Standardization of Environmental Management and Sustainability Reporting

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Abstract

Title	Standardization of Environmental Management and Sustainability Reporting
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Authors	Johanna Geijer and Linda Sturesson
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Keywords	Standardization, Environmental Management, Sustainability Reporting, ISO 14001, GRI
Purpose	The purpose of this thesis is to increase the understanding of why companies choose to standardize environmental management and sustainability reporting instead of using a unique solution.
Theoretical Framework	The presented theoretical framework of this thesis built on exogenous and endogenous theories consisting of legitimacy theory, stakeholder theory, institutional theory, the resource based view and positive accounting theory. Besides this benefits and implications of standardization will be given account for.
Methodology	The methodology undertaken is generally based on a qualitative research approach through case studies. A quantitative approach will also be used for the conducted pilot survey and information found in sustainability reports. Complementary to this an expert interview has also been completed.
Empirical Foundation	The empirical findings imply that the mostly used strategy amongst the investigated corporations is the use of both ISO 14001 and GRI. Such well-established standards also seem to create a foundation for continuous improvements within corporations. Case studies furthermore highlight requirements from customers, investors and owners as an important factor.
Conclusions	This study indicates that corporations choose to standardize their environmental management and sustainability reporting in search of legitimacy and because of stakeholder demands. Furthermore standards can also become normative making them essential for economic survival. Benefits such as improved comparability and efficiency as well as increased awareness also influence corporations to standardize this area. The study also confirmed that purchase and certification costs of standard deter marginal users to standardize.

Acknowledgements

Lund, May 22nd 2013

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Abbreviations

BREEAM	BRE Environmental Assessment Method
CCaSS	Climate Change and Sustainability Services
CDP	Carbon Disclosure Project
CEN	European Committee for Standardization
CERES	Coalition for Environmentally Responsible Economies
EMS	Environmental Management System
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
ISO	International Organization of Standardization
MSC	Marine Stewardship Council
NASDAQ	National Association of Securities Dealers Automated Quotations
NGO	Non-governmental organization
PAT	Positive Accounting Theory
RBV	Resource Based View
SIS	Swedish Standards Institute
TBL	Triple Bottom Line
UN	United Nations
UNEP	United Nations Environment Programme

1. INTRODUCTION

The aim of this section is to provide an understanding for the purpose of the thesis and its research questions. First, background information regarding relevant areas will be given. Second, a discussion of the main problems will be presented and third, the purpose and structure of the thesis will follow.

1.1 Background

The environmental awareness around the globe is consistently increasing and corporations' efforts concerning sustainability are receiving greater attention. This is for example highlighted in the Office of Fair Trading (2008) study of *The Competition Impact of Environmental Product Standards* which shows that environmental policy and regulations are becoming ever more important. Because of this, corporations' impact on the environment and their actions taken to limit or repair it becomes more and more vital. Since corporation's long-term value is likely to be connected to actions taken concerning social and environmental issues trust needs to be built and earned from governments as well as various stakeholders.

The interest in the environment and in sustainability arose towards the turn of the century after over a decade of cost cutting that generally ignored the hidden social and environmental costs. In 1987 the Brundtland Commission defined sustainable development as development that:

> *...meets the needs of the present without compromising the ability of future generations to meet their own needs.[1]*

Seven years later in 1994 John Elkington introduced triple bottom line (TBL) arguing that companies should prepare three different bottom lines, not only the financial bottom line but also social and environmental responsibility. Hence TBL consists of three Ps: profit, people and planet. Elkington furthermore stated that corporations need to report on all three bottom lines to show the full cost of doing business. What you measure is what you get because it increases the likelihood of paying attention to it which leads to the conclusion that corporations need to measure their social and environmental impact to become truly socially and environmentally responsible organizations.[2]

The increasing and more evident demands regarding corporate responsibility has led environmental management, an activity with the goal to maintain and improve the state of the environment affected by human activities, to become more important. This new management approach highlights the complexity of environmental problems and concludes that

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[1] Linneluecke & Griffiths, 2010
[2] Economist, 2013

management should work to prevent damages and maintain the state of the environment for future generations.[3]

As of today, there are in general no legal requirements regarding environmental management and sustainability reporting. Nonetheless, there are a number of possible actions that a corporation voluntary can undertake. An example of this is to standardize environmental management systems and sustainability reporting. A standard can according to the International Organization of Standardization (ISO) be defined as:

> *A document that provides requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose.*[4]

There are several benefits of standardization that also can be seen as reasons to standardize such as generally being beneficial both to a country's GDP and to the growth of company turnover. Standardization has also been shown to be an important element of innovation and to enhance labor productivity, since it more specifically, is an imperative structure that enables innovation while acting as a barrier to undesirable outcomes. Furthermore, a collaborative attitude towards standardization will provide a framework of shared knowledge. Research has also shown that standards can serve as an important quality signal and thereby increase competitiveness of those who meet the demands of the standard. Besides this, standards also help overcome the issue of 'market for lemons' when the lack of information leads to market failures since it often increases the amount of information that is produced by a corporation.[5] This is supported by the work of Hudson & Jones (2003) that showed how standards act as a mark of trust and a reassuring factor.

To put it simple, environmental management and sustainability reporting are two sides of the same coin. Environmental management is a management system that can be used as a tool to work with a corporation's environmental impact and improve environmental performance while sustainability reporting is a way to communicate how a corporations works with sustainability as well as environmental impact.[6] Sustainability reporting can be standardized through the use of the guidelines from the Global Reporting Initiative (GRI). This is a method for organizations to report and communicate their environmental, economic, governance and social performance.[7] Similarly environmental management can be standardized by the use of the ISO 14000 series developed by the International Organization of Standardization to address different aspects of environmental management and provide guidance for corporations that want to identify and control their environmental impact[8]. Both

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[3] Pahl-Wostl, 2007
[4] International Organization for Standardization, 2013b
[5] Swann, 2010
[6] International Organization for Standardization, 2013c
[7] Global Reporting Index, 2013a
[8] International Organization for Standardization, 2013c

environmental management and sustainability reporting is generating a greater purpose and standardization can be used as a supporting and enhancing factor.

1.2 Empirical Problem

Several studies has shown that sustainability reporting vary from corporation to corporation indicating great discretion regarding what to include and how to include it.[9] Standardization can be used to lower this discretion and it is claimed that standards, especially standards regarding sustainability and social responsibility, have a direct and beneficial impact on the general public.[10] But as mentioned earlier, there exist no legal regulation regarding corporations' environmental management or sustainability reporting, however the expectations and demands to undertake certain actions and to respond are continuously increasing. Many corporations choose to apply and follow the guidelines set by GRI regarding sustainability reporting and or choose to buy, implement and get certified according to ISO 14001. These are both ways in which a corporation can attempt to live up to and respond to society's expectations. Such voluntary standards like ISO 14001 and GRI are in theory voluntary but they often become a necessity which is an interesting aspect.[11]

There is a cost to buy and get certified according to an ISO standard while using guidelines from GRI basically is free. Both standards naturally have a cost of implementation but the additional cost regarding ISO standards are an interesting topic in terms of what impact it has when corporations choose to become ISO certified. Research states that the pricing of standards discourages marginal users of standards which in turn lower the general engagement in standardization.[12] Furthermore, it is interesting how much sustainability reports have developed recently and why several corporations has started to report on sustainability in accordance to the guidelines from GRI.

There is a vast interest in exploring how standardization and standards, instead of unique solutions, can be used to deal with some of society's biggest issues at the moment such as climate change, waste and sustainability. Such issues indicate that the economy should be seen as a complex system, where beneficial actions could have undesirable side-effects. If economic decision-making does not regard system properties there will be a large risk of system or market failure. It would be of great value if standards could play a role in limiting the adverse side-effects and thereby uphold sustainability. This makes standardization especially relevant since the stakes are so high.[13] Still it is important that an implemented standard lead to actual benefits and does not merely act as an empty mark of quality.

1.3 Theoretical Problem

According to Swann (2010) research regarding standardization in relation to environmental management and sustainability is an underdeveloped area which makes it an interesting

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[9] Chen & Bouvain, 2009
[10] Swann, 2010
[11] Murphy & Yates, 2009
[12] Swann, 2010
[13] Ibid

aspect to further explore. As of today, there exist rather extensive research regarding both sustainability reporting and ISO standards. However, there is an absence of research regarding environmental management as well as sustainability reporting and the standardization of these processes within corporations. The incentives to communicate and report on sustainability and environmental management seem somewhat clear and have already been established within other research that will be mentioned later during this thesis. But there is no specific research regarding the choice and incentives to standardize environmental management and sustainability reporting. The absence of such research indicates that a research or a knowledge gap exists. From a theoretical perspective it can be considered valuable to clarify the relation between standardization and environmental management as well as sustainability reporting. Since the Nordic countries have traditionally been inclined to engage in environmental protection to a greater extent it would be interesting to explore corporations within this group.[14] As already touched upon it would also be valuable to determine why corporations standardize environmental management and sustainability reporting. The intention is that this research will provide a broader scope, generate new perspectives and ease future decision processes within this area.

1.4 Purpose

The purpose of this thesis is to increase the understanding of why corporations standardize environmental management and sustainability reporting instead of using a unique solution. Two complementary aspects to this purpose are to map out to what extent corporations adopt ISO 14001 and GRI and to confirm or reject if purchase and certification costs influences this decision.

1.5 Research Question

Looking at the relevant issues at hand while considering the purpose of this thesis the main research question for this study reads a follows:

- Why do corporations choose standardization over uniqueness regarding environmental management and sustainability reporting?

In addition to this, the following two sub research questions are also of relevance:
- o What strategies are mostly used among corporations regarding the compliance to GRI and or ISO 14001?
- o Do purchase and certification costs discourage users to standardize?

1.6 Structure of the Thesis

- *Chapter 2 - CONCEPTS OF STANDARDIZATION*

This chapter will provide general information and create an understanding of standards and organizations working within this area. The organizations that will be covered in are mainly the International Organization for Standardization (ISO) and the Global Reporting Initiative (GRI) as well as the standards ISO 14001 Environmental management and G3 Guidelines.

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[14] Chen & Bouvain, 2009

- *Chapter 3 - THEORETICAL FRAMEWORK*

The theoretical framework of this thesis will provide theoretical information regarding potential benefits of communicating on sustainability and environmental management and standardization. Furthermore five theories, both endogenous and exogenous, that will be used in the analysis will be covered. This is done with the intention of giving the reader an essential understanding of the thesis subject.

- *Chapter 4 - METHODOLOGY*

Chapter 4 will discuss the methods used in this thesis. This will be done through a description of the chosen research design followed by the selection of companies and the collection of data. Other relevant aspects regarding methodology that will be dealt with in this chapter are the empirical presentation as well as the validity and reliability of the thesis.

- *Chapter 5 - EMPIRICAL STUDY*

The empirical chapter will give account for the empirical findings from sustainability reports, the pilot survey and the case studies. In-depth empirical findings from the case studies will be divided and presented in six sections based on relevant theoretical aspects. An expert interview with employees at Ernst & Young will also be presented towards the end of the chapter.

- *Chapter 6 - ANALYSIS*

The analysis of the thesis will be structured and conducted using the same sections as the empirical findings from the case studies. However the findings from not only the case studies but also sustainability reports and the initial pilot survey will be presented in relation to the theoretical framework to conduct the analysis.

- *Chapter 7 - CONCLUSION*

The conclusion will clarify and summarize the vital findings and aspects of the thesis and provide the reader with a greater understanding. The chapter will also discuss limitations of the research and make suggestions in regards to future research.

2. CONCEPTS OF STANDARDIZATION

This chapter will provide knowledge regarding relevant organizations and standards. The organizations possible involvement with each other and the relevance to the subject of sustainability and environmental management will also be briefly described.

2.1 Standardizing Organizations

There exist a variety of organizations developing, establishing and publishing standards that are situated on national, European and global levels. On the global level there is the International Organization for Standardization (ISO) that today is the world's largest developer of voluntary international standards. Through the Vienna agreement, ISO is ensured to cooperate with its European counterpart the European Committee for Standardization (CEN) by having mutual representation at meetings and adoption of the same texts.[15] Furthermore, there is a Swedish counterpart named the Swedish Standards Institute (SIS) that is responsible to sell ISO standards in Sweden. SIS is also a member of both ISO and CEN. Another standard-setter is the Global Reporting Initiative (GRI) that produces guidelines regarding sustainability reporting with the vision of creating a more sustainable global economy. The more relevant organizations to this thesis, ISO and GRI, will now be given further account for.

2.1.1 The International Organization for Standardization (ISO)

The global standard-setter the International Organization for Standardization was founded after the Second World War in 1947 and is today the world's largest developer of voluntary international standards. Since the organization started it has published more than 19,500 International Standards including nearly all features of business and technology, from computers and healthcare, to food safety and agriculture. In other words, ISO impacts almost everyone's life. It all started in 1946 when representatives from 25 different countries met at the Institute of Civil Engineers in London. They agreed to form a new international organization which would facilitate the international harmonization and integration of industrial standards. Today ISO is considered a powerful NGO and its members consist of national standard-setting bodies from 162 countries and 3,368 technical bodies responsible for the standard development. Furthermore, ISO's central secretariat in Geneva, Switzerland has more than 150 people working full time for them.[16]

ISO can be seen as forming a bridge between the public and the private sector since many of the national members belong to the public sector while others are set up as national partnerships of private industry associations. Approximately two-thirds of the 162 members are government affiliated and the rest NGOs. The structure of the organization is very complex through decentralization and they neither regulate nor legislate but instead produce voluntary standards. The work of ISO is conducted through about 230 technical committees

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[15] European Committee for Standardization, 2013b
[16] International Organization for Standardization, 2013a

and 500 subcommittees that operate under the 150-person secretariat in Geneva. In 2000 the number of volunteers was estimated at 100,000 and people often want to volunteer to enhance their professional competence and business contacts which shows the importance of the organization. Volunteering is also an opportunity to hold public trust or to push own particular interest while making an impact.

Most of the committee work within ISO is conducted electronically but committees also meet for a day or two to conduct face-to-face discussions. The technical committees and subcommittees are not organized or paid for by the ISO secretariat, instead member bodies volunteer to act as secretariats while the ISO secretariat merely coordinates them. The choice to take on the cost of organization a secretariat often depends on what a country or its large industries has to gain or lose. These committees can meet over many years and the oldest technical committee, TC-1 Screw threads, today still continues the work of groups that held meetings decades before the foundation of ISO. The technical committees consist of national delegations recruited by member bodies. The delegations are respectively expected to include experts regarding relevant technology and to represent a broad spectrum of stakeholders. Within the committee each delegation must reach consensus and vote as a whole even though there might be disagreement within delegations and agreement across actors of different delegations. To approve a standard two-thirds of the participating member bodies must favor it and no more than one-fourth may oppose it. In theory ISO's standard setting is driven by demand taking into account what new standards would be useful. However, some very successful standards have actually been supply driven. But no matter how a standard come about it always has to go through a series of production stages such as proposal drafting and debates.

When member agreement is achieved within a technical committee the draft standard is made available for all member bodies and they have five months to comment and vote on it. If all comments are answered and no member objects, the standard becomes published and distributed through the ISO Central Secretariat. If there is an objection an additional two months are added for comments and voting. Today this process takes about 51 months on average. The standards are sold both electronically as well as in hardcopies making it possible for end users not only to understand the subject at hand but how to implement it. Thereafter third parties can certify, through inspection, that the purchasers follow and live up to the guidelines of the standards. The sales of standards add up to about 40 % of the budget of the ISO Central Secretariat. The other 60 % consists of membership fees. Besides helping organizations to deal with certain issues, adopting an ISO standard can also be a mark of quality especially to distant customers and suppliers since it makes them perceive the organization as a more reliable business partner.[17]

ISO might have started as a standard-setter for industrial goods such as 'nuts and bolts' but during the late 1980s the organization changed towards the greater emphasis of product, process and management system standards such as for example environmental management.

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[17] Murphy & Yates, 2009

The organization shares the goal of the UN regarding 'sustainable human development' and it has been claimed that they have taken on tasks such environmental regulations that has proven too difficult for the League of Nations or the UN. The voluntary family of standards ISO 14000 has for a fact had more impact than any UN-sponsored agreements of the 1990s which leads into the next section of this thesis.[18]

2.1.1.1 ISO 14001 Environmental Management Systems

In 1987 ISO published the quality management standard, ISO 9000, which spurred the organization and opened up new possibilities through a move forward from fundamental standards to social standards. Not only to improve specific products but to improve processes and thereby make an overall improvement to a corporation. ISO 9000 is very much linked to the later published family of standards ISO 14000 environmental management systems (EMS). The first issue of ISO 14000 was issued in 1996 but the interest in establishing an environmental standard dates back to the 1960s when the Swedish ISO secretary general identified it as an emergent issue. According to ISO's webpage the standard:

> *...provides practical tools for companies and organizations looking to identify and control their environmental impact and constantly improve their environmental performance.*[19]

The family of environmental standards includes the certification standard ISO 14001 that sets out criteria for an environmental management system and other standards regarding environmental labeling, life cycles and greenhouse gas emissions. The latest version of ISO 14001 was published in 2004 and its framework gives assurance that environmental impact is being measured and improved to both internal and external stakeholders. Benefits in general include lowered cost of waste management, savings in energy and material consumption as well as an improved corporate image.[20] Furthermore, the use of ISO 14001 is very practical for governments that do not have the resources to enforce regulation and inspect corporations. Towards the beginning of the twenty-first century the number of certified organizations rose from 36,000 in 2001 to 111,000 in 2005.[21] Studies have also shown that firms implementing ISO 14000 to a greater extent comply with other existing environmental regulations and pollutes less than they did in the past as well as compared to its competitors.[22] Nonetheless, there was still the notion that corporate responsibility is bad capitalism during the beginning of the twenty-first century. The chief executive of Exxon Mobil stated as follows: *We don't invest to make social statements at the expense of shareholder return.*[23] Similar to this, there has been and still are some concern regarding disincentives to adopt ISO 14001 which ISO are trying to solve through a collective identity consisting of corporation's attitudes to commit to a greater social good rather than just profit maximize.[24]

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[18] Murphy & Yates, 2009
[19] International Organization for Standardization, 2013c
[20] Ibid
[21] Murphy & Yates, 2009: 77
[22] Murphy & Yates, 2009: 78
[23] Murphy & Yates, 2009: 79
[24] Murphy & Yates, 2009

2.1.4 Global Reporting Initiative (GRI)

The non-profit organization the Global Reporting Initiative offers sustainability reporting guidance with the aim of creating a more sustainable global economy. GRI is a multi-stakeholder network centered organization. Founded in Boston in 1997, GRI has its origin from the Coalition for Environmentally Responsible Economies (CERES) which is a US non-profit organization. Former executives within CERES initiated a framework for environmental reporting and in order to develop such framework a 'Global Reporting Initiative' project department was established.[25] GRI's founding was also influenced by UNEP as well as UN Global Compact and the organization was first announced by the former United Nations Secretary-General Kofi Annan on January 31st 1999. This was an initiative to encourage corporations worldwide to adopt sustainable policies and to report on them.[26] Furthermore, the purpose of GRI was to establish an accountability mechanism which would certify that companies were following the CERES Principles for responsible environmental behavior.[27]

Today the Secretariat of GRI is situated in Amsterdam and is acting as a center, organizing the activity of GRI's several network partners. The worldwide network comprises more than 600 organizational stakeholders and around 30,000 people from various divisions and constituencies. These 30,000 professional from all over the world represent corporations, governments, NGOs, consultancies, accountancy firms, universities and research institutes. Furthermore, GRI has strategic partnerships with the United Nations Global Compact, UNEP, the International Organization for Standardization and several others.[28] When guidelines of GRI are to be established the expertise and knowledge of the people in its network are used which contributes to the ongoing development of the framework. This expertise assists in making the guidelines purposeful and reliable for all organizations.[29] A difference between GRI and ISO is the way the organizations are funded. While ISO is funded through membership fees and sale of standards GRI on the other hand is funded through corporate sponsorship and project grants from governments and foundation as well as support from its international community of stakeholders.[30]

The sustainability reporting framework of GRI allows all corporations to report and measure their sustainability performance. Through clear and accountable reporting, they can enhance the stakeholders' trust in them, and in the worldwide economy. When working towards a sustainable global economy there needs to be a combination of long-term profitability, environmental care and social justice. Hence, for corporations sustainability includes the main areas of social, environmental, economic and governance performance.[31]

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[25] Global Reporting Initiative, 2013b
[26] Chen & Bouvain, 2009
[27] Global Reporting Initiative, 2013b
[28] Global Reporting Initiative, 2013b
[29] Ibid; Global Reporting Initiative, 2013c
[30] Global Reporting Initiative, 2013c
[31] Global Reporting Initiative, 2013a

2.1.4.1 GRI Guidelines and Application Level

The basis of GRI's Framework is the Sustainability Reporting Guidelines which are now in their third generation. The reporting framework comprises of the reporting guidelines, sector guidelines and other resources. The latest version is called G3.1 Sustainability Reporting Guidelines and is the most complete. Under current development is the upcoming fourth generation, G4, which will be launched in May 2013. There exist different application levels within the GRI Guidelines that define the parts that have been covered in a company's sustainability report and to what extent. The different levels are called A, B and C and are supposed to encourage reporters to improve the transparency and quality of their reporting. These application levels offer a system to verify reporting organizations' use of GRI's Guidelines in an objective way.[32] Application Level C is proposed for organizations reporting on an entry-level, level B is designated for intermediate reporters that have policies for their sustainability performance, and level A application is intended for organizations conducting advanced reporting. Reporters on level A are expected to have performed a detailed materiality process after discussion with their stakeholders.[33] In addition to the three application levels the status of Plus, +, can be added when the sustainability report has been externally assured.[34]

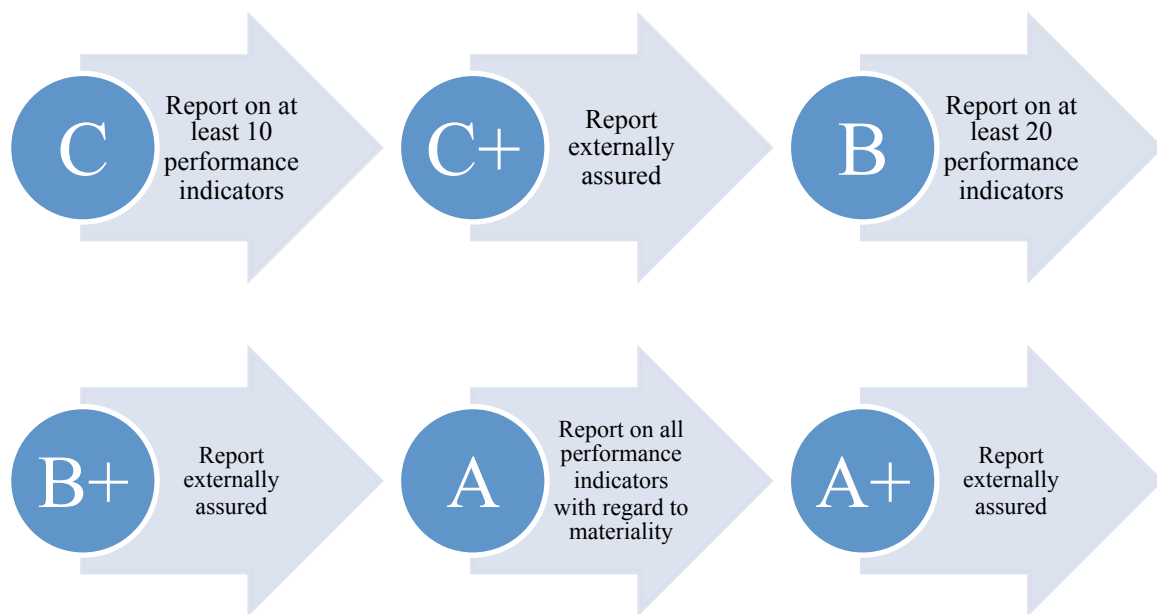| C | Report on at least 10 performance indicators | C+ | Report externally assured | B | Report on at least 20 performance indicators |
| B+ | Report externally assured | A | Report on all performance indicators with regard to materiality | A+ | Report externally assured |

Figure 1: GRI Application Levels

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[32] Global Reporting Initiative, 2013f
[33] Global Reporting Initiative, 2013d
[34] Global Reporting Initiative, 2013e

3. THEORETICAL FRAMEWORK

The theoretical framework of this thesis firstly explains the already established benefits of communicating on sustainability and environmental management. This is followed by relevant theories regarding standardization of environmental management and sustainability reporting. Towards the end of the chapter endogenous and exogenous theories will be given account of.

3.1 Factors Driving Environmental Management and Sustainability Reporting

There exist a variety of reasons as to why a corporation would voluntarily decide to work with and report sustainability and environmental management. The pressure to disclose information regarding this could stem from two related sources, the general public and governmental agencies.[35] Moreover, Deegan (2002) presents a number of reasons that could motivate managers to undertake such work:

- In seeking to do 'the right thing' there might exist business advantages
- Managers might believe that people have an absolute right to information irrespective of the cost. In other words they believe in an accountability or responsibility to report
- It can be in an attempt to attract investments funds
- To conform to requirements from the industry, or certain codes of conduct.[36]

Martinez (2012) discussed the challenges in industrial activities to maintain the ecosystem while generating economic growth. Corporate environmental and social effects are being gradually analyzed and visualized which leads to them thereby being measured. Therefore it is apparent that corporation's responses to environmental and social demands gradually should lead to changes in the industrial activities. It has been suggested that the underlying goal of sustainability in environmental and social reporting is to generate a tradeoff between shareholder interests and profit maximization.[37] Devinney (2009) explains that social responsibility is supportable only if the corporations are certain that there exist some 'payoff' to the investment. This 'payoff' can be characterized by cost cuttings and or marketing openings generating advantages for the corporation concerning competitiveness and risk management. Furthermore, corporations undertake sustainability work particularly to validate benefits over costs and to protect their reputations.[38] In a study made by Brammer & Millington (2008) they found that corporations with either remarkably high or low social performance achieve greater financial performance than those in between. Nonetheless corporations with remarkably low social performance are merely profitable in the short run while remarkably good social performers achieves the best results over longer time periods which is preferable. Similar to this study, Ruf et al. (2001) found that variation in corporate

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[35] Cowen et al., 1987
[36] Deegan, 2002: 290-291
[37] Martinez, 2012
[38] Ibid

social performance was positively correlated to growth in sales for the present and following year which also implies that improving social performance can generate short-term benefits. Moreover, O'Donovan (2002) argues that the main reason for a corporation to disclose environmental information is to position the corporation in a positive light.

In addition, a study conducted by KPMG concerning corporate responsibility reporting, where the reports of more than 3,400 global corporations were analyzed, insights were given to a number of trends regarding reporting. KPMG argues that corporations have realized that corporate responsibility is more than just being a good corporate citizen. It also generates innovation and enhances learning which in turn supports corporations in growing their business and increasing its value. Corporations that analyze their corporate responsibility reporting data and create permanent improvement programs to influence lasting change learn new possibilities for business development. The financial value is mainly generated from two sources: *direct cost savings* and *enhanced reputation in the market*.[39]

Furthermore, KPMG's report supported by other sources highlights four relevant factors influencing the likelihood of disclosing sustainability information. These are the size of the corporation, the industry, its ownership structure and a corporate culture characterized by the desire to disclose. It has been indicated that larger corporations are more likely to report on their corporate responsibility undertakings.[40] Corporations with revenues over $ 50 billion were twice as likely to report on their activities as corporations with revenues under $ 1 billion.[41] The greater amount of disclosures made by larger corporations might be related to them undertaking more activities, having greater influence on society and having more shareholders concerned with social agendas. Hence, the annual report is a resourceful way of communicating this information.[42]

The nature of the industry has also been discussed as a vital factor influencing corporate responsibility disclosures. It could either be consumer-oriented industries feeling the pressure to communicate their work since their image amongst their customers might have an impact on the sales. Another source possibly influencing is pressure from governmental agencies. [43] Reporting differences between industry levels is also noted in the study made by KPMG. Furthermore, the ownership structure is yet another factor impacting the likelihood of reporting. The report indicates that publicly listed corporations and state owned corporations are the ownership structures that are most likely to engage in corporate responsibility activities and reporting. In contrast family owned corporations are less inclined to engage in such activities.[44]

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[39] KPMG, 2011
[40] Hackston & Milne, 1996; KPMG, 2011; Adams et al., 1998
[41] KPMG, 2011
[42] Cowen et al., 1987
[43] Ibid; Hackston & Milne, 1996
[44] KPMG, 2011

Policies and processes are often introduced to decrease environmental impact and thereby improve community and stakeholder relations. However it has been shown that such changes sometimes are not sufficient and merely superficial. To fully respond to environmental and social change sufficient corporate cultural change needs to be undergone. For a change to be successful the values and beliefs of the organization is crucial which can be difficult since individuals put different emphasis on different aspects of sustainability. Because of this, internal cultural factors such as top management support, environmental training, employee empowerment and reward systems are imperative to succeed and change employees' values, beliefs and core assumptions. When organizational change fails it often depends on failure to implement it within the organization. Nonetheless certain changes at the surface level such as publishing a sustainability report can still be of value since it increases awareness. It is also important to have a desire to integrate the aspect of sustainability into the core of businesses.[45] KPMG's report showed that almost half of the corporations that participated in their survey answered that they started disclose sustainability because of their desire to integrate corporate responsibility into the core business. This, according to KPMG, reflecting the common belief that for corporate responsibility to be completely integrated into business strategy it must be a component of the annual reporting.[46]

Similarly to Brammer & Millington (2008) a study of 180 companies by Eccles et al. (2011) showed that high sustainability corporations that voluntarily adopted environmental and social policy many years ago with a solid commitment show different characteristics than low sustainability corporations. Low sustainability corporations rather showed characteristics of the traditional model of profit maximization. In contrast to this the high sustainability corporations are more attentive to relationships with different stakeholders, involve their boards of directors in sustainability issues and link top management to sustainability metrics to a greater extent. Furthermore they are more long-term oriented and disclose more nonfinancial information. The study also showed that the corporations that adopted sustainability policies in the past outperform corporations that did not in terms of long-term profits and stock market performance. Given the increasing expectations regarding sustainability and the long-term profits to be made it is likely that more corporations will adopt a culture of sustainability as well as a strategy of sustainability.[47]

3.2 Standardization
Standardization can in the most basic form be explained as simplification. Standardization and standards can also be seen as rules that explain how something should be conducted in a specific situation. It can either explain what is allowed and supposed to be done or it can clarify what is not to be done. Standards should not be seen as a onetime explanation but rather something that is applicable several times. Furthermore, standards can be used to explain what something is, what someone does and what someone has.[48]

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[45] Linnenleucke & Griffths, 2010
[46] KPMG, 2011
[47] Eccles et al., 2011
[48] Brunsson & Jacobsson, 1998

Standards can be motivated by various arguments. Standards are for instance an effective instrument for transferring information. If for example a corporation is complying with a specific standard that is well-known a lot of information is given without the need for further questions as long as the meaning of the standard is understood. Similarly, standardization is a possible way of creating confidence in the quality and reliability of those who use the standard.[49] Furthermore, standards are a vital tool for coordination. When it is known that a certain corporation is complying with a standard it is rather easy to adapt to that corporation. This also increases the comparability between corporations. Since standards provide information they ease the process of coordination. Standards can also mitigate the risk of conflicts. As earlier mentioned standards mean simplification, this because there will be fewer options to choose from which can ease the process of information gathering and coordination. Moreover, standards can prevent the recurrence of problems and hence are often motivated with the argument that they provide the best solution to a problem. This also means that they provide efficiency and thereby cost savings.[50] According to Acemoglu et al. (2010) standardization can both be an engine of growth and a potential barrier to it.

In contrast to these arguments motivating standardization, standards is also said to lead to homogenization which can be seen as undesirable. It is believed to inhibit innovation and to stabilize the world too much. Furthermore, is it certain that standard setters are the ones who know best? The discussion regarding the importance of standards does also concern whether they only codify already established practices or if they actually can lead to innovation.[51] Moreover, in a study conducted by Turner (2009) certain disadvantages by implementing an environmental measurement system such as ISO 14001 were concluded. The findings show increased revenue and capital costs, increased administrative burden and operational constraints. This is similar to a study made by Yates & Aniftos (1997) who found three overall disadvantages by implementing ISO 9000 standards. These being additional internal costs to improve standards and adjust procedures and processes, possible changes in work processes might temporarily be disrupting to business and affect the morale of employees and lastly the external cost for registration and assurance.

3.2.1 The Impact of Costs when Standardizing

Since a cost to buy a standard has been shown to deter marginal users from standardizing there will be an uneven engagement in the process which might not create the leveled playing field that was intended. Because of this many actors are asking the question whether it would be more beneficial to make all standards available for free. The problematic aspect of this is that standard-setting bodies depend on this revenue to finance their operations.[52] Some observers are worried that standard-setting bodies have lost their connection to civic culture values through a shift towards profit making.[53] Today there is no solution to both financing standard-setters and offering standards for free which leads to two debating sides. The side

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[49] German Institute for Standardization, 2000
[50] Brunsson & Jacobsson, 1998; Asia-Pacific Economic Cooperation, 2010
[51] Brunsson & Jacobsson, 1998
[52] Swann, 2010
[53] Murphy & Yates, 2009: 68

that argues for standards to be available for free means that charging for standards restricts distribution and inhibits uptake which defeats the purpose of a standard while the other side claims that if standards are given away for free their development, construction and maintenance will be impaired. Furthermore there can also be a cost of certification which can deter even more users. Some even claim that the cost of certification is of greater impact than the cost to buy a standard.[54]

3.2.2 The Standardization of Environmental Management and Sustainability Reporting

As mentioned earlier standardization is not necessarily as inhibitive as people often assume. On the contrary *standards always shape competition and competition shapes innovation.*[55] With this in mind standardization can be a great way to prevent negative side effects from company operations regarding sustainability and the environment. There are evidently two extremes to this, one extreme consists of laissez faire and the other consists of global mandatory regulation. There in between lies voluntary standardization. Other options are de facto standards naturally approved by the market, ad hoc choices and constellations as well as standards formed by cooperating corporations, a form of consortia.[56] An example of a consortia is the Swedish 'Hållbart värdeskapande' that was created by 14 of Sweden's largest investors wanting to highlight the importance of sustainability issues since they believe that sustainability will lead to long-term revenues.[57] Regarding such consortia a tradeoff between self-interest of the investors and public interest can be suspected since investors or corporations that control the consortia does not necessarily act in the interest of the public. In relation to this Murphy & Yates believe that standards such as those produced by ISO will lead to the greatest stability.[58] There are several good reasons to not having standards set by law, for example since there will be too many elements to legislate. Professional estimations have deemed that a minimum of tens of thousands standards are needed in any industrial economy. Furthermore hundreds of new standards are needed each year and all of these need to be regularly updated which demands immense resources by the legislator.[59] Because of this, combined with earlier arguments, voluntary standardization through consensus can be seen as a better way to achieve the objective of regulation through a so called lighter touch.[60] It is also believed that the voluntary consensus process of standardization is desirable because it serves the public good and ends up with better standards than those produced through other methods.[61]

Standardization of environmental management and sustainability reporting gains from the same benefits as standardization in general such as providing a framework of best practice, hinders unwanted behavior while leading the way for wanted behavior and providing corporations with a more leveled playing field. A specific and very important benefit

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[54] Swann, 2010
[55] Murphy & Yates, 2009: 7
[56] Murphy & Yates, 2009
[57] Hållbart värdeskapande, 2013
[58] Murphy & Yates, 2009: 101
[59] Murphy & Yates, 2009
[60] Swann, 2010
[61] Murphy & Yates, 2009

regarding sustainability and environmental management is the way that the process of standardization simplifies comparison which is of great importance to different stakeholders. Since companies from different countries vary in the way they report sustainability and work with environmental management another important benefit of standardization is that it lessens these differences and decreases the incentive for companies to locate their operations in a country with less extensive environmental regulation.[62] Regarding ISO 14001 studies have shown that such an environmental management system improves the management and reduction of waste. Adoption of ISO 14001 in itself does not necessarily lead to a corporations attaining environmental sustainability but it reinforces and strengthens good environmental management practices, improves effectiveness and efficiency while also increasing employee awareness of the environmental impacts of their activities.[63] Furthermore a clear relationship between certification to ISO 14001 and improved performance in terms of reducing costs, improving quality and reducing lead times has been noted. This demonstrates that it is not only an empty mark of quality but that it actually brings real benefits.[64] GRI has also proven successful in terms of improving usefulness and quality of information reported by corporations regarding environmental, social and economic impact. More specifically comparability, audibility and general acceptance have been improved by the use of the guidelines.[65]

3.3 Exogenous Theories

Since the basic foundation regarding why corporations work with environmental management systems and report on sustainability as well as the benefits and implications of standardizations have been covered a move towards exogenous theories will be made. Such theories explain how corporations' actions are affected from the outside in. The three chosen theories, legitimacy, stakeholder and institutional theory, are also system-oriented theories. This means that corporations are believed to be affected by and also to affect the society in which it conducts its operations. Within these disclosure practices are assumed to comprise strategies to affect corporations' relationships with those whom the corporation is interacting.[66]

3.3.1 Legitimacy Theory

Legitimacy theory is one of the most mentioned theories when discussing the social and environmental accounting area. Legitimacy theory is based on the notion that there exist a so-called social contract between corporations and society in which they function. The contract is supposed to symbolize society's various expectations concerning actions of corporations.[67] Moreover, the idea is that although the central aim of a business is to generate profits it also has an ethical obligation to operate in a way which is socially responsible.[68] It is assumed that society lets the corporation continue its actions providing that it meet these

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[62] Chen & Bouvain, 2009
[63] Rondinelli & Vastag, 2000
[64] Melnyk et al., 2003
[65] Willis, 2003
[66] Deegan & Unerman, 2011
[67] Guthrie & Parker, 1989; Deegan & Unerman, 2011
[68] O'Donovan, 2002

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expectations. Failing to meet them might result in sanctions introduced by society, which may be in form of legal restrictions, limitation of resources offered by society and or reduced demand for the product or service provided by the corporation.[69] According to this theory, organizations try to certify that the activities they undertake are perceived as legitimate by outside parties. They want to guarantee that they are operating within the bounds and norms set by society. Since these are not seen as fixed, but instead constantly changing, corporations must adjust to the ethical environment in which they are conducting its operations.[70] The changing environment can be seen as one of the reasons for the pressure to legitimize organizational operations.[71] Furthermore, corporations have no inherent right to exist and operate or to use the resources provided by society. Instead these have to be earned and thus legitimation of corporation's activities becomes imperative for its future existence.[72]

In order certify that corporations meet the expectations set by society they need to disclose the right amount of social information which will make it possible for society to decide whether or not corporations are to be seen as good corporate citizens. By trying to legitimize their actions through disclosing environmental information, corporations ultimately try to justify their actions for future existence. Environmental disclosures can be regarded as an attempt to legitimize their activities, in a response to demands from the environment where the corporation is operating.[73]

In the event that corporation's actions and activities are not coherent with the expectations of society there will exist a so-called legitimacy gap.[74] There are different reasons as to why such a gap could occur and Watrick & Mahon (1994) presents three possible reasons. Firstly, corporate performance can change while societal expectations of corporate performance remains the same, the second reason could be that societal expectation of corporate performance change while corporate performance remains the same. The third and last reason is that both corporate performance and societal expectations change but either move in different directions or move in the same direction but with a time lag. This is also described by Sethi (1978) who explains that a legitimacy gap can occur due to changes in societal expectations which will lead to a gap although the corporation is acting in the same way as before. Such changes can for instance occur when media reports information that previously was unknown.[75]

There are various ways in which an organization can attempt to legitimize its activities, but the decision is said to vary depending if the organization is trying to gain, maintain or repair legitimacy.[76] It is vital that managers are aware of this in order to manage the corporation's

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[69] Deegan, 2002: 293; O'Donovan, 2002
[70] Deegan, 2002; O'Donovan, 2002
[71] O'Donovan, 2002
[72] Deegan & Unerman, 2011
[73] Guthrie & Parker, 1989; Deegan et al., 2000; Deegan, 2002
[74] O'Donovan, 2002; Deegan & Unerman, 2011
[75] Deegan & Unerman, 2011
[76] Ibid; O'Donovan, 2002

legitimacy properly.[77] If a corporation wants to become established within a new arena they will have the challenge of gaining legitimacy. But once legitimacy is gained it is to a great extent taken for granted and therefore management needs to be aware of and identify changes in relevant public needs and wants. The task of maintaining legitimacy is said to be the least challenging. The relationship with stakeholders that legitimacy represents must be nurtured in order to maintain the corporations' legitimacy. When discussing maintaining of legitimacy it is also vital to note that corporations might have different levels of legitimacy. A corporation that is looked upon as a good corporate citizen, acting in a proactive and responsible way regarding social and environmental problems, will have a higher level of legitimacy that they need to maintain. Because of this the public will have particular expectations on the corporation's activities. A corporation with less initial legitimacy will have less to maintain.[78]

One possible way of handling legitimacy is through communicating and controlling strategic responses. The main communication channel for environmental disclosures has been the annual report and later the sustainability report. These reports are said to have a great effect on both how the public and the financial markets perceives and responds to a corporation.[79] It has been emphasized that disclosure of voluntary information is used by management to communicate certain messages to the public and to persuade them to accept managers understanding of society. In other words, disclosure of voluntary environmental and social information concerning corporations' activities is done for legitimation reasons. Furthermore, it has been argued that the annual and or sustainability report is a mean of responding to pressure from the public and particularly to negative reports from the media. Additionally it is used to correct probable misconceptions that society might have of corporations' environmental activities.[80]

3.3.2 Stakeholder Theory

Stakeholder theory is closely related to legitimacy theory and they can be seen as overlapping theories. Whereas legitimacy theory focus on the expectations held by society in general, stakeholder theory focuses on certain stakeholder groups within society.[81] For further discussion of stakeholder theory it can be essential to give a definition of stakeholders. Clarkson (1995) define stakeholders as:

> ...persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future. Such claimed rights or interests are the result of transactions with, or actions taken by, the corporation, and may be legal or moral, individual or collective.[82]

According to Deegan (2002) stakeholder theory constitutes both an ethical (or normative) branch and a positive (managerial) branch. The ethical branch gives prescription in regards to

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[77] O'Donovan, 2002
[78] Ibid; Deegan & Unerman, 2011
[79] O'Donovan, 2002
[80] Ibid; Deegan & Unerman, 2011
[81] Deegan & Unerman, 2011
[82] Clarkson, 1995: 106

how stakeholders should be treated by organizations. This branch argues that stakeholder power is irrelevant and that all stakeholders should instead be treated equally by organizations, in other words this view emphasizes the responsibilities held by organizations.[83] In contrast the managerial branch stresses that consideration must be taken to certain stakeholder groups, especially those groups that are to be seen as powerful due to their capability to influence, that are vital for corporations' future operations.[84] Furthermore, Clarkson (1995) made a distinction between primary and secondary stakeholders. Primary stakeholders are those who without their continuous support the corporation cannot continue its operations. Customers, investors and shareholders are usually seen as primary stakeholder groups, together with public stakeholder groups such as the government and communities. Secondary stakeholders were defined by Clarkson (1995) as those who are influenced or affected by or influence or affect the corporation but who are not involved in any businesses with the corporation and are not vital for the corporations future operations. They could for instance be considered as the media or special interest groups.[85] The primary stakeholder groups are the ones considered by the managerial branch of stakeholder theory whereas the ethical branch considers all of them as equally important. This depends on the fact that the ethical branch believes that all stakeholders have inherent rights that should not be disrupted. Such rights include being provided with information regarding the effects that organizational activities might have on them. Moving on, the managerial branch will, as earlier mentioned, only respond to those stakeholders that are considered as 'powerful'. In other words, corporations will only respond to those who are considered as vital for the corporations' future operations.[86]

3.3.3 Institutional Theory

Institutional theory can be considered as dealing with the question of why organizations within a certain field end up with similar characteristics and shape. In other words, it studies the form that organizations tend to take. Institutional theory gives an additional perspective to both legitimacy and stakeholder theory, when investigating how organizations comprehend and respond to varying institutional expectations and demands. Institutional theory describes how certain mechanisms become institutionalized in specific organizations when pursuing to create coherence between perceptions of their operations and cultural and social values. There exist two key dimensions to institutional theory which could be relevant when discussing voluntary corporate reporting procedures. These are called isomorphism and decoupling.[87]

3.3.3.1 Isomorphism

The institutional practice adopted by an organization is referred to as isomorphism.[88] Isomorphism can constrain processes since it makes units facing the same environmental

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[83] Deegan & Unerman, 2011; Deegan, 2002
[84] Deegan, 2002
[85] Clarkson, 1995
[86] Deegan & Unerman, 2011
[87] Ibid
[88] Dillard et al., 2004

conditions resemble each other.[89] Hence, isomorphism is creating homogeneous organizations. Deegan & Unerman (2011) explain that voluntary corporate reporting is an institutional practice and that the process of both adaption as well as the changes in the voluntary reporting in a certain organization is isomorphic processes. DiMaggio & Powell (1983) have recognized three different mechanism through which isomorphism might occur, these being coercive, mimetic and normative.

When an organization changes their institutional practices due to pressure from stakeholders that the organization is reliant on for its future survival *coercive isomorphism* arises.[90] DiMaggio & Powell (1983) explain that coercive isomorphism:

> *...results from both formal and informal pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which organizations function. Such pressures may be felt as force, as persuasion, or as invitations to join in collusion[91].*

Coercive isomorphism is related to the managerial branch of stakeholder theory implying that a corporation, for instance, will disclose voluntary corporate reporting in order to meet social, economic, ethical and environmental concerns and values held by stakeholders that have the greatest influence over the corporation. Hence, the corporation becomes coerced by these stakeholders to implement certain voluntary reporting practices.[92] Since these influential stakeholders might also have similar anticipations on other corporations there will most likely be compliance in the operations being implemented by different corporations.[93]

Moreover, uncertainty is one of the factors driving *mimetic isomorphism*. It could be uncertainty due to poorly understood organizational technology, unclear goals or when a situation generates symbolic uncertainty. When uncertainties like these occur organizations tend to mimic other organizations. Differently put, they tend to model other similar organizations which they believe to be more successful or legitimate.[94] However, unless there is coercive pressure from powerful stakeholders it is questionable if there would be pressure to copy or mimic the voluntary social reporting of other corporations.[95] Additional factors encouraging mimetic behavior are related to how extensive the population of employees or customers that the corporation employs or serves is. The larger the population the greater the pressure put on the corporation to offer the services and programs offered by other corporations will be. Thus, despite the desire of corporations to be diverse there are rather few options and little variation for them to select from and hence they become more homogeneous.[96]

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[89] DiMaggio & Powell, 1983
[90] Deegan and Unerman, 2011
[91] DiMaggio & Powell, 1983: 150
[92] Deegan and Unerman, 2011
[93] DiMaggio & Powell, 1983; Deegan & Unerman, 2011
[94] DiMaggio & Powell, 1983
[95] Deegan & Unerman , 2011
[96] DiMaggio & Powell, 1983

The third form of isomorphism is according to DiMaggio & Powell (1983) called *normative isomorphism* and is primarily connected to professionalization. This is related to the struggle of professionals trying to make certain methods and institutional work practices legitimate. In the case of voluntary corporate reporting such normative isomorphic demands could stem from influences from formal and informal groups that managers belong to. Such groups could for instance be based on the culture or the working methods established within their department.[97] DiMaggio & Powell (1983) explain that the screening of future employees is an important mechanism for inspiring to normative isomorphism.

3.3.3.2 Decoupling

There is another dimension of institutional theory called decoupling. Decoupling occurs when actual practices within an organization are separated or differs from formal organizational practice that the organization initially intended to adopt. Thus, the practices do not become incorporated into the organizations operational and managerial practices.[98] Corporations and managers might see it as important that the corporation is perceived to be implementing particular institutional practices and therefore they may try adopting these.[99] This might be an attempt to make the corporations practices legitimate.[100] However, formally authorized and publicly stated practices and processes might sometimes be very different from practices that are actually implemented and exercised in corporations. Thereby making the real practices decoupled from those institutionalized.[101]

3.4 Endogenous Theories

As the exogenous theories have been covered this chapter will proceed toward endogenous theories that instead view corporations and its actions from the inside out focusing on internal factors instead of external factors. More specifically this section will include the two economic theories the resource based view (RBV) and positive accounting theory (PAT).

3.4.1 Resource Based View (RBV)

The resource based view is a theory created by Barney (1991) that emphasizes the link between a firm's internal characteristics and performance while also focusing more on firm resources than the ability to deal with environmental opportunities and threats. According to the resource based view there are three categories of resources. The first category is physical capital resources such as buildings and other objects followed by the second category human capital resources, consisting of for example employee training, experience and tacit knowledge of managers. The last category according to the theory is organizational capital resources such as formal reporting structure and control functions. When implementing a

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[97] Deegan & Unerman, 2011
[98] Dillard et al., 2004
[99] Deegan & Unerman, 2011
[100] Dillard et al., 2004
[101] Deegan & Unerman, 2011

strategy a mix of resources from the three categories can be needed but nonetheless all resources are not necessarily strategically relevant.[102]

According to the resource based view the main objective for a firm is to establish sustained competitive advantages built upon firm resources. More specific sustained competitive advantages is when a firm implements a value creating strategy that is not simultaneously implemented by a competitor and when competitors cannot duplicate the benefits of this strategy. In other words sustained does not mean that a competitive advantage will last a long calendar time, even though that could be the case, but that competitors cannot duplicate it. Variations within an industry can nullify a sustained competitive advantage because of changed structures or changed expectations but it will not be nullified because of duplication. Furthermore, a corporation cannot 'purchase' a sustained competitive advantage on an open market but needs to internally generate it through specific resources.[103]

There are two underlying assumptions regarding the resourced based view:
- The assumption that firms have heterogeneous strategic resources they control
- These strategic firm resources are not perfectly mobile across firms which mean that heterogeneity can be long lasting.

These two assumptions do not mean that strategic resources empirically always are heterogeneous and immobile but that there can be instances when they are. Some specific industries can still exhibit resources that are homogenous and perfectly mobile but then all firms within that industry will most likely implement the same strategies and thereby improve efficiency in the same way. Therefore, a firm cannot relish sustained comparative advantages in such an industry which makes the assumptions of resource heterogeneity and immobility imperative for an industry with sustained comparative advantages.[104]

Furthermore there exist four empirical indicators regarding the potential of firm resources to gain sustained competitive advantages. These are valuable, rareness, imitability and substitutability. They are in other words postulates needed for a resource to become a source of sustained comparative advantage. Firstly, a resource is seen as *valuable* when it exploits opportunities or neutralizes threats in a firm's environment. Thereby a resource is valuable when it improves the efficiency and the effectiveness of a firm. If a valuable resource is possessed by a large number of firms it cannot lead to either competitive advantages or sustained competitive advantages since firms can exploit the resources in the same way and thereby end up at a common strategy. Because of this valuable resources needs to be *rare* in relation to the resources of competing firms. There is a general rule that the number of firms that possesses a valuable resource needs to be less than the number of firms needed to create a perfect competition dynamic within the industry for it to be deemed as rare. It is important to note that this does not mean that common resources are not important it just means that they will not lead to comparative advantages but rather economic survival. Valuable and rare firm resources can easily be seen as a source of competitive advantage but it can only lead to

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[102] Barney, 1991
[103] Ibid
[104] Ibid

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sustained competitive advantages if firms without the resource cannot obtain it. Therefore firm resources must also be *imperfectly imitable* which can be achieved in three ways. The first way to achieve imperfect imitability is through unique historical conditions that cannot be imitated. Firms are socially and historically unique meaning that their ability to acquire and exploit valuable and rare resources is dependent upon their time and place in space. The second reason is causal ambiguity, meaning that the link or relationship between firm resources and sustained competitive advantages is not perfectly understood making imitation difficult. Since the relationship between firm resources and competitive advantages is very complex it is not unlikely that this will be poorly understood by the firm at hand and its competitors. But as soon as this link is understood this information will be diffused through the competitors in the long run leading to duplication. The final reason to resources being imperfectly imitable is that it can be a very complex social phenomenon that goes beyond what firms can influence and manage. This complexity puts a great constraint on the likelihood of imitability. The last indicator is *substitutability* which means that there cannot exist strategically equivalent substitutes that are valuable but not rare or imperfectly imitable. Resources are seen as substitutable when they can be separately exploited to implement the same strategy. If such a substitutable resource exists the original resource cannot be used to gain a sustained competitive advantage since competitors can use the substitute to duplicate the strategy. In other words the same strategy will be implemented but in another way based on other resources. This all means that if heterogeneity and immobility exists within an industry while resources are valuable, rare, perfectly imitable and non-substitutable these specific resources will be the source of sustained comparative advantages.[105]

In general strategic planning in itself is very common and imitable which leads to it not to being a sustained competitive advantage. Therefore other strategic firm resources need to be exploited to gain sustained comparative advantages. But on the other hand emergent, informal and autonomous ways to which corporations reach a strategy can be a source of sustained competitive advantage since they are usually rare and inimitable which puts corporations work to prevent or ignore such informal strategies in another light. Nonetheless it is unclear if their informal strategies cannot be substituted. Another example is that a positive reputation of a corporation can be seen as a sustained comparative advantage if only a few corporations within an industry have a favorable reputation since it is a complex social phenomenon often based on historical events that cannot be imitated. Some claim that a good reputation can be substituted with guarantees and long-term contracts but others question why corporations in that case both invest in guarantees and positive reputation. If this is true a good reputation could never be a sustained competitive advantage.[106]

The resource based view also states that there can exist so-called 'first mover advantages'. These advantages arise when firms within different industries adopt strategies before competitors. This leads to them obtaining sustained competitive advantages since they will gain access to distribution channels, develop customer goodwill and gain a positive

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[105] Barney, 1991
[106] Ibid

reputation before others get the chance. If resources that firms control are heterogenic and immobile this means that the sustained comparative advantage cannot be duplicated. But if an industry is characterized by homogenous resources and perfect mobility this competitive advantage will be duplicated and cannot be sustained.[107] It is also believed that there lies great interest in gaining enough power to push for national standards to become globally accepted standards which would give corporations from that country great first mover advantages.[108]

In an article by Barney et al. (2001) that further elaborates on the resource based view by Barney (1991) it is stated that research regarding corporate social responsibility has struggled to clarify if and when a corporation's actions in terms of social responsibility will influence its bottom line. On this subject the resource based view suggests that a corporate culture can shape its ethical stance and thereby be fruitful. Other research has shown that a firm's environmental performance can be a source of competitive advantage especially in high growth industries. Furthermore concern for sustainability can be embedded in a corporation's culture thereby making it imitable but empirically it has been noted that this does not necessarily lead to financial success.[109]

3.4.2 Positive Accounting Theory (PAT)

Positive theory in general has a descriptive character, striving to explain certain phenomena. More specifically it aims to explain why managers decide to adopt certain accounting methods in favor of others but can also be used to analyze broader choices than just accounting. Positive Accounting Theory is, just like the previously discussed theories, legitimacy theory, stakeholder theory and institutional theory a positive theory. According to Watts & Zimmermann (1979) that laid the foundation for Positive Accounting Theory it is meant to explain certain accounting practice and predict which firms that will use a particular method. But Positive Accounting Theory says nothing about what method a firm would use which differentiates it from normative theories. The underlying assumptions of Positive Accounting Theory are based on the efficient market hypothesis and agency theory. In other words the theory assumes that all actions taken by individuals are driven by self-interest and that individuals always will undertake an opportunistic behavior if possible. Because of this organizations will try to implement mechanisms to align the managers' (agents) interests with the interests of the owners (principal) of the firm. Additionally it sees the organization as a 'nexus of contracts', striving for contracts to minimize agency costs such as negotiation and monitoring costs. Because of this firms are assumed to choose policies that minimize these costs. Since people and managers act in self-interest in line with the opportunistic perspective, also called ex post contracting, they will use the frames of these contracts for personal gains instead of acting in the long-term interest of the organization.[110]

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[107] Barney, 1991
[108] Murphy & Yates, 2009
[109] Barney et al., 2001
[110] Deegan & Unerman , 2011

Within Positive Accounting Theory three hypotheses have evolved: the bonus plan hypothesis, the debt/equity hypothesis and the political cost hypothesis. The debt/equity hypothesis is not of relevance for this thesis but the bonus plan hypothesis and political cost hypothesis will be. The bonus plan hypothesis implies that managers will alter their behavior and management control to increase the amount of bonus later on received. This is a very strong incentive and can be used to align manager's goals with the long-term goal of the organization regarding for example sustainability and environmental management. The political cost hypothesis states that politically sensitive firms, typically large firms, faces larger political attention and pressure from stakeholders and society as a whole to take social responsibility in line with what legitimacy theory predicts. Because of this, corporations will voluntarily disclose social practices to try to protect themselves against claims from various stakeholder groups such as media, unions and environmental NGOs. This can be related to the expression market for lemons that basically explains that no information always is considered bad information. The hypothesis furthermore explains that there is a notion that a corporation should pay its fair share to society in order to be perceived as a valuable corporation. In line with this, corporations will avoid making extreme profits since that increase attention and make it look as if they are not paying their fair share to other parts of society. This responsibility should not only be taken towards shareholders but towards all stakeholders. Since managers will be in charge of producing statements such as sustainability reports there will be a need for these statements to be monitored or assured. Otherwise, assuming self-interest, managers will attempt to better the content and importance of the published information.[111] Nonetheless, it is important to note that the Positive Accounting Theory ignores the notion of identification with the goals of the organization as an important control mechanism in accordance to Simon (1991) and only focuses on that a corporation does what lies in people self-interest or what stakeholders' demands of them.[112]

3.5 The Theoretical Framework of this Research

The theoretical framework of this thesis is simply put a summary of the recently presented chapter. When appraising figure 2 below it is imperative to view the underlying factors why corporations work with environmental management systems and report on sustainability as a foundation to why even consider to standardize such processes. Following, it is important to understand both the impacts and benefits of standardization in terms of why a corporation would standardize or not. Relevant aspects and factors from the five main endogenous and exogenous theories have also finally been highlighted with the underlying aim to further find relevant explanation. These theoretical aspects will therefore be of great importance when trying to isolate the reasons to why corporations standardize their environmental management and sustainability reports. Furthermore these aspects will be the foundation for the orientation of the empirical study.

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[111] Deegan & Unerman , 2011
[112] Simon, 1991: 34
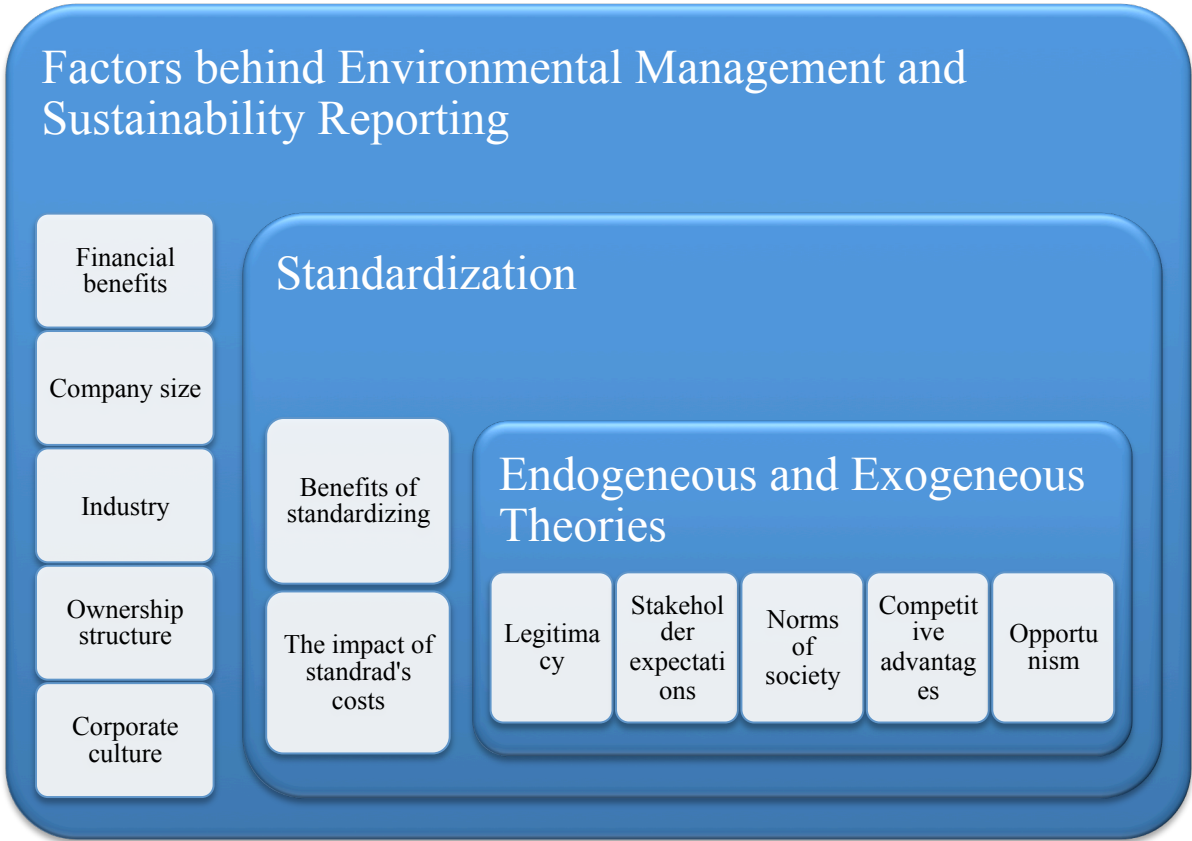
Figure 2: Theoretical Framework

4. METHODOLOGY

This chapter will introduce the methods used for this thesis. Firstly, a description of the chosen research design will be given followed by the selection of companies and the collection of data. Furthermore, the empirical presentation and the analysis method are described. Lastly, the validity and reliability of the thesis is discussed.

4.1 Choice of Research Design

A qualitative research approach has generally been undertaken to reach the purpose of this thesis. But since different methods, and not only case studies, will be used to gather empirical data a quantitative approach will also be used for the basic statistical findings and the pilot survey. As already implied the case studies will be combined with an initial statistical pilot survey of all corporations noted at NASDAQ OMX Nordic Stockholm to gain underlying empirical findings.[113] This will give the research and the subsequent thesis a great depth regarding standardization of environmental management and sustainability reporting as well as the incentives thereof. The qualitative and quantitative approach will moreover be used to find empirical support of the use of GRI and ISO 14001. These two standards were chosen since they are globally well-established and thereby appropriate to be used as indicators of standardization. To achieve the qualitative purpose of this thesis the case study approach presented by Yin (2009) will be of great importance since it will help explain the phenomena of why standardization regarding environmental management and sustainability reports.[114] The case studies will be conducted to extract knowledge from the particular which is appropriate when there is a high level of complexity regarding the theoretical framework. Good case studies can gain knowledge that otherwise would not be detected through a quantitative approach since it cannot capture this complexity. Furthermore an expert interview with an auditor working at the department of Climate Change and Sustainability Services at Ernst & Young will be conducted through email to complement the main empirical findings.

4.2 Choice of Theory

For this thesis abduction will be used to benefit from both induction and deduction. Existing theories regarding environmental management, sustainability reporting and standardization have been thoroughly considered but is not merely used to confirm or reject a hypothesis but to attempt to try to create a new theory based on the patterns from this research's empirical findings. This will highlight matters that do not fit within the existing theories which make it more complex and sensitive than just yes or no.

4.3 Number of Case Studies

Four corporations were chosen as case studies to be interviewed concerning standardization of environmental management and sustainability reporting through the use of GRI and ISO

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[113] Yin, 2009: 132-133
[114] Yin, 2009: 4

14001. Since the theoretical framework regarding the research question is complex the demand for numbers of observations is lowered. At the same time the chosen number of case studies will give enough data to get the opportunity to do an in depth analysis of the case subjects while at the same time leading to variation and comparability when seeking to answer the research question. The classic case study of one company has historically been successful at improving the knowledge about organizations since it leads to opportunities to detect and comprehend new theories but at the other hand people argue that a multiple case study is needed to generate a well-developed and complex theory. Because of this combined with the opportunity of comparability and to draw cross case conclusions a multiple case study has been chosen for this thesis.[115]

4.3 Company Selection

For the basic empirical data and the initial pilot survey all 59 Large Cap companies noted at the NASDAQ OMX Nordic Stockholm have been examined and were presented with the opportunity to take part in the survey. This group was chosen since it is a homogeneous and comparable group as well as it generally consists of larger companies which have already been proven to work with sustainability to a greater extent in general.[116] This group is appropriate since comparing answers depending on the size, industry and ownership structure of the corporation is not of great interest for this thesis since the effects of these factors have already been established.

The company selection for the case studies was conducted to further explore and complement the initial findings from the survey. The corporations chosen to be interviewed are ISO 14001 certified, report on sustainability in accordance to GRI or both which makes them relevant for this study. Since the focus of this thesis concerns the interesting aspect of why corporations standardize only corporation that at least apply one of the chosen standards will be eligible as case study subjects. Nonetheless the chosen corporations have different strategies regarding sustainability and environmental management depending on what standards they have adopted. The chosen companies differ since they have different owner structures and only two out of four, Atrium Ljungberg and SKF, were screened and chosen from the pilot study. PostNord and Martin & Servera are not publicly listed but were still of great interest since they have a lot of experience working with ISO 14001 and GRI. Even though the four companies differ they are still comparable since they are all larger Swedish companies with a turnover at a little over SEK 2 billion for the 'smaller' of the four. All case study subjects are Swedish corporations, a choice based on earlier research that, as already mentioned, showed that Nordic countries are more inclined to work with sustainability issues. More specifically SKF was chosen since they were the first company within its industry to become globally ISO 14001 certified and start reporting on sustainability in accordance to GRI. Atrium Ljungberg was chosen since they have an interesting company profile by focusing on sustainable urban development and use GRI for their sustainability reporting. PostNord was chosen since their operations through mail delivery can have a large impact on the

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[115] Yin, 2009
[116] KPMG, 2011

environment and because they both use GRI and ISO 14001. Lastly Martin & Servera was chosen since they have been certified to ISO 14001 for 14 years and work a lot with streamlining their food deliveries to lower their environmental impact.

4.5 Data Collection

The data for this thesis consists of multiple sources of evidence, both primary and secondary data, relevant to the problem at hand and is meant to explain the standardization of environmental management and sustainability reporting. The primary data mainly consists of interviews, survey results and documentation such as sustainability reports. In general documents produced by corporations that are read and used to draw first-hand conclusions are considered primary data for this research. Observations are also a source of primary data but will not be applicable for this research. The basic empirical data and the pilot survey are used to gather fundamental data to reach initial conclusion that can be elaborated on during the case study interviews.

An unbiased stance has been maintained during the interviews even though it is impossible to avoid affecting the interviewee and vice versa. The interviews were conducted using qualitative research methods and the case study approach mentioned above more as a guided conversation than as a structured query.[117] Furthermore, the interviews were performed in a semi-structured manner since their frame and target were established in advance but at the same time maintaining the possibility to ask follow-up questions and for the interviewee to elaborate on their response depending on what they see as important. This interview process can be explained by the flexibility the process of interviews creates according to Bryman & Bell (2011). Yin (2009) would describe these interviews as focused interviews. In general the emphasis of the interviews was to document the respondents' perceptions and experiences of standardization regarding environmental management and sustainability reporting.

The questions both for the survey and for the interviews were based on relevant and interesting aspects from the theoretical framework of this thesis and can be found in the appendix. The secondary data collection was made to provide for the theoretical framework and to back-up the empirical study and its interviews. Theoretical data was found in research articles and journals such as *Accounting, Auditing & Accountability Journal* and *Journal of Business Ethics* while secondary empirical data consists of other corporate publications regarding standardization collected and analyzed by a second party.

4.6 Choice of Empirical Presentation

The empirical presentation of this thesis will initially be based on the three parts of the empirical study:

      1. Study of Sustainability Reports and Other Public Information
      2. Pilot Study
      3. Corporate Case Studies

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[117] Yin, 2009: 106

This empirical presentation was chosen because different methods were used for the different empirical studies and because it creates a way of starting broadly to thereafter narrow it down and thereby moving closer to an answer to the research question at hand. Furthermore the case studies will be presented in terms of six aspects relevant to the research questions instead of being presented by interview. The six aspects have been generated through the theoretical framework which is explained in section 3.5. These six aspects are:

1. Advantages of Standardization
2. Disadvantages of Standardization
3. Interests and Demands of Stakeholders
4. The Importance of Costs when Standardizing
5. Corporate Culture in Relation to Environmental and Sustainability Awareness
6. Why Standardization over Uniqueness

4.7 Choice of Analysis Method

A so-called analysis matrix has been created to conduct the analysis of the research and to map out if there are any parts of the empirical findings that cannot be explained with already existing theory. The analysis matrix is based on the six aspects that were used to present the empirical findings from the case studies combined with other less complicated underlying factors. Besides this pattern matching, which is very useful for case study analysis, will be used to compare empirically based patterns to theory predicted patterns. If the patterns coincide the internal validity will be increased.[118] A specific version of pattern matching called explanation building will also be used to build a general explanation that fits all cases and the conducted survey regarding why companies chose to standardize environmental management and sustainability reports.[119] The objective is to find empirics that invalidates, confirms or develops the theoretical framework.

4.8 Validity and Reliability

Validity and reliability are of great importance to research within the field of business administration.[120] Reliability, in regards to a case study, means that the empirical findings are not just coincidental but that they are stable, consistent and trustworthy which means that the research could be repeated with the same results. To increase the reliability of this research data has been collected through multiple sources and triangulation through the use of both interviews as well as different documents has been done. Regarding the primary data consisting of interviews its reliability could be questioned since interviews cannot be completely objective and can be interpreted differently depending on individual characteristics. To increase the reliability the material collected was well documented and the respondents have validated that their answers were interpreted correctly.[121] Furthermore, inter-rater reliability has been used so that the two interviewers confirm each other's interpretations. Sustainability reports can be viewed as a reliable source but it is important to

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[118] Yin, 2009: 136-137
[119] Yin, 2009: 142
[120] Bryman & Bell, 2011
[121] Yin, 2009: 45

keep in mind that corporations have great discretion regarding what to include and how it is presented depending on the level of standardization.

Regarding validity in relation to the case study approach there are three aspects of validity that needs to be considered. First construct validity which means that subjective judgments should not be used to collect data. This can be prevented through defining different concepts of relevance to the objective of the research which was done especially in chapter two and by stating how the research question will be explored. Internal validity is of importance since there is a threat that a misleading causal relationship will be emphasized when trying to explain why standardization of environmental management and sustainability reports occurs. Similarly this is also relevant when judging if correct inferences have been made. This can be solved through pattern matching as mentioned earlier and through addressing rival explanations. Thirdly, external validity must be addressed by questioning how everything is connected, the relative explanatory power by comparing this framework with already existing ones and to determine if the framework is useful and can increase understandability of the subject. Regarding the thesis at hand the questions asked are believed to be relevant and even though there are aspects of subjectivity it seems as if the result of the research in general is valid and replicable which indicates the usefulness of the framework.[122]

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[122] Yin, 2009: 40-44

5. EMPIRICAL STUDY

The following section will give account for the empirical parts of this research. Three parts will be dealt with, firstly the basic empirical data from sustainability reports followed by findings from the initial survey. Thirdly the case study findings will be described as well as complimentary comments from consultants and auditors. Finally, an expert interview will be presented to complement the empirical findings from the three main parts.

5.1 Outline of the empirical study

The empirical study of this research has been conducted in three different parts, all with the purpose to explore why corporations chose to standardize their environmental management and sustainability reports. Firstly, the initial screening regarding ISO 14001 certification and the use of GRI among all 59 Large Cap companies at NASDAQ OMX Nordic Stockholm are presented followed by the result of the pilot survey. Lastly, the findings from interviews with two companies participating in the survey and two other complementing companies are presented. This way of structuring and using the empirical studies to answer the research question is illustrated in the picture below.
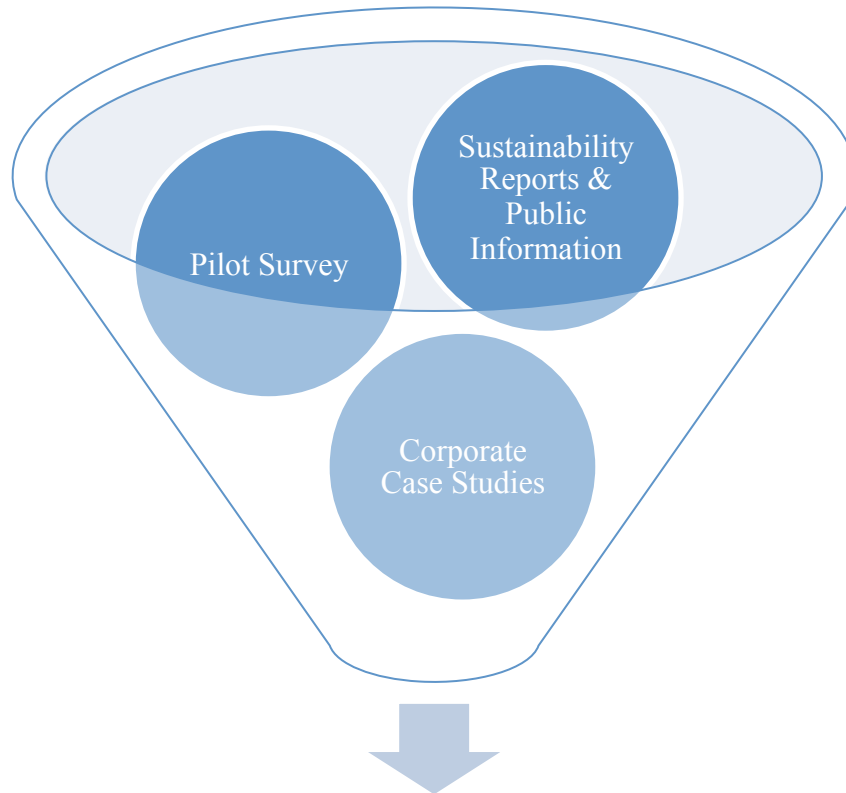
Why standardization?

Figure 3: Outline of the Empirical Study

5.2 Study of Sustainability Reports and Other Public Information

Basic empirical data regarding the use of GRI and ISO 14001 within the 59 Large Cap companies noted at NASDAQ OMX Nordic Stockholm can be found in sustainability reports and other public documents. A study of these corporations demonstrates that 31 corporations are certified for ISO 14001 which gives a ratio of 52.5 %. Regarding the use of the guidelines from GRI 39 of the companies use them to report on sustainability which leads to a ratio of 66.1 %. 25 number of corporation use both ISO 14001 and the guidelines from GRI which is equivalent to 42.4 %. Furthermore 80.6 % of the ISO 14001 certified companies use GRI while 64.1 % of the companies that report on sustainability in accordance to GRI are ISO 14001 certified.

Furthermore four strategies regarding the explored companies' adoption and implementation of the two standards can be noted. These strategies are using:

    1. Both GRI and ISO 14001
    2. Only GRI
    3. Only ISO 14001
    4. None

Out of the 59 explored companies 25 of them which equals to 42.4 % follow strategy one and 14, 23.7 %, follow strategy two. 11.9 % which equals to seven companies follow strategy three and 13, 22.0 %, follow strategy four. This demonstrates that the mostly used strategy is to implement both GRI and ISO 14001 but that over a fifth of the explored companies do not use either GRI or ISO 14001. The circle below illustrates the companies' choice of strategies.

Chart 1: Standardization Strategies
- 59 Large Cap Companies

Legend:
- Both GRI and ISO 14001
- Only GRI
- Only ISO 14001
- None
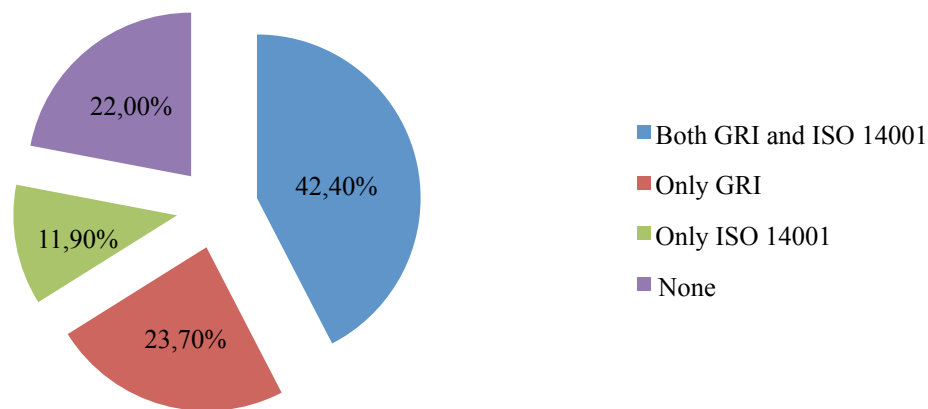
5.3 Pilot Study

The initial pilot study aimed to gather initial data before conducting case studies was sent out to all 59 Large Cap companies noted at NASDAQ OMX Nordic Stockholm on April 14th 2013 and held open until April 26th 2013. 12 companies participated in the survey which gave a response rate of 20.3 %. The responses from the survey show that 9 out of 12 corporations are certified according to ISO 14001 which gives a ratio of 75.0 %. Regarding the use of the guidelines from GRI, 11 of the companies use them to report on sustainability which is equal to 91.7 %. Eight of the corporations use both ISO 14001 and the guidelines from GRI which is equivalent to 66.7 %. Furthermore 88.9 % of the ISO 14001 certified companies use GRI while 72.7 % of the companies that report on sustainability in accordance to GRI are ISO 14001 certified. Other standards that were mentioned in the survey are ISO 51000 and ISO 26000 stated by one company each as well as CDP, 'Hållbart värdeskapande' and BREEAM mentioned by another company.

Regarding the different strategies the responses from the survey show that 66.7 % follow strategy one to use both standards, 25.0 % follow strategy two to use only GRI, 8.3 % follow strategy three to only use ISO 14001 and no company follow strategy four to use none of the standards. These results from the survey also show that the mostly used strategy is to implement both GRI and ISO 14001 but all of the respondent use at least one of the standards. This is a big difference compared to reality and probably depends on the fact that companies that do not use any of the standards perhaps did not see any point in participating

in the survey. The circle below illustrates the companies' choice of strategies based on the responses from the survey.

Chart 2: Standardization Strategies
- Survey
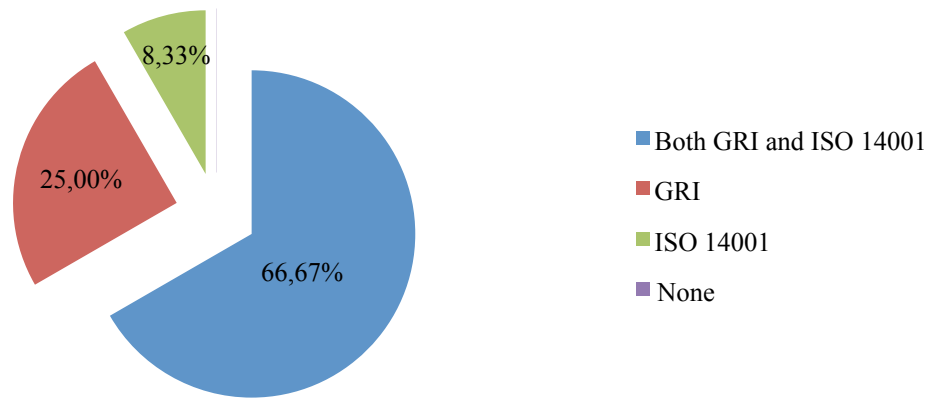
When asked how they believe that their company views sustainability and environmental management 75.0 % of the respondents answered that it is a competitive advantage and something their stakeholders demand. 25.0 % answered that such management should be conducted since it is for a good cause. One respondent equal to 8.3 % also checked other and noted that it is a self-evident part of his or her company's operations.

Chart 3: How Does Your Company View Sustainability and Environmental Management?
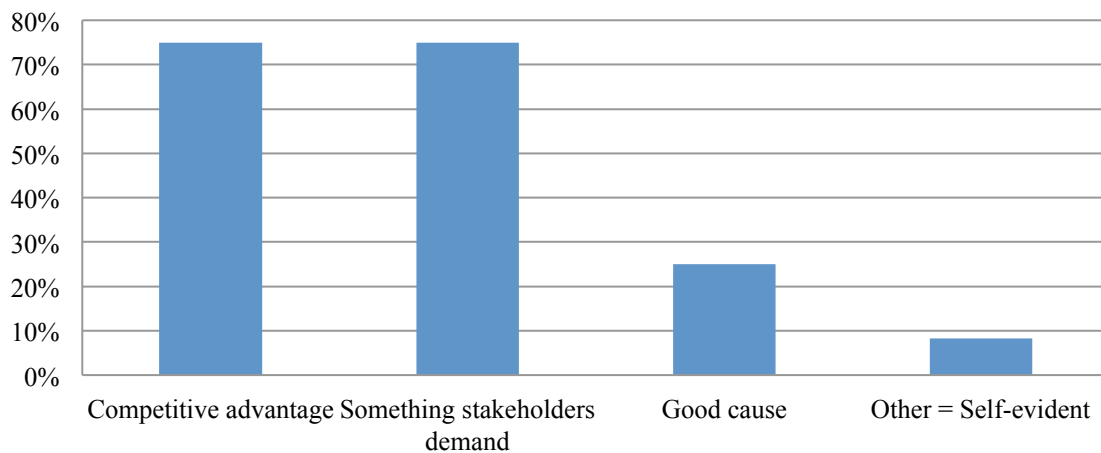
The respondents of the survey were furthermore asked to what extent they feel that their company views sustainability and environmental management as meaningful. They could

respond between 1 and 7, 1 being not at all, 7 being completely. The answers of the respondents gave an average of 5.8 out of 7 with a range between 2 and 7. Similarly, the respondents were asked to what extent they feel that their companies' sustainability and environmental management is standardized which gave an average of 5.6 out of 7 with a range between 3 and 7.

Chart 4: Meaningfulness and Level of Standardization

When asked if they believed that their company views it as advantageous to standardize sustainability and environmental management all of the respondents answered yes. Some of the respondents also answered why this is advantageous by for example stating that standardization creates systematics, comparability and transparency. In line with this it is important to use the same standards, goals and key performance indicators within larger companies to b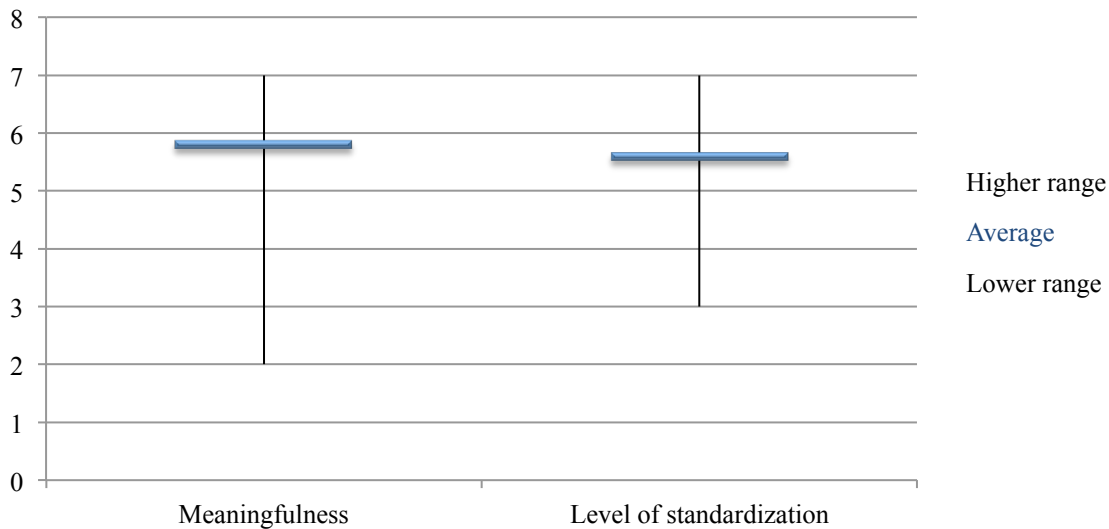e able to follow and evaluate the work on a corporate group level. Another reason to standardize is that it simplifies and facilitates both implementation and monitoring. The responses also showed that standardization supports continuous improvements and creates a stable starting point when pursuing long-term improvements. Nonetheless, some responses highlighted that even though there are benefits of standardization it does not mean that a standard should be followed to the letter but instead adjusted to fit the needs and requirements of an organization. Similarly, all standards are not equally viable and need to be tested by the market.

When asked why they use well-established standards such as ISO 14001 and GRI regarding environmental management and sustainability reporting the respondents continued their previous responses regarding structure, continuous improvement and comparability by stating that specific standards simplify communicating with and reporting to stakeholders such as employees, customers and investors which creates a good dialogue. Some respondents felt that using a specific standard also make it easier for employees to comprehend environmental work, specific demands and the complex relationship between finance, technology and long-

term management of resources. Furthermore, it is important for global corporations to use globally recognized standards. The survey also shows that using specific standards often is a demand from customers. One respondent specifically stated that they are ISO 14001 certified since this is a request from the senior management while others stated that it helps their company evaluate different business units in a similar manner. Regarding GRI one respondent stated that it is a well-established reporting system with well-defined indicators. Another reason for using such standards is that they lead to third party assurance and expertise.

Finally, two questions regarding factors driving companies' likelihood to standardize environmental management and sustainability reporting were asked. The first was to what extent they feel that a standards purchase and certification cost affects their company's choice to standardize sustainability and environmental management. The respondents could answer between 1 and 7, 1 being not at all, 7 being completely. The answers of the respondents gave an average of 3.3 out of 7 with a range between 1 and 7. Similarly, the respondents were asked to what extent they feel that their company's corporate culture is characterized by a focus on sustainability and environmental which gave an average of 5.3 out of 7 with a range between 4 and 7.

Chart 5: Impacts of Cost and Corporate Culture
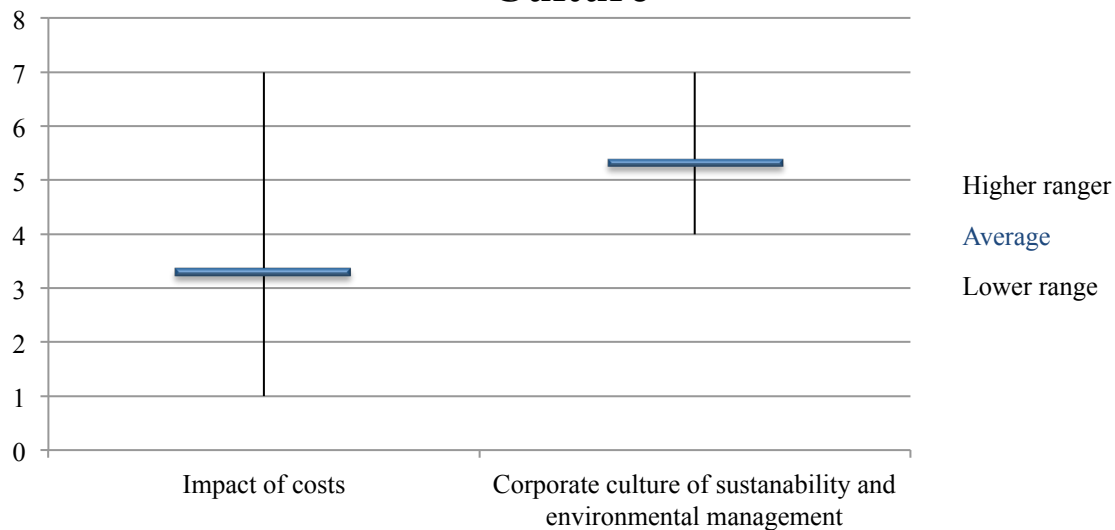
The two tables below summarize the answers from the companies participating in the survey.

Table 1: Summary of Survey Findings 1

Company	Is EM & SR a Competitive Advantage	Is EM & SR a Stakeholder Demand	Is EM & SR done for a	Is it Beneficial to Standardize	Strategy

			Good Cause		
Atlas Copco	YES	YES	NO	YES	1
Atrium Ljungberg	YES	YES	YES	YES	2
Boliden	YES	YES	YES	YES	1
Elekta	NO	YES	NO	YES	3
Holmen	YES	YES	NO	YES	1
Hufvudstaden	YES	NO	NO	YES	2
Meda	NO	YES	NO	YES	1
Sandvik	YES	YES	NO	YES	1
SEB	YES	NO	NO	YES	2
SKF	YES	YES	YES	YES	1
Swedbank	NO	YES	NO	YES	1
Trelleborg	YES	NO	NO	YES	1
%	75.0%	75.0%	25.0%	100.0%	-

Table 2: Summary of Survey Findings 2

Company	Is EM & SR Meaningful (1 - 7)	Level of Standardi- zation (1 - 7)	Impact of Costs when Standardizing (1 - 7)	Corporate Culture of Sustainability and Environmental Management (1 - 7)
Atlas Copco	7	7	6	7
Atrium Ljungberg	7	5	1	7
Boliden	7	6	1	4
Elekta	2	6	4	5
Holmen	7	6	1	6
Hufvudstaden	5	3	4	5
Meda	6	6	1	4
Sandvik	5	6	2	5
SEB	7	6	7	5
SKF	6	6	3	5
Swedbank	5	6	5	6
Trelleborg	6	5	4	5
Average	5.8	5.6	3.3	5.3

5.4 Corporate Case Studies

Case studies through interviews with four corporations, of which two were chosen from the pilot survey, have been conducted to gain deeper understanding of why corporations choose to standardize environmental management and sustainability reporting. This will narrow down and further develop the findings from sustainability reports and the pilot survey. First, the four corporations will be presented followed by the findings from the interviews structured in accordance to the theoretical aspects that previously were presented in the theoretical framework.

5.4.1 Atrium Ljungberg

Atrium Ljungberg is a property company established in 2006 after a merger between LjungbergGruppen and Atrium properties. They have been listed on NASDAQ OMX Nordic Stockholm since 1994 and are today the largest property company in Sweden. Atrium Ljungberg own, develop and manage properties in order to offer their customers attractive retail, office and full-service environments in strong subsidiary markets. Their focus is on developing environments for retail and offices and to, wherever possible, complements these with features of housing, culture, education and services. This is done in order to create attractive, vibrant and sustainable environments entirety. Atrium Ljungberg has integrated sustainability issues and social responsibility as a part of their business strategy and it is a vital component of their offering.[123] Their mission is *to develop and manage living meeting places for people, commerce and business, based on the needs of today and the challenges of the future*.[124] Furthermore, they have a long-term approach to ownership and partners as well as customer relationships. Atrium Ljungberg also believe that sustainable urban development will add value to their customers operations. The company's corporate responsibility is built upon chosen parts of internationally well-established frameworks and standards such as ISO 14001 which means that they are not certified in accordance to ISO 14001 but still uses it for guidance.[125] They report on sustainability in accordance to GRI application level C since 2008 as a part of their corporate responsibility work, so relating to the different strategies they have chosen strategy two. This reporting is found both in their annual report, page 143 to 144, and as a separate GRI supplement.[126] Other standards they have adopted are CDP and BREEAM. BREEAM is a standard from England relevant for the property industry since it is a design and assessment method for sustainable buildings.

5.4.2 Martin & Servera

Martin & Servera is a Swedish family owned company which was established in January 2012 as a result of the merger between Martin Olsson and Servera R&S. Martin & Servera is jointly owned by Axel Johnson AB and family Oldmark and is Sweden's leading restaurant and food service specialist. They help restaurants and caterers with the goods, services and the knowledge they need in their business. Their customers range from small pre-schools to

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[123] Atrium Ljungberg, 2013c; Atrium Ljungberg, 2013f
[124] Atrium Ljungberg, 2013b
[125] Atrium Ljungberg, 2013e
[126] Atrium Ljungberg, 2013a; Atrium Ljungberg, 2013d

fine dining restaurants. Today they are market leaders in Sweden with 25,000 customers and 7,000 deliveries per day. As a part of their environmental management they have optimized their deliveries in a well-organized manner to make sure that filled trucks leave their facilities. Martin & Servera were one of the first corporations to become ISO 14001 and 9001 certified but do not disclose on sustainability in terms of a report.[127] This means that Martin & Servera have chosen strategy three which in general seems to be the least common strategy. Martin & Servera also follows the standards of the fishery certification program Marine Stewardship Council (MSC) that encourages sustainable fishing practices. Furthermore they believe that it is important to be able to guarantee that the specific fish that ends up on a customer's plate is the alleged fish.

5.4.3 PostNord

PostNord is the parent company of the group formed by the merger between Post Danmark A/S and Swedish Posten AB in 2009. The corporation's operations consist of providing communications and logistics solutions to, from and within the Nordic region. PostNord has sales of more than SEK 39 billion and over 40,000 employees. The parent company is a Swedish public limited company owned 40 % by the Danish state and 60 % by the Swedish state.[128] Regarding sustainability PostNord is a large company with a lot of transports leading to the environmental impact trying to be kept at a minimum through structure and route optimization. PostNord has a high environmental goal and sees sustainability as a way to brand themselves. The Swedish parts of PostNord's operations have been certified according to ISO 14001 since the late 1990s while the Danish part became certified more recently. Besides this they conduct their sustainability report in coherence with GRI G3 C+, which is demanded by the Swedish state, and the GRI Index can be at their webpage.[129] In terms of strategy this represents strategy one. Besides this they are also ISO 9001 and OHSAS 18001 certified.

5.4.4 SKF

SKF was founded in February 1907 and is one of the world's leading global technology providers. SKFs technology development focuses on reducing the environmental impact which a product generates during its lifetime, both in SKF's own operations and in the operations of their customers. The company has around 140 manufacturing and operational sites located in 32 countries and the turnover of 2012 was SEK 64,575 million.[130] The company recognizes that if a company needs to sustain its success in the industry it is imperative to act in an environmentally and socially responsible way while also expanding financially. In 1998 SKF became globally certified in accordance to ISO 14001 which made them the first certified international bearing manufacturer. This leads to all their manufacturing sites, engineering centers and logistic locations being required to maintain and uphold a high environmental performance regardless of country differences regarding

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[127] Martin & Servera, 2013
[128] PostNord, 2013a
[129] PostNord, 2013b
[130] PostNord, 2013d

regulations and social as well as economic conditions.[131] As early as in 1994 SKF started publishing a separate environmental report, in 1998 they had it submitted for external verification and in 2000, the same year as GRI was launched, they started reporting on sustainability in accordance to the GRI guidelines.[132] Today SKF's sustainability report follows GRI G3 at the application level A+, their sustainability report is integrated in the annual report and the GRI index table can be found as a complement to their annual report at their website.[133] Strategy wise SKF's strategy is also an example of strategy one. At the end of 2012 104 sites in 30 countries were ISO 14001 certified and externally audited regarding their environmental and sustainability performance.[134] Other standards adopted by SKF are OHSAS 18001 and ISO 9001.

5.4.5 Case Study Findings
From the interviews with the four above presented corporations certain findings relevant to the research question of this thesis have been found. These findings will be presented in accordance to the already mentioned aspects based on the theoretical framework.

5.4.5.1 Advantages of Standardization
Martin & Servera, PostNord and SKF are all certified according to ISO 14001. They describe it as a means of easing the environmental management, giving it a structure and creating environmental awareness. SKF explains that it makes everyone speak the same language concerning the environment, whereas Martin & Servera clarifies that they use it as a backbone of their environmental management system. Both PostNord and SKF explain that ISO 14001 help them in having order and clarity as well as creates transparency within the company which makes it possible for everyone internally to get access and refer to it. Furthermore, all of the corporations explain that it simplifies communication with customers and ensures that customer expectations are being met. It also ensures customers that they are dealing with a serious company. Moreover, PostNord and Martin & Servera describe the practical aspect of the certificate in that it enables them to simply 'tick the box' when they are asked questions regarding sustainability, instead of having to explain a unique solution. Martin & Servera describes the usefulness of the standards since it demands internal assurance that calls for self-criticism every now and then which in turn provides valuable insights. Furthermore, they clarify that it enables them to systematic continuous improvements. Similar to this, SKF clarify that since ISO 14001 is applicable all over the world it creates a minimum level to start from. They explain the usefulness of being able to refer to certain standards since it indicates what level your company is at and provides the same conditions for all units, which enables comparability. Both Martin & Servera and SKF were some of the first companies to become ISO 14001 certified but they do not believe that they gained any greater first mover advantages due to this cost wise. SKF might have gained some competitive advantage brand wise while Martin & Servera, due to many of its customers being governmental affiliated, only feel that they might have gained somewhat of a

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[131] SKF, 2013c
[132] SKF, 2013a
[133] SKF, 2013b
[134] SKF, 2013c

competitive advantage. Nonetheless, Martin & Servera feels that being a first mover is something to be proud of. Additionally, SKF and Martin & Servera explain that the ISO 14001 certificate is a possible way of attracting competent people who want to work at a company that deem this questions as important. Moreover, Martin & Servera explains that one of the unexpected advantages being certified has resulted in is financial gains. Although Atrium Ljungberg have decided not to be certified according to ISO 14001 they feel that regarding certain questions it would be beneficial to have a more legitimate reason to follow up more thoroughly, which being certified would provide.

Atrium Ljungberg, PostNord and SKF all report on sustainability in accordance with GRI. They all explain that GRI mostly has to do with legitimacy and that it simplifies the comparison between corporations. Furthermore, Atrium Ljungberg describes that it eases the understanding and the possibility to use it in other activities. They also state that it has strengthened them from a sustainability point of view and helped the company in setting the conditions for internal communication and understanding as well as it has further enabled them to be more complete in their reporting. PostNord clarifies that since the CEO has to comment on the sustainability report it simplifies the process of getting attention from the top management. Moreover they explain that it provides structure, clarity and order as well as a checklist to make sure that they have thought about everything that is important for them. SKF describes the advantage of having an external framework and an external perspective that oversees the global company. GRI makes it easy for other organizations to get an understanding of how SKF have dealt with certain matters. Moreover SKF explains that the application has eased the process of reporting and as a standardization tool it has confirmed certain important indicators for global companies as themselves. Generally SKF believes that both GRI and ISO 14001 have increased their efficiency in terms of the way they work.

5.4.5.2 Disadvantages of Standardization

According to PostNord, being ISO 14001 certified can sometimes result in that the actual relevance it is supposed to have for the business is forgotten since it occasionally ends up being a bit bureaucratic, but it all depends on how it is being practiced. SKF however, mentions the fact that the cost of being certified could be a disadvantage in the long run if it becomes more complicated which would imply even more costs. But as of today they believe that the competitive advantages outweigh the costs. In contrast to PostNord and SKF, Martin & Servera could not mention any disadvantages being certified according to ISO 14001. Some of the reasons as to why Atrium Ljungberg decided not to get certified according to ISO 14001 were the disadvantages they believed to exist. Such as them having to pursue certain things they did not see as efficient. One of the downside with all standardization is, according to the respondent at Atrium Ljungberg, that it might inhibit creativity, development and even sometimes productivity in the long run. Furthermore, they rather see themselves as applying freedom with responsibility.

Atrium Ljungberg, PostNord and SKF are all in consensus regarding the disadvantage of GRI being too generalized. It results in them being 'locked' and the standard becomes quite narrow. All of the three companies experience the vast amount of indicators as a

downside. They explain that it might result in reporting aspects only since it is an indicator and not because it is relevant for the company. It becomes an 'indicator hunt' as PostNord explains it. SKF describe that it may result in them having to work with questions which are not optimal for them and hence the reporting might be more complex than it actually needs to be. This in turn could lead to additional work and increased costs, which is a contrary effect. Furthermore PostNord would prefer for the different applications levels to be removed which is supported by the respondent at Atrium Ljungberg who questions the relevance of the different application levels and would want GRI to be more adjustable to different companies' circumstances.

5.4.5.3 The Interest and Demands from Stakeholders

Martin & Servera, PostNord and SKF all agree that initially it was demands from customers that led to the implementation and certification of ISO 14001. They all experienced greater and greater customer requirements concerning it and hence the implementation was a fact. PostNord describes that they occasionally can't even submit an offer to their customers unless they demonstrate certification. Furthermore, PostNord explains that being certified today is seen as a hygiene factor on the Swedish market. Since it was a demand from customers to get ISO 14001 certified a unique solution was not an option. Also they wanted a third-party audit, preferably in an existing system, which was globally applicable. Similarly SKF also wanted a standard that was globally applicable since they are a global company and have customers all over the world. In Martin & Servera's case they noted an increasing amount of questions from their customers regarding environment and hence a certification was a way to ease for both their customers and themselves.

Regarding GRI and the interest and demands from stakeholders the answers vary between the studied companies. Atrium Ljungberg explains that they use GRI as a tool to certify that they are covering all the vital aspects and not because their customers requires it. It has no use for them the respondent explains, however if customers would demand an external assurance they might consider taking it to the next level within GRI since then it might lead to economic gains and hence it is motivated. Still Atrium Ljungberg also experienced that certain stakeholders asked questions concerning GRI and they received recommendations from their auditors. Moreover, PostNord received a request from the Swedish government that they were obligated to conduct sustainability reporting in accordance with GRI and that it needed to be third party assured. Hence, they basically had no other choice than to comply. However they have not experienced any other demand from other customers or stakeholders. Nevertheless the Swedish government, as their owner, is the greatest stakeholder. SKF describes the decision to comply with GRI as a result of quite vague demands from investors. But the demand became more and more evident and they also experienced certain pressures from other organizations such as United Nation Global Compact, whose Communication on Progress (COP) to some extent harmonizes with GRI.

5.4.5.4 The Importance of Costs when Standardizing

Regarding possible costs when buying and becoming certified in accordance to a standard all four companies did not think that it mattered to any greater extent. Atrium Ljungberg

explained that standards are seen as any tool and in terms of their turnover such a cost is not really relevant. The benefit exceeds the cost when the end results are achieved. Similarly PostNord states that considering what such standards amount to in terms of continuous improvement it is seen as a small price to pay. Both PostNord and Atrium Ljungberg believe that costs may be of greater relevance to smaller companies and can perhaps lead to them not choosing to standardize through such a standard. SKF gives a more nuanced picture and explains that it can be of some but not great relevance since such standards global certificate lower costs and raises the bar for all business units which forces them to perform at the expected level so that all business units does not lose its certification.

5.4.5.5 Corporate Culture in Relation to Environmental and Sustainability Awareness
All of the companies in this study explained that their corporate culture, to a relative high extent, is characterized by environmental and sustainability awareness. Atrium Ljungberg resemble their relation to sustainability as the 'chicken and the egg', it is hard to say what came first. Since they are a company who own, manage and develop properties over longer periods it would be unwise to construct things that would not last, that people would be affected negatively by or that have a negative impact on the environment. Therefore sustainability is deeply-rooted within their business concept and their motto can be seen as using without exploiting. Martin & Servera also describes the environmental and sustainability awareness within the company as quite high. This is noticeable amongst top management to a great extent and since they have been working with it for a long time it could be said to be a part of their DNA. Both PostNord and SKF describe environmental and sustainability awareness as well integrated aspects in their corporate culture. PostNord states that sometimes to such a great extent that it is not something they really reflect upon. For SKF it is a subject which is frequently discussed in many different areas of the company. Still, none of the companies have any kind of bonus or reward system that is linked to sustainability goals or results. However at SKF some employees sometimes have this connected to their bonuses, but in that case it is a local choice and not globally implemented.

5.4.5.6 Why Standardization over Uniqueness
PostNord, SKF and Martin & Servera have chosen to standardize in accordance to ISO 14001 because of demands from customers or more specifically in Martin & Servera's case because of great interest by customers. Since it is a demand from customers PostNord explains that the customers are not looking for uniqueness but for an existing system that can be assured by a third party. Furthermore this is what the market wants and both PostNord as well as SKF states that ISO 14001 is the most globally recognized standard in terms of environmental management. SKF further explains that a unique solution would have to be explained and justified every time a customer or another stakeholder has a question. The public cannot relate to a unique solution and might not deem it as reassuring as a well-established global standard. This argument is strengthened by the fact that PostNord are of the opinion that using ISO 14001 is practical and the fact that Martin & Servera and PostNord think that they can fall back on being certified by 'ticking the box' when people ask questions. This would not be the case with a unique solution. Why reinvent the wheel as PostNord puts it. Other reasons for standardizing instead of choosing a unique solution mention by Martin & Servera

is that it creates legitimacy, structure and helps them to critically review their own operations. In 1999 no one at Martin & Servera probably believed that standardization through an ISO 14001 certification would lead to the financially positive impact as has been the case. Atrium Ljungberg is not certified in accordance to ISO 14001 but still use relevant parts in their environmental management system which means that they have chosen a unique solution even though it is based on ISO 14001. This is not something that was specifically decided instead it more naturally evolved in that direction. The decision to participate in corporate responsibility and to make it more structured as well as transparent was made by the owners, at that time a consumer association in Stockholm. Nonetheless the respondent believes that guidelines should give more discretion than precise guidelines even though the actions of course should lie within the frames of the law and be financially justifiable.

When choosing to standardize through GRI instead of creating a unique solution Atrium Ljungberg, SKF and PostNord state that this is something that stakeholders have demanded. SKF claim that investors as well as NGOs as the United Nation's Global Impact have demanded this even though the demand is not as clear as the customer demand for ISO 14001. PostNord, on the other hand, experienced a demand from their owners to use GRI and have their sustainability report assured by a third party which consequently did not leave them much choice. The use of GRI is mandatory for state owned corporations in Sweden, which also was the case for PostNord. If this demand by the Swedish state did not exist the respondent from PostNord is not completely sure that they would still choose GRI over a unique solution. Both Atrium Ljungberg and SKF mention that reporting in accordance to GRI has created legitimacy and SKF believe that an external framework provide beneficial external perspectives. Furthermore Atrium Ljungberg state that using GRI was a good way to teach the communications division within the company more about environmental aspects and for the company as a whole to communicate regarding this. This increases understandability and awareness which leads to individual initiatives within Atrium Ljungberg. In line with this, employees at PostNord have gained a new look upon sustainability and are more aware of relevant indicators that may not have been considered before. This may in turn have set new thoughts in motion. SKF also mentioned the fact that the predetermined indicators and criteria are reasons for standardizing. The structure gives a good foundation for sustainability reporting and SKF states that GRI has developed to be one of the absolute most important global standards for sustainability. Martin & Servera does not report on sustainability yet, since their owners have not demanded this type of report and therefore they have not chosen between standardization and uniqueness. Anyhow they are hoping to start reporting on sustainability in a year or so. Initially it will be done through a unique solution but onwards the respondent at Martin & Servera believes that it will have to be done in a standardized manner whether they want it to or not.

SKF believes that a standardized way of working leads to continuous improvements which are especially important regarding environmental management and sustainability reporting. This is because there is a somewhat strong connection between standardization and the impact on the society and the environment. Because of this they work actively with different organizations to contribute to standardization. Nonetheless it is important to remember that

standardization should be implemented through the perspective of every individual company. In general PostNord think that standards should be used for support and guidance instead of being closely controlled. Like SKF stated it is important to apply it to the specific company and its circumstances since the environment is not an exact science. Similarly Atrium Ljungberg thinks that standardization should be done in a way that does not inhibit corporations which according to them very few people know how to do. Martin & Servera have a positive attitude towards standardization and in line with the other three companies they believe that in terms of metaphors it should be a guide instead of a strict commander. They also feel that it is important to keep in mind that once a company implements one standard and become certified, if applicable, it will be a lot easier to implement the next standard since the foundation has already been created.

5.5 Complimentary Comments from Auditors and Consultants

In an interview with an auditor at Climate Change and Sustainability Services (CCaSS), a department at Ernst & Young working with all areas concerning aspects of sustainability, questions was asked regarding standardization of environmental management and sustainability reporting. In Sweden a total of 15 CCaSS advisers together with 40 auditors are actively involved in questions regarding the sustainability area and globally there are around 700 employees. In their projects they work with both private and public clients from all industries. The CCaSS department offers advice and support within a variety of sustainability areas such as: measurement and monitoring of the operational process of sustainable development in relation to the goals and business strategy, establishment of reporting processes for example GRI and internal control for non-financial reporting, assurance of non-financial information, processes and sustainability reporting (GRI) and environmental, social and ethical Due Diligence of companies and organizations.

The respondent at Ernst & Young explain that they experience an increased tendency for standardization of environmental management and sustainability reporting and that companies that have been reporting to governments for a while have a greater maturity regarding standardization. Moreover, Ernst & Young state that the usage of a standard such as GRI increases the reliability of a sustainability report when they are conducting the assurance.

When Ernst & Young are supporting a client in implementing a standard such as ISO 14001 they usually start with a 'gap analysis'. Since ISO 14001 is a very flexible standard, has a broad nature and the intention of being fully integrated in daily operations it means that many of the elements of the standard are already in place long before the client starts thinking of obtaining ISO 14001 certification. In other words, many of the companies already have a lot of environment-related initiatives in place and this means that no company really starts from zero when the implementation process is supposed to start. Hence, the 'gap analysis' is a proper way to identify the current situation and the things that needs to be done in order to reach full implementation. Furthermore, they usually conduct a workshop on ISO 14001 in order to get the clients implementation team aware of how the system works and what the

various procedures might look like. This to make sure that the client understands the requirements of the standards and its essential flexibility so that they are equipped to build a system suited for their organization. In addition CCaSS provide continuous quality control of procedures and documentation, and also internal auditing.

Ernst & Young explain that the difference between pre and post standardization of environmental management and sustainability reporting is that an effective EMS gives a much more structured and systematic way of tackling issues of environment and sustainability. The respondent explains:

> *Where an EMS is not in place, there is always high reliance on the commitment of individual staff members to keep momentum going. If these staff members leave, lose interest or commitment, a lot of hard work can go to waste. An effective EMS ensures that environment stays 'top of mind' at management level as it embeds environmental management as a top-down business function. It can give initiatives greater authority across the organization and embed environmental management throughout the organization instead of environmental initiatives being sidelined as side-projects. The requirements under the Plan-Do-Check-Act cycle ensures continuous improvement, where more informal, scattered initiatives run a higher risk of rolling on for years without making an impact – or without anyone noticing their impact. A lot of organizations experience much improved environmental performance after implementation and can also see spill-over effect to other material issues, such as health and safety.*

Moreover, Ernst & Young describes the greatest danger for most corporations when adopting standards is that they only implement the standard for the sake of certification rather than business improvement. If a corporation implements an EMS that is not intended for the specific situation where it is implemented, they will not benefit much from it. In a worst-case scenario it will only add bureaucracy, waste time and eventually lead to loss of certification. Instead an effective EMS should be as simple as possible and fully integrated in the daily operations. Nevertheless, the respondent at Ernst & Young explains that no system is ever perfect from day one, but needs to be continuously adapted with the support of top management.

6. ANALYSIS

In this section an analysis of gathered findings will be presented. The findings from the case studies as well as the findings from the initial pilot survey and annual reports will be analyzed in relation to the theoretical framework. The analysis will be presented using the same structure as the empirical findings from the case studies.

6.1 Factors Driving Standardization of Environmental Management and Sustainability Reporting

Some aspects as to why corporations choose to communicate on sustainability and work with environmental management have already been established and certain factors of relevance consisting of size of the corporation, industry and ownership structure have been determined. The empirical study presented in the previous chapter supports the importance of the underlying factors indicated in KPMG's report. An example of this would be that the family owned company Martin & Servera does not disclose on sustainability through a report while the other three corporations that are either publicly listed or state owned do. However, the focus of this chapter has been moved forward towards other more complex factors that will be presented to more thoroughly be able to explain why corporations standardize environmental management and sustainability reports. The conducted survey furthermore show that the respondents rated the meaningfulness of environmental management and sustainability reporting at 5.8 out of 7 and all of the respondents answered that they believed that it is advantageous to standardize environmental management and sustainability reporting which highlights its importance.

6.1.1 Advantages of Standardization

Theoretically there are various arguments supporting the significance of standards. For instance it means simplification and ease of transferring information. As explained by the studied companies the standards create awareness and make everyone within the company speak the same language. In line with this PostNord and SKF declare that it helps them create structure and transparency which further increases the awareness within the companies, this is strengthened by Rondinelli & Vastag (2000) and Linnenleucke & Griffths (2010). This is also mentioned by some of the companies in the pilot survey. Moreover, the compliance can easily be communicated to stakeholders by simply 'ticking the box' when questions regarding standardization are asked. Furthermore, it ensures that customer expectations are met and creates a feeling of security for the stakeholders regarding the company. In turn this is to be regarded as providing the companies with legitimacy since the standards for instance certify to the customers that they are dealing with a serious company. This is further supported by findings by The German Institute for Standardization (2000) who states that standards can create confidence and reliability. The compliance to the standards also enables comparability, both for the stakeholders and the companies' themselves. As SKF explains the standards are applicable all over the world and provide a minimum level that all units have to meet which in turn enables and increases the comparability. This is further supported by certain

companies in the survey that also state comparability as a benefit. According to the literature this is also one of the positive effects of standardization and is further supported by Chen & Bouvain (2009) and Brunsson & Jacobsson (1998) and Willis (2003). SKF also mentions increased effectiveness in their work activities as a benefit, which according to Rondinelli & Vastag (2000) is one of the outcomes of compliance to ISO 14001.

Martin & Servera as well as some companies in the survey clarifies that ISO 14001 enables them to gain valuable insights and continuous improvements which is supported by Brunsson & Jacobsson (1998) who explains that standards prevent recurrence of problems and often provide the best solution to a problem. Atrium Ljungberg, PostNord and SKF all explain that the compliance with GRI has to do with legitimacy. It is a clear and simple way for them to respond to stakeholder demands and hence create legitimacy. As explained by the theory, it is a way for the companies to respond to the bounds and norms set by society and helps them to continue their operations in accordance with the social contract which is the foundation of legitimacy theory. Complying with the standard enables them to avoid that the so-called 'legitimacy gap' occur, as it permits them to maintain their legitimacy. A possible way to handle the legitimacy is, as the literature suggest, through communication and the main communication channel being disclosures in the annual or sustainability report. Like the studied companies have explained, the standards facilitate communication and create understanding amongst their stakeholders. Furthermore, the compliance to the standards could be related to agency theory in PAT which sees the firm as a 'nexus of contracts' and assumes that managers act in self-interest and that firms choose strategies that minimizes the costs of monitoring the managers. Complying with standards might be a simple way to ensure that managers' behavior is in line with the behavior desired by the principal. Hence it minimizes the cost of monitoring since it simplifies the process of control. Standardization of environmental management and sustainability reports will be further analyzed through PAT in the upcoming sections.

In the theory it is explained that social responsibility is supported only if there exist a tradeoff between shareholder interest and profit maximization. As stated by Atrium Ljungberg they conduct certain environmental management and sustainability reporting practices only if customers demand it, since then it might lead to economic gains and therefore it is motivated. Furthermore, Martin & Servera describes that they have experienced unpredicted economic gains from their standardization in accordance to ISO 14001. This is supported by Brammer & Millington (2008) as well as Eccles et al. (2011) who found that corporations with high social performance have greater financial performance in the long run. Furthermore, it is also supported by KPMG's report that states that financial value is mainly generated through two sources, direct cost and enhanced market reputation. These two sources can also be somewhat related to the marginal first mover advantages that SKF and Martin & Servera experienced brand and cost wise.

Furthermore, according to the pilot survey 75.0 % of the companies consider working with environmental management and sustainability reporting as a competitive advantage which shows that there must be benefits to environmental management and sustainability reporting.

However, the case studies do not show any indication that standardization of environmental management and sustainability reporting might be sustained competitive advantages in accordance to RBV. Both SKF and Martin & Servera were one of the first companies to standardize through the use of ISO 14001 and for SKF through the use of GRI as well which according to RBV could lead to so called first mover advantages. SKF believes that they might have gained some competitive advantage because of this brand wise but not cost wise. Similarly Martin & Servera consider that it might have been a competitive advantage but that this advantage has not really had any major effects since their clientele to a large extent is government affiliated which leads to different circumstances compared to if the majority of their customers were not. Nonetheless, it is seen as something to be proud of. Still, as indicated by the responses from the survey SKF sees this area in general as a competitive advantage and work actively with other organizations to further standardize and create new methods. In contrast to it being a competitive advantage PostNord regards ISO 14001 more as a hygiene factor, in other words a source of economic survival which also is insinuated when one of the survey respondent answered that they see it as something self-evident. Empirically this shows that sustained competitive advantages through GRI and ISO 14001 is unlikely to be achieved although there might be several other benefits to the adoption of such standards.

6.1.2 Disadvantages of Standardization

According to the studied companies there are rather few disadvantages with adopting and using standards such as ISO 14001 and GRI. SKF mentioned the cost being certified and that it can become more complicated in the long run as disadvantages. This is comparable to the studies made by Turner (2009) and Yates & Aniftos (1997) where they conclude increased costs and administrative burden as drawbacks with standardization. Additionally Atrium Ljungberg stated that the reason for them not being certified to ISO 14001 is that it might inhibit their creativity and development as well as might force them to do things they do not see as efficient. This is also described by Brunsson & Jacobsson (1998) as disadvantages with standardization. However the disadvantages with GRI were more apparent amongst the subjects of the case studies. They stated that the standards are too general and that the actual relevance the adoption is supposed to have easily gets lost since there is a lack of adjustability to the specific company even though Ernst & Young for example stated that they try to show the flexibility and how to adjust the standards to their customer. This lack of adjustability is further explained by Brunsson & Jacobsson (1998) as potential disadvantages of standardization since it leads to homogenization and inhibits innovation. The compliance can therefore be seen as only a response to stakeholder demands and an attempt to become legitimate in accordance with legitimacy theory, as will be further discussed during this chapter.

The 'indicator hunt' explained by the studied companies could possibly be considered as a sort of decoupling. Whilst a company has decided to report on sustainability in accordance to GRI they must report on certain indictors to uphold a specific level. These indicators 'force' Atrium Ljungberg, PostNord and SKF to report on certain aspects whether or not the indicators are actually relevant for the company. Hence they, to a certain extent, implement

and report on these indicators only to be perceived in a specific way and not since they see it as important for their business. In other words it is a way for them to make their reporting legitimate as explained by Dillard et al. (2004) and also by Deegan (2002). According to Ernst & Young there is a great risk if corporations only implement standards for the sake of the certification and not for actual business improvement. They will not benefit much from these standards, rather it could potentially waste time and add costs. The discussion of indicators could also be related to the question asked by Brunsson and Jacobsson (1998) if the standard setter really is the one who knows best. In this case maybe not.

6.1.3 The Interest and Demands from Stakeholders

Martin & Servera, PostNord and SKF have in common that they all implemented and became certified in accordance with ISO 14001 due to demands from stakeholders, in this case the stakeholders mostly being customers. This is also in line with the results from the pilot survey were 75.0 % answered that environmental management and sustainability reporting is something their stakeholders require. The customers are to be considered as both primary and powerful stakeholders since their loyalty is vital for the companies' survival. Hence the managerial branch of stakeholder theory is applicable. The studied case companies responded to the demands from customers in order to continue as going concerns. As PostNord described certain customers will not even allow them to make an offer unless they can show evidence of certification. These demands can also be considered as expectations from society since stakeholders want companies to behave in a certain way which creates the demand for compliance. The studied companies are responding to these claims in order to be accepted by the stakeholders or differently put to be seen as legitimate. The initial adoption and certification of ISO 14001 can be seen as an attempt by them to gain legitimacy whereas the upholding of the certification is their way of maintaining legitimacy. They do not want to break the social contract they can be perceived as having with society through the certification of ISO 14001. As mentioned, all of the companies initially became certified due to stakeholder demands and not since they themselves saw potential benefits from it. However, even though no one of them at that point saw the potentials they do today and would most likely use ISO 14001 even if it no longer were a demand from customers.

Regarding the adoption of GRI there was however a greater spread amongst the companies as to why they decided to comply. Atrium Ljungberg explained that they mostly did it for their own sake in order to certify that they were covering all the vital aspects, but also due to questions from stakeholders and recommendations from auditors. Whereas PostNord's owner, the Swedish state, demanded compliance in accordance to GRI. SKF experienced quite vague demands from customers, but the demands are becoming more evident over time. Moreover, Ernst & Young explain that they are experiencing an increased tendency for standardization of environmental management and sustainability reporting. Hence, the adoption of GRI amongst the companies can, as discussed above, be seen as attempts to receive or maintain legitimacy and to respond to request from stakeholders. Furthermore, the demands experienced from stakeholders to adopt and standardize environmental management and sustainability reporting practices is further an indication of coercive isomorphism amongst the studied companies.

The decision to disclose and standardize environmental and sustainability information can in consideration of the studied companies be related to political cost hypothesis. For instance they could to a various extent be seen as political sensitive companies, either depending on size or government affiliation. According to the political cost hypothesis they would decide to disclose information concerning social undertakings in order to protect themselves from claims from various stakeholders. The decision made by Atrium Ljungberg, SKF and PostNord to comply and disclose information in accordance with GRI, and by Martin & Servera, PostNord and SKF to get certified according to ISO 14001 could hence be considered as attempts to avoid such additional claims and to be seen as good corporate citizens. However the part of the hypothesis that predicts that politically sensitive firms will take certain action to avoid making extreme profits that increases attention cannot be applied through the phenomena of standardization since the findings of this thesis show that standards in general lower costs and thereby increase profits.

6.1.4 The Importance of Costs when Standardizing

Swann (2010) states that the costs of a standard might discourage the marginal user to standardize which in turn will lead to irregular involvement in standardization. Regarding the costs of GRI and ISO 14001 GRI is free of charge while there is a small cost of buying ISO 14001 and a somewhat larger cost of becoming certified. Both standards nonetheless still lead to some cost of implementation. Through the empirical study some support of the theoretical claim regarding the cost of a standard can be noticed since GRI is adopted to a larger extent than ISO 14001 both for all Large Cap corporations and the respondent of the survey (66.1 % versus 52.5 % and 91.7 % versus 75.0 %). However these findings might be a result of other factors decreasing the likelihood to become ISO 14001 certified as for example the certification itself since it leads to a higher level that has to be maintained in regards of legitimacy. Anyhow findings from the survey show that the respondents on average rated the likelihood that a purchase and or certification cost would influence their likelihood to standardize at 3.3 out of 7 with 1 being not at all and 7 being fully. This insinuation that the cost might not be as relevant as theoretically suggested is supported by the findings from the case studies. All corporations answered that the cost of a standard did not matter to any greater extent. Still this might be dependent on other factors such as size and some of them recognize that the cost of a standard might very well be more relevant for smaller companies which support the theoretical claim.

6.1.5 Corporate Culture in Relation to Environmental and Sustainability Awareness

A corporate culture consisting of a desire to work with sustainability and environmental management as well as it being characterized by recognizing the importance of sustainability is of great importance to the likelihood of implementing an environmental management system and sustainability reporting according to theory. RBV supports this importance stating that corporate culture can shape a corporations ethical stance and clarify the role of corporate responsibility. This can furthermore explain why corporations choose to standardize since it can be seen as a way of taking environmental management and sustainability reporting to the next level. Besides this standardization also make such work more automatized. Since both

values and beliefs of employees as well as other internal factors such as top management support and reward systems are important to achieve a successful change in terms of for example standardization a suitable corporate culture is imperative. Empirically the importance of corporate culture and the desire to work with sustainability can be shown through the fact that respondents of the survey rated that their corporate culture is characterized by these aspect at 5.3 out of 7 and that 75.0 % of the same respondents have standardized through both ISO 14001 and GRI. This indicates that there must be some kind of at least indirect connection between a corporate culture of sustainability and the standardization thereof. This is supported by the findings from the case study where the interviewed companies, all of whom work with these issues in a standardized manner, felt that their corporate culture is characterized by sustainability.

Corporation's emphasizes on sustainability and environmental awareness is also a way of recruiting new employees that share this idea, which was the case both with SKF and Martin & Servera. This can be related to normative isomorphism which means that certain methods and institutional practices in terms of professionalism are implemented as a way of creating a certain corporate culture. A way of creating such corporate culture of values and beliefs is to, as in the case of Martin & Servera and SKF, recruit employees that share the same values and beliefs, as the corporation desires. Furthermore if standardization is an objective it can be supported by for example recruitment or other previously mentioned practices as employee training and bonus systems.

Theoretically the importance of aligning bonus systems with the goals of an organization is also of great importance since it creates incentives for managers to act accordingly. If the goal of an organization is to lower its environmental impact or be more sustainable this can be done through the use of ISO 14001 and GRI since measuring and communicating something leads to more attention being brought to the issue. The aspect of opportunism within PAT states that people act in self-interest which makes it important to align organizational goals regarding sustainability to individual goals through for example a bonus plan which is supported by theoretical claims regarding corporate culture. This can be related to the bonus plan hypothesis that states that managers will adjust their behavior to improve the output of their rewards. Nonetheless no greater empirical indication of such alignment has been distinguished. The only company participating in the case study that to some extent have their bonus system linked to sustainability metrics is SKF which show a certain managerial maturity regarding goal congruence and could perhaps be a reason to why SKF have a highly developed environmental management.

Another aspect of individual's incentives to act opportunistically leads to it according to PAT being important that sustainability reports and also environmental management systems are externally assured so that the people responsible do not use too much discretion to alter the information in a way that does not correspond to reality because it would be beneficial to themselves. External assurance of sustainability reports by the examined corporations vary to a great extent. Atrium Ljungberg for example has not chosen to have their sustainability report externally assured yet and would probably only start to if customers started asking for

this. PostNord on the other hand had to start having it externally assured since this was something their owners required. Furthermore it is difficult to state that a company would choose not to have its sustainability report externally assured to maintain its managerial discretion but to avoid such speculation and to gain an additional mark of approval external assurance can be of use. Conversely Ernst & Young stated that the use of a standard such as GRI increases the reliability of sustainability reports when they are conducting the assurance which furthermore shows that there are synergies to be gained from.

6.1.6 Why Standardization over Uniqueness

Several reasons to why a corporation would standardize environmental management and sustainability reporting have already been mentioned throughout this analysis. These reasons to why this is standardized are both specific in regards to environmental management and sustainability reporting as well as more general. The reasons can be summed as following:

- Standardization creates legitimacy both internally and externally
- Standardization is often demanded by stakeholders such as customers, owners, suppliers and investors
- Standardization increases comparability and transparency
- Standardization draws attention to important issues and increases awareness
- There are financial benefits to be gained by standardization
- Certain standards can become normative and thereby seen as self-evident source of survival

When asking the question why a corporation would choose a standard or a unique solution RBV can be used to determine if any sustained competitive advantages can occur. There does not seem to be either a standard or unique way of fulfilling the four criteria valuable, rare, inimitable and non-substitutable to fulfill the criteria of sustained competitive advantages. Standards per say is a non-unique way of leveling the playing field which leads to the strategy created through a standard being easily imitated or substituted and thereby not being a sustained competitive advantage. In other words standards could be seen as destroying the opportunities to gain sustained competitive advantages within certain areas. Still, as mentioned earlier there might be some temporary and non-sustained competitive advantages to being the first to use a certain standard. Regarding a unique solution of environmental management and sustainability reporting it could be a source sustained competitive advantage if all four criteria are fulfilled. A unique solution can without a doubt be valuable either financially or through some other aspect. It can also be unique to the corporation by holding some kind of unique value. Regarding its imitability, logically speaking, the solution might be perfectly immobile because of certain historical conditions, causal ambiguity or complex social phenomena even though it might seem unlikely. Nonetheless a unique solution regarding environmental management and sustainability reporting can generally always be substituted by a standard which leads to it never being able to become a sustained competitive advantage. This would suggest that from a perspective of sustained competitive advantages there is no reason to choose a unique solution which is supported by the empirically high level of use of ISO 14001 and GRI. This is empirically supported by answers from the interviewed corporations stating that a unique solution might not be

accepted and that it would demand too many resources to repeatedly have to explain the unique solution every time someone has a question instead of just referring to a standard. But since corporations still to some extent choose unique solutions which also have been empirically proven through this research there must be some benefit of a unique solution that exceeds the benefits of standards. However these benefits are not sustained competitive advantages and because of the scope of this thesis they will not be further commented on. A good way to sum up the reason to choose a standard is through the respondent from PostNord's comment w*hy invent the wheel again*?

6.1.8 Analysis beyond the Six Aspects

Four different strategies regarding environmental management and sustainability reporting through ISO 14001 certification and the use of GRI have been established. Strategic planning in itself is not a sustained competitive advantage in accordance to RBV but informal and emergent strategies can be and it seems as if these strategies often are not actively chosen or planned but rather just ends up in certain outcomes due to aspects mentioned above. This leads to such strategies being able to be considered as competitive advantages but as already mentioned this specific area of environmental management and sustainability reports does not exhibit characteristics for companies to achieve sustained competitive advantages due to the specific implications of standardization. Both the basic findings and the survey show that the mostly used strategy is the strategy of ISO 14001 certification and use of GRI. This strategy was chosen by 42.4 % of all Large Cap companies compared to 66.7 % of the companies participating in the survey. Only 22.0 % of all the explored companies and none of the companies participating in the survey refrain from using any of the two standards. This high application rate shows and confirms that the two standards are well-established and that standardization is a widespread phenomenon regarding corporations' environmental management and sustainability reporting. This is supported by the fact that Ernst & Young, as already mentioned, have noticed an increased tendency for standardization of environmental management and sustainability reporting. The fact that standardization of environmental management and sustainability reporting is gaining larger foothold can be a result of isomorphism, either coercive, mimetic or normative, leading to corporations making similar strategically choices and thereby becoming more and more homogenous. As already mentioned coercive isomorphism can be a result of stakeholder pressure while mimetic isomorphism is related to uncertainty that leads to corporations making the same choice as other corporations and lastly normative isomorphism that aligns professional values and beliefs both within an organization and between organizations leading to certain phenomena, as for example the adoption of a certain standard becoming a necessity just as Murphy & Yates predicted. These three aspects can all lead to corporations choosing to standardize instead of maintaining a unique solution.

7. CONCLUSION

Chapter 7 will conclude and summarize the findings that this research has produced. The research questions will be answered followed by a discussion of the limitations of this thesis and suggestions for future research.

7.1 Response to the Research Questions

The purpose of this thesis has been to increase the understanding of why corporations choose standardization over uniqueness regarding environmental management and sustainability reporting. Complementary to this, the study sought to confirm or reject the notion that purchase and possible certification costs deters marginal users to engage in standardization as claimed by Swann (2010). Besides this the studied corporations' choice of strategy in regards to the compliance to GRI and ISO 14001 is to be mapped out.

Standardization has been presented as an appropriate way to systematically measure and control a corporation's environmental impact. Throughout this thesis the advantages regarding standardization of environmental management and sustainability reporting have theoretically and empirically outweighed the potential disadvantages. Some of the mentioned advantages are also the reasons to why corporations choose to standardize. These factors being increased comparability, awareness and understanding concerning sustainability amongst employees as well as effectiveness in the working activities. Furthermore, demands from stakeholders and the pursuit for legitimacy have been of essential importance in the decision to comply with the studied standards which is theoretically supported. The standards act as a mark of quality creating trustworthiness and ease communication with various stakeholders.

The empirical findings show that the mostly used strategy in terms of coherence to GRI and ISO 14001 is to apply them both. When a strategy of using only one standard is chosen, GRI is adopted to a greater extent than ISO 14001. As has been indicated there is no greater competitive advantage in choosing a unique solution over standardization which furthermore explain why corporations standardize. The relatively high empirical use of GRI and ISO 14001 indicates that these standards are becoming a postulate for corporate survival. The standards might in essence be voluntary but different forces leads to them becoming a necessity. In other words the use of GRI and ISO 14001 is more or less becoming a professional norm. Moreover, the findings of this thesis indicate that standardization is a preferable way to supervise environmental management and sustainability reporting without the need for legislation.

The observation that costs will deter marginal users of standards from standardizing seems valid since empirical findings reveal that purchasing and certification costs would decrease the likelihood to standardize environmental management and sustainability reporting. At the same time it has been indicated that larger corporations do not think that such costs are

relevant to them at all. But since GRI is implemented to a wider extent than ISO 14001 and since there are signs that certain corporations might be discouraged it can be concluded that costs discourages marginal users to standardize, in other word Swann's observation has been confirmed.

It can also be concluded that a desire to take responsibility and a corporate culture characterized by sustainability is important when a change towards standardization of these parts of a corporation lies ahead. This is further an important factor as to why corporations use environmental management systems and report on sustainability to begin with. More superficial action such as producing an sustainability report will increase attention of the aspects being reported on and more profound actions such as employee training and reward systems will be of importance when a corporation's goal is to become more sustainable and responsible through for example standardization.

7.2 Validity

The findings of this thesis are in general applicable to why corporations choose to standardize environmental management and sustainability reporting through the use of GRI and ISO 14001. Empirically similar research has not been conducted which makes this research and its findings particularly relevant. Furthermore the findings also confirm theories and research why standardization in general occurs. These findings could be of use for corporations considering whether to standardize or use a unique solution regarding environmental management and sustainability reporting since it creates an understanding of possible advantages and disadvantages. This is also relevant for researchers within this area and standard-setting organizations in their mission to increase compliance.

7.3 Limitations

However it is important to keep in mind that only Swedish corporations were studied and that the study was partially limited to publicly listed Large Cap companies. Because of the limitation in terms of country origin and the size as well as ownership structure the findings might not be completely generally applicable due to for example country specific cultural differences. Furthermore the number and choice of case study subjects might also limit the generalizability since they may not represent corporations in general. Furthermore, since only 12 out of 59 corporations participated in the survey the findings thereof might not be applicable in general. Nonetheless, since the findings from the survey correspond to both the findings from the screening of sustainability reports and other public information as well as the case studies the survey still seem to be of great value and well-justified.

7.4 Future Research

In terms of future research it would be interesting to conduct more research on the standard ISO 26000 Social Responsibility. This is a new standard and does not offer the possibility for certification. Nonetheless, there are surely still great insights to be gained and ISO 26000 might be even more complementary to GRI. Furthermore, research on corporations' implementation and certification of ISO 9000, ISO 14000 and ISO 26000 and how they complement each other could also be a topic of relevance since they are based on the same

foundation and it empirically seems as if when one standard is in place it is easier to add on more. Research on different ways to standardize sustainability reports, other than GRI, and its pros and cons could further be recommended. To conclude it would also be very intriguing to conduct a single study research on a suitable corporation's total standardization and how it has affected its operations.

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Interviews

AnnaLena Norrman, Martin & Servera. April 26th 2013

Frida Leim/CCaSS, Ernst & Young. May 14th 2013

Jonas André, SKF. May 6th 2013

Peter Werneman, Atrium Ljungberg. April 26th 2013

Susanna Fink, PostNord. April 26th 2013

APPENDIX

1. Examined Corporations

ABB
Alfa Laval
Alliance Oil Company Ltd
ASSA ABLOY
AstraZeneca
Atlas Copco
Atrium Ljungberg
Autoliv Inc.
Axfood
Boliden
Castellum
Electrolux
Elekta
Ericsson
Fabege
Getinge
H&M
Hakon Invest
Handelsbanken
Hexagon
Holmen
Huvfudstaden
Husqvarna
Industrivärlden
InvestmentKinnevik
InvestmentLatour
Investor
LE Lundbergföretagen
Lundin mining corporation
Lundin Petroleum

Meda
Melker Schörling
Millicom International Cellular S.A.
Modern Times Group MTG
NCC
Nordea Bank
Oriflame Costmetics SA
Peab
Ratos
SAAB
Sandvik
Scania
SEB
Seco Tools
Securitas
Semafo Inc.
Skanska
SKF
SSAB
Stora Enso Oyj
SCA
Swedbank
Swedish Match
Tele2
TeliaSonera
Tieto
Trelleborg
Volvo
Wallenstam

2. Corporations Participating in the Survey

Atlas Copco
Atrium Ljungberg
Boliden
Elekta
Holmen
Hufvudstaden
Meda
Sandvik
SEB
SKF
Swedbank
Trelleborg

3. Interviewed Corporations

Atrium Ljungberg
PostNord
Martin & Servera
SKF

Complemented by:
Ernst & Young

Name	Position	Company	Strategy	Interview	Date	Length
Peter Werneman	Project Manager Development/ Sustainability	Atrium Ljungberg	2	Personal	April 26th 2013	1 h 3 m
Susanna Fink	Senior Advisor Environment	PostNord	1	Personal	April 26th 2013	39 m
AnnaLena Norrman	Environment & Quality Manager	Martin & Servera	3	Personal	April 26th 2013	35 m
Jonas André	Project Cordinator	SKF	1	Phone	May 6th 2013	45 m
Frida Leim	*Auditor, CCaSS*	*Ernst & Young*	*-*	*Email survey*	*May 14th 2013*	*-*

4. Survey Questions

*1. Vilket företag arbetar du på?

[_____]

*2. Vad är din befattning inom företaget?

[_____]

*3. Hur anser du att ditt företag ser på hållbarhetsarbete och Environmental Management?

☐ Hållbarhetsarbete och Environmental Management är en konkurrensfördel

☐ Hållbarhetsarbete och Environmental Management är något våra intressenter kräver

☐ Hållbarhetsarbete och Environmental Management är något som ska bedrivas för den goda sakens skull

☐ Annat (specificera gärna hur)

[_____]

*4. Till vilken grad upplever du att ditt företag ser hållbarhetsarbete och Environmental Management som meningsfullt? (1=inte alls, 7=fullt ut)

○ 1   ○ 2   ○ 3   ○ 4   ○ 5   ○ 6   ○ 7

*5. Till vilken grad upplever du att ditt företags hållbarhetsarbete samt Environmental Management är standardiserat, med andra ord bedrivs enligt etablerade standarder? (1=inte alls, 7=fullt ut)

○ 1   ○ 2   ○ 3   ○ 4   ○ 5   ○ 6   ○ 7

*6. Anser du att ditt företag ser det som fördelaktigt att standardisera hållbarhetsarbete och Environmental Management?

○ Ja

○ Nej

Utveckla gärna ert svar

[_____]

*7. Vilka standarder tillämpar ditt företag gällande Environmental Management och hållbarhetsrapportering?

○ Global Reporting Initiative (GRI)

○ ISO 14001

○ Både Global Reporting Initiative (GRI) och ISO 14001

○ Inga

○ Annat (specifiera gärna vilken eller vilka standarder)

[_____]

8. Om ditt företag tillämpar etablerade standarder gällande Environmental Management och hållbarhetsrapportering, utveckla gärna kort varför?

[_____]

8. Om ditt företag tillämpar etablerade standarder gällande Environmental Management och hållbarhetsrapportering, utveckla gärna kort varför?

[_____]

9. Till vilken grad anser du att en standards inköpskostnad samt eventuell certifieringskostnad spelar in i ditt företags val att standardisera hållbarhetsarbete och Environmental Management? (1=inte alls, 7=fullt ut)

○ 1   ○ 2   ○ 3   ○ 4   ○ 5   ○ 6   ○ 7

10. Till vilken grad anser du att ditt företags företagskultur präglas av hållbarhetsarbete och Environmental Management? (1=inte alls, 7=fullt ut)

○ 1   ○ 2   ○ 3   ○ 4   ○ 5   ○ 6   ○ 7

English:

1. *What corporation do you work for?**
2. *What is your job title?**
3. *How does the corporation you work for consider sustainability and environmental management?**
   - *Sustainability and environmental management is a competitive advantage*
   - *Sustainability and environmental management is something our stakeholders demand*

- *Sustainability and environmental management is something that should be conducted for the good cause*
- *Other (Please specify)*

4. *To what degree would you state that the company you work for views sustainability and environmental management as meaningful?* (1=not at all, 7=completely)*

5. *To what degree would you state that the company you work for views sustainability and environmental management is standardized, in other words conducted through the use of well-established standards?* (1=not at all, 7=completely)*

6. *Are you of the opinion that the company you work for believes that it is beneficial to standardize sustainability and environmental management?**
   - *Yes*
   - *No*

     Please elaborate your answer

7. *What standards does the company you work with apply regarding environmental management and sustainability reporting?**
   - *Global Reporting Initiative (GRI)*
   - *ISO 14001*
   - *Global Reporting Initiative (GRI) and ISO 14001*
   - *None*
   - *Other (Please specify which one or which ones)*

8. *If the company you work for applies well-established standards regarding environmental management and sustainability reporting, please shortly explain why?*

9. *To what degree would you state that standards purchase and possible certification costs would affect your company's choice to standardize environmental management and sustainability reporting? (1=not at all, 7=completely)*

10. *To what degree would you state that the corporate culture of the company you work for is characterized by sustainability and environmental managementl? (1=not at all, 7=completely)*

5. Interview Questions Corporations

Inledande frågor:
- Hur arbetar ert företag med standardisering av miljö- och hållbarhetsarbete?
- Vilka standarder tillämpar ni på detta område?

English:
Introductory questions:
- *How does the company you work for work with standardization of environmental management and sustainability?*
- *What standards does the company you work for apply within this area?*

ISO 14001-frågor:
- Hur jobbar ert företag med ISO 14001?
- a. Varför har ert företag valt att certifieras i enlighet med ISO 14001?
  b. Varför har ert företag valt att inte certifieras i enlighet med ISO 14001?
- Vilka effekter har införandet av ISO 14001 haft?
- a. Vilka faktorer spelade in i att välja standardisering över en egen lösning?
  b. Vilka faktorer spelade in i att välja en egen lösning över standardisering?
- Vad ser du för för- och nackdelar kring att standardisera enligt samt certifieras i enlighet med ISO 14001?

English:
ISO 14001 questions:
- *How does the company you work for work with ISO 14001?*
- *a. Why did the company you work for choose to become ISO 14001 certified?*
  b. Why did the company you work for choose not to become ISO 14001 certified?
- *What effects has the introduction of ISO 14001 had?*
- *a. What factors led to the choice of standardization over uniqueness?*
  b. What factors led to the choice of uniqueness over standardization?
- *What are the pros and cons of standardizing in accordance to and being ISO 14001 certified?*

GRI-frågor:
- Hur jobbar ert företag med GRI?
- a. Varför har ditt företag valt att tillämpa GRI?
  b. Varför har ert företag valt att inte tillämpa GRI?
- Vilka effekter har införandet av GRI haft?
- a. Vilka faktorer spelade in i att välja standardisering över en egen lösning?
  b. Vilka faktorer spelade in i att välja en egen lösning över standardisering?
- Vad ser du för för- och nackdelar kring att standardisera enligt samt tillämpa GRI?

English:
GRI questions:
- *How does the company you work for work with GRI?*
- *a. Why did the company you work for choose to apply GRI?*
  b. Why did the company you work for choose not to apply GRI?
- *What effects has the introduction of GRI had?*
- *a. What factors led to the choice of standardization over uniqueness?*
  b. What factors led to the choice of uniqueness over standardization?
- *What are the pros and cons of standardizing in accordance to and applying GRI?*

Avslutande frågor:
- Hur jobbar ert företag för att skapa mervärde och konkurrensfördelar utöver det ramverk de standarder ni tillämpar ger?
- På vilket sätt påverkar inköps- och certifieringskostnaden sannolikheten att ert företag väljer att tillämpa en standard?
- Präglas er företagskultur av miljö- och hållbarhetsarbete och i så fall på vilket sätt?
- Var ni ett av de första företagen inom er industri att standardisera miljö- och hållbarhetsarbete?

English:
Concluding questions:
- *How does the company you work for work towards creating added value and competitive advantages beyond the framework that is provided by the standards you comply with?*
- *In what way does the cost of purchase and certification affect the likelihood that the company you work for choose to adopt a standard?*
- *Is the corporate culture of the company you work for characterized by environmental management as well as sustainability and if so in what way?*
- *Was the company you work for one of the first companies within the industry to standardize environmental management and sustainability?*

6. Interview Questions Ernst & Young

- Berätta gärna lite kort om er avdelning på Ernst & Young samt vad ni jobbar med för uppdrag?
  English: Please briefly tell us about your department at Ernst & Young and what kind of assignments you are working with?

- Ser ni någon tendens mot standardisering av miljöarbete samt hållbarhetsrapportering hos era klienter?
  English: Have you seen any tendency towards standardization of environmental management systems and sustainability reporting amongst your clients?

- Upplever ni att vissa klienter är mer intresserade av att standardisera miljöarbete samt hållbarhetsrapportering än andra?
  English: Have you noticed that some clients are more prone to standardization of environmental management and sustainability reporting than others?

- Hur arbetar ni med att hjälpa företag att implementera standarder som ISO 14001 och GRI i sina verksamheter?
  English: How does your department work with helping corporations to implement standards such as ISO 14001 and GRI within their operations?

- Brukar en sådan förändring mot standardisering redan vara väl förankrad i företaget?
  English: Is usually such a change towards standardization well rooted within the corporation?

- Vad ser ni för skillnader pre och post standardisering av miljöarbete och hållbarhetsrapportering hos era klienter?
  English: What differences have you noticed pre and post standardization of environmental management and sustainability reporting with your clients?

- Hur påverkar användandet av en standard så som GRI er revidering av en hållbarhetsrapport?
  English: How does the use of a standard such as GRI affect your revision of a sustainability report?

- Vad ser ni för trender och förbättringsmöjligheter gällande ISO 14001, GRI samt era klienters implementering och efterlevnad?
  English: What trends and opportunities for improvement have you noticed regarding ISO 14001, GRI and your clients' implementation as well as compliance?