

Strategies for environmental sustainability of municipal energy companies

Pathways of sustainable development
between business and society

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ABSTRACT

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Carbon emissions from energy production have a severe impact on the global climate. The slow transformation of the energy system towards low-carbon alternatives is thus a serious concern. Sweden is recognized as a forerunner in climate change mitigation. This thesis focuses on energy companies with an ambition to contribute to public welfare and the changeover towards a more sustainable energy system. It investigates how Swedish municipal energy companies with a high environmental commitment manage the transition towards environmentally sustainable business. Three areas of interest are addressed. Corporate strategies for environmental sustainability at the core of this transition are explored. Three case studies provide close insights into the corporate activities and practices that constitute such a strategy.

The second interest relates to the embedding of strategies for environmental sustainability in the companies. Five mechanisms facilitating environmental strategy implementation were identified: Environmental integration, communication and learning, innovation, cooperation and local embeddedness. The mechanism scheme is interwoven with a framework drawing on the natural-resource-based view to investigate the third area of interest: how strategies for environmental sustainability can contribute to the sustainable development of municipal energy companies and society. Capabilities and resources associated with such strategies are outlined and assessed in terms of their capacity to create value for the firm and shared value between the firm and society.

Bridging firm strategy and sustainable development requires that a broad set of challenges is addressed by the firms. Energy companies must be able to handle social complexity beyond the firm to successfully manage the transition towards a sustainable energy system. Strategies for environmental sustainability tend to be firm-specific, although some common patterns are found. It is positive news that municipal energy companies irrespective of size have good abilities to make the energy system more sustainable. Thanks to their local embeddedness, these companies are well-positioned to assist in the transition towards a sustainable society.

This thesis makes a contribution by exploring a novel way to create knowledge, linking the concepts of activities, mechanisms and capabilities to elucidate value creation from environmentally sustainable strategies in firms and by firms towards society. The mechanism scheme provides an alternative to how value creation processes can be studied.

Key words: climate change, environmental sustainability, strategy, energy system transition, case study, municipal energy company, natural-resource-based view, mechanism, value creation, shared value.

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