MASTER'S THESIS

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Sustainability as a Business Strategy – a qualitative case study

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Abstract

As we approach the deadline for the Paris Agreement and fulfillment of the 2030 goals, businesses should adapt to a healthy growth business model. Value creation can no longer be viewed as pure monetary value, as considerations for climate, environment and society are increasingly important (Klavenes, 2021).

This is a qualitative case study of an IT company, which research sustainable value creation in business strategy. The IT industry affects most other industries, whether it is through software or hardware, and has massive emissions and waste streams. It is therefore crucial that IT companies take responsibility to curb their negative impact on the planet.

The purpose of this study is to outline how a large Nordic company use sustainability as a value proposition, and if and where they have potential for improvement. The hope is to provide an overview from which other entities can draw inspiration.

The results show a company with willpower and expediency to work towards reaching the Sustainable Development Goals, the Paris Agreement, and their own goals based on science-based targets for 2030. They have a staff of dedicated CSR-workers with personal values in correspondence with their stated company mission and accumulated many recognitions for their work. They may also have a problem with employees who do not feel the urgency to work towards reaching their 2030 goals. In addition, the findings show a desire among the CSR-employees to push harder for change in the supply chain, and to inform customers about sustainable practices within IT.

Key words: *sustainable value creation, sustainability strategy, sustainable management, sustainable IT, CSR, ESG, supply chain,*

Sammendrag

Fristen for å nå Parisavtalen og FN bærekraftsmål nærmer seg, og selskaper bør tilpasse seg en forretningsmodell med sunn vekst. Verdiskapning kan ikke bare være økonomibasert lengre, nå som hensyn til klima, miljø og samfunn stadig blir viktigere (Klavenes, 2021).

Dette er en kvalitativ case studie av et IT-selskap, som undersøker bærekraftig verdiskapning i deres forretningsstrategi. IT industrien påvirker de fleste andre industrier, enten gjennom softwere eller hardwere, og har enorme mengder utslipp og avfallsstrømmer. Det er derfor nødvendig at IT-selskapene tar ansvar for å redusere deres negative påvirkning på miljøet.

Formålet med denne studien er å se hvordan et stort, nordisk selskap bruker bærekraft til å skape verdi, og om/hvor det er mulighet for forbedring. Vi ønsker å få en oversikt som andre selskaper kan finne nytte i.

Resultatene viser et selskap med viljestyrke og engasjement til å jobbe mot å nå FN's bærekrafsmål, Parisavtalen og bedriftens egen 2030-plan. De har dedikerte bærekraftsansatte med personlige verdier i samsvar med selskapets, og har de fått flere utmerkelser for arbeidet. Det virker på en annen side at ikke alle ansatte føler det samme presset med å nå 2030-målene. I tillegg viser funn at bærekraftsansatte ønsker å arbeide mot åpenhet og endring i verdikjeden, og å informere kunder om bærekraftig IT.

Preface

This master thesis marks the end of our studies at the Master of Science program in Global Management at the Business School, North University in Bodø. The Master program has been instructive and interesting as it addresses current topics. It is future-oriented and has given us insight on how we can become change makers moving forward. Our interest and motivation for this thesis is based on the strong sustainability focus in our courses of study and the importance of increased understanding within the field.

We would like to thank the company we have collaborated with and been given the opportunity to take a closer look at. All the employees and the external investor who have participated during the interviews and made to speak with us. Thank you for sharing expertise, given us challenges and increased understanding. We really appreciate it.

A special gratitude is also given the supervisor of the thesis, Roberto Rivas Hermann. He has contributed with factual feedback, constructive criticism and guidance about the thesis' structure and content throughout the whole period. Thank you.

We hope this thesis will be enjoyable to read and give a better understanding of sustainable business strategy and its importance.

Bodø, 14.05.2022

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Abbreviations
AM: Account Manager
B2B: Business to business
CoC: Code of Conduct
CSR: Corporate Social Responsibility
CSR employees: people who work with sustainability or ESG.
EMS: Environmental Management Systems
ESG: Environment, Social, Government
GIR: Global Initiative Reporting
ISS: Institutional Shareholder Services Inc.
KPI: Key Performance Index
RBA: Responsible Business Alliance
SDG: Sustainable Development Goal
SPF: Swedish Pension Fund
UN: United Nations
UNGC: United Nations Global Compact

1.0 Introduction

This Master thesis is a theoretical and descriptive case study of an IT company, "MFtech". Through interviews reports and articles, we have gained an overview and a better understanding of how to include sustainability into a business strategy. This contributes to value creation for the company and its stakeholders and provides a competitive advantage in a market with constant change. With our case study we want to understand what the company does to increase their value and how investors relate to sustainable investments.

For this thesis we have interviewed people within the company with different responsibilities to get a holistic view of how these topics are perceived and worked on in the various "levels". The company we have chosen to write about a big technology firm based in Northern Europe. They had a turnover of almost 40 billion NOK in 2020 and has top placements in various sustainability rankings (MFtech, A). In advance, we knew that this company uses sustainability in its daily work for competition-, investment-, and profitability purposes. They want to be a leader for positive change and secure high ESG-rankings and achievements, which will make them more visible to customers and investors.

1.1 Background – choice of theme

Before going deeper into our research question and the theoretical framework, it is important to create context in which this case study exists, include some background theory of sustainability related to growth, historical developments, and the UN Sustainable Development Goals (SDG).

Stoknes (2020) point to "Grey growth" as the conventional model of growth in the 20th century, where material- and economic footprint increased along growth. This "ate" both natural-, human- and social capital. This led us to a growth paradox, as there are limits to growth and resource scarcity. Natural resources such as oil, coal, food, property, forests, and nature are finite. There has been a 60% reduction of animal population since the 70s, as their natural habitats are taken over by men in the name of economic growth. Therefore, evolved growth models have risen in popularity as society and the business world has set new standards. Stoknes further (2020) present a "healthy growth" model. This model is more profitable, resource productive and more evenly distributed every year, scales up from micro to macro,

and influences problematic megatrends very quickly. According to editors of the Economist, companies are the most important organizations in the world, as it is the foundation of the West's wealth and the best hope for the future for the rest or the world (Stoknes, 2020).

The term "sustainable development" got international attention when the Brundtland Commission's report, "Our Common Future", was published in 1987. In this report sustainable development was defined as *"development that meets the needs of the present without compromising the ability of future generations to meet their own needs"* (Brundtland Commission, 1987). The commission focused on both environmental and poverty problems, and it led to an important change on how UN member states worked on environmental and development issues (FN sambandet, 2021).

Sustainable development is often described as a composition of three dimensions: economy, environment, and society. It is the balance between these that determines whether something is sustainable, as these affect each other. Developments that affect the economy, the environment or the social conditions that leads to limitations for future generations should be avoided. The UN has developed 17 sustainability goals (see Figure 1) as a common work plan to create a sustainable world. By 2030 the main goals must be reached, which include eradicating poverty, combating inequality, and stopping climate change (FN Sambandet, 2021).

1.1.1 Choice of case company

We have chosen to write about the company "MFtech" because we find the IT industry interesting, is constantly evolving, and faces today's climate challenges. MFtech are ambitious and have a concrete 2030-plan. They state that their mission is to build the future with IT, which includes to create a better direction for organizations and society at large: "*This means continuously improving our performance in areas such as responsible sourcing, business ethics, human rights and the environment*" (MFtech, A). Part of the solution to this mission is their "CircularIT-club" (pledge to become 100% circular on IT) and their "Loop-service" (take-back program).

Their values include new thinking, taking responsibility and being curious, all for a better future (MFtech, A). In their sustainability plan, MFtech have selected six of the UNs

Sustainable Development Goals to focus on; Goal no. 5: gender equality, no. 8: decent work and economic growth, no. 9: industry, innovation, and infrastructure, no. 12: responsible consumption and production, no. 13: climate action, and no. 16: peace, justice, and strong institutions. Below this paragraph, the 17 sustainability goals are presented, where the relevant goals chosen by the company is highlighted.

Figure 1: UN Sustainable Development Goals (Adopted from United Nations, 2022)

MFtech has chosen to purposefully work towards these six goals. Here is a summary table which briefly explains *why* they chose these SDGs and *what* they do with them. This information is collected from their 2030 plan and through interviews.

SDG	Why	What
No. 5	The IT industry tend to struggle with gender diversity. Strive to attract the best people.	Actively promote gender balance, empowerment, and wellness of their own staff. Ensure safe and healthy working conditions for staff. Invest in employee training and development.
No. 8	Sell products produced in countries with a history of poor working conditions. Norway's Transparency Act mandates companies to ensure and report on supply chain quality. Intersection of Nordic buyers and IT industry.	Help customers digitalize and maximize generated value. Educate one million people about sustainable IT. Promote IT and technology as part of solution to fight climate crisis.
No. 9	They are working on digitalizing Norway. Influence on customers.	Have 100 times more positive handprint than negative footprint.

		Sustainability training programs for employees. Digital workplace meetings Help customers become more sustainable through IT infrastructure.
No. 12	IT industry produce enormous amounts of waste. Need for circularity.	Member of Responsible Business Alliance. Do not do business with organizations complicit in human rights abuses. Take-back programs 1:1 unit sold vs returned through CircularIT-club.
No. 13	Climate change. Pollution from production.	Achieve 50% reduction in CO_2 emissions. Phasing out fossil fuels, reduce air travel and transport, using 100% renewable energy. Reporting on scope 1, 2, and 3 emissions.
No. 16	Cooperation.	Supplier code of conduct. External audits of company.

Table 1 MFtech's six SDGs from the 2030 plan

It is, however, not enough to talk about goals. There is also a need for guidelines, assets, and milestones. There has been an increase in processes, tools, and methodologies for assessing sustainability which leads us to measurements and rankings. It is necessary to find the right tools to match theory with practice. This lets companies successfully improve sustainability. In a measurement process relevant variables are identified, collected, and analyzed. Using the right methods, ranking companies can then measure how different companies perform related to sustainable development (Poveda, 2011, p. 37).

Human activity is the cause for the majority of greenhouse gas emissions, and there must be a transition to reduce human activity back within planetary boundaries. Eurosif (2021) calls for a change in consumption and production patterns, and a change towards sustainable growth model in the economy. Sustainable investments can be a driver for transformative change in the economy, and achieve positive environmental and social outcomes (Eurosif, 2021). One of the world's largest private investors, Blackrock, are now committed to achieving a green shift, and the CEO Larry Fink wrote in his 2022 letter to shareholders: *"Every company and every industry will be transformed by the transition to a net zero world. The question is, will you lead, or will you be led?"* (Fink, 2022).

In KPMG's article about integrating sustainability into the strategy process (Klavenes, 2021) it is explained that companies can use the SDGs as a framework for strategic work. Companies choose goals to work with; some goals as a foundation for the work in the company, and some to work towards for the further development of the company. A successful integration of sustainability in the strategy can potentially create success in several areas: it can increase the "survivability", differentiate the company from other competitors and build a stronger brand and reputation. The relationship with stakeholders can also be strengthened through trust and insight into how the company works with sustainability.

The company's negative impact on society and the environment can be clearer by using the SDG's. This can be utilized in assessing current or future business risk. Another positive outcome of using SDGs in the strategy is that it can contribute as an inspiration to think bigger and longer in the work with sustainability, both as a company itself and in partnership with others. This can also lead to inspiration for other companies, national and international recognition, and increased competitiveness and access to new markets (Klaveness, 2021)

1.2 Research question

The purpose of this case study is to learn how to stay competitive and profitable while being sustainable. The IT industry has high energy intensity, and affects most, if not all other industries. Which therefore makes it an important factor in the CO2 emissions reduction and in the work towards achieving the UN SDGs. Based on the SDGs, requirements are made, different measurements are taken, and companies must adapt to the development. How to handle the changes, while making money and achieving healthy growth, is an important issue to address today.

Sustainability is a popular theme to research and the development happens rapidly. It is not enough to work on sustainability issues one time. The topic is wide, and we need to look at it from several angles. Companies address sustainability in various ways with different focus areas and values. Our research will be important to get an insight into how a company that is focused on sustainability use it to capture value.

On paper, "MFtech" are doing great sustainability work. They have top placements on rankings and measurements, recycle programs for old products, and people dedicated to work on

sustainability. However, we want insight into which parts of the company are working towards their sustainability goals. Are all departments included and involved? How effective are they in reality? These are important questions that make this research necessary. Can one call oneself sustainable if this is not worked on throughout the company? There is probably potential for improvement everywhere. Therefore, we want to do research to find the potential and pitfalls of this company. This has resulted in the following research question:

How does MFtech include sustainability into their business strategy to capture value?

To support the basis for obtaining answers to the main problem, the following sub questions have been formulated:

1. How visible is the focus on sustainability in the employees' everyday work, considering that it is included in the company's strategy?
2. How do MFtech use various measuring tools?
3. How does sustainability increase their attractiveness to investors?
4. How can MFtech improve sustainable value creation?

1.3 Outline of the master's thesis

Chapter 1 introduces the background and the purpose of this thesis. We present the research question and our sub questions.

Chapter 2 provides relevant theory about the research question. This gives a theoretical overview and answering the theoretical part of the research question.

Chapter 3 describes the research method used in this case study and how the study was done. We explain and argue for the choice of method, interview objects and ontology we have chosen.

Chapter 4 consists of empirical findings in terms of the analytical tools used.

Chapter 5 presents the analysis of the case study based on our analytical model.

Chapter 6 present conclusions from this case study and suggestions for further research.

2.0 Theoretical framework

This chapter presents the theoretical framework. The purpose of this chapter is to describe relevant theory which helps us answer the research question and sub questions. Through the thesis we use the concept Corporate Social Responsibility (CSR) at our core. It is fundamental and important to understand when we focus on sustainability in companies.

To have relevant theory for answering the problem associated with the sub questions, we have presented theory and theoretical research articles first. We present Stakeholders theory, which is a well-known and widely used theory in the field. Doughnut economy, a slightly newer concept and thus provides insight into a contemporary society. Further we have chosen to define terms and concepts. Since this thesis focuses on one company, we will present those who are necessary to consider as it pertains to corporate sustainability. Since CSR is at the core and connects with the rest of the theory, we use and will therefore be the first concept we present. In the end of the theoretical chapter, we explain sustainability rankings and standards which helps to illuminate contemporary sustainable companies. These are put in *Table 2* to give an overview of *what* they are and *how* they work. Rankings, measurements, and standards will be relevant when we look at the company's competitive advantage and value creation associated with investors.

2.1 Theoretical reports / research

2.1.1 Stakeholders theory

Stakeholders theory addresses the relationship and interests in an organization among all involved. This can e.g., be investors, community, suppliers, employees, and its customers. The theory is integrated into business management literature. Edward Freeman wrote a book about the concept back in 1984, stating that the relationship between an organization and its stakeholders could characterize the organization. It was further developed by Donaldson & Preston (1995), focusing on a legitime interest in the organization among the stakeholders. They added three theoretical approaches to this theory, the descriptive approach, the instrumental and the normative approach (Byrd, 2007).

The first is the descriptive approach. Is used to describe specific corporate behaviors and characteristics. It can explain and examine the organization and its stakeholders in the past, present and future state. The second one, the instrumental approach, is used to identify the

connections, or lack of connections, between stakeholder management and achievement of corporate objectives and goals. Examples are growth and profitability, where there is a specific action connected to a specific result. The normative aspect is the third, and the fundamental core in this theory (Donaldson & Preston, 1995). The aspect "*is used to interpret the function of the corporation, including the identification of moral or philosophical guidelines for the operation and management of corporations*" (Donaldson & Preston, 1995, p. 71). From this perspective, organizations focus on the right thing to do, e.g., CSR. Identification of a stakeholder is not based on the organizations interest in the stakeholder, but rather on the stakeholder's interest in the organization (Byrd, 2007). All the three aspects identify stakeholders' interests. It is important to pay attention and understand the stakeholders in strategy development, decision-making processes, and involve strategically include them to gain value. Figure 2 illustrates that all actors are involved with the organization, by giving and receiving benefits (Donaldson & Preston, 1995).

Figure 1 The Stakeholder Model (Donaldson & Preston, 1995, p.69)
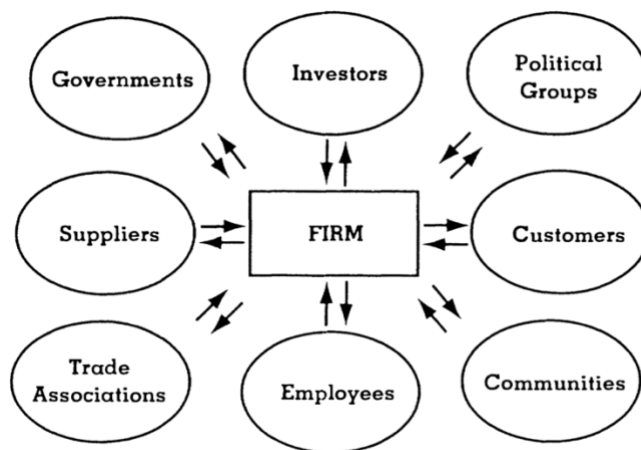
2.1.2 Doughnut economy

Kate Raworth first introduced the concept of a doughnut economy in 2012 and has since gained international attention and traction, according to Doughnut Economics Action Lab (DEAL) (2022). The concept of a doughnut economy is to not live and consume above planetary boundaries or below essential needs. Between these boundaries is the safe and just space for humanity where humanity can thrive. This theory asks questions which may make you reevaluate, or at least think differently about core concepts of a business. These core concepts include *purpose, networks, governance, ownership*, and *finance*. Questions related to these concepts can be as follows: Why does the organization exist, and what **purpose** is it in service to? Is it only for maximizing financial returns, or does it have a bigger purpose? How does the

business relate to its stakeholders and its **network?** Who **governs** and decides how is progress measured, and who's voices are heard? Who **owns** the land, data, knowledge, and assets of the organization? How is the organization **financed?** is finance a service to the purpose or in and of itself?

Figure 2 Doughnut Economy (Deal, 2022)
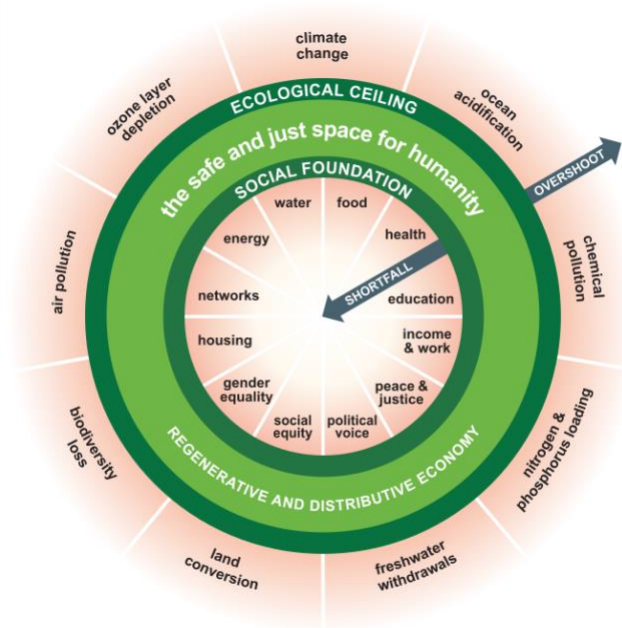
2.1.3 Stairstep model

To put CSR work in specific, practical terms, Stoknes (2020, p. 284-303) introduces the stairstep model. This model has six steps a company can take to become more responsible and achieve healthy growth.

The first step is *societal engagement*, where the company does CSR-work outside of the organization. An example of this is the integrated 1/1/1 philanthropic model from Salesforce. This means 1% of product license, 1% of the employees' time, and 1% of stock capital is donated to charitable purposes (capital is divided without the input from the CEO). This has been utilized with great success in more than 700 companies since the year 2000. Working on CSR is low hanging fruit for leaders who desire green and responsible leadership. This step would not necessarily require any restructure within the company, and the recipients would do most of the heavy lifting. Starting at a point where one repairs any old, negative effects of the company is a decent base with which one could begin.

The second step is *cleaning house*, which involves upgrading their own buildings, work locations, improving systems, waste disposal, safety, regulatory compliance, and leadership. Enforcing security and HR-measures are however not enough. If a core activity of the business has damaging effects on the environment or society, they must climb further up the stairstep model and make other changes to achieve healthy growth. Cleaning house and ensuring no greenwashing takes place is an important step to take before one can morally and legitimately take part in more complex, systematic changes.

The third step is *purchasing*. Private and public companies purchase for enormous amounts to/from each other. Businesses can increase resource productivity and social responsibility by changing their purchasing habits, i.e., setting demands from suppliers regarding sustainability, buying fewer products of better quality, and ensuring fair trade in the supply chain. Big and small companies can set quality- and sustainability demands from suppliers to induce change and responsible sourcing.

Step four refers to the *operations* of the company. Redirecting and reforming production, services, and deliveries for optimal resource productivity can improve the company system by 80% or more compared to the industry the company is in. The fifth step is about the *product portfolio*, which includes phasing out resource wasting products in production, in use or after use. The sixth step involves *business models*. Changing the business model towards a circular or dematerialized way of creating value for all stakeholders is the most important step. Some companies start at the top and work their way down, while others start at the bottom and rise from there.

2.2 Terms and concepts

Value can be represented by several aspects in the business model, with various perspectives, and with different meanings for every company or individual. This thesis has a focus on sustainable value creation and will use the World Economic Forum's (WEF) (2020) four pillars as the framework to define sustainable value creation. They represent a company's capacity to generate shared and sustainable value. These four pillars are principles of (1) governance, (2) planet, (3) people and (4) prosperity. Each of these pillars are interdependent on each other and cannot be viewed in isolation. These pillars are aligned with the essential elements of the UN SDGs.

(1) Principles of governance is highlighted in SDG 12, 16, and 17. This pillar is foundational to achieve long-term value and cooperates financial and societal performance. Themes included in this pillar includes having a positive and clear purpose, a governing body of quality which make decisions made for sustainable value creation, stakeholder engagement, ethical behavior in line with applicable laws and accepted norms for corporate behavior, and risk and opportunity oversight.

(2) The planet pillar has elements of SDG 6, 7, 12, 13, 14, and 15. Climate change, nature loss, freshwater- and resource availability, air-and water pollution, and solid waste are themes addressed in this pillar. These have a significance to the planet, society, and businesses. The health of the natural environment is essential for the success of a business through supply chains, and the manner in which products and services are produced and used.

(3) People are crucial for every organization and is highlighted in SDG 1, 3, 4, 5, 8 and 10. This pillar represents employees, customers, suppliers, retailers, contractors, workers, investors, etc. In the end, people are the beneficiaries of a business' activities. Themes in this pillar consists of dignity and equality, health and well-being, and skills for the future. Companies who prioritize employees' values, create social impact and a diverse and inclusive culture attract and retain skilled people, and boost employee engagement and productivity. A healthy, skilled, and engaged work force produce financial and non-financial value, which is critical for company performance, competitive advantage, risk mitigation, and to maintain a license to operate and strengthen stakeholder relationships.

(4) The fourth pillar, prosperity, is presented with SDG 1, 8, 9, and 10. Reporting on this pillar is important for sustainable value creation, as they help companies measure and demonstrate how they are contributing to society and the SDGs, in addition to being in their own self-interest (as presented in the people-pillar). Themes in this pillar are employment and wealth generation, innovation of better products and services, and community and social vitality.

Corporate Social Responsibility (CSR) is a management concept where companies include social and environmental perspectives into their business plan for themselves, consumers, and stakeholders on a voluntary basis. It means to go beyond compliance and legal expectations, and invest more into the environment, human capital, and the relations with stakeholders

(Commission of the European Communities, 2001). Companies have invested in CSR for years. It has been integrated into the communication strategy to gain more value and the opportunity to promote the company's competitive advantage through social initiatives. This is done in ways such as social and sustainability reporting, corporate branding, openness, and measurements. To attribute positive evaluations, companies must work actively with communication, so they get to inform and attract relevant stakeholders (Morsing, 2005, p. 145-154).

The **Responsible Business Alliance (RBA)** is the largest industry coalition in the world dedicated to CSR in global supply chains. This alliance was founded in 2004 by a group of electronics companies. Today it is comprised by companies within the electronics-, auto-, retail- and toy industry, one of which is MFtech. The RBA is a nonprofit organization which sets and hold members accountable to core standards and provides training and assessment tools. There are more than 400 members with a combined revenue of $7,7 trillion, employing 21,5 million people and products produces in 120 countries. Their mission is to have members, suppliers and stakeholders collaborate to improve working- and environmental conditions, and business performance through leading standards and practices (Responsible Business Alliance, 2022).

Environmental Management Systems (EMS) is a framework that can help companies to reach their environmental goals. An EMS system includes a set of processes and practices which contributes to reduce environmental impact at the same time as the company can increase its operating efficiency. Through review, evaluation, and improvement, the company will be able to find weak areas and implement better environmental performance. International Organization for Standardization (ISO) 14001 is a commonly used framework for an EMS (United States Environmental Protection Agency, 2021).

Researchers and business society mostly agree on that working with sustainability is the right thing to do. But it is just as important to understand how to make it profitable and use the right tools and initiatives. CSR can contribute to achieving the UN SDGs by e.g., contribute to provide strategies and drive the awareness and actions around the goals. Companies can use it to *concretize* the complex sustainability landscape and make initiatives more feasible and suitable for their employees. Another CSR assessment tool is *sustainability reporting*. This tool is considered important for monitoring and evaluating CSR implementation. One of the most

complete and structured reporting standards is Global Initiative Reporting (GIR), which helps converting social responsibility into business practice. Companies increase their insights on how to understand and communicate their sustainability practices. A third CSR tool is *accreditation* in social responsibility norms, e.g., the EMS ISO14001. This standard can provide solutions for global challenges with guidelines and control of a company's environmental processes (Jintao Lu et.al., 2020).

Environment-, Social-, Governance- (ESG) factors are risk related and non-financial factors that gets more attention as we become more concerned about the environment. To better cope with the fact that the world is constantly changing it becomes even more important to plan long-term. ESG issues are important to pay attention to, as it increases the understanding of which opportunities and risks a company is facing. For investors, the ESG framework helps evaluate environmental, social, and governmental problem factors. Different scores vary from the individual factors to how they collectively affect each other (Bradley, 2021, p. 7-9). Keeping track of the changes and factors relevant investors are interested in may help in capturing value long-term.

The **Ten Principles of the UN Global Compact (UNGC)** is a set of principles for businesses to follow and adopt sustainable business practices. The UNGC call these principles "CSR in action", as they concern human rights, labor, environment, and anti-corruption (UNGC, n.d.). This initiative has seen over 15 000 companies, one of which is MFtech (since 2010), and 4000 non-business participants commit to these principles (UNGC, n.d.a).

Norway has enacted a new law, which will take effect on July 1st, 2022, named the **Transparency Act.** This law applies to larger enterprises which operates within Norway, including larger, foreign enterprises which offers goods and services in Norway. This law makes it mandatory to take due diligence actions to prevent damages and report on their supply chain. As of now, the act includes factors of human rights violations and decent working conditions (Lovdata, 2021), but environmental factors may be included in later versions (BDO, webinar, 2021).

Scope 1, 2, and 3 emissions are defined in MFtech's carbon emissions report. Scope 1 is direct emissions from company-controlled sources, such as company vehicles and stationary combustion. Scope 2 concerns indirect emissions from purchased energy, such as electricity,

district heating and -cooling, and electric and hybrid cars owned or leased. Reporting on scope 1 and 2 is mandatory. Scope 3 reporting is voluntary, and includes other indirect emissions from e.g., purchased goods and services, business travel, waste management, upstream- and downstream transportation and distribution (MFtech, J).

2.3 Rankings, measurements, and standards

One way to set demands for sustainable development is through rankings and measurements. There are general rankings, and rankings that specialize in an area or a sector. These ratings are trying to evaluate a company's environmental, economic, and social performance. They can examine how companies balance the different dimensions which can lead to information about long-term benefits. Like the ability to benefit from opportunities and managing risks and challenges (Swiss Re, 2022).

Below, in *Table 2*, relevant ratings and standards connected to CSR are presented. The ones we have chosen to focus on are relevant to our case study because MFtech use these standards and is listed in the rankings. All of them are built on sustainability. Therefore, the chosen ones are relevant and interesting to examine.

Rating/standard	What	How
Corporate Knights: Global 100 rating	• Prestigious sustainability ranking. • Research and develop reports, different corporate rankings, and economic product ratings. • Canadian magazine. • Ranks the world's 100 most sustainable corporations 2022.	• Corporate sustainability performance. • Measure nearly 7000 large, public firms with a revenue over US $1 billion. • Analyses 23 key performance indicators, e.g., carbon productivity score, clean revenue, and clean investment.
EcoVadis: Sustainability rating	• Business sustainability rating assesses social responsibility and sustainability of suppliers. • Platform used by more than 60,000 companies in 110 countries. • Findings in index 2021: ICT companies has an increasing score on ethics	• Evaluate corporate social responsibility (CSR). • Comprises human rights, environment, sustainable procurement, fair business practices and ethics.
ISS-Oekom: sustainable investment	• One of the worlds' leading ESG research and rating agencies within sustainable investments.	• Work with provisions of ESG-ratings and data.

research and rating	• A part of Institutional Shareholder Services Inc. (ISS). • Used by financial services companies, specialized ethical banks, and institutional investors. • Offers different products and services, e.g., strategic consulting, investment strategies, responsibility reports, ESG portfolio check and risk analysis.	• Do sustainable investment research. • Rating based on evaluation of company documentation (annual and sustainability reports), assessments from independent specialists, interviews with company representatives and independent experts and media screening. • Makes individual investment plans together with clients.
MSCI: Developed Markets Indexes	• The largest provider of ESG indexes in the world. • Used by institutional investors. • Covers 14,000 companies.	• Different index categories, relevant here is the ESG indexes. • Give tools and advice institutional investors to effectively benchmark ESG investment performance and measure, manage and report on ESG mandates.
ISO14001: International Organization for Standardization	• EMS with a worldwide federation of national series of standards. • Helps to minimize the negative impact on the environment and improve environmental performance. • Benefits/potential advantages: environmental, economic, relational, insight/information flow.	• Uses guidelines on systems, principles, and support techniques. • Monitoring environmental outputs, controlling environmental processes, and improving environmental performance. • Laws and regulations. • "Plan-Do-Check-Act" methodology: 1. Commitment and policy 2. Planning 3. Implementation 4. Evaluation 5. Review
ESG: Environment social government	• A set of standards. • Risk management framework for evaluating companies and investing. • Non-financial investment strategy, not focus on economic growth. • Include company, stakeholders, and investors.	• Measure sustainability and societal impact. • Identifying ESG impacts, collect data, follow the guidelines, improve. • Environment: reuse, lifecycle management, create

		understanding about the climate impact among employees and stakeholders.
	• Socially conscious investors are interested in this when they look at potential investments.	• Social: both employee and society, e.g., labor rights, diversity and working conditions. • Governance: increase transparency and openness.
GRI: Global Reporting Initiative	• Standard for sustainability reporting. • Independent, international organization. • In more than 110 countries, used by all types of companies, small, large, public, and private.	• Transparency for impacts on the environment, economy, and people. • Makes it easier for organizations and their stakeholders to take responsibility and actions for their impacts. • Focus on critical sustainability issues: human rights, climate change, social well-being, and governance. • Converting social responsibility into business practices.

Table 2 Ratings and standards
Source: Ratings and standards (Corporate Knights, 2022a, 2022b; EcoVadis, 2021b; Danish Standard Association, 2005; Lu et.al., 2020; Global Reporting Initiative, 2022; United States Environmental Protection Agency, 2021; ISS Governance, 2018; Sustainable Investment, 2014; 3BL CSRwire, 2022; MSCI, 2020; Nordea, 2021; Bradley, 2021).

2.4 Theory summary

The theoretical review has shown that sustainability is a complex, large theme. There are many standards, rules, laws, and ratings which requires experience and knowledge to maneuver effectively. There are numerous standards and rating agencies not listed in the table above, as they are not relevant to the IT-industry or this specific company.

CSR and ESG are "umbrella" terms, which revolve around similar issues, and ties together sustainability theory, and are proven to be important priorities for companies determined to be a part of the green wave and achieve healthy growth.

We have included foundational terms and theory, such as CSR, ISO-standards and stakeholder theory, and newer articles and ways of thinking, e.g., healthy growth and EcoVadis.

Value creation includes much more than monetary value. Societal and environmental factors contribute to increased value for the corporate world and is vital for healthy growth.

3.0 Methodology

In this chapter, we give an in-depth explanation of the methodology used in this thesis. The research design presents methodological approaches, assessments and selection criteria which form the framework for data collection.

Method research is a way of describing how to get information and understanding, and it contributes to new management knowledge. There are different research methods, and the chosen method will decide much of what one will find during the research project. Which method to use depends on the underlying orientation of the researcher and which research questions are chosen to use (Easterby-Smith et.al., 2018, p. 2, 92, 93). In this case study we want to get a better understanding of *how MFtech includes sustainability into their business strategy to capture value.*

3.1 Research design

In this thesis we use *case study* as the research design. A case study can be defined as "intensive research of a few analysis units", where the main point is to gather rich information of the research subjects. A case study is characterized by research aimed at studying a lot of information about one or a few units or *cases.* Every case is limited by context, and the limitations must be clearly identified early in the research process. The units a case study is aimed at researching can be persons, a group, or organizations. At the organizational level, the case study is aimed at looking at the organization as a whole, not the individual people involved about whom the researchers may have information (Thagaard, 2018). A descriptive case study may deal with the "how", and an explanatory study may "why" of a situation. If there is no "how" or "why", one merely documents a phenomenon, thus arriving at an analytic generalization may be difficult. To avoid these difficulties in the study design, asking "how" and "why"-questions are helpful (Yin, 2018). This case study is descriptive, as we research how MFtech handle the topics in our research questions.

Creswell & Poth (2018) describe case studies as a special form of design within qualitative research and divides the method in to three categories; instrumental-, collective-, and intrinsic case studies (Thagaard, 2018) For our research, collective case study is most relevant, because we interview both employees at MFtech and an external investor. By choosing a collective case study we get a better understanding of the phenomena, even though we only focus on one part of the business strategy, which is the sustainability/ESG strategy. The case is seen as a limited phenomenon, and the aim is to collect as much information as possible about this. It is common to use qualitative approaches and one can also combine several different methods. Open interview forms or observation are suitable methods of data collection to obtain detailed data (Johannessen et al., 2011, p. 90).

3.1.1 Limitations

In this Master thesis we have chosen to do a case study of one company. We considered comparing two/more companies but decided to stick with this one. This decision was made because we wanted to attain as much information as possible and gain deeper insight into the company we chose, internal understanding, and interview a wider range of employees within one company.

The case company operates within the IT-industry in the Nordic countries and in the Baltics, thus the study is written with input from European contributors. They work within hardware, software, and services. Even though the informants are from different countries, this thesis mostly handles the Norwegian market.

This thesis is limited by the company's employees and investor with insight on sustainable investing. The main focus lies with the sustainability strategy and work within MFtech and the informants' relationship with and knowledge of this work. Other aspects of the business strategy have not been researched. Customer relations and sales points have been addressed through questions in the interview guide in relation to which degree sustainability is involved. Other specific sales pitches, products or services is outside the scope of this thesis.

3.2 Philosophy of science

The term ontology refers to the philosophical assumption about reality and has four main categories with their own reality perception: nominalism, relativism, internal realism, and realism. This thesis will utilize the relativism approach, which argues that truth is a consensus between different viewpoints of multiple actors, and "truth" and facts depends on the observer. The researcher must be aware that their own knowledge could impact what is perceived as fact (Easterby Smith et al., 2012). The various viewpoints in this thesis are derived from interviewed conducted for this research.

Epistemology is derived from the Greek words "episteme" and "logos", which can be translated to respectively, "knowledge" or "understanding" and "argument" or "reason". Epistemology is thus spoken of as the "theory of knowledge" (Stanford Encyclopedia of Philosophy, 2020). The three most common paradigms are positivism, constructivism, and pragmatism. Constructivism is a belief that there is no single truth or reality, and therefore, reality must be interpreted (Patel, 2015).

3.2.1 Induction, abduction, deduction

There are normally thought to be three types of inferences: induction, abduction, and deduction. Deductive inferences are *necessarily* true if the premises they are based on are true. This entails a *guaranteed* truthful conclusion. Inductive logic is applied then the conclusion is provided by a *degree of support,* thus it is applied in weaker arguments. It is *only* applied when there is observed behavior or statistics. In abductive logic, there is an implicit or explicit appeal to explanatory considerations. Abduction is often called "Inference to the Best Explanation", and is frequently used in everyday reasoning (Stanford Encyclopedia of Philosophy, 2021)

Our approach is abductive, as we do not have all the first-hand information the informants have, nor do we only rely on observed behavior or statistics. We understand that there are different explanations and views of the topics discussed further in this paper.

3.3 Qualitative method and data collection

Qualitative method is associated with great variety and diversity (Thagaard, 2009, p. 13). The research is a situated activity, based on assumptions and theoretical framework. Researchers

attempt to make sense of, or interpret, the phenomena in terms of meanings the informants provide. This develops research questions which address these meanings and experiences of people or groups with the theme. This type of research often happens in natural settings, which are familiar to the studied informants and places. The results include the informants' answers, reflexivity of the researchers, interpretation of the research question and a presentation of the findings (Creswell & Poth, 2018, p. 7, 8). Thagaard (2009, p. 13) divides the qualitative approach into four categories: observations, interview, analysis of available texts and visual expressions, and analysis of audio and video recordings.

To choose the method of data collection we had to look at what was relevant for our research question. Which method would give us the most comprehensive and descriptive answers and results within qualitative research? It was natural for us to choose interviews as we were looking for answers not publicly available. We chose a method with a lower number of informants (seven), so that we could gain deeper understanding. Our goal was to bring out the informants' views and personal and professional experience and opinions.

In this case study we have used primary- and secondary data collection. We chose to use both to strengthen the reliability and validity of the research. The primary data is collected through interviews with employees at MFtech and an external investor. The secondary data is mainly based on business- and investments reports, news articles and research articles. Both the primary and secondary data results are presented in chapter 4, Empirical findings, and in chapter 5, Discussion.

We have chosen to anonymize the informants, the case study company and the name of their services and programs. Therefore, we use the name MFtech when referring to the company, differentiate the informants by giving them a letter as a form of representation, and created new names for services, such as Loop-service and CircularIT-club. See *Table 3* for informant list. References connected directly to our case study company is hidden for privacy reasons and not available in this thesis. In appendix 2 you will find an anonymized reference list without any link connected to the source. This can be specified upon request from the examiner.

3.3.1 Primary data collection

According to Easterby-Smith (2018, p. 173, 175, 276) primary research aims to create original data. The information is collected by the researcher directly, often on areas that secondary data does not cover. The advantage with primary data is that the researcher has control over the structure and the data obtained from the informants. It is more likely that this data will match and be relevant for that particular study. In this case study we collected primary data by interviewing relevant informants, which is a time-consuming process. This included planning the interview guide, executing the interviews, transcribing, coding, comparing, and analyzing. By collecting our own data, we got access to new, up to date, data. It was necessary in this case study because our theme is a topical issue in constant change.

Popular qualitative methods are interview and observation. Interview is suitable to get to know the interview subjects and find out how they understand themselves and their environment. Observation and/or interview are relevant when the choice of method is developing data through field work. Observation is suitable to provide information about practice in every-day life, how people relate to each other, and how they present themselves to their environment. (Thagaard, 2018). The method is well suited for obtaining information about people's self-understanding, experiences, and views. To supplement the interview one can use document analysis of existing texts (Thagaard, 2009, p. 13). An interview is contextual and negotiated as one communicates directly. Together, the interviewers and the informants can provide opportunities for mutual discovery, a common understanding, and there is time for reflection and explanation if something is unclear (Easterby-Smith et.al., 2018, p. 179).

An interview can be highly formalized, semi structured, or unstructured (Easterby-Smith et.al., 2018, p. 184). We found it suitable to choose an interview guide which was semi structured. The interview format has strengths and weaknesses. Strengths include that they are targeted and address the specific topics, and they provide explanations as well as personal views, attitudes, perceptions, and meanings. Weaknesses could be that the informants may have response bias, inaccuracies due to poor recollection, reflexivity (saying what they think the interviewer want to hear), and poorly articulated questions (Yin, 2018, p.120).

The structure of the interview was the same for all informants but was adapted to the various informants due to their point of view and expertise. To avoid collecting large amounts of

redundant information, it was an advantage to follow the structure of the guide and use relevant follow-up questions during the interview. The main topics were set in advance, and the questions were asked in the same order in all interviews. There was room for follow-up questions related to individual answers. This created space for an open dialogue with the informants. Therefore, no interviews were similar, as we spoke to people with various knowledge and positions.

As we interviewed people in different departments within the company, not all the questions were equally relevant to every informant. We informed everyone that it was acceptable if they had no answer or no comment to any of the questions. We did experience, however, that all our informants answered all the questions to the best of their ability.

Due to Covid-19 there has been some big changes in how people live and work. Restrictions and distancing have led to a new digital revolution and other ways to conduct research. People had to learn and use digital solutions in their everyday life. Also, software companies have evolved to keep up with increased user numbers and user-friendliness. Digital methods, like video interviews, makes it easier to talk to people far away, it is pandemic-friendly and time saving. When using both audio/video, compared to the more common telephone interview, the interviewer can study verbal and non-verbal cues (Thunberg & Arnell, 2021). Findings in the study done by Thunberg and Arnell is that digital interviews create a relaxed, flexible setting, it can provide a wider range of informants since distance is insignificant, and that the interviews are just as good as in-person options. It also reduces the power imbalance between interviewer and informants, as the informants have more control and can log off at any time. To strengthen this method there is a need of stabile internet infrastructure, experience with the program used and adequate planning. Challenges one should be aware of is that only the informants' upper body is visible so there is a lack of body language, technical issues, the richness of the data the interviewer is able to capture, and ethical concerns. Informants may experience lack of control over what happens digitally, therefore the researcher must inform about the process, how the anonymity is maintained and how the data is stored (Thunberg & Arnell, 2021).

In this case study we chose to do all the interview online using Microsoft Teams. This gave us the opportunity to interview relevant informants regardless of where they lived/worked. To reduce the chance of technical problems, we made sure the informants had experience with Teams beforehand. We, the interviewers, sat in different locations, connected to different

internet, so if one of us lost connection or had some difficulties, the other one could continue the interview. The length of the interviews varied from 30 to 60 minutes. The shortest was with the investor, to whom we did not ask all the questions in our original questionnaire, as it was irrelevant to them. The informants received the questions and consent form a day in advance, as we did not want calculated answers. Some made time to review the questions before the interview, others had not. We do not believe it affected their ability to answer any questions in the moment. A study showed that pressuring people to respond quickly caused the participants to respond in a socially desirable manner than asking them to respond slowly (Protzko et al., 2019). There is a possibility that they would have answered differently if they had a long time to reflect on what to say. We did not, however, pressure them to answer quickly and gave them time to think before they answered.

3.3.2 Interview guide

To increase the quality of the interview it is important to have a plan. The interview guide must be designed to suit the informants' situation and include questions that represent central themes in the research. To ensure quality it is important to ask questions that encourage informants to give concrete descriptions of their experiences and point of view. Follow-up questions can contribute to make this easier, as not all informants are open when they are interviewed. The guide should also include time for small breaks, so the interviewer and informant get the opportunity to reflect over the conversation. One can also use the transition to a new topic as a time to decide whether the participants are ready to move on or not (Thagaard, 2018, p. 95, 96).

The interview guide in this case study consists of four parts. The first one is introduction with consent to be recorded, second establishes business strategy, third is position-related questions and fourth is summation. In total, it consists of 20 questions, where part two and three are the main themes. The interview guide gives the informant the chance to reflect and answer the research questions based on the company as a whole in part two, but also based on personal opinions in part three. Although we are interested in what everyone in the company knows and experiences about all the questions, some of them were more aimed at the sustainability managers while others were more aimed at employees who did not work directly with sustainability. When interviewing the external investor, we used the same interview guide with

some small modifications. The questions were reformulated to get an "outside" approach to the questions but addressed the same issues.

Interview guide: <u>Appendix 1</u>

3.3.3 Choice of informants

In a qualitative interview/observatory study, the strategic selection is people. The strategic choice is based on choosing people with certain qualifications or characteristics which are relevant to the research question. Organic selection can occur as the project is ongoing. This means that more people or units are added as more information is collected. This is a way to strengthen the selections suitability to develop an understanding of the phenomena we are researching (Thagaard, 2018). Beforehand, we were aware of some informants we wished to interview. We contacted them via e-mail or Teams, where we presented the purpose of this thesis and the research question. Attached to the email was a consent form, the interview guide and information about the duration of the interview. We further informed about the audio recording and anonymization. Everyone within the case company was positive and wanted to participate. During these interviews we received suggestions for other interesting informants to contact based on the study topic. Thus, achieved organic selection when choosing the informants.

The purpose of the study helps to select the number of informants. If there are too many, interviews can be challenging if the purpose is to get in depth with the informants (Jacobsen, 2015). This collective case study is seen from two sides, from the employees within MFtech and an external investor. In total, there were six informants in different positions in MFtech who participated and one external investor, which has not invested in MFtech. We chose to use seven informants based on the time limit of this study, wide range of informants and the length of the interviews.

When choosing informants from MFtech it was important to pick employees in different positions and responsibilities. This was done to get facts on how the strategy is developed and understand how it is practiced internally. To get answers to the sub questions, *"how do MFtech use various measuring tools?"* and *"how can MFtech improve sustainable value creation?"* it is relevant to interview someone who works with sustainability on a high level. To get answers on the sub question *"how visible is the focus on sustainability in the employees' everyday*

work?" it is useful to talk to informants inside and outside of the ESG/sustainability departments. A wide range of informants will give us different answers and the opportunity to increase the holistic understanding. To get answers on the sub question *"How does sustainability increase their attractiveness to investors?"* it is useful to see the case from the inside and outside. Therefore, we chose to contact an external informant as well as looking at secondary data produced by investors and investor groups.

Four of the internal informants were working with sustainability or ESG and two had positions not directly connected to the department. We could have interviewed additional people outside the CSR-departments, but it was not of any importance. Our goal is to see how the business strategy contributes towards creating value, to which all the informants contributed in different ways.

3.3.4 Informants

Table 3 is an overview of the informants, job title, and to which letter they will be referred as in the following chapters.

Informant	Internal/External	Title
A	Internal	Head of ESG controlling compliance and sustainability team
B	Internal	Head of group ESG
C	Internal	Sustainability consultant
D	Internal	Director of corporate responsibility
E	Internal	Account manager
F	Internal	Strategic advisor
G	External	Head of ESG analysis in a Swedish pension fund

Table 3 Informants

3.3.5 The researcher's connection to the environment and informants

The understanding researchers develop during the project is characterized by connection to the environment being studied. When one has previous knowledge of the environment, our experiences can provide a basis for recognition and become a starting point for the understanding. The positive side of this is that one develops interpretations of the phenomena both in own experiences and in relation to new knowledge. Researchers can understand the informants based on their own experiences and it can contribute to confirm what one discovers

during the research. In other words, it can be a strength if you go into an environment where you already have understanding compared to an unknown, new setting. The negative side is that one can overlook the differences connected to own experiences and become less open for new perspective (Thagaard, 2018, p. 190).

One of the authors of this thesis has briefly worked within the case company, and thus had made acquaintances with some informants. To make the interview situation neutral, the interviews were done by the other one of us whom did not have a previous relationship with the person in questioning. It was also more natural for the person with previous knowledge of the people and the company to ask follow-up questions. We chose to do this to equalize all the interviews as best possible, so that the relationship should have little impact. Both researchers were present during all the interviews and were able to ask follow-up questions. We did this to include everyone effectively, and to have productive interviews. Overall, both authors got the impression that the previous relationships had a positive impact, as the informants seemed relaxed and comfortable in the setting. We got a comment from one of the informants that we complemented each other, and that the interview was well balanced.

3.3.6 Secondary textual data

Secondary textual data are written sources of information for alternative purposes than research, but with relevance to the research project, i.e., non-responsive data. Secondary data include company reports, websites, archival data, advertisements, newspaper articles, books, and blogs. This data is often used to compliment the primary data (e.g., interviews). One should however always critically evaluate secondary data, as it has been published to serve a specific purpose (Easterby-Smith et.al, 2018). Secondary data is less time consuming to collect as it is already produced. It has however a lower validity and contains challenges to control the reliability of the data. The most important use of documentation in the case study is to corroborate and augment evidence from other sources (Yin, 2018).

3.5 Ethical decisions

The purpose of research ethics is to promote free, responsible, and good research. In short, there are research ethical norms any researcher should follow: The *truth norm* is inevitable in all scientific activity, as the search for the truth, honesty, and integrity are prerequisites to the

research quality. *Methodological norms* such as factuality, clarity, ability to imitate and verifiability are overarching concepts to ensure responsible research. *Institutional norms* contribute to open, independent, and critical research. These norms regulate and establish decent scientific practice, and shall secure the integrity of research (NESH, 2021).

According to Yin (2018) a case study researcher should have some skills and values. These include (1) asking smart questions and interpret the collected answers fairly, (2) being a good listener and not being trapped by pre-existing perceptions and ideologies, and (3) staying adaptive to see new situations as opportunities, not threats. These preconditions of doing a case study will be lost if the researcher does the study confirm a preconceived position. As a researcher, one must understand the issues before-hand, which may expose the researcher to confirmation bias. Avoiding bias is critical, and one can reduce the risk by searching for contrary information to what one already possesses. Striving for the highest ethical standards is important, and this can be done by neither falsifying or plagiarizing information, being honest, accepting responsibility for own work and avoiding deception.

We entered this case study work with some previous knowledge of the case company. We discussed which area of their business strategy to cover, their services, organizational model, and previous experience with the company.

We have avoided leading questions during the interviews and made it clear that we were interested in the informants' personal opinions and experiences. We listened to the informants without interrupting them during their answers so that they were allowed to express themselves fully. Follow up questions were asked to clarify statements and to understand what they meant if anything was unclear.

3.5.1 NSD

A part of the process of writing a master thesis includes sending an application to the Norwegian Centre for Research Data (NSD). Their mission is to improve conditions for empirical research and provides a guideline of how to handle personal data of informants. Our project was approved by NSD on February 18th 2022, which we sent in for approval on February 1st, 2022. The project number is 106450. With our project green lit by NSD, we could start interviews, and had our first on February 22nd. We produced a consent form we sent to all

our informants and received signed copies. This meant that they consented to being interviewed and a recording of the interview. The recordings were exclusively used to create correct transcripts of the interviews, which then were sent back to the informants for review. They were told that if they wanted to clarify, supply, or withdraw anything from the transcript, they were welcome to do so. We did not receive any feedback of errors or wishes to withdraw or clarify any statements.

3.6 Reliability, validity, and generalizability

It is important to evaluate the quality of the research, something one often associates with its credibility. This provides a starting point for assessing the method and results of the research. Critical review and discussing whether assessments and conclusions are reliable can be necessary. Key concepts within credibility are validity, reliability, and generalizability (Thagaard, 2018, p. 181).

The first key concepts are about the **validity** of the results, and how we interpret these. To clarify validity, one can ask if the interpretations are valid in relation to the reality studied. To strengthen the validity theoretical transparency should be emphasized. One should give a description of the theory for the interpretations and shows how the analysis provides a basis for the conclusions and interpretations. Another way to strengthen the validity is to go critically through the analysis process. Use someone outside the research to ask critical questions and evaluate the analysis (Thagaard, 2018, p. 189). There are various types of validity; construct-, internal-, and external validity (Yin, 2018, p. 42).

In short: *Construct validity* is the extent to which a test or measure accurately measures what it is supposed to. *Internal validity* in a case study concerns the issue of making inferences. An inference is made whenever an event cannot be directly observed. Researchers will "infer" that an event resulted from some earlier occurrence based on documentary evidence or interviews. It is thus important to consider all factors and ask if this inference is correct, if all other explanations are considered and ruled out, and if evidence is convergent. *External validity* is the extent to which you can generalize the findings beyond this study (Yin, 2018 p. 43).

In this study we attempt to raise the validity by having an external critical reader go through the thesis and evaluate the analysis. We also used interview questions which was based on the

theoretical chapter to secure context. To strengthen internal validity, we have taken our inferences based on previous knowledge, what the informants told us, secondary data, and similarities/differences in the data collection. During the study we have focused on collecting relevant data according to the research questions and make the informants aware of them. Interviewing informants with different responsibilities increase the trustworthiness of the research because we wanted answers to the questions based on each informants point of view. By having more informants, the inferences would be strengthened, but we are confident that the findings are expected to be the same if any method or some of the MFtech informants changed.

Reliability concerns if the data one has collected is reliable. This is based on which data is used, how it is collected and processed. It is a criterion for the research to be carried out in a credible and trustworthy manner (Thagaard, 2018, p. 181, 187). Reliability demonstrates that the operations of this study, i.e., the data collection procedures can be repeated with similar results. The goal is that if another researcher follows the same procedures as described, they will arrive at the same conclusions and findings (Yin, 2018, p.42). A challenge to reliability within a case study may be that opportunities to recreate a case study seldom occur. Nevertheless, documenting the process and procedures in the study is important. If not, not even the researcher themselves could not recreate the study (Yin, 2018, p.46).

Reliability can be strengthened by using more than one researcher, by collaboration and discussing crucial decisions in the process or by including another researcher for evaluation (Thagaard, 2018, p. 188). This case study has an advantage within reliability because there are two researchers who collaborated throughout the research process. Both were present during all interviews, and follow-up questions were used to increase understanding and confirm/deny interpretation. Another way to strengthen reliability is to describe the procedure for data collection. When reflecting on the methodological decisions, it becomes visible how the research process is developed. In other words, the research process becomes transparent (Thagaard, 2018, p. 200). In this case study we have described how we selected the informants, why we chose to use interview as data collection method, and how we analyze the data. Reasons for our choices are given during the whole research process. There is transparency around our data collection and methodological reflections. Based on the transparency and how we have developed the data, the readers can evaluate the quality of the project.

The third key concept, **generalizability**, is about the possibility to use the understanding and findings developed in other situations as well. Is it relevant or adoptable in other contexts (Thagaard, 2018, p. 182)? Case studies are generalizable to theoretical proportions, not populations and universes. Doing a case study could be a part of expanding existing theory, not necessarily extrapolate probabilities and statistical generalizations (Yin, 2018, p.21).

A disadvantage is that it is difficult to generalize the results of a case study like this. The focus is only on one company within a particular industry, which gives limitations since it's specified towards MFtech. This is a current study. The findings of this study may be vastly different in a couple of years, as the market and technology changes rapidly. Although our intention with this case study has not been to generalize findings to other cases, we believe the findings could be transferred to other cases as well in the same context/setting.

3.7 Interpretation of data

After the transcription of the interviews were finished, we proceeded to compress the information given into a matrix (Appendix 3). A matrix is an intersection between to lists, set up as rows and columns. The data in the matrix are abstractions, as there are no quotes. Generalizations and other inferential remarks are in the columns. (Miles et al., 2014, p.109). This is a format which arranges the data for easy viewing in one place, permits detailed analysis, and sets the stage for later cross-case analysis with other comparable cases (Miles et al., 2014, p.111). Making inferences and drawing conclusions from the matrix can be done using several tactics, such as noting patterns, themes, making contrasts, comparisons, clustering and counting. It is however important to note that the display is not enough in and of itself. The accompanying texts is always needed to form conclusions. Early conclusions need confirmation, checking and verification. Tactics used to confirm a conclusion can be to follow up on surprises, triangulation, checking out rival explanations and making if-then tests (Miles et al., 2014, p.117)

Creating the matrix was done so that we could easily see what our informants said about the same topics. The topics were divided into: (1) sustainability for you/your position, (2) sustainable value creation, (3) measuring and management tools, (4) 2030 plan and SDG focus, (5) external operations and demands, (6) improvement areas, and (7) success in the future.

3.8 Summary of methodology

The method of this thesis is formal and details methods, data collection with analysis method, and in the end a systematic overview of results (Miles et al. 2014, p. 328). In this chapter we have presented our methodological procedures and explained the choices we have made during our research. Throughout our case study we have applied qualitative research method in an ontological and epistemological philosophical paradigm. Semi structured, in-depth interviews were done to collect primary data from the case company and an external investor. In addition, it is used secondary sources to access more data, increase understanding, and triangulate with the primary data. The data collection has been transparently presented and evaluated according to ethical considerations, validity, reliability, and generalizability.

4.0 Empirical findings

Chapters 4.1 to 4.4 contains the empirical findings from the interviews related to the research questions. The informants will be referred to as the letter they were assigned in the previously presented *Table 3*. Secondary data findings are presented from chapter 4.5 and onward.

4.1 Corporate Social Responsibility

Most of our internal informants were familiar with or worked directly with the sustainability strategy. All except one said that the sustainability strategy was visible in their position, that working with sustainability was important for them, and aligned with their personal values. All the internal informants addressed in some form that they felt like the company took responsibility as a market leader to work on sustainability areas in which they had an impact. The Sustainability Consultant (*C*) said that making sustainability visible within the company was partly their job, and if everyone had enough knowledge of the sustainability strategy, services and products, the message could have a big impact. This is further discussed in chapter 4.4 "Improvement areas for future operations in the company".

Every informant expressed that sustainability is an important part of value creation. They came up with several suggestions of how to create value internally, e.g., spread the word or educate others about sustainability and rankings, gain understanding of importance (why and how), get

employees engaged, have visible sustainability ambassadors, make people feel ownership of the topic, and having a sustainability department.

Head of ESG controlling (*A*), The Head of Group ESG (*B*), Sustainability Consultant (*C*), Director of Corporate Sustainability (*D*), Account Manager (*E*) and Strategic Advisor (*F*) believed that sustainable initiatives like recruiting/gaining members to MFtech's CircularIT-club and selling the Loop-service, creates value. *E* expressed that having a sustainability focus is wise: *"If you can make money while saving the earth, then it's a win-win situation"*.

When talking about value creation informant *D* believed that companies needed to have a sustainability team, as they already have in MFtech. Sustainability is a profession which demands a lot of work. Both *A* and *B* mentioned the importance of an encouraging leader, a whole team and expanding this focus and expertise. *A* believed that having one strategy within alle countries is valuable, the employees become more united and focus on the same things, which they are currently working on. Sustainability is a big part of this strategy which includes the same standards, regulation, goals, and channels.

Informant *D* also claimed that they should do surveys internally, where employees could give feedback, to make sure they were informed. "*Feedback from them is super important, because they know how to communicate with customers*". *D* said it was a work in progress to ensure that the AMs have the information they need. *F* also mentioned evaluation of where they have biggest effect, possibilities, and conscious choices as vital.

B spoke of the importance of talking to customers and investors about sustainability, as they are a big part of demands and driving sustainable business forward. Having employees with passion for sustainability and a sustainability office in almost every country as necessary. *D* confessed "*Working with sustainability is frustrating, so you really need to work on yourself on a daily basis and to stay strong, not give up hope*". *F* had the opinion that they were making a difference, but it was still not enough. *E* was the only one of our informants who said that working for a sustainable company was relatively important, but not crucial.

F believes that sustainability is a competitive advantage. They said, *"There is the question of whether you should get there because it is a requirement and thus you become competitive, or if you work with this to become competitive because what you are doing is sustainable. I believe*

in the latter". They expressed that it creates value to have seminars, creating dialogue with customers about sustainability and having influencing activities, e.g., creating sustainable framework for customers/partners/network. *F* also said that they recently heard that *"we make more money on recycling equipment than on new sales"*. These types of milestones are important and has an impact on how they look at and relate to sustainability work.

The Investor (*G*) claimed that sustainability is fundamental for investors to invest in and want companies to have a sustainable strategy and work. They have their own goals within the company; to have a carbon neutral portfolio by 2050 and have 40% women on the board. Some investment criteria are set by law, as some industries are "blacklisted", other criteria is set by them to be an ethical investor.

4.2 The value of rankings and standards

The topic of rankings and standards was generally known among the informants, but the depth of knowledge varied from a core part of their job, to *"I have heard about the last one"*. There was consensus among the informants that receiving high rankings and certifications had most impact internally in the organization. Most of the informants mentioned that it created proudness and loyalty among colleagues, and a sense that they are going in the correct direction and making right decisions. The Strategic Advisor (*F*) thought that this aspect of the business meant the most to the people in the organization working on it, but that it had positive effects internally, and customers could see that MFtech lived up to their expectations.

A explained that the process of receiving these acknowledgements was secretive, and they did not always know what the deciding factors were, or what the certification or ranking companies appreciated. They believed you should be able to explain *why* and *how* you landed a spot on the list. There was a desire for standardization through the EU taxonomy or regulation. *A* also expressed views that they did not believe most people knew what these acknowledgements entailed, and some could say that it was a nice "stamp" to have.

Which ratings and certifications to focus on can be influenced by customer demands, but many would have been done regardless, according to *D*. Further, *D* said that there were several rankings and certifications they did not publish due to the expense to use the badge. This aspect

was questioned by *B* as you pay to receive a ranking, and this could be scrutinized as the ranking/certification company to be inclined to give you a better rating.

Several informants spoke about the external effects of these acknowledgements. *E* said that they had not noticed any synergy effects of this yet, but guessed that it may become more important in the years to come. *B* believed that investors were increasingly interested in the topic and viewed it as a shorthand to evaluate data. It could also be used to get better terms on loans. *C* said that they believed that the Norwegian market was a bit unfamiliar with this topic, and that they did not believe customers or suppliers chose to work with MFtech solely based on these certifications or rankings.

The Investor (*G*) said that they used rankings and certifications during research of a company, but several other factors were also important. Research tools *G* mentioned was the MSCI rating or Sustainalytics, one of the world's leaders on ESG research and data. *G* advised that one could not solely rely on a certification when investing: "I*t's a bit risky... You cannot base everything on that because you still need to have your own analysis of the company*".

4.3 External operations and demands

The informants talked about a shift they noticed in the last few years, as sustainability has become a bigger part of the conversation with new laws and regulation, climate debates, reports, politics, and media. The Sustainability Consultant (*C*) believed that the topic of sustainability has evolved, and the language has become easier to understand. They also mentioned that when kids began protesting and it gained attention in the public, businesses started to notice. The Director of Corporate Sustainability (*D*) said that they already have systems in place to handle new laws like the Transparency Act, as there are people in the company who work within supply chain management and control. *C* further stated that the technology industry in general struggle with transparency, and it is difficult to force change or criticize companies with whom they cooperate and sell products from: "*I understand in a business perspective that you cannot always criticize your largest cooperating partners, and it can make it difficult when we are selling their product. But I think we can occupy more space in the public discussion of the matter*". The Head of ESG Controlling (*A*) believe that personal relationships with representatives from other companies are helpful, as people are inclined to speak more freely in person than via written exchanges.

Informants *A, B, C* and *E* talked about the code of conduct (CoC) and had different perspectives on the matter. The supplier code of conduct is intended to set concrete expectations for their suppliers. "*We expect all suppliers to always comply with applicable laws and regulations and to exercise good judgement consistent with the business ethics promoted in this document*" (MFtech, G). *A* had the impression that the CoC was signed and forgotten about, with no real follow-up. *B* explained that they adopted the RBA code of conduct, which means that they "*speak the same language*" as their suppliers. *E* mentioned that they knew this existed and that it related to decent working conditions, no human rights violations, conflict minerals etc., and if a supplier did not have a CoC in place, they could not be in business with them. *C* mentioned human rights, the RBA CoC and their own CoC, but also that it meant that the suppliers committed to reducing their environmental footprint or damage to the environment.

D talked about a sustained challenge within the supply chain, and that most suppliers were outside of the Nordics. They worked on making sure that the suppliers understood implications of laws and regulations. Further, *D* discussed the issue of lack of transparency in the supply chain, e.g., where they produce, which sub-suppliers they use, working conditions, conflict minerals, and chemical use. *D* did however state that they believed that they were heading in a direction of quality-proofing the supply chain.

Customer – and investor demands, and a maturing market on the topic of sustainability were addressed by several informants. *D* explained: "*More standards are in place, which makes it easy to have a good conversation. Five years ago [sustainability] was fluffier than it is today, and now, even the boards of MFtech are asking about ESG, it's insane*". *C* believed that the market is not mature enough yet to be willing to pay more for sustainable alternatives but believes that it is moving in that direction. They said "*There are too few tenders in public procurement that emphasize sustainability. Price and quality are still weighted the most. We see some cases where sustainability is weighted perhaps 30%*".

The investor (*G*) said that sustainability is the factor they review the most before investing: "*Sustainability is one of the largest things they must have in place. We also believe that the companies of the future will be the ones working on sustainability. That can mean anything from reducing GHG emissions, good process control over their most important functions, anti-corruption, good governance framework, no human rights violations, and so on*".

4.4 Improvement areas for future operations in the company

The Account Manager (*E*) shared that they knew that ESG/sustainability strategies existed but did not focus on it in their daily work or during sales calls: *"I don't feel like the 2030 plan effects my every-day dramatically. I have some relationship with it, but maybe in a couple of years? It doesn't change overnight"*. *E* said that they felt pressure from multiple departments and suppliers who are more present in their work, and thus get more attention. They had been to a facility where MFtech recycle and handle the products from the company's Loop-service, and said they understood the importance of reusing old products. As for how important it was for *E* to work in a sustainable company, they said it was more a nice biproduct but was not the reason they work for the company.

The Head of ESG controlling (*A*) was happy with the sustainability focus in their position, as it was something they did not notice in their previous job. They experienced attitudes in the workplace where people did not recognize the impact or importance of being sustainable in their daily work. They also understood it as a systemic issue outside of their control, as for example waste disposal was poorly handled, even if they sorted waste in the office. On a positive note, *A* gave compliments to the leadership in their current position, as they experienced increased collaboration, openness for improvement, discussions, and appreciation. This made them happy to work there and excited to go to work every day.

The investor (*G*) explained that the sustainability strategy for them mostly concerned the companies in which they invest. The reason they chose the Swedish Pension Fund (SPF) was because of their sustainability focus, and the ability to have a positive impact.

MFtech has their own 2030-plan and focuses on SDGs in their Corporate Responsibility and Sustainability Report. Among almost every informant it appears that the 2030-plan contributes to a clearer direction for the sustainability work. This makes it easier to work towards the goals in the plan. The Account Manager (*E*) said that there sometimes were reminders, but that it did not have a significant effect on a daily basis.

The Director of Corporate Responsibility (*D*) was included in the process when the six SDGs was chosen. They explained: *"We didn't start with SDG's. We started with assessing the*

material aspects for our business" and chose to focus on the SDG's they had largest effect on. Informant *D* had thus most to say regarding this topic, and highlighted SDG number 16, peace, justice, and strong institutions, as a relevant and important goal to work on. Others were familiar with the fact that the company had some chosen goals but did not know much more or had suggestions for other relevant goals to work with.

The Investor (*G*) told us that they did not use SDGs as a framework, and that they did not invest based on SDG effects specifically. They were more interested in having science bases targets, focus on reducing climate effects and carbon emissions. They chose to invest where they believed they could have positive effects and contributions. They decide who gets their money and set requirements before it is invested.

For success in the future, all the informants mentioned in some fashion that they should be tougher in the market and set higher standards and demands of suppliers. The Strategic Advisor (*F*) believed that they could be rigid on the ethical aspects of the business. They said that the day you are willing to terminate partnerships or deals, or let it cost something is when you start making an impact: "*We haven't put a line in the sand yet, and said 'here, but no furthe*r'". *F* claimed that they do business with companies who neither have a plan nor want to change their behavior. They did for example not believe that pulling out of the oil industry was correct, but that they are trying to use their influence and push them in a more sustainable direction.

The Head of ESG Controlling *(A),* the Sustainability consultant *(C)*, the Director of Corporate Responsibility *(D),* and the Strategic Advisor (*F*) emphasized the importance of education of sustainability internally to raise awareness among employees and spread the message. "*I can run around in customer meetings until I'm blue in the face, but I still only have the capacity of one person. But if I get 1800 people in MFtech Norway to talk about the same stuff, we have more power. It is important that I manage to spread the word*", *C* expressed. *A* said that improvement areas included "*education for the employees. To provide them with the right tools so that they can build an understanding of sustainability work. It's not something big, its more about how you are acting every day*". There was mention of the sustainability ambassadors by multiple informants. *B* and *F* had similar thoughts on the program. According to them, his program was the way to go, as people in the offices knew each other and could casually talk about it. *E* works in a local office and has been trained in the ambassador program. They believed it was a decent way to "force" focus on sustainability. "*Few people are willing to sell*

something they don't know. If you don't know sustainability or are unsure of the area, you are not about to go and talk about it".

Educating customers and helping them become more sustainable was mentioned by *A* and *C* as a success factor for the future. *C* stated: "*I believe that the enterprises which help their customers become more sustainable are the ones who win*". *F* wanted MFtech to take more responsibility as one of the largest IT-company in the Nordics and believed that their influence could be used to improve suppliers, and added "*good business is sustainable business*".

Informants *A, C,* and *E* spoke about making the everyday life at the office more sustainable, and to be mindful of their personal impact. Water usage, waste disposal, single-use items, and travel, were issues mentioned that did not require much effort from people. *A* suggested that local initiatives where you start with small scale sustainability and build up to bigger issues could be the way to go, and habit changes was a part of it: "*[Sustainability] is not something we need because everyone is doing it, we do it because we can. It is not a cool thing to 'have', it is not even a 'new normal', it is something you are living with. It is your life.*"

F felt that there was a distance between the sustainability department and the local offices, and that there was no *real* representation present. A previous experience of having an intern from the sustainability department located in the office over time, made a clear difference for the AMs in the office regarding their sustainability focus. *F* believed that they should have an in-house sustainability consultant along the same lines as IT-consultants, with whom they could cooperate during customer meetings.

C talked about better control of electronic units used and recycled within the company, and to integrate sustainability into services and products they sell when speaking about improvements: "*It's not enough to talk about selling hardware and equipment, but that we always have a plan to retrieve the equipment when it is sold to make sure it is included in the circular economy*". Meaning that sustainability services must be included into the sales strategy.

B believed that understanding the stakeholders, private sector, and investors better, and increasing name recognition outside of the B2B market was important to improve.

D had ideas about improving effectiveness of creating reports and sharing and collecting data, by for example using artificial intelligence. *D* mentioned that investors and ranking companies may do a "desktop study" where they look at MFtech's website, and important information may be missed. Information helpful for investors will be available through an ESG portal in June of 2022. They also wanted continuous and real-time information about developments in their 2030 goals, so that they did not have to wait a year to see the progress.

The investor (*G*) said that it is important for sustainability to be integrated as a core part of a business, and for companies to step up on CSR work. Reporting on scope 3 emissions and emissions from the company activity (scope 1 and 2) is also an important factor to have in place when they are deciding what to invest in. The last part they mentioned was for companies to prove that they are doing their best to have a positive contribution to society, and work together with and help other companies to become more sustainable.

A, *B*, *C* and *E* mentioned the social part and taking care of employees as a success factor. *A* brought up the social part, investing in people, take care of employees, follow development of new technology, sustainable business models and transparency. Take responsibility for your company's actions and influential powers and not be afraid to honestly speak about issues that you are facing as a company. *B* stated: "*Companies are too powerful not to take responsibility*".

Informant *B*, *C* and *D* suggested that companies must take more responsibility if they are going to succeed in the future. *B* meant that companies should take responsibility for the damage they do in conducting their business, because almost every business is generally doing some sort of exploitation of the planet or people. *C* suggested that companies should take responsibility through their value chain and for those affected by what the company does. This might decrease harm to the external environment and contribute to a significant improvement for customers. *D* noted that taking more responsibility could never be a bad thing, that companies could step up even more.

There were several success factors mentioned in the interviews. Informant *B* claimed that companies must do more than the bare minimum, cooperation with public actors, minimize and compensate for damage, and become climate neutral. Be a business with purpose, not just for the money. *C* talked about a successful business as an attractive workplace where it is good, safe, and fun to work. Other important factors *C* mentioned was price and quality will always

be valued, having a sustainability strategy, selling products without extracting virgin materials, and responsibility to have an ethical supply chain. Working with the suppliers systematically was one of the success factors informant *D* mentioned. *E* emphasized factors like freedom, providing quality of life for employees, a flexible workplace, good terms (training facilities, competitive salary etc.) and active work towards becoming more sustainable. People are different and it should be considered. *"The time where you lived to work is over. We work to live. But when you work as much as you do during your life, you must at least enjoy it"*, according to *E*.

To have a successful business in the future informant *F* expressed the importance of integrating sustainability and adapt to changes. Companies must always be developing and everything they do must be sustainable. Those who do not adapt will probably fall behind, including financially in the end. *F* believes that when sustainability is no longer a separate process/project, when it actually permeates everything we do, that is when we succeeded: *"Sustainability is not <u>a</u> strategy. It is <u>the</u> strategy"*.

The Investor (*G*) believes to succeed, businesses need to integrate sustainability into their corporate strategy and have a sustainable business model, so that it is included in everything, business meetings, board meetings etc.

4.5 Secondary data findings

To support our empirical findings, we have chosen to take a closer look at the MFtech reports, a report by Sopra Steria on Digitalization for sustainability, and data from the investor industry.

4.5.1 MFtech reports

Since 2015 MFtech has released a yearly separate Corporate Responsibility and Sustainability report in addition to the annual financial report. Even though it is two reports, sustainability is mentioned in both. At first glance, the Annual report from 2021 (MFtech, F) shows the logos of several of the ranking awards the company has received, e.g., EcoVadis and Global 100. When comparing the Annual Report from 2015 and 2021, one can see that the company has had a stable, increasing revenue these years (MFtech, F).

Their first Corporate Sustainability & Responsibility report was released in 2015, and there has been significant development since its first edition. The 2021 report is twice as long as the first report, and contains more information, services, initiatives, and accomplishments. Circular economy is a term that is mentioned more frequently in the recent reports. In their Annual Report from 2021, MFtech explains circular economy as a solution within the IT-industry to minimize the consumption and the use of new materials. Through MFtech's Loop-service, they work with recycling and reuse (MFtech, F). They collect products from companies to take responsibility for the product's life cycle. This is profitable both for customers, the environment and MFtech (MFtech, K). To aim for 100% reuse and recycling of IT, they have created the "CircularIT" initiative, which is a pledge other companies take to become 100% circular with their own IT products. This is free and does not require use of MFtech's Loop-service to recycle their old hardware, but is an option for customers to use.

In the Report from 2021 (MFtech, D) the results of what they have achieved related to the 2030-plan is presented. It is divided into five parts, where every part is connected to a sustainability goal. According to the report their Loop-service has recovered over 2,7 million units since 2015, and they want circularity to become the new normal within this sector. In 2021 the program recycled and re-used over 400 000 personal computers and mobiles (MFtech, F), and in 2015 this program managed to recycle 300 000 units (MFtech, C). There is further an increase in members in the CircularIT-club, which currently has around 500 members. This focus is connected to SDG goal number 12, responsible consumption, and production. The team who works on their sustainability focus, publishes progress reports on the way towards reaching the UN SDGs. In the 2021 report they found that respondents in the report may be unaware of the climate impact of IT production, and that they want products with longer life spans, but fails to value their own contributions such as asset recovery and reused product purchasing (MFtech, I).

In the Corporate Responsibility & Sustainability Report from 2015 (MFtech, C) their stakeholders dialogue is presented. The company focused on communicating with stakeholders to enhance the perspective on corporate sustainability, opportunities and to improve it. The report presents their collaboration with stakeholders and other organizations as necessary to face the complex challenges. Supply chain key words which they will continue to work on is stakeholder engagement, setting expectations (code of conduct), transparency and performance assessments (MFtech, C). It is stated that a continuous dialogue with stakeholders is crucial for

sustainable growth. Outcomes from stakeholder dialogue in 2021 was that the stakeholders were interested in MFtech's impact on climate change, along with circularity and business ethics. To gain insight on these themes, MFtech conducted interviews with stakeholders, including investors and their own management (MFtech, D).

4.5.2 Secondary investor data

The Global Sustainable Investment Alliance's (GSIA) review of 2020 show that sustainable investments are growing globally. Sustainable investments were calculated to reach $35 trillion in 2020, which is equivalent to a third of the world's assets under management in major economies, and a 15% increase since the previous year. "*The report again demonstrates that sustainable investments are a major force shaping global and capital markets, and, in turn is influencing companies and others seeking to raise capital in those global markets*" (Global Sustainable Investment Alliance, 2021). ESG integration, negative screening, corporate engagement, and shareholder action are the most common sustainable investment strategies. The Sustainable Development Goals are listed in the GSIA review as a market- and customer driver in Europe, and state that all businesses and investors are encouraged to adopt the framework.

The UNGC and Accenture produced a report on climate leadership in 2021 by doing a quantitative and qualitative study of UNGC company leaders. The report claims that leaders are saying that businesses are unprepared to navigate the challenges of climate change. They assert that the private sector, investors, and capital markets increasingly align to advance climate action. Technology is presented as part of the solution to climate action, as it is a powerful enabler of new business models and can unlock the future of industry decarbonation. "*Advances in technologies from artificial intelligence to internet-of-things to cloud management are collectively forcing CEOs to raise the ceiling on their climate ambitions*" (UNCG & Accenture, 2021).

The President of the European Commission Ursula von der Leyen has stated that "*Europe has become the home of sustainable investment*". There seems to be a growing will and potential among investors to build a more inclusive and carbon neutral model of growth. They are seeking long-term reliable projects to finance with an ambition of value generation for the environment, social communities, and financial returns (Eurosif, 2021). Eurosif (2021) point to a need for regulation and policies to tackle sustainability issues. Following are some

examples of regulation and policy to drive investors towards sustainable financing. The EU Sustainable Finance Action plan requires the reporting on how they integrate sustainability and risk, and to classify and report their ESG products' sustainability risk and other impacts. The EU Sustainable Finance Disclosure Regulation requires all investment managers to include sustainability risks in their investments. The EU taxonomy utilizes a double materiality concept. This implies that companies and investors report on risks and opportunities directly influencing the company, but also how they affect social and environmental objectives over time. ESG integration into the investment strategy has also been reported to experience consistent growth since 2016 (GSI Alliance, 2020).

BlackRock is the world's largest asset manager with $10 trillion in assets under management. They are a shareholder in many large companies, such as Apple, Microsoft, and The Walt Disney Co. (Naik, 2022). BlackRock's CEO Larry Fink wrote in his 2022 letter to shareholders that access to capital is a privilege, not a right, and the duty to attract capital in a responsible and sustainable way lies with the investors. He uses Blackrock's influence to push for climate action. They have committed to a goal of net-zero GHG emissions by 2050 or sooner. Fink wrote that he wants companies to set immediate emission reduction targets, and to report on progress in line with a framework created by the Task Force on Climate-related Financial Disclosures (TFCD). He has faced some criticism as he stated that divestment in fossil fuels is an ineffective tool against climate change (Naik, 2022).

According to BlackRock, ESG and sustainable investing is increasing, and the trend has been steadily broadening as new technology advances and more products are entering the market. Capital is riskier now, as value and income can both increase and fall, and are often long-term dependent. Across the industry the sustainable fixed income indexing assets have more than doubled in the years 2018-2020. Investors are now seeking more sustainable fixed income allocations. This can be seen in *Figure 4*, a graph which covers sustainable fixed income in Europe, Middle East, and Africa, and globally (BlackRock, 2022).

Figure 3 Sustainable ESG fixed income ETF AUM globally (US $bn) (BlackRock, 2022).
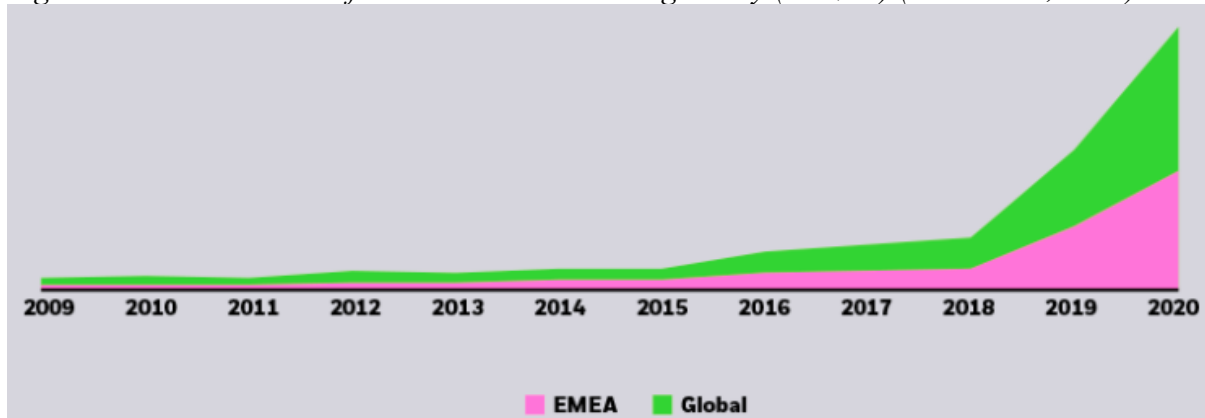
The investors are choosing different approaches to include sustainability into their portfolio. BlackRock is seeing an asset growth from investors in that they are selecting one environmental, social or governance consideration and invests thematically. This could for example be climate change or companies that focus on gender equality. Another approach is that investors are changing from non-ESG to ESG products to make the profile of their investments better by having sustainability as a corner stone. A third approach is that investors are seeking impact investment approaches such as green bonds or ethical businesses. As the area of fixed income products are increasing, investors use indexing to make sustainable fixed income portfolios. According to BlackRock they are valuing standardized, transparent, rules-based approaches to sustainable investing (BlackRock, 2022).

4.5.3 Sopra Steria Report: digitalization for sustainability

The Sopra Steria report on digitalization is written by Fosse & Røsand at Sopra Steria in Norway in 2021. They sent out a questionnaire to small, medium, and large businesses from public and private sector, from which they received response from 54 enterprises. They also interviewed 11 business leaders and sustainability managers. The report includes information about how competitors and customers view sustainability work and how to use sustainability to create value.

According to the Sopra Steria report (2021), businesses in the forefront of new rules and political trends, will achieve major competitive advantages. Those who redirect their focus towards a sustainable way of doing business can achieve a cost reduction, effectivization, new business opportunities, and become more viable long-term. Everyone must be aiming for the same sustainability goals. According to the report, the businesses which are successful in

working with sustainability, involve all layers of the company, including the core business strategy, and by actively working towards creating a culture of sustainability.

This report divides the respondents in to three categories: leaders, operatives, and novices. The "leaders" have implemented measures in several working areas and made sustainability and digitalization strategic objectives. They use digital technology which facilitates sustainability decisions to be based on data and insights. In addition, they have anchored sustainability in their core business, to ensure the decision makers -and executioners are pulling in the same direction. This has led to increased profits, new opportunities, and saved cost. The "operative" has made several decisions on digitalization and sustainability issues, nevertheless, still has a long way to go before it is embedded in their business strategy. Most of these have mapped out where the pressure lies, but not completed the work. The "novices" are still in the planning stage and has ambitions within sustainable work.

The Sopra Steria report (2021) state findings that sustainability must be profitable. The motivation behind becoming more sustainable are reduced costs, attract the right people, reduce climate risk, or to increase reputation. Doing "the right thing" out of the goodness of their hearts or a moral obligation, is less profitable than using sustainability to reach specific goals. "*If it isn't profitable, it is not sustainable*". It is however important that the management believes sustainability is a success factor, and for there to be a positive sustainability culture to reach these goals. Having sustainability integrated in the business strategy ensures that these issues are not forgotten whenever important decisions are made. External pressures such as regulation, the EU taxonomy for sustainable economic activity and reporting, and customer/societal demands will affect business strategies in the future and decrease risk profiles for companies.

4.5.4 Rankings and standards

A current topic within sustainable strategies is achieving placements in rankings and comply with standards (There are countless rankings, standards, and certifications which are not included in this table). Below in *Table 4*, MFtech's score and status on the different rating and standards is presented. Lines without bullet points are explanatory, the bullet point is the achieved results. This is a perspective of *Table 2*, which contains info on *what* and *how* the rankings and standards works.

Rating/standard	MFtech status and score
Corporate Knights: Global 100 rating	Ranks the world's 100 most sustainable corporations 2022. • MFtech made the list of top 100 companies
EcoVadis: Sustainability rating	Business sustainability rating assesses social responsibility and sustainability of suppliers, used by more than 60,000 companies. • Platinum level, top 1%.
ISS-oekom: Sustainable investment research and rating	One of the worlds' leading ESG research and rating agencies within sustainable investments. • Prime status 2019.
MSCI: Developed Markets Indexes	The largest provider of ESG indexes in the world, used by investors. • AA ranking.
ISO14001: International Organization for Standardization	EMS with a worldwide federation of national series of standards. • In full compliance with IT-industry ISO standards
ESG: Environment social government	Set of standards. • A- rating for ESG Reporting by Oslo Stock Exchange (Governance group)
GRI: Global Reporting Initiative	Standard for sustainability reporting. • Using this reporting framework.
Sustainalytics: Global leader in ESG research and data	• ESG rating: Low risk, top among the top 250 of 1006 companies in their industry group • Exposure to ESG issues: medium risk

Table 4 Rankings and standards: status and score

Corporate Knights Global write in their methodology that "*submissions or payment from companies is not required*", and that their rankings are mostly based on publicly available data, such as financial- and sustainability reports, and websites. Their principles include (1) relevance: representative of business sustainability in the current sosio-economic context, (2) transparency: fully disclosed ranking, results and process, (3) objectivity: assessment primarily based on quantitative data and performance indicators, (4) public data: data of public domain, (5) comparability: compared to peer group, (6) engagement: eligible companies are contacted prior to ranking to give them the chance to make necessary data available, and (7) stakeholders: stakeholder feedback is actively solicited. Further in their methodology, they provide a detailed list of their scoring methodology and which SDGs correspond with the topic, and which criteria that excludes a company from being ranked (Corporate Knights, 2022a).

A study by EcoVadis of 30 000 companies has shown that organizations who commit to the Ten Principles of the UN Global Compact (UNGC) perform significantly better on sustainability measures and throughout the supply chain, than those who has not. The committed companies also have more advanced CSR management systems, as they are constantly revamping their efforts and practices to mitigate CSR risk. Improving the company's CSR has shown to positively impact the bottom line, from hiring to funding. Being held accountable by a community of forward-thinking companies is key to pushing sustainable initiatives forward (Moshkin, 2019).

Critiques of ESG rankings and certifications

The significance of ESG issues in the investment industry has exploded in the recent years. The purpose of MSCI ESG ratings is to measure a company's resilience to financially significant ESG risks (MSCI, 2022).

Even though ESG ratings are increasing in popularity, there are criticisms of MSCI's methodology. Journalists at Bloomberg (2021) criticized MSCI's ESG rating: "*The most striking feature of the system is how rarely a company's record on climate change seems to get in the way of its climb up the ESG ladder – or even to factor at all*". They highlight an example where McDonalds, one of the largest beef purchasers in the world, generate more GHG emissions in 2019 than Portugal or Hungary. Still, they got an upgraded rating because of their "environmental practices". This was done after carbon emissions was removed from the calculation of their rating because MSCI determined that "*climate change neither poses a risk nor offers 'opportunities' to the company's bottom line*". Bloomberg further addressed an example of how "water stress" measured whether the local community has enough water for the company, not if the company stressed local water supply. In addition, many companies who received an upgrade by MSCI have not disclosed recent GHG emissions in full or at all (Simpson, Rathi and Kishan, 2021).

Sustainalytics, mentioned by the Investor (*G),* published an opinion by their Associate Director of Client Relations, Trevor David (2019), which addressed the scrutiny of ESG ratings. He said that it is necessary and reasonable to question ESG ratings and research. Further, he stated that "*ESG rating firms should provide meaningful transparency into their process and be precise about what they intend to measure*". This is because it becomes difficult to compare results without visibility into the topics they consider, and how each indicator is addressed.

5.0 Discussion

This chapter presents the discussion of the findings from chapter four. The empirical data will be discussed in the light of presented theories and concepts from chapter 2, comparable articles, and empirical findings.

The main findings in chapter 4 show that a common theme throughout all our interviews is that sustainability is becoming an intrinsic part of business strategies. The market is maturing on sustainable services and products, however there is still a long way to go. It is critical that companies who *can* realize their sustainability potential actually *do* it and go forward as role models for those who do not. Constant sustainability developments and expertise on the matter is essential, as it seems to be easy to forget if people aren't regularly exposed to the topic or have deep personal values consistent with sustainable work. As the Account Manager mentioned, you are not going to sell something you don't know anything about.

The investor industry is increasingly focusing on and investing in sustainable projects, green bonds, and companies with positive contributions to the SDGs and ESG. They invest with a long-term strategy, and unsustainable organizations or projects are not viable over time. BlackRock use their influence to push for climate action and responsible investing, and the total percentage of green investing is increasing every year.

The discussion is divided into four parts consistent with the order of the research sub-questions:

1. *How visible is the focus on sustainability in the employees' everyday work, considering that it is included in the company strategy?*

2. *How do MFtech use various measuring tools?*

3. *How does sustainability increase their attractiveness to investors?*

4. *How can MFtech improve sustainable value creation?*

5.1 Corporate Social Responsibility Strategy

This section discusses research question 1: *How visible is the focus on sustainability in the employees' everyday work, considering that it is included in the company strategy?*

As described in value pillar 3 about people (World Economic Forum, 2020), companies who prioritize employees' values and let them be included in their work, boost engagement and productivity. Skilled and engaged employees produce financial and non-financial value. The interviewed CSR-employees spoke about personal values as drivers and motivation for their work. Several wanted to educate everyone in the company on sustainability to share their knowledge. The strategy must, however, come from the top management to have the chance to be successful, according to the Sopra Steria report (2021). The findings show that the Director of Corporate Responsibility (*D*) experienced increased interest from the board, and the CEO wrote in both the financial- and sustainability report in 2021 (and previous years) about their mission to create a more sustainable future through IT. The Sopra Steria Report further state that all layers of the company must be included and actively work towards creating a culture of sustainability. This is where the company seems to wobble, as it may be difficult to include all layers of employees, as found in the interview with the Account Manager (*E*). They felt some distance between the local office and the sustainability department. The toolbox they carry is large and other departments are more visible to them, hence they receive more attention. If the local offices had dedicated sustainability consultants to help the AMs, it could increase their focus on the sustainability services and products. Lack of knowledge seemed to be the basis of why this was not a big part of their conversations with customers, and support on this matter would be helpful. This could be a temporary solution to local offices who need the extra competence, or a permanent solution if they see an increase in productivity towards their 2030 goals.

The results cannot show which, if any, sustainability services/products the Account Managers at MFtech are measured on, or if the sustainability strategy is included in their KPIs. *E* spoke of the reports they received on statistics from the Loop-service. They did not speak of *how* they used these reports. The informant did not seem too interested, nor was he asked further about their use. However, if AMs are measured only by the amount of money they sell for, and not necessarily *what* they sell, it is natural that they do not focus on aspects outside of their KPIs as AMs. "You are what you measure" is the title of a Harvard Business Review article (Ariely,

2010) which states "*If we want to change what they care about, we should change what we measure*". Therefore, (if it does not exist already), all departments should include specific KPIs for the sustainability strategy to make it integrated into all layers of the company.

The informants' experience on communication with suppliers or customers about sustainability in the supply chain or selling their services, show that there are still factors more important than ethical production and consumption, i.e., sustainable products, or shared value. There are different types of customers, and some who may not be inclined to choose sustainable products over cheaper ones. Focusing on value first, then on price, turns the relationship with customers into a collaboration which benefits all parties, according to a research paper on B2B buying and selling (Hinterhuber et al. 2021). MFtech has a goal to educate 1 million people on sustainable IT by 2030, which informant *A* and *C* spoke about being a key part of their job. If they are successful in this goal, and the message is impactful, could result in customers making more responsible decisions and improving the supply chain.

5.2 The value of rankings and standards

This section discusses research question 2: *How do MFtech use various measuring tools?*

As a result of actively working on improving ratings and scores, MFtech can have positive effects both internally and externally. From the investor's (*G*) perspective these ratings are important as they are included in their assessments and analyzes. Rankings and certifications are used as a tool to assess potential investments. The investment reports show that sustainable investments are increasing (BlackRock, 2022) and when looking at MFtech scores in the different ratings, they generally receive top or high scores (Table 4). MFtech can thus use these results to express that they are a sustainable company. Based on the consistently high score it increases their credibility, and you get a confirmation that they are on the right track and living up to the expectations. This is a benefit for MFtech and strengthened by the consulting firm Simply Sustainable's (2022) article about why ESG matters. It is stated in the article that "companies that score well on ESG metrics are believed to better anticipate future risks and opportunities, be more disposed to longer-term strategic thinking, and focused on long-term value creation" (Simply Sustainable, 2022). The investors included in this research are not connected to MFtech in any way, but according to investor reports about change in the market this can have a positive effect on the company.

The results of ratings and standards matters because they are useful tools in a market where capital not adequately pricing the ultimate costs surrounding sustainable business. There are many fundamental sustainable business areas which is not a part of traditional financial analysis. However, these are becoming more recognized for having a significant economic impact (Simply Sustainable, 2022).

The overall impression was that most of the informants felt that the achievements created proudness and loyalty among the employees, and thought it most likely had stronger effects internally than externally. To create more value internally there could probably have been more awareness around the ratings and standards at the various offices. It was *A*'s job to report and increase the rankings / status, but it seems unreasonable to improve results unless performance is actually increased in practice.

Through this research, it has also emerged some aspects of certifications and rankings worth questioning. Ranking companies make money by charging for participation and to publish their badge. You can thus get a score and feedback from the company but pay even more if you want to show it off. The Director of Corporate Sustainability (*D*) said that MFtech has received acknowledgements they didn't publish because of the cost to do so. The Head of Group ESG (*B*) said that they understood that one can question the credibility when you must buy it if you want to be a part of it. As Bloomberg reported, there are many companies who receive upgraded scores by MSCI despite their environmental impact or lack of reporting (Simson, Rathi and Kishan, 2021). This puts into question if the payment influences the rating companies receive, maybe personal relationships, lobbying or other factors can benefit companies. We are not under the impression, nor have we received any information that MFtech use any of these techniques, but the legitimacy of the rating can be scrutinized due to questionable methodology.

The rankings and certifications are not necessarily a true representation of a company's performance, as there are many variables which can pull your score up or down. As mentioned, secondary data is created with different intentions in mind. It can be discussed if there should be more transparency in ESG ratings. The disadvantage can be that companies cherry-pick the information they provide to the third party and withhold information which can negatively affect their score. There is still a possibility that companies do this regardless, as the auditors

are dependent on the information they can gather from reports, websites, or questionnaires filled out by the companies. As previously mentioned, company reports are made with a purpose. Nevertheless, some of the informants meant there should be more transparency as they often do not know what these acknowledgements involve. This is supported by the Simply Sustainable (2022) article, saying that the consistency between rating provides' scores differing significantly between providers.

5.3 External appeal/interest

This section discusses the third sub-question: *How does sustainability increase their attractiveness to investors?*

The principles of values in governance from the WEF (2020) are foundational towards achieving long-term value with financial and societal performance. The themes in this pillar speak of decisions of quality and morality from the top management. The investment reports from GSIA (2021) and Eurosif (2021) show that investors are seeking long-term reliable projects with positive effects on ESG-issues. The Investor (*G*) echoed the findings from these reports. They also said that the SDGs is not the basis on their investment framework, aligning with MFtech's methodology of developing their 2030 plan. *G* used various ESG rankings and their own analysis to determine what they invest in. This shows that comprehensive reporting, supply chain management and "correct" values within the company are essential as investors with ESG focus view this as fundamental. For MFtech, this could mean that their CSR strategy, stated values and reporting on ESG issues may have a positive effect on the interest from investors, as this is a topic with increasing significance. It may not however, be viewed as problematic if personal values from individual employees outside of the ESG-scope of responsibility doesn't perfectly align with the stated company values.

With the increasing focus on sustainability there is a change in demands from external actors. All types of companies can set quality- and sustainability requirements to stakeholders and investors to induce change and responsible sourcing (Stoknes, 2020). There is a difference between businesses who show signs of a noticeable change, those who contributes and those who do something because they must. One of the largest assets managers in the world, BlackRock, reportedly try to use their power positively. They are setting stricter demands to companies and are critical of what they invest in. They are pushing for climate action, by e.g.,

wanting companies to set emission reduction targets and report on it. According to BlackRock (2022) ESG and sustainable investment has increased significantly during the last years, see *Figure 4*.

The investor informant (*G*) stated that transparency was important and the fundamental factor they reviewed the most before investing. According to BlackRock, the investors were now seeking sustainable fixed income allocations and valuing standardized approached and transparency. To increase transparency the Head of ESG Controlling (*A*) believed that personal relationships with representatives would help. This could make people speak more freely and honest. According to Donaldson & Preston (1995) it is important to identify stakeholders' interests and understand their decision-making processes. This can increase the relationship and create value for both parties. The sustainability report from 2015 (MFtech, C) and 2021 (MFtech, D) presents dialogue with stakeholders as crucial to improve and get insight. In the 2015 report it says, "*We work to maintain close dialogue with our suppliers, sub-suppliers, NGOs, public institutions and clients regarding how we jointly improve both transparency and responsibility in the supply chain.*" This is a challenging area to work on as previously discussed, but MFtech presents some initiatives in the 2021 report on what they do to maintain their relationships with stakeholders. This is e.g., employee- and customer-satisfaction surveys, company events, partner meeting and job fairs. It also emerged in the interview with *B* that this dialogue is driving the sustainable business forward. As seen in *Figure 2*, Donaldson & Preston's Stakeholder Model (1995), this relationship is dynamic. It is a continuous process where the involvement and understanding of each other creates value.

5.4 Sustainable value creation

This section discusses research question 4: *How can MFtech improve sustainable value creation?*

This research question explores how MFtech creates sustainable value today and how they can increase it in the times to come. As Stoknes (2020) presented, healthy growth is more profitable, resource productive and evenly distributed. This contrasts with grey growth, where material- and economic footprint increased along with the growth, which led to limits to growth with resource scarcity.

The results of this study matter because it is important to improve the sustainable value creation to stay competitive and be attractive in the future. As written in an article form KPMG, it is about being relevant tomorrow, adopting to a new reality where there is an increasing focus on sustainability. *«Sustainability is seen as a premise for profitability - in a long-term perspective"* (Klavenes, 2021). Green loans have better terms than "normal" loans, and can finance sustainable projects (DNB, 2022). When doing investments, informant (*G*) mentioned the importance for a company to set sustainability goals and actually work towards them. Although the processes could be demanding and time consuming for some, it was better to try to do something than nothing. This indicates that as long as the company continues to do well in rankings, and progress towards reaching their 2030-goals, they are in a good position to secure green investments when they need it.

As mentioned, the stairstep model is a path towards achieving healthy growth. The first step, *societal engagement,* shows factors that create value both now and in the long run. MFtech's CSR overview (MFtech, L) cite a "wide range of charitable efforts" under "policies and activities" (which also include, among others, climate policy, sustainability focus, corporate governance, CoC training, and stakeholder and materiality assessment). There are examples of their charitable efforts in the sustainability report, such as an organization for cleaning up plastic waste and other harmful debris from nature, an organization which assists in areas devastated by natural disasters and builds schools in Kenya, and to a coding class in Denmark to educate children on coding and technological challenges (MFtech, D). However, this is a broad step that can be constantly expanded and improved.

In step number two, *cleaning house,* value is created through factors such as work environment, waste disposal and leadership. KPMG write about the importance of leader groups and boards, that a company who integrate sustainability into the strategy must have it presented in the boardrooms (Klavenes, 2021). On the leadership level it seems like MFtech has integrated sustainability, especially through the CSR employees. But as findings show there are improvement areas. The informants suggested more focus on sustainability in the offices, get better routines for waste disposal and avoid unnecessary energy use in the offices. To gain more focus MFtech could for example increase responsibility of the sustainability ambassadors or competitions between the offices. According to Klavenes (2021) it requires a new mindset to pull the company in a new direction. 80% of Norwegian businesses surveyed by Nordea (2019) did not believe environmental issues were important.

In their sustainability report, they publish scope 1, 2, and 3 emissions, the last of which are voluntary. MFtech want to reduce their CO_2 emissions by 50%, which among other solutions means, include using 100% renewable energy. As of 2021, 78% of energy consumption is renewable energy. They reduced their emissions in scope 1 and 2 by 42% since 2019, and air travel emissions by 71% (MFtech, D). The main reason for lower consumption is due to the Covid-pandemic (MFtech, J). By reporting on voluntary emissions shows that they are committed to transparency. The report is produced by a third party, thus increasing the reliability of the reporting.

The third step in the stairstep model (2020) concerns *purchasing,* and to use the company's influence to increase responsibility and sustainability in the supply chain. The instrumental approach to stakeholder theory identifies connections between stakeholder management and achievement of corporate objectives. Supply chain management is included in SDG 12 and 8 and is one of the goals included in MFtech's 2030 plan and sustainability report. They encourage increased transparency in ongoing conversations with suppliers and the RBA: "I*n our supplier assessments we expect information about the supply chain of the products we purchase*" (MFtech, D). MFtech is a member of the Responsible Business Alliance. According to their website, this indicates risk assessments and revisions of their suppliers, and that they set clear demands in their supply chain (MFtech, H).

The third value pillar from the WEF (2020) concerns the planet. This value pillar tackles climate changes, nature loss, freshwater- and resource availability, etc. These themes are relevant for the supply chain, as for example production and transport is closely linked to the health of the planet. To be sustainable throughout the whole chain, companies must know where their products are being produced, which sub-suppliers are involved and the working conditions in production facilities. The Director of Corporate Sustainability (*D*) spoke about an issue with transparency in the supply chain, especially since many subcontractors are outside of the Nordics. Transparency Act, the law from July 1st, 2022, will put even more focus on it as it becomes mandatory to take due diligence actions and report on supply chain (Lovdata, 2021). MFtech have people in place to work on supply chain management, abide by GRI standards which contributes to transparency on impacts areas for both organizations and stakeholders. The public stance of the company is firm on supplier transparency, but there seems to be some frustration internally as several of the informants raised this issue as a topic with potential for improvement.

It is challenging for companies to gain control of the whole supply chain, especially for companies with many subcontractors. According to the Harvard Business Review, transparency in the supply chain requires companies to know what is happening upstream, and to communicate this internally and externally. This is also an issue with increasing importance for stakeholders. Supply chains were not designed to be transparent, as businesses feared that sharing information could undermine their competitive advantage and open them up to criticism (Bateman & Bonanni, 2019). Several informants echoed these statements and believed that MFtech could be bolder in addressing these issues. According to *B,* MFtech is a small actor internationally, and therefore found it difficult to set demands.

Step four and five in the Stairstep Model by Stoknes (2020), refers to the *operations* of the company and their *product portfolio*. This again turns the focus inwards towards improving internal processes and service deliveries. As MFtech does not produce the products they sell, they focus on providing services, such as the Loop-service, which can improve the environmental impact of these products through reselling and recycling. They write in their 2021 sustainability report (MFtech, D) that they are embracing a mindset in the whole company to be positive change makers through continuously improving operations via "responsible sourcing, environmental protection, cyber security, business ethics, as well as diversity and human rights". Sopra Steria explained a "leader" as a company with implemented measures in several working areas to work on sustainability and digitalization, and made them strategic objectives. MFtech is working towards making sustainability a core part of their business and has passionate employees willing to put in the work. The efforts they put in to achieve external goals and for sustainability to be a part of their strategy shows that they are a leader. However, as long as the scope 3 emissions are as large as they are, and production of IT products is one of the fastest growing waste streams and GHG emitters, they cannot truly call themselves a sustainable company.

The last and sixth step in the stairstep model regards the *business model* (Stoknes, 2020). This step is about shifting your business model towards a circular or dematerialized way of creating value. This connects to having a purpose besides making money, which the Doughnut economy theory speaks of. The stated mission of MFtech is to build the future with IT. They want to improve productivity and living standards across society. The core in this theory is that we do not live or consume above what the planet can handle, or below essential needs. Incorporating

circular solutions to IT is an important task, as electronic waste is one of the fastest growing waste streams, and production has massive emissions. Informant *C* talked about having a plan of how to take back product at the point of sale. Further, they believed that enough virgin materials had already been extracted to keep production going for many years. The problem lies with the amount of waste not returned into a circular economy. *D* said that they set different goals to focus on every year, with the 1:1 goal being the focus of 2022. Their Loop-service is fundamental for achieving this goal. When you look at the increase from 2015-2021, it is not significant. From over "310 000" units in 2015 (MFtech, C) to 436 399 in 2021 (MFtech, F), one would say that it is a stable increase which could have been even better. This means that on average 57 units were retrieved per every full-time employee (MFtech had 7658 full time employees as of 2021 (MFtech, D)). *D* claimed in the interview that their rate of returned product compared to sold was around 35%. *C* said that the progress was not on track to reach the 1:1 goal by 2030. This shows that they are a company with aspirations of healthy growth and to be more resource productive but are currently far away from realizing this point in their plan. It is not, however, only the ESG division of MFtech who are responsible to reach their goals. The strategy must be intrinsic to all the divisions of the company, as discussed in 5.1.

5.5 Summary of discussion

CSR employees seem dedicated to their cause, and work diligently towards reaching the goals set in the 2030 plan. The sample we interviewed outside of the CSR departments showed that personal motivation and values played a role in how much focus the plan and goals received. Lack of knowledge of the issues appeared be a contributing factor to why the AM did not spend alter their way of working to heed to the sustainability objectives of the company. Thus, adding personnel with sustainability training could be a resource to improve on this matter. Further, creating specific KPIs for all employees based on the 2030 plan could contribute to achieve their set goals, as they are currently on the trajectory to not reach some of their goals. Educating internally and customers on the value of sustainable products and services could prove fruitful towards healthy growth for themselves and their stakeholders.

Rankings, standards, and certifications have shown to be an important part for the company itself to know if they are steering in the direction of sustainable development, and for investors who are analyzing investment opportunities. There are matters to be aware of in the methodology from these ESG-rating companies, as some appears to rate how transparent the

company is in the reporting, not necessarily how they perform on specific variables, or influence on the environment. MFtech performs consistently well in their classifications, as presented in *Table 4*. The sheer number of rankings/certifications they are involved in demand resources and show that performing well to achieve these results is a specific objective in their sustainability strategy.

The number of investors with ESG focus is increasing rapidly, and a third of global assets under management was reported to sustainable. The Investor (*G*) spoke of the importance of consistency between words and action when it came to sustainability work to avoid greenwashing. This could mean that MFtech has an advantage when seeking new investors, as they have several badges to prove their sustainability success, and the investor market is moving in the direction of sustainable investing.

Supply chain transparency has been a hot topic among several informants and seems to be a point with big improvement potential. MFtech have employees who want to set demands for more sustainable operations and transparency in the supply chain, but are under the opinion that they are not large enough to make a difference. It is, however, critical that big and small businesses voice their opinion to set the agenda, and push for sustainable development. They are working on reducing their own environmental footprint and educating within and outside the company about sustainable IT. Incorporating the strategy among AMs to have a plan on how to get the products returned at the point of sale is a more sustainable business model than the current one and serves as a role model to other businesses. The challenge is to realize this practice.

6. Conclusion

The purpose of this study was to explore how a company uses sustainability to create value. In advance we knew that MFtech focused on being a sustainable company, but we wanted to know more about *how* they included this in their strategy. The conclusion is based on the main research question: ***How does MFtech include sustainability into their business strategy to capture value?***

On the economic aspect, the company is turning somewhat towards healthy growth. The scores MFtech achieve from various ESG-assessments and being a responsible and compliant company with sustainable projects, can assist in achieving better loan terms and investors whenever they need it. The investor market has evolved to not necessarily only look for financial investment and "growth at all costs". Money is still a deciding factor, but there is an increased focus on sustainable investing. A continuation of this development and investors demanding positive change in operations and management, will hopefully help reaching the global goals set for 2030.

Internally, the ESG/sustainability work can save expenses on employee turnover. Employees are increasingly engaged in the sustainability conversation, and brings their personal values along with them, like many of our informants spoke of. There is, however, an issue of spreading the word and values to the rest of the company. The main responsibility for the sustainability strategy lies with the CSR employees, but all the employees are a part of the implementation and success of their 2030 plan and beyond. CSR employees wish that everyone would be involved in this work, but there is a difference in how involved and engaged other employees are. Working with the sustainability strategy is an important part of the job, as many have direct contact with customers, sales, and the business strategy. The customers are helping to achieve the 2030 goals of the company, and it is therefore important that sustainability reaches out at all levels. The strategy should focus more on where the various goals can be improved and achieved. As the AM said: "*It doesn't change overnight*". There is still work to be done before every employee is involved and cares about the sustainability issues they are facing.

They do not have full insight or control of their entire supply chain. The informants' view the weight of their impact differently. They are a large company in the Nordic countries, but not

globally. Some of the informants believed that they could be tougher, others believed that it did not matter as much. To be part of positive change, it is crucial for all actors to speak up and demand change towards responsible production and consumption in the whole value chain. Like informant *F* expressed: "*When it has consequences is when it starts to matter*".

It is interesting to see how far the company has come compared to the remaining time towards 2030. Many businesses have not addressed sustainability to a similar degree, and therefore it is natural to assume the remaining process for other companies may be challenging. We need motivated companies like MFtech which manages to use sustainability as an advantage in the market and simultaneously being a positive contributor to the 2030 goals. Companies that work with sustainability and those that do not can use this research to improve their strategy. To achieve the SDG's, this thesis addresses several areas that needs to be included in the strategy and necessary initiatives. Sustainability must be profitable, and it is therefore essential to include it in the overall business strategy.

6.1 Further research

Sustainability strategies within business is a topic that can be further researched in several ways. Towards 2030, when the SDGs shall be reached, a lot must happen. On one side there is so much focus on sustainable development now, and on the other side this study has shown that there still is a long way to go. One can probably do this study again in 3 years and see differences, and then measure which parts of the strategy have the greatest effect. During the next years it can be researched how fast the process goes or whether companies / investors take more responsibility and set requirements. Will companies feel the pressure to have a bad time as 2030 approaches? What would be the most important areas for IT companies?

Rating as a measurement tool is a theme we would go deeper into if we had the chance. There seems to be a lot to discuss based on increased focus, critical findings, and the wide range of different rankings. The question of who it creates the most value for can be discussed even more, whether it is internal or external and for whom. Since there is not full transparency on the process, requirement, and prices, it is difficult to get insight on necessary information on how they *really* work, and what matters.

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Appendix

Appendix 1: Interview guide

Phase	Questions
phase 1: Introduction	1. Do you consent to being recorded in this interview? 2. What is your role in the company, and how long have you been working here?
Phase 2: Establishing business strategy points	3. Who is responsible for working on sustainability, and how is the sustainable strategy developed? 4. (How did you decide on which SDGs to focus on?) - Why were they chosen? *(Internal or external optics?)* 5. What do you think is important for the company to focus on when thinking about the future in terms of how to survive to be competitive? 6. In what way do you think it is possible to integrate sustainability in a positive way in all local offices? 7. What do you think about the sustainability rankings and certifications, and how do they affect the company? 8. How do you measure success in relation to sustainable work? What is important? 9. Which internal drivers do you have for sustainable activities? (e.g., employees, brand, reputation, organizational culture, competitive advantages and strategic capabilities, size of company). 10. Which external drivers do you have for sustainability activities? (e.g., government, customers, network, suppliers, community, competitors, tangibility of sector) 11. Where/how do you see any areas of improvement regarding the sustainability work? 12. How do you work on supplier relations? Do you set any boundaries or demands to suppliers?
Phase 3: position-related questions	13. How important is it for you to work in a sustainable company, and why? 14. How do you think the company's sustainability focus is visible in your position? 15. What are your most important sustainability priorities and goals? 16. Have you noticed a change in the way you speak to customers and suppliers about sustainability? If yes, how so, and why do you think that is? 17. How do you experience that the 2030-plan and the chosen SDGs affect your job? x 18. Are there any other SDGs you think you should have chosen to work on, if so, which ones? 19. What qualifies a successful business to thrive in the future, in your opinion?
Phase 4: summation	… Is there anything you would like to add in relation to our research question?

Appendix 2: MFtech references

A: About MFtech, 2021.

B: MFtech 2030-plan, Corporate Responsibility and Sustainability report 2020.

C: MFtech Corporate Responsibility and Sustainability report 2015.

D: MFtech Corporate Responsibility and Sustainability report 2021.

E: MFtech Annual Report 2015.

F: MFtech Annal Report 2021.

G: MFtech Supplier Code of Conduct 2020.

H: MFtech Sustainability 2020.

I: MFtech, sustainability focus report, 2022.

J: MFtech, carbon emissions report 2021.

K: MFtech CircularIT-club, n.d.

L: MFtech CSR Overview, 2021.

Appendix 3: Link to interview matrix
https://docs.google.com/spreadsheets/d/1hWLpMagVHpl0Uh05fMgR5nxH7FZukWaM4aZiWE2Pzmc/edit?usp=sharing