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SCHOOL OF BUSINESS, ECONOMICS AND LAW

Master Degree Project in Accounting

Approaching sustainability reporting

A pragmatic constructivist case study in a Swedish energy company

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Abstract

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Keywords: *Sustainability reporting, approaching, EU-directive 2014/95/eu, energy-industry, pragmatic constructivism, actor, reality construction.*

Background and problem discussion: The EU-directive was adopted into Swedish Annual Act in 2016. The new legislation requires medium and large companies to disclose non-financial information and diversity by the financial year of 2017. The legislation has caused a fierce debate since companies have to start the reporting from scratch and may also have a lack of knowledge about sustainability. Sustainability reporting has for a long time been thriving, but previous research has mainly been focusing on external drivers of sustainability reporting. As sustainability reporting is spreading due to legislation it may become more important to know how it is managed within a company and how to create it from scratch, as in contrast to understand why a company chooses to create a sustainability report.

Purpose and research question: The purpose of this study is to explore how a Swedish company approaches sustainability reporting from scratch given the EU-directive 2014/95/eu. Furthermore, the purpose is to explore how a company's reality shapes through the reality constructions from important actors.

- How is sustainability reporting approached in the initial phase within a Swedish company?
- How do actors' reality constructions shape the company's sustainability reality?

Methodology: This study explores how a Swedish company approaches sustainability reporting in the initial phase through a case study. The empirical data are collected through observations and semi-structured interviews and are thereafter discussed through pragmatic constructivism and previous research.

Discussion and conclusion: Approaching sustainability reporting was found within a Swedish energy company where different activities were taken. Firstly, managers sought external advice from an auditing company. Secondly, the managers searched for information and inspiration through e.g. competitors' sustainability reports and the different sustainability report frameworks. Thirdly a project group were formed and decisions made on which framework to use, and lastly KPIs were discussed and evaluated. It was found that actors had different sustainability realities. Even though that the actors had different realities, it was found that some of the realities complement each other, meanwhile other realities were in

conflict. Since the company's sustainability reality consists of different actors' realities it appears that the company's sustainability reality is a reflection of the given situation, and it is changing as the surroundings are changing.

Contributions: This study has contributed to illuminate an organisation's approach toward sustainability reporting and its actors' realities connected to this. Thus, this study complement existing literature in understanding actors and their commitments which are shaped through their reality constructions. Furthermore, this study contributes and complements to the scarce literature on approaching sustainability reporting seen through pragmatic constructivism. This study has furthermore contributed to illuminate the process of approaching sustainability reporting and found different potential conflicts that managers may experience, such as defining the sustainability strategy and the transparency level.

Outline

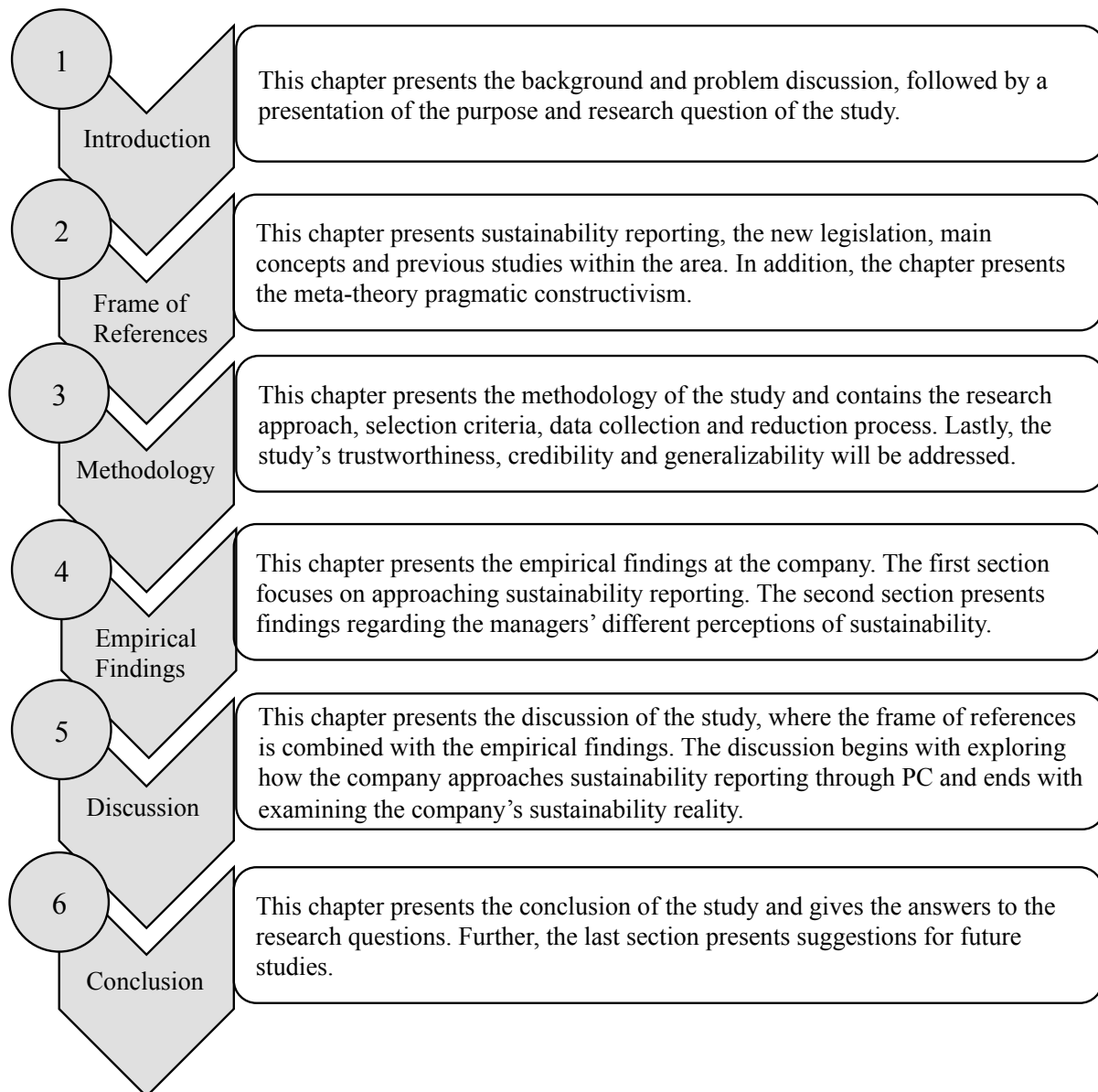


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1. Introduction

This chapter presents the background and problem discussion, followed by a presentation of the purpose and research question of the study.

1.1 Background

Sustainable development is defined by the Brundtland report as not compromising the needs of future generations while meeting the needs of the current one (World Commission on Environment and Development, 1987). In a business context sustainable development is about addressing social, environmental and financial issues compared to the original profitable one (Laszlo, 2013). However, it has been known for a long time that some private businesses have focused on profit creation in economic terms meanwhile social and environmental problems have been left to public organizations, governments and non-government organizations (Porter & Kramer, 2011). Furthermore, businesses are claimed to be main responsible for the environmental and societal problems occurring around the world (Bhopal medical appeal, 2017; Cacciottolo, 2014; Clean clothes campaign, 2016; Westervelt, 2015). Due to these problems, stakeholders have started to hold businesses accountable for the influences on society and require therefore businesses to be transparent with their environmental and social performance (Porter & Kramer, 2011; Kolk, 2004). First when businesses acknowledge their responsibility regarding sustainability to both shareholders and stakeholder, businesses can be successful (Laszlo, 2013).

There are several industries that have negative influences on both environmental and social matters but are crucial for the development and function of the society, such as the heating industry and the energy industry. However, the energy industry has increasingly recognised its role in producing carbon dioxide emissions thus it is striving to produce electricity through wind-, water-, wave-power amongst others (Svensk Energi, 2010; Johannesson, 2017). Although the society wants to reduce carbon dioxide emissions one cannot ignore the fact that a society cannot exist without electricity. Therefore, it may be even more reasonable to create sustainable practices within this industry. A lot is already being done and for instance the Swedish electricity production is 96 % carbon dioxide free and the industry together has invested 100 billion in renewable energy and 40 billion in nuclear power plants (Energi företagen, 2017). In 1991 the energy market in Sweden was deregulated, which meant that private supply actors now had opportunity to buy and sell electricity and stakeholders hoped that the prices would decline (Baldvinsdottir & Heidarson, 2017). Due to the deregulation companies faced a new challenge of how to offer an electricity product and have the right price that customers were willing to pay (Epstein, 2010). Furthermore, it was found that the majority of the investigated households were willing to pay extra for electricity that was produced in an environmental friendly way. There was however a big difference between households' willingness to pay, households closer to nature were willing to pay more than households in villages (Epstein, 2010).

Since the first published sustainability report the number of companies leaving information about non-financial performance has increased (Kolk, 2004), but many businesses have not

yet become completely sustainable (Epstein, 2010). Further, Epstein (2010) found that the majority of managers do not explicitly measure or consider the impacts of their decisions on social and environmental matters, since they find it hard to integrate sustainability into management decisions and throughout the company. In order to integrate sustainability throughout the company in a successful manner it is important to include different departments within the company and have great personal commitments among employees (Thijssens, et al., 2016). However, employees can develop different perceptions about sustainability since that perception depends on their reality constructions. When an employee controls activities that are related to the surroundings it becomes an actor, and the actor constructs its reality, which is the relation between the actor and the world, and these reality constructions are different in different settings and between actors (Nørreklit et al., 2017).

Due to the fact that managers find it hard to integrate sustainability (Epstein, 2010) it can be reasonable to legislate sustainable practices. One such legislation is about mandatory sustainability reporting where South Africa is one of the first countries that applied this (Rainer et al., 2016). In 2014 the European Union followed the example of South Africa and published a new directive, 2014/95/eu, regarding sustainability reporting which affects all union-members, one of them being Sweden (Alestig, 2015). In 2017 the EU-directive was adopted into Swedish law. The new legislation requires that certain companies in Sweden start reporting non-financial information. If a company has to start from scratch it means that it has to start immediately since law is valid from the accounting year of 2017, thereby causing a lot of stress. Furthermore, the estimated number of companies affected by the new law were firstly 300, but after Sweden lowered its criteria almost 2.000 Swedish companies were affected. Among those, there were only a low percent that already disclose non-financial information (Alestig, 2015).

1.2 Problem discussion

Sustainability reporting has for a long time been thriving, but previous research has mainly been focusing on external drivers of sustainability reporting. Further, the focus within academia has often been on why companies choose to implement sustainable practices, yet little has been discovered on how to do it (Maas et al., 2016).

However, implementation of sustainability practices is often recognized within bigger companies but often it is not successful (Epstein et al., 2010). Reasons why sustainability practices fail when implementing it can be because managers find it hard to integrate sustainability into the business (Epstein et al., 2010) in addition to that companies may have a lack of knowledge or do not understand the full spectrum of sustainability (Alestig, 2015). However one success factor is the personal commitment (Thijssens et al., 2016), therefore it is important to identify the different actors within a company and their commitments, if companies in the future should have a chance to succeed. Since an organisation has different actors with different levels of commitment, there may be many different perceptions that emerge as sustainability is approached within a company. The actors may have a lot of influences on the sustainability report since the legislation is subject to interpretation, and

thereby the actors can influence the company's sustainability reality.

The legislation of the EU-directive, 2014/95/eu, in Sweden has caused a fierce debate (Alestig, 2015) and as legislation of mandatory sustainability reporting is spreading, it may become more important to know how it is managed within a company and how to create it from scratch, as in contrast to understand why a company chooses to create a sustainability report. Since little yet has been discovered on how a company approaches sustainability reporting, it will be interesting to see how different actors create commitment through their reality constructions, which in turn creates the company's commitment in approaching sustainability.

1.3 Purpose and research question

The purpose of this study is to explore how a Swedish company approaches sustainability reporting given the EU-directive 2014/95/eu and to explore how a company's sustainability reality shapes through the reality constructions from actors within the company.

Two research questions have been identified in order to fulfil the purpose. The two questions complement each other, since the first question's answer will make the basis for answering the second question. Thus, the answer of question one will provide context description which is helpful for understanding the answer for question two. The research questions are as follows:

- How is sustainability reporting approached in the initial phase within a Swedish company?
- How do actors' reality constructions shape the company's sustainability reality?

2. Frame of References

This chapter presents sustainability reporting, information about the new legislation followed by the main concepts and previous studies within the area. Additionally, the chapter presents some research of approaching sustainability reporting, and lastly the chapter presents the meta-theory pragmatic constructivism.

2.1 Sustainability reporting

Some private businesses have focused on profit creation in economic terms meanwhile social and environmental problems have been left to public organizations, governments and non-government organizations (NGO). However, in recent years stakeholders have started to claim businesses for the economic, social and environmental problems within the society and require businesses to take responsibility for their influences on society (Porter & Kramer, 2011) and therefore increase the transparency within the reporting (Porter & Kramer, 2011; Kolk, 2004; Siew, 2015). Sustainability reporting is defined as a corporate report where companies publish information regarding their financial, environmental and social performance and thereby increase the company's transparency level (Smith et al., 2011). Sustainability reporting has been increasingly adopted among business worldwide due to the increased pressure from stakeholders (Siew, 2015). Since the first published sustainability report in 1989, the number of companies leaving non-financial information has increased (Kolk, 2004) and sustainability reporting has been a part of business corporate report in nearly 30 years (Smith et al., 2011).

By being transparent and establish a sustainability report, companies can gain a better relation to their stakeholders and thus be attractive to financiers. Further, businesses can establish sustainability reporting in order to maintain their market position, create competitive advantages and strengthen their brands since transparency leads to improved credibility. Sustainability reporting can also be seen as a strategic tool for the company, where measurements of sustainability matters are translated into real actions. Meaning that companies having sustainability reports and measurements of sustainability matters, improve their work in sustainability issues and actions since they are transparent with their reporting (Kolk, 2004).

When creating a sustainability report, there are both internal as well as external pressure in terms of people who have influences on the report (Adams, 2002). The internal pressure consists of people such as CEO, CFO, or the people who are responsible for the sustainability reporting within the business meanwhile the external pressure consist of people such as consultants, accountants and stakeholders (Adams, 2002; Kolk 2004). Basically, there are two reasons why organizations choose to publish a sustainability report; outside expectations which could be referred as external pressure and a need to structure sustainability which could be referred to internal pressure (Thijssens et al., 2016).

Sustainability reporting has, however, been voluntary for companies who operate in countries

of the European Union until recently. During 2014 the directive 2014/95/eu was published which meant that big and medium companies in countries of the European Union are obligated to publish financial, environmental and social performance, thus non-financial information (EU directive, 2014).

2.2 Directive 2014/95/eu

In October 2014 the directive 2014/95/eu, which regards disclosure of non-financial information and diversity information, was published of the European Union (EU directive, 2014). The directive aims to increase the transparency among European companies by requiring companies to disclose performance regarding social, environmental as well as financial aspects. Additionally, the directive aims to ensure equal rules regarding reporting for all companies within EU. Disclosures of non-financial information in addition to financial information provide important information to stakeholders, and will enhance the comparability between businesses as well as the transparency. According to the EU-directive, transparency will enhance companies to deal with non-financial risks and opportunities. In addition to the transparency, the directive aims to increase company's performance in non-financial aspects and thereby contribute to long-term economic growth and employment (EU directive, 2014).

All countries that are members of EU were supposed to adopt the EU-directive into national legislation by the 1 of December 2016. Companies concerned of the new legislation needed to start account for environmental and social matters by the financial year of 2017. Sweden adopted the EU-directive into national legislation by the 1 of July 2016. The EU-directive was adopted into the Swedish Annual Accounts Act and became mandatory for businesses by 31 of December 2016 (Swedish Annual Accounts Act, 2017). The legislation is however mainly intended for big and medium size enterprises and will include both public as well as private businesses. There are three criteria within the directive and the businesses that meets at least two criteria for the last two financial years are concerned of the directive (EU directive, 2014). The Swedish criteria are follows (Ernst & Young, 2015);

- Employment of 250 people
- Total assets of 175 millions
- Net turnover of 350 million

There are approximately 2000 Swedish businesses that are affected by the new legislation (Alestig, 2015). The legislation of sustainability reporting is thus included in the Swedish Annual Accounts Act and according to the legislation the affected business can choose to do the sustainability report as an integrated report or as a separate report from the annual report. The legislation is sort of flexible when establishing the sustainability report, since businesses have the possibility to choose between different frameworks and can choose the framework that they prefer. However, according to the Swedish Annual Accounts Act chapter 6 12§ (2017) the report should include disclosures necessary for an understanding of the company's activities, performance, development and information regarding sustainability matters. The

report should include the following; the company's business model, the applied policy within the issue, the results of the policy, the most significant risks related to the issue and the company's business, how the company manages the risks and key performance indicators relevant to the business. In addition, the used framework when reporting should be published within the report (Swedish Annual Accounts Act, 2017).

2.3 Sustainability reporting frameworks

Companies who publish information regarding financial, environmental and social matters can choose to report it as an integrated report, combined report or as a separate report (Rainer et al., 2016). An integrated report combines the financial information and the non-financial information into one common report. A combined report is one report consisting one part with financial information and one part with non-financial information. In a separate report, the non-financial information is presented in a standalone report and so is the financial information thus 2 different reports are present. There are, however, different frameworks and guidelines that companies can use when establishing the report of financial, environmental and social matters e.g. Global Report Initiative (GRI), Integrated Reporting <IR>, UN Global Compact, ISO 26000, where the most commonly used are <IR> and GRI (Rainer et al., 2016).

2.3.1 International Integrated Reporting Framework

Integrated reporting <IR> was developed by the International Integrated Reporting Framework Council's IIRC. The framework was published during 2013 and aims to increase the adoption of integrated reporting <IR> worldwide. Integrated reporting is defined as one common report consisting of combined information of financial, environmental and social matters thus the social and environmental information are integrated with the financial information (Integrated Reporting, 2017a). The framework seeks to integrate the business annual report with the business sustainability report in order to provide all the business activities gathered to the stakeholders. By disclose financial information and non-financial information in an integrated report, the business is creating value over time (Integrated Reporting, 2017b; Integrated Reporting, 2017c).

Further, the <IR> framework gives adopters different help through e.g. an <IR> network where adopters can share experiences with each other and access expert insights. Another aid is the <IR> framework itself that states the guiding principle and content elements that support how and which information that is needed in the report. Lastly, a global database with examples provides support and inspiration for adopters, together with an expanding consultancy industry (Integrated Reporting, 2017c).

2.3.2 Global Report Initiative

GRI is a non-profit and non-governance organization founded in 1997 in Boston, USA (Global Report Initiative, 2017a). Its vision is to create a future where sustainability is integrated to business decision-making processes. The aim of GRI is that social and environmental matters should be equally disclosed as financial, thereby the social and

environmental matters have gained a lot of attention within the framework. The organization's framework helps businesses to communicate information regarding their impact on sustainability issues such as human rights, climate changes and corruption. GRI is the most widely framework of sustainability reporting and has become the most commonly used worldwide, and the standards of GRI represent the best practice of sustainability reporting where the most well-known and up-to-date is the G4 Guidelines (Global Report Initiative, 2017a).

Implementing the G4 framework is an iterative and non-linear process, according to the GRI G4 guideline (Global Report Initiative, 2017b; 2017c). One key task in the implementation of G4 is to identify the materiality aspect that is significant to the company in each dimension of sustainability; financial, social and environmental. Furthermore GRI suggests five different steps in easing the implementation process e.g. obtain an overview by reading the disclosures and GRI material, and to decide the level of "in accordance" where a company can choose between core or comprehensive. Other steps include determining general disclosures such as strategy, and specific disclosures such as emissions. In addition to the implementation section in the guideline, GRI has developed an implementation manual that aids adapters with interpretations of each disclosure. There are also plenty of help to find on their webpage (Global Report Initiative, 2017b; 2017c).

The practical implementation and consequences of GRI in a small and medium size company can be examined through the theoretical lenses of action research (AR) (Massa et al., 2015). AR is a practical theory that looks upon three stages of action where the first step is to "unfreeze" the structures, the next step is to "move" or change the structures, and the last step is to "refreeze" the structures and try to not fall back into old structures. One example of "unfreezing" the structures was when managers tried to establish the measurements or metrics to disclose, and in the beginning there was no consensus about which to use. Another "unfreezing" process was the realization to use already existing data in a cost-efficient manner. Example of the "moving" processes was found to be an increased collaboration between managers and the decision taken on which measures to use, and how to best produce the sustainability report. At the "refreeze" step the managers consolidate their changes to the sustainability report and created a shared view and thereafter the sustainability report were created (Massa et al., 2015).

2.4 Approaching sustainability reporting

In this study approaching sustainability reporting is seen as the process of creating and developing the report. Therefore, this section is divided into three parts which are implementing-, integrating-, and managing sustainability reporting.

2.4.1 Implementing sustainability

Implementing sustainability is difficult and it is fundamentally different than implementing other operational goals, since it may be hard to see the short and directly link and result in a complex decision making process where a lot of different perspectives are taken compared to

one financial perspective. Furthermore, the trade-offs and costs of implementing sustainability are constantly changing making it difficult to decide (Epstein, 2010). One sustainability business trade-off could for example be when a packaging company wants to decrease costs and material such as the plastic wrapped around vegetables but at the same time that decision will reduce the time that the vegetables will stay fresh thus increase food-waste.

However, in order to succeed with the implementation of sustainability reporting, the personal commitment is crucial (Thijssens et al., 2016). In addition to the personal commitment, Thijssens et al. (2016) claim that it is important to include all the business units in the organization in the implementation phase of sustainability reporting and that it is sometimes not enough to only include the sustainability department. It has been found that cultural differences can affect the decision of included departments and the number of included employees (Adams, 2002). Normally the CFO is the main responsible for the financial accounting, but when it comes to sustainability reporting there are no consensus about who the responsible is. The highest sustainability officer was found to be among other such as the commercial director, the CEO, members of the executive board or the managing board (Thijssens et al., 2016).

When implementing sustainability it is important to identify the links between social and environmental drivers, the actions that affects the drivers and the consequences of those actions. By identifying the links through the four modules inputs, processes, outputs and outcomes, businesses can gain better integration between the sustainability information and day-to-day operations (Epstein, 2010).

2.4.2 Integrating sustainability reporting

It is difficult to have an integrated sustainability approach (Montecchia et al., 2016), and there is no common way of integrating sustainability reporting into management practices because of the different nature of the companies (Adams & Frost, 2008). However, Key Performance Indicators (KPI) have been found to assist in this situation, where companies have broken down e.g. corporate environmental goals and integrated them into individual goals. One way of doing this can be through changing KPIs such as profit margin, number of customers and number of customers lost to more value added KPIs such as cost effective delivery of reductions of carbon dioxide and increasing delivery of renewables. KPIs of that matters can be a basis for a balanced scorecard which helps some company to gain an overview and thereby improve its work. However, in other settings the balance scorecard may be an obstacle for companies to improve the sustainability work because of the more formal way of thinking compared to the informal way which may be inherent in the company culture. Some of the common issues when developing sustainability KPIs, can be the adaptation of KPIs to other cultural settings, how to create comparability and consistency, ensuring links between business values goals and targets, and lastly to develop social and economic KPIs that do not lag behind environmental ones (Adams & Frost, 2008).

Maas et al. (2016) provide a comprehensive framework that links the different sustainability

concepts that can be used as a tool to develop the strategic sustainability management. There may be at least interlinks between sustainability accounting, control, reporting and performance measures. As they view it, companies may develop their sustainability approach from the inside-out or from the outside-in i.e. from a performance improvement perspective or a transparency perspective respectively (Maas et al., 2016).

From the perspective outside-in i.e. the transparency perspective, companies may have started to report on sustainability matters because of external pressures, however the companies may not have integrated it properly and just added-on the practice. The transparency perspective can even be said to be “reporting driven accounting” and explains how a company’s sustainability management may be heavily influenced by standardized, quantified and comparable indicators which are acknowledged and institutionalized. Even report driven accounting can be said to be a “selfie” which is an approach where companies want to appear as being committed to sustainability but are not (Montecchia et al., 2016). Developing sustainability practices from the transparency perspective a company needs to engage stakeholders who can provide advice, suggestions and critique based on the sustainability report thus bridge the information gap between the company and the stakeholders (Maas et al., 2016). Companies may combine an external expert group with stakeholders from different industries and with different backgrounds in order to improve the sustainability work (Ballou et al., 2006; Shell, 2017).

From the inside-out i.e. the performance improvement perspective, sustainability reporting is seen as the last step in the process (Maas et al., 2016). Thus the sustainability report is a product of the performance measurement systems and indicators used for internal management, which may not be the information a stakeholder wish to receive. Once again engaging stakeholders are seen as the key, and should actively and partly be involved in the company’s sustainability report. As a last path a company may have a twin-track approach, where companies work with sustainability from both perspectives. A high quality report from the transparency perspective demands excellent outside-in communication of the key sustainability problems and stakeholders’ expectations, which in turn will create the basis for disclosures and performance measures. Additionally, a high quality report from the performance perspective demands e.g. an overall good understanding of relevant organization sustainability goals and the effects and contributions from the performance activities, which will form the basis for disclosures (Maas et al., 2016).

As stated previously, it is difficult to integrate sustainability (Montecchia et al., 2016), and one reason that some companies may find it hard to integrate the financial report with the non-financial report may be due to the differences between them (Pianezzi & Cinquini, 2016). Differences can be found between human rights accounting and conventional accounting which can be seen as financial accounting versus sustainability accounting. From the perspective of facts, the financial accounting has long been using quantitative economic and financial measures, whereas in the sustainability accounting measurements cannot directly be counted quantitatively. From the perspective of possibilities, the financial accounting has a profit maximization logic whereas the sustainability accounting has a

narrative logic. Also values differ, since the financial accounting tends to be self-interested, contrary sustainability accounting where values are characterized by equality, transparency and fairness. Lastly, the nature of communication in each accounting differ, and in the financial accounting the communication usually has been monovocal and aimed at the shareholders, however in the sustainability accounting the communication tends to be polyvocal and aimed at the stakeholders. One remark is that the current financial accounting is unable to answer the modern globalized world with CSR-measures, since the financial accounting and the sustainability accounting are very different, thus not mergeable (Pianezzi & Cinquini, 2016).

However, even though Pianezzi and Cinquini (2006) found big differences between the financial accounting and sustainability accounting, some companies apply integrated reporting (Rainer et al., 2016). Going from separated reports to an integrated reporting can optimize the sustainability work such as boiling down excessive information thus simplifying it and creating a shared basis for stakeholder and shareholder. This in turn may increase possibilities and collaborations with partners. Integrating the financial and non-financial information will create shared value and it will be easier to show these as they become more clear (Rainer et al., 2016).

2.4.3 Managing sustainability reporting

There are many different ways in managing sustainability reporting and one way to categorize the management can be through four categories (Thijssens et al., 2016). The four categories depend on whether it is a decoupled or integrated sustainability report and whether it is informal or formal management of sustainability reporting. The first category is “reformers” who has integrated sustainability and informal management of sustainability reporting. Furthermore, “reformers” has sustainability inherent and permeated in the business model. The second category is “performer” which also has integrated sustainability but formal management of sustainability reporting. The third and fourth category both had decoupled sustainability but different management where informal is “improvisers” and formal are “reporters” (Thijssens et al., 2016). However, if the sustainability reporting practices are decoupled from the management practices, then some researchers claim that collecting sustainability performance data for external reporting purposes can lead to greenwashing (Maas et al., 2016). Also, data used for external sustainability reporting is unreliable, incomplete and imprecise, and internal and external sustainability information has very different requirements. One example is that a production team needs non-aggregated information in order to analyse a complex process, and a stakeholder may want to have aggregated information to make an overall opinion of the company (Maas et al., 2016).

According to the Swedish Annual Accounting Act the sustainability report, whether integrated, separated or combined, will not be audited like the financial reports (Svensk Näringsliv, 2017). However, the auditor has to recognise if a sustainability report exist or not, but not verify the content per se. It is the Swedish auditor organization FAR (Föreningen Auktoriserade Revisorer) that has to give guidance on when there exist a sustainability report and when there do not, and the requirements will approximately be the same as for the

management report (Svensk Näringsliv, 2017).

Since it is not yet mandatory to have the sustainability report audited and evaluated, companies may choose to have their sustainability reports evaluated from others than auditors, to improve the work such as a group of stakeholders. But, Ballou et al. (2006) argue that there is a risk that this approach will spread thus companies may start using less rigorous means. There may be two challenges for certified public accountants (CPA) to approve sustainability reports; the suitability of the criteria management uses when preparing sustainability reports and the performance and reporting standards the auditor uses. Financial information needs to be verified in order to protect shareholders, this protection should be provided for stakeholders too, thus international and national standard setters together with sustainability reporting organizations should develop performance and reporting criteria (Ballou et al., 2006). For example the goal of GRI G3 was to improve the relevance and auditability of measures, since the former framework suffered from weak definition of these criteria. However in GRI G4 these criteria have been explicitly explained e.g. in determining the report content four principles should at least be followed; stakeholder inclusiveness, sustainability context, materiality, completeness. In addition, six principles have been established in the G4 to address report quality, where it is important to report in a balanced way, by having both positive and negative aspects included in the report, and the reports should be reliable which means that the information process should be described (Global Report Initiative, 2017b; 2017c).

2.5 Pragmatic constructivism

Pragmatic constructivism (PC) is a meta-theory that uses many different theories in order to address issues of reality and validity. Central to the theory is the four dimensions of reality which are facts, possibilities, values and communication. Issues with reality and validity can arise when only one theoretical approach is taken, thus leading to a practice-research gap (Nørreklit et al., 2006). One reason that explains why this research-practice gap has emerged is due to the spread of accounting research. Accounting research has expanded from being in the economic field to be a part of the social science fields such as sociology, psychology and organization (Baldvinsdottir et al., 2010). In those fields it is common to search for answers that can explain and understand accounting and the accountant's behaviour, and therefore the focus is not on developing accounting practically. An example of research aiming at improving accounting practically is Kaplan and Coopers balanced scorecard and their activity based costing, however other examples can often be found from Harvard (Baldvinsdottir et al., 2010).

2.5.1 Actors

PC offers a comprehensive tool for understanding and analysing the way an actor construct individual and organised reality in a vivid environment. A person becomes an actor when it makes and controls activities that are related to the surroundings, and furthermore a person becomes a co-author of their own and other's activities (Nørreklit et al., 2017). Organisational practice is the integration of all organisational actors and their actions, thus;

“Organisational life is a factory of interwoven and interconnected micro-narratives about local activities in which all the actors are constantly concerned with creating a good narrative while simultaneously functioning together in co-authoring and, thereby, creating the organisational life.” (Nørreklit et al., 2017, p. 4)

A person can either have an actor-role or an adapter-role, however all persons have both of the roles within them, and for example human beings have to adapt to existing rules and norms (Nørreklit et al., 2017). An actor creates actions through e.g. interpretations, and an adapter is more passive and aligns with the actor’s actions . An actor takes on a role in order to intentionally realise his/hers values and actors may perform different roles which in turn constructs the role’s aim. Also, the actor performs a specific role which is determined by practice, which in turn is based on a narrative. The narratives have to be “invented” or “authored”, and it is important that the actor participate in creating these as it becomes the scripts which they “live” (Nørreklit et al., 2017). The role of leadership is to construct:

“... a team of actors to author the narrative and to conduct the authoring process so that the roles fit the actors and complement each other to create a convincing narrative for the practice.” (Nørreklit et al., 2017, p. 26)

The actor it-self creates a relation to the world, thus reality is a social construction. Reality is distinguished from the world because reality can be contrasted with illusions and dreams, whereas the world does not have equivalent antonyms, thus reality and the world are not the same (Nørreklit et al., 2006). A reality-construction may be successful or not. If an actor has an unsuccessful relation to the world, then the actor has failed in providing a valid result in practice, thus created an illusion or fiction (Nørreklit et al., 2006). This can also be referred to as a truth-gap in contrast to the research-practice gap. This truth-gap emerge when there is a difference between pro-active truth and pragmatic truth, which is basically the difference between an actor’s projection and its outcome. This kind of truth-gap forms the basis of a learning circle, where the actor evaluate whether the projection will work and if it did work (Nørreklit et al., 2017).

2.5.2 Dimensions and topos

When all of the dimensions facts, possibilities, values and communication are integrated appropriated, it creates the topos or the reality as seen in the figure 2.1 (Nørreklit et al., 2006; Nørreklit, 2017). Thus, the topos is a snapshot describing each dimension in a given situation, and the descriptions of the dimensions changes as the context changes. To form the basis for pragmatic constructivism an actor integrate the four dimensions of reality which are facts, possibilities, values and communication, which are exhibited in a so-called topos or topoi. One topos consists of many topoi and each of the topoi has to obey the overarching “idea/theme” of the topos. This topos becomes the basis for narratives. Each topoi shows a particular perception of the integration of the four dimensions of reality, thus it is different in different setting or contexts (Nørreklit et al., 2006, Nørreklit et al. 2017).

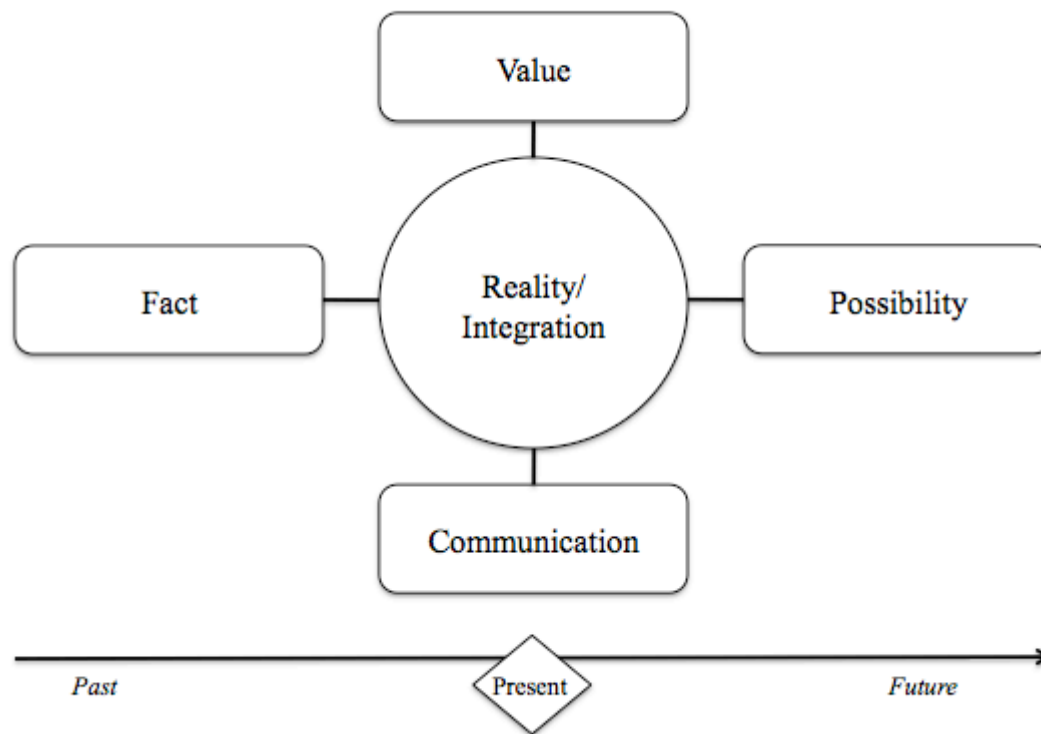


Figure 2.1 (Nørreklit, 2017)

Facts Through the recognition from other actors and independently of the observer, facts could be everything, thus facts are only facts as long as it is accepted by a group of other actors. It can be physically facts, e.g. a road, but it can also be institutional fact, e.g. financial numbers. Furthermore, facts contain possibilities and impossibilities (Nørreklit et al., 2016), and therefore an individual needs possibilities and values in order to create action. Facts can also be dreams, such as Martin Luther King’s dream, but it can also be lies, such as false or alternative news stories that were a big subject under the president election in US 2016. There may exist at least three categories of accounting facts such as objective and subjective facts, and socially constructed facts (Nørreklit et al., 2010). The objective accounting facts relates to items with a physical existence such as land, plants and equipment. The subjective facts relate to estimates and assumptions about the future such as pension schemes. The socially constructed facts relate to those that are institutionalized such as observable market values and currencies (Nørreklit et al., 2010).

Possibilities Without possibilities a person or organization is already dead, meaning if you have no options you cannot make any actions (Nørreklit et al., 2006; Nørreklit et al., 2010). Further, facts that do not correlate to possibilities will not be relevant for reality, thus facts and also values create limitations for all possibilities, so that some possibilities become impossible (Nørreklit et al., 2006). Technological, economic, social and political disciplines limit different aspects of possibilities and impossibilities (Nørreklit, 2017). Also, possibilities are rather reflections than observations (Nørreklit et al., 2010) and they are different between actors, thus some possibilities are impossible for others (Nørreklit, 2017). Logics used to

evaluated and identify possibilities could be mathematic and statistics and reasoning through the use of concepts. There are many different ways possibilities and logics relate to accounting, for example it is possible to choose between different methods when generating accounting information, different types of information that can be produced, and different ways to present the accounting information (Nørreklit et al., 2010).

Values Value is the power that motivates an organization or a person to act (Nørreklit et al., 2006). Further, values are subjective, and human values are not something one is born with, but developed over time in a historical and social process (Nørreklit et al., 2010). As the authors express it

“Life is a continuous transition from possible existence to factual existence, the main task of reasoning being to delimit real possibilities” (Nørreklit et al., 2006, p. 46)

Thus, values become the tool for narrowing down and subsequently choose among the many possibilities. There may be two categories of values; values *per se* and instrumental values (Nørreklit et al., 2010). The former refer to values that are what they are and are subjective and personal, thus these values depends on what the individual finds lovable and enjoyable. The latter refers to values that are valuable to have, and they are a mean to secure and achieve other values. Instrumental values may dominate at least for some time the values *per se*. Financial values are an instrumental one, and may dominate other values *per se*. Other instrumental values could be

“... modern values of wealth, influence, recognition and fame and traditional values such as character, benevolence, courage and honesty.” (Nørreklit et al., 2010, p. 744)

Communication Even though that individual reality exists with the three former dimensions it cannot be valid, because communication is necessary in an individual reality since human beings depend on cooperation with each other's (Nørreklit et al., 2006; Nørreklit et al., 2010). Communication is basically language, and it creates the mean to form e.g. values, arguments and perspectives (Nørreklit et al., 2006), also it creates the institutional settings where rules, regulations and authorities are formed (Nørreklit et al., 2010). Communication is the mean to produce information but also the mean to spread that information and effective communication is important for the status of accounting in society. One way to create effective accounting information is to disclose the information production bases (values and facts) but also to disclose the method (possibilities). Furthermore, disclosure requirements may be important too, when establishing effective accounting communication, so that the information is consistently prepared (Nørreklit et al., 2010).

2.5.3 PC and sustainability

PC is based on other theories and for example communication builds on philosophies about language. Another example is that possibilities build upon e.g. agency theory (Nørreklit et al.,

2006). However, these different theories are not sufficient alone in creating reality, and for instance agency theory misses out the aspects of e.g. values. Without values a human being would not be able to choose between possibilities. Thus, different theoretical approaches that not combine the four aspects of reality create abstractions from reality (Nørreklit et al., 2006). That means when a researcher chooses a paradigm, then the researcher looks at a given phenomenon through one theoretical lens thereby only one dimension of reality, according to PC. Many different theories have explained sustainability such as legitimacy and stakeholder theory, and when using legitimacy theory one aim is to find the strategies that managers will adopt in order to comply with society's expectations (Montecchia et al., 2016). Stakeholder theory has been used to study sustainability reporting and audit, and this theory supports an idea that there is a positive relationship between stakeholder power and CSR performance and disclosures (Montecchia et al., 2016). Institutional theory takes a broad perspective and explores the mechanisms that companies' uses when e.g. transmitting organizational legitimate and socially behaviour. These in turn affect other companies since behaviour becomes institutionalized (Montecchia et al., 2016). Positive accounting approach sees sustainability reporting from a perspective were managers are in focus. Managers may be using sustainability reporting in order to increase their own and the company's wealth. Also lobbyism is studied from this perspective, where studies have focused on the determination of accounting standards (e.g. GRI G4) (Montecchia et al., 2016). Thus, PC provides a contemporary and comprehensive paradigm to a given accounting phenomenon when integrating all dimensions and explanations to a given issue (Nørreklit et al., 2010).

3. Methodology

This chapter presents the methodology of the study and contains the research approach, selection criteria, data collection and reduction process. Lastly, the study's trustworthiness, credibility and generalizability will be addressed.

3.1 Research approach

It can be argued that a case study approach fits best in a situation where there is little historical evidences i.e. the studied phenomenon is contemporary, that the main research question contains a how or why question, in addition to that the researcher has little control over behavioural events (Yin, 2014). Since there are little evidences on how companies approach sustainability reporting, additionally the law about mandatory crate sustainability reports is new, then this phenomenon is a contemporary one. The research question contains a "how" element and events may be influenced, but in the end they cannot be controlled, which makes this study fit into a case study. The purpose of this study is to explore the phenomenon of approaching sustainability reporting and the study seeks to find in-depth explanations and therefore a case study is appropriate. Further, a case study can provide a holistic and real-world perspective of study (Yin, 2014).

A case study is a linear but iterative process (Yin, 2014), and in this case study the process was as following: the first step of the case study was to get an understanding of the analytical tool, the legislation and previous literature. The second step was to collect evidences from the Swedish company about approaching a sustainability report. The third and the last step was to use the frame of references, the analytical tool and the empirical findings to structure the evidences and combine them, thus reach a conclusion and remarks.

3.2 Selected company and respondents

3.2.1 Company

In order to answer the research questions and to precede the purpose of the study, a company suitable for the study needed to be investigated. Therefore, three requirements were constructed;

- The company needs to fulfil the requirements by the EU-directive and thereby be obligated to report non-financial information by the financial year 2017.
- The company needs to be located in Sweden.
- The company should not have disclosed any non-financial information previous.

There are several different industries that may be interesting to study, the energy industry is however an important function for the society but has a negative impact of the society as well. Since the deregulation of the energy market in 1996, the customers have many different options when it comes to companies and prices which in turn lead to a highly competitive industry and to high customer turnover (Konsumenternas energimarknadsbyrå, 2017). However, sustainability is central within the energy industry and the industry is working to reduce the carbon dioxide emissions in all areas (Svensk Energi, 2010). Therefore, the chosen company for the research is an energy supplier company located in Gothenburg, further

called the company. The company fulfils EU-directive requirements and will therefore be obligated to disclose non-financial information from the financial year of 2017.

3.2.2 Respondents and attendance

A total number of eight employees were the interview respondents for this study. The interview respondents were chosen by the CFO and they were employees within the extended management group. The extended management group was furthermore part of the two workshops and was therefore a part of developing the sustainability approach. The project group consisted however of the CFO and the financial assistant and were those who were present during the planning meetings. Figure 3.1 shows a clarification of the different groups meanwhile figure 3.2 shows the different meetings at the company in addition to the interviews including the dates and the employees involved.

Project group	Management group	Extended management group
CFO	CEO	Management group
Financial assistant	CFO	Financial assistant
	Strategic manager	Telemarketing manager
	Sales manager	Internal telemarketing manager
	Customer service manager	Customer process manager
	Marketing manager	Economist
		Association responsible
		Market and product responsible
		Sales analyst
		Customer service coach

Figure 3.1 Clarification of the groups

Type of meeting	Date of meeting	Representatives
Start-up meeting	2017-01-31	Expert from auditing firm and CEO, CFO, financial assistant, customer service manager and economist
Meeting	2017-03-14	Project group
Meeting	2017-03-21	Project group
Workshop	2017-03-31	Extended management group
Meeting	2017-03-31	Project group
Meeting	2017-04-04	Project group
Workshop	2017-04-07	Extended management group
Meeting	2017-04-08	Project group
Individual interviews	2017-04-10	CEO CFO Sales manager Customer service manager Marketing manager Telemarketing manager Financial assistant
Meeting	2017-05-10	Project group

Figure 3.2 Meeting schedule

3.3 Data collection and reduction

The data collection process took place over a time-period of four months, February-May 2017. The data collection consisted of many different sources but was primarily divided upon observations, interviews and previous literature. The frame of references consisted mostly of English material, and most of the empirical data were collected in Swedish. Quotes were made in the empirical findings, and those translations were only recorded in this report.

3.3.1 Observations

During the research time, observations were conducted primarily through eight different occasions in order to observe the employee's statements, actions and behaviour. All the employees that were included in the different observations settings were informed and aware of the attention of the observation. Since it was important to achieve a deep understanding of

values, motives and practices a participant observation method was used during the meetings. However, during the workshops a non-participant observation method was used in order to observe what the employee's said and did (Collis & Hussey, 2014). The field-notes of the observations were compiled into the case study database (Yin, 2014), but the observations were however not allowed to be recorded.

3.3.2 Interviews

In addition to observations, individual interviews were held. The individual interviews were held with eight employees from the extended management group and the interviewees were chosen by the CFO. The interviews were however semi-structured, and the semi-structured interview was of open character and allowed new ideas and perspectives during the interview time, which was important in order to really understand the interviewee. Furthermore, the semi-structured interview started with general questions followed by more detailed oriented questions, and ended with general questions (Bryman & Bell, 2013). The interviews were conducted in Swedish and all eight individual interviews were recorded, transcribed and collected to the case study database (Yin, 2014).

3.3.3 Previous literature

Most of the data from the frame of references were found through the business school library, and research articles were found in different journals such as e.g. "Journal of cleaner production" and "Accounting, auditing & accountability Journal". Also websites were used to gather information mostly about the European directive and the sustainability reporting frameworks, and care was taken when using other websites such as newspaper websites. These sources and data were also a part of the case study database.

3.3.4 Data reduction

After gathering all data, a reduction was necessary in order to boil down the excessive information. The reduction was done by trying to find similarities, patterns, and themes that were repeated in order to generalise the approaching of sustainability reporting (Collis & Hussey, 2014). After constructing the frame of references the empirical findings were compared in order to find similarities. A process was identified when empirical findings and previous literature were combined, and all excessive information excluded. Furthermore, four themes were identified and empirical findings that did not fit into these themes were excluded from this study. The themes were inspired by the Swedish legislation's content requirements and modified according to the interviews. However, the identified themes were sustainability, risk, communication and strategy.

3.4 Data processing

To find out how a company approaches sustainability reporting, different studies were found helpful to describe and understand it. Furthermore, in order to study how a company's reality was created, when approaching sustainability reporting, the PC was found to be of great help, since its point of departure is reality constructions. PC offers a comprehensive framework, and each dimension facts, logics, values and communication, can be applied in approaching

sustainability report. The management group was most relevant to base the discussion on, since it had most influence over approaching sustainability. Therefore the CEO, CFO, sales manager, customer service manager and marketing manager were chosen to the discussion.

3.5 Research quality

In a case study it may be irrelevant to discuss terms such as validity and reliability (Ahrens & Chapman, 2006), however the quality of the study has to be addressed in terms of credibility, trustworthiness and generalizability.

3.5.1 Credibility and trustworthiness

The credibility can refer to originality and since the legislation in Sweden is relatively new, other studies have not been found to cover some of the consequences that it incurred (Yin, 2014). Furthermore, it was found that the literature on approaching sustainability reporting was rather limited. Trustworthiness may relate to the degree of trust in a specific study. Trustworthiness in this study regards trustworthiness to the used sources, the described procedures and chances of getting the same result if repeating the study. This study used a lot of different format of sources, such as webpages, books, journals, interviews and observations, coming from lot of different places such as the field, the library, the internet. Furthermore, the procedures have been described in the methodology in order to increase the chances of getting the same result if one would repeat the study. However, in a case study it is impossible to control behavioural events, which is a natural phenomenon in the case study, thus there are no guarantee to get the same result as this study. Also participant-observation was used, and can become biased, but writing down observations immediately as they occur has been found helpful to reflect the actions and statements even better. The observations were written down in a separate document and saved in the case study database, together with the transcribed interviews (Yin, 2014).

3.5.2 Generalizability

Generalizability refers to the extent the research findings, in many cases based on the sample, can be extended to other cases, in many cases a population. This may be easier in a statistical study, where a confidence level can be calculated. It may be harder to conclude something similar about generalizability in a case study, however Yin (2014) gives many examples of extraordinary case studies where the conclusions were generalized to many similar situations and used many years after the actual study. However, sample sizes of only one company decrease the degree of generalizability (Bryman & Bell, 2013) but it has been shown that case studies with only one company can be used to generalize (Yin, 2014). Thus, it may not be impossible to generalize this study's result to other situations since other companies in Sweden at the same size as the company may have a similar approach to sustainability reporting. In addition, other Scandinavian companies may have a similar approach to sustainability reporting as well.

4. Empirical Findings

This chapter presents the empirical findings at the company. The first section focuses on approaching sustainability reporting. The second section presents findings regarding the managers' different perceptions of sustainability.

4.1 A Swedish energy company

The company was founded in 2004 and is a part of a large group which is one of the biggest actor in energy market. However, the company is one of the 10 biggest actors within the Swedish industry and it is the most fast-growing energy supplier company with more than 65 employees, 300 MSEK turnover and nearly 500 MSEK net assets. Therefore, the company meets the requirements of the legislation based on the EU-directive and is therefore obligated to report financial, environmental and social matters in the financial year of 2017.

4.2 Approaching sustainability reporting

As the first step, the company was invited to an introduction meeting arranged by its auditing firm. The main intention of the meeting was to present sustainability reporting and the implications of the new legislation in addition to the expected requirements of the company. One concern from the CEO and the CFO was that the sustainability report would take a lot of resources and time to build up from scratch, however the work can be restricted since;

“... you don't have to reinvent the wheel regarding information gathering. Try to find internal documents that may be used in the sustainability report...” - Auditor (field notes, 2017)

In order to start the process of reporting, the next step was to map the core business of the company, which was done through two workshops. The first workshop was with the extended management group, whereas a short presentation about the legislation was done in addition to discussions about the issue of how to create a report. What could be observed was the question regarding what extra work that needs to be done in order to craft the report. The sales manager was quite worried about the limited amount of time and additional work, that may be required from each member within the management group. The CFO thought that the company only should report matters that are required by the legislation because of the short period of time and the lack of knowledge about sustainability reporting. In others words, make the reporting as simple as possible. Meanwhile, the marketing manager made it clear that he thinks it is important that the company reports matters that the company actually works with since it will gain credibility. Furthermore, the marketing manager stated that

“... the sustainability report cannot contain empty words but needs to fill a purpose, and the company needs to be able to demonstrate that it actually works with the reported issues.” - Marketing manager (Field notes, 2017)

The customer service manager, however, thought that the company could make a strategic gain by having a sustainability report since it could increase the company's competitiveness.

Further, one employee of the extended management group thought that the company could start the reporting by leaving only the information needed due to the legislation and then develop the reporting and use it as a competitive advantage. Contrariwise, the CFO mentioned that the company has chosen to only publish the annual report at Swedish Companies Registration Office (Bolagsverket) due to principles within the group, and meant that they may manage the sustainability report in the same manner. The CEO agreed with the CFO and thought that it could be a good idea to start the report with only information needed by the legislation. Furthermore, the CFO asked:

“Is it mandatory to make the sustainability report available for the public?”-
CFO (field notes, 2017)

The statement showed that the CFO was concerned about revealing too much business information due to the high level of competitiveness within the industry and there have already been incidents where competitors have been inspired by the company.

The second workshop was with the extended management group, the main discussion was about the definition of sustainability and what sustainability actually means to the company. The workshop aimed to continue the analysis of the company's core business and the matters that the company already works with which can be accounted for as sustainability performance within the report.

As mentioned previously, the company is a part of a big group and during the workshop it appeared that the group already works with sustainability in terms of CSR. The group has guidelines and policies regarding issues related to ethical, environmental and personnel matters. Since the group's guidelines and policies are applicable for all companies operating within the group, the investigated company does already take these aspects into account within its operations. The group has a CSR report but since the group is not a subject of the EU-directive the company needs to establish its own report. According to the CFO and the CEO it is important that the company's sustainability work and report are in line with the group's guidelines and principles.

Further, the workshop continued with analysing the core business and the already existing work. According to the strategic manager there is a lot of existing work that could be associated with sustainability. He claimed that the company is quite sustainable since it needs to work with the guidelines received from the group. Primarily, he thought about the social aspects due to the ethical guidelines that cover internal as well as external personnel and the working conditions.

“We are already doing a lot of different things that could be accounted as sustainable work, we just need to map out the things” - Strategic manager (field notes, 2017)

Almost all employees of the extended group did also mention that the company offers

customers products that are environmentally friendly, meaning that the company offers customers to buy environmentally friendly electricity. However the environmentally friendly electricity comes at a higher price and not all customers want to buy it, as suggested during a workshop;

“Have we ever asked if the customers want to have an environmental friendly product?” - Marketing manager (field notes, 2017)

“Yes they want environmental friendly products, however the majority do not want to pay for them..” - CEO (field notes, 2017)

The CEO, the sales manager, and the strategic manager claimed that one of the company's products is both environmentally and socially friendly at the same time. The product *per se* consists of 100% renewable energy, and for each customer who buys it a donation is made to a social charity organization. During the workshop the extended management group listed all the aspects it is working with today, which can be a possible aspect to include in the sustainability report.

4.2.1 Choosing project group

Already after the first start-up meeting at the auditing firm, the management group had decided who should be the project manager of creating the sustainability report. Since the EU-directive is adopted into the Swedish Annual Accounting Act and thus affecting the way of doing accounting, it came natural that the CFO should be the project manager with aid from the financial assistant. Neither the CFO nor the financial assistant had any previous experiences of sustainability reporting.

During the first meeting with the CFO and the financial assistant it were claimed that it is of high importance to include people from different parts of the business in order to achieve the best possible outcome of the sustainability report. It could be observed that it was the CFO who mainly pulled the strings in order to start the project. The CFO coordinated meetings, workshops with the extended management group, had the contact with the group and the auditing firm, and decided which people from the company that should be included in the work.

4.2.2 Choosing framework and reporting method

The different frameworks that can be used were discussed at the start-up meeting at the auditing firm and the auditor briefly presented the most commonly used frameworks. In addition, the different opportunities of reporting were presented namely separate report, combined report or integrated report. Furthermore, during the second workshop the project group discussed which framework to use and how to report the matters.

In the process of choosing framework the company discussed <IR> and GRI G4 since those were preferred to use among other frameworks, according to the auditing company. As a first step the CFO and the financial assistant had a meeting where they did go through both

frameworks and talked about advantaged and disadvantaged for each framework. As a first reaction, the CFO thought that there was a lot of information in the GRI framework and many aspects that they needed to take into consideration. Meanwhile, the financial assistant thought that there was a more clear structure in the GRI G4 compared with the <IR>. The financial assistant gathered sustainability reports from the company's main competitors in order to find out which framework they had used to report sustainability matters.

“At first sight, I feel that G4 is better structured and easier to follow compared with <IR>” - Financial assistant (field notes, 2017)

The major part of the competitors did use the framework provided by GRI, namely G4. The process continued during the second workshop, where <IR> and GRI was briefly discussed. The CFO claimed that he preferred to use the framework that is easiest to follow and pointed out that it is important to have a clear structure of the report. The CEO on the other hand stated during the first workshop that he would prefer the framework that covers most of the requirements of the legislation. But, the CEO mentioned that the CFO decides which framework to use, since the CEO thought that he had too little information in order to make the decision. The CFO and the financial assistant found that the GRI was the most complete framework, and it had a lot of information on how to report social and environmental matters, thus the GRI G4 was preferred to use when reporting.

When it came to whether the report should be separated, combined or integrated, there was a rather clear approach towards the separated one. It could be observed that the work in itself were overwhelming especially in the start-phase, thus it felt important to make choices that would ease the initial work. Additionally, in the individual interview it was emphasised by the financial assistant that:

“... it would be easier if it just exists in a separated form ... [because] then it also will be easier for employees to take part of the sustainability information”
- Financial assistant (Individual interview 2017)

The logic was that if it was integrated, it would become blended with the financial information thus becoming mixed up or messy, and the CFO and financial assistant emphasised clear and structured information. Furthermore, at one of the meetings it was noticed that both the CFO and the financial assistant thought that the company's financial report was very formal and that they perceived the competitors' non-financial reports as being very non-formal almost like a marketing report. But it was not completely declined having an integrated or combined report in the future.

After the discussion about the framework and how to report it, a meeting took place which aimed to create a sort of skeleton of the report. Materials from competitors were point of departure in addition to the aspects which was elaborated during the second workshop. The CFO and financial assistant had gathered information regarding sustainability reporting, mainly through competitors reports. Roughly, all the reports that they had looked through

were from competitors within the same industry. Both the CFO and the financial assistant talked in a manner of “I like...”, “I would....” “I think”, which shows that they might already have ideas how to structure the report. However, both of them agreed that it should mainly be up to stakeholders, both internal and external, to decide what content the report should contain. Even if the content should be decided by the stakeholders, they came up with the idea how to structure the report and how the different sections should be called and both found “responsibility” important to include.

4.2.3 Identifying activities and branding strategy

As mentioned previously, the extended management group was supposed to map out all sustainability activities during the second workshop. The extended management group was divided into small groups in order to discuss the activities. Initially the groups were divided by departments, in order to gather as much information about the activities from each department. Later on, they were divided into cross-sectional groups where they could discuss the findings from each department. Each cross-sectional group were supposed to note the ten most relevant activities that they had discussed. It turned out that each cross-sectional group found approximately the same ten activities. However, even if the project group had listed the company’s activities they wanted to know what the stakeholder thought was important. Therefore, the CFO and the financial assistant decided to conduct a materiality analysis. The strategy in turn was somehow present although not stated specifically. Many times it was said that the new law requirement should be used as an opportunity to strengthen the company’s position, since it operates in a very competitive environment. Thus the sustainability report should also be used to attract customers and good employees, and make the already employed personnel feel proud.

4.2.4 Integrating sustainability into daily practices

KPIs were seen as one tool to measure and evaluate the performance, but it was hard for the company in the initial phase to break sustainability performance down into KPI:s. However, the management group, CFO and financial assistant found it harder to make or come up with environmental KPIs compared to social KPIs because as the sales manager explained:

“... we are a service company, that’s it, we do not produce anything, we only offer smart services and pack it nicely...” - Sales manager (individual interviews, 2017)

This was independently supported by the financial assistant who also stated that:

“... we are not a production company. It is easier to show ourselves from a social perspective, compared to an environmental perspective. But there are parts where we can show that we are trying to work with environment” - Financial assistant (individual interviews, 2017)

At the company there was a big emphasis on diversity, especially the ethnicity and gender diversity. In the sales department the sales manager had a wish to increase the number of females employees, but found it difficult to achieve:

“... I would like to have more female employees in my department, but unfortunately there has been a lack of interest among female jobseekers. At the moment there is not a good balance in that matter, but everyone here are ambitious and want to commit...” - Sales manager (individual interviews, 2017)

However, the ethnical diversity was rather easier, and there was a great blend of employees with another ethnical background. At the last meeting however, the sales manager stated that he had employed two females at the sales department, and they were going to start at the company in near future. Also, the CFO and strategic manager emphasised the many ethically documents that the group had given to the company which it had to follow, such as work environment, health policies and maternity leave. Also every year the managers held individual conversations with its employees, and offered them financial support to health and fitness services, together with quit-smoking courses. Many of these initiatives were seen as part of the social sustainability perspectives and most of them wished to highlight it in the report.

Regarding the environmental sustainability perspective there was mainly two repeated things that the management team emphasised, which were the company's donations to a charity organisation and a suggestion to only offer electricity from renewable resources such as from water plants. Today the company offer a blend of electricity products, where parts of the electricity come from non-renewable energy. Some customers are price sensitive and choose to have a lower cost, other customers simply do not know what their product consist of e.g. because of lack of interest. However one idea from the management group was to give all customer electricity from renewable sources, because that was one way that the company would be able to affect the environment the most. An estimation was done to evaluate the cost to switch to only renewable energy, and it was decided that it was quite costly, but not impossible.

The development of the sustainability report depends on the development of the company, since the sustainability concerns will grow bigger as the company grows bigger, according the financial assistant. It may not be impossible to hire a sustainability manager in the future. Furthermore, sustainability work would be much better and sharper defined and much better integrated in the business model, according to the CFO. Furthermore he wished to have the sustainability report verified by third party, and he believed it would become a natural part of the yearly business audit which happens during the autumn where business processes, documentation and routines are controlled.

4.3 The actors perceptions of sustainability reporting

After the discussions and work in the workshops each employee in the extended management group started to form and identify their opinions about sustainability reporting and practices, thus interviews were held to get an idea of each actor's thoughts about sustainability.

4.3.1 CEO

Sustainability is defined by the CEO as effective work with least possible impact and being a sustainable business in the long term. Furthermore, he believes that one of the major advantages with a sustainability report is that the company will gain more trust from its customers and employees, however the report has to be good in order to have a chance of achieving this. At the moment he emphasised and was happy about the donation made when a customer buys an environmental friendly contract, since that donation is seen as a social aid and the product itself is environmental friendly. Besides, he emphasised the way the company demands vendors to have collective agreements with its workers. Regarding communication he wished that the sustainability information will become a natural part of the communication and he did not see directly risks in increased transparency regarding sustainability. Further, he claimed that it is important to integrate sustainability work into the company's core business (Individual interview, 2017).

4.3.2 CFO

The CFO thought about sustainability from a more environmental view, and especially from a product-perspective. He sees the company as a supplier and thinks that the company has a lot of procedures that is connected to in the procurement processes. Since the company does not have any production the social dimension becomes more important according to the CFO. Regarding the communication, the CFO felt that the company is a bit cautious about giving too much information. He further pointed out that it is important to show that the company works seriously with partners and vendors, and thereby achieve a better reputation, but he did also see this as an advantage. A risk was seen as well, if the company do not manage to achieve the created expectations stated in the sustainability report then it could have a negative impact on the company.

“... perhaps we won't be able to reach the objectives [...] and that will cause damage to our brand” - CFO (individual interview, 2017)

However, the CFO emphasised the social part of sustainability and found employees' health important. Worth noting is that the CFO has some kind of overall staff responsibility since the company does not have a human resources department (Individual interview, 2017).

4.3.3 Sales manager

The sales manager connected a lot of different things to sustainability, however, the first coming to mind were about equality. He emphasised the charity organisation and the culture within the company and the way changes take place in the company. Furthermore he thought that the company works a lot with sustainability, and that it exists in many parts of the company, however:

“... we are not conscious about it, and we do not communicate it to others. We have to become better at identifying what we do and communicate it.” - Sales manager (Individual interview, 2017)

Furthermore he emphasised a model that the company has created for making decisions and is simply a way the company includes employees when making decisions. He believes that the company can make a change in society by e.g. integrating people with another ethnic background and that all small donations together become a big donation to the charity organisation. One of the risks that the sales manager connects to the sustainability reporting is the lack of knowledge within the company on how to create the sustainability report. However an advantage, as he sees it, could be to really find out what is important regarding sustainability and strengthen the communication about it. The communication in turn should be a blend of monetary and “soft” measures, since he believed that not everything can be reflected in monetary terms, such as employee’s well-being. (Individual interview, 2017)

4.3.4 Customer service manager

Moral and ethical ways of doing business was the customer service manager’s first words about sustainability. Furthermore, she emphasised a long term perspective and orientation towards employees’ well-being. She believed that a sustainability report would have greater impact internally than externally. Externally, the company is only a small part of the bigger picture, but internally the company can create bigger change for its employees and customers with a sustainability report and practices. However, putting down in words what the company is doing will also create some promises to and expectations from the customer, which has to be kept. Also, she was concerned about the extra work it would create, and to make it a “living” document meaning that it should not be a task that the managers returned to once a year. She found that the company was quite good at communicating the donations to the charity organisation, however the company could improve the communication of all other sustainability work that company do and communicate it better:

“... the homepage or intra-web can be a great way of informing about [our] sustainability work, and it can be a great idea to communicate when hiring employees or when engaging in cooperation” - Customer service manager (Individual interview, 2017)

With increased communication the company can better show that it takes sustainability serious and thereby show customers, employees and partners that it is a serious company. She hopes that the sustainability work will become a natural part of the communication both internally and externally in the future (Individual interview, 2017).

4.3.5 Marketing manager

The marketing manager had only worked for the company in one week when the interview took place however he had many ideas about sustainability, and in the future he may has an important role in developing the content of the sustainability report together with the other managers. He came from a position within another company where sustainability played a vital role in the business procedures. The marketing manager connected personally “environment” to the word sustainability and thought that sustainability is about neutralising the environmental footprint. The marketing manager preferred to have a direct and specific communication style, e.g. he wanted to avoid communicating in liter of water thus monetary

terms were preferred. Furthermore, he experienced that the other managers had a market perspective regarding sustainability during the workshop, thus he felt that it would be interesting to differentiate the brand even more and in a more unique manner than the competitors. As he stated:

“It was interesting when we had the workshop, the majority talked from a marketing perspective, about how to communicate sustainability to the customers, and not so much about the utility, merely the commercial utility” - Marketing manager (Individual interview, 2017)

He specified that all other competitors try to brand environmental friendly electricity, and the company would not gain much in doing the same, which is why he suggested “employee diversity” as a brand theme, showing gender and ethnic equality within the company. However, the marketing manager also found a disadvantage which he defined as “blindness”. He described “blindness” as a situation where managers and employees think they are working with sustainability matters that the customers care about, however in reality the customer may not care about those specific sustainability matters. Therefore, a risk was to not reconcile the customers sustainability concerns with the company’s sustainability concerns, thus it becomes important to hear the customers’ opinions about sustainability issues. For the future he hopes that the company only provides environmental friendly products and that the company is engaged in societal matters even more than today (Individual interview, 2017).

5. Discussion

This chapter presents the discussion of the study, where the frame of references is combined with the empirical findings. The discussion begins with exploring how the company approaches sustainability reporting through PC, and ends with examining the company's sustainability reality.

5.1 PC model

In order to crystalize the process of approaching sustainability reporting the next section divides the empirical findings and frame of references into the dimensions of PC which are facts, possibilities, communication and lastly values. However, even though that one topic may consist of all dimensions, the topic will be categorized according to its origin. This crystallization is needed in order to clarify the process of approaching sustainability reporting and through these sections the outline of the organisation's sustainability reality is found.

5.1.1 Facts

The EU-directive and the Swedish legislation exist independently from the observer and have been created by institutions (Nørreklit et al., 2010), and one possibility is to either follow the law or not. However, the law was first seen as a law enforcement by the company and the managers aimed at making a simple report in order to fulfil the law. But later on the managers saw it as an opportunity since the sustainability report may strengthen their market position through more efficient use of resources according to the CEO, which is in line with Kolk (2004) who claimed that businesses could use sustainability reporting as a strategic gain. Additionally, the financial assistant saw sustainability reporting as an opportunity to attract customers and talented employees. One can argue that EU through the EU-directive emphasises an approach toward sustainability that can be connect to the outside-in perspective (Maas et al., 2016) since EU wants companies to create sustainability reporting practices. This in turn may lead to green wash of companies since companies may develop a decoupled sustainability approach, thus having sustainability reporting practices but not sustainable management practices (Maas et al., 2016). However, at the company the marketing manager emphasised the importance of working with the reported issues, which can be argued to be an attempt to resist green wash of the company.

Furthermore, sustainability reporting frameworks also exist independent from the observer and the possibilities connected to those are to adapt one or not. The Swedish adaptation of the EU-directive is rather flexible since companies can choose which method they like to use for their reports (Swedish Annual Account Act, 2017). The CFO and the financial assistant did choose between <IR> and G4, since those frameworks were recommended by the auditing firm, and they chose GRI G4. They found this framework to be the most complete one since they thought that G4 was better structured and easier to follow compared to the <IR>, which reflect their values as well. In order to make the decision, the financial assistant had gathered competitors' sustainability reports, and the CFO and financial assistant used those as point of departure when discussing the approach. The competitors' sustainability reports can exist independent from the observer and occur in a physical shape.

Group policies and internal policies were also identified as independent from the observer and the company has to align with the group policies. The internal policies may in turn affect the sustainability work and therefore the company may have some sustainability policies and practices in place without being completely aware of it, meaning that these need to be discovered within the company. Further, at the auditing meeting the company was advised to look upon internal documents that already were in place and which could be used as input to sustainability reporting instead of creating new measurements. This was also identified by the strategic manager that stated during a workshop that the company already have a lot of sustainable practices but needs to map it out. This is in line with Massa et al. (2015) that claim that already existing internal documents and data can be the basis for a sustainability report, and that the data are found during the “unfreeze-process”. Actually, many companies may work with some matters of sustainability without being aware of it. This in turn, may suggest that some companies are working from a twin-track perspective (Maas et al., 2016), where sustainability practices and reporting are simultaneously performed. Since the actors within the company found it hard in the beginning to map out the internal policies that could be connected to sustainability work, it seems that the actors lacked knowledge about sustainability reporting. However, the lack of knowledge may be found among many companies (Alestig, 2015) and according to the empirical findings the actors within the management group did not have any previous experiences of sustainability.

5.1.2 Possibilities

Possibilities were among others to choose a responsible for the project of sustainability reporting. The company had the opportunity to appoint a responsible for doing sustainability reports, contrarily it has the opportunity to not appoint one. It was found that many different actors could be the responsible for sustainability reporting (Thijssens et al., 2016); however the company’s responsible became the CFO. Further, the project group consisted of the CFO and the financial assistant. The choice of making the CFO responsible for sustainability reporting, was mainly because the legislation was adapted into the Swedish Annual Accounting Act and was therefore aligned with the financial report within the company.

The CFO and financial assistant found that the most likely options regarding sustainability reporting frameworks were GRI G4 and <IR>, which were in turn recommended by the auditing firm. The CFO and the financial assistant chose GRI G4 instead of <IR> and within the GRI G4 one has to choose between a separated, integrated or separated reporting method. It would be easier if it just were separated, as the financial assistant expressed it, therefore the choice naturally fell on the separated method. The competitors’ sustainability reports were found to be very messy and unstructured according to both the CFO and the financial assistant. Therefore they did not wanted to combine the financial report with the non-financial report since they saw it as a risk that the report would become unstructured, thus both wanted the separated reporting style. Having a separate reporting style could be referred to as a selfie approach which can be risky because companies can be seen as not being engaged in the actually sustainability work (Montecchia et al., 2016). Furthermore, this choice may reflect a value about having clear and formal structures.

At the company it was found hard to break down and define environmental KPIs, however social KPIs were easier to define. During the workshops the employees were asked to find matters that could be measurements for the sustainability report and the majority found matters related to the social dimension in contrast to the environmental dimension. One reason why the company found it easier to define social KPIs can be because of the already existing company culture, since culture plays a role when defining KPIs (Adam and Frost, 2008). The company has had a long tradition of using group policies regarding ethical matters, health and fitness benefits and diversity, and as such it may have been natural for managers to think within these social frames. Additionally, the company is not a production company as stated by the sales manager and the financial assistant. Therefore, it was found hard to come up with environmental KPIs, and the majority of the managers thought about the company's donation to the charity organisation when the environmental dimension was discussed. In the discussion about KPIs an idea emerged that the company could convert all non-environmental friendly contracts into environmental friendly ones, thus incur a loss when paying for the more expensive product without getting paid. An estimation was made during the discussion and the managers found it a bit too expensive but not impossible. Thus the managers made a trade-off, and found cost to be an obstacle for creating additional customer value (Epstein, 2010). This in turn reflects that the managers at the company have a profit orientation, which may indicate a value of being economic sustainable.

According to the CFO and financial assistant the development of the sustainability report may depend on the development of the company and they were aiming at defining the sustainability work better, and integrating it better into the business model. Furthermore, they did not neglect to have it controlled and audited once a year by auditors. The validation of the sustainability report can be seen as a protection of the stakeholders, and if a company uses GRI G4 it may be easier for auditors to validate (Ballou, et al., 2006). These objectives can be seen as an aim of becoming a professional sustainability reporting company thus aiming at becoming a "reformer" (Thijssens et al., 2016). Aiming at becoming a "reformer" may in turn reflect a value, and many times through the gathering of the empirical findings it was obvious that the managers wanted to be serious in its sustainability reporting. A sustainability report can help the company to better show that it is serious, as stated by the customer service manager.

5.1.3 Communication

Both the CFO and the financial assistant wanted to construct a materiality-analysis in order to find out what information-need the stakeholder had, thus the company was engaged in increasing the communication with stakeholders which is important (Maas et al., 2016; GRI G4). Restructuring the way of communicating with stakeholders can be seen as a way of "moving" the processes (Massa et al., 2015) and as such changing a monovocal approach to a polyvocal approach (Pianezi & Cinquini, 2016). Furthermore the CFO and the financial assistant wanted to include as many departments and managers as possible in order to create an overarching sustainability approach, which were found to be essential for the sustainability work (Thijssens et al., 2016). Also, it was important for the marketing manager to find and

communicate the sustainability matters that customers care about, otherwise the company may end up in a “blindness-situation”. Therefore, communication becomes important in order to make sure that the company works with sustainability matters that the customers cares about. Additionally, the CEO and the customer service manager hoped that the content of the sustainability report would become a more natural part of the company language in the future. The level of transparency, however, differed between the managers. The CEO and CFO were quite cautious about publishing sensitive information externally since it is a highly competitive industry and the CFO questioned whether the report should be published on the webpage. The customer service manager and the sales manager, on the other hand, thought that it is important to externally communicate the company’s sustainability performance and the sales manager did further emphasised to identify more sustainability dimensions and to increase the sustainability communication both internally as well as externally.

However the CFO, customer service manager and marketing manager described an expectation risk. The customer service manager and CFO was concerned of not living up to the promises and expectation stated in the sustainability report, and furthermore the CFO was concerned that would lead to damaging the brand. These risks can be connected to the communication dimension since through communication the company makes expectations to stakeholders whom it has to fulfil to some extent, thus communication becomes an important tool in order to control these expectations and promises.

5.1.4 Values

The different actions taken by each manager were to an extent affected by values. Even though the EU-directive and the Swedish adaptation of it exist independently from the observer, there could be other reasons why companies choose to report sustainability matters (Kolk, 2004). In the beginning the managers at the company had different thoughts about the motives of having a sustainability report. The customer service manager stated that the company could make a strategic gain by having a sustainability report, meanwhile the CFO and the CEO thought that the company should do the report to obey the law. However, later on the CFO emphasised that this law should be used as an opportunity to become more efficient.

When choosing sustainability reporting framework and method where simplicity and clear structures were preferred, which may reflect traditional values (Nørreklit et al., 2010) such as formality. Regarding the action of estimating the switch of all contracts to environmental friendly ones may reflects that the company wants to deal with environmental issues. However switching the contracts were found too costly but not impossible, thus the company may be profit-oriented which can reflect values such as self-interest (Pianezzi and Cinquini, 2016). However, sustainability is not only about social and environmental matters, it is also about being economic sustainable (Laszlo, 2013). Other actions that reflect values where when the CFO and financial assistant wanted to engage many departments and external stakeholders and conduct materiality analysis, which may reflect values such as democracy and equality (Pianezzi and Cinquini, 2016). Additionally, they wanted to be a serious sustainability company and aimed in the future to have the sustainability report audited which

can reflect values of being transparent and fair (Pianezzi and Cinquini, 2016). Furthermore the managers had difficulties in developing environmental KPI's which may reflect a lack of focus on environmental issues as in contrast to social issues, which can reflect strong social values and vague environmental values.

The communication perspective also reflected different values, where the CEO and CFO were cautious about disclose too much information, compared to the sales manager and customer service manager who wanted to use the information to attract customers and employees. These statements fit to an extent to the different roles each actor has (Nørreklit et al., 2017) and in turn can reflect the actors' values of having a self-interest and self-utility-maximization (Pianezzi and Cinquini, 2016). For example, the sales manager wants to be able to use as much information about the company in order to perform his role as sales manager, since he can use that information in a sales speech. The same goes for the customer service manager regarding hiring new employees. If she wants to perform her role as good as she can, then she may want to hire professional employees and thereby she wants to use loads of information in order to promote the company to new employees. Furthermore the CFO and CEO also perform their roles in protecting the company from potential future harm.

5.1.5 Summary of PC

The identified themes, actions and events within the company have been categorized into the four different dimensions of PC in order to clarify the complexity of the company's reality construction. Even though the different themes have been divided upon the dimensions of PC, all the themes and thus the dimensions relates to each other which the discussion in previous section indicates.

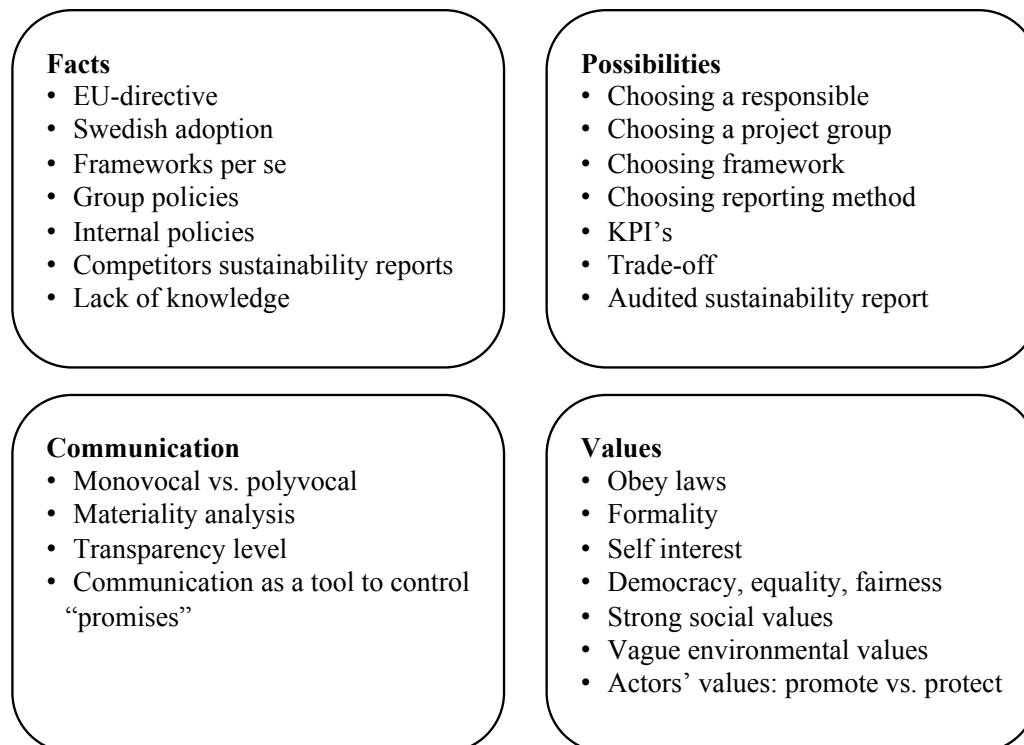


Figure 5.1 (created by authors)

5.2 The company's sustainability reality

Organisational life was according to PC interwoven micro-narratives that each actor creates about local activities which simultaneously fit together with other actors' narratives. Thereby the integration of all actors' narratives creates the organisational life. Also, each actor takes on a role to realise his/hers values, thus actors are co-author to the scripts they play. All narratives together should form a convincing narrative for the practice (e.g. the company). Thus, each actor within the company will become a co-author in creating the company's sustainability report (Nørreklit et al., 2017). All concerned actors at the investigated company were found to have in some degree different views on sustainability.

Furthermore, the different actors also defined sustainability in different ways, and the CEO thought that sustainability is about using the resources at hand in an effective way, which were in line with the marketing manager who described sustainability as neutralising the environmental footprint. The CFO emphasised the procurement practices, i.e. the ways and procedures used when getting the resources. However it was more important with social matters according to the sales manager and the customer service manager, thus emphasising equality and employees well being respectively. Each actor's definition of sustainability is in some way connected with their position within the company, since the CEO had one of the broadest sustainability definitions concerning all activities within the company. Meanwhile the customer service manager and the sales manager had a more social focus of their sustainability definition which could be explained by their large staff responsibility.

5.2.1 A complementary aspect - sustainability strategy

The marketing manager, that was relatively a new member of the company, observed during the workshop that many of the other employees talked from a marketing perspective about how to communicate sustainability to the customers, and the commercial utility of the report. During the individual interview it appeared that he talked about differentiation strategies, thus he made his narrative fit the other managers' narratives. The CFO stated that sustainability could be used in order to improve the company's reputation, which was in line with the CEO that further thought that the company could gain more trust from customers. In addition to increased trust, the customer service manager thought that it is important to actually show customers that they are a serious company who takes sustainability seriously. Except from these external branding strategies, the sales manager stated that the internal branding strategy is important as well, in order to achieve a reputation of being an attractive working place. It is questionable whether or not this is a convincing narrative for the company, in one aspect it could be a convincing narrative since all managers to an extent agrees about a "commercial" strategy of the sustainability report. In another aspect it may harm the company if the strategy becomes too "extreme" meaning that there may be a risk of only using the sustainability report for marketing reasons, and thereby forgetting to work with sustainability issues. Therefore, it may be a good idea to have one actor that oppose to some extent the other managers if the sustainability report should not end up as a marketing report, which the competitors sustainability report were as stated by the financial assistant and CFO.

5.2.2 A conflicting aspect - transparency level

There were a conflicting aspect since some managers wanted to restrain the information to the public and other managers wanted to be able to use as much information as possible. These actions in turn reflected self-interested values about performing a role as good as possible, however whether or not it is a good narrative for the company is up for time to tell, and it seems like good leadership is needed in this aspect as well, in order to balance the different roles' narratives. However just as the complementary case above, it may be important to have actors advocating different aspects so that the company do not end up in an "extreme" situation where all sensitive business information is available or where all business information is restricted to use. The best situation seems to be one where a natural balance is in place.

5.2.3 Summary

Every actor within the company has different realities created through values, facts, communications and possibilities. However, the company's sustainability reality is created through the integration of each actor's reality constructions. Since the company has chosen to include several people, when approaching the sustainability reporting, it may be hard to create a company topos where the managers realities complement each other, due to the fact that there are many different thoughts and values that eventually need to fit in some aspects. This may also be because sustainability is a more "soft" concept where actors define sustainability from a private perspective which is then merged into a professional perspective. The reality of the company's sustainability is a complex one, and many different aspects have to be reconciled to a certain extent in order to function. The PC have helped to crystalize the process of approaching sustainability reporting, and thereby made an outline of how the employees work together in the process.

6. Conclusion

This chapter presents the conclusion of the study and gives the answers to the research questions. Furthermore, it presents the main contributions and gives suggestions for future studies.

6.1 Approaching sustainability reporting

The purpose of this study was to explore how a Swedish company approaches sustainability reporting given the EU-directive 2014/95/eu and to explore how a company's sustainability reality shapes through the reality constructions from actors within the company. Furthermore, two research questions were made which were:

- *How is sustainability reporting approached in the initial phase within a Swedish company?*
- *How do actors' reality constructions shape the company's sustainability reality?*

From the frame of references it was shown that the literature on how to adapt sustainability reporting practices was limited. Therefore this study aimed at illuminate the process. Approaching sustainability reporting was found within a Swedish energy company were different activities were taken. Firstly, managers sought external advice from an auditing company. Secondly, the managers searched for information and inspiration through e.g. competitors' sustainability reports and the different sustainability report frameworks. Thirdly a project group were formed and decisions made on which framework to use, and lastly KPIs were discussed and evaluated. During this process different actors' values appeared in order to create actions.

These actions were affected by the actors' reality construction and the different actions and narrative that the actors performed were in line with the role that the actor had within the company. Each actor's reality constructions regarding sustainability reporting were partially shown and different themes within the dimensions of PC were identified where it appeared that each actor has its own unique reality construction. Even though that the actors had different realities, it was found that some of the realities complement each other, meanwhile other realities were in conflict. Since the company's sustainability reality consists of different actors' realities it appears that the company's sustainability reality is a reflection of the given situation, and it is changing as the surroundings are changing. Therefore it may be different in a later phase.

6.2 Contribution

Previous studies have mostly focused on why companies have created sustainability report, however little has been discovered on how to do it. Furthermore, it is rare that companies succeed in the implementation of sustainability reporting due to lack of knowledge and managers difficulties in implementing it practically. However, one success factor was found to be personal commitment. This study has contributed to illuminate an organisation's

approach toward sustainability reporting and its actors' realities connected to this. Thus, this study complement existing literature in understanding actors and their commitments which are shaped through their reality constructions. Furthermore, this study contributes and complements to the scarce literature on approaching sustainability reporting seen through pragmatic constructivism.

This study has furthermore contributed to illuminate the process of approaching sustainability reporting and found different potential conflicts that managers may experience, such as defining the sustainability strategy and the transparency level. These potential conflicts may need extra care from managers. Additionally, a contribution for regulators is to make auditing mandatory instead of it being a volunteering act, since there was a risk of turning the sustainability report into a completely marketing report.

6.3 Suggestions for future studies

Through this study the surface of approaching sustainability reporting has been scratched. Many ideas on different future studies have emerged during the study process. Firstly, it can be interesting to conduct the same study in a later phase, to see if managers' reality constructions have changed and to see how the eventually changed realities fit together in a new way. Secondly, it would be interesting to conduct a historic study where a company's sustainability reports are analysed in order to find the company's overarching sustainability reality and eventually identify patterns. Thirdly, further research is needed in the field of implementing and approaching sustainability reporting. Especially how a company practically defines sustainability KPIs, implement those and how the company follow up those sustainability KPIs. Finally, it would be interesting to conduct a survey, when all affected Swedish companies have implemented sustainability reporting, to find out their motivation for choosing one specific sustainability framework, and to study other ways of approaching sustainability reporting.

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Appendix

Interview guide

- How long have you been working at the company?
- What are your position at the company?
- What is on top of your mind when you hear sustainability?
- What is sustainability for you?
- What do you think about sustainability as a private person and as an employee at the company?
- How do you think that the company works with sustainability?
- Do you have any experiences with sustainability reporting or other sustainability related tasks (also, consider volunteering)?
- Do you think that the company should take an educational role, and explain and show the customers how sustainable they can be.
- How is the work of sustainability communicated internally and externally?
- How do you wish that sustainability was communicated in the future for the company - integrated, separated or combined?
- How would you like sustainability being communicated in everyday operations, on screens, or on webpages, or in daily meetings or not at all? If others, please explain further.
- What are the advantages and disadvantages with sustainability reporting?
- What is most important to present according you?
- Which value does it give the company to make sustainability reporting? (affecting customers, employees etc?)
- Do you think that the company can make a difference with its sustainability reporting? (1) make a difference internally, and on an aggregated level e.g. societal)
- What interest you most within the sustainability aspect and that you have come to learn about this far? Have you considered which KPIs your department could start using that relates to sustainability reporting? In that case which? In no case, can you imagine which?
- What is sustainability reporting for you?
- Is it better to present comparable measures in e.g. monetary terms, or is it more important to present narratives e.g. non-monetary terms?
- How will the company use the sustainability reporting? (e.g. integrate it into mgmt practice)
- What is the goal of sustainability reporting within the company?
- How is the company's sustainability work in 5 years?
- Is sustainability related to the company?
- Is sustainability report useful for the scope and context of the company?