

Do Norwegian SMEs manage to create additional value in the transition toward sustainability?

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Preface

This study has been written as a part of our master's degree in economics and administration at the University of Agder. The interest and motivation for this study is based on the continuous focus on sustainability in recent years, as well as the fact that it is of great importance to further address issues related to sustainability, especially in relation to small and medium-sized firms (SMEs).

We would first like to thank our supervisor Kalanit Efrat for good input and constructive feedback throughout the process. We would also like to thank the companies that took the time to be interviewed, with their participation we have received valuable information which formed the basis of our study and can hopefully create opportunities for future research.

Abstract

Companies' aggregated harm and benefits within ESG aspects, both externally to society and internally in firms have become increasingly important in recent years. Small and medium-sized firms (SMEs) make up for 90% of the world's businesses (World Bank, n.d.) Much of the research attention has been given to large companies, and less so to SMEs.

In this article we investigate Norwegian SMEs to see if they differentiate against the current literature, and if they are able to generate additional value through Norwegian sustainability guidelines and policies. Data is generated through qualitative research by interviewing 10 Norwegian SMEs. External drivers causing SMEs to pursue sustainability are stakeholder demands, environmental impact, financial pressure, and regulatory pressure. The internal drivers for firms are financial, social, or strategic benefits from sustainability implementation. However, time and resources, liability of smallness, bureaucracy, price, and measurement problems are some of the barriers facing SMEs when trying to implement sustainability initiatives. Here are some of our main findings; Financial ability to invest more than the minimum policy requirement is one way of creating additional value. A one-size fits all regulatory sustainability approach is a drawback leading to not suitable regulations for firms.

Measurement problems cause firms to question if their sustainable initiatives provide value and to what extent. Changes in policies, regulation and incentives will be important tools for a successful transition toward sustainability for Norwegian SMEs.

Table of contents

Preface.....	2
Abstract.....	2
Research question.....	5
Empirical approach.....	5
Value added.....	6
Roadmap.....	7
1.0 Sustainability.....	7
1.1 Sustainability in Norway and Scandinavia.....	8
2.0 Small and medium-sized enterprises (SME).....	10
2.1 Characteristics of SMEs.....	11
2.2 SME sustainability reporting.....	11
3.0 Sustainability and SMEs.....	12
3.1 Pressure from stakeholders.....	12
3.2 Drivers and challenges.....	16
3.2.1 Drivers.....	16
3.2.2 Challenges.....	17
3.2.3 Policymaking for SMEs.....	18
3.2.4 ESG-rating and real economic impact.....	19
3.2.5 Cost of carbon.....	20
4.0 Methodology.....	20
4.1 Approach.....	20
4.2 Data collection.....	22
4.3 Data analysis.....	23
4.4 Validity, reliability, and rigor.....	24
5.0 Qualitative results.....	25
5.1 External drivers for sustainability.....	27
5.2 Internal drivers for sustainability.....	28
5.3 Barriers for implementing sustainability.....	28
5.3.1 External barriers.....	28
5.3.2 Internal barriers.....	29
5.3.3 Measurement problems.....	29
5.4 Managers ESO (Environmental sustainability orientation).....	30

5.5 Results from sustainability implementation	31
5.6 Results from stakeholders' pressure	32
5.7 Barrier development.....	32
5.8 Sustainability does not necessarily equal increased competitiveness.....	33
5.9 Experiences toward guidelines and policies.....	34
6.0 Discussion.....	34
6.1 What characterized the winners and losers?	34
6.2 Financial strength trumps internal and external barriers	35
6.3 Improved policymaking can benefit toward additional value.....	35
6.4 Incentives to create additional value.....	36
6.5 What causes firms to keep going?	37
7.0 Conclusion.....	38
7.1 Limitations and suggestions for future research	39
Literature list.....	41
Appendix.....	51
Approval from Sikt.....	51
Consent form	52
Interview guide.....	54
Coded interviews	56
Firm 1.....	56
Firm 2.....	60
Firm 3.....	64
Firm 4.....	69
Firm 5.....	73
Firm 6.....	78
Firm 7.....	84
Firm 8.....	89
Firm 9.....	93
Firm 10.....	97
Discussion paper for Master Thesis.....	106
Discussion paper for Master Thesis.....	112

Research question

Norway is one of the leading countries in Europe within renewable energy, and Scandinavian countries are often cited as global leaders within CSR and sustainability. Our research question is ***“Do Norwegian SMEs manage to create additional value in the transition toward sustainability?”***. The research will investigate how barriers and drivers influence choices and further if culture, domestic regulations, and if the sustainability orientation of managers can affect the outcome from the sustainable transition for SMEs.

We chose this research question since Norway stands out from other European countries in the context of sustainability already. Could this experience and knowledge contribute to a more value creating transition than what is expected in other countries? We believe the question is legitimate and relevant in today's society because there is a need for Norway to start their transition if the world is going to start decreasing the use of oil, which is Norway's biggest revenue income. We chose to use the words *“additional value”* in the research question based on assumption that sustainability has benefits for both firms (Cowan & Guzman, 2020; Denicolai, Zucchella & Magnani, 2021; Houston & Shan 2021; Bakos, Siu, Orengo & Kasiri, 2020) and society at large (United Nations, 2022). SMEs in Norway accounts for 99% of the total number of firms in the country, so by interviewing this part of the economy will give the best representation of Norwegian firms (Næringslivets hovedorganisasjon, n.d.a), in our task to investigate what hinders or accelerates SMEs into a more sustainable day-to-day life.

Empirical approach

Our empirical approach to the research question is through a qualitative study of 10 Norwegian SMEs located in the south of Norway. We have a semi-constructed interview, consisting of 17 questions and each interview lasts about 30 minutes. The interview included broad questions about the firm, their sustainability practices, sector-specific regulations, and their experiences and thoughts about these regulations. The questions served only as an outlier for the interview as the different sectors had different regulations and practices. During the interview we had to frame the questions so they would best fit their sector, practices, and everyday work. We believe that this method would give us the best insight so we can get as much information as possible

around the research question, and it would be easier to answer the questions. Further on, after the interviews were done, we transcribed the interviews, coded them to look for any similarities between the firms. We further categorized the similarities and could then start to make our model which is used for the discussion and result part of the thesis. We go further into detail about this process in part 4.0 in the methodology section.

Value added

There is little research on the topic of sustainability and SMEs, and we do believe that our research adds value to a part of a research field which is not yet very well known (Khoja, Adams, Kauffman & Yegiyani, 2022; Somoza, 2023; Cantele & Zardini, 2020). In addition to this we narrow down our research to Norway which is a country that already has a strong sustainability profile based on their renewable energy production and usage from hydropower (Moe, Hansen & Kjær, 2021). Managers in Norway could be affected by this and have higher expectations and accept higher pressure on the subject (Sveen, Gresaker, Hæhre, Madsen & Stenheim, 2020) We are investigating if this has any impact on the Norwegian SMEs, and how the manager's environmental sustainability orientation can affect the daily operations.

Regarding the research of Handrito, Slabbinck & Vanderstraeten (2021), our qualitative research suggests that Norwegian SME managers desire to differentiate, achieve synergies and added value by exceeding the minimum requirements of sustainability initiatives.

Bakos et al. (2020) clearly states that a one-size fits all environmental sustainability approach will not work because each firm is unique and different in its own way. To set the same guidelines and sustainability requirements for all SMEs in one sector simply would not work. We added to this idea and asked the SMEs in our interviews what their experiences were and what they thought about their regulations and guidelines. Our interest was the firm's own thoughts on how well the guidelines suited their size, sector, and capabilities. Our contribution to the research area is the overall knowledge on Norwegian SMEs and their barriers, drivers and sustainability guidelines and policies.

Roadmap

Our introduction gives an overview of our main theme, which is sustainability. The introduction also includes our motivation for doing research on the topic, the research question, our empirical approach, a brief summary of the results, value added by our research, and lastly the limitations of our thesis. Further, the main chapter focuses on a literature review on sustainability in SMEs. The literature review investigates new and relevant publications on sustainability, SMEs, and the intersection of sustainability and SMEs. In this section we focus on some of the main drivers and challenges for SMEs in their transition toward a more sustainable future. We also include some of the research of sustainability in Norway, which is an important part of our research question. The next section is the methodology, where we explain our approach, the use of interviews and how we analyzed our data. The following section includes our qualitative results from the interviews. Here we compare the findings from the interviews with the literature review. Lastly, we have a discussion and conclusion section summarizing the key findings, limitations, and proposals for further research.

1.0 Sustainability

The term social responsibility within organizations has evolved and grown in popularity and importance. The first person to write a book concerning the topic was Howard R. Bowen, in the early 1950s. He asked a question that has been driving the discussions for about 70 years; *“Are businessmen, by virtue of their strategic position and their considerable decision-making power, obligated to consider social consequences when making their private decisions? If so, do they have social responsibilities that transcend obligations to owners or stockholders?”* (Bowen, 1953, p. 4).

Different ideas, frameworks and concepts have been developed to answer this question, however, the most recent term is called ESG which works as a collective term. ESG summarizes companies' aggregated benefits but also harm caused within environmental, social and governance aspects, both externally to society and internally in businesses. In 2016 Morningstar started using ESG information to rate companies based on consolidated information about environmental, social, and governance practices. The rating is based on multiple indicators and outputs which is now one of the main sources of information for investors looking to align their

investments with their values, contribution to society, and the environment (Berg, Heeb & Kölbel 2022).

Governance & Accountability Institute found in 2011 that only 20% of the 500 companies on the S&P500 made any kind of corporate responsibility report or sustainability report disclosing this kind ESG-information to the public. In 2019 the number of companies reached 86% displaying the massive trend within ESG information and sustainability reporting (Governance & Accountability, 2019).

In 2015, the United Nations adopted the 17 Sustainable Development Goals (SDGs) which are a set of global goals aiming to end poverty, protect the planet, and ensure peace and prosperity for all people by 2030. Each of these goals has specific targets and indicators to help track progress and ensure that the world is on track to achieve goals (United Nations, 2022). The United Nations environment programme also displays a report of the latest trends on greenhouse gas emissions. Their most recent report suggests a rapid transformation of societies. The report shows that there has been little progress in reducing the immense emission gap for 2030 (United Nations Environmental Programme, 2022, p. 16). This relates to Adams, Jeanrenaud, Bessant, Denyer & Overy (2016), who highlights the growing concern around resource over-consumption, environmental degradation, and social inequity, which are some of the reasons for an urgent transition toward a more sustainable society and economy (p. 180).

1.1 Sustainability in Norway and Scandinavia

The Norwegian government was one of the first countries to front the concept of sustainable development with the publication of *Our common future*, also referred to as the Brundtland report (WCED, 1987; Holden, Linnerud & Banister, 2014). Through the involvement of prime minister Gro Harlem Brundtland, Norway pushed on stabilizing carbon emission and wanted sustainable development to be taken seriously (Anker, 2018). Norway has afforded continued and significant research and development on carbon capture and storage technologies (Norby, Jensen & Sartori, 2019). There are also many more incentives and fundings toward sustainable development, which may indicate that there is a good foundation for companies who want to

implement more sustainable initiatives (Regjeringen.no, 2021; Næringslivets hovedorganisasjon, n.d.b; Forskningsrådet, 2023).

Corporate social responsibility and sustainability is an important topic that drives a lot of attention in Scandinavia, which could explain why Scandinavian countries are often cited as global leaders in CSR and sustainability (Strand, Freeman & Hockerts, 2015, p. 1). The Nordic model is a well-known socio-economic system that emphasizes social welfare, equity, and sustainable development. Some of their characteristics are high taxes and strong labor unions. Nordic firms, including Norwegian firms place a sharper focus on stakeholders than what is seen in for example Anglo-American economies (Gjøølberg, 2010; Näsi, 1995, referred in Sveen et al., 2020). Managers in Norway could be affected by this and have higher expectations and accept higher pressure on the subject (Sveen et al., 2020). Norway has some of the strongest renewable resources in Europe, where most of their domestic use of electricity is from clean and renewable hydro power (Moe et al., 2021). This country has distinguished itself and is among the top users of battery electric cars due to their special supply of cheap electricity. This has revolutionized the car industry over the past decade, and they are now among the top users in the world having accessibility to charge their cars at home. By 2025 all new cars sold will be electric (Schulz & Rode, 2022).

Norway's main revenue stems from oil and gas, accounting for 14% of GDP and 40% of national export revenue in 2017 (Bang & Lahn, 2020, p. 997). Because they have been dependent on oil for several decades, the green transition now pushes them to phase out oil and find new sustainable solutions. New regulations may induce incentives for companies to tilt more toward sustainability for both SMEs and large companies. Mäkitie, Normann, Thune & Sraml Gonzalez (2019) suggest that nationalities such as Norway who have been dependent on oil and gas will be able to utilize their prior capabilities, technologies and experience when moving toward sustainability, more specifically within offshore wind power. Traditional energy firms are often accused and portrayed as the worst environmentalists. However, these firms are creating some of the best high-quality green patents on the market, due to their expertise and knowledge on energy. Based on this information it might be easier for traditional energy firms in Norway to tilt toward sustainability (Cohen, Gurun & Nguyen, 2022).

2.0 Small and medium-sized enterprises (SME)

The Organization for Economic Co-operation and Development (OECD) categories SMEs as companies with less than 250 employees, and further divides these into micro enterprises, small enterprises, and lastly medium sized firms (OECD, 2023). Although SMEs have few employees, they make up for 90% of the world's businesses and more than 50% of employment worldwide. Formal SMEs also contribute up to 40% of national GDP in emerging economies (World Bank, n.d.). To determine if an enterprise is an SME or not, we apply the EU recommendation which states that the main factors are either 1) staff headcount or 2) either turnover or balance sheet total (European Commission, n.d.). The appropriate numbers are summarized in the following table:

Company category:	Staff headcount	Turnover	Balance sheet total
Medium-sized	< 250	≤ € 50 m	≤ € 43 m
Small	< 50	≤ € 10 m	≤ € 10 m
Micro	< 10	≤ € 2 m	≤ € 2 m

(European Commission, n.d.)

Since our focus is on Norwegian SMEs, we look at how the Confederation of Norwegian enterprise (NHO) defines SMEs. SMEs in Norway are divided in the same way, but the number of staff headcount needed is a bit smaller. Enterprises with 1-20 employees are considered small, 21-100 employees medium-sized and firms with 100 and above are considered big (Næringslivets hovedorganisasjon, n.d.a).

2.1 Characteristics of SMEs

SMEs differentiate from large international firms by their unique characteristics. There are naturally both positive and negative aspects which can be used as an advantage or act as a limitation for their opportunities. As stated earlier, SMEs make up for a large amount of the total amount of businesses around the world and contribute to a large share of GDP (European Commission, n.d.). Beside this, SMEs are (relatively) small and have the advantage of being adaptable and responsive, and therefore more open for innovation and changes toward sustainability. Larger enterprises, on the other hand, often have many departments which could make them slow to make changes, characterized by a rigid and formal work environment which is opposite to SMEs (Hansen & Bøgh, 2021).

Lefebvre (2022) brings up the liability of smallness which describes SMEs limited amount of resources and have difficulties accessing new ones. Dey, Malesios, Budhwar, Chowdhury & Cheffi (2020) point out several characteristics and differences of SMEs in relation to larger organizations; SMEs have numerous competitions, demand uncertainties, high employee turnover and cash flow issues which affects their business orientation. This could be a reason for why SMEs concentrate on economic performance more than the environmental and societal performance (p. 2147). However, SMEs also have characteristics that could help them in times of crisis. They tend to be flexible, which could be helpful when opportunities or threats arise. Lastly, the decision-makers are close to their customers and shareholders, making them responsive due to their smallness (Eggers, 2020, p. 199).

2.2 SME sustainability reporting

A new guideline for sustainability reporting for SMEs has been developed for the Nordic countries. The Norwegian accounting system has collaborated with the Nordic Accounting federation to create a framework for how small and medium sized businesses can report on their sustainability aspects. Guidelines and prewritten forms are created to show where to easily plot their information into a report (Nordic Sustainability Reporting Standard, 2021). These standards and guidelines could be one of the advantages of Norwegian SMEs.

3.0 Sustainability and SMEs

Burlea-Schiopoiu & Mihai refers to sustainability in the case of SMEs as “*achieving a balance on the one hand between financial, human and material resources, and on the other hand with the social and economic environment in which they operate*” (2019, p. 1). Previous studies on sustainability often focus on large companies, however the number of publications focusing on SMEs and sustainability is much lower (Purwandai & Michaud, 2021; Hang, Sarfraz, Khalid, Ozturk & Tariq, 2022; Gross-Golacka, Kusterka-Jefmanska & Jefmanski, 2020). The need for SMEs to focus more on sustainability is becoming increasingly important because they make up for 90% of the world's businesses and 50% of the world's employment (World Bank, n.d.). In this section we will investigate how SMEs incorporate sustainability in their daily operations and locate the different drivers and barriers for implementing sustainable measures.

Further we will investigate the managers environmental sustainability orientation (ESO) in SMEs and look into how the managers view on sustainability affects the business (Handrito et al., 2021). We also look at the pressure from stakeholders and how regulations affect SMEs motivations and actions toward being sustainable, and if they help them become more competitive. The current competitive environment demands that SMEs must transition toward sustainability to stay competitive and survive (Álvarez Jaramillo, Wilder, Sossa & Mendoza, 2019). Lastly, we investigate if regulations for SMEs in Norway benefits or worsens the motivation toward being sustainable.

3.1 Pressure from stakeholders

The enormous attention of sustainability has increased pressure from both individuals, authorities, and society as a whole. Because companies play such a large part in the value creation and environmental footprint, they are now held accountable for their actions (Klaaßen & Stoll, 2021). We have seen for many centuries that the main objective of the firm has been to serve the shareholders (Friedman & Friedman, 2002), but in recent times we have seen that customers, employees, suppliers, and the local communities need equal attention and consideration (Christensen, Hail & Leuz, 2021).

There is a pressure on companies to not only strive to earn profit, but also to be good in the sense of contributing to society, keep carbon emission as low as possible and focus on employee's interests (Christensen et al., 2021, p. 1177). Singh, Del Giudice, Chiappetta Jabbour, Latan & Sohal (2022) adds to this and says that firms need to take environmental issues into consideration, because green innovation could reduce the risk of shareholders withdrawing resources (p. 500). This indicates that some of the demands that stakeholders are pushing would be beneficial for businesses in the long term, and not implementing them would cause consequences. This is further discussed in the article of Alvarez Jaramillo et al., who claims that SMEs cannot ignore what their shareholders and stakeholder demand. The world is so rapidly changing that this new focus is needed in order for firms to survive and keep their competitiveness (2019, p. 512).

Another important stakeholder is the government, and their support to SMEs is highlighted because of SMEs lack of capital, technology, and skilled human resources. Providing support for SMEs could result in reducing the managers' concerns regarding the aforementioned barriers and help them to see the sustainability requirements as feasible (Veronica, Manlio, Shlomo, Antonio & Victor, 2020). This has also been found important in Das, Rangarajan & Dutta (2020, p. 120) where it was stated that "*Government support and funded awareness programmes do in many cases act as a booster for SMEs taking up CSR activities*".

The social aspect of stakeholder demands is explored in Sen & Cowley (2013), where they argue that SMEs should not be judged on the same basis as large enterprises when it comes to the pressure to engage in social activities. The research finds that SMEs are more familiar with the social capital theory (SCT). This is mostly because of the resource and survival challenges they face; on the contrary this is something that large enterprises face to a much lesser extent. It seemed that the motivation to engage in CSR was the underlying motivation to build relationships with community members, and that this would increase the brand image and at the same time improve personal satisfaction (Sen & Cowley, 2013, p. 421).

Looking further at the difference between SMEs and larger enterprises, Ernst, Gerken, Hack & Hülsbeck (2022) point out that SMEs are more reluctant to do more than required in relation to corporate sustainability (CS). To better facilitate this, policymakers should develop strategies that make SMEs convinced and also with reasonable conditions. Policymakers should also be careful to apply too much regulatory pressure, which can minimize the inner CS motivation and create adverse effects (Ernst et al., 2022, p. 10).

Bartolacci, Caputo & Soverchia (2020) carried out a systematic literature review on sustainability and financial performance of SMEs. Their research finds that when SMEs are selling nonfinal products, public institutions and the local community can significantly push them toward social responsibility. On the other hand, when looking at SMEs selling their own products to final consumers, they are more influenced by their primary stakeholder such as clients, suppliers, and employees. The authors further mention that CRS not only generates benefits such as personnel motivation and improved relationships, but it can also cause benefits in the form of increased efficiency or image (Bartolacci et al., 2020, p. 1304).

Looking at how SMEs respond to environmental regulations, Lynch-Wood & Williamson (2014) found that regulations are firm dependent; *“different types of firms will engage with different types of regulations in different ways and for different reasons”* (p. 1233). The research divided the interviewed firms into three different compliance orientations. Firstly, willful non-compliance, where there could be some willful acts of non-compliance, and the reason for fulfilling the compliance could be if it was seen as legitimate to do so. Secondly, the most occurring one is natural compliance, here the firms are motivated to comply with regulations, to do nothing more and nothing less than required. Lastly, a small number of the firms focused on the strategic part, where they went beyond compliance for strategic reasons, these could be to improve their competitive positions or safeguard their position to reduce the risk of falling behind. It is lastly important to mention that these categories are ideal types, and they do not summarize a firm. Regulations are important for all types but have different purposes and is important in different ways (Lynch-wood & Williamson, 2014, p. 1228-1233).

The causes that drive sustainable practices could differ between countries. Regulatory pressure is seen as the main reasons in countries like Norway, The UK and Romania. In other countries like Australia, Italy and the US sustainable practices are adopted because of the value system of their owner/managers. Lastly, expectations from stakeholders, mostly customers, were found common in countries like Finland and Malaysia (Das et al., 2020).

3.2 Managers environmental sustainability orientation (ESO)

The managers' orientation toward sustainability is another important aspect when trying to put a framework around SMEs and sustainability. The managers opinion and orientation is important especially in SMEs because of the small numbers of employees. The managers often have their own personal motives and attitudes which affect choices and how the firm operates. One way of looking at this is by investigating the drivers and barriers of their so-called environmental sustainability orientation (ESO). This has been done by Handrito et al. (2021) who referred to ESO as “*The way SMEs integrate pro-environmental concerns into their business operation*” (p. 2241). It was further found that ESO is stimulated through both external and internal factors. Where external factors could be social image and government incentives, while internal factors include the personal motives of the manager (Handrito et al., 2021, p. 2250).

Danso, Adomako, Lartey, Amankwah-Amoah & Owusu-Yirenkyi (2020) looks at ESO from a different perspective, focusing on the importance of ESO in the relationship between stakeholder orientation and financial performance. One key point for firms that operate in a competitive environment was to use ESO as a tool to differentiate themselves from other businesses. The integration of stakeholder's demand in managerial decisions should not be overlooked. The study finds that the effect of ESO on its financial performance is increased when there is a larger level of stakeholder integration; this could indicate that stakeholder integration should not be overlooked by managers (Danso et al., 2020, p. 659).

Talbot, Raineri and Daou (2021) investigate the implementation of sustainability management tools. Through studying a large number of Canadian SMEs, it was found that stakeholder consultation plays a significant role for the company's implementation of sustainable management tools. This is particularly important for SMEs managers, as it could make them

more knowledgeable and aware of the possibilities and challenges associated with implementing sustainability management tools.

However, Kautonen, Schillebeeckx, Gartner, Hakala, Salmela-Aro & Snellman (2020) revealed the potential dark side of sustainability orientation for SME performance. The study found that SMEs with a strong ESO may face a trade-off between financial performance and environmental sustainability, this is because it can lead to decreased profits. The findings of the research partly agree with the well-known stakeholder theory by Freeman: If the firm is consistently favoring sustainability over profit, it could be in trouble. It is suggested further that firms cannot ignore stakeholder preferences for sustainability, indicating they should try to find a natural balance and satisfy the stakeholder expectations to some extent (Kautonen et al., 2020).

3.2 Drivers and challenges

In this section we look at both drivers and challenges facing SMEs in their transition toward becoming more sustainable. We find that there are both positive and negative aspects, some policy questions that require answers, and lastly look if sustainability is changing the real economy and the cost of capital for companies.

3.2.1 Drivers

One of the main drivers for firms to indulge in sustainability is to stay competitive and to keep up with their stakeholder's demand (Denicolai et al., 2021). Investment in reputation through CSR and sustainability has grown exponentially over recent years. A positive brand reputation is essential for corporate branding and can even be used as a successful business strategy. Benefits stemming from an improved reputation are increased profitability, new markets, price premiums, loyal customers, and even competitive advantage (Cowan & Guzman, 2020). This supports what Denicolai et al. (2021) found in a survey among SMEs in Italy where they found that SMEs that had adopted sustainable practices tended to have better performance and were more competitive than other firms.

Houston & Shan (2021) claim that ESG performance is of great importance for banks when deciding who to do business with and at what rates. Banks use ESG information to assess who to do business with for reputational and financial reasons. The banking industry cares for their reputation and could suffer reputational loss for giving loans to businesses that are bad for the environment, or society through negative externalities. Firms with bad ESG performance also suffer greater risk of consumer boycotts, negative publicity, and increased regulation surrounding their workplace. These factors ultimately increase the possibility that they cannot pay their loans in time. Banks are therefore more likely to do business with firms that share their ESG profile and if possible, banks prefer to not do business with low ESG profile firms because of their potential high risk.

Denicolai et al. (2021) discusses how the three growth factors internationalization, digitalization, and sustainability are interconnected and how SMEs need to find synergies among them to be competitive. Typically, one or two of these growth options have been sufficient to stay competitive, however Denicolai et al. refers to sustainability as a “meta-driver” that should be the core, while digitalization and/or internationalization comes as the second or third most important (2021). Bakos et al. (2020) adds to the benefits of adopting sustainability that it could lead to cost savings, increased competitiveness, and improved reputation.

3.2.2 Challenges

There are seemingly many reasons for why SMEs should adopt sustainability in their practices, however, there are challenges associated with implementing sustainability. Researchers found some general challenges that seem to be struggles for many SMEs such as lack of resources, knowledge, awareness, and limited regulatory support (Bakos et al., 2019; Denicolai et al., 2021). SMEs also suffer other challenges due to their lack of size. Eggers (2020) refers to this as the liability of smallness, acknowledging that small and medium-size businesses are more vulnerable in the face of an external or internal change. An example of this could be that the businesses become vulnerable if a critical employee quits their job, or the demand for their product decreases or fluctuates. The liability of smallness is often connected to the liability of newness (Freeman, Carroll & Hannan, 1983). Stinchcombe (1965) found that new organizations have to trust strangers and therefore hold a much greater risk of failure than more established

players in the market. At the same time, they may also struggle with finding a fitting business model and often have no known brand name. The sum of these factors makes SMEs more sensitive to change. However, their small size also introduces flexibility and quick decision making which can be immensely helpful to maneuver through sudden changes. This makes them more agile than large size organizations. Smaller firms have more decision-makers close to the customers and marketplace giving them valuable information and enhancing their ability to make rapid adjustments to counter the aforementioned limitations (Eggers, 2020).

3.2.3 Policymaking for SMEs

When talking about sustainability adaptation in SMEs, a question of policy making rises. There are different business policies all over the world. Underdeveloped countries have different policies for SMEs than developed countries do (Bakos et al., 2020). Bakos further explains this by addressing the high failure rate of SMEs in underdeveloped countries and in transitioning economics. How could policymakers try to implement green business practices or more strict policy making when countries cannot even create “normal” business practices?

Prasanna, Jayasyndara, Gamage, Ekanayake, Rajapakshe & Abyrathne (2019) mention two important challenges facing SMEs as the world is becoming more competitive and the economies in the world is becoming globalized; (1) short-term focus: SMEs may prioritize short-term profitability over long-term sustainability, as they face pressure to meet immediate financial obligations, and (2) market competition: SMEs may face stiff competition from larger firms, which may have more resources to invest in sustainable practices and technologies. According to Bakos et al., (2020) a study reviewed all relevant literature on SMEs and found the research to be too general and none of the studies concentrated on the vast differences within all small and medium-size businesses. Their concluding remarks stated that policies on specific SME size, sector, location should be created, and this would help to narrow down on how SMEs can implement sustainability that can be measured in an effective way for their business, and to help them thrive and be successful. Since all businesses are unique there are different challenges and drivers for everyone, so a one-size fits all environmental sustainability approach will not work (Bakos et al., 2020). Further on, policies on incentives/funding to help SMEs overcome their current challenges should also be implemented (Purwandani & Michaud, 2021; Eggers, 2020).

3.2.4 ESG-rating and real economic impact

The last topic we wanted to mention lies in the boundaries between being a driver but also poses a potential challenge for the development of sustainability and the importance for being a green firm with high ESG-ratings. Is there real economic impact and a change in the cost of capital for companies that have been downgraded or upgraded in their ESG-rating? Berg et al. (2022) question the theoretical model and its claims, which is widely used by researchers. The model states the following; (1) There is an increasing demand for green firms and there is less demand for firms that do not have a sustainability focus, also referred to as brown firms. (2) If there are enough green investors then this will increase the stock price of green firms making it easier for them to gain cheaper capital on the exchanges through issuing new stocks. The opposite will be true for brown firms who experience less demand and therefore experience a higher cost of capital. (3) These changes in the asset pricing will further make green firms increase in value, invest more, and grow faster, while the brown firms will experience lower demand for their products, increasing their cost of capital, further on making their growth slower (Berg et al., 2022). This theoretical model claims there is a negative spiral for brown firms and positive spiral for green firms, which many researchers seem to acknowledge.

Berg et al. (2022) suggests in their findings that changes in ESG-ratings have pricing effects for the stock market and matter for a small subset of funds with a clear ESG mandate, but their impact on the real economy is limited. They see no clear evidence that the aforementioned growth channel that makes green firms outrun brown firms through cheaper cost of capital is real. This is the opposite result of many scientific writers and differs from how the theoretical models are made. The importance of this topic is huge as the cheaper cost of capital is one of the main reasons for why many firms indulge in sustainability, to further develop and strengthen their business (Denicolai et al., 2021). To answer who is right needs further research and will be available when there is more data to work with in the coming years.

3.2.5 Cost of carbon

The cost of capital for green and brown firms is a subject of debate, but one thing is clear: government policies are altering the cost structure for businesses. Carbon emissions are now subject to a cost, and the uncertainty surrounding potential changes in the pricing of carbon emissions poses a greater risk for some firms than others. Sectors that produce higher carbon emissions are particularly vulnerable to this risk. However, companies that prioritize carbon-efficient production by optimizing their resources and minimizing their waste can reduce the risk of changes in carbon pricing and ultimately have the strongest possible situation for what the future brings (Trinks, Mulder & Scholtens, 2020).

4.0 Methodology

In this section we explain our methodology which consists of our inductive and deductive approach and our choice to do personal and digital qualitative interviews with 10 firms. We further explain our qualitative framework and how we presented this in the thesis.

4.1 Approach

We want to investigate if Norwegian SMEs manage to create additional value in the transition toward sustainability. The reason we want to examine Norway is based on the fact that Norway stands out from other countries in the context of sustainability. We further want to find out if this experience and knowledge contribute to a more value creating transition than what is expected in other countries. Norwegian SMEs are the subjects of this research because they account for 99% of the total number of firms in the country and it will therefore give us a good representation of Norwegian firms (Næringslivets hovedorganisasjon, n.d.a). We want to understand how Norwegian SMEs incorporate sustainability in their daily operations, the drivers, and barriers they face and how the government's policies are affecting them.

Our approach is therefore based on both inductive and deductive research. Deductive research through a critical literature review on the topic. Deductive reasoning is based on theory testing which focuses on an already established theory, and further seeks to see if this theory applies to specific cases (Hyde, 2000, p. 83). The type of review that was conducted is a descriptive

review, this type of review wants to “*examine the state of the literature as it pertains to a specific research question, topical area or concept*” (Xiao & Watson, 2019, p. 95). We searched on google scholar and web of science, which are frequently used databases by researchers (Xiao & Watson, 2019). The timeframe of our search was set for the last 5 years, and we looked through relevant literature on sustainability in SMEs. Our keywords were “sustainability in SMEs,” “sustainability barriers in SMEs,” “sustainability in small and medium enterprises,” “SMEs in Norway” and “Sustainability in Norway.” The literature was reviewed and resulted in the sections from 1.0 sustainability through 3.4 sustainability in Norway. This theory will further be discussed and analyzed in relation to the finding of the interviews.

However, inductive reasoning focuses on theory building, starting with observations of specific cases and further establishing generalizations on the phenomena (Hyde, 2000, p. 83). This has been done through semi-structured interviews, where the answers are analyzed. Through inductive reasoning one can identify themes related to the research objective (Thomas, 2006). We chose to implement a qualitative approach to obtain a deeper understanding of the phenomena than what we would be able to obtain from purely quantitative methods. There is little information about the field of study, and this was the best way to get the detailed insight which was required (Gill, Stewart, Treasure & Chadwick, 2008, p. 292). We build on two data sources, the first includes 10 semi-structured interviews, with 10 managers or employees of local SMEs around Kristiansand, Norway. The interviews lasted about 30 minutes and were performed at their business sites or through Microsoft Teams. The second data source was collected through a critical literature review on the topic.

Table 1. Summary of participating firms’ characteristics

Interviewee	Business sector	Position	Size of firm	Year of establishment
Firm 1	Construction industry	CEO	69 employees	2017
Firm 2	Car industry	CEO and financial manager	14 employees	1991
Firm 3	Forest industry	CEO	30 employees	2016
Firm 4	Music industry	Owner and CEO	15 employees	1998
Firm 5	Construction industry	Calculator and quality manager	43 employees	1992
Firm 6	Bank sector	Compliance officer	47 employees	1877
Firm 7	Work inclusion sector	General manager	75 employees	1997
Firm 8	Clothing industry	CEO and online store manager	8 employees	2003
Firm 9	Machine contractor	HMS and calculator	38 employees	1964
Firm 10	Drawing and architect	CEO	17 employees	2007

The firms interviewed also contributed with some characteristics that differentiated them from their competitors. These were in short “we are larger than our competitors,” “We focus on professionalism,” “Wider range of services,” “Accessibility for customers” and “unique products.” They operated in several different business sectors; construction, car repair, forest industry, music, bank sector, and clothing. We mostly interviewed the CEO of the firms, but in some cases other employees who worked with sustainability. The sizes of the firms varied from 8 to 75 employees, and the oldest firm was established in 1887 while the newest was established in 2017.

4.2 Data collection

Data was collected through interviews. The interview subject was local SMEs in Agder. We used “Brønnøysundregisteret” to search for local firms. We looked for stock-based companies, which had between 1 to 100 employees. We wanted to look at companies from different sectors, this was because we wanted to get as much knowledge and variety in our answers as possible. Firms were then reached by phone calls, where we explained the thesis, why we wanted to interview them and finally suggested a time to meet. The interview questions were sent in advance so they could see through and prepare if they needed. We further sent an information and consent paper before the interview. The interview guide had 17 questions divided into three categories: (1) general questions, (2) sustainability and (3) effect on performance.

The interview lasted approximately 20-30 minutes and was either done physically or through Microsoft Teams. 10 interviews were conducted, and the form of the interviews was semi-structured. Semi structured interviews consist of several key questions that would help define the areas that are being explored, but on the other hand allows the interviewer or interviewee to answer more freely and get a more detailed response (Gill et al., 2008, p. 291). The interview guide included general questions about the firm and about their sustainability practices, sector specific regulations, and their experiences and thoughts about these regulations. The questions served only as an outlier for the interview as the different sectors had different regulations and practices. During the interviews we had to frame the questions so they would best fit their sector, practices, and everyday work. We believe that this method would give us the best insight so we could get as much information as possible around the research question, and it would also make

it easier for the interview subjects. Before every interview, the participants signed agreement forms and were asked if they agreed to be recorded. The interviews were recorded through an app called Diktafon, which was recommended to use to protect data and privacy (Universitetet i Oslo, 2023).

4.3 Data analysis

Data was analyzed in three ways (1) Transcription, (2) coded interview, (3) cross case analysis which eventually laid the foundation for a model. The interviews were first transcribed to get an overview of the different answers. The next step was to code the interviews, this was done by listing all the questions and filling in all the answers to each question. Main notes were written based on the full answers to each question for further analyse. The third step of the analysis was a cross-case analysis, this was done by adding all the notes from each question in an excel sheet. The reason for this was to get an overview of the recurring and important themes from the different interviews. Lastly, we made a model which is divided into first-order concepts, second-order themes, and aggregated categories. This has been done in both Gioia, Corley & Hamilton (2013), and Efrat, Souchon, Wald, Huges & Cai (2022).

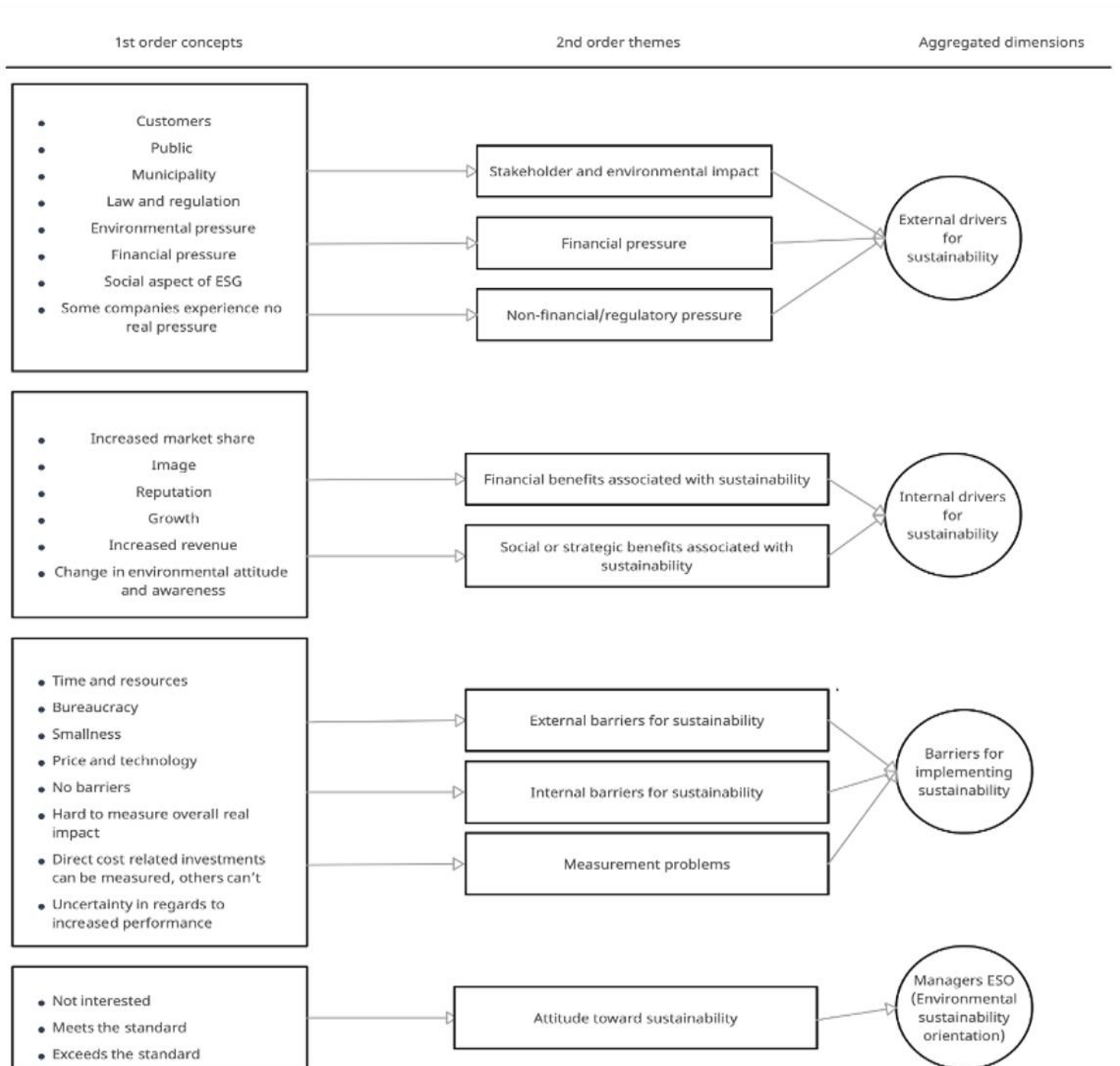
In the 1st-order concepts, we try to get as many of the concepts that came out of the interviews as possible. When we further go onto the 2nd-order themes, we look for similarities and differences among the categories. We followed the same approach as Gioia et al. (2013) and therefore asked ourselves if the emerging themes suggest concepts that might help us describe and explain the phenomena we are observing (p. 20). The next step was to investigate whether it is possible to get the emergent 2nd-order themes even further into 2nd-order “aggregate dimension”. This will be our basis for building a data structure and will show how we progressed from raw data to the terms and themes used in the analysis (Gioia et al., 2013, p. 20). The result of this process is therefore figure 1, which is presented in 5.0 Results.

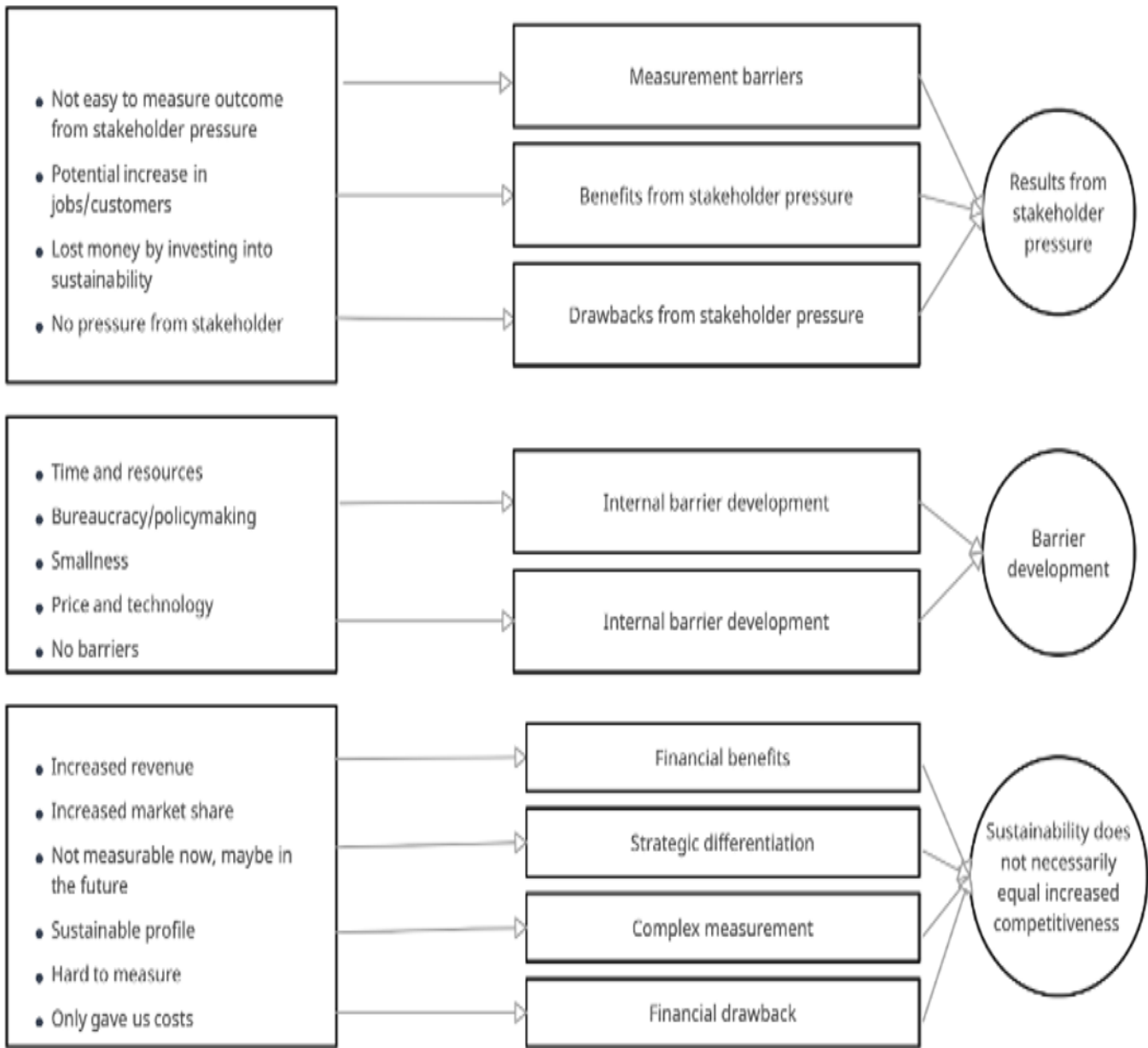
4.4 Validity, reliability, and rigor

The validity and reliability of the research are essential elements to provide evidence of its quality. Reliability indicates that results found in the research will be repeatable over time, while validity refers to the trustworthiness of the research (Hayashi, Abib & Hoppen, 2019). When conducting qualitative research, validity would indicate how well the research represents the actual phenomenon (Morse, 2015). To make the research rigor we need components like validity and reliability, which are used during qualitative inquiry to “*evaluate the credibility, transferability, dependability, and the trustworthiness of the completed project*” (Morse, 2015, p. 1212). We conducted a semi-structured interview, and it is therefore recommended to develop a coding system and inter-rater reliability. Especially relevant for this type of research, Morse (2015) summarizes recommendations for strategies for establishing rigor in qualitative inquiries. This has been done by using the same approach as presented in Gioia et al. (2013). The interviews have been transcribed, coded, and lastly been analyzed through a cross-case analysis. The cross-case analysis made it easier to get an overview of the recurring themes and made the basis for the model. The model included 1st order concepts, 2nd order themes and aggregated dimensions. As stated in section 4.3, this is our basis for building a data structure, and shows how we progressed from raw data to the terms and themes used in the analysis (Gioia et al., 2013, p. 20). This is our way of demonstrating rigor in our research.

5.0 Qualitative results

In this section we lay out the findings from the interviews. We analyzed the findings and compared this in the context of the literature to see if there are some similarities or new findings. The model shows 1st order concepts, 2nd order themes and aggregated dimensions which will be explained in the subsections below.





5.1 External drivers for sustainability

We divided this section into external and internal drivers for implementing sustainability. External drivers are in this case customers, law and regulation, municipality, environmental pressure, and financial pressure. It occurred from the interviews that stakeholder and environmental impact played a role in the drive to be more sustainable. The most propulsive stakeholder was the customer, but others also mentioned both the public and private sector. Financial pressure was also a driver, and this is in most cases about getting more jobs or deals. This relates to the finding of Denicolai et al. (2021) that the main driver is to stay competitive and keep up to date with what their stakeholders are demanding.

As the literature mentioned and the interview shows, non-financial and regulatory pressure seems to be emerging and relevant (Das et al., 2020). This often includes the whole aspect of ESG (Environmental, Social and Governance), but in most cases its law and regulations that determine the SMEs guidelines. The interviewees experienced the laws and regulations as either bureaucratic in some cases or well suited for others. Firm 3 is a forest contractor with strict and clear rules of how to operate, where the law and regulations felt practical and realistic: *“It is systematized, there are good and strict requirements that I feel have a good effect. It seems like many other industries that do it pretty much just for the sake of doing it.”* An example of bureaucratic guidelines will come in a later subsection.

Firm 8 and 10 experienced no external drive from their stakeholders. Firm 8 experienced no pressure from either customers or suppliers: *“No real pressure from our stakeholders. It is the manufacturers and brands which get the pressure.”* Firm 10 invested a lot in sustainable solutions but felt that few customers want to have the newest and most sustainable solutions. The reason suggested it was too expensive or perhaps new and unknown.

5.2 Internal drivers for sustainability

When we asked the interview subjects about drivers engaging in sustainability, mainly two themes unfolded. The first one was financial benefits; the firms wanted an increased market share and increased overall growth and revenue. This is similar to what we found in the literature review from Denicolai et al. (2021). Similarly, we saw that both social and strategic benefits also were part of what the firms wanted to achieve, these consisted of better reputation, improved public image, spread awareness, and changed attitude in the society. The change in image and reputations was the same benefits as we saw in our literature review from Cowan & Guzman (2020). There was a great difference in what the firms wanted from engaging in sustainability. 8 out of 10 firms had financial benefits as their goal when we aggregated the results.

5.3 Barriers for implementing sustainability

The barriers facing the 10 firms we interviewed consisted of both external barriers, internal barriers, and measurement problems which we will go through now. 3 out of 10 firms reported that they had no barriers when implementing sustainability. We will now elaborate on the barriers of the existing seven firms.

5.3.1 External barriers

External barriers are challenges firms are facing which they have no control over. Some of the firms experienced the sustainability practices and guidelines they had to follow as unnatural. Firm 2 is a good example where this was very clear. Firm 2 is a car repair firm with 14 employees, which is not a noticeably big firm. They have to follow the same sustainability guidelines as the big brands, like Mercedes, which have a lot more resources they can dedicate to this. This creates an unbalanced and unequal set of rules to follow.

Another example of what the firms experienced as bureaucracy was firm 3 and 9 who worked as a forest contractor and a machine contractor. Both these firms would normally use fossil fuel machines because of their long days. Electric vehicles and charging them would decrease both firms' effectiveness. Both firms are now forced into buying electric vehicles that cost more than twice as much as a normal fossil fuel vehicle. The difference between these two firms is that one of them is close to the city while the other one is out of town and actually in the woods. To solve

this, they both have to manually set up charging stations on each site they operate in, which is very time consuming. A quote from firm 9 is *“The fossil fuel would have to be triple the price of today's prices before this would be a natural transition to electric vehicles.*

We discuss whether this is a financial barrier forced onto firms. However, firm 9 can power their electric vehicles with electricity, which makes this acceptable because of environmental benefits. They can also easily switch out vehicles while one electric vehicle is charging. This is not the case for firm 3; There are natural barriers for finding a charging station in the woods, quote: *there is no electricity here, so if we have to set up a charging station it is going to be driven on a diesel generator”*. This is where the bureaucracy becomes obvious and is not thought through. This is also what Bakos et al. (2020) pointed out in their research when claiming that a one-size fits all sustainability approach will not be effective or fair.

5.3.2 Internal barriers

The internal barriers consist of SMEs size, which was earlier linked to the liability of smallness which includes having less time and resources than bigger and more established players in the market. Firm 2, as mentioned in external barriers, experienced bureaucracy as an external barrier. This was further complicated by their internal barrier which is time and resources. This points out the sensitivity of SMEs in a good way. They are more vulnerable to sudden changes or unnecessary costs. Firm 2 gave us the impression that they did not like their sustainability guidelines, because they felt it was not customized to their business size and gave them unfair costs. All of the aforementioned barriers are mentioned in our literature review from Bakos et al. (2020), Denicolai et al., (2021) and Eggers (2020).

5.3.3 Measurement problems

The last barrier for implementing sustainability for the SMEs was related to a measurement problem. They said it was hard to measure and isolate positive changes that occurred directly from sustainable initiatives. This did not result in the firm's changing behavior or stopped engaging in sustainability, however, they were uncertain if they were making the right decisions. To give an answer to how things would have been if they did not do something or did more of something is completely hypothetical. There were cases that did bring hard data, for example

solar panels on the roof providing electricity for firm 1. This case is rather simple because you know how much electricity you used over that period and can give an estimate of what the solar panels have deducted from your electrical bill. However, trying to give an estimated guess on how much profit your new sustainability practices will bring, or how many new customers it will bring is so hypothetical it is impossible to give an accurate answer. This creates uncertainty, and over 60% of the firms answered that they had little to no idea what it had actually given them. This is not something we saw earlier in our literature review; however, it could be due to our limited time and narrow search field. It is reasonable to believe that this is a barrier for very many other SMEs.

5.4 Managers ESO (Environmental sustainability orientation)

We are in this section looking at managers' environmental sustainability orientation. We have seen from the interviews that managers are either not interested, want to meet the standard or want to exceed the standards of their sustainability guidelines. The manager's ESO was mentioned in the literature review as important because SMEs have few employees. The managers often have their own personal motives and attitudes which affect the choices and how the firm operates. The distribution of answers among the 10 firms interviewed shows that 7 out of 10 managers want to exceed the standard, while two managers try to meet the standard and one is not interested, because the sector and guidelines had no demands they had to reach. It is also important to mention that there are several factors that differ between the firms interviewed, such as size, sector, and resources.

The manager of firm 3 states that *“We want to create added value and do more than what is required from the standards in order to find synergies”*. This and other similar statements from the managers gave us the impression that synergies and the desire to differentiate from other firms are the most important reasons behind the positive sustainability orientation.

The attitude of the manager emerges in some cases, this is very evident for firm 1, which started the company with a brand-new factory, and has been given free rein to develop a sustainable business from the very start. We further see from the interviews that managers want to create added value, find synergies, invest in certifications and are aware of the importance. However,

the manager of firm 2 wants to fulfill the minimal standards and cannot afford more than this. Lastly, the managers of firm 9 said, and I quote; “*We want to engage in sustainability for the reasons that give us perks and advantages, but not for reasons that do not benefit us*”. These aforementioned findings relate to some degree to the findings of Kautonen et al. (2020) where managers could face a trade-off between financial performance and environmental sustainability. This was something the manager of firm 2 found difficult, because SMEs often have both limited resources and time and need to make profit to survive. The findings of Danso et al. (2020) relate to how and why firm 1 started their business, which was to take an environmentally sustainable orientation to differentiate themselves from other businesses.

5.5 Results from sustainability implementation

The results from sustainability implementation are divided into two categories; (1) internal benefits and (2) external benefits from sustainability. We see from the interviews that the internal benefits of implementation are increased market share, image, reputation, growth, and increased revenue. Firm 1 based their business model on a brand-new sustainable factory which led to them having a competitive advantage. Firm 2, 8 and 9 have not achieved anything in particular, also claiming it's not easy to measure. Some of the firms interviewed saw results of both internal and external benefits, firm 3 strengthened their competitiveness and created some added value through sustainability implementation. Firm 5 worked on a certification, which they thought would raise awareness about energy consumption, report on waste and have an effect on the future projects for both the employees and managers.

We further see external benefits including changing environmental attitudes and awareness, but also helping the community. Firm 7 is helping the local community and their employees. Their business model is about getting people into labor, which is the social aspect of ESG. Another example is from firm 4 who helped the local society by employing people through NAV. The results from sustainability implementation are still unclear for firm 6 which works in the banking sector, but they want to contribute to customers and players in the market to make more sustainable choices. This could be beneficial for themselves (Houston & Shan, 2021), the customers and society as a whole (United Nations, 2022).

5.6 Results from stakeholders' pressure

Does the pressure from stakeholders affect the firms when it comes to sustainability implementation? It is not easy to give a direct answer based on the interviews. We found through the interviews that there are some measurement barriers. This emerges in the way that it's not easy to measure the outcome from the pressure they face. Others saw some benefits from stakeholder pressure, which includes a potential increase in jobs/customers. There were also some benefits regarding awareness of the situation and development, but again this was not easy to measure. Drawbacks from the pressure occurred to some degree, where one of the firm's lost money by investing in sustainability. Lastly, most of the firms interviewed experienced no pressure from stakeholders, and it is therefore difficult to assess the change.

These findings relate to Sen & Cowley (2013) in the way that social expectations play a role, and that the underlying motivation of positive impact on the society could lead to better business image, at the same time led to personal satisfaction. There are also some similarities to the findings of Bartolacci et al. (2020), they divided SMEs into those who are selling non-final products and those who are selling their own products to final consumers. SMEs selling non-final products seemed to be pushed on social responsibility from public institutions and the local community, while SMEs selling their own products seemed to be influenced by their primary stakeholder (clients, suppliers, and employees). We lastly see some deviation in the findings and the research by Das et al. (2020) where regulatory pressure was seen as the main drive for sustainable practices. This seems to not be so prominent for the interview subjects in our study, but one should not conclude anything in this regard because of the small sample size and the small numbers of firms in each sector interviewed.

5.7 Barrier development

Earlier we looked at previous barriers to implement sustainability. We also asked the firms if they had overcome any big barriers, what they had learned in this process, or if they were still struggling with the same barriers. The answers were quite interesting; Again, we saw the same 3 firms reporting that they experienced no barriers when implementing sustainability, which again was partly due to a superior financial position stemming from private investors. However, 7 out of 10 firms had been struggling with the same barriers from the start and had not found a way to

overcome them. The struggles still consisted of both internal and external barriers, more accurately time and resources, bureaucracy/policy making, liability of smallness and the price of implementing new technology. This is very accurate of what we also saw in the literature review from Bakos et al., (2020) Denicolai et al. (2021) and Eggers (2020).

5.8 Sustainability does not necessarily equal increased competitiveness

The 10 SMEs we interviewed in Kristiansand had either financial benefits, social or strategic benefits as their main drivers for implementing (more) sustainability into their businesses. Some of the firms experienced financial benefits through increased revenue and market share, others gained more strategic benefits such as a stronger sustainable profile, giving them a better reputation and the benefits associated with this. Firm 1 gained their whole competitive advantage through sustainability measures, and we could clearly see that sustainability was their main reason for why the firm has advanced and accelerated into their current position as market leaders. They invested in a new sustainable factory, both solar panels, a way to collect rainwater, and a system that turns the byproduct of the main product into something they could profit from.

However, around 50% of the firms said that it was hard to measure increased competitiveness from their new sustainability practices. The firms claimed that *“We see no clear benefits from this investment now, but we might do in the future.”* Another company said, *“It’s hard to measure the outcome of these investments, because we have nothing to measure the outcome against.”* This firm points toward the fact that it is almost impossible to know if it is your new sustainability practices that have increased their profit/market share, or if it is due to other market factors. The economy is a highly complex system and trying to isolate an increase in sales by holding all other factors the same is neither a good nor accurate estimation (Cristelli, Tacchella & Pietronero, 2015). However, we learned through the interviews that 3 of the firms had experienced none of the benefits they initially pursued, and only saw their sustainability implementation as a financial cost and experienced their sector-specific guidelines as bureaucratic and unjust toward their size, magnitude, and capabilities. This is precisely what Bakos et al. (2020) wrote about in their research; the one-size fits all sustainability approach will not work in the long term as a solution for many SMEs.

5.9 Experiences toward guidelines and policies

Even though it was not our initial plan, and not a part of our pre-made questions, this theme was present in all the interviews and after our third interview we made it a non-mandatory, but always asked question - What is your experience with your sustainable policies and the guidelines your firm have to follow? And as a follow-up question: Do you feel like these guidelines and policies are suitable for your business and sector? This information is highly relevant for our research question regarding finding out if Norwegian SMEs have well suitable guidelines and policies, making them able to generate an additional value. We sorted the firm's answers into three categories; (1) Suitable guidelines, (2) neutral to their guidelines and (3) not suitable guidelines. 30% of the firms said that their guidelines were not suitable, 20% were neutral to their guidelines and 50% felt that their guidelines were suitable for their business. This information was not something we found familiar from our literature review. This could be due to the fact that our literature review search was too narrow. It would be reasonable to believe that there is relevant literature on this subject.

6.0 Discussion

In the previous section we looked at the results and measured this up against the literature review. In this section we will discuss the findings from the qualitative results, and see how this compares against our research question; Do Norwegian SMEs manage to create additional value in the transition toward sustainability?

6.1 What characterized the winners and losers?

Some of the Norwegian SMEs managed to create substantial additional value in their transition to become a sustainable company. Firm 1 is the best example of this; They invested in a new sustainable factory with solar panels, rainwater collector and a system that turns biproducts from the main product into something they could sell and profit on. This accelerated them into their current position as market leaders and gained all the benefits in regard to what their initial drivers were. Firm 2 is on the opposite side of the spectrum which only did the minimum requirement regarding their sustainability requirement, guidelines, and policies. This gave them no benefits and did not help the firm in any way, other than following the rules.

We see a strong correlation between how much money the different firms have invested and how much benefits they have been able to harvest from their investments. This must be seen when considering each firm's size in relation to the size of the investment; Firstly, firms with 8 employees will have a different need to invest than a firm with 75 employees due to the size of the business. The second thing we understood is that the minimum standard will be the new normal for all firms in all sectors. So, by investing up to the new minimal standard, you will not gain any benefits other than that you are following guidelines for your sector. Those firms that experienced benefits were the firms that went beyond the minimum requirement, which is very reasonable to understand. This gave them the benefits the firms initially wanted when they started to engage in sustainable investments. Perhaps this is something the firms have not fully understood yet, that there is an initial cost to sustainable investments before they start seeing any benefits from it. A recurring theme in the interviews was that investment in sustainability was not giving value for the SMEs.

6.2 Financial strength trumps internal and external barriers

Firm 1 was one of the firms that differentiated themselves from almost all the other firms we interviewed. They had a strong financial position and were able to get what they wanted from their private investors, so there was no need for a loan. This demonstrates that some firms will not meet any barriers when implementing sustainability - Not because there are no barriers, but because they have such a strong financial position that they can do whatever they want. However, this is not the case for most firms and especially not SMEs, as we have talked about earlier. There will also be firms that don't meet any barriers because of their sector, which naturally don't have that many demands or guidelines to follow.

6.3 Improved policymaking can benefit toward additional value

The main drivers for all the firms to transition toward a more sustainable company were either financial, social, or strategical benefits. Some of the firms managed to see positive changes in these aspects, but this was not applicable for everyone. One potential reason for this could be bad policymaking or guidelines the firms must follow. Again, we want to quote firm 9 from the interview: *“We would not make the transition from fossil fuel vehicles to electric vehicles if we were not forced to do so. They cost over twice as much to buy in and are less effective due to*

charging.” And firm 3 from the interview; *“The fossil fuel would have to be triple price of today's prices before this would be a natural transition to electric vehicles’* . This was the same company that was forced to transition to electric vehicles and use a diesel aggregator to charge their new vehicles, because they work in the forest where there is no electricity. This is a good example of how a top-down one-size fits all approach can be damaging for firms, and it is not considered where this firm is operating, what size they are and if they could even overcome this non-economic and “environmental” pressure. This is also what Bakos et al. (2020) states in their research. Firm 2 also suffers from too high regulations for their size and capabilities which makes them less engaged and interested in investing time and resources. They would rather just keep the minimal standards or below standards if the chances are good of not getting caught.

Changes in policy and guidelines that lead to fixing this kind of drawbacks for SMEs could help in two ways; (1) Firms have real and non-bureaucratic reasons to invest sustainable, and all firms will have an appropriate magnitude of guidelines and regulations to follow which could help the motivation to keep doing sustainable initiatives and (2) society will have a higher utility per time and resource spent, because sustainability initiatives will actually target real-impact challenges and environmental problems.

6.4 Incentives to create additional value

As stated earlier, firm 10 has focused a lot on sustainable solutions, and has the newest and best solutions available but struggles to sell the innovative solutions to customers on a big scale. Customers tend to pick the less expensive solutions. They suggested that this was caused by the fact that no one wants to pay more just because it is sustainable, new, and expensive. Since new sustainable solutions are so much more expensive, the government should maybe consider incentivizing people who buy these kinds of services so more people can afford it. Firm 1 had superior financial strength and was not dependent on incentives, however the daily manager stated that they received no money to support their 100% new and sustainable factory, solar panels, rainwater collector and a system that made biproducts from the primary product into something they could sell and profit on. The manager told us that there is no funding support for either solar panels or wind turbines. This is however regulatory supported for all households in

Norway who seek to invest in these kinds of initiatives (Enova, 2022). There is however no support or help for organizations or firms.

Subsidizing and regulatory support for SMEs is a very well-known subject in the literature review (Purwandani & Michaud, 2021; Eggers, 2020) People will not buy it if it is too expensive, and firms will not sell it if there is no interest from customers. Businesses that drive for a more sustainable world should receive the regulatory support needed in this transition.

6.5 What causes firms to keep going?

6 out of 10 firms claimed that they had measurement problems or were uncertain whether their sustainability investments had given them any benefits. Half of these firms said they knew they had not gained anything from their investments. If such a large percentage of the firms are either uncertain or know that they have not gained anything from investing in sustainability - why would they keep doing it? As already mentioned, we know from the interviews that financial, social, or strategic benefits were the main drivers for why firms wanted to invest in sustainability. This indicates there should be many reasons for why firms might stop implementing sustainable measures. On the other hand, we see that 5 out of 10 firms said that they were positive about their policies and guidelines and that they were suitable for their business, and 2 out of 10 firms said that they were neutral toward their policies and guidelines.

A natural question could be; why do firms keep accepting and keep investing in sustainable implementations even while they are not gaining any benefit from it? Sveen et al. (2020) suggest that managers could have higher expectations toward sustainability or could accept higher pressure on the subject, making them accept these short-term losses to gain a higher sustainability profile and be a part of “the solution”. It could be that Norwegian SMEs are affected by the sustainability profile of their country, which is one of the leading countries in Europe within renewable energy (Moe et al., 2021). Another reason could be that firms do this out of fear of losing their competitiveness and the risk of losing their reputation, or a combination of both culture and competitiveness.

7.0 Conclusion

The goal of this thesis has been to investigate our research question; “Do Norwegian SMEs manage to create additional value in the transition toward sustainability?” Through the interviews we saw characteristics of what made some SMEs differentiate, both positively and negatively. Those firms who had a strong financial position were able to invest more than the minimum requirements and were able to create additional value; increased revenue, market share, image, and overall growth. However, those firms who could not afford to go beyond the minimum standard did not receive any benefits associated with their investment. This is probably because the minimum requirements are equal for all firms in the sectors, therefore it is not giving any value other than keeping up with their competitors.

Another drawback the firms experienced was not suitable regulations and policies for their size, operations, or capabilities, which also prevented them from gaining any value from their investment. This coincides with the research of Bakos et al. (2020) who states a one-size fits all sustainability approach will not be effective or fair. Some firms claimed to not have any barriers when implementing sustainability. This can be explained in two ways; Firstly, It's not relevant in all types of sectors. Secondly, a strong financial position can overcome any financial barrier. The previous reason demonstrates that some firms will not meet any barriers when implementing sustainability - Not because there are no barriers, but because they have such a strong financial position that they can do whatever they want. For those firms who cannot afford or don't see any value from implementing sustainability, the question of incentives becomes relevant. If governments want all SMEs to contribute, they must ensure that this becomes affordable, while also giving value for the firm.

The attitudes of the firm's managers were strongly influenced by the desire to differentiate and to exceed the minimum standards. The willingness of the manager was vital for how the firms operated to a large degree. 70% of the managers wanted to exceed the minimum standards. Even though we see that some firms experienced measurement problems, no financial, social nor strategic benefits associated from their sustainability initiatives firms keep going.

Sveen et al. (2020) suggest that managers could have higher expectations toward sustainability or accept higher pressure on the subject, making them accept these short-term losses to gain a higher sustainability profile and be a part of the solution. It could be that Norwegian SMEs are affected by the sustainability profile of its country, which is one of the leading countries in Europe within renewable energy (Moe et al., 2021). Another reason could be that firms do this out of fear of losing their competitiveness and the risk of losing their reputation, or a combination of the two.

Through discussion with the SMEs, 70% claimed to be either positive (50%) or neutral (20%) of their current regulations and guidelines. We conclude that Norwegian SMEs can create additional value, however, they do face barriers which coincides with our qualitative research and literature review. Norwegian SMEs share a lot of the main barriers and drivers as SMEs in other countries. Changes in policies, regulation and incentives will be important tools for a successful transition toward sustainability for the Norwegian SMEs.

7.1 Limitations and suggestions for future research

Due to limited time which serves as our main barrier, we don't have the ability to interview more SMEs in our thesis. We acknowledge that our results might not be representative and have external validity, which is one of our main limitations. Another limitation is the depth and width of our literature review. If we had more time, we could probably do a more extensive review to better understand our qualitative data. To get as much information as possible we also included several sectors in our research. This, however, makes our qualitative data more vulnerable regarding misinterpretation of information in each sector, due to the low number of interviews per sector. However, our results share similarities between our qualitative research and the literature review. This suggests that we are on the right track, even with our low number of interviews and our literature review which could have been more extensive. Our research also discovered themes which were not part of the literature, making our research add value to the field of Norwegian SMEs.

We have some suggestions for future research. The main suggestion is to investigate further the regulations and policies Norwegian SMEs face. We received our information directly from firms, which could involve biased opinions that do not reflect the full aspect of the regulations. We would suggest a literature review going much deeper and debating if the incentives Norwegian government gives SMEs is sufficient. Further, if there is any way to make it easier for SMEs to implement sustainable initiatives. Our second suggestion is to increase sample size by including either more firms in both different and same sectors, to get a more accurate picture of how and whether Norwegian SMEs can create additional value.

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Appendix

Approval from Sikt

Vurdering av behandling av personopplysninger

 Skriv ut

 16.02.2023 ▾

Referansenummer
954885

Vurderingstype
Automatisk 

Dato
16.02.2023

Prosjekttittel
Intervju til masteroppgave

Behandlingsansvarlig institusjon
Universitetet i Agder / Handelshøyskolen ved UiA / Institutt for økonomi

Prosjektansvarlig
Kalanit

Student
Emil Larsen Drange

Prosjektperiode
01.01.2023 - 01.08.2023

Kategorier personopplysninger
Alminnelige

Lovlig grunnlag
Samtykke (Personvernforordningen art. 6 nr. 1 bokstav a)

Behandlingen av personopplysningene er lovlig så fremt den gjennomføres som oppgitt i meldeskjemaet. Det lovlige grunnlaget gjelder til 01.08.2023.

Vil du delta i forskningsprosjektet

“Do Norwegian SMEs manage to create additional value in the transition towards sustainability?”

Dette er et spørsmål til deg om å delta i et forskningsprosjekt hvor formålet er å undersøke i hvilken grad bærekraft påvirker små og mellomstore bedrifter i forskjellige deler av bedriften. I dette skrevet gir vi deg informasjon om målene for prosjektet og hva deltakelse vil innebære for deg.

Formål

Formålet med intervjuet er å kunne bygge videre på forskningen rundt bærekraft innenfor små og mellomstore bedrifter og hvilke utfordringer og drivere som oppstår i arbeidet mot et mer bærekraftig samfunn. Vi ønsker også å finne ut av hvordan ulike interessenter påvirker bedriftene og dens ytelse, enten da i form av støtte, sanksjoner og reguleringer. Dette forskningsprosjektet er en del av vår mastergradsoppgave ved handelshøyskolen UIA.

Hvem er ansvarlig for forskningsprosjektet?

Handelshøyskolen UIA er ansvarlig for prosjektet.

Hvorfor får du spørsmål om å delta?

Vi har valgt å sende e-post til dere fordi dere passer i utvalget til vår oppgave, hvor vi ønsker å intervju små og mellomstore bedrifter i forskjellige sektorer. Vi ønsker i den anledning å intervju rundt 10-12 bedrifter.

Hva innebærer det for deg å delta?

Det å takke ja til intervjuet vil innebære at vi enten besøker arbeidsplassen og tar intervjuet fysisk, eller at det foregår elektronisk via Zoom eller Teams. Intervjuet vil ta mellom 20-30 minutter. Vi har vedlagt et spørreskjema som er utgangspunktet for samtalen. Vi har forståelse for at firmaer er unike og at vi tilpasser intervjuet deretter. Hvis vi får samtykke fra dere vil vi gjerne ta lydopptak av intervjuet. På denne måten blir det lettere for oss å jobbe videre med svarene.

Det er frivillig å delta

Det er frivillig å delta i prosjektet. Hvis du velger å delta, kan du når som helst trekke samtykket tilbake uten å oppgi noen grunn. Alle dine personopplysninger vil da bli slettet. Det vil ikke ha noen negative konsekvenser for deg hvis du ikke vil delta eller senere velger å trekke deg.

Ditt personvern – hvordan vi oppbevarer og bruker dine opplysninger

Vi vil bare bruke opplysningene om deg til formålene vi har fortalt om i dette skrevet. Vi behandler opplysningene konfidensielt og i samsvar med personvernregelverket. De som vil ha tilgang til dine svar og opplysninger vil være Emil Larsen Drange, Lars Marlov Bakken og vår veileder Kalanit Efrat. Bedriftene som deltar vil anonymiseres og refereres til slik: Firma 1, 2, 3

Hva skjer med personopplysningene dine når forskningsprosjektet avsluttes?

Prosjektet vil etter planen avsluttes 01.08.23. Når prosjektet er avsluttet vil vi slette all informasjon og lydopptak.

Hva gir oss rett til å behandle personopplysninger om deg?

Vi behandler opplysninger om deg basert på ditt samtykke.

På oppdrag fra Handelshøyskolen ved UIA har Sikt – Kunnskapssektorens tjenesteleverandør vurdert at behandlingen av personopplysninger i dette prosjektet er i samsvar med personvernregelverket.

Dine rettigheter

Så lenge du kan identifiseres i datamaterialet, har du rett til:

- innsyn i hvilke opplysninger vi behandler om deg, og å få utlevert en kopi av opplysningene
- å få rettet opplysninger om deg som er feil eller misvisende
- å få slettet personopplysninger om deg
- å sende klage til Datatilsynet om behandlingen av dine personopplysninger

Hvis du har spørsmål til studien, eller ønsker å vite mer om eller benytte deg av dine rettigheter, ta kontakt med:

Emil Larsen Drange, 98824674, emilld18@uia.no

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- Vårt personvernombud:

Hvis du har spørsmål knyttet til vurderingen som er gjort av personverntjenestene fra Sikt, kan du ta kontakt via:

- Epost: personverntjenester@sikt.no eller telefon: 73 98 40 40.

Med vennlig hilsen

Prosjektansvarlig
(Forsker/veileder)

Eventuelt student

Kalanit Efrat

Emil Larsen Drange & Lars Marlov Bakken

Samtykkeerklæring

Jeg har mottatt og forstått informasjon om prosjektet "Do Norwegian SMEs manage to create additional value in the transition towards sustainability?", og har fått anledning til å stille spørsmål. Jeg samtykker til:

- Å delta i Intervju

Jeg samtykker til at mine opplysninger behandles frem til prosjektet er avsluttet

(Signert av prosjektdeltaker, dato)

Interview guide

Q1 – Which company do you work for, and what do they do?

Q2 – What sector does your company operate in?

Q3 – How many employees?

Q4 – When was the company founded?

Q5 – One local business or multiple business sites?

Q6 – What is your position in the firm? And how many years of experience?

Q7 – In what way is your company different from your competitors?

Q8 – Who are your stakeholders? And which of them push toward more sustainability?

Q9 – What kind of pressure do you experience from your stakeholders?

Q10 – What do you as a firm wish to achieve through sustainability?

Q11 – What barriers do you experience when trying to implement sustainability?

Q12 – How do you experience your manager's attitude toward sustainability?

Q13 – How do you assess your performance in regard to sustainability?

Q14 – What have you achieved through sustainability?

Q15 – How did the pressure from your stakeholders impact your performance?

Q16 – What have you learned from overcoming your main barriers/ what do you still struggle with?

Q17 – Have the company gained any competitive advantage through implementing sustainability?

Coded interviews

Firm 1

Questions	Full answers	Notes
Q1 – Which company do you work for, and what do they do?	Company is called and is a manufacturer of concrete elements for the construction industry, mainly for apartments buildings. Producing stairs, balconies, cover element, and some columns.	Concrete element, construction industry.
Q2 – What sector does your company operate in?	Construction industry	Construction industry, concrete element.
Q3 – How many employees?	60 + 9 hired/part time	
Q4 – When was the company founded?	It was founded in 2017	
Q5 – One local business or multiple business sites?	One local business and factory in Søgne	
Q6 – What is your position in the firms? And how many years of experience?	Been CEO since it was founded.	
Q7 – In what way is your company different from	Elementsør actually stands out very clearly in relation to the fact that we are simply far ahead when it comes to the environment, environmental focus, and sustainability. We built a new factory. In the industry	Build a brand-new factory when they founded the factory, leading to a competitive

<p>your competitors?</p>	<p>there are a lot of old factories, they are terribly old-fashioned and cumbersome. If they are going to do some changes, it would be very demanding and expensive, while we built a new factory from scratch. We therefore built Norway's most modern factory for the production of concrete elements. And that also gave us an opportunity to take a number of environmental measures and make a number of adaptations that would give us a very big competitive advantage. So, by today we supply by far the greenest concrete elements in Norway.</p>	<p>advantage on the production of concrete element. Took a chance and it paid off. Today deliver by far the most green concrete element in Norway.</p>
<p>Q8 – Who are your stakeholders? And which of them push toward more sustainability?</p>	<p>The main stakeholders are entrepreneurs/contractors who then builds for a builder, essentially if a large construction company will build an apartment building for someone. Through the 5 years we have been in the market, we found out that our competitors had great interest in our products, because we made stairs and balconies which is one of the most advanced and most difficult things to achieve and very many companies around Norway are struggling making them and make money.</p>	<p>So, the main stakeholders are entrepreneurs/contractors , important stakeholders are also customers which also are competitors or collaboration partners.</p>
<p>Q9 – What kind of pressure do you experience from your stakeholders?</p>	<p>The pressure that comes in our industry is the pressure that the contractors get from the banks. The banks want constructions that are environment friendly. The pressure starts at the financing side, further to the builder, further to the contractor and lastly to us, and we need to deliver elements that are as green as possible. It seems like the public sector, when the public sector is to build new schools and libraries and the cultural center, whatever, they have a bit more money, and thus they perhaps emphasize the environment more strongly</p>	<p>Financial, banks, different actors in the value chain (downstream/upstream?), more pressure in public sector (?)</p>

	<p>today than they did just 3-4 years ago. There has probably been very much like that when the builder is there, they can choose the cheapest price and not necessarily the greenest, they have very often done so.</p>	
<p>Q10 – What do you as a firm wish to achieve through sustainability?</p>	<p>we took the lead as soon as we started the company. even then we decided on a wide range of measures to take. We saw that as a new player in a conservative and somewhat overgrown industry, we had to make some choices. and thus, we built a factory and put in place a long series of measures that we determined, and then we should have a competitive advantage already when we started up, and we have got that, and we have strengthened it further. this has given us a tremendous amount of attention in the industry. we started as a new company no one had heard of, and during the first two years, more or less the vast majority of people in our industry had visited and seen to solve how we did things and how they could be improved. we also saw that some of the measures we had taken and invested in had been paid off, perhaps already after one to two years they had been paid off. we made a system to collect all rainwater, this investment was paid off within 2 years, the same with solar cells.</p>	<p>Took the lead early. Build a brand-new factory .Took the lead in a conservative and overgrown industry. Got a competitive advantage because of this.</p>
<p>Q11 – What barriers do you experience when trying to implement sustainability?</p>	<p>No you can say. All the measures that have been taken are things that have been covered by the company itself. We have not borrowed money. We have not received any grant. It has been very difficult to get us support actually, for example; After all, Enova does not support companies in, for example, investing in solar power or wind power or so on. So this is something you have to do yourself. Somewhat beyond this, It haven't really</p>	<p>Not received any grant, paid out of their own pocket. No barriers, because they have taken the imitative to do things themselves.</p>

	been any barriers, but that's because we've taken the initiative to do things ourselves.	
Q12 – How do you experience your managers attitude toward sustainability?	The owner has not been involved in the daily operation. The CEO has been the instigator on sustainability and taken the decisions.	No involvement from the owner, trusted the CEO's decisions, and it worked, maybe a bit of luck but also knowledge.
Q13 – How do you asses your performance in regard to sustainability?	We would not have been able to achieve what we have achieved in 5 years, if it was not for the environmental thinking and the green profile had been so strong. If we had done it in the traditional way, we would not been close to what we have achieved.	Almost everything they have achieved if because they started thinking about the environment from the start and got a competitive advantage by doing so.
Q14 – What have you achieved through sustainability?	As mentioned before, all the profit has come through investing in sustainability and a brand new factory, having a green profile and environmental thinking. People want to work here, they have their own drive to work here and this goes beyond just to get a job. Some has even quit their job they had in order to switch to something that doesn't necessarily pay very much more, but they prioritize other things.	Competitive advantage, Profit, People want to work for the firm.
Q15 – How did the pressure from your stakeholders impact your performance?	Not much pressure, because we were so far ahead of the competitors and started the business with a brand-new factory.	- Not very much pressure from stakeholders.
Q16 – What have you learned	This is not relevant.	- Not struggled with anything particular.

from overcoming your main barriers/ what do you still struggle with?		
Q17 – Have the company gained any competitive advantage through implementing sustainability?	Yes, that is what the whole business model is based on, build a brand-factory that has made them superior in relation to their competitors. Being able to help the society, environment, competitors and make profit at the same time.	Yes, through their business model, starting up the business with a brand-new factory.

Firm 2

Questions	Full answers	Notes
Q1 – Which company do you work for, and what do they do?	Company is called Yes, we are in the business of restoring and painting cars. car damage repairs. it is a bit of a niche thing in a way in relation to car workshops.	Restoring and painting cars, car damage repairs, a bit of a niche.
Q2 – What sector does your company operate in?	Car restoring/painting sector	Car sector
Q3 – How many employees?	14 employees	14 employees
Q4 – When was the company founded?	1991	1991

<p>Q5 – One local business or multiple business sites?</p>	<p>One local business, stock-based company</p>	<p>One local business, stock-based company</p>
<p>Q6 – What is your position in the firms? And how many years of experience?</p>	<p>I am the CEO and co-owner, the other one here is financial manager and co-owner as well.</p>	<p>CEO and financial manager.</p>
<p>Q7 – In what way is your company different from your competitors?</p>	<p>No particular way, are small in relation to the brand dealers.</p>	<p>No particular way, are small in relation to the brand dealers.</p>
<p>Q8 – Who are your stakeholders? And which of them push toward more sustainability?</p>	<p>It is actually the insurance companies in the first instance, who give us the jobs and who are most affected by this.</p>	<p>Insurance companies</p>
<p>Q9 – What kind of pressure do you experience from your stakeholders?</p>	<p>It is a combination of several things. In other words, there is reuse of used parts, yes, it can be on emission, i.e. what you fire the paint can with, is it oil or gas. It is recycling of rubbish. There are some companies that have started asking questions about whether you want to become climate neutral, so you have to google what is it? There is no different if you are a small or a medium-large enterprises, the same rules apply for all in this sector. In EU directives which in a way decide</p>	<p>Combination of several things, on reuse, getting jobs etc. pressure from many, but gets lost in the bureaucracy.</p>

	<p>the big companies, right? For the international ones, they look down on their subcontractors and then it ends up being up to us. If we are going to sit with a letter from the EU, you don't understand any of it, you know.</p>	
<p>Q10 – What do you as a firm wish to achieve through sustainability?</p>	<p>Because we are so small, in the first place we need to work it up until it's acceptable. Really just because you don't have the resources and opportunities to take it up to the level that they really want it to be. We have sometimes look at it as a burden or stressful, but we also see the positive sides with it. For example the electricity suddenly became expensive, then you start to think that then we have to act for it, that it is in our own interest and a bit of the same, perhaps we should have a little more thought when it comes to sustainability, that this can be an advantage, not just a expense.</p>	<p>Mainly get more deals, get the insurance companies to choose them. But also want to see the benefits of being sustainable, but not easy in many cases because of time and resources.</p>
<p>Q11 – What barriers do you experience when trying to implement sustainability?</p>	<p>The main barriers are time, resources to just be able to live up to the standards, but also feel that there is too much bureaucracy. The same rules apply for both small and large firms in the sector, making it uneven.</p>	<p>Time, resources, bureaucracy etc.</p>
<p>Q12 – How do you experience your managers attitude toward sustainability?</p>	<p>That's a bit of what I said before, on how we look at it. If we just look at it as a chore, as something that comes against which we just try to remove, then it will probably just be up to standard. But I probably also believe that there may be elements in it that make this more profitable in some areas as well. But you have to be able to have the right focus on that, that we can profit from it, not lose money.</p>	<p>The perspective is important (how you look at it), but also to make money, especially for small firms.</p>

<p>Q13 – How do you assess your performance in regard to sustainability?</p>	<p>Not easy to do, but maybe in connection with district heating, oil and gas, for example fire on paint cans. We also have measurable results to see if the exact things we do are producing something.</p>	<p>Not easy, but in some cases where it is measurable results.</p>
<p>Q14 – What have you achieved through sustainability?</p>	<p>Not achieved much yet, maybe more jobs and meet the standards.</p>	<p>Not achieved anything yet, but maybe more jobs and meeting the standards.</p>
<p>Q15 – How did the pressure from your stakeholders impact your performance?</p>	<p>But it is clear that we see that, as the insurance companies are the bulk of our customers, they push for us to meet their demands, right? And it is clear that we also see benefits, the closer we can manage to make it happen the more work we get added. We see that there is an advantage in meeting the sustainability requirement that they set.</p>	<p>See the benefits of meeting the stakeholders demand, to get more work added.</p>
<p>Q16 – What have you learned from overcoming your main barriers/ what do you still struggle with?</p>	<p>Still struggle with the most of them, because of the bureaucracy, time and money problem they meet because they are small. We need to make profit. We see that the focus is important, how you look at it. Sustainability is so much more than just the environment. The bureaucracy destroys the motivation on the subject because they are too much paperwork, and too less actual work.</p>	<p>Still struggle with most of them. They need to make profit. The focus is important, how you look at it. It has to be on the right level, so that SMEs can benefit from it and use it.</p>
<p>Q17 – Have the company gained any competitive advantage through</p>	<p>Nothing in particular, maybe getting some more jobs.</p>	<p>Nothing in particular. Maybe getting some more jobs.</p>

implementing sustainability?		
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Firm 3

Questions	Full answers	Notes
Q1 – Which company do you work for, and what do they do?	Company is called Yes, the company, we are primarily a forestry contractor. Yes. Which was formed in 2016. Yes, and. Yes, we have that background from different backgrounds, yes, we really are. We have some background in different areas within forests and forestry, so we will be elected in 2016 and start the business. Such a thought and vision toward professionalizing, an industry which has very, very long traditions in Norway. But, is probably not at the forefront either in technology or in professionalism in many things. This has only happened in the last 10 years, so we have taken quantum leaps in that direction, so we are a bit like that we hope to be part of it, in that reset there with professionalizing this. Yes, and it is clear, we see that environmental requirements and everything that comes, it comes.	Forestry contractor.
Q2 – What sector does your company operate in?	Forest and forestry sector	Forest and forestry sector
Q3 – How many employees?	30 + extra	30 + some extra.
Q4 – When was the company founded?	2016	2016

<p>Q5 – One local business or multiple business sites?</p>	<p>One local business</p>	<p>One local business</p>
<p>Q6 – What is your position in the firms? And how many years of experience?</p>	<p>CEO</p>	<p>CEO, since the start</p>
<p>Q7 – In what way is your company different from your competitors?</p>	<p>Yes, it is the size and the professionalism that really makes us an organization that stands out. The vast majority of our local competitors here are usually sole proprietorships. Smaller companies that like to have 2 machines, and then we have 20. This leads to a higher degree of professionalism the because we have, yes people who can spend time on it. There are more synergies from being big, both advantages and disadvantages, but that is probably what makes us have a much higher degree of professionalism, and we are just much bigger than our competitors.</p>	<p>Size and professionalism is the main different, the firm is much bigger, has a lot more machines and therefore more professional.</p>
<p>Q8 – Who are your stakeholders? And which of them push toward more sustainability?</p>	<p>Sustainability is to some extent a question of definition, but yes, Norwegian forestry in general is operate according to the Norwegian PEFC forest standard, which is an version of the international standard. This has different versions across countries, the Norwegian standard is customized the Norwegian forestry. This standard it makes very, very specific demands both in relation to the implementation and, yes, in terms of the environment, but also this with sustainability. Sustainable forestry, that's what this is. Especially in the last 10 years, this has come very much on the agenda,</p>	<p>Norwegian PEFC forest standard, many requirements. So this standard is the main stakeholder. But also project-based requirements, but not much else.</p>

	<p>and there have been a number of stricter requirements. Among other things, there will be some new standards which came into force on the first of March, which set stricter and stricter requirements for this sustainability and I define sustainability a little bit, which is really against forestry, so it is this that we must manage the forest. We farm, we reap, of course, but we must farm in such a way that we can reap from generation to generation. We have very specific environmental requirements for how we operate, if we think about it. Manage or the execution of forestry today both on the planning side and then and then on the implementation side. But we also meet project-based requirements.</p>	
<p>Q9 – What kind of pressure do you experience from your stakeholders?</p>	<p>Just need to follow the rules and requirements of the law and standard, no further pressure.</p>	<p>Follow the rules and requirements of the law and standard, no further pressure. Mostly laws and regulations and some such standards that we follow, that's basically what we do. We experience little. We rarely experience customers who come with their own requirements.</p>
<p>Q10 – What do you as a firm wish to achieve through sustainability?</p>	<p>No pressure to do it, but it strengthens our candidature against things then, so you can say that if you are in tender processes, you can meet the minimum requirements yes, so they cannot disqualify you for not meeting the requirements, but it can give you added value yes. So, there is a bit of motivation, and then we</p>	<p>No pressure to implement, but is strengthens their candidature, and it could give you added value. So,</p>

	<p>have a lot of these things that we work with standard routines and ISO certifications and the things that they set demands in many different varieties in terms of both sustainability, but also in terms of, They have, of course, quality and The ISO certification, it is not intended to put you in a booth. It is meant to help the company. Yes, so to provide the routines contained in ISO standards.</p>	<p>in general to create more value in tender processes.</p>
<p>Q11 – What barriers do you experience when trying to implement sustainability?</p>	<p>Not really, but one problem that will occur in the next years is the electrification. It doesn't work at this time because they are out on jobs in the woods for 2 weeks.</p>	<p>No major barriers, maybe the electrification issue.</p>
<p>Q12 – How do you experience your managers attitude toward sustainability?</p>	<p>No, that is. The attitude toward the company, that is the management's attitude. Yes, and you can say that what we do, and the added value We experience creating in relation to what we do with those things. That is our attitude. So we drag it out a bit longer than we have to, and then we think we'll find synergies at the other end of it.</p>	<p>Want to create added valued, drag it out a bit longer than they have to, finding synergies.</p>
<p>Q13 – How do you asses your performance in regard to sustainability?</p>	<p>No, it's difficult to put it in numbers. Very difficult to measure.</p>	<p>No way to do it, very difficult to measure in numbers.</p>
<p>Q14 – What have you achieved through sustainability?</p>	<p>No, not really anything other than that it that nothing other than that it strengthens our candidacy toward things then. It gives you some added value.</p>	<p>Strengthen their candidacy in tender rounds (anbudsrunder) and create some added value.</p>

<p>Q15 – How did the pressure from your stakeholders impact your performance?</p>	<p>Hard to measure, but you just need to follow the rules and regulations, everyone in the sector needs to do that. But as mentioned before not much pressure.</p>	<p>Follow the rules and regulations, but as mentioned before not much pressure from customers etc.</p>
<p>Q16 – What have you learned from overcoming your main barriers/ what do you still struggle with?</p>	<p>No such barriers</p>	<p>No such barriers.</p>
<p>Q17 – Have the company gained any competitive advantage through implementing sustainability?</p>	<p>Only thing must be getting more deals, because of our size and professionalism.</p>	<p>Not much other than getting more deals, because of their size and professionalism makes it easier to implement sustainability and maybe go a little bit further on that part.</p>

Firm 4

Questions	Full answers	Notes
Q1 – Which company do you work for, and what do they do?	<p>The company is called and consists of three different parts.</p> <ul style="list-style-type: none"> - Rental of music equipment and speakers - Installation of new equipment - Store that sells music equipment 	Music company with three different income parts.
Q2 – What sector does your company operate in?	The company operates within the music industry	Music industry
Q3 – How many employees?	We are 15 employees with slightly different percentage positions	15
Q4 – When was the company founded?	Founded in 1998	1998
Q5 – One local business or multiple business sites?	Local	Local
Q6 – What is your position in the firms? And how many years of experience?	Owner and daily manager. I started this firm back in 1998.	Owner and daily manager. 25 years.

<p>Q7 – In what way is your company different from your competitors?</p>	<p>We are the only company that has such a wide range of what we do.</p> <p>There are only a couple of other music stores in Southern Norway, but they focus either on online stores or on sales in stores. We have three departments that make us a versatile and broad company that can cover almost any need for the customer. At the same time, we place great emphasis on being attentive to customers. Last year we submitted information about ourselves above a tender and were selected as the company that scored the highest on all of the points assessed. In other words, we are a good company to work with or a good place to come if you have something you need help with.</p>	<p>Offers a wider range of services than our competitors. We treat our customers with care, and have gained awards for our standing out in the region.</p>
<p>Q8 – Who are your stakeholders? And which of them push toward more sustainability?</p>	<p>Our stakeholders are mainly our customers. We have large and small customers. Some buy for NOK 100, while other installation jobs can be worth several million, such as the new church in Vennessla. There is little pressure in this industry to be "sustainable".</p>	<p>Customers. No pressure toward being sustainable.</p>
<p>Q9 – What kind of pressure do you experience from your stakeholders?</p>	<p>We are held responsible by Norwegian law to accept used electronic equipment as we sell electronic equipment.</p> <p>This is a general rule for everyone who does this in Norway. Apart from this, we are not legally bound by any rules or guidelines.</p>	<p>Obligated as any other firm selling electronic equipment to be able to receive it back and dispose it in a correct manner.</p>
<p>Q10 – What do you as a firm wish to achieve through sustainability?</p>	<p>We maintain our equipment well so it can last as long as possible. We sell used products at a more reasonable price, and sometimes trade in instruments, repair and resell used ones. We do this because we see it as economically beneficial for us to operate in this way. It is</p>	<p>Increased revenue through reuse of equipment, maintenance and repair.</p>

	<p>more coincidental that this also coincides with sustainability. This is not a change we can make to be sustainable but to be stable financially.</p>	
<p>Q11 – What barriers do you experience when trying to implement sustainability?</p>	<p>The question is not relevant to us.</p>	<p>Not relevant</p>
<p>Q12 – How do you experience your managers attitude toward sustainability?</p>	<p>As day-to-day manager and owner, I think that the company is doing what it can to be sustainable. Being economical coincides with being sustainable in this company. It's lucky for us.</p> <p>The shop section has employed three people with slightly different backgrounds who have had a tough time in the job market. Two of these receive salary benefits from NAV and the company some money for having them here. We have welcomed these and they have been here for several years, and have eventually become a great and useful resource for us, generating more money than we spend on having them here. This must then coincide under sustainability?</p>	<p>Sustainability and economic decions lead to the same result. We have three employees that had difficulty in the job market, so we try to help the local community if we can. They are now a great resource for us</p>
<p>Q13 – How do you asses your performance in regard to sustainability?</p>	<p>For us, there is financial gain in doing what we do. But I can't put a number on it. We do what we can because there is financial gain in it and we help people in the process.</p>	<p>Sustainability and economic decions lead to the same result. We have three employees that had difficulty in the job market, so we try to help the local</p>

		community if we can. They are now a great resource for us
Q14 – What have you achieved through sustainability?	We have achieved Increased earnings and customers know we treat people with respect. But this is not from something stemming from a “plan to be sustainable” its just us being smart, economic and friendly to our customers.	Increased earnings, give good customer experience, help to local society (employed three through NAV).
Q15 – How did the pressure from your stakeholders impact your performance?	No outside pressure.	No outside pressure.
Q16 – What have you learned from overcoming your main barriers/ what do you still struggle with?	No barriers.	No barriers.
Q17 – Have the company gained any competitive advantage through implementing sustainability?	The fact that we get some financial gain from being "sustainable" is a side effect of our thinking economically and having a human-centred view. I don't know if that could be a competitive advantage?	The financial gain don't stem from the sustainability thinking. Its just us helping our local society.

Firm 5

Questions	Full answers	Notes
Q1 – Which company do you work for, and what do they do?	Firm is calledWe actually deal with a good number of different types of projects, from quite small to quite large. There is everything from renovation of detached houses, etc. Only upgrading old detached houses and the like. And then there is really everything in between and right up to the construction of large apartment projects, yes, such as Marvika torv. We are also counting on the 3 Sisters in the canal city, for example, which will be Kristiansand's tallest building. Which we are counting on to build then. So that's all from Little to big really. And everything in between, yes. Detached houses and cottages and semi-detached houses, three-person houses etc. Mainly carpentry work	A great number of different projects, from small to large. Renovation, construction, large apartment projects, but mainly carpentry work.
Q2 – What sector does your company operate in?	The construction industry, including property development, architecture, contractor, extension, and renovation	The construction industry, including property development, architecture, contractor, extension, and renovation
Q3 – How many employees?	43 employees	43 employees
Q4 – When was the company founded?	1992	1992

<p>Q5 – One local business or multiple business sites?</p>	<p>One local business but does work all over Agder.</p>	<p>One local business but does work all over Agder.</p>
<p>Q6 – What is your position in the firms? And how many years of experience?</p>	<p>I work as a calculator and quality manager.</p>	<p>Work as a calculator and quality manager.</p>
<p>Q7 – In what way is your company different from your competitors?</p>	<p>Maybe that's actually what makes the difference. Us that, we have such a wide range. It's usually just big construction companies that only deal with large apartment buildings, yes. Which is not engaged in any renovation for homes. Yes, and then you have small construction companies that only work with housing and new construction and renovations, but are not on apartment buildings, so. It is not certain that there are very many who are. Which embraces that whole spectrum actually. So maybe that.</p>	<p>They differ from their competitors in the way that they offer a wide range of services. It's not many firms that offers the whole spectrum.</p>
<p>Q8 – Who are your stakeholders? And which of them push toward more sustainability?</p>	<p>Yes, we do notice, I don't know if you should say pressure, but notice that it is happening now, yes. And that is from clients. Private clients, but also when the municipality is the client. then there are almost as many private actors as developers, who set demands for sustainability in their projects.</p>	<p>Mainly from clients, both private and public (the municipality).</p>
<p>Q9 – What kind of pressure do you experience</p>	<p>Developers set demands for sustainability in their projects, and the breem certification on construction which are requirements set by the builder/client, or developers, those who order the project, they say that this building must be</p>	<p>Developers set demands for sustainability in their projects, mainly breem certification important</p>

<p>from your stakeholders?</p>	<p>bream certified. if we have a project that is financed by the housing bank, for example yes. Then they make demands for some sustainability, which they make demands for in order to be able to finance the project</p>	<p>in this sector, the building must be certified. The housing bank does not want to finance the project if you don't meet their demands on sustainability.</p>
<p>Q10 – What do you as a firm wish to achieve through sustainability?</p>	<p>I am in the process of environmentally certifying the entire company. Yes, there is a distinction between private and municipal. In private, it is about our image and reputation as a company. Are we someone lagging behind, or are we ahead of the curve on this etc. Which makes us more or less current right? Whereas for municipal assignments, I don't think image has any meaning, then it's really just a requirement. So, there is a difference between the fact that you can be chosen as an actor with some private companies because they think you have a good profile. What we stand for, attitudes etc. Then you have local authorities who simply say that we must document such and such on sustainability if we are to get the job.</p>	<p>Process of environmentally certifying the entire company. Distinction between private and municipal (public). In private it is about image and reputation of the company. Whereas for public agreements, image doesn't matter, then it's really just a requirement. So it's both for image and reputation, you don't want to be someone lagging behind. but also, a way to get more jobs, because you need to focus on it.</p>
<p>Q11 – What barriers do you experience</p>	<p>In relation to the certification, no barrier for now. I takes time, but I don't know if you can call it a barrier.</p>	<p>No specific barrier in relation to the process the go through with the</p>

<p>when trying to implement sustainability?</p>		<p>environmentally certification. The only thing could be that it takes time, a lot of documentation.</p>
<p>Q12 – How do you experience your managers attitude toward sustainability?</p>	<p>This is the CEO who has ordered this certification and who has asked me to do it, so it is, of course, he who chooses the line we will be on. Who has a desire to be certified. It is not about having a competitive advantage, but in any case not being behind in competitions, especially in public assignments/mission. To keep in track with the development in the industry.</p>	<p>CEO ordered this certification; he chooses the line they are on. It is mainly to not being behind in competition, especially in public assignments. To keep in track with the development in the industry.</p>
<p>Q13 – How do you asses your performance in regard to sustainability?</p>	<p>No, I think that is difficult to achieve. Because then it goes on, it becomes so crazy hypothetical then because then it goes on whether you got a job or not? Yes yes, what would have happened if you hadn't got that job then? Then you would have had to get some other jobs instead. how had it gone? Yes, I think in any case that it is difficult to measure that in numbers. And such causal relationships that you go in to look at. What was the reason why things went badly this year, was it because we did not have enough focus on sustainability. Yes, you never know, there are many fluctuations in the market.</p>	<p>Difficult to assess performance in regard to sustainability, to hypothetical and almost impossible at this stage to measure in numbers.</p>
<p>Q14 – What have you achieved through sustainability?</p>	<p>That is much of the point with this certification. What I can say about this question is that a lot of certifications then, and that process is about raising awareness about things. Which means that we go in and look at the company's energy consumption, for example. Then it may well be that</p>	<p>Raising awareness about things, is the main reason for the certification. They look at important things such</p>

	<p>the managers in the company have not thought about it that much or have not seen the numbers in such a concrete way, so the whole raising awareness of all these things, it is guaranteed to have an effect. Yes. Or that we get reports on waste, for example, and see how enormous amounts of waste are produced. Yes. So this with sustainability and recertifications, that's what makes these figures available, the company gets to see them. You become aware of it, and then you think about it in the next projects.</p>	<p>as energy consumption, report on waste, and makes the managers aware of these things and this will have an effect and you think of it in the next project.</p>
<p>Q15 – How did the pressure from your stakeholders impact your performance?</p>	<p>Not easy to measure</p>	<p>Not easy to measure.</p>
<p>Q16 – What have you learned from overcoming your main barriers/ what do you still struggle with?</p>	<p>No clear barriers</p>	<p>No clear barriers as mentioned before.</p>
<p>Q17 – Have the company gained any competitive advantage through implementing sustainability?</p>	<p>Not easy to say yet, because we are in the middle of a certification. but it is in a way something regular now that just has to be carried out and which is actually part of staying in the game that you have to take that certification. Yes, so what we know in any case is that if we had not been certified or not done anything about this. Yes. In any case, we would not have received any from the municipal authorities, perhaps not even those, and</p>	<p>Not easy to say yet, but it's something you need to do to stay in the game. If they had not taken the certification, they would not have received any offers from the public, and perhaps not from</p>

	perhaps not like that at private ones, the Breeam buildings and such, perhaps worn out in those competitions as well. So, then we might have to change our company strategy a bit and find jobs elsewhere. Yes, it would have gone well, but it would be easier after this certification anyway.	the private as well. They would maybe need to change their strategy and look for other jobs, it would have worked but it will be easier after the certification.
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Firm 6

Questions	Full answers	Notes
Q1 – Which company do you work for, and what do they do?	Company is called, and we are primarily for the private market, small and medium-sized businesses, Kristiansand, and the surrounding area. Loan with collateral in housing.	Bank primarily for the private market, small and medium-sized businesses, Kristiansand, and the surrounding area. Loan with collateral in housing.
Q2 – What sector does your company operate in?	Bank-Sector	Bank-Sector
Q3 – How many employees?	47 employees	47 employees
Q4 – When was the company founded?	Founded in 1877	1877

<p>Q5 – One local business or multiple business sites?</p>	<p>One local business in Kristiansand only</p>	<p>One local business</p>
<p>Q6 – What is your position in the firms? And how many years of experience?</p>	<p>Compliance officer (ensure compliance with laws and regulations), control function.</p>	<p>Compliance officer</p>
<p>Q7 – In what way is your company different from your competitors?</p>	<p>It's probably very similar in every bank. Yes, so you then try to distinguish yourself perhaps a little in the stories you tell in marketing and communication. It's not true that you save in a local city bank, so maybe we're trying to say that we're a little closer. There are shorter decision lines. It is easier to get hold of a physical person. I think perhaps already at Sparebanken Sør, many are now starting to notice that they are tightening up a bit with more appointment bookings, slightly shorter opening hours. Mm, then we mean that there is actually a market for the slightly more accessible physical bank.</p>	<p>Stories they are telling and how you communicate, to be closer to the customers and be available.</p>
<p>Q8 – Who are your stakeholders? And which of them push toward more sustainability?</p>	<p>Yes, for the time being, there is not much imposed in terms of law and regulations. Most of us probably recognize it ourselves as a kind of name to keep our reputation up. For the time being, we probably feel that there is little external pressure, but it is emerging as well, and we, if we have any, should take stakeholders from the outside, who are perhaps the ones who push us the most, so I would claim that it is they who invests in our issued bonds. Yes, and that means that right when we lend money, we have received it from somewhere, and then we either get it from depositors</p>	<p>Not much imposed in terms of law and regulations, so mostly just for image reasons. But they feel a little external pressure, mainly from the people who invests in their issued bonds. Receives strong signals that the</p>

	<p>(customers) or we get money from the market, say we put out a large loan, a bond loan. And then there are some investors behind there and preferably some intermediaries, such as DNB Markets, and those intermediaries, they start to send a strong signal that the investors who will have the bond they care about our green position. So it is probably this actor where we get the most feedback, whether we have progress and what we are doing, whether we send reports on what we have done internally, and what we intend to do in the future. There it is quite high, we know that it is getting tighter with each passing year, so there are slightly more expectations from that area, and I think that in that investor environment there are interested in building a green portfolio.</p>	<p>investors who will have the bond care about their green position. So basically, the investor environment.</p>
<p>Q9 – What kind of pressure do you experience from your stakeholders?</p>	<p>Not much external pressure, but it is emerging as well, and if we have, we will take stakeholders from the outside, who are perhaps the ones who push us the most, so I would argue that they are the ones who invest in our issued bonds. Yes, and that means that right when we lend money, we have received it from somewhere, and then we either get it from depositors (customers) or we get money from the market, say we put out a large loan, a bond loan. And then there are some investors behind there and preferably some intermediaries, such as DNB Markets, and those intermediaries, they start to send a strong signal that the investors who will have the bond they care about our green position. So it is probably this actor where we get the most feedback, whether we have progress and what we are doing, whether we send reports on what we have done internally, and what we intend to do in the future. There it is quite high, we know that it is getting tighter with each</p>	<p>Not much external pressure, but as the previous answer the pressure is mainly from stakeholders in relation to issued bonds. They care about their green position. Getting feedback on how they do, and how they progress on this front. EU-taxonomy is getting more relevant.</p>

	<p>passing year, so there are slightly more expectations from that area, and I think that in that investor environment there are interested in building green portfolios. The EU-taxonomy is also getting more relevant.</p>	
<p>Q10 – What do you as a firm wish to achieve through sustainability?</p>	<p>In the future be able to and try to contribute to customers and players in the market making choices that are sustainable. if you take such and such steps to do something about your energy consumption, or replace some input factors in production, then we can actually give you a lower price, then you become a greener customer for us, which enables us to borrow money to you at a lower price and we get some better scores. And then being a local bank that couldn't keep up, which is often among the brownest corporate customers in the region. I don't think that is desirable, so we see that reputation is extremely important, but we believe that we will get better customers, because if you are stuck with those customers who do not accept the change that is happening now, then you also get an increased risk in your portfolio that goes on they might suddenly get fees on their ways of doing things that make them too bad store. There is a worse servicing basis for their loan with us. So this actually has a lot to say about the fact that we have good, solid customers and that they adapt to the framework conditions</p>	<p>Contribute to change customers and players choices in the market and to make them make more sustainable choices. Making sustainable choices will give the customer a lower price and they want green customers. Also don't want to fall behind on the development of sustainability, important to be on the same page as their competitors. Reputation is therefore a major factor and reason.</p>
<p>Q11 – What barriers do you experience when trying to implement sustainability?</p>	<p>Size is perhaps our biggest barrier. The organization's size and capacity. And this requires quite a lot of effort from the organization, yes. Clearly. Because again there is a lot of regulatory stuff and it's a bit complex, shall we call it something like these concepts, these sustainability things? Then again this here to understand green activities and how to classify a risk customer in the context of sustainability.</p>	<p>Their main barrier is the organization's size and capacity. it requires a lot of effort from the organization, because there is a lot of</p>

		regulatory stuff and is a bit complex.
Q12 – How do you experience your managers attitude toward sustainability?	When it comes to management's attitudes, I think we are very aware that this is important. Quite simply, again if they weren't before, they realize when they sit in meetings with DnB, Nordea and these markets that the investors want it that way and they like it, We also publish a report on our website so they get a lot of good feedback on it then, if they weren't convinced before, they realize that this is the direction the market wants.	They are aware of the importance. If they were not before they realize when they sit in meeting with bigger banks. So they are aware and want to contribute to the change that is happening.
Q13 – How do you asses your performance in regard to sustainability?	Mm yes, so I can't say that it affects our numbers directly. Yes, then it is clear that on the day we have out then green bonds, and then you can perhaps start to compare that we get to collect that money at x number of points below the others. Yes, then we can possibly see something.	No, hard to see on the number at this time. But maybe in the future when they have green bonds, and you then can be able to compare if they made more by choosing that type of bonds.
Q14 – What have you achieved through sustainability?	Still in an early stage, but good feedback from Markets and Investors. Greater reputation. by being a little behind the biggest and reaping some gains has been nice, a low-cost way.	Good feedback from markets and investors. Being a bit behind the biggest competitors and following their moves (low-cost way). Not easy to see the gains in a financial way.
Q15 – How did the pressure from your	Not easy to measure, but makes the people in the firm to think about it more, and be aware of the situation and development.	Makes people aware of the situation and development, but not

<p>stakeholders impact your performance?</p>		<p>easy to measure in numbers.</p>
<p>Q16 – What have you learned from overcoming your main barriers/ what do you still struggle with?</p>	<p>In an early stage, so not overcome any such barriers yet.</p>	<p>In an early stage, so not overcome any such barriers yet.</p>
<p>Q17 – Have the company gained any competitive advantage through implementing sustainability?</p>	<p>Not yet but will probably gain some advantages in the future by staying updated.</p>	<p>Not yet but will probably gain some advantages in the future by staying updated.</p>

Firm 7

Questions	Full answers	Notes
Q1 – Which company do you work for, and what do they do?	Company is called Work inclusion company	Work inclusion company
Q2 – What sector does your company operate in?	sheltered sector - Those who are employed by us are on measures called permanent flexible work.	sheltered sector
Q3 – How many employees?	34 employees, 27 work broadening training (Farthest from actually being able to work, gets money from hub in addition to low salary) 14 managers (job consultants and work supervisors)	34 employees, 27 workapproching employees (trying to get ready for working) 14 managers (job consultants and work supervisors).
Q4 – When was the company founded?	1997	1997
Q5 – One local business or multiple business sites?	5 departments, warehouse logistics, talking department , assembly department, shop department, janitor department. All this is within an independent AS	One firm. Five departments.
Q6 – What is your position in the firms? And how many	General manager, one and a half years	General manager, one and a half years

years of experience?		
Q7 – In what way is your company different from your competitors?	No equivalent in Vennesla, but several in Kristiansand, an inclusive and generous industry.	No equivalent in Vennesla, but several in Kristiansand.
Q8 – Who are your stakeholders? And which of them push toward more sustainability?	Decides entirely yourself as an independent AS. The norwegian AS rules applies. NAV is the largest employer, we deliver NAV's measures, one rate per employee. Nav pays 100% salary to those who are 50% or more employed by someone, and 50% if someone is employed in a position with less than 50%. Nav lays down some guidelines for which specification requirements for what should be included in the measures. Everything we do must be inextricably linked to the measures. Although this is up to discretion. The municipality -> permanently arranged -> the municipality covers 25% of the salary. They have an interest in us doing a good job.	NAV is the largest employer. The municipality
Q9 – What kind of pressure do you experience from your stakeholders?	To a greater and greater extent, they will try to get closer and earlier to the younger people. Will come more and more in the years ahead, focus on the sustainability goals will come later, is required, but not experienced as a burden.	Sustainability is not a requirement from our stakeholders, though I believe it will increase with time.

	<p>Will come to a greater extent, but they are already underway on a project new department:</p> <p>Recycling center - Attempts; An abandoned premises a pharmacy. Took all the furniture, oiled it, washed shelves, polished up and down, varnished, packed up and delivered to a new pharmacy.</p> <p>The county municipality will set requirements in relation to, for example, furniture.</p>	<p>They want us to focus on helping younger people.</p> <p>We do more sustainable business than we have to. In a test project now, looking to open a new department hopefully.</p>
<p>Q10 – What do you as a firm wish to achieve through sustainability?</p>	<p>Profitable for us and other companies, we have to contribute. Provide jobs for many more. At the same time as giving jobs to more people, we want to be a sustainable company that does sustainable work, ref the recycling centre. Hits on two points, social assistance (sustainability) and the environment (sustainability) aspect. Also want to change some behavior for how one thinks when it comes to sustainability. They will be a central part, and be able to create change and jobs for even more people.</p>	<p>Provide jobs for many more and contribute to the local community and making profits at the same time.</p> <p>In ESG we doing all thre Environmental, Social and governance.</p>
<p>Q11 – What barriers do you experience when trying to implement sustainability?</p>	<p>Our main stakeholder is NA, but Nav is controlled by the state budget.</p> <p>Our biggest barrier is that we do not get enough support from NAV and the state budget to increase our staffing. In this way, we could once again increase our sustainable work.</p> <p>We cannot take on all kinds of responsibilities and large projects and give deadlines for when projects can be finished.</p>	<p>The number of people they can take in.</p> <p>Depending on the people they have</p> <p>If we increae to much in size we would proably interrupt the market.</p>

	<p>Another aspect within our limitations is that we do not want to undermine the market. We like to price ourselves cheaper because we cannot always deliver work very quickly or always promise the highest quality. Therefore, we offer slightly cheaper prices. But it is important to us that others in the industries we operate in do not feel threatened or pressured by us since we receive support from the municipality. We are not looking to undermine a well-functioning market.</p>	
<p>Q12 – How do you experience your managers attitude toward sustainability?</p>	<p>The group is excited, a number of measures have been taken in the group. There will probably be more focus. It is already part of the group's strategy, where more emphasis is placed on sustainability than is the minimum requirement. What comes from future car purchases will be electric cars.</p>	<p>Managers are excited about sustainability and we do more than we need to.</p>
<p>Q13 – How do you asses your performance in regard to sustainability?</p>	<p>We don't have that focus on results. It is not possible to withdraw money from this company, it depends on how you think about the result. The municipality cannot withdraw profits and we as managers do not get better pay if we make a profit. We have a view of people which means that we put them first and that these should go to work and feel like individuals who can contribute something good to society, and at the same time we are so lucky and have good people who make us earn a little money while we are doing it. As I said, we reinvest this as best we can in people and more sustainable departments or projects.</p>	<p>We don't have that focus on results. It is not possible to withdraw money from this company, it depends on how you think about the result.</p> <p>As I said, we reinvest this as best we can in people and more sustainable</p>

		departments or projects.
Q14 – What have you achieved through sustainability?	We have a view of people which means that we put them first and that these should go to work and feel like individuals who can contribute something good to society, and at the same time we are so lucky and have good people who make us earn a little money while we are doing it.	Helping the local community and their people.
Q15 – How did the pressure from your stakeholders impact your performance?	We have to navigate according to how NAV sets our guidelines and that is how it has always been. It's hard to say how it would be different if it wasn't like that. It will only be an imaginary scenario.	Hard to answer. Always been like this.
Q16 – What have you learned from overcoming your main barriers/ what do you still struggle with?	Our biggest barriers are and always will be that we don't have infinite support so we can't help more people. At the same time, we do not want to destroy the market - If we had infinite resources and could hold onto as much as we wanted, there are more than enough unemployed people to be a challenger or competitor to the market, but this is not something we want. We want to be a supporter in the local environment and help people who struggle to get to work and give them something to go to every day.	We don't have infinite resources and we can't help everyone. And if we did we would probably undermine the market.
Q17 – Have the company gained any competitive advantage through	We don't compete with the rest of the market in the same way. We don't want to have a share of the market to ourselves.	Don't compete with the market like other firms. We sell our services cheaper because all we do is not perfect.

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Firm 8

Questions	Full answers	Notes
Q1 – Which company do you work for, and what do they do?	Company is calledFamily business, men's and women's, largest in women's, Scandinavian brands (many Danish, some Norwegian and Swedish), a kind of niche store, not a chain store. Both physical store and online store. Selling clothes.	Men's and women's clothes store, a kind of niche store, not a chain store. Both physical store and online store.
Q2 – What sector does your company operate in?	The clothing industry.	The clothing industry.
Q3 – How many employees?	8 employees	8 employees
Q4 – When was the company founded?	2003	2003
Q5 – One local business or multiple business sites?	One local store, but also online store	One local store, but also online store
Q6 – What is your position in the firms? And how many	CEO and the person responsible for the online store. The CEO has worked there for many years.	CEO and the person responsible for the online store.

years of experience?		
Q7 – In what way is your company different from your competitors?	Finest clothes, often six of each thing, few of each thing, wish that everyone does not have the same (where we want to stand out). Exclusive, middle class, quality before quantity. Gained that those who fancy something a little more expensive, but not too expensive, can go to us.	Small amount of each cloth doesn't want everyone to have and wear the same clothes. Exclusive, middle class, quality before quantity.
Q8 – Who are your stakeholders? And which of them push toward more sustainability?	No rules, not overridden by chain. More and more focus on sustainability in general, so you want to be on the good side there. Now, fortunately, suppliers and brands are good at taking responsibility, so we don't have to start it. Nothing particularly from customers, you may have the few who care about animal welfare, but more focus on their own comfort, so feel that the focus has not become strong enough that those who buy yet. Talks to the customers about it, but is usually not a dealbreaker.	No clear rules, because they are not part of a chain. See more and more focus on sustainability in general, suppliers and brands are good at taking responsibility. No particular pressure from customers either yet.
Q9 – What kind of pressure do you experience from your stakeholders?	No real pressure from our stakeholders. It's the manufacturers and brands which get the pressure, we just buy it from them.	No real pressure from their stakeholders. Manufacturers and brands get the pressure.
Q10 – What do you as a firm wish to achieve through sustainability?	That the clothes should last, not free returns. Create awareness for customers. Be sustainable, but at the same time that it is not too expensive and that it should be okay to go along. For example, there is no free return, as this means that people	Important that the cloths last. Do not have free return of clothes like many others. Want to create

	order way too much clothes they do not intend to wear, lots of emissions during shipping, etc.	awareness for customers.
Q11 – What barriers do you experience when trying to implement sustainability?	Comfort and will increase the price to the point where it is not worth it. At the moment if it becomes too sustainable then it can destroy the product, the use of the product, it can for example lose the stretch in the trousers.	Comfort and price are the main barriers they face, will maybe change in the future, but still a long way to go.
Q12 – How do you experience your managers attitude toward sustainability?	He mostly stays in the background and has no input	Not much involved.
Q13 – How do you assess your performance in regard to sustainability?	No concrete answer, but has not implemented much, so it is probably difficult to assess the results.	No easy to assess the results, not implemented much
Q14 – What have you achieved through sustainability?	Same as the previous question, not implemented much so can't really say.	Same as previous question, not implemented much, but maybe by having a small amount of each cloth reduces waste and focus on fixing clothes when used.
Q15 – How did the pressure from your stakeholders	No real pressure from stakeholder, so did not impact.	No real pressure so did not impact in any significant way.

<p>impact your performance?</p>		
<p>Q16 – What have you learned from overcoming your main barriers/ what do you still struggle with?</p>	<p>Have not overcome our main barriers, We don't have any particular barriers apart from price and the quality of the clothes, and that will probably come with the years.</p>	<p>Not overcome their main barriers, still related to the price and the quality of the clothes (fit and ease of use) but will probably change in the future with better technology or new products.</p>
<p>Q17 – Have the company gained any competitive advantage through implementing sustainability?</p>	<p>Not implemented anything in particular, and therefore no competitive advantage.</p>	<p>Not implemented anything in particular, and therefore no competitive advantage. But could maybe see some benefits in the future when people are more aware.</p>

Firm 9

Q1 – Which company do you work for, and what do they do?	Company is called and is a machine contractor company. We deal with digging and filling, foundation work for buildings and build roads and water and sewage networks and varied within foundation work.	Machine contractor with varied departments / jobs.
Q2 – What sector does your company operate in?	Foundation and preparation at workplaces	Foundation and preparation at workplaces
Q3 – How many employees?	38	38
Q4 – When was the company founded?	1964	1964
Q5 – One local business or multiple business sites?	we are based in Kristiansand and work mostly 99% in Kristiansand municipality.	based in Kristiansand and work Locally in Kristiansand.
Q6 – What is your position in the firms? And how many years of experience?	Started in 2019 and was on about calculation pricing and work like the documentation the plant we install or product calculations of the work we deliver. Then I work with hms 19 with environment. And quality yes that daily a bit in the same documentation then. You go into production of qualities.	HMS and calculator. Been there since 2019.
Q7 – In what way is your company	Some of the things that separate us a little. It is that we are very local has been a company policy that we must have. Less worktravel to our projects so that it is something that attracts	Based in Kristiansand and work only locally. One should not do

<p>different from your competitors?</p>	<p>some Jobseekers as well. We will not send employees to the east country suddenly. Shift work and that type of thing, we saw. After all, there has been a little, maybe something that separates us. That we take we placed locally then.</p> <p>we try to have a lot or a wide range of expertise, so we have quite a few people who work in the administration compared to those who are under production. Applications and some planning of own work and instead of hiring people. And has a lot of services at his own house.</p>	<p>anything else than what your told.</p> <p>Borad expertise within our office. This is unique for our business. Not many have that many people in the office.</p>
<p>Q8 – Who are your stakeholders? And which of them push toward more sustainability?</p>	<p>We have different customers. We have sole, public, municipality, county.</p> <p>Probably a little. After all, they are slightly more demanding of their suppliers than private companies. This is how the privat works, it focuses mainly on price. Or can really say that it only depends on the price. It is then the last ones I do the groundwork for another building until another person, so that is the price.</p>	<p>Mainly different customers of various kinds and sizes. Private, municipality, county.</p>
<p>Q9 – What kind of pressure do you experience from your stakeholders?</p>	<p>Municipality and county are slightly more demanding of their suppliers than private companies. This is how the privat works, it focuses mainly on price. Or can really say that it only depends on the price. Municipality has 90% price and 10% sustainability. We see that this is now increasing to 20% and 30%.</p>	<p>Different from different customers. Private only asks for price, while municipality is more demanding in regards to sustainability. Increasingly important for them. Up til 30% of the contract depends on the co2 emissions caused by the contractors.</p>

<p>Q10 – What do you as a firm wish to achieve through sustainability?</p>	<p>Increased amounts of contracts and gaining the “miljøfyrtårn sertifisering”. This would help us gain more attention with the municipality.</p>	<p>Increased revenue and increased contracts stemming from the “miljøfyrtårn sertifisering”.</p>
<p>Q11 – What barriers do you experience when trying to implement sustainability?</p>	<p>Took one year to be able to get credited with the miljøfyrtårn sertifisering” and now we somehow lack most of the routines. First we had to create a routine that suits the company, and then he has to be implemented in the company, and people have to start following it.</p> <p>So what took time was creating all those documents and creating a system for it.</p> <p>And for management of the environment the work.</p> <p>So it takes a lot of time, but even with all the work, it goes well.</p>	<p>Time and money.</p>
<p>Q12 – How do you experience your managers attitude toward sustainability?</p>	<p>Managers are naturally positive to some of this, but not for the bits that don’t give us any advantages or real perks. For exsample electrification of the vecheles we drive. That’s just for the looks of it. They cost twice as much to buy, and we need to charge them on the construction sites so their efficacy is lower than those of the fossile fuel.</p>	<p>They want to engage in sustainability for the parts that give us perks and advantages. But not for something that’s not real.</p>
<p>Q13 – How do you asses your performance in regard to sustainability?</p>	<p>I belive we are doing quite good. We are “miljøfyrtårn sertifisert” and are looking into the possibilities of buying more electric vehicles. Even though we belive that not all measures for sustainability are actually good in this type of business.</p>	<p>We are doing quite good now with the “miljøfyrtårn sertifisering”.</p> <p>However its hard to give any concrete numbers on what this has or will give us of income in the future.</p>

<p>Q14 – What have you achieved through sustainability?</p>	<p>There is no financial gain other than getting the advantage in the competitions with other firms. So there is a gain but where hard to know how much it is.</p>	<p>Both yes and no. Not directly measureable.</p>
<p>Q15 – How did the pressure from your stakeholders impact your performance?</p>	<p>In the short to medium turn it will not make us any more money. It costs us to follow their guidelines. However we do still compete for the contracts.</p>	<p>Loose money, but still in the game</p>
<p>Q16 – What have you learned from overcoming your main barriers/ what do you still struggle with?</p>	<p>We will struggle with the cost of these electric vehicles. Both because they are more expensive to buy but also less effective to use.</p>	<p>Electric vehicles will be one of our biggest struggles in the future because of higher costs of buying and using them.</p>
<p>Q17 – Have the company gained any competitive advantage through implementing sustainability?</p>	<p>No not really. We are in the market and still operating so I guess we are doing fine. Although it's a hard question to answer in regards to sustainability.</p>	<p>No, and it's a hard question to answer.</p>

Firm 10

Questions	Full answers	Notes
Q1 – Which company do you work for, and what do they do?	<p>The company is called</p> <p>We are an architectural firm. Everyone who works here has a master's degree. We have 3 departments. A plan department, We have an architect department and we have an interior architect department. Yes, all 3 fields work professionally with each other. Yes, we design projects ranging from a small garage to very large complex buildings, for example sports facilities and hospitals. We have approximately 50% private customers and 50% other customers. Average size on all fronts.</p>	is a arcitectual firm that does both small and big projects.
Q2 – What sector does your company operate in?	Draw and architect houses, apartments and interior accessories.	Drawing and architect
Q3 – How many employees?	17 employees	17 employees
Q4 – When was the company founded?	2007	2007
Q5 – One local business or multiple business sites?	Local business.	Local

<p>Q6 – What is your position in the firms? And how many years of experience?</p>	<p>Daily manager and been there since 2010.</p>	<p>Daily manager since 2010</p>
<p>Q7 – In what way is your company different from your competitors?</p>	<p>We are certainly perhaps the largest independent architectural firm in Kristiansand.</p>	<p>Biggest in the area.</p>
<p>Q8 – Who are your stakeholders? And which of them push toward more sustainability ?</p>	<p>But there are quite a few different teams here when it comes to that question so broadly. But when we founded the company, it says that we will work with sustainable architecture, we will work with sustainable solutions and choose the solutions that help. We use sustainable solutions where possible. It is not always possible to create what can be done. Based on that, basically everyone has a master's degree, and we have the expertise to do so. Then we have expertise from within. Sustainability and delivering on the project if you call it that. It depends on the size, but we have a huge project that we are now calling out to Lund. It is a bream excellent. And bream excellent is a rather large and demanding case, so to speak. First it did; That makes it more expensive, doesn't it. In contrast to if you only build tek 17, which is only the minimum requirement, this is much more expensive. There is also some uncertainty as to whether it makes the operation more expensive afterwards. There is not enough data on this yet. Speaker 1:</p>	<p>Customers. Different customers has different requirements. Some want more sustainable solution than others. However the firm all capabilities to satisfy all their customers.</p>

	<p>Is it the customers who want to comply with this standard, or is it the municipality? Who decides what should be?</p> <p>Speaker 2</p> <p>It is very different. On this project, it was this customer who wanted it. But then we have another project we are working on on the other side of McDonald's. If you know about it?</p> <p>Speaker 2</p> <p>And there it is that the municipality has some requirements that we have to follow. We must have a drainage system on the roof called a blue green roof. This means that the roof has to take in water because the ground network cannot withstand water, so we have to get delayed water to go down the funnel or the system. So there will be no congestion on that network there. And now it is the case that all roofs must be green and comply with this standard. This applies to all new buildings.</p>	
<p>Q9 – What kind of pressure do you experience from your stakeholders?</p>	<p>Here in Sørlandet, people are actually quite slow. The cash book controls a lot of that. There is an ongoing shift on this here; for example, state buildings and the municipalities have now changed it as a requirement and now the contractor is starting to follow suit. Private market is the opposite, right. They only care for the end price.</p>	<p>There is rather little pressure for sustainability. Its expensive and new.</p>
<p>Q10 – What do you as a firm wish to achieve</p>	<p>Here in Sørlandet, people are actually quite slow. The cash book controls a lot of that. There is an ongoing shift on this here; for example, state buildings and the municipalities have now changed it as a requirement and now the contractor is</p>	<p>New contracts, image, growth.</p>

<p>through sustainability ?</p>	<p>starting to follow suit. Private market is the opposite, right. They only care for the end price.</p>	
<p>Q11 – What barriers do you experience when trying to implement sustainability ?</p>	<p>And I find it very tiring when you go to the contractor say or those who will build the project, and it is proposed a newer more sustainable type of project – however the contractors always goes back to what they know and what feels safe. What they know they can build and what they know they can solve. There is No particular gain for them, so they are not really interested in the new ways. They only have one mandate - It is to make as much money as possible on the project, in terms of money. So as soon as the construction is handed over, then they move on. It's not a good attitude for us to shit on you, is it? So we had been a building? That's their problem.</p> <p>Is that I think is the biggest problem is the attitude very often for builders. And further, instead of accepting the building proposal, they set an artificially high price, and the developer, or those who order, for example, if it is the municipality or someone else who orders the project, sees that. Furthermore, the project owner would like to say yes OK, we don't have that much money. What can we do? No, so we have to make it cheaper. The contractor negotiates that we move away from the new houses that are sustainable and go back to what they know best and can work on quickly and efficiently. True, so it's in a way it's eternal discussion there in a way what makes sense and what doesn't make sense. I think you should follow the best sustainable advice, but the south is far behind if you look at, for example, the bream standard. Agder is one of the counties in recent years with the fewest approved bream</p>	<p>Learning about sustainability and new technology is fine. They have learned this already. However, selling it to customers is rather hard. To expensive, and more work is needed. Customers are not interested in buying this. Municipality is more agreeable than the private market.</p>

	<p>projects (Because contractors do not want to build them / price them way too high).</p> <p>Now I'm going to be a bit crass. After the World War, we mostly build houses "sustainably" We haven't changed how we built traveling walls, and we may have added an extra layer, and added a steam conservatory and things like that - Not sure how familiar you are with this? But we have mostly built the buildings more or less the same since the world war in Norway.</p> <p>Speaker 1 okay?</p> <p>Speaker 2 But the technology. It has gone awry! But the way we carpentry has hardly changed a thing.</p>	
<p>Q12 – How do you experience your managers attitude toward sustainability ?</p>	<p>But when we founded the company, it says that we will work with sustainable architecture, we will work with sustainable solutions and choose the solutions that help. We use sustainable solutions where possible. It is not always possible to create what can be done. Based on that, basically everyone has a master's degree, and we have the expertise to do so. Then we have expertise from within.</p>	<p>Managers set the course for the firm at a early stage. And they wanted it to be a sustainable firm and focused on bringing the newest technology into the market.</p>
<p>Q13 – How do you asses your</p>	<p>There are many good solutions - That is not the problem. The problem is that there may be some additional solutions that help with the problems with today's carpentry, but that doesn't</p>	<p>The firm has all the capabilities to be sustainable, but they</p>

<p>performance in regard to sustainability ?</p>	<p>take into account the new products and technology, right? It will just be priced high.</p> <p>Speaker 1</p> <p>So you are actually further along than the builder? So you can design it sustainably, but then they hardly want to build it. In a way, what are you saying?</p> <p>Speaker 2</p> <p>Yes, exactly. They're trying to cut it out because of cost, right?</p>	<p>have trouble selling the ideas to the customers, because its expensive and new.</p>
<p>Q14 – What have you achieved through sustainability ?</p>	<p>This is very interesting in relation to our task, so this is great. But do you think when you get the bream excellent then if that was what it was called do you think it will have something to say for it as the company that yes, now we are the first in Agder to have carried out and designed?</p> <p>Speaker 2</p> <p>Yes absolutely. I believe that the price increase is between 20 to 25% on the buildings with bream excellent if I understood and I also see that there are 20 to 20% more working hours on our part also associated with that. If it is in a way state building, it is a requirement that we have such buildings, so it does not build building customers, then it would be nice if there are so-called public buildings that go out and in front as examples. "We should have buildings like that". But it is often the case that they also come back at prices that are cut anyway, but that is another story. But yes, it will certainly give us an advantage here. I would say that.</p>	<p>The firm is among the first in Agder to architect the first “bream excellent” building. Which will make a great advantage and publicity/image competitive advantage.</p>

<p>Q15 – How did the pressure from your stakeholders impact your performance?</p>	<p>And I find it very tiring when you go to the contractor say or those who will build the project, and it is proposed a newer more sustainable type of project – however the contractors always goes back to what they know and what feels safe. What they know they can build and what they know they can solve. There is No particular gain for them, so they are not really interested in the new ways. They only have one mandate - It is to make as much money as possible on the project, in terms of money. So as soon as the construction is handed over, then they move on. It's not a good attitude for us to shit on you, is it? So we had been a building? That's their problem.</p> <p>Is that I think is the biggest problem is the attitude very often for builders. And further, instead of accepting the building proposal, they set an artificially high price, and the developer, or those who order, for example, if it is the municipality or someone else who orders the project, sees that. Furthermore, the project owner would like to say yes OK, we don't have that much money. What can we do? No, so we have to make it cheaper. The contractor negotiates that we move away from the new houses that are sustainable and go back to what they know best and can work on quickly and efficiently. True, so it's in a way it's eternal discussion there in a way what makes sense and what doesn't make sense. I think you should follow the best sustainable advice, but the south is far behind if you look at, for example, the bream standard. Agder is one of the counties in recent years with the fewest approved bream projects (Because contractors do not want to build them / price them way too high).</p>	<p>Since there is so little pressure from the stakeholders, there is not much impact on performance.</p> <p>However, the firm is ready and has the capabilities to implement and sell the technology when the stakeholders are ready.</p>
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	<p>Now I'm going to be a bit crass. After the World War, we mostly build houses "sustainably" We haven't changed how we built traveling walls, and we may have added an extra layer, and added a steam conservatory and things like that - Not sure how familiar you are with this? But we have mostly built the buildings more or less the same since the world war in Norway.</p> <p>Speaker 1 okay?</p> <p>Speaker 2 But the technology. It has gone awry! But the way we carpentry has hardly changed a thing.</p>	
<p>Q16 – What have you learned from overcoming your main barriers/ what do you still struggle with?</p>	<p>Is that I think is the biggest problem is the attitude very often for builders. And further, instead of accepting the building proposal, they set an artificially high price, and the developer, or those who order, for example, if it is the municipality or someone else who orders the project, sees that. Furthermore, the project owner would like to say yes OK, we don't have that much money. What can we do? No, so we have to make it cheaper. The contractor negotiates that we move away from the new houses that are sustainable and go back to what they know best and can work on quickly and efficiently. True, so it's in a way it's eternal discussion there in a way what makes sense and what doesn't make sense. I think you should follow the best sustainable advice, but the south is far behind if you look at, for example, the bream standard. Agder is one of the counties in recent years with the fewest approved bream</p>	<p>Still struggling with selling their sustainable solutions because of price.</p>

	projects (Because contractors do not want to build them / price them way too high).	
Q17 – Have the company gained any competitive advantage through implementing sustainability ?	But when we founded the company, it says that we will work with sustainable architecture, we will work with sustainable solutions and choose the solutions that help. We use sustainable solutions where possible. It is not always possible to create what can be done. Based on that, basically everyone has a master's degree, and we have the expertise to do so. Then we have expertise from within.	The firm is among the first in Agder to architect the first “bream excellent” building. Which will make a great advantage and publicity/image competitive advantage.

Discussion paper for Master Thesis

Lars Marlov Bakken

“Responsibility”

Introduction

First, I want to say a big thanks to my fellow student Emil Larsen Drange for writing this thesis with me, and a big thankyou to our supervisor Kalanit Efrat who has helped us a lot. I also want to say thank you to the University of Agder for my learning outcome through these five years at the university. I will start this discussion paper by providing a short summary of the thesis, followed by looking at different ethical challenges and how the term responsibility has been present the last six months while we have been writing our thesis.

Short summary of the thesis

First, I want to start by putting a framework around our thesis. Our master thesis is in the topic of sustainability in Norwegian SMEs. We investigate how different drivers and barriers affect SMEs in their transition toward a more sustainable day-to-day life. We chose the following research question; *Can Norwegian SMEs manage to create additional value in the transition toward sustainability?* We further question if the barriers which SMEs face are suitable for their size, sector and capabilities, and also what drives firm toward sustainability. Is it governmental force or does SMEs see benefits associated with this sustainable transition? We chose a qualitative research method consisting of interviewing 10 Norwegian SMEs. We had 17 premade questions which worked as an outlier for each interview. However, we had semi-constructed interviews so if the firms took the conversation in an interesting direction, we would listen and add this information in the analysis.

Our results show that SMEs in Norway face many of the same barriers and drivers for SMEs in other countries. We found that a strong financial position could overcome any financial barrier making them free to do what they initially planned. This was however not the case for most

firms. Most firms wanted to do more than the minimum requirement, but was hindered by lack of resources, time, capabilities, and measurement problems. The drivers for implementing sustainability were both external and internal. External drivers were stakeholder demands, environmental responsibility, financial pressure, and non-financial pressures, such as regulations and guidelines. Internal drivers were financial, social, or strategic benefits associated with sustainability implementation. The financial driver was definitely biggest out of the three, including increased market share, image, reputation, revenue, and overall growth.

Those firms who gained financial, strategic, and social benefits through sustainability implementation was those firms who went beyond the minimum requirements for their sector. We saw multiple occasions where this happened. We believe that this can be explained by the following; If only investing up to the minimal requirements for your sector you will not gain any benefits other than keeping up with your competitors. But when they went beyond their initial requirements, this was when the benefits started to occur due to some kind of differentiation. Norwegian managers also allow for great pressure in regards of sustainability. We discuss if this could be because of the Norwegian culture and high Norwegian stand in regard to sustainability as a country. They are one of the leading countries in Europe within renewable energy in regard to Hydropower. 7 out of 10 managers wanted to exceed the minimum standards in order to find synergies or add value on some way.

There were also some firms who didn't experience any benefits from their sustainability initiatives. In these cases, we raised the question of incentives and regulatory support. If governments want all SMEs to help in the green transition, then it should also be both possible financially and also bring some type of value to the firms.

Ethical challenges and responsibility in sustainability and SMEs

We chose to write about sustainability because of the increasing pressure around firms to be socially responsible, and act in a way that both benefits companies and society as a whole. Firms now have to take into considerations all their external impacts, which can be both positive and negative. We also introduce terms such as ESG (Environmental, social and governance). This is probably the best and newest way to define responsibility today, because it includes all the

aspects of society. Environmental take into consideration all environmental aspects that the firm is impacting, both positive and negative. The social aspect includes societal aspects such as work conditions, the effect firms have on local society, your work rights, relationships at work etc. Governance covers the aspect of how things are run in the workplace. What kind of attitude your manager has, and the way the firm is run. Another important topic in governance is how well your stakeholders are treated.

My experienced through the thesis is that SMEs in Norway mostly has to answer toward guidelines on environmental aspects. I initially thought that sustainability would cover more ground in practice. I guess the reason for this could be that Norway already has very good practices toward the “S” and “G” in ESG. One of the characteristics in Norway is our high tax rates, which in favor does make our socio-economic welfare very pleasant. We already have good measures in place for how to deal with when people become sick and can’t work, and how much your boss can demand of you to work longer days. Both of these are examples of how “S” and “G” is already well working measures.

Large firms now make sustainability reports on the aforementioned aspects and this is becoming more and more important also for the small and medium-sized firms which we are writing about in our thesis. The subject is highly relevant in today’s society and is still increasing in importance. We have both learned about the importance of firm’s responsibility, but also that firms are fragile and that our Norwegian government must also act in a responsible way when setting new sustainability policies. Small and medium size firms have less recourses than large companies and in order to survive SMEs needs suitable sustainability policies that include firms’ size, sector and capabilities.

Ethical and responsible challenges in analysis and methodology

When writing our thesis, we had to make consensual forms for each firm to sign before we started each interview. This gave us permission to use the information in our thesis and we also asked to record the interview which everyone accepted freely. However, we have to delete the audio files and not name any firm by name in the actual thesis. This is to protect the firms and keep their information anonymously. So, in the analysis and methodology section we had to keep

in mind to alter the names of the firms from their actual names into “firm 1, firm 2” and so on. Due to our gratitude toward our interview subjects we wanted to be responsible in the best way when it came to information protection regarding the subjects. This is also a requirement for doing research in the first place. To do research in Norway was very strict, and more regulations than I would first imagine. This is of course of the best interest for the interview subjects which I must admittedly approve of.

To make our qualitative model we build on the knowledge and framework of Efrat, Souchon, Wald, Huges & Cai (2022) and Gioia, Corley & Hamilton (2013). The process of building our model was through the following steps: First transcribing the interviews from the audio files, coding the full interview answers to minimize the amount of text. After this we could put everything into an excel sheet and start to look for similarities. After we had found themes and similarities, we then started our cross-case analysis which consisted of finding the aggregated dimensions. The last part was the hardest part for me personally, and Kalanit were helpful and gave us some good tips. In this way we were able to get aggregated dimensions which were later used as subsections in our discussion part. In the discussion part we further looked at how these aggregated dimensions reflected or differentiated themselves from the literature review we had conducted on the existing theory.

Ethical and responsible challenges in our findings

When collecting our qualitative data our focus was on executing rigorous research. We wanted our data to be as consistent, clear and free of personal bias. This was a demanding test for both me and my fellow student. We had already written the literature review and knew that we would have to compare the findings and the literature review after the interviews were done. So, we didn't want to draw any connections that weren't true – However, it's important to look for the similarities and try to decipher and connect the points that are actually correct and honest! So, finding the balance here was interesting. This is probably extra hard in qualitative research because a big part of the analysis is to actually connect the dots yourself! In quantitative research like a questionnaire, you are not able to make the same types of mistakes or misinterpretations. But in our case, we had to decipher and try to understand what each interview subject actually meant when they answered our questions. Because of the different sectors and people working

there this became even more challenging. So, this was definitely meaningful and both me and my fellow student learned a lot in this process.

Ethical dilemmas and responsibility during our writing

One point to make in this section revolves around keeping to your own abilities and not take ownership of text that is not yours. It could be tempting when writing a master thesis to use other people's work and make the point that it's your own thinking. This was however not the case for us. We agreed when making the deal to write together that there is no need to take any shortcuts in our writings. Proper citation and giving credit to those who deserve it is the least we can do when borrowing information which we previously had no knowledge about.

Summary and conclusion of discussion paper

During this thesis both me and my fellow student have learned a lot. We have both learned about the responsibility of keeping our interview subject's information safe and what is required to do research in Norway. We also learned a lot about sustainability and what businesses actually think about their regulations and how this works in the practice work life. I would say that sustainability in itself is definitely something that is here to stay, but I have learned that its immensely important to regulate firms in a natural way. Throwing policies onto firms that have no practical meaning other than it looks good on paper have been the experience to some of our research subjects, which they obviously feel is very unfair. The idea of finding suitable regulations for SMEs was initially written about from Bakos, Siu, Orengo & Kasiri (2020) who claimed that a one-size fits all sustainability approach won't work for all firms within same sector without taking size, capabilities, and sectors into consideration.

Kautonen, Schillebeeckx, Gartmer, Hakala, Salmela-Aro & Snellman (2020)

highlights the balance between financial performance and environmental sustainability, where firms have to choose what they want to achieve in what scale. Most firms can't have their full attention on both at the same time. This is also my experience after writing the master thesis. SMEs only has so much time and resources available, so spending it in the most effective way possible is important for them to survive and thrive. To conclude this discussion paper, I would like to give focus to the fact that it's the SMEs that make up approximately 90% of all

businesses. So, I would suggest not going to harsh on them in regard to sustainability practices if it's not going to support them or bring them value. The economy is dependent on these firms, and I suggest finding good policies and incentives to support them in their transition toward become sustainable and responsible firms.

Literature list

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Discussion paper for Master Thesis

Emil Larsen Drange

“Responsibility”

Introduction

I will in this discussion paper look into the concept “responsible”. This concept will be discussed considering the thesis written this semester. The paper is structured as follows: first a brief presentation of the thesis, further discussing the concept responsible while focusing on giving my thought of the concept and showcase how the literature defines it. It will be further discussed how the thesis relates to responsibility, in relation to the topic, research question, unit of analysis, findings, and conclusion. There will lastly be a short summary and conclusion of the discussion paper at the end.

Brief presentation of the thesis

Our thesis covers the theme of sustainability in small and medium- sized enterprises, where we further narrow down our research into Norwegian SMEs. Sustainability is a hot topic today and are often divided into three aspects: the environment, the social and governance. We chose to investigate SMEs because they make up for 90% of the world’s businesses, and 50% of the employment worldwide (World Bank, n.d.). Despite their small size, SMEs contribute to great value around the world, and they therefore need to keep up with the requirements and change to make the world more sustainable. SMEs are as mentioned small, and it is therefore unclear whether it’s profitable and manageable for them to invest a lot in sustainable initiatives. We therefore conducted a literature review on the subject, focusing on sustainability, characteristics of SMEs, pressure from stakeholders, Managers orientation and drivers and challenges. We also want to look at if Norwegian firms are any different from others, and if the Norwegian government lays a good foundation for SMEs to be able to invest in sustainability. Our research question is therefore: “Do Norwegian SMEs manage to create additional value in the transition toward sustainability?”. To answers this, we conducted a semi-structured interview, with 10 local SMEs. The main findings of the thesis included that financial ability could have an effect on if the firms are able to create additional value. We saw that one should not have a one-size fits all

approach on sustainability and it occurs measurement problems when looking at whether the sustainable initiatives provide any value. We lastly address that there should be changes in policies, regulations, and incentives to be able to have a successful transition toward sustainability for Norwegian SMEs. We therefore recommend other researcher to focus on policies, regulations, and incentives that government could give to make the transition easier for SMEs. Increasing the sample size or even include other sectors could be important contributions to the field of sustainability for SMEs.

Responsibility

Responsibility is a wide concept, have a lot of different definitions and include ethical challenges that individuals and firms face. When thinking about responsibility, I think of being responsible for our own acts and behaviour. There are a lot of different types of responsibility, one can by instance be financial, ethical, or socially responsible. This could be in relation to our everyday life, writing a paper or working in a business. Since our research focus on sustainability, I would like to put most emphasis on the people and businesses responsibility in that regard. As stated in Wang & Sarkis (2017, p. 1608) CSR governance is defined as: “*Control mechanisms that companies voluntarily integrate social and environmental concerns in their business operations*”. There are endless definitions of both responsibility, corporate responsibility, and corporate social responsibility, but it is all about how individuals and firms have the responsibility of doing something good and stand for their own actions. This will be further discussed in this paper, focusing on the responsibility businesses face in their daily operations, but also what ethical challenges we as researcher have faced during this process.

Topic

The topic of the thesis relates in a great deal to responsibility. We focus on small and medium-sized enterprises (SMEs) and how they implement sustainability initiatives. Sustainability has become increasingly relevant for every firm, mainly because of the climate changes we see today, but also the social and governance part of businesses. I think of sustainability as leaving the earth in the same or even better state to our descendants than it is today. This includes taking care of all the species in the world, reuse and try to make a circular economy. In this process, both people and businesses need to take responsibility to make the world sustainable for the next

generations. In our thesis we therefore focus on the ethical challenges that SMEs meet in their daily operations; if there is an internal drive or external driver to focus on sustainability or if there are barriers they face which makes them unable to help as much as they can.

Research question

Our research question is as follows: “*Do Norwegian SMEs manage to create additional value in the transition toward sustainability?*”. One of the main problems managers face when implementing sustainability initiatives is the trade-off between financial performance and environmental sustainability (Kautonen, Schillebeeckz, Gartmer, Hakala, Samela-Aro & Snellmann, 2020). Most managers want to engage in sustainable practices, but especially in small firms, they do not have a lot of resources and time. This can lead to difficult decisions, either to be environmentally sustainable and have decreased profits, or focus on making profits and do the very least. I think that it is important to find a balance and try to see the benefits of doing good for the environment and society as something the businesses will get rewarded on in the future. I also see the dilemma managers of SMEs face, and they should therefore be given financial and practical help to be able to implement initiatives and see the benefits of doing so. This will be up to the government to facilitate policies and regulations, but also reward firms that do put an effort into it.

Methodology

In the beginning of the process, we had notified Sikt – The Norwegian agency for share services in education and research, about our project and hereby notifying processing of personal data. This was approved, mainly because there was no collection of personal data, and the approval can be found in the appendix of the thesis.

Our approach in the thesis is based on inductive and deductive research, where we first did a literature review on the topic, looking at relevant literature from the past 5 years. This was done mainly to get an overview of the topic and showcase this in an informative way. Important ethical challenges that we faced during this process was...

We further conducted semi-structured interviews, where we reached out to local SMEs in Kristiansand by phone. The interview guide was made by using the literature review and the research question as a framework. The process of conducting interviews can face several ethical challenges, including the process of contacting the interview subjects, privacy protection, recording and transcribing. To find the interview subject, we looked at Brønnøysundregisteret and typed in the desired characteristics of the company, including number of employees and location. We further contacted the most appropriate and suited firms by telephone, explaining the thesis, the process and arranged a time to meet. To ensure that they were familiar with their rights and privacy. We send a consent form in advance which had to be signed before having the interview, also available to be send in advance was the interview guide to make the process easier and more comfortable.

The interviews were mostly conducted face-to-face and recorded through an app called “Diktafon”. This app was recommended to use if there was no Dictaphones available to borrow from the university library. The recordings were safely saved in the app and further uploaded to nettskjema who safely stored the recordings in relation to the rules of privacy protection (UiA, n.d.)

The next step of the methodology was to analyse the data, this was done in three ways (1) Transcription, (2) coded interview, (3) cross case analysis. The interviews were transcribed to get an overview of the different answers and would help in the further process. The next step was to code the interviews. The interviews were conducted in Norwegian, we therefore needed to translate all the answers to English, this helped us in the process of analysing later. After coding the interviews, we did a cross case analysis which made the foundation for the model. We followed the same approach as Gioia, Corley & Hamilton (2013) to build a data structure, and to show how we progressed from the raw data in the transcription, to the terms and themes used in the analysis (Gioia et al., 2013, p. 20). This is our way of demonstrating rigor in our research, which are essential to provide evidence on the quality of the research (Hayashi, Abib & Hoppen, 2019).

Findings/discussion

The findings of the thesis were based on the model we made, where the process as explained in the methodology gave us a good basis for the discussion. The main findings included the interview subjects thought around the main topic. This included driver and barriers for sustainability, managers environmental sustainability orientation, impact on results, results from stakeholder pressure and the development of the barriers they faced. It was lastly discussed how they experienced the guidelines and policies they faced and how it had an impact on them. The important thing to remember when writing this part is to be careful with conclusions and to not be too definite. As mentioned in the limitation part, we acknowledge that our interviews and results from them might not be representative and have external validity. So, one should be careful on drawing too many conclusions, but we consider our research adding some value to the field of Norwegian SMEs, and hope that others can benefit from the findings and further build on the important topic.

Units of analysis

The unit of analysis in the thesis was the companies we interviewed. The various business sectors are constantly changing, and as seen in the thesis the firms meet different requirements and dilemmas that they need to start paying attention to. Their operating environment is as mentioned before affected by various stakeholders, and this has been discussed to a large part in our thesis. These stakeholders are seen as more and more important, focusing on employees' interest (Christensen, Hail & Leuz, 2021), Taking environmental issues into consideration so that shareholders do not withdraw resources (Singh, Del Giudice, Chiappetta Jabbour, Latan & Sohal, 2022), and the importance of building relationship with the community around them (Sen & Cowley, 2013). The aforementioned reasons and many more are therefore important factors and dilemmas that firms face today and could be beneficial in the daily operations and to get a good reputation and image.

Summary and conclusion

The thesis theme and research question relate a great deal to responsibility. I have through this paper discussed the various ethical dilemmas that one can face when writing a thesis, also how we managed these problems and could have managed them better. The main issues that have been discussed was around the interview process and how to create a trustworthy thesis, but also the importance of responsibility for both in individuals and businesses. I will conclude with that as researchers we face a lot of ethical dilemmas which we need to take into consideration and try to make it rigorous as possible. The world is experiencing a lot of pressure on being responsible on various aspect, especially on the environment. We will therefore see a lot of new policies and guidelines for both large enterprises and SMEs, and I will therefore conclude that our research contribute in some way with managerial importance. In the way that they possibly can learn and use some of our findings in their operations, and hopefully get the support they need to make the world sustainable for the next generations.

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