explain and describe the observing

phenomena, especially the embryonic concepts that lack satisfactory theoretical material in already existing literature.
Furthermore, the coding did not only include the transcribed interviews, but also our continuous notes, called memos. These are small notes with ideas, questions and thoughts that came to mind during the data collection process and coding. Including memos in the analysis helped us challenge and reflect on our assumptions (Dalen, 2004).

Acquiring such a full set of terms from the first-order coding coupled with categories, themes, aggregate dimensions and memos, provides the basis for composing a data structure (Gioia, Corley & Hamilton, 2013).The data structure let us configure our data to a visual aid, and creates a graphic representation of the way our analysis moved from raw data to aggregate dimensions, which is also a key component when proving rigor in the research (Gioia, Corley & Hamilton, 2013).

Figure 2 - Data Structure

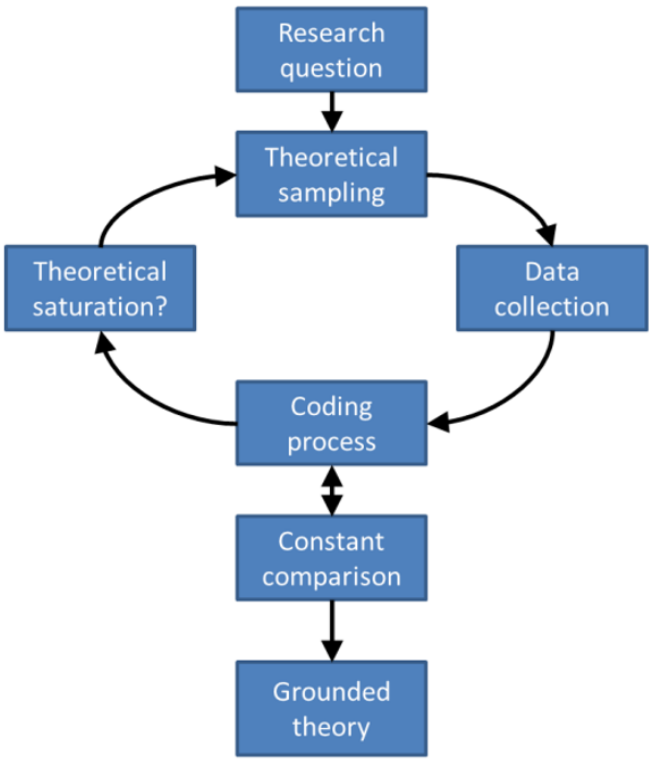


4.2 Grounded Theory

The data structure we have provided to explain the course of analysis could seem to portray a static picture of what is in fact a dynamic phenomenon (Gioia, Corley & Hamilton, 2013). Although the previous section explains in detail how the analysis takes place step by step, we did not follow these steps slavishly. The grounded theory coding method allows for an iterative cycle of analysis and coding (Gasson, 2009).

After the data collecting process, we followed the steps of the coding process as presented in the previous section, before evaluating whether we had reached theoretical saturation. If that was not the case, we returned to the stage of theoretical sampling to gather additional informants, before repeating the process of additional data collection and analyses. This process was continued until theoretical saturation had been reached. This method allowed us to change our perspective on the previously collected data. By using repeated iterative cycles of analyses and coding, it resulted in the emergence of theory which was grounded in empirical research (Gasson, 2009). The process is illustrated in the figure below.

Figure 3 – Key steps in a Grounded Theory Research Design

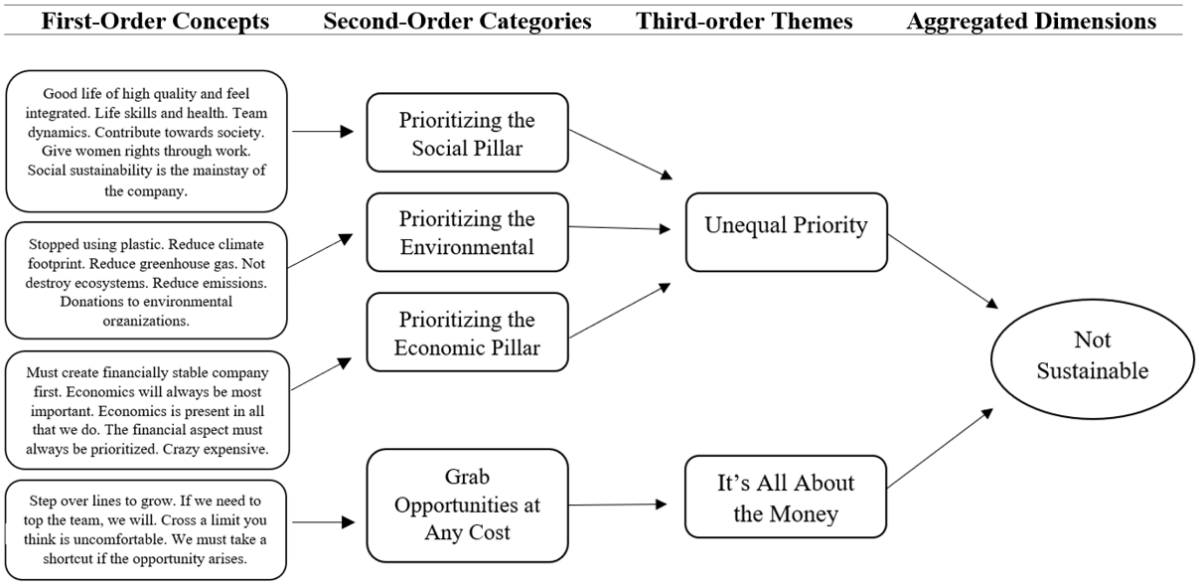


Key steps in a Grounded Theory research design. (Malone, 2015)

4.3 Analysis of the Collected Data

When conducting the first-order coding we worked individually to read through the transcribed interviews, take notes and withdraw important words and sentences that stood out in the text. We developed a total of 211 first-order codes extracted from the interviews. Examples of such codes that appeared repeatedly are portrayed in the figure below, representing the row furthest to the left.

Figure 4 – Extraction from the Data Structure



Moving on, we performed a content analysis of the coded transcripts to identify common categories. For example, codes such as "reduce climate footprint" and "reduce emissions" were placed next to each other and these codes were then collected in the category named "Prioritizing the Environmental Pillar," as they portrayed a common view, that of encompassing an environmental focus. After creating the categories, we returned to the transcripts to validate that the categories fit with the transcribed interviews. Thereafter we identified relationships between the newly created first-order codes, which laid the foundation for second-order themes in a more abstract nature. In this part we saw that three categories had emerged from prioritizing either the environmental, social or economic pillar of sustainability. We collected these categories in the overall theme which we chose to call "Unequal Priority", referring to the pillars of sustainability, as prioritizing one pillar proves

that not as much attention is given to the other pillars. We allowed the first- and second order themes to emerge freely.

After reaching this part of the analysis we returned to the process of theoretical sampling where we identified other informants with whom we could proceed with further data collection. By conducting further interviews, it let us challenge the categories that had already emerged or accentuate other categories which is what happened in our case. One of the categories that emerged in this stage and appeared from the coded transcripts was named "Grabbing Opportunity at any Cost". We saw this category developing into the theme of economic consideration and named the theme "It's all about the money". This theme emerged separately to the category of economic priority despite the two of them encompassing an economic aspect, as the codes leading to this theme were based on responses not referring to prioritizing the economic pillar of sustainability, but rather managers admitting to willingly stepping over lines and making sacrifices towards sustainability measures in order to ensure economic growth.

We iterated between analyzes and data collection three times, until our 12 informants had provided us with enough data to reach theoretical saturation. Finally, we merged the two themes of "Unequal Priority" and "It's all about the money" together into the aggregate dimension named "Not Sustainable". After analyzing the results individually, we compared and consolidated our analysis with each other.

This process was used throughout the entire data analysis, simultaneously creating all three of the sections that occur in the complete data structure as shown in Figure 2

To summarize, the data analysis was performed according to the Gioia method, clustering codes into first-order concepts, second-order categories, third-order themes, and finally aggregated dimensions. The order of the analysis is portrayed on figure 3 and was conducted iterative to the data collection process, creating the foundation for a grounded theory.

5. Research results

As explained in the previous section of Data Analysis in chapter 4, we performed our analysis by using the Gioia method and were able to merge our codes, categories, and themes into three aggregate dimensions: “Not sustainable”, “Competitive Advantage” and “Forced Actions”. In the following sections, the research results will be presented in the said order, corresponding to the way they appear in Figure 2. The analyses are portrayed in the figures and in writing, and excerpts withdrawn from the interviews can be found incorporated in the text in order to highlight our findings. Under the three main categories we will present our findings systematized with headings that describe the content.

5.1 The three pillars of sustainability

Priority of the three pillars

Based on the codes and categories that emerged, it quickly became clear that most of the interviewed managers focused on different pillars of sustainability. Through revealing in what fashion, the companies devoted attention to sustainability, we were able to divide them into three defined categories with different priorities. This revelation appeared in different sections of the interview, for example when being asked about how the company measures success. Quotes such as “social sustainability is the mainstay of the company” (Informant 10) and “the most important success factor is the team itself. We value that people have a stable presence, equality, and no discrimination” (Informant 5) shows how the company prioritizes the social pillar of sustainability.

When being asked about which areas of sustainability the company prioritize, answers such as “we aim to reduce greenhouse gas” (Informant 1), “we stopped using plastic” (Informant 6) , “our company contributes to not destroy ecosystems” (Informant 1), and “it is written in our statutes that we shall donate 10% of our profits to environmental organizations" (Informant 4), are responses that indicate the environmental pillar to be a prioritized area within the company. Finally, quotes like “we must create a financially stable company first”

(Informant 2), “economics will always be most important” (Informant 9), and “The financial aspect always has to be prioritized” (Informant 1), portrays the importance of the economic pillar. By using the Gioia method, we gathered these responses to fit into the categories “Prioritizing the economic pillar”, “Prioritizing the Social pillar”, and “Prioritizing the Environmental pillar”. Finally, these three sections all merged together and created the overall theme which concludes with the unequal priority of the three pillars. This is coherent with the companies not contributing towards sustainable development as equal prioritization is a requirement. This lays the foundation of the aggregate dimension called “Not Sustainable.”

In other words, this section includes the variety in opinions of our informants as their answers clearly deviate from one another. From the paraphrasing done in the analysis it is safe to conclude that our informants have an unequal priority of the three pillars of sustainability, which based on the findings in our literature review equals the inadequacy of sustainable development. Therefore, if our sample was to be representative of the target population, the answer to Research Question 1 would be that managers of Scandinavian SMEs prioritize the three pillars of sustainability unequally.

It’s all about the money

Complying with the previous findings, and the conclusion of the companies not promoting sustainable development, we incorporate the results that explains how the managers would be willing to cross boundaries and step over lines to achieve economic growth or ensure the company’s survival, thus sacrificing their implementation of sustainability measures.

All the 12 interviewed managers responded that their company wishes to be sustainable. However, there was consensus among all but one of the informants that if they were put in a challenging position, the company’s economy and survival was the most important priority. “We want to promote a social company, but if we need to top the team in certain periods to get us out of the mud, and that requires white men who push 50, then we will” (Informant 8). Another respondent said “Being sustainable is one of our main missions… But if you want to scale, you have to scale fast when you see the right window. I’m almost certain we’ll have to

take a shortcut here and there" (Informant 4). These quotes are from companies who expressed their wish to prioritize social and environmental sustainability, respectively. Yet, they admit being willing to make sacrifices regarding their sustainability practices if they find it necessary for the sake of the company's economic growth or survival. These attitudes surfaced in 11 of the conducted interviews, and were likewise revealed through quotes like this

> "We might need to step over lines to grow… One always desires to do the best, but sometimes it is take it or leave it. Either there will be nothing, or we might have to step over a limit that you think is a little uncomfortable." (Informant 8).

We collected comparable codes from such quotes in the category called "Grab opportunities at any cost" as the answers show that scaling and growth opportunities for the company will be taken advantage of, despite it being at the cost of other sustainability measures. In other words, the economic aspect will always be the most important one. Considering these revelations, this category was paraphrased into the theme called "It's all about the money," substantiating the final aggregated dimension claiming that the companies are not contributing to sustainable development.

An important remark to be made is that the only company that did not share this view did not survive beyond the startup phase. In this company the manager claimed environmental sustainability was the company's main priority and would never be downgraded in favor of financial gain. After the company's liquidations we were contacted by the manager with whom we conducted the interview, who wished to inform us of the company's closure. The manager stated:

> "... it was just too expensive. I think it is easy to walk yourself into a trap. You don't need to be the most sustainable in every single aspect, it might be enough to walk the middle way and just try your best" (Informant 3).

The company's closure substantiates the consensus view from the other managers'; that for the sake of the company's survival it is inevitable to prioritize the company's financial performance.

The one that stood out

One of the managers we talked to clearly stood out compared to the other managers, demonstrating excellent knowledge of the concept of sustainable development. When asked which areas of sustainability were prioritized by the company, the manager quickly replied that all three dimensions of sustainability were of high priority within the company, both ecological, social and economic.

> "The most obvious dimension is ecological. We are certified by a national environmental certification and work to consciously reduce our climate footprint. But we also work towards social sustainability, where we have an important contribution in the society with the importance of culture. We play an important part in creating a society with social sustainability. Furthermore, we are largely financed through public allocations, and are on the expenditure side of the state budget more on the income side, but still financial balance and economic management is important" (Informant 12).

Since the informant portrayed exceptional knowledge of the three pillars of sustainability while also claiming them to be equally prioritized within the company, these answers differed greatly from those of the other respondents, indicating that the drawn conclusion of the pillars to have unequal priority within the companies is in fact not representative for the entire sample. However, that being the case for 11/12 respondents it clearly represents the majority.

Furthermore, the manager's statement "Had we not had economic stability we would not exist and nothing else would have been prioritized either" (Informant 12), indicates that if the company was not in a financially stable position, they could not prioritize the way they currently claim to do.

Being sustainable or providing a sustainable solution?

Two of the interviewed managers came from companies that specialized in providing a sustainable solution for their customers. Their companies offered different technology which could contribute to making other respective industries more sustainable. Although they both provided a sustainable solution, their reason for doing so differed. Informant 1 said entering the industry was a serendipity, explaining that "We saw a need in the market because the customers wanted to be sustainable. It was a coincidence that we aimed for sustainability" (Informant 1). On the contrary, the other informant said that one of their main missions was to be sustainable. "Our entire concept is based on helping to change sustainability. As individuals we felt like it was an important step" (Informant 4).

These views were confirmed by the informants when talking about their respective companies own implementation of sustainability measures. The company of informant 1, who aimed for a sustainable product by chance, admitted that they were not able to defend their production line when it came to sustainability. "If the customer wants to pay more for a more sustainable product, then you will go that route, but the customer must be willing to pay" (Informant 1). The other company, on the other hand, accentuated their sustainability drive by revealing that they try to have a green profile even without their customers knowing it, for example by donating parts of their profits to environmental organizations. "It is quite engraved in our culture to be sustainable" (Informant 4).

Thus, despite the companies sharing the same objective, to provide a sustainable solution to their customers, we clearly find that their intentions are opposing.

Who makes the decisions?

Our data shows that the managers' responses clustered in two different directions when being asked who decided what performance measures to prioritize in the company. Eight of the informants said the company's performance measures were established by a CEO or by the board, whereas the remaining four referred to it being a mutual decision between the company's employees.

The managers that addressed the decision making as a team process referred to their company's flat hierarchical structure and the importance of having the entire company work together towards unified goals. "It's about getting information and sharing it within the company's ecosystem" (Informant 2). Another informant stated "even though we have a CEO, we make decisions as a team. We had several discussions and worked well together, building on each other's expertise" (Informant 3).

One informant also explained how their company was currently in a position where the CEO was in charge of all major decisions, but they wished to evolve to include the rest of the team in the decision-making process. "To build a good team is important, so it is something we are working on right now to be able to make even better decisions together, so that it is not just the CEO who does it" (Informant 2). The importance of having a good team dynamic was emphasized by several informants, as achieving a good workplace for everybody would result in happy employees and overall benefits. Elaborations from those managers representing companies with a flat structure, indicated that making decisions together did in fact contribute to building a good team. Thus, if informant 2 successfully implements these changes, it increases the likelihood of the company achieving their goal of building a good team.

5.1.1. Summary

The result from our analysis clearly shows that the majority of the interviewed managers operate with an unequal priority of the three pillars of sustainable development, by either prioritizing the social, environmental or economic pillar. An unequal priority of such, proves the companies to not be sustainable according to the three–pillar model. This also aligned with the findings of managers being willing to cross boundaries to ensure economic growth. Furthermore, we see that some companies promote themselves as sustainable companies due to providing a sustainable solution to their customers, however the company's own implementation of sustainability measures could be lacking. Finally, there was one informant who clearly stood out from the rest of the interviewed managers, by demonstrating excellent inherent knowledge of sustainability and the three pillars, while also claiming the company to be prioritizing the pillars equally.

These findings directly relate to Research Question 1, as our results indicate that managers of Scandinavian SMEs do not prioritize the pillars of sustainable development equally, thus nor could they qualify as being sustainable according to the three-pillar model. The one manager who stood out does however indicate that this conclusion is not representative for our sample as a whole.

5.2 Competitive Advantage

The second aggregate dimension from our data analysis is called "Competitive advantage". This dimension developed as a result of the manager's conception that sustainability is a future necessity, despite having conflicting opinions regarding the current relevance of sustainability implementation. These results provide a clear answer to our second research question, proving that managers of Scandinavian SMEs believe implementing sustainability measures have a positive effect on the company's competitive advantage, and will pay off in the long run.

This dimension originated from two different categories where in the first one, the informants' responses displayed that sustainability measures were very important within their company's industry and would continue to be of rising importance in the future. One of the informants said "Our customers choose us because of our social sustainability initiative" (Informant 10), while another stated "Sustainability is very important in our industry. We wouldn't have these results if it wasn't for our sustainability focus" (Informant 4). We named this category "Relevant now and for the future," referring to sustainability measures affecting the company at the given moment, but also being relevant for the future.

On the other hand, another category emerged called "Not relevant now, but in the future." This category sprung out from two clusters of codes. Firstly, codes of those who claimed sustainability not to be important within their industry at the moment, but identical to the previous category they also believed it to be important in the future. This was supported by statements like "It is not important for us now, but I am sure it will be in the future" (Informant 9), and "Honestly, nobody cares. It does not attract customers now, but it has a growing focus." (Informant 6). Second, several codes surfaced from respondents who did not mention the importance within their industry, but who could refer to their own company's

end result not being affected yet by their implementation nor lack of implementation of sustainability measures. They equivalently backed up the expected growth of future sustainability requirements through statements like “there will be more demands and incentives” (Informant 3). Some companies had done their own research on the matter and could explain that

> “I know it hasn't affected us. We have conducted research on whether we are perceived as sustainable, and that is not the case, but it isn't too bad either. We are somewhere in the middle. I do not believe it affects customer satisfaction, but I believe we will have to make some investments to change to more sustainable solutions… There will be more and more focus on sustainability, and it will be of great importance worldwide. I believe it won't be many years until sustainability is a requirement for survival of the company” (Informant 9).

What we are able to extract from these statements is that no matter how the managers believe their company’s implementation or lack of sustainability measures affect the company today, there is a shared agreement towards sustainability being a future necessity, thus companies caring for sustainability in the future will also gain competitive advantage compared to companies that do not succeed to follow these trends. Therefore, the following theme was named “Future Necessity.”

Finally, the aggregate dimension of “Competitive Advantage” emerged, as we see that the informants all view caring for sustainable development as being a future necessity for their companies, no matter if the statements of their status quo were divergent. The informants referred to having a sustainable profile as contributing to the company’s ability to attract people, customers and improve their brand image. “Sustainability is very important from a competitive perspective. It clearly provides a competitive advantage” (Informant 2). Not only did the results indicate that sustainability provided the company itself with competitive advantage, but that their solutions might provide competitive advantage for their customers as well.

> "The reason why our customers wish to buy our sustainable products is because it gives them a pure competitive advantage, because they can then point to having a sustainable profile, which in turn makes their accounting look better. So, it is clearly a competitive advantage" (Informant 1).

Here we see that sustainability not only contributes to the company's competitive advantage, but it could provide competitive advantage for their customers as well.

The Next Generation

Four managers specifically pointed out the expectations of what they called the younger/next generation. Informant 5 explained how their customers are of the younger generation and therefore they focus a lot on sustainability. The manager used the same term for describing their company, saying that "We are a company of the new generation, where we value that people have a stable presence, equality, and no discrimination. One of the main pillars of the company is that this is a place for everybody" (Informant 5). The manager also explained that there are huge changes due to the generation shift, which was backed up by Informant 7, saying that "there will be more and more expectations in the future and the younger generation is expecting it." Furthermore informant 11 talked about how today children are learning about sustainability from a very young age, and as it is easier to learn when you are young, we could achieve and change a lot by making an effort now.

The new generation was also mentioned regarding the ability to attract future employees. "The newer generation have different requirements and desires for work for companies that take sustainability seriously. If companies do not listen and take them seriously, the business will lose the best employees" (Informant 2).

The managers all agreed that sustainability has a growing focus and is expecting to be of greater importance in the future, although only four of them used terminology directly linked to the new generation, to describe the current and expected changes.

More realistic expectations

Despite all the managers expecting a growing focus in the future, two of them also justified how they expect there to be more realistic expectations towards sustainability.

> "I think there will be more realistic expectations. Not saying I think people will do less because it is hard to do, but I think there will be more critical views when companies claim to be sustainable, and they have to prove actually being sustainable" (Informant 4).

Another informant shared this opinion saying "Now we are in some sort of middle stage where we can be sustainable without putting down too much effort, but there will be stricter demands for sustainability in the future" (Informant 9).

It is obvious from our analysis that the concerns of these informants prove to be rooted in reality, as many companies claim to be sustainable despite not performing adequately. Many managers also seemed to justify lack of certain efforts, by caring for other aspects of sustainability. As it was illustrated so pictorially by one of the managers; "It is just like a piece of bread on a Sunday morning. It needs to be whole grain for you to put Nutella on it, so that it evens out" (Informant 8). This indicates that they do seem to be aware of deficient efforts.

Pairing the expected increased awareness of sustainability with an equally increased focus on greenwashing, it is natural to assume that there will be an equivalent increase in realistic expectations, causing there to be stricter demands for companies proving their sustainability efforts.

Benefits and costs

Several informants pointed out how implementing sustainability measures would be a big expense for the company as sustainable options are often more expensive. "To maintain sustainable development is expensive and I think that prevents people from going all in" (Informant 11). The cost of it was also mentioned by companies that had implemented such measures, for example by saying that caring for sustainability "also generates some costs, there is no doubt about that" (Informant 12).

However, there were also many respondents who pointed out the benefits of implementing sustainability measures. These statements were reflected through the developed codes such as "attract customers, reputation, customer satisfaction, attractive employer, increased efficiency, generating profits and creating competitive advantage."

One manager also argued that it would count towards both costs and rewards, by saying "It will be costly, but I think we will gain from it in the long run" (Informant 9). This sums up the general attitudes that emerged, being that sustainability could be costly, but will also generate good for the long term.

5.2.1 Summary

The aggregated dimension of competitive advantage developed as a result of the manager's shared conception that sustainability is a future necessity, and that being sustainable will provide the company competitive advantage. This conclusion emerged despite the managers having conflicting opinions regarding the current relevance of sustainability implementation within their industry or for their particular company. The importance of the "next generation" was also emphasized, as they seem to focus more on sustainable development than other generations and have higher expectations as consumers. The increased focus on sustainability is also expected to provide more realistic expectations towards sustainability. There is consensus that sustainability measures provide the company with additional costs, however considering the shared conception of sustainability giving competitive advantage, it naturally also comes with benefits.

These results provide a clear answer to our second research question, proving that managers of Scandinavian SMEs believe implementing sustainability measures will increase the company's competitive advantage, as it will be an absolute necessity in the future. There seems to be consensus that sustainability measures generate additional costs for the company, however concluding that it is a future necessity and that implementing sustainability measures causes competitive advantage, it will be positive in the long run.

5.3 External motivation

The last part of our framework was based on the companies' motivation to implement sustainability measures, as we wished to uncover why managers of Scandinavian SMEs choose to implement sustainability measures. Our research results indicate that their implementation is a result of external pressure, thus we conclude the sustainability measures to be a forced action, rather than completely voluntary implementation.

One of the categories which instantly appeared from the recurring concepts was "Legal requirements." Several of the interviewed candidates agreed that there is a political consensus on the growing importance of sustainability. This attitude is unveiled through quotes like "it counts for a big focus in political discussions" (Informant 12), and "pressure through demands from governments." (Informant 8). Some of the implemented sustainability measures were also a direct result of legal requirements, and Informant 6 explained that "There are some regulations, like you're not allowed to sell plastic, so in that way you have to be sustainable." This was backed by several respondents, one stating that "there is a fairly strict legislation within this field, which regulates in relation to sustainability. It does not really force us, but it forces our customers" (Informant 1).

Simultaneously the category "Brand Image" developed, encompassing the shared perception that the company's sustainability measure affects how the brand is perceived by the world. This category sprung out from customer satisfaction, importance of reputation, and general expectations from the society. Our results clearly show that the interviewed managers care about their company's reputation and perception from a customer point of view. "It is important for the company to establish a reputation as a brand that cares about sustainability, and to use it clearly when communicating to customers" (Informant 2). Another manager also mentioned that due to sustainability being of growing concern among the general public, "we could imagine negative reactions if we chose not to be sustainable. Also, it is important regarding our ability to attract people" (Informant 12). This view also has a direct link to the company's brand image.

Those informants who originally claimed to implement sustainability measures voluntarily was also included in the category of "Brand image," as the analyses revealed that even

though they were not forced by legal requirements, they admitted to their implementations being applied due to fear of negative external reactions or customer expectations, which also springs out into the category of Brand image.

Despite the varying opinions of the informants, our analysis uncovered that the companies did act in relation to external expectations, either from legal requirements or to affect their brand image, which laid the foundation for our final theme called "External Pressure." One manager said "we wouldn't be sustainable if nobody encouraged us to do it" (Informant 11), linking their sustainability implementation directly to external expectations. The quote from Informant 8 sums up this theme perfectly as "it is a combination of external pressure through demands from governments and pressure from clients and the society."

Therefore, despite the managers themselves being divided in their initial response when answering if sustainability measures were forced or voluntary practice, our results indicate that their implementation of sustainability measures is forced action, as it revealed to be a response to varying forms of external pressure.

Forced Actions

Our data shows that two respondents found governmental regulations to be highly necessary for the firms to bother implementing these measures.

> "We need regulatory demands for something to change. If it is up to us, why would people bother? You would just choose the cheaper option. It must be more profitable to choose the sustainable option and less profitable to choose the unsustainable option. And for that to happen, you almost must have some policies" (Informant 3)

One also pointed out that the Scandinavian population is among the largest consumers, yet they do not notice the consequences of their actions, thus nor do they have an inherent urge to make a change. The informant also stated that "I think it is necessary to get the message across to have people understand the importance, only then will they willingly join the movement. For that to happen we might need some more incentives" (Informant 11).

The power of social media

The importance of social media was pointed out during two of the interviews, but for different reasons. One of the informants saw it as an opportunity and said “investors wouldn't be interested if we didn't have our good presence on social media and couldn't show our sustainability focus” (Informant 4). Another manager, however, pointed out the possible challenge of social media making it easier for companies and clients to communicate. “It makes it easier to report if something is wrong. We have seen that several big companies in the clothing industry, such as H&M, have suffered because their working conditions haven't been good enough. This has caused huge damage to their reputation” (Informant 8).

Despite their opinions of social media differing, they both seemed to agree that social media was a place for the company to be seen and evaluated, either for better or for worse.

Greenwashing

The concern of greenwashing was addressed by several of our interviewees, who feared that the growing demand and external pressure would result in companies executing positive communication about their environmental performance while actually executing a poor environmental performance. Some respondents mentioned it being an increasing problem all over the world. One manager blamed the rapidly increasing external pressure to be sustainable, saying that

> “I find it unfortunate how the word sustainability has become so overused and diluted. We see very clearly that customers care more and more if the solutions they implement are sustainable or not. But I think we can blame greenwashing. Now the ESG-evaluations are done by the firms themselves and companies think that if they implement a green solution, it might help their ESG-evaluation and make our accounting more sustainable. Some companies claim to be sustainable just because they print on both sides of the paper” (Informant 4).

The same manager also mentioned how stricter regulations for the future would make greenwashing a problem for companies, as they likely must prove to actually be sustainable, and not just communicate it. Another informant also explained how greenwashing could pose a threat to sustainability being implemented in the core strategy of the business.

> "People use sustainability for marketing and simply greenwashing, so the biggest challenge is to implement sustainability into the core value of the company. Today, almost any company can choose to communicate that they are sustainable in some way. It needs to be anchored in every aspect of the business. That it is implemented in the entire value chain and the entire company, I think that will be the most important but also the biggest challenge ahead" (Informant 2).

Businesses choosing to implement sustainability measures that only cater to some aspects of sustainability measures, paired with external pressure and sustainability providing competitive advantage, could result in several cases of conscious greenwashing.

Additionally, our data shows that most of the companies fail to be sustainable, despite seeming to believe that they do contribute to sustainable development. Therefore, it is logical to assume that companies would communicate positive things about their sustainability efforts without performing in a sustainable way, thus ignorantly contributing to greenwashing.

5.3.1 Summary

In the last research result section, the analysis uncovered how both the managers who implemented sustainability measures voluntarily and those who did it as a response to legal requirements, were motivated by external factors. Either by direct legal incentives, or to improve or avoid damage to the companies' brand image. This leads to the conclusion of companies feeling forced to implement measures, rather than doing it completely voluntarily. Some respondents believed external pressure to be necessary for companies to implement such measures. The power of social media was also highlighted by some, both in negative and positive ways. Finally, several informants also feared that the growing external pressure would cause more companies resorting to greenwashing, whereas one manager pointed out the possibility of greenwashing becoming more difficult in the future due to stricter demands when proving their sustainability.

Answering the third research question, we find that the managers choose to implement sustainability measures as a response to external pressure, thus we conclude that the

companies are forced to implement these measures, despite some of them portraying it as a voluntary action.

6. Discussion

In the previous chapter we presented our empirical findings, which lays the foundation for the upcoming discussion. In this chapter we will discuss our findings in the light of state-of-the-art research and theories presented in chapter 2. The structure of our discussion will follow our main category system as used to present the results in chapter 4. Then we answer the three research questions and connect them to the aggregated dimensions. Finally, we will discuss how our three research questions are intertwined and connected to the theories presented.

Whereas the topic of sustainability has received growing research attention, little effort has so far been made to investigate sustainability in small and medium sized enterprises in Scandinavia. Therefore, this study aims to fathom sustainable development and its interplay with managers in Scandinavian SMEs, by answer the following three Research Questions:

Research question 1: *How do managers in Scandinavian SMEs prioritize the three pillars of Sustainable Development?*

Research question 2: *How do managers of Scandinavian SMEs believe implementing sustainability measures affects the company's overall performance?*

Research question 3: *Why do managers of Scandinavian SMEs choose to implement sustainability measures?*

The key findings from the research results, as presented in the previous section, aim at answering these research questions. In response to Research Question 1, the data suggests that managers of Scandinavian SMEs give unequal attention to the three pillars of sustainability, thus they do not contribute to sustainable development according to the three-pillar model. Furthermore, to answer Research Question 2, our analysis implies that

implementing sustainability measures will increase the company's competitive advantage, as such measures will be an absolute necessity in the future. There is consensus that this will generate additional costs for the company, however it will pay off in the long run. Finally, in regard to Research Question 3, the results reveal a high degree of external pressure, leading to the conclusion of companies feeling forced to implement sustainability measures, rather than doing it completely voluntarily.

We will discuss our research results in light of already existing literature which was presented in the literature review. The discussion of the findings will be presented corresponding to the order presented above, also equivalent to the structure used in the result section.

6.1 Unequal priority of the three pillars of sustainable development

The data from our results suggests that all but one of the interviewed managers fail to prioritize the three pillars of sustainable development equally. From conducting our literature review we learned that a requirement for sustainable development is balancing the three pillars and providing them equal attention (Giddings, Hopwood & O'Brien, 2002). In other words, the unequal priority of the companies we are looking into indicates that the companies do in fact not qualify as sustainable. Their sustainability effort might pay off in the short-term, however by failing to satisfy the three aspects simultaneously they are not able to ensure the company's overall sustainability for the long term. This suspicion was also promoted by Lein (2018) who stated that several companies claim to be sustainable even if they only deliver sufficiently on one of the three pillars.

One could argue however that prioritizing certain aspects of sustainability is better than not caring to implement sustainability measures at all. As the theory of Corporate Social Responsibility explains, there has been an increasing tendency of organizations to take measures beyond their legal and economical requirements, creating a shift in corporate objectives (Bani-Khalid & Ahmed, 2017). Thus, despite the companies' unequal priority of the three pillars of sustainability, one can justify that the companies have implemented CSR measures which according to Marquez & Fombrun (2005) also could create positive long-term benefits for the company. This could further be linked to the stakeholder theory which

explains that an organization is not only responsible for its own shareholders, but also for all stakeholders who get affected by the business (Harrison & Freeman, 1999). Moreover, Carroll's CSR framework ranges the business' obligations by importance, thus also allowing for unequal priority (Carroll, 1979). Dr. Lew Tek-Yew and Wee Yee Shyen (2020) concludes that the management strategy of implementing CSR practices assists companies to achieve a Triple Bottom Line performance, catering to Corporate Sustainability and meeting the needs of the company's stakeholders. They state that "the combination of CSR and sustainable development is important towards creating sustainable and socially responsible business" (para. 4). In light of this, the companies do not qualify as sustainable companies based on the three-pillar model, however in view of other theories of sustainable development, most of them cater to CSR practices, corporate sustainability and stakeholder theory, thus contributing to sustainable development in some aspects after all.

All of the managers responded that their company wishes to be sustainable. This is not surprising, considering that the Scandinavian countries rank top 5 when it comes to sustainability, and Scandinavian consumers reveal that their buying decision is influenced by sustainability (Solability, 2021). What we do find surprising however, is the degree to which the companies fail to prioritize all three pillars of sustainability, hence not accomplishing sustainable development according to the three-pillar model. The data suggests that the managers recognize the challenges and barriers related to implementation, yet the vague definition leaves the managers to question how to encourage and implement sustainability within the company. Nevertheless, this is the exact problem pointed out by Epstein and Roy (2001) who said that the Brundtland definition of sustainable development fails to provide guidance on how sustainability should be implemented at the company level, thus one can speculate if the reason for lack of equal priority comes down to an equal lack of knowledge.

It's all about the money

Seeing that 11 out of 12 interviewees admitted to willingly crossing lines and downgrading other sustainability measures in favor of economic growth, we find it safe to conclude that the category "It's all about the money" is representative for our sample. Especially considering that the last company didn't survive the startup phase, thus proving the importance of having

economic stability as a foundation. This is coherent with our findings in the literature review, where Carroll's (1979) four-part pyramid framework ranks the economic aspect as the most important obligation and the foundation of the business itself. Emphasizing the economical aspect is also consistent with Friedman's opinion regarding the business' obligation, which is to produce goods and services with the greatest profit possible, and not to cater to CSR measures (Carson, 2015).

When looking at legal requirements and governmental regulations like the Transparency Act (Lovdata, 2021), we also find that these are only applying to larger companies. This could be due to the large companies being the only ones with an economy stable enough to take upon themselves the financial burden sustainability measures might pose, as SMEs "have fewer resources to invest in environmental improvements and management tools that could make their operations more sustainable" (OECD, 2000, p. 6). This could make us question whether sustainable development with an equal priority of the three pillars is actually achievable for small and medium enterprises.

The one that stood out

The analysis identified that one of the interviewed managers clearly stood out compared to the other managers, demonstrating excellent knowledge of the concept of sustainable development and demonstrating how the company prioritized all three pillars of sustainable development equally. This response differed greatly to the response of the other managers, on whom we drew the conclusion that they are not able to prioritize the pillars equally.

The reason for the company's ability to successfully implement sustainability measures could be justified by the manager's imposing inherent knowledge. Research shows that SMEs' behavioral characteristics largely are determined by the manager, and the manager is a main influence towards the firm's strategic agenda, thus also a key factor for the company successfully prioritizing all three pillars of sustainable development (Lloyd-Reason and Mughan (2002).

Another reason for the company to stand out could be due to the manager representing a company differing greatly in size in comparison to the other companies in our sample. The

mentioned manager was the only one coming from a company that was at the top tier in the category of a medium business regarding the number of employees. The company has 230 employees, just barely qualifying as a medium enterprise, borderlining being a large enterprise (European Commission, n.d.). As the company grows in size, it is approaching categorization as a larger company, thus they might also be more aware of environmental externalities and possible legislations, while also having sufficient resources to invest in sustainable operations (OECD, 2000). This has been backed up through several studies, proving that the organizational size impacts companies' sustainability-related behavior (Gallo & Christensen, 2011). Further research shows that the extent of sustainability practices seems to be larger in greater firms compared to smaller ones (Balasubramanian, Shukla, Mangla & Chanchaichujit, 2021). This could prove a natural explanation to why the biggest company in the sample was also the one with the greatest sustainability efforts.

When examining other existing literature, the firm deviates from research claiming that international firms tend to be more sustainable than local firms (Balasubramanian, Shukla, Mangla & Chanchaichujit, 2021). This company is in fact a local company, proving that international companies do not always perform better. Nevertheless, despite the firm operating in a local environment, they do interact with international compounds, thus one could question whether they might be influenced by international trends after all.

Furthermore, it could also be because the company receives economic support from their country's government, being a public institution within the entertainment industry. This way the company might not be forced to prioritize the company's financial stability to the same extent as the other companies, on which we drew the conclusion in the previous section. Nor would they have to perform according to Carroll's (1979) pyramid or Friedman's opinion regarding the business' obligation (Carson, 2015). Seeing that the informant of this company revealed how they would not be able to prioritize sustainability the way they were if they did not have economic stability, it portrays that the company's economic performance is indeed of great relevance, underlining that the economic state support is of substantial importance.

Evaluating the results in light of the literature review indicates that the company's financial stability combined with the manager's imposing inherent knowledge and company's size, justifies how they are able to provide results unlike the rest of the sample.

Unintentional Greenwashing?

Our data further showed how two of the managers we interviewed represented companies which provided a sustainable solution to their customers. Despite the companies sharing the same objective, to provide a sustainable solution to their customers, we clearly saw that their intentions were opposing, where one of the companies aimed at being sustainable through their entire value chain, whereas the other did not have a sustainable production line. Yet both companies were proudly speaking about being sustainable companies, aiming at contributing towards worldwide sustainable development.

We dare to question whether this, although maybe unintentionally, could qualify as greenwashing. There was no doubt that the manager strongly believed the company to be sustainable, as the informant continuously talked about all the ways in which their solution would benefit towards a more sustainable world. However, as the company's own production line was not being sustainable, one could argue whether the company is actually a sustainable company, despite their product might having an effect on sustainable development through another industry. As greenwashing is the combination of a company's poor environmental performance while executing positive communication about their environmental performance (Delmas & Burbano, 2011), the question would lead to if the company's performance is based on the performance actually done by the company in developing their product, or if the performance of their sold product is also counting towards the company's own performance.

It could also cause the company's customers to contribute to greenwashing, as they are using a product that was not developed in a sustainable way, yet reporting sustainable actions. It could result in the expressed concern of Brouwer (2016), that due to greenwashing, customers are failing to make decisions that are actually environmentally friendly.

The results seem to indicate that greenwashing could result from lack of knowledge, and that it could even be unintentionally. Maybe this could also be part of the reason why a shocking 59% of the green claims from larger European companies are misleading (Changing Markets Foundation, 2021).

To conclude, there seems to be cases of companies promoting themselves as a sustainable organization due to providing a sustainable solution to their customers, despite producing this

solution in an unsustainable fashion. This could be due to lack of knowledge, however being intentional or not, it does contribute to greenwashing to some degree.

Who makes the decisions?

The respondents were divided regarding who decided what performance measures to be prioritized within the company, clustering their responses in two groups. One group said the company's performance measures were established by a CEO or by the board, whereas the other referred to it being a mutual decision between the company's employees. The last group tended to emphasize the organization's flat hierarchical structure and build on each other's expertise. Eight of the respondents clustered in the first group of companies, having a CEO or board decide their performance measures, whereas only four respondents talked about shared agreements. This indicates that the data in our case oppose the theory that Scandinavian approach to management in general is characterized by a flat hierarchy and involves a great deal of employee engagement in decision making (Grenness, 2003).

We found it interesting that one informant eagerly pointed out how their company was currently in a position where the CEO was in charge of all major decisions, but they wished to evolve to include the rest of the team in the decision-making process, to cater to social sustainability. This also caused us to question whether companies with an inclusive leadership style and a flat hierarchical structure seemed to prioritize the social pillar of sustainability. However, after further analysis of our data, the two factors of a flat hierarchy and prioritizing social sustainability did not seem to correlate. The theory suggests however that ensuring the well-being of the company's employees does make it more likely for the company to prosper (Papetti, Gregori, Pandolfi, Peruzzini & Germani, 2020), thus a change in leadership style could possibly provide the company with a better performance.

Furthermore, one could wonder whether there are any similar characteristics among the companies clustered in the same group. However, we found no indications that the leadership style of the interviewed managers is affected by any characteristics in particular. The companies within the two clusters do not form a significant pattern regarding country of origin. This also seems to have rich support in other studies, proving Scandinavian managers

to not differ from one another (Grenness, 2003). Therefore, we do not believe country of origin to affect their management style. Nor did we find any other corresponding factors to indicate an additional reason for the clusters to develop as they did.
We would find it interesting to do further research to investigate whether the leadership style affected the strategy implementation throughout the company, and whether the managers' attitudes could be found reflected among the employees.

6.1.1 Conclusion of the three pillars

To summarize the discussion relating to the first section in our data structure, our research indicates that managers of Scandinavian SMEs fail to prioritize the three pillars of sustainable development equally, thus they do not act in a sustainable manner according to the three-pillar model. These results are similar to findings in the literature review, proving that companies claim to be sustainable even if they only deliver sufficiently on one of the three pillars. However, the existing literature also states that there has been a shift in corporate objectives, with an increasing tendency of organizations taking measures beyond their legal and economical requirements. This was reflected in our data, as the majority of the companies for example incorporated CSR practices or the triple bottom line into their core strategies. As previous research has suggested that the definition of sustainable development fails to provide guidance to how it should be implemented in the company, we question whether the lack of equal priority of the three pillars comes down to lack of adequate knowledge.

Our data also show that without financial stability, sustainability cannot be prioritized, which corresponds to Carroll's pyramid, ranking the economic aspect as the most important obligation for the business. Furthermore, considering that most acts and regulations apply to larger companies, it makes us question whether sustainable development is actually achievable for SMEs. In light of the literature review, it seems like the reasons for one of our companies successfully implementing sustainability measures, unlike the rest of the sample, could be a combination of the company's financial stability from national, the manager's inherent knowledge and the company's size. Our data also shows that companies may

promote themselves as sustainable companies due to providing a sustainable solution to their customers, despite the production of this product not being sustainable. This could lead to greenwashing, and customers failing to make sustainable decisions. We also see that lack of knowledge could lead to unintentional greenwashing. Finally, the divided management style within the companies of our sample opposes the theory of Scandinavian management generally having a flat hierarchy involving employees in the decision making, however we did not find a pattern explaining common characteristics of the companies with a shared leadership style.

6.2 Competitive advantage

In light of the findings presented in the result section, our data proves that among the interviewed managers there is consensus that implementing sustainability measures will be a future necessity within all industries, which will indeed provide the companies with a competitive advantage. These results reflect the findings from our literature review, proving it to be desirable to be perceived as a company that cares about sustainability, as it can be used as a tool to gain competitive advantage (Lloret, 2016).

The data also suggests that there are differing opinions regarding the importance of sustainability for their companies today, yet all the managers agreed that implementing sustainability measures would be necessary in the future, within all industries. These expectations came as a response to the growing focus found in today's society regarding sustainability, and the increasing customer demands towards sustainability measures, which correspond to findings reported by several authors (Jansson, 2011; Thige, 2020; Deloitte, 2021).

The informants referred to having a sustainable profile as contributing to the company's ability to attract customers and improve their brand image. As previous research shows a positive relationship between customer loyalty and the companies that take responsibility for the environment (Kuchinka, Balazs, Gavriletea & Djokic, 2018), the results from our research seem to correspond to these findings.

Additionally, our analysis identifies sustainability as a key factor regarding the company's ability to attract employees. This data is supported through the studies of Schwepker (2001), which shows that employees prefer to work for socially responsible companies. Also, satisfied employees are more motivated and will have a positive long-term effect on the company (Brammer & Millington, 2005).

One could debate how these results correlate to the findings regarding research question 1. If as many as 90% of CEOs claim that sustainability is a fundamental factor for achieving success (Lein, 2018), how can the majority of managers fail at actually being sustainable? One possibility is that the many vague definitions of the concept fail to create consensus and a common understanding of what the concept of sustainability actually is.
The concept of CSR, for example, is a comprehensive and a complex topic, with different definitions evolving over the years, and Mullerat (2005) warns that the wide variety of definitions makes it harder for companies to interpret the essence in a consistent way.

On the other hand, one could question that if the managers of these enterprises do not possess sufficient knowledge for the company to be sustainable, will the company's consumers be likely to possess this knowledge? The literature review has detected a shift in consumer behavior, where consumers are becoming increasingly concerned with sustainability (Jansson, 2011). However, if consumers are not actually able to distinguish which companies are in fact sustainable, they might not make their decisions based on the right criteria. This could possibly also make them more receptive to greenwashing, which could further limit their ability to make decisions that are actually environmentally friendly (Brouwer, 2016).

Another interesting aspect was given by the managers who could prove that as of right now, their sustainability measures or lack of sustainability measures, were not having an effect on their company's results. These managers referred to catering their customers' needs, and that their customers cared more towards the price than their products being sustainable. This could indicate that despite the customer expectations towards sustainability rising (Jansson, 2011), the customers might be more sensitive to price when making a choice. Another option could be if the company holds the equivalent of a monopoly, or approximate monopoly, leaving the customers with no choice. These companies would obviously not face

requirements from customers in the same way as those companies who risk losing customers to a company being more sustainable.

The next generation

"The next generation" was brought up when talking about the changing perspective of sustainability. The managers referred to this term both when explaining the increased expectations of the younger generation, and the company's ability to attract employees among this generation. These data are in line with the allegations of Wiemer (2021), proclaiming that among the 85% of consumers that claimed to make changes regarding their purchasing to become greener, the millennials stood out as the most caring group, making a significant uneven distribution between generations.

This could be a result of governmental regulations, for example the Norwegian government implementing the topic of sustainable development as one of the three prioritized areas in the official new curriculum in all schools. By facilitating comprehensive education that shows the global interplay between social, economic and environmental conditions (FN-SAMBANDET, 2021), they increase the awareness of sustainable development. These findings are also aligned with a statement pointed out by one of our informants, that children nowadays are learning about sustainability from a very young age, and that it is easier to acquire knowledge at an early age. This allegation could also imply that by implementing education of sustainability from an early age, we are able to shift the perspective of an entire generation.

More realistic expectations

Despite the consensus among the informants of the increasing focus on sustainability, two of the informants pointed out that they believe there to be more realistic expectations in the future, with stricter demands regarding proof of companies' sustainability measures. As we see the concept of greenwashing receiving growing attention parallel to the concept of sustainability (Delmas & Burbano, 2011), this might not be an unlikely assumption.

In light of the discussion in the previous section regarding sustainability being implemented in education from an early age, the increased knowledge of the new generation could contribute to the consumers being more critical towards the way in which companies publicly communicate their sustainability efforts. Articles such as the one revealing that the amount of advertisements that were banned for greenwashing were tripled in just a year (Tidman, 2022) also substantiates the increased focus.

The growing number of legislations and increased governmental interference could also indicate there to be stricter demands for the future reporting on sustainability. As seen, some of the acts like the Norwegian Transparency Act is only applicable to large companies (Lovdata, 2021), possibly giving SMEs some room to slack on their sustainability measures as of now. However, some of the informants also mentioned that they believed it was only a matter of time before sustainability reporting was also a requirement for small and medium sized enterprises. Should there be a requirement for SMEs to report on their sustainability efforts, it would require them to provide proof of their sustainability, thus it might also affect the amount of greenwashing among SMEs.

Benefits and costs

Several informants pointed out how implementing sustainability measures would be a big expense for the company as sustainable options were often more expensive. Nidumolu, Prahalad and Rangaswami (2009) back up this view by claiming that transforming a business from its origin to becoming sustainable entails several challenges in addition to being costly and time consuming. This assumption is also portrayed in the traditional economic theory, which suggests that companies should minimize their cost for the firm to remain competitive, claiming that environmental regulations would impose additional costs on the firm and reduce their profit (Harris & Roach, 2018).

However, viewing sustainability as only a cost for the company could cause managers to lose many opportunities (Nordstrøm, 2019). The traditional economic theory was challenged in 1995 by what is today called the Porter hypothesis, which indicates that firms can lower their costs due to environmental regulations, as these will encourage innovation, thus lowering expenses and resulting in competitive advantage (Harris & Roach, 2018).

Considering the sample's shared opinion that caring for sustainability can provide the company with a competitive advantage, there is no doubt that the informants also saw the benefits of implementing such measures, despite it also generating some costs. Some also mentioned that they believed it would be beneficial in the long run. This could also be one of the challenges causing managers to worry about it being costly, as sustainability aims at also being a long-term solution, maybe preventing managers from seeing immediate results. Furthermore, research shows that managers often are rewarded based on short term accomplishments, which could be challenging as sustainability requires long-term incentives (Edmans, 2020).

Grow the pie

The analysis identifies several benefits from implementing sustainable development, leading to competitive advantage for the company. Sustainable development encompasses ensuring to meet the needs of both the present and the future generations (Brundtland, 1987), thus sustainable development also leads to benefits for the society as a whole. This correlates to the pie-growing mentality, which suggests that the pie is expandable, and could benefit both the business and society. Profits will then be achieved as a by-product from creating value, and is not the end goal itself (Edmans, 2020).

As there is a growing focus on sustainability, aligned with the overall interest from our informants towards being sustainable, we see indications that the interests of the business will essentially coincide with the interests of society, and it will be possible to create common values that both parties can benefit from (Carson, 2015). This will improve the competitiveness of the company while the societal conditions evolve in a positive direction (Porter & Kramer, 2011).

However, as the general definition of sustainability fails to guide managers on how sustainability should be implemented at the company level (Epstein and Roy, 2001), it could be challenging for managers to succeed at implementing a sustainability strategy into the company’s strategy and core activities, which is necessary for the company to achieve long-term changes. This could be even more challenging as managers often are rewarded on short term results (Edmans, 2020). Thus acquiring a pie-growing mentality that goes deep into the

strategy of the company would seem to require a strategic change and aiming for long term results.

Nevertheless, should the company succeed in implementing these measures, studies show that companies with a pie-growing approach seem to be more profitable than companies just aiming for profit, and businesses that prioritizes stakeholders tend to deliver superior returns to investors (Edmans, 2020).

6.2.1 Conclusion of Competitive Advantage

In light of our data findings and existing literature, it is obvious that companies caring for sustainability can gain competitive advantage. The consensus among the informants that sustainability measures will be a future necessity is also confirmed through the many studies reporting on growing attention towards sustainability, and the many benefits companies can achieve from implementing it in their strategy. Thus, our data and the literature review support that sustainability will be a critical success factor.

Furthermore, since the majority of the companies in our analysis are not sustainable according to the three-pillar model, we question if the reported growing consumer expectations also involve equal priority of the three pillars, or if lack of knowledge regarding the definition of sustainable development might make the consumers more receptive to greenwashing. However, considering the growing attention towards greenwashing together with increased legal requirements and consumer expectations, we might see stricter demands for companies promoting their sustainability measures, thus also more realistic expectations. The increased expectations of the next generation was also brought up in our study, and confirmed in the existing data material.

Although there was consensus among the informants of sustainability measures providing additional costs for the company, research shows that this mentality could cause them to lose opportunities, as implementing sustainability measures will create positive long-term results. Aligning our results with existing theory, we see indications that the interests of the business

will essentially coincide with the interests of society, and it will be possible to expand the pie and create common values that both parties can benefit from.

6.3 External motivation

When looking into the areas we wanted to investigate further, we wished to uncover the manager's intentions behind their implementation of sustainability measures, or lack thereof. Our literature review implied that the world is uniting in acknowledging the importance of sustainable development, also causing companies to implement CSR measures to reach beyond their legal and economic requirements. Simultaneously they face expectations from consumers and have to adhere to government regulations. Concerning these circumstances, we wished to examine whether the companies feel pressured to implement sustainability measures or if they do it voluntarily for the greater good.

Legal requirements

One of the categories which instantly appeared from recurring answers was "Legal requirements," evolving from managers who admitted that their sustainability measures were a pure result from governmental regulations and legal requirements, either directly affecting the business itself or affecting their customer. In other words, also forcing the companies to foster sustainable development. In our literature review we illustrated examples on some measures forcing or encouraging companies to act in a sustainable way, such as Norway presenting their goal of all new cars to be zero-emission by 2025 (Government.no, 2021), forcing car manufacturers to act according to these adjustments, or the Danish government placing additional taxes on the use of scarce resources, discharge of pollutants and the use of environmentally harmful products (Thomson Reuters Practical Law, 2022), encouraging companies to take other actions.

Yet despite these managers' answering that their only sustainability measures were forced upon them, they also answered that they wished to be sustainable. This leads us to draw a parallel to the results showing how sustainability measures will be a future necessity, providing competitive advantage for the companies who chose to implement it. However,

there is also a possibility that our informants answered yes to wishing to be sustainable, feeling that it would be the most appropriate and expected response.

Reflecting on some of the national acts and regulations we have touched upon, we realize that these all cater to a specific area of importance, thus all addressing separate aspects fitting within different areas of the three pillars of sustainability. This means that companies implementing sustainability measures to respond to such acts and regulations do not necessarily qualify as sustainable, as their sustainability measures could easily qualify towards only one or two pillars of sustainability. This means that companies are not necessarily sustainable according to the three-pillar model, despite catering to the legal requirement, unless they manage to provide equal attention to all three of the pillars.

Brand Image

The remaining informants claimed their sustainability measures to be completely voluntary, stating that their company did not face any external pressure from for example customers, industry requirements or governmental regulations. However, from our analysis we revealed that despite some managers claiming their sustainability measures to be completely voluntary, they all expected their implementation of sustainability measures to have an effect on the company's brand image.

As the company's brand image exists in the mind of the customer, and the customer being an external part of the company, we interpret this as also being a response to external pressure. These results are also backed up by theoretical contributions in our literature review, explaining that despite the lack of a theoretically dominant paradigm that precisely describes CSR, a common component in the many definitions is society's expectations of companies. This has created a discussion on whether it is voluntary or coercion (Frederick, 1978). Horvath (1995) argues that the high demands from society can affect companies' degree of freedom because they are responsible for their actions and their consequences.

This makes us question whether voluntary implementation is distinguishable to internal drive, or whether the respondents might interpret voluntary implementation as an equivalent to implementation simply not being driven by or being a direct response to a legal requirement.

Based on these results it leads us to the conclusion that both the companies that are implementing sustainability measures due to legal requirements and those who do it to affect their brand image, are experiencing a form of external pressure. For this reason, we consider their sustainability measures to derive from a forced nature. On the other hand, our decision to conclude with there being external pressure and forced actions is also based on how we as authors personally interpret the answers from the interviews, thus it might be that some of the interviewed managers do not agree with the conclusion aligning with their point of view. And as Malterud (1996) points out, when transforming an oral interview into written text, there will always be a distortion of the event.

Forced Actions

Whether forced implementation of sustainability measures is a bad thing is, however, a different discussion. Some respondents clearly stated they would not implement sustainability measures if it wasn't an external demand, yet they all seemed to agree that sustainability was important and a necessity to cater to the interests of future generations. Considering that SMEs are contributing to 60-70% of Europe's industrial pollution (OECD, 2018), accounts for 90% of businesses worldwide and are important for job creation and employment (World Bank, n.d.), it is safe to say that they play an important role for the world's sustainable development. Yet, SMEs "have fewer resources to invest in environmental improvements and management tools that could make their operations more sustainable." (OECD, 2000, p. 6). This naturally imposes challenges regarding implementing sustainability measures; thus one can question if the forced implementation is necessary in order to get SMEs to take the necessary precautions that the firms themselves seem to agree are necessary for the world.

This is backed up from later reports concluding that by implementing the right policies, transitioning to a green economy can result in tremendous future job growth (International Labour Organization, 2018). Our research also indicates that by governments incorporating sustainability in the national curriculum in all schools (FN-SAMBANDET, 2021), it has led to increased knowledge and increased demands regarding sustainability among the new generation (Jansson, 2011; Wiemer, 2021).

Greenwashing

When concluding that companies are indeed facing external pressure, we cannot leave out the topic of greenwashing. The concern of greenwashing was addressed by several of our interviewees, who feared that the growing demand and external pressure would result in companies executing positive communication about their environmental performance while actually executing a poor environmental performance. These results are backed up by the findings of Tim Wright who argued in his prize-winning essay that CSR practices are used as a supplement for companies to be portrayed as better than what they in reality are (Wright, 2003).

These mentioned concerns are backed up by several authors. An increasing number of companies have been accused of greenwashing, and although CSR was created with good intentions, it may seem that it could also result in this phenomenon (Walker & Wan, 2012). The voluntary approach of CSR is also feared to promote a free-riding behavior, as companies are free to communicate whatever they want O'Neill (2007).

Considering that some managers already expressed their concern of greenwashing, we could wonder if some of the concerns portrayed in existing literature are already affecting the world today. Delmas & Burbano (2011) fear that greenwashing could result in profound destruction of consumer confidence in sustainable products and services. It causes us to question whether greenwashing is an existing problem to the extent that consumers might already lack general confidence in the existing market. As one of the informants pointed out that the words sustainability has become overused and diluted, we fear that consumers might feel the same way, and eventually not be able to make decisions that are sustainable (Brouwer, 2016).

However, as it was pointed out in the interviews, the increased focus on greenwashing might also lead to there being stricter requirements when claiming to be sustainable. Thus, it could also result in consumers gaining back their confidence in sustainable products and services, and cause companies to implement sustainability at the core of their company's strategy.

6.3.1 Conclusion of External motivation

Our research indicates that implementation of sustainability measures was a forced action as a result of external pressure, either from legal requirements or from wanting to improve or

avoid harming their brand image. We find support in our literature review of legal requirements promoting sustainable development, however such regulations seem to cater to only one aspect of sustainability, thus companies do not necessarily contribute to sustainable development according to the three-pillar model just by complying to such legal requirements.

Those managers who claimed to implement sustainability measures voluntarily all admitted to doing it to answer to customer expectations or improve or avoid hurting their brand image, leading us to conclude that these companies also are victims of external pressure and feel forced to contribute with sustainability efforts. These findings are also justified in the existing literature by authors questioning whether it is voluntary or coercion.

Our research does however indicate that forced implementation could lead to several benefits, such as increased knowledge and increased demands regarding sustainability among the new generation (Jansson, 2011; Wiemer, 2021), and it could lead to potential future job growth (International Labour Organization, 2018). Seeing that our informants also stated that they saw external motivation as an absolute necessity to implement such measures, forced actions might not be a negative thing after all.

Increased greenwashing was also a concern among our informants, and the literature review proves that to be of good reason, as greenwashing is rapidly increasing, and could lead to destruction of consumer confidence in sustainable products and services (Delmas & Burbano, 2011). One of the informants pointed out that the word sustainability has become overused and diluted, however our research indicates there to be stricter demands in the future regarding sustainability reporting, to limit unrealistic expectations. Thus, it could result in consumers gaining back their confidence in sustainable products and services, and cause companies to implement sustainability at the core of their company's strategy, leading to significant payoffs for the long term (Edmans, 2020).

6.4. Answering the research questions

By discussing our findings presented in chapter 5 in the light of state-of-the-art research and theories presented in chapter 2, we have laid the foundation for answering our three research questions, in the order they appeared in this chapter.

RQ1: *"How do managers in Scandinavian SMEs prioritize the three pillars of Sustainable Development?"*

Our data shows that managers of Scandinavian SMEs prioritize the three pillars of sustainable development unequally, by either focusing on the social, environmental or economic pillar. This also indicates that these firms are not sustainable according to the three-pillar model. However, by taking measures beyond their legal and economical requirements, the companies do seem to be implementing measures according to one or more of the theories of sustainable development. The results are backed up by existing literature, and previous research suggests that the definition of sustainable development fails to provide guidance to how it should be implemented in the company, thus it may seem that the unequal priority is a result of lack of adequate knowledge of sustainability among the managers. Furthermore, we conclude that financial stability is fundamental in order for the company to prioritize implementing sustainability measures.

RQ2 *"How do managers of Scandinavian SMEs believe implementing sustainability measures affects the company's overall performance?"*

From our findings we see that managers of Scandinavian SMEs believe implementing sustainability measures has a positive effect on the company's overall performance, leading to competitive advantage. It is expected to be a future necessity, and despite consensus that it provides additional costs for the company, it is also expected to create positive results for the company in the long run, both for their financial results, increase employee and customer satisfaction, and improve their brand image.

RQ3 *"Why do managers of Scandinavian SMEs choose to implement sustainability measures?*"

Our research shows that managers of Scandinavian SMEs are forced to implement sustainability measures as a response to external pressure, either relating to legal requirements or to affect their brand image. However, despite the implementation being a result of external pressure, it can still lead to the same benefits and result in competitive advantage to the same degree as if it was implemented voluntarily.

6.5 The interconnectedness of the three research questions

In this section we will discuss how the three research questions are interconnected, by drawing on the already presented results and theories presented in the thesis. The following section is thus a contribution to further discussion based on our own subjective opinions.

We find the third research question to be particularly interesting as this answer lays the foundation for the other two questions as well. The motivation for implementing sustainability measures could affect both how they prioritize the three pillars of sustainability, and in what way they believe it will affect their company's overall performance.

Concluding that there is external pressure could indicate that there is not only pressure to act in a sustainable way, but also that there might be pressure regarding what pillars of sustainability to prioritize. As we uncovered earlier in the discussion, the mentioned acts and regulations target a specific area of sustainability, thus national governments hold a huge power and could impact companies a great deal regarding which areas of sustainability to care for. On the other hand, there could be shifting trends in consumer expectations, for example due to rising media attention, forcing companies to care for specific areas of sustainability to improve or not hurt their brand image. Therefore, we believe the managers' motivation to implement sustainability measures is of high importance and would be of interest regarding further research.

Likewise, we believe the third research question to have a huge impact on the second research question, as external pressure and expectations could hold great power over the company's competitive advantage. Our analysis shows that sustainability could lead to a company improving their brand image, and a positive brand image creates a competitive advantage for companies (Shapiro, 1982). Thus a company's reaction to external pressure could seem to lead to competitive advantage.

Furthermore, we find the answers of research question 1 and 2 to be a topic of discussion. Our data clearly shows that the majority of the managers in our sample do not seem to provide equal attention to the three pillars of sustainable development, thus nor do they then qualify as sustainable companies according to the three-pillar model. Still, they conclude that implementing sustainability measures will be a future necessity and contribute towards the company's competitive advantage. Some managers also pointed out how they are attracting customers because of their sustainability effort, which makes us wonder whether companies do have to cater to all three pillars of sustainable development in order to achieve competitive advantage, or if effort towards one or two pillars could be enough. Unequal priority might not be enough in order to achieve sustainable development, however our analysis could seem to indicate that it is sufficient to achieve competitive advantage.

It is safe to conclude that the three research questions are well interconnected, all having an impact on the other in some way.

7. Conclusion

To address the research gap in the existing literature regarding the interplay of sustainable development and managers in Scandinavian SMEs, we performed a qualitative study aimed at fathoming the main aspects of how Scandinavian managers view and prioritize the three pillars of sustainable development and how this affects their companies' overall performance.

We have argued throughout this work that managers of Scandinavian SMEs are not sustainable according to the three-pillar model, due to not providing equal priority to the three pillars of sustainable development. In particular, we demonstrated how managers believe companies' sustainability measures have a positive effect on their end result and provides the company with competitive advantage, additionally to uncovering how implementation of sustainability measures is a forced action in response to external pressure.

Theoretical Implications

The use of grounded theory in our thesis developed a transferable substantive theory rather than a generalizable formal theory. We argue that the theoretical implications from our empirical research could further develop the existing theories presented in chapter 2, additionally to contribute to new research within a field of deficient previous research.

Firstly, our empirical research shows a significant lack of knowledge among managers of Scandinavian SMEs. This results in the companies not qualifying as sustainable, according to the three-pillar model, despite the managers themselves claiming their companies to be sustainable. The research thus uncovers a major knowledge gap among the managers regarding demands to qualify as sustainable and creates a huge opportunity for future research on the knowledge of sustainability among managers in Scandinavian SMEs.

Our data further challenge some of the already existing research by proving the Scandinavian SMEs not to be sustainable, despite the Scandinavian countries being among the top five countries on the sustainable competitive index (Solability, 2021). However, these results are supported by other studies stating that many companies claim to be sustainable even though they are not (Lein, 2018).

This brings us to our next topic, where our empirical research seems to support the many authors claiming an increase in greenwashing (Tidman, 2022). However, our results seem to uncover that some of these cases are likely to be unintentional greenwashing, as a result of lack of knowledge regarding qualifying as sustainable. Therefore, we would like to see further research on the concepts of intentional vs unintentional greenwashing.

Our analysis also shows that implementing sustainability measures will be a future necessity for Scandinavian SMEs, to comply with external pressure, which is well supported by the theoretical contributions explaining the growing expectations and demands from consumers and governments (Lovdata, 2021; Thomson Reuters Practical Law, 2022; Government Offices of Sweden, 2015; Thige, 2020; Jansson, 2011). By successfully implementing such measures it could lead to competitive advantage for the companies. These findings seem to have substantial hold in the already existing literature (Lloret, 2016; Lein, 2018)

From the presented results we conclude that our empirical research contributes to theoretical implications, adding perspective to previously existing theories. It provides a deeper understanding of how managers of Scandinavian SMEs prioritize the three pillars of sustainable development, as well as confirming existing theories that sustainability is of growing importance. The presented theoretical implications further suggest interesting and promising areas for future research.

Practical Implications

Our empirical research provides practical implications for Scandinavian managers in SMEs, being the decision-makers within the companies. Based on our empirical data it is obvious that managers could benefit from noting that developing knowledge and insights regarding ways of implementing sustainability measures in their core strategy, is very critical to qualify as a sustainable company. Our data showes that the only company in our sample that was able to balance the three pillars and be a sustainable company, was the one where the manager encompassed excellent inherent knowledge of the concept of sustainable development.

Several studies prove the manager to be the main influence towards the firm's strategic agenda and the key to success (Lloyd-Reason and Mughan, 2002; Lindkvist, 1988, as cited in Grenness, 2003) and our study confirms the managers to be the main decision-makers in Scandinavian SMEs. Therefore, it is inevitable that managers must encompass adequate knowledge to ensure the implementation of the necessary strategic measures and incorporate sustainability into the core of the company. If managers acquire a deeper understanding and knowledge, to ensure that the company's efforts are contributing to sustainable development, the empirical research shows it will provide the company with competitive advantage and have positive effects on the company's overall performance.

Additionally, our results indicate that a majority of the companies might unintentionally be contributing to greenwashing. Our data show that the companies are not sustainable due to unequal balance of the three pillars, yet they promote their companies' performances as sustainable. However, due to the managers' lack of knowledge regarding the companies

actually failing to be sustainable, we give the managers the benefit of the doubt, questioning whether they are unknowingly contributing to greenwashing. Evaluating the state-of-the-art research provided in chapter 2, we conclude that greenwashing can lead to detrimental effects (Delmas & Burbano, 2011; Brouwer, 2016), mirroring the uttered concerns of our informants. Therefore, it would be beneficial for SMEs to prioritize the required knowledge accumulation of their managers regarding sustainability, to avoid increased greenwashing.

Moreover, our data shows that sustainability implementations are done as a response to external pressure, forcing companies to cater to existing expectations. It was described very summarily by one of the managers as being "a combination of external pressure through demands from governments and pressure from clients and the society" (Informant 8). Aligned with theoretical confirmation of increased demands through legal requirements (Lovdata, 2021; Thomson Reuters Practical Law, 2022; Government Offices of Sweden, 2015) and rising customer expectations (Jansson, 2011), it proves sustainability to be of great importance for SMEs to be able to cater to these external expectations.

Although forced actions might sound negatively loaded, we will encourage managers of SMEs to exploit these external expectations and let themselves be guided towards what sustainability measures are important for the external environment, as the empirical analysis shows that it will result in competitive advantage.

Should the company acquire a competitive advantage it is also likely to be reflected in their end result, and hopefully also create a stable financial foundation for the business. As our data reveals that managers willingly will step over lines and sacrifice sustainability efforts in order to achieve economic growth or ensure the company's survival, it is inevitable to acknowledge the importance of financial stability (Carson, 2015; Carroll's 1979). However, as research shows that companies implementing sustainability measures are more likely to generate positive results for the long term, while managers often are rewarded on short-term results (Edmans, 2020), we find it of utter importance to reward managers based on long-term results. From the theory we see that profits will be achieved as a by-product from focusing on expanding the pie and caring for the society (Edmans, 2020), thus once again is it important for managers to possess enough knowledge to make the right priorities for both the company and the society to mutually benefit.

When diving deeper into our empirical research, what it all comes down to, is the concept of knowledge. The extent to which managers in Scandinavian SMEs possess knowledge of sustainable development and its implementation is crucial for the company's ability to achieve sustainable development. In other words, if the manager does not possess the required knowledge, nor will the company succeed in becoming sustainable. Furthermore, increased worldwide knowledge of sustainability creates a growing external pressure through increased customer demands and legal requirements. The external pressure is also what decides what gives a company competitive advantage. Thus, it turns out that knowledge is the common denominator that interconnects all our research questions, representing the red line through our thesis.

Our empirical research proves there to be a knowledge gap among managers in Scandinavian SMEs regarding sustainability and provides both theoretical and practical implications. We hope that our results can shed light on this important gap and motivate managers to acquire the necessary knowledge. They say knowledge is power, however we dare to argue that it is not. We believe applied knowledge is power. From our empirical research and comprehensive analysis of the collected data, reflected through state-of-the-art research, we find it appropriate to conclude with a quote from Socrates that summarizes the entire finding of our master thesis.

"To know, is to know that you know nothing"
- Socrates (n.d.).

7.1 Limitations

This thesis adds a new approach to the theories regarding the interplay of sustainable development and managers in Scandinavian SMEs, with its theoretical and practical implications. It is characterized by consistently throughout the research making choices and using approaches to limit the number of potential errors. However, when conducting research, there will always be some constraint present, and our research is no exception. As it

has been mentioned several times during this assignment, we have chosen to use a qualitative method, which best suited the purpose of our thesis. Nevertheless, there are several challenges and limitations associated with this approach.

As mentioned in chapter 3, methodology, a qualitative study will not be suitable for generalizing the findings. This is a weakness of the qualitative method in general. However, we have chosen to use transferability which is described by Thagaard (2003) as a substitute for generalization. The number of interviews we conducted might be sufficient to reach saturation regarding responses (Guest, Bunce & Johnson, 2006), however, it may not be representative for the entire population. One explanation for this is that we have based our research on nine different industry sectors, and according to Indeed (2021) there are a total of 19 industry sectors. The degree of difficulty regarding implementing sustainability measures will naturally be divergent in the various industries. We have no basis for commenting on the remaining 10 industries, and as a result we do not know whether managers' subjective attitudes in these industries will coincide with our findings.

Another weakness regarding the transferability is that despite research indicating there being a homogeneous culture within the Scandinavian countries (Inglehart et. al., 1998), the culture might differ to some extent within each respective country regarding factors such as rural areas vs big cities, north vs south etc. The geographical location of the informants will also have an impact on, among other things, body language and behavior (Morseth, 2019). It must be mentioned that we have not covered the whole geographical area of Scandinavia, which is also reflected by the fact that we have 12 informants. We have covered areas such as north, south, east and west in a general sense, but considering the time limit, it would be impossible to interview one representative from, for example, each municipality.

Grønmo (2016) points out three types of validity that are important to consider when conducting qualitative research. In relation to research competence, we believe that we have satisfactory knowledge and understanding of this area, however, we cannot counter-argue that someone with a better understanding and years of experience on the subject would have done a better job, and possibly reduced the extent of errors even further. Furthermore, there may be a possibility that the informants have said what they think we want to hear, which may also help to reduce the validity of our thesis. We do not think this is the case, at least that is not how it has appeared to us. Nevertheless, it is important to keep this in mind.

This is the first piece of work we do in qualitative methods, and we feel that we have had a steep learning curve. Nevertheless, we cannot rule out that errors have occurred. It is also conceivable that the reliability is somewhat weakened in our thesis as we, the researchers, have interpreted these findings. Our interpretation of the respondents' answer may not align with what our informants meant to convey (Johannessen, Christoffersen & Tufte, 2020). Additionally, our informants may have misinterpreted some of the questions, even though we performed pre-tests of the interview guide, and we may have misinterpreted the informants' answers.

The biggest source of error in this thesis is the transcriptions. As we have mentioned before, the transformation of raw data will lead to lost data (Malterud, 1996). Oral form might not be transferable to text, in addition, translation between languages will also present a challenge as most phrases cannot be directly translated. This means that the answers we received from our informants are similar, but not identical to what we present in this thesis.

We also consider the use of grounded theory as a potential weakness in our thesis. Qualitative methods have long been considered unscientific, and in relation to grounded theory, they have not been taken up for a thorough enough discussion. This entails an uncertainty when the grounded theory develops in two different directions, as one does not know with unquestionable certainty which direction to be most adequate, the one provided by Glaser or the one offered by Strauss. Furthermore, grounded theory entails an enormous amount of data that can seem unmanageable. This amount of data may have contributed to the fact that we as researchers may not have grasped everything of importance, due to this excessive scope (Myers, 2013)

7.2 Further research

With our empirical research, we have provided a solid foundation which can be built upon in the future. In relation to further research, we will highlight some of our limitations and make suggestions on how they can be improved.

Firstly, we would look at the possibility of gathering a wider range of industry sectors, preferably all 19 of them (Indeed, 2021). As it has been mentioned in this thesis, we only conducted interviews in relation to nine of these industry sectors and it would be interesting

to see if our findings are consistent within the remaining 10 sectors. If all 19 sectors are to be examined in the form of a qualitative method, it is also natural to increase the number of informants.

We also think it would be interesting to examine the demographic characteristics in more detail. We have repeatedly mentioned millennials as a generation that stands out regarding sustainability. As a further step to our research, one could investigate whether the age and generation of the managers have an impact on their attitudes and actions towards sustainability, and whether a millennial manager is more concerned with sustainability than a manager belonging to generation Z.

Another suggestion would be to use mixed methods. That is, one uses both quantitative and qualitative methods. The advantage of the mixed method is that you get the opportunity to balance out the number of errors. The combination of two methods in a study will be time consuming and require expertise (Sekaran & Bougie, 2016). Considering our lack of expertise in this area and limited available time, a mixed method was too extensive. The way we would have used the mixed method is by undertaking a qualitative method in the form of semi-structured interviews with managers, as we have done in this thesis. However, we would supplement with a quantitative method in the form of, for example, a survey to see how consumers perceive these companies. As most companies are dependent on customers to exist, we believe that the customers' opinions about the companies' actions and attitudes towards sustainability, could have contributed to important knowledge on this subject.

Although our thesis has provided new knowledge with both theoretical and practical implications, there is always room for improvement, and we like to see our empirical research as providing a solid foundation for further research.

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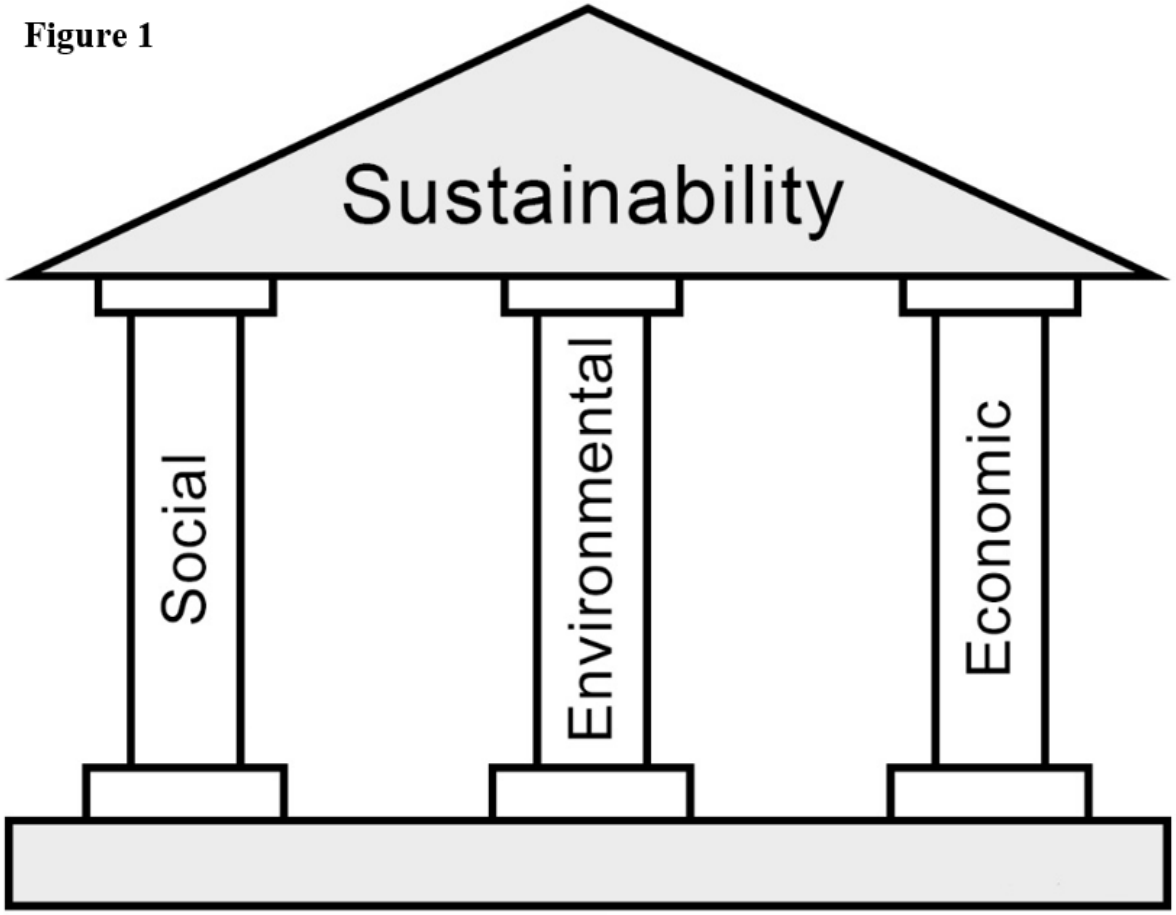
Figures

Figure 1



The 3 pillars of Sustainability. (Purvis, Mao & Robinson, 2019).

Figure 2 - Data Structure

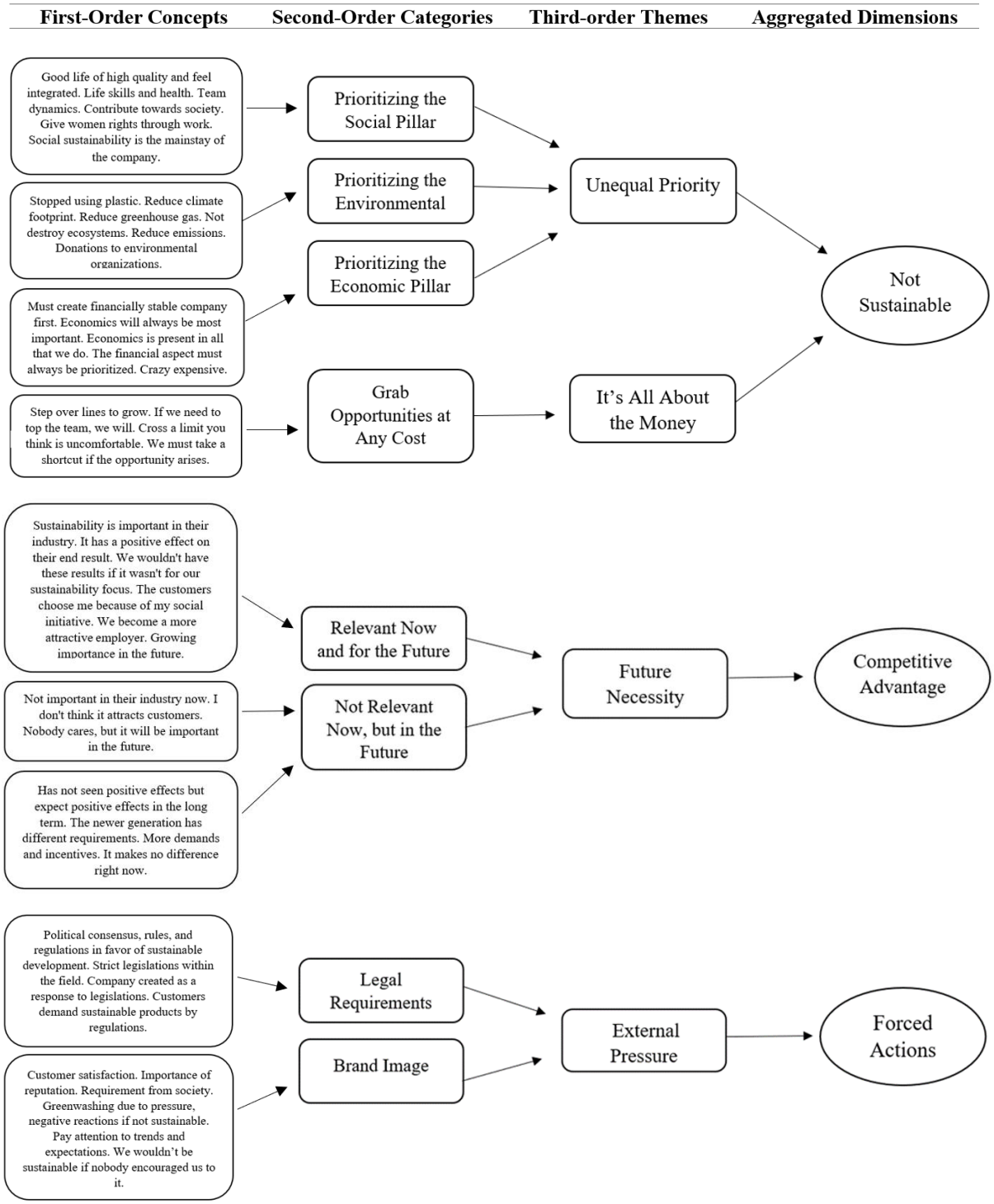
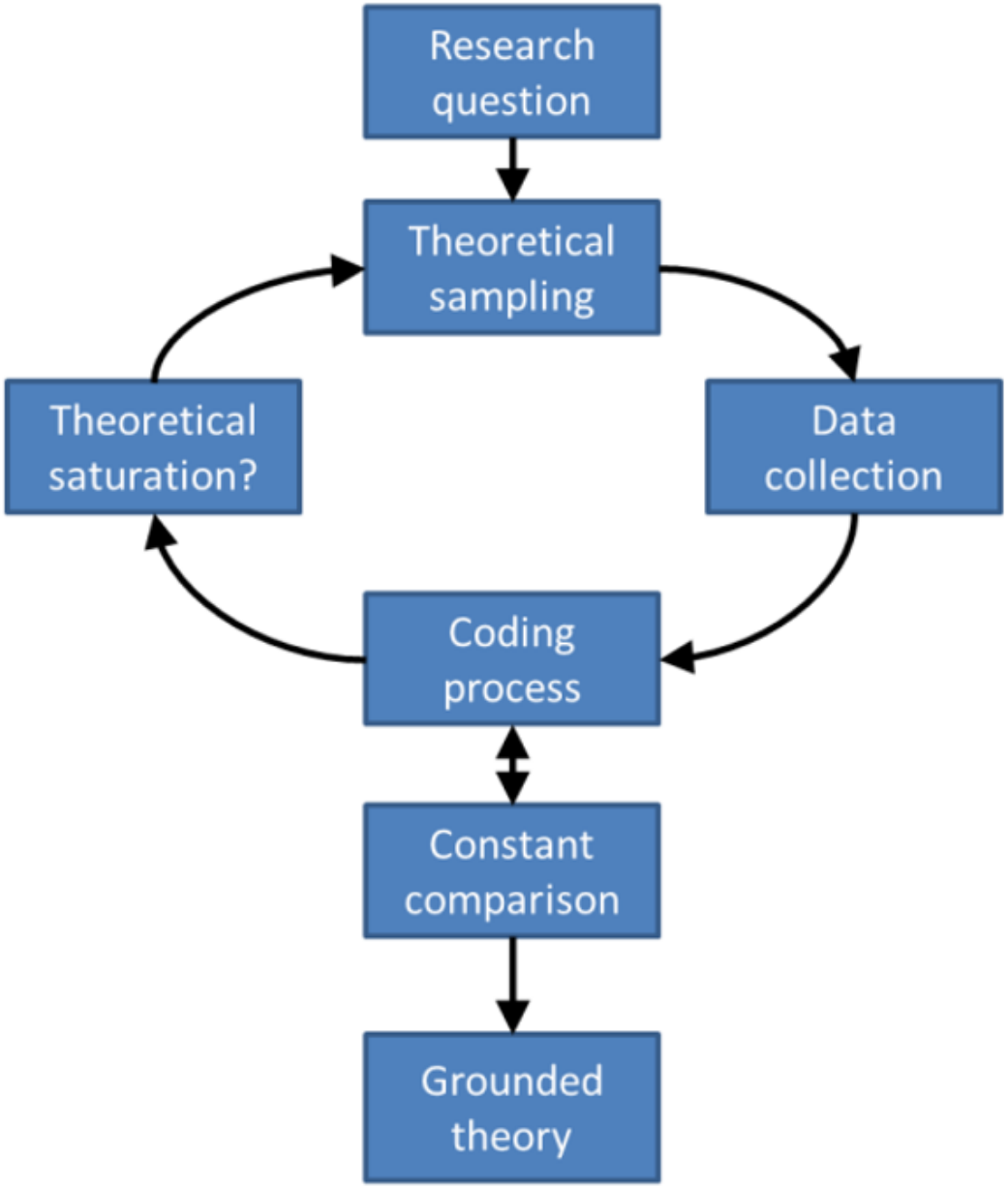
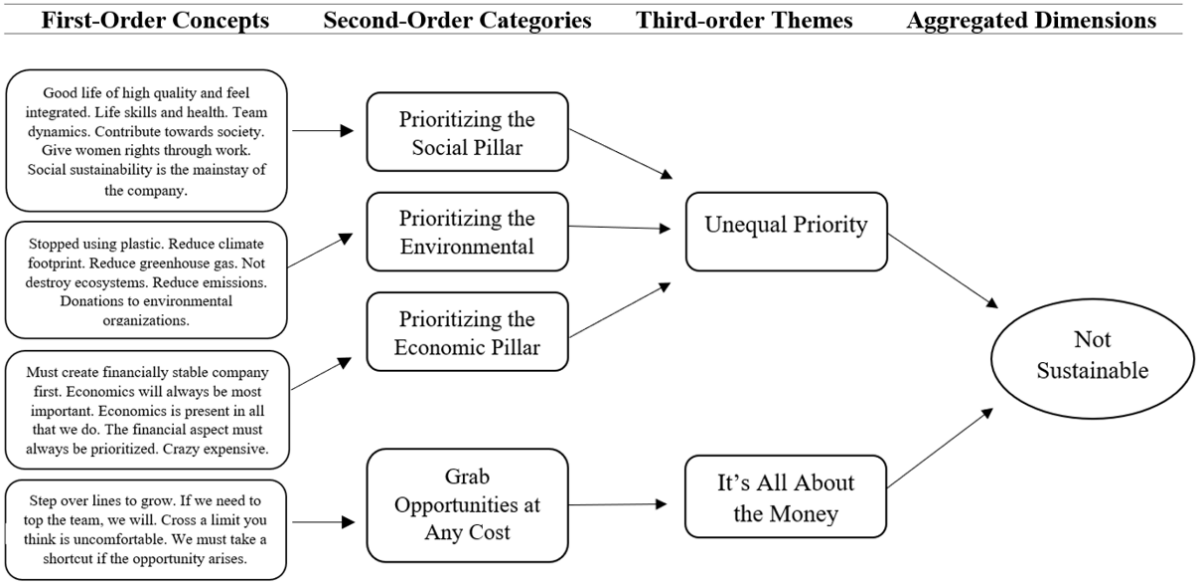


Figure 3 – Key steps in a Grounded Theory Research Design



Key steps in a Grounded Theory research design. (Malone, 2015)

Figure 4 – Extraction from the Data Structure



Tables

Table 1 – Characteristics of our Informant

Informant	*Gender*	*Position*	*Size*	*Industry*
Informant 1	Female	CEO	Small	Transportation
Informant 2	Male	CEO	Small	Computer & Technology
Informant 3	Female	CMO	Small	Food & Beverages
Informant 4	Male	Sales Manager	Small	Transportation
Informant 5	Female	CEO	Small	Computer & Technology
Informant 6	Male	Manager	Small	Food & Beverages
Informant 7	Female	Communications Manager	Medium	Advertising & Marketing
Informant 8	Male	CEO	Medium	Manufacturing
Informant 9	Female	Marketing Manager	Medium	Telecommunications
Informant 10	Female	CEO	Small	Fashion
Informant 11	Male	Manager	Medium	Education
Informant 12	Male	CEO	Medium	Entertainment

Discussion Paper 1

Malin Pettersen

International

Wordcount: 2286

Presentation of the thesis:

In our thesis, we consider several different aspects of the business community. We look at sustainable development in the form of the three pillars, economic, social, and environmental sustainability. The reason why we choose this framework is due to the dominant position it holds in today's research literature (Purvis, Mao & Robinson, 2019). Furthermore, Elkington (1997) has pointed out that for a company to be sustainable, all three pillars must be prioritized. This means that each individual pillar has a minimum limit attached to it, and these must be met for all three pillars.
The road to becoming sustainable will of course present some challenges. Changing a company from its original form to something exceedingly sustainable is often associated with resource-intensive and costly processes (Nidumolu, Prahalad & Rangaswami, 2009). A majority, approximately 70%, of all change initiatives within a company fails (Beer & Nohria, 2000). It is therefore important to have good change agents to ensure that the change initiatives are carried out and end up being successful. A manager can be a change agent (Mintzberg, 1994). And for the changes to be successful it is important that the core values of managers coincide with the values of the company (Busch, 2012).
Over the last 20 years, the number of small and medium-sized enterprises has doubled (Clark, 2021). Small and medium sized enterprises now account for a total of 90% of the companies worldwide (World Bank, n.d.) and for 99% in Europe (European Commission, n.d.). These companies are an important contribution to the business community as they, among other things, create jobs and contribute to the global economy (Slaper & Hall, 2011). Nevertheless, these companies also contribute to increased pollution (OECD, 2018). Since small and medium sized enterprises dominate the business community in the number of units, we would like to take a closer look at these.
Before we even started writing the master's thesis, we did research in various areas to get inspiration for the master's thesis itself. We were inspired by some of the subjects that have been an integral part of our master's, these are, but not limited to, internationalization processes, competitive advantage, and leadership styles. We found several sources which argued that the Scandinavian countries are some of the most sustainable in relation to the Sustainable competitiveness index (Solability, 2021). This naturally aroused our curiosity, and we therefore chose to focus on Norway, Sweden, and Denmark as a whole. It must also be mentioned that since our master's degree is in "International Business" it was important for us to have an international perspective and look into more than one country, which we also did.
Now that I have mentioned some of the background for the master's thesis, and what we were inspired by, I want to elaborate on the research questions we have chosen to base our master thesis on. The formulation of the research questions can be characterized by being a chain reaction, where one research question got us into new thoughts and helped shape the next research question. Finally, we ended up with three research questions that will represent and answer the purpose of this thesis.

RQ1 "How do managers in Scandinavian SMEs prioritize the three pillars of Sustainable Development?"

RQ2 "How do managers of Scandinavian SMEs believe implementing sustainability measures affects the company's overall performance?"

RQ3 "Why do managers of Scandinavian SMEs choose to implement sustainability measures?"

Our study is based on the qualitative research design where we have an exploratory, inductive approach that emerges through the use of grounded theory. Our data has been collected through 12semi-structured interviews, which have been transcribed and laid the foundation for our analysis, which has been conducted through the Gioia method in compliance with the Grounded theory approach. Our thesis meets the requirements of being both valid and reliable, in addition to being transferable. The analysis then serves as a basis for the results and discussion. And lastly, we will offer a conclusion, elaborate on limitations and offer suggestions to further research.

Sustainability and the term "International":

International is described as something "between or involving different countries" (Collins, 2022). Internationalization is described as a process where companies increase their international environment and involvement (Johanson & Vahlne, 1990), which is also referred to as how companies become international. When talking about internationalization it is natural to include globalization as well. These two phenomena are complex and compound, they have different meanings, however, they overlap and entwine to a great extent (Teichler, 2004).
As a result of both globalization and internationalization, the world has been shaped into what we today know it as, for better and worse. Some of the positive changes these two phenomena have led to is a more interconnected world, flourishing of the economy, and the evolution of technology (Braga, 1996; Skare & Soriano, 2021). But it is not all rainbow and sunshine. Sustainable development was defined in 1987 by the United Nations Brundtland commission as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland, 1987). We are facing one of the biggest ecological crises of our time and as a result, sustainability has become a topic of importance. Due to its importance as a topic, in addition to being a contemporary issue, we believe that the areas need more research. Norway is a country that has made a fortune on the oil industry; however, these non-renewable materials are not considered sustainable and forces the country to look for alternative sources of both income but also substitutes for the oil. This is not only a problem in Norway, but also an international, global challenge.
As mentioned earlier, through our literature review we found that the Scandinavian countries had a top ranking on the Sustainable competitiveness index (Solability, 2021). This led us to conclude that the Scandinavian countries must be doing something right. And we hope that our research can contribute in order to a better understanding and perhaps motivate other managers in other countries to go in the same direction as Scandinavia.

How International Trends and Forces affect our topic:

A shift has been detected regarding consumer behavior. Consumers are becoming increasingly concerned with sustainability and the environmental challenges we face (Jansson, 2011). More and more consumers choose to prioritize sustainability as an important factor in the purchasing decision. The generation of Millennials stands out as the most caring, where many individuals have chosen to change their behavior in order to become more sustainable (Wiemer, 2021). These changes present challenges: however, it also represents opportunities. According to Belz and Schmidt-Riediger (2010) companies should look at the environmental challenges as an opportunity to further help change the consumers' needs and wants even further. Research shows that a company's positive brand image can create competitive advantage for the company (Shapiro, 1982), and this can be achieved through sustainability measures. The customers are an important aspect for the companies, as they depend on them to survive.

Another trend that has flourished in line with the importance of sustainability is the term greenwashing. This is the phenomenon when someone claims to be doing something, however, the actions do not correspond to the verbal promises. We see a large portion of companies that use greenwashing to appear more desirable in the eyes of consumers (Tidman, 2022). This is perhaps not so strange since sustainability can lead to a competitive advantage (Lloret, 2016). Becoming sustainable is often associated with being resource- intensive and often very expensive. We want to highlight some of the positive aspects that the prioritizing of sustainability can lead to.

We also see changes in relation to the governmental legislations, regulations and laws that change in coherence with the environmental problems. There are constantly new laws and guidelines that everyone in the business world must abide by. An example of this is the Transparency Act which enters into force in Norway this summer, this will contribute to companies being more transparent and customers being provided the opportunity to gain an insight into their business (Lovdata, 2021). These are changes that might be a result of the ecological problems we face today. With laws and regulations like this, companies are forced to become more sustainable. We assume that this is, coercion, is often what is needed for some companies to become "more sustainable". Our latest research question has been prepared based on this, we will see if they choose to be sustainable, or if it is actually a result of coercion in the form that they must follow the laws and rules in each country. These are just some of the many factors that are considered to have a significant influence on our sample size, and thereby also the population. Future changes are expected to affect our population and thus, have an effect on the necessity of implementing sustainability measures. A couple of our informants were managers in international companies, they could further elaborate on the differences between the countries in which they operate and could confirm that they were affected by trends and forces both nationally and internationally.

Research questions:

In relation to the first research question, our aim is to answer how Scandinavian managers in SMEs, i.e., companies with 1-250 employees, prioritize the pillars of sustainable development. Furthermore, sustainability measures are often associated with processes and actions which are resource-intensive and costly
We thought it would be interesting to examine if these measures could lead to any benefits, which thus will make it more desirable to become sustainable. This formed the basis of our second research question.
As sustainability has become more important for both customers and society, we wonder whether the sustainability measures companies implement are voluntary for the sake of the greater good or if it is coerced because of the requirements enforced by laws and government regulations, or a demand from customers. Our last research question is created in order to gain a deeper understanding of what is considered to be the driving force for implementing sustainability measures in Scandinavian SMEs. The research question is formulated on the basis of a perception that it can be answered through the qualitative research method, with semi-structured interviews. Through the conduction of interviews and the collection of empirical data, our findings will be interpreted against our research questions, and the theory which serves as a foundation for this thesis.

Findings:

As previously mentioned, one of the reasons we chose to focus on Scandinavia as our geographically location was due to their top ranking in the Global Sustainability Competitiveness Index (Solability, 2021). Based on this, we assumed that Scandinavian SMEs were good at prioritizing sustainability. However, our research found that the managers of Scandinavian SMEs are not able to prioritize the three pillars of sustainable development, and thus do not characterize it as sustainable according to this framework of the three-pillar model (Giddings, Hopwood & O'Brien, 2002). This is quite surprising and indicates that there is still much that needs to be done in order to become sustainable, and thus ensure sustainable development on a national level.
The world is dynamic, and changes happen fast, and if changes were to happen and affect the interviewed managers they would have to adapt to these changes and as a result, the priority of the three pillars would most likely change as well. Furthermore, we found that international trends and forces are directly linked to the external pressure motivating, and to some degree forcing companies to implement sustainability measures. Because of the interconnectedness around the world, what happens in one place will most likely have an impact on other countries, and the way countries do business with each other.

Unit of analysis:

As mentioned earlier in this paper, our unit of analysis are managers of SMEs in Scandinavia, and involves more than one country, which is characterized as international. We have chosen to study Scandinavia as a whole due to its similarities and their homogeneous management style (Grenness, 2003), we have also emphasized looking at an equal share of female and male managers.
As we have described in our master thesis section for the interview guide, we chose to include a question with an international aspect, because this was our topic for the discussion paper. The question added to the interview guide was as follows "How do you believe the requirements regarding sustainability will change in national and international environments", the answers we got were similar and all our informants believed that there will be increasing expectations regarding sustainability both in their own country, but also globally. One informant also pointed out that the rest of the world should follow in Scandinavia footprints and implement more sustainability measures. Our findings show that most managers care about sustainability, however, they do not have the money for implementing the measures necessary, some informants also buy products from other countries. This means that it is not the Scandinavian countries that will be responsible for the emissions associated with production. If this is the case with several other companies in Scandinavia, one can speculate whether that top position ranking on the competitiveness index is deserved or not.

Conclusion:

To conclude, I find the term "International" to be highly relevant regarding our topic of interest, sustainability. The process of becoming International has contributed to much of the pollution and problems we face today. Sustainable development and sustainable solutions are measures that must be implemented if we, and the next generation are to have a viable planet. Because it seems that development in this area is progressing slowly, it is important that research is published regarding this topic, so that people can acquire knowledge and see the value of sustainability. This also applies on an international basis.

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Discussion Paper 2

Selina Fredrikke Olufsen

- International -

Wordcount: 2446

Presentation of our thesis

Our master thesis is looking into the concept of sustainability, aiming to uncover how sustainability impacts managers of small and medium enterprises in Scandinavia. It is a qualitative approach on how Scandinavian managers view and prioritize the three pillars of sustainable development and how this affects their overall performance.

Small and medium sized enterprises make up for 99% of the businesses in the EU (European Commission, n.d.), and 90% worldwide (World Bank, n.d), however despite SME's representing the majority of the world's businesses today, most of the research done on sustainability is done on bigger companies with stable financial numbers and abundance of resources (López-Pérez et al., 2018). Additionally, we found little research done on SMEs in Scandinavia, and these factors mark a clear research gap, leaving room for further investigation.

The literature review draws on existing literature and theories, and we started by looking into how sustainability is divided into the three pillars of social, environmental and economic sustainability, and how these three pillars all need equal attention in order for sustainable development to be achieved (Giddings, Hopwood & O'brien, 2002). Then we explain the four theories of sustainable development, before providing theory on the changing attitudes towards sustainability, with an emphasis on the Scandinavian countries. We also reveal changes in consumer expectations, and how sustainability can affect the brand image, before clarifying what identifies Scandinavian managers and their role in the company.

Seeing that the three pillar framework is the dominant interpretation found in today's literature (Purvis, Mao & Robinson, 2019), we decided to incorporate this into our work and our research questions, to evaluate whether managers of SMEs claim their companies are actually able to prioritize the three pillars equally or not. Furthermore, we wished to unveil if the managers believed implementing sustainability measures would make a change on the company's overall performance, and finally if the managers feel pressured to incorporate sustainability measures by for example customer expectations or governmental regulations, or if it is done completely voluntarily. This resulted in the following research questions:

RQ1 "How do managers in Scandinavian SMEs prioritize the three pillars of Sustainable Development?"

RQ2 "How do managers of Scandinavian SMEs believe implementing sustainability measures affects the company's overall performance?"

RQ3 "Why do managers of Scandinavian SMEs choose to implement sustainability measures?"

To answer our research questions we decided on a qualitative research design with an exploratory, inductive approach. We used the research method Grounded theory and collected 12 semi-structured interviews with informants selected based on predetermined criteria, with a combination of purposive sampling and the snowball method. After transcribing the interviews we conducted the data analysis in accordance with the Gioia method, while also following the steps of grounded theory by moving back and forth between interviews and analyses. We also cared for ethical guidelines throughout the process. Furthermore our thesis scores satisfactory on the three dimensions of qualitative validity, implying that our findings are relevant for the research problem. As the use of grounded theory develops a substantive theory, our results are transferable, but not generalizable.

Through our data analysis and from discussing our research results in light of the already existing literature, we were able to answer our research questions as follows. It seems that managers of Scandinavian SMEs fail to prioritize the three pillars of sustainable development equally, thus nor do they contribute to sustainable development. We also found that despite having conflicting opinions regarding the importance of sustainability for their business at the moment, there was consensus among the managers that sustainability measures would be a future necessity, and therefore it will also contribute to creating competitive advantage. Finally, we concluded that implementation of sustainability measures seems to be a result of external pressure. Either as a response to legal requirements, or to improve the company's brand image. This indicates that implementing sustainability measures are forced actions, and not voluntary.

Our study does naturally have several limitations that need to be recognized, however we find that our thesis has both theoretical and practical implications.

Sustainability and the term international

The world is rapidly becoming more complex and interconnected from increased internationalization and globalization. Internationalization is the process where companies progressively increase their international involvement (Johanson & Vahlne, 1990), and the term international is defined as "involving more than one country" (Cambridge Dictionary, n.d.)

The term international is highly relevant for our thesis, as sustainability is a concept that needs to be seen in an international aspect. The definition of sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland, 1987). There is only one world, and we are all dependent on the resources provided by our planet, thus it is simply not possible for the future generations to meet their needs without an international collaboration to work together for a sustainable future.

Internationalization has contributed to increased economic and technological development (Braga, 1996; Skare & Soriano, 2021), and the number of SMEs has doubled over the past 20 years (Clark, 2021). These changes have contributed to development of the world as we know it, however we also see them resulting in negative environmental changes such as global warming, pollution, deforestation and loss of biodiversity (Lawrence, Rodrik & Whalley, 1996), and negative social changes like increasing child labor, lack of education and discrimination of minorities (Torres, 2001). These consequences will affect our globe as a whole, obviously proving sustainability to be of high international importance, affecting all the nations of the world.

How International Trends and Forces affect our topic

We find a tremendous shift in attitudes towards sustainability over the past few decades (Kazis & Grossman, 1982). The Paris Agreement was an important turning point for the world, representing international acceptance towards climate change. The binding agreement between almost all nations of the world aims at combating climate change through ambitious endeavors, and sustainable development became important for the world as a whole. Most nations became united in the understanding that it is not sufficient that only some countries care for sustainable development, while other nations continue to carry on the way we do today (United Nations, 2022).

As a result of international forces, acts and regulations have emerged to influence international markets to act in a more sustainable manner. The United Nations Sustainable Development Goals are referred to as Global goals and apply to all countries (UN, 2012). As a response to the UN wanting to facilitate extensive education of sustainable development, national governments have applied this as a prioritized area in the national curriculum (FN-SAMBANDET, 2021). Another example is the Norwegian Transparency Act, aiming at endorsing enterprises' respect for basic human rights and decent working conditions, which does not only apply to all large Norwegian enterprises, but also foreign companies doing business in Norway (Forbrukertilsynet, n.d.).

International forces make governments all over the world implement rules and regulations aiming at having the country's businesses and people to act in a sustainable manner. It has become of such great importance that "sustainability is globally considered as crucial norm in many political documents" (Becker, 2017, p.3).

Furthermore, the market today is exceedingly competitive, and businesses must adapt to the changing demands and expectations found in their industry (Unal & Tascioglu, 2022). There seems to be a shift in consumer behavior, and consumers are becoming increasingly concerned with sustainability and the environmental challenges we face (Jansson, 2011). Studies indicate that in recent years, 85% of consumers make greener choices in their purchasing decisions (Wiemer, 2021). Research also shows that a company's positive brand image can create competitive advantage for the company (Shapiro, 1982). These international trends are forcing businesses to act in a more sustainable manner.

In regard to international trends and forces, we see that these factors have a huge influence on our target population and sample, thus changes in international trends and forces are undeniably affecting how SMEs in Scandinavia act in relation to implementation of sustainability measures. Some of the companies we interviewed categorized as international and do business with customers or businesses outside of their national borders. This means that a change in international trends and regulations would have a direct impact on the businesses. Seeing the huge influence it might have on the company, it is natural to assume that a change in international trends and forces would likewise cause our research results to change.

Research Questions

Seeing that the term international is penetrating our entire topic, it could naturally influence the research questions as well. The first research question, wanting to know how managers of Scandinavian SMEs prioritize the three pillars of sustainable development, was developed as a result of the three pillar model being the dominant interpretation found in today's literature (Purvis, Mao & Robinson, 2019). If another framework was to receive more research and attention, resulting in the other framework being viewed as the dominant interpretation, this would change how we presented the question. We also find that the results indicate that companies act in order to provide their customers with what they want, thus should a change in international trends result in changed customer expectations, this could further result in the companies prioritizing the pillars in a different way.

Secondly, international trends and forces hold a great power to determine how the company's performance might change as a result of the company's efforts towards sustainability.

Finally, managers' motivations are directly linked to external expectations, which are also linked to international trends and forces. As seen, it affects both national rules and regulations, as well as consumer expectations, which again proved to be linked to the motivation for implementing such measures. In other words, there is no doubt that a change in international trends and forces would have an impact on our research questions.

Findings

In the Global Sustainability Competitiveness Index, the Scandinavian countries are all placed in the top 5 ranking, with Norway in fifth place, Denmark in fourth place, and Sweden being ranked the most sustainable country (Solability, 2021). Despite this ranking indicating that the Scandinavian countries are pioneers within sustainable development, our research has uncovered that managers of Scandinavian small and medium enterprises do not claim that their businesses are able to prioritize all three pillars of sustainable development equally, thus nor are they able to qualify as sustainable according to the three pillar model(Giddings, Hopwood & O'brien, 2002). This shows that we have a long way to go before ensuring sustainable development on an international level, seeing that not even companies from the best ranked countries are managing it completely. However, should there be an international change in trends, thus likely also proposing a change in consumer expectations or a new set of international regulations, the interviewed managers would have to adapt to these changes, thus their priority of the three pillars is also likely to change.

The results also prove sustainability efforts to ensure competitive advantage as sustainability is expected to be a future necessity within all industries, which also lines with the findings in our literature review. Should international trends and forces change, they would have a direct impact on these results as competitive advantage is a result of such factors. Despite a company only operating in the local or national market, we find that international forces also impact national environments, as previously shown.

Finally, international trends and forces are directly linked to the external pressure motivating companies to implement sustainability measures, as these were divided between legal requirements and factors influencing the company's brand image. We also find that greenwashing is skyrocketing (Tidman, 2022), where companies execute positive communication of their environmental performance while actually having a poor performance (Delmas & Burbano, 2011). The increasing international attention could result in companies resorting to greenwashing as a way to live up to external expectations.

Unit of analysis

Our unit of analysis is managers of small and medium sized enterprises (SMEs) in Scandinavia. As our unit of analysis involves more than one country, it is by definition international. However, the Scandinavian managers seem to have a homogeneous management style (Grenness, 2003), which differentiates to that of other nationalities (Brodbeck et al., 2000). SMEs' behavioral characteristics are to a great extent determined by the manager (Lloyd-Reason and Mughan, 2002), and managers' attitudes could affect the entire strategy of the company (Lindkvist, 1988, as cited in Grenness, 2003). In light of this information, it seems essential that the manager stays updated on international trends and forces that would be relevant for the company, and implement measures to act according to these.

As we wanted to get an input from our interview objects on the topic "international" for this discussion paper, we added the following question to our interview guide: "How do you believe the requirements regarding sustainability will change in national and international environments?" All our 12 respondents answered that they believe there will be increasing expectations worldwide regarding the importance of sustainable development and that they see a consensus among leaders of the world that it needs to be prioritized. Several respondents also mentioned that they believe the growing focus on sustainability will lead to increased knowledge amongst the public, which again will make people more willing to act in a sustainable manner and possibly make sacrifices on their personal level in order to achieve something better for the world. Furthermore, some respondents also feared that we will see more greenwashing due to the increasing expectations. Finally, what we did notice in the interviews was that all our respondents shared the belief that implementing sustainability measures would contribute to a competitive advantage for the companies in the future, both for national and international companies, not only as they follow governmental regulations, but also because they cater to consumers' expectations and wishes. As our research indicated that money is the most important factor for the SMEs, and that it would be difficult to implement sustainability measures unless the company had stable financial numbers, one could expect companies to pay greater attention to the three pillars of sustainability in the future, as they believe that would provide competitive advantage, thus also most likely increased profits.

Conclusion

To conclude, the term International is eminently relevant when it comes to the topic of sustainability, and international trends and forces do have a huge impact on all aspects of our master thesis. Our topic, research question, findings, units of analysis and operating environment is already influenced by international trends and forces, and upcoming international changes would without a doubt impact it even more. As we see, the international focus on sustainability is increasing, however we do need to improve our efforts even more in order to ensure sustainable development and future wellbeing.

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Attachments

1. Information Letter, NSD

Are you interested in taking part in the research project

”What attitudes regarding sustainability can be identified among managers in Scandinavian SMEs”?

This is an inquiry about participation in a research project where the main purpose is to examine the attitude towards sustainability among managers in Scandinavian SMEs. In this letter we will give you information about the purpose of the project and what your participation will involve.

Purpose of the project

The purpose of this project is to examine how managers of small and medium enterprises in Scandinavia feel about sustainability, and to which extent they prioritize it compared to other performance measures in the company. In this paper we give you information regarding the goals of our project, and what participation will encompass for you.

The research done in this project will be used in the Master’s thesis of Selina Fredrikke Olufsen and Malin Pettersen.

We have developed the research question: “What attitudes regarding sustainability can be identified among managers in Scandinavian SMEs?”

Who is responsible for the research project?

University of Agder is the institution responsible for the project.
The research is done by master students Selina Fredrikke Olufsen and Malin Pettersen, students at the School of Business and Law, at the University of Agder. The supervisor is professor Kalanit Efrat.

Why are you being asked to participate?

You are being asked to participate as an employee or manager of a small or medium sized enterprise.

What does participation involve for you?

Participation in this project involves taking part in an interview that will last approximately 30 minutes. The information that will be collected will be answers to questions regarding our research question, and we will record the information via sound or video recording after approval from the participant. Then the interview will be transcribed, and your identity will be anonymized. You will be able to get insight into the transcript and any quotes that are published in the thesis.

Participation is voluntary

Participation in the project is voluntary. If you chose to participate, you can withdraw your consent at any time without giving a reason. All information about you will then be made anonymous. There will be no negative consequences for you if you chose not to participate or later decide to withdraw. You can withdraw the consent at any time by contacting;
Selina Fredrikke Olufsen; selina_olufsen@hotmail.com
Malin Pettersen; mali.pett@hotmail.com

Your personal privacy – how we will store and use your personal data

We will only use your personal data for the purpose(s) specified in this information letter. We will process your personal data confidentially and in accordance with data protection legislation (the General Data Protection Regulation and Personal Data Act).

- *Nobody except the students conducting the interviews and the supervisor will have access to the personal data.*
- *Your identity will be anonymous and your answers will at no time be able to be traced back to you in the publication.*
- *To ensure that no unauthorized persons are able to access the personal data, we will replace your name and contact details with a code. The personal information will be*

stored separately from the rest of the collected data, which will additionally be protected by two factor authentication.

What will happen to your personal data at the end of the research project?

The project is scheduled to end June 1st . *Personal data will be deleted as soon as the project is finished / when the project is approved.*

Your rights

So long as you can be identified in the collected data, you have the right to:

- access the personal data that is being processed about you
- request that your personal data is deleted
- request that incorrect personal data about you is corrected/rectified
- receive a copy of your personal data (data portability), and
- send a complaint to the Data Protection Officer or The Norwegian Data Protection Authority regarding the processing of your personal data

What gives us the right to process your personal data?

We will process your personal data based on your consent.

Based on an agreement with University of Agder, Data Protection Services has assessed that the processing of personal data in this project is in accordance with data protection legislation.

Where can I find out more?

If you have questions about the project, or want to exercise your rights, contact:

- *University of Agder* via *Kalanit Efrat, +47 38 14 18 20*
- Our Data Protection Officer: Johanne Warberg Lavold, *+47 38 14 13 28*
- Data Protection Services, by email: (personverntjenester@sikt.no) or by telephone: +47 53 21 15 00.

Yours sincerely,

Selina Fredrikke Olufsen and Malin Pettersen

Consent form

I have received and understood information about the project “To what extent do SMEs in Kristiansand believe sustainability measures affect their performance measures” and have been given the opportunity to ask questions. I give consent:

- ☐ to participate in an interview

I give consent for my personal data to be processed until the end date of the project, approx. June 1st

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(Signed by participant, date)

2. Interview Guide

Intro:

- How long have you been with the company?
- What is your role in the company?
- What does your company do? Do you offer products or services?
- How many employees are there in your company?
- When was your company established?
- Is the company operating in a competitive market?
- Is your company local, national, or international?

Performance measures:

- How does your company measure performance?
- Which performance measures are more or less important? (Why is that?)
- Who decides what performance measures to prioritize? For example, a board or a CEO?
- Does your company wish to be sustainable?
- If so, which areas of sustainability are prioritized, and why is that? / If not, why?

- For our research project we have decided to focus on environmental and social sustainability. A sustainable development is a development that meets the needs of the present population without compromising the ability of future generations to meet

their own needs. When we talk about the environment and sustainability, it evolves around caring for nature and the climate, while Social Sustainability is about working for all people to have equal chances at a stable, health-promoting life, to get an education, to work and to live without discrimination of any kind.
How are the social and environmental sustainability goals prioritized over other goals in the business? For example, economics, growth, etc?

- Why does your company choose to implement sustainability measures? Is it done by choice or does the company feel pressured from the external environment, for example by regulations or customers?

Competitiveness:

- To what degree do you think sustainability is important from a competitive perspective?
- Do you believe your company's sustainability measures have affected the quality of your company's final result? In what way? Eg. User satisfaction, economics, operation etc?
- In your opinion, what are your company's biggest challenges regarding safeguarding both economic, social and environmental interests?

- How do you believe the requirements regarding sustainability change in national and international environments? Elaborate please.