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SCHOOL OF BUSINESS, ECONOMICS AND LAW

A management perspective on how to encourage sustainability through incentives and employee motivation

A qualitative study of five companies within the Swedish energy industry

Bachelor Thesis in Corporate Sustainability, 15 credits

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Abstract

Previous research shows that there is a leap between executives' and employees' view on sustainability issues. However, for a company to succeed in today's economy, sustainability commitment is a prerequisite. Therefore, it is vital for a manager to successfully communicate their sustainability agenda throughout the company. This thesis will examine how managers at five large companies within the energy industry use incentives to motivate employees. The aim is to create a better understanding of how internal and external incentives can be used to improve sustainability within a company. The study is based on interviews with five managers. The empirical findings are then analysed through the theoretical framework. Internal motivation is most frequently used and perceived as the most effective. Dialogues and lectures are used to form a sense of meaningfulness. The view on external motivation, on the other hand, differs in some aspects. External motivation can be of both financial and non-financial character. One company thought that individual financial incentives was detrimental, while another company said that it encourage employees to some extent. Non-financial incentives such as praises was used by all the companies. Furthermore, the importance of positive reinforcement is pervading in all companies and outweighs the usage of punishments and discouragements.

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Knut Brundin & Karin Sjöholm

Definitions

Extrinsic motivation

In this study, we define extrinsic motivation as motivation through external rewards, such as financial incentives.

Intrinsic motivation

Intrinsic motivation is defined as internal rewards, such as meaningfulness.

Sustainability

The wide concept of sustainability is in this study limited to social and environmental sustainability.

Act sustainable

Refers to the definition above, to act in a preferable manner towards environmental and social sustainability.

Large company

This study refers to large companies as companies complying with EUs definition, having more than 250 employees. Since the revenue of a company is not relevant, it is not taken into consideration in the definition.

Energy industry

With companies in the energy industry, this study refer to companies providing energy to consumers.

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Chapter 1 Introduction

In the introductory chapter, a short description of the topic of the study will be presented. The background description and problem discussion will eventually result in the presentation of the research questions and the purpose of this study. Lastly, the study's delimitations and definitions will be presented.

1.1 Background

In the years following the Second World War, the model of development focused primarily on economic growth by examining the development of countries gross domestic product (GDP). Although the model was successful in indicating a favourable economic position for several western countries, the inadequacy of using GDP as an indicator of social welfare and measurement of progress, increased the demand for a new model. (Brisman, 2011)

In 1987 the World Commission on Environment and Development (WCED), more known as the Brundtland Commission, issued the report *Our Common Future*. The report stressed the importance of environmental ecosystems and the long-term environmental strategies to preserve them. Moreover, the report stated the wording "sustainable development" for the first time (Brisman, 2011). Sustainable development is defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations General Assembly, 1987). Furthermore, the *Our Common Future* report by the Brundtland Commission laid the foundation for sustainability as we see it today and by introducing sustainable development, it still influences the world 33 years after its construction (Brisman, 2011).

The Brundtland Commission's introduction of sustainable development has since been developed, most successfully by the United Nations Sustainable Development Goals from the Paris agreement in 2015. The United Nations issued 17 goals to reach sustainable

development, goals including the three main pillars of sustainability; economic, environmental and social sustainability. The United Nations recognises that in order to reach sustainable development, the three pillars of sustainability must intertwine and thrive by the support of each other. Several of the 17 goals focus on the role of companies in the mission of reaching sustainable development, indicating the importance of sustainability within companies. (United Nations, 2015)

As a result of the Brundtland Commission's report and the United Nations Sustainable Development Goals, engaging sustainability is no longer a matter of differentiating but a matter of not falling behind the competitors of a firm. Sustainability is engaged in the majority of companies in 2020 and is due to private and public politics constantly developing (Kitzmuller & Shimshack, 2012). Sustainability could be used as a motivation for employees, engaging in sustainability could, therefore, be vital for a company's survival, thus increasing the importance of managers involvement in sustainability.

Leadership is a tool for managers to engage employees, using incentives to motivate sustainability. Incentives are divided into two different categories, intrinsic motivation and extrinsic motivation. Intrinsic motivation is motivation from self-determination, being motivated by actual interest and a strive for development and knowledge, whereas extrinsic motivation concerns the reward or threat of pursuing a certain act. The nature of the reward or threat determines how motivated a person is to pursue the action. (Ryan & Deci, 2000)

1.2 Problem discussion

Managers ability to motivate subordinates is essential to reach organisational goals. Through motivation and incentives, managers can engage employees to improve corporate performance (Elqadri, Suci & Chandra, 2016). Previous research shows that sustainability commitment is embraced by executives, however, on employee level sustainability is considered less important (Merriman, Sen, Falo & Litzky, 2016). The problem is that companies have not figured out how to align employee objectives with the organisation's sustainability goals. The question to be answered is *how* to embed sustainability throughout the organisation and not *why* (Polman & Bhattacharya, 2016).

There are both practical reasons and experimental findings that help explain this leap in sustainability commitment. A practical reason is that managers and employees have different attitudes toward sustainability. When implementing new strategies, managers often presume that employees are aware of specific sustainability issues (Merriman et al., 2016). However, in reality, employees direct focus is on their immediate work responsibilities. Consequently, they may be unaware of the benefits of improved sustainability performance (Haugen & Talwar, 2010). In research regarding employees perception of sustainability conducted by Kataria, Kataria and Garg (2013) a respondent stated that on a busy day at work sustainability issues are being put aside, since not being at the top of the agenda. Furthermore, corporations long-term goals might not be aligned with employees immediate work responsibilities. Consequently, metrics that evaluate employees short-term performance and sustainability goals are conflicting, resulting in frictions (Florea, Cheung & Herndon, 2013). Experimental findings, on the other hand, suggest that extrinsic incentives are not enough to ensure sustainability commitment (Merriman et al., 2016). Consequently, there is a need to understand how managers can use incentives to motivate employees to commit to the company's sustainability agenda.

Due to competition, companies are required to implement sustainability to some extent to gain competitive advantage (Chang, Zuo, Zhao, Zillante, Gan & Soebarto, 2017). However, that does not automatically mean the implementation is successfully communicated throughout the organisation. Research shows that sustainability commitment is usually communicated top-down (Epstein & Buhovac, 2017). It is, therefore, up to managers to actively establish desired behaviour with the employees. However, the frictions of how managers and employees view sustainability are impeding sustainability progress. Thus, decreasing the positive effects derived from sustainability performance, such as cost efficiencies and satisfied stakeholders (Merriman et al., 2016). Therefore, it is essential to align employees' goals with the company's long-term goals. Due to that, it is relevant to examine the usage of incentives from a managers' perspective, meaning how managers motivate subordinates.

The importance to excel in sustainability performance is incorporated in practically all industries. The companies contacted in this study are companies within the energy industry because of it being an industry with a significant impact on the environment, and by that required to act proactively with sustainable solutions in order to remain as sustainable as the industry requires. The Swedish government has set up several goals which require that the energy industry makes adjustments. In the year of 2020 the Swedish energy use should be 20% more effective than 2008, and already by 2045 Sweden aims to be a zero-carbon country (Energimyndigheten, 2019), which requires that the energy industry adapts to these changes. The production and usage of energy has great impact on the environment and generates a large part of every person's carbon footprint (United States Environmental Protection Agency, 2019). Therefore, the energy industry bears a lot of responsibility in the vision of creating a more sustainable world. In 2017, Sweden used 378 TWh of energy, however, the total expenditure was 556 TWh resulting in a loss of 178 TWh because of conversion and transmissions (Energimyndigheten, 2019). However, the implementation of more renewable energy has increased the efficiency of energy used, resulting in less energy going to waste (Energimyndigheten, 2016). Furthermore, Sweden issued a goal of having 50% of the used energy coming from renewable sources, however, since reaching that goal already in 2012, the Swedish energy industry shows determination to be more sustainable (Energimyndigheten, 2018). The more pressure and requirements placed on the energy sector, the more scrutinised it is likely to be. Furthermore, to meet the set goals, the industry must be well prepared to adapt to sustainability changes, which, requires a more flexible strategy.

Limited attention has been given towards understanding how managers within the energy industry use incentives to motivate employees to improve their sustainability performance. The importance of management is not often associated with sustainability. However, leadership is a vital part when it comes to implementing it. By investigating how managers work with intrinsic motivation and extrinsic motivation to engage employees, this report will contribute to creating a better understanding of how incentives can enhance sustainability performance. By examining how incentives and motivation can be used to facilitate sustainability commitment, managers can improve performance and reduce frictions within the company.

1.3 Purpose

The purpose of this report is to increase our knowledge of how managers within the energy sector use incentives to improve sustainability within the company.

1.4 Research questions

The problem discussion above has resulted in the following research questions:

What are the general sustainability commitment of companies within the Swedish energy industry, and how do managers use incentives to motivate employees to act sustainable?

- How does the usage of extrinsic motivation differ?
- How does the usage of intrinsic motivation differ?

1.5 Delimitations

Delimitations are made to narrow the investigated area and to be able to conduct a relevant and thorough study within sustainable leadership. This study highlights the role of the manager. Moreover, the study concentrates on how incentives implementations affect the employees. Further delimitations made in the study focuses on the choice of companies analysed. The study analyses companies with more than 250 employees and thereby considered a large company by EU standards (European Commission, 2003). The size of the companies analysed highlights the difficulties of a manager to implement incentives that are perceived by the majority of a company's employees. Therefore the study becomes more relevant when conducted on large companies rather than small or medium-sized.

Furthermore, the report limits its investigation to Swedish energy companies owned by a municipality. By only focusing on the companies owned by the municipality, the companies have similar basis. Therefore the report eliminates the factor of privately-owned companies, which provides a greater opportunity for generalisation within the area.

Chapter 2 Theoretical framework

This section focuses on establishing the theoretical framework used to analyse the empirical result. The chapter will begin with an explanation of how incentive-driven management has evolved. Then a review of relevant existing sustainability theories is presented. It will then debouch in a thorough review of two different modes of leadership, transactional theory and the transformational theory.

Research on how the usage of incentives can improve productivity and efficiency goes way back. Already in the late 19th century, Frederick W. Taylor introduced a piece-rate compensation system instead of a day-rate payment. The purpose was to motivate employees to achieve higher performance and at the same time keep the employees financially satisfied (Lisciandra, 2008). Taylor argued that through the usage of incentives, experts could engineer situations in accordance with their agenda. However, the psychologist Elton Mayo, on the other hand, argued that there are also irrational elements in motivation. Thus, making the incentive scheme more complicated than what was thought previously (Grant, 2002).

2.1 Sustainability theories

The stakeholder approach presented below shows that companies consist of complex networks and that each decision made by a company has an impact on society. Employees constitute one of the key stakeholder groups, but their influence can easily be underestimated. When it comes to implementing sustainability, employees play a fundamental part (Collier & Esteban, 2007). Furthermore, many authors argue that corporate social responsibility (CSR) in itself can be a tool to motivate employees to be more committed (Kitzmueller & Shimshack, 2012). The section below will contribute to create a better understanding of how employees view of sustainability impact their performance, and consequently, the company's outcome.

2.1.1 The stakeholder approach

The stakeholder approach is one of the most frequently used management theory. In today's economy companies are a part of extensive networks consisting of employees, suppliers, customers as well as external organisations and people, also known as stakeholders (Freeman, 2010). Freeman (2010) defined stakeholders as "any group or individual who can affect or is affected by the achievement of the organisation's objectives" (p. 46). The link between the stakeholder theory and sustainability commitment is becoming more obvious. As concerned people are getting more aware of sustainability issues companies are required to pursue sustainability to meet stakeholder demands (Merriman et al., 2016). According to Collier and Esteban (2007) employees constitutes a key stakeholder group and play an important part when it comes to implementing sustainability changes and improvements. It is the employees who carry the sustainability commitment into the daily activities. Consequently, a company's achievements are to a large extent dependent on the employees willingness to contribute (Collier & Esteban, 2007). Furthermore, the stakeholder approach adds that public and private political organisations are contributing to shedding light on the importance of maintaining sustainability and the social responsibility of a company. Stating that a company should base its decisions on the opinions of the stakeholders directly affected by the decision (Evan & Freeman, 1988). This view on the role of CSR contradicts the traditional view of Milton Friedman. Friedman argued that social responsibility is about creating value for the shareholders of the company, not considering external parties (Chang et al., 2017).

Jensen (1986) argues that the extent of money spent on employees and human resources depends on the state of a firm's cash flow. With more substantial cash flow, managers spend above the optimal level on human resources, despite the possible negative impact on shareholders. However, regardless of the money spent on human resources, Jones (1995) states that the actions having the most impact on stakeholders are honesty and dishonesty. If the moral quality of a manager is bad, the firm faces the risk of having unhappy employees.

2.1.2 CSR as a motivator

Kitzmueller and Shimshack (2012) introduce a view of motivation that compares extrinsic incentives and intrinsic motivation, the former being incentives as bonuses and salary

increase, and the latter being motivation in the form of sense-making. Kitzmueller and Shimshack conclude that intrinsic motivation and extrinsic incentives can act as substitutes. In workforces where leaders and employees are intrinsically motivated by their daily work performance, the need for extrinsic incentives is lower. Nine out of ten employees prefer to work in a committed firm (Ditlev-Simonsen, 2013). Consequently, CSR can contribute to enhancing employee motivation. Furthermore, a study conducted by Ipsos Mori (2008) shows that 23% of employees working in firms that they perceive to be environmentally responsible feel motivated to do better. Compared to 8% in firms that are perceived to conduct insufficient CSR work. However, a study by Merriman et al. (2016) reveals that if environmental and financial objectives are seen as complements instead of substitutes, employees' sustainability engagement is significantly higher. By aligning organisational values and performance objectives, employees can be encouraged to improve their performance. However, it is essential for management not to underestimate the role of implicit social norms (Merriman, et al. 2016).

2.2 Leadership theories

There are two different leadership styles to manage employee behaviour, transactional leadership and transformational leadership. Transactional leadership motivates certain behaviour through extrinsic rewards and punishment. Transformational leadership, on the other hand, focuses on intrinsic motivation and aims to move beyond compliance (Breevaart, Bakker, Hetland, Demerouti, Olsen & Espevik, 2014). The transactional and transformational leadership represents two different ways to manage employees through incentives, which makes them interesting to use in this report. Furthermore, the theories can be used exclusively or as complements in achieving desired results (Afsar, Badirb, Saeed & Hafeez, 2017). Consequently, these two theories will, together with the sustainability theories, constitute the theoretical foundation in this report.

2.2.1 Transactional Theory

When the transactional theory was presented, it diverged from previous theories by focusing on exchange relationships. According to the theory, both leaders and employees are dependent on what the opposite part has to offer. Consequently, by exchanging values, both

parts are rewarded (Afsar et al., 2017). However, such exchanges and bargains can both be beneficial or detrimental (Pieterse Nederveen, Van Knippenberg, Schippers & Stam, 2010).

The main components of the transactional theory is that it encourage compliance through rewards and punishments. This style of leadership does not aim to change the future but rather to manage employee behaviour to attain short term goals (Afsar et al., 2017). The transactional leaders stress the importance of maintaining status quo. Therefore, by establishing clear expectations, goals and clarifying roles within the company, leaders can stabilise status quo. Transactional leaders work within closed boundaries and aim to strengthen already existing structure. Consequently, the theory is characterised by marginal improvements and changes that do not challenge status quo. The progress is then monitored through bilateral contracts and management by exception. Subordinates are consequently restricted to conform and only perform what is expected of them (Afsar et al., 2017).

Employees are motivated through the usage of contingent rewards. The aim is to encourage employees to achieve results explicitly presented by the leader. The rewards are then given to employees after they accomplish an agreed-upon task to encourage certain behaviour. Contingent rewards can be both transactional and transformational depending on the rewards characteristics, whether it is extrinsic or intrinsic (Pieterse Nederveen, et al., 2010). In the transactional theory, extrinsic incentives are used to control that employees work in accordance with organisational objectives. The incentives can be of financial or non-financial nature. As long as these exchanges are perceived to be rewarding for both parts, it will continue (Howell & Avolio, 1993).

Management by exception, on the other hand, focuses on discouraging certain behaviours. By paying attention to mistakes made, managers can confront and initiate corrections to prevent that mistakes are repeated (Breevaart et al., 2014). This mode of leadership can be of both active or passive nature. Active management by exception aims to actively steer employees to achieve results. The process of active management by exception is time-consuming and requires continuous controls and monitoring. While passive management by exception is rather about correcting and punishing mistakes after they have been made, to ensure that they

are not repeated (Howell & Avolio, 1993). Thus, making the transactional theory reactive rather than proactive.

Employees are only expected to perform within certain boundaries and to a beforehand negotiated level. Since employees will not be rewarded for excess effort, the incentives to move beyond compliance is non-existing. Thus, creating a demotivating environment (Afsar et al., 2017). In a study, Afsar et al. (2017) examined the link between transactional leadership and employee entrepreneurship. They found that employees were more reluctant to go beyond their immediate work responsibilities and that the transactional leadership was detrimental for innovation. However, the transactional theory ensures that the manager's expectations are met (Pieterse Nederveen et al., 2010), and consequently, contribute to developing a committed and loyal workforce (Breevaart et al., 2014). Moreover, the transactional theory constitutes the foundation upon which the transformational theory can develop (Pieterse Nederveen et al., 2010).

2.2.2 Transformational Theory

The transformational theory represent another mode of leadership, where the focus is on intrinsic motivation. The aim is to challenge and inspire employees to develop their leadership capacity and take ownership of their actions. In contrast to the transactional theory, the transformational theory aims to encourage employees to perform beyond what is expected of them (Bass & Riggio, 2006).

Transformational leadership motivates employees by acknowledging the higher needs and goals of the group, rather than looking to the individual (Bass & Avolio, 1994). Through the transformational culture managers can align employees' self-interest with the company's objectives and contributes to strengthening relationships (Bass & Riggio, 2006).

Transformational leadership also stresses the importance of organisational identification to enhance satisfaction and form a sense of belonging (Mael & Tetrick, 1992). Cicero and Pierro (2007) add that through organisational identification, employees' objectives can be aligned with organisational objectives, thereby contributing to organisational welfare and employee commitment.

Furthermore, the theory stresses the importance of creating awareness and development, thus enabling the employees to contribute with personal creativity to proceed in the best interest of the group. Wang and Zheng (2018) believe transformational leaders emphasise the importance of information shared amongst colleagues. Through delegating authority transformational leaders encourage employees to develop creative thinking, and by empowering freedom in decision-making situations, transformational leaders motivate the goals of the group through employee participation, thereby encouraging employees to perform beyond compliance for the benefit of the group.

Hamstra et al. (2014) argues that transformational leadership is a style of leadership that encourages learning and individual improvement to distract employees from comparing with each other. However, the main goal of transformational leadership is still for leaders to create a collective vision showing the importance of shared values within the group. However, the effects of transformational leadership may depend on the level of involvement a leader has in the organisation (Deichman & Stam, 2015). Indicating that a transformational leader is only effective when the personal indications of the leader are put aside for the benefit of the group, emphasizing the personality of the leader.

Companies rely on their ability to adapt to changes in the markets, thus, the phenomenon of voice behaviour has gained importance in the transformational theory (Liu, Zhu & Yang, 2010). In contrast to the transactional theory, the transformational theory actively tries to challenge the status quo and go beyond compliance (Afsar et al., 2007). For employees to challenge status quo requires that they confront situations and speak up (Morrison, 2011). Voice behaviour is, thus, about how freely employees can express their thoughts within an organisation (Liu, Zhu & Yang, 2010). Previous research on the topic shows that there exist several factors that influence voice behaviour, such as job satisfaction. Employees might feel reluctant to use their voice, it is therefore up to the manager to encourage voice behaviour and to challenge status quo. However, through the usage of intrinsic incentives, transformational leaders can encourage voice behaviour, and consequently improve performance (Wang & Zheng, 2018).

2.3 Summary of the theoretical framework

According to the stakeholder theory employees play an essential role when implementing sustainability. By acknowledging employees importance, companies can improve their daily activities and consequently their sustainability performance. Furthermore, research shows that sustainability can in itself act as a tool to increase employee commitment. However, the importance of the right leadership to steer behaviour should not be forgotten. Transactional leadership and transformational leadership represent two modes of leadership when it comes to motivating employees. The transactional theory focuses on extrinsic incentives such as punishments and rewards. The purpose is to encourage employees to do what is expected of them. The transformational theory, on the other hand, stresses the importance of internal motivation to encourage employees to go beyond compliance.

The chosen theories explain *why* employee motivation is vital when implementing sustainability, and present different modes of *how* managers can go about to motivate employees. Consequently, the theories are considered to be relevant for this study.

Chapter 3 Method

In this chapter, the approach of the study, selection of respondents and detailed information about data collection is given. Furthermore, a critical method discussion is presented. The purpose is to increase the transparency of the study.

3.1 The approach of the study

The thesis' empirical findings are based on semi-structured interviews. In a semi-structured interview, the interviewer has the liberty to choose questions, depart from the questionnaire and add questions during the interview (Bryman & Bell, 2015), this method was considered the most suitable for this study. Interviews have been conducted with sustainability managers in five different large companies, all active in the energy industry. The purpose of the interviews was to examine how managers use incentives to motivate employees to commit to sustainability performance. According to Patel and Davidson (2019) a qualitative method is the most suitable to use when the researcher aims to investigate people's experiences and perceptions. The study follows an abductive approach, which means that it is partially based on incomplete observations and existing theories. By moving between the theoretical framework and the empirical findings, a better understanding of the topic was developed. An abductive approach is suitable for this report since the aim is to examine the research question with the usage of existing theories but also through empirical reasoning (Patel & Davidson, 2019).

3.2 Selection

3.2.1 Choice of companies

By looking at websites comparing Swedish energy companies, a number of 150 were found. The 150 companies were all looked into, to see which matched the category of interest. Some of them were owned by the same parent company, others were owned by private actors, but

the majority fell out of the study by not having the right number of employees, according to the employee statistics from allabolag.se. Therefore, the number of companies matching this study's criteria was ten.

The companies selected for this study are Swedish companies owned by a municipality. All companies exceed 250 employees, thereby stressing the importance of leadership when implementing sustainability. Of the ten companies matching the selection criteria of the study, all were contacted, seven answered, and five agreed to an interview. The companies interviewed were Göteborg Energi AB, Stockholm Exergi AB, Mälarenergi AB, Jönköping Energi AB and Eskilstuna Energi och Miljö AB. The ones that did not answer or participate will remain anonymous. The number of selected companies corresponds to 50% of the category of interest, therefore it is believed to be enough to conduct a thorough study. The interviews create a clear picture of the situation in the industry. Therefore, the study acts as a representative and guide for large companies within the Swedish energy industry.

3.2.2 Choice of respondents

Due to the incentives being implemented by the management of a company, the focus is to contact a person within management, with an overview of the employees. Preferably the person's tasks are also connected to sustainability. Examples of such persons are sustainability managers or human resource managers. Why sustainability is not required to be the main focus of the person's task refers to the knowledge of the companies already engaging in sustainability. By interviewing people with similar positions as mentioned, the study can gather the empirical data needed. Sustainability managers or human resource managers are managers with a clear connection to either employees or sustainability, and no other positions are as relevant. CEO's are not considered since they usually do not have the same specific expertise regarding the matters studied in the report. Furthermore, CEO's are more often difficult to get in contact with, thus not being prioritised as interviewees for this study. No other positions were considered.

3.3 Data collection

3.3.1 Primary data

The primary data was collected through interview, which according to Bryman and Bell (2015) is to prefer when conducting a qualitative research. The study was structured in flexible way, the aim was to give the respondents space to interpret the questions but at the same time to stay within the scope of the topic. A total of five interviews were conducted, one with each company. The number of interviews was considered to give enough material for the scope of this report.

The first contact with the respondents was through email (see appendix 1). In the email the respondents were introduced to the topic of this report and got explained how their participation would contribute to this research. Those companies that agreed to participate in this research were then contacted again to make an interview appointment. Initially, the plan was to let the respondents chose whether they preferred to be interviewed through Skype or in a personal meeting. However, due to the Coronavirus, all the interviews were conducted through Skype to minimise the risk of infection.

Prior to the interview, a guide and agenda (see appendix 2) was sent to the respondents. According to Bryman and Bell (2015) an interview guide can strengthen the dependability of the study. The guide followed the structure recommended by Bryman and Bell (2015). The interviews then followed the disposition of the interview guide. Consequently, it started with a presentation of the authors. Afterwards, the respondents got a chance to present themselves and their position in the company. The rest of the interview was divided into three separate themes, generally sustainability performance, extrinsic motivation and intrinsic motivation. There were two reasons for making this division. Firstly, to make the distinction between extrinsic and intrinsic clear. Secondly, to maintain a somewhat structured approach so prevent that the interview would depart from the subject of the study. The interviews took approximately 35-50 minutes. Due to technical issues, some of the interviews were solely audio-based while others were video- and audio based. All the respondents approved upon being recorded.

3.3.2 Secondary data

The secondary data used in this report has been gathered from the companies' websites. The data was used to present the background information for each company in the empirical result. The purpose was to give the reader further knowledge about the chosen companies in this study.

3.4 Processing of empirical data

Patel and Davidson (2019) stated that it is important to start with the analysis as soon as possible after the gathering of data. Otherwise, the linkage to the theoretical framework can be impaired. To prevent that from happening the interviews were concluded almost immediately, and thoughts and insights were noted continuously in a separate document. Thus, making it easier to go back and analyse the empirical data. The concluding of the interviews was divided between the authors, meaning that, solely one author at a time listened to the recording and concluded the empirical findings for each company. However, both authors read through the texts to ensure that they had a similar perception of the interviews.

3.5 Literature review

The theoretical framework is based on articles and books. The university's search engine "Supersök" has been used to screen reliable sources from unreliable. Furthermore, the aim has been only to choose peer-reviewed sources. The purpose was to make sure that the report maintains its accuracy.

A search diary has been used to simplify the gathering process. In the diary, all keywords searched for were noted. The purpose was to easier be able to go back to find sources and to detect different combinations of keywords that have not been searched for. Commonly used keywords were: intrinsic motivation, extrinsic incentives, transformational leadership, transactional leadership, sustainability, stakeholder theory.

3.6 Critical method discussion

3.6.1 Reliability and validity

Due to the collection of the empirical data in this study being of qualitative nature, it is important to measure the quality of the study. By looking at the credibility, transferability, dependability and confirmability, the trustworthiness of the study can be measured (Bryman & Bell, 2015). By recording all interviews, the authors could go back and re-listen. The companies had the opportunity to verify the summarised data to ensure the accuracy of the empirical findings. The empirical data in this report has explicitly been presented for each company one at a time. This enables the reader to draw its own conclusion whether the findings hold in other contexts as well. Thus, simplifying the judgement of transferability of the findings. Bryman and Bell (2015) argued that when conducting qualitative research, an auditing approach should be adopted. Meaning, it should be possible to go back and audit each phase of the research process to measure dependability. Therefore, all material used and collected in this research has been saved in other documents. Furthermore, throughout the report, references has been used to ensure dependability. One risk when conducting a qualitative research is that it is too subjective. It is therefore important to guarantee that the author has acted in good faith (Bryman & Bell, 2015). The companies that participated in this study were selected based on several selection criteria, thus, leaving out personal values (Bryman & Bell, 2015).

3.6.2 Generalisability

Bryman and Bell (2015) argue that when conducting a qualitative study, problems of generalisation arise. This study is based on flexible semi-structured interviews which complicates the generalisability of the study. However, by taking measures to ensure dependability, the authors allow the reader to make their own judgement of generalisability. Furthermore, when conducting interviews in a qualitative research, the purpose is not to represent the entire population (Bryman & Bell, 2015). The choice to solely interview people in management position also imposes complications. Thus, making it important to keep in mind that the empirical findings in this study is based on the opinion of solely one individual per company. However, qualitative research is rather about presenting theoretical reasoning

than representing a whole population (Bryman & Bell, 2015), therefore, this study remains significant. This study represents a great part of the targeted population, therefore, the generalisability for large companies within the Swedish energy industry is considered high.

3.6.3 Complications

Several complications faced throughout this study were due to the pandemic caused by the Coronavirus. The spread of the virus made it harder to contact certain companies. Some were not able to participate in this study, due to lack of time or capacity. Furthermore, the interviews, as well as the regular meetings with our supervisor were held online, as a consequence of the virus. Therefore making it more challenging to perceive body language and sarcasm, naming two examples.

3.7 Ethical considerations

According to Patel and Davidson (2019) is it important to consider different principles of ethics when conducting a study. They also stress the importance of keeping a balance between the utility of the study and the participants' integrity (Patel & Davidson, 2019). Prior to the interview, the respondents were informed about the purpose of the study and that the gathered material was for the study only. Furthermore, the participants were informed that participation was optional. However, how their participation would contribute to the study was explicitly communicated in the first contact. The respondents approved upon being recorded, the recordings were then kept inaccessible to unauthorised persons.

Chapter 4 Empirical result

In this section, the result of the five interviews will be presented. The interviews have been conducted with four sustainability managers and one group manager, all within the energy industry. Each section will begin with a brief presentation of the company. After the presentation, the interview is concluded.

The energy industry is has been ranked as one of the best employers by Nyckeltalsinstitutet. The different industries were graded based on nine criteria such as absence and salary, industries were ranked according to their scores (Energiföretagen, 2019a). However, the industry is not only blooming when it comes to social sustainability but also environmental. The Swedish energy industry is up to 97 percent fossil-free (Energiföretagen, n.d.). The energy is generated by a diverse set of sources, such as hydropower and nuclear, which is contributing to ensuring that Sweden maintains a 100% security of supply (Energiföretagen, 2019b).

4.1 Göteborg Energi AB

Göteborg Energi AB is an energy company that has a history that goes back more than 150 years (Göteborg Energi AB, 2020). The company is 100 percent owned by the city of Gothenburg and has today more the 900 employees. Göteborg Energi AB aims to provide the city of Gothenburg with environmentally friendly, safe and priceworthy energy (Göteborg Energi AB, 2019). The following section is the result of the interview with Göteborg Energi AB's sustainability manager.

4.1.1 General sustainability commitment

For Göteborg Energi AB sustainability commitment is a prerequisite for their existence. According to the sustainability manager, there is no way to earn money without responding to stakeholder pressure. Sustainability performance and commitment are essential to gain competitive advantage, attract employees and develop competitive products.

Göteborg Energi AB has developed several external social, economic and environmental goals. However, internally they are more focused on social sustainability. They have several initiatives to improve employee's habits. By offering financial support for cycling, employees are encouraged to go by bike to work. Furthermore, by arranging group fitness practices and promoting a more vegetarian diet, the aim is to improve employee health. All the offers and discounts are gathered on a site available for Göteborg Energi AB's employees. However, the employees actively and voluntarily have to enter the site to make use of the perks. The sustainability manager explained that Göteborg Energi AB's aim is not to force a change but rather to provide a healthy range of voluntary options for improving social and environmental sustainability.

The decision-making when it comes to sustainability performance is both developed from management and employees. The management might set goals to decrease emissions, the tasks are then delegated to the employees to set into practice. Decisions that involve considerable costs for the company are made on management level. However, employees have the authority to make minor decisions. The company's sustainability goals are communicated directly in the business plan to concerned actors. Otherwise, they are explicitly communicated in the activity plan. Through follow-ups, progress is monitored and if needed actions are taken to improve performance. According to the sustainability manager, the employees are committed to the cause. Naturally, not the entire workforce, but there is a willingness to contribute.

4.1.2 Extrinsic motivation

By offering financial support for cycling and subsidising public transport cards for employees, Göteborg Energi AB is encouraging employees to leave the car at home and choose a more environmentally friendly option. Employees that show exceptional good sustainability commitment is credited, meaning that personal performance and commitment might result in a higher salary and even a chance to advance within the company. The head of each department bears a lot of responsibility when it comes to noticing individual performance. Furthermore, desirable individual performance is lifted on Göteborg Energi AB's intranet.

One new initiative that has not yet been implemented is the 50/50 award. The unit that is the most successful when it comes to recruiting women will be rewarded. The award has been initiated to reduce inequality within the workforce.

Göteborg Energi AB is not working with explicit punishments to change behaviour. However, by removing free parking outside the office employees are discouraged from taking the car. The sustainability managers add that forbidding people from taking the car is not a solution. The aim is instead to discourage people from strenuously taking the car to work. Moreover, the sustainability managers clearly state that Göteborg Energi AB has a zero-tolerance when it comes to discrimination. In such cases, the employee gets a reprimand and in some cases might lead to termination of employment.

4.1.3 Intrinsic motivation

As a company that is owned by the city of Gothenburg, it has a lot of responsibility towards the society. The company is, consequently, providing energy services and products to neighbours, friends and the members of the community. The more profitable Göteborg Energi AB is, the more financial support will the city of Gothenburg get in return. The knowledge that Göteborg Energi AB is contributing to society is a strong driving force to motivate employees and contribute to creating meaningfulness according to the sustainability manager.

The sustainability manager adds that there is relatively high participation from employees in goal-setting. Strategic decisions are taken at a management level while minor sustainability initiatives and fulfilling corporate goals are delegated to employees directly. The more technical issues, the more involved are the employees. Lectures and dialogues are held to engage employees further in sustainability performance. Employees are regularly updated about financial performance within the company. Mainly to inform about how much money that will be reinvested in the city of Gothenburg.

To engage employees further in social and environmental sustainability, Göteborg Energi AB's is participating in both Cykelutmaningen and Habits. Cykelutmaningen is a competition where individuals and groups go together to participate. The competition is based on the

concept that the more you bike, the better prices you can win, however, the primary aim is to improve cohesion, consequently social sustainability. Habits, on the other hand, is about competing in reducing your group's collective environmental footprint. Both competitions have a social and environmental aspect. Employees are grouping and collaborating while at the same time improving their health or the environment.

The sustainability manager emphasised the importance of the social movement as a motivator. Simply through Göteborg Energi AB's sustainability commitment employees will be motivated to improve their performance as well. In addition, by keeping sustainability on the top of the agenda, the management communicates its importance, which is reflected in the employee's performance. The sustainability manager also added that it is not up to any manager to change employee behaviour but that it is rather a social movement. However, the sustainability manager's task is to facilitate sustainable choices so that employees can join the social movement.

4.2 Stockholm Exergi AB

Stockholm Exergi AB has provided Stockholm with energy since the 19th century and is today co-owned by the city of Stockholm and Fortum. The company has today approximately 700 employees that are working to provide sustainable energy. A total of 800 000 stockholmers receives their heat from Stockholm Exergi AB (Stockholm Exergi AB, 2020). The interview with Stockholm Exergi AB's sustainability managers is presented below.

4.2.1 General sustainability commitment

As a company owned by the city of Stockholm, Stockholm Exergi AB's purpose is to provide heat and warmth to the city. The sustainability manager explains the company's purpose as both providing heat to the households as well as contributing to creating a sustainable work environment, through sharing warmth and solidarity within the company. Ultimately contributing to a more sustainable Stockholm. Stockholm Exergi AB finds it vital for sustainability to permeate the entire company from management down. Therefore, the sustainability manager stresses the importance of having involved and interested management since it affects the entire organisation.

The company have several goals connected to sustainability and performance. The amount of renewable or recycled energy and the number of severe environmental disturbances are two examples. The goals are communicated on a broad level through the company's intranet and then analysed by the head of each section. To determine how the department is affected by the specific goal, the manager of each section breaks it down and adjusts it to suit the employees in the respective section, consequently, every employee has individual goals as well. At individual meetings approximately four to six times a year, results are followed up. The meetings are an opportunity to align the individual and main goals. The progress is communicated every month through mail and big screens around the office.

To ensure that the goal performances are communicated back to the management, the company host meetings every morning to discuss the possible environmental disturbances with the managers of each section. At the meetings, sustainability experts attend to enable Stockholm Exergi AB to work proactively with the problems of sustainability. The manager believes proactive work is the way to handle the issues, to stop the problem before it erupts.

4.2.2 Extrinsic motivation

Stockholm Exergi AB previously used an individual bonus system connected to every part of the company, thereby including sustainability. However, the company decided not to use the bonus system, such a system was believed to sub-optimize the interest of the group. Instead, Stockholm Exergi AB created a new bonus system, with the interest of the group in focus. If certain goals are fulfilled, the entire company is rewarded instead of solely focusing on individual performances. No other systematic reward regarding sustainable performance is used at Stockholm Exergi AB.

If an employee performed in a preferable way according to the company's sustainability goals, the person may get an article on the intranet, being an example of how to act. However, the sustainability manager yet again put emphasis on the company as a unit instead of the individual, explaining that it is often the entire company that is being praised in these situations. Moreover, the sustainability manager mentions that there is room for development

at Stockholm Exergi AB regarding lifting good examples since focus often is on preventing the unsustainable behaviour instead of encouraging the sustainable.

4.2.3 Intrinsic motivation

To create a work environment with sustainability as a vital part, Stockholm Exergi AB educates their employees with lectures about sustainability. By doing so, the company creates a discussion about sustainability which permeates the entire company. Furthermore, the company works actively to educate its employees about Stockholm Exergi AB's sustainable commitment and how their commitment contributes to society.

Stockholm Exergi AB emphasise the importance of meaningfulness and intrinsic motivation. With several ongoing social projects, such as coaching in unprivileged areas, Stockholm Exergi AB highlights the importance of keeping the employees updated to enable a discussion and create a form of sense-making. Through surveys, the company receives an indication of how well it is succeeding with its mission of creating sense-making. The surveys indicate that the employees value sustainability performance high. Moreover, Stockholm Exergi AB uses an app in the telephone to send out short employee surveys in order to maintain a good relationship, and make sure the measures taken by the company is in line with the expectations of the employees. The surveys are an important tool according to the sustainability manager because it shows that everyone's opinion is important.

To further motivate commitment, every employee together with the respective section manager develop their own goals to make them suitable for each individual employee. However, the goals are still connected to the main ones of the company, creating a coherent sustainability profile from the management down to the employees. However, Stockholm Exergi AB's sustainability manager insists that for the company to succeed in sustainability, the top management, as well as the managers of each section, bare a lot of responsibility. It is the top management's role to create a sustainable profile by showing interest in the matter, which, according to the sustainability manager, the top management at Stockholm Exergi does. The manager of each section has a role in detecting possible talents in their section and in showing appreciation by explaining possible ways to develop within the company. By doing that Stockholm Exergi is more likely to retain competent and interested employees and

to maintain its sustainable profile. Thus, showing the importance of leadership for every manager.

Finally, Stockholm Exergi's sustainability manager believes that for a company to be sustainable, it has to permeate the entire organisation from top to bottom, being part of the structure. By creating dialogues, discussions and raise interest amongst its employees, a company's sustainability commitment will last be a long-term investment.

4.3 Mälarenergi AB

Mälarenergi AB was founded year 2000 when Västerås Energi & Vatten, HEAB and VMK merged. Mälarenergi AB is 100 percent owned by the city of Västerås. The company has approximately 700 employees that are today working to provide more than 150 000 people with 100 percent renewable energy (Mälarenergi AB, n.d.). In the following section, the interview with Mälarenergi AB's sustainability manager is accounted for.

4.3.1 General sustainability commitment

Mälarenergi AB's sustainability managers explain that the energy industry is a scrutinised industry due to it being an integral part of the societal infrastructure. The services that Mälarenergi AB provide are essential for the society as a whole. Therefore, for an actor within the energy industry sustainability commitment is inevitable. However, the manager adds that the company has other incentives to improve its sustainability performance as well. Firstly, to decrease its environmental impact and secondly because the consequences of climate change directly affect the company's performance. Moreover, as a company owned by the city of Västerås, financial stability is also a prerequisite for its survival. By setting goals, Mälarenergi AB can ensure that it delivers good results back to the society. The sustainability manager adds that this responsibility requires that the management continuously works with long-term sustainable investments.

Whether a goal can be broken down into sub-goals or not depend on its characteristics, not all departments are equally affected by the sustainability changes. The management handles most of the general sustainability goals, while improvements and work-related goals are

delegated to employees. Social dilemmas such as safety and work environment are consequently, managed by different departments or directly by employees. The overall goals are clearly communicated in the business plan. The sub-goals, on the other hand, are communicated via heads of departments to employees. To make sure that the information reaches everyone.

The sustainability manager adds that both management and the employees are committed when it comes to sustainability improvements. They are proud to work within an organisation that emphasises the importance of sustainability performance, and that plays a crucial role in improving societal welfare.

4.3.2 Extrinsic motivation

As mentioned above, Mälarenergi AB has developed several sustainability goals. Out of these, some are bonus based. Although, due to the organisation being complex, it is not always up to a single individual to affect certain outcomes. However, for employees and managers, the bonus system still works as an incentive, since not accomplishing such goals reflect poorly on the respective department. Furthermore, the sustainability manager also mentions that the pay system in a way can be seen as an extrinsic incentive. In meetings between the head of department and employees, performance is discussed. Engaged and clever employees have a better chance to advance.

Mälarenergi AB arranges quizzes on the contents of the sustainability report, thus, encouraging employees to stay updated about the company's sustainability commitment. The explicit price is movie tickets, but the initiative motivates employees to increase their knowledge and question the sustainability performance.

Mälarenergi AB is not working with punishments to discourage unwanted behaviour. Instead, the aim is to let the company's values permeate the entire organisation. Already at the recruiting stage, Mälarenergi AB emphasises the company's values. Mälarenergi AB works with encouragement rather than discouragement. By lifting individual and collective sustainability performances, employees are encouraged to go beyond compliance. The sustainability manager adds that by rewarding desirable behaviour other employees within

the company might be inspired to do more. Furthermore, employees that perform well have a better chance to be internally recruited for other positions. According to the sustainability manager, the internal mobility is high, thus, encouraging employees to do well.

4.3.3 Intrinsic motivation

According to the sustainability manager, sustainability is a topic that permeates the entire organisation. By arranging sustainability programs, employees get a chance to deepen their knowledge within the area. The sustainability programs start with a standard introduction, and then the employees get to pass different stations and learn more about the company's sustainability commitment. The program ends with a collective discussion where employees can question decisions and present ideas. According to the sustainability manager, the program is a way to let the employees participate in the development of the sustainability work. The sustainability manager also stresses the importance of self-leadership. Employees are encouraged to take responsibility for their actions and to contribute to the company's success.

The sustainability manager stresses the importance of having a clear connection between sustainability goals and subgoals. It is not enough that employees are aware of sustainability issues, they also need to understand how they are contributing to improving sustainability performance. According to the sustainability manager, Mälarenergi AB is an attractive employer due to its excessive sustainability responsibility and the industry's societal significance. Consequently, employees that wish to contribute to sustainable development seek themselves to Mälarenergi AB.

The sustainability manager believes that social sustainability and business culture could be used as a tool to improve other dimensions of sustainability as well.

4.4 Jönköping Energi AB

In the year 1907, Jönköping Energi AB founded its first power station and has since then provided a total of 55 000 people region with its services. The company has today approximately 280 employees and is owned by the city of Jönköping (Jönköping Energi,

n.d.). The interview with Jönköping Energi AB's sustainability manager is presented in the following section.

4.4.1 General sustainability commitment

At Jönköping Energi AB, sustainability is incorporated in the entire operation. The business model of providing heat and electricity requires sustainability, according to the manager. By offering more environmentally friendly energy from sustainable sources, such as garbage, Jönköping Energi AB provides the society with better solutions. Therefore, the company fills an important role in contributing to sustainability. However, since it is a requirement for Jönköping Energi AB's existence, the company do not have specific goals dedicated to sustainability, instead it uses development goals. The development goals focus on different areas, often connected to sustainability. An example of such a goal is the change of fuel in the reserve drums, with biofuel coming in to replace the existing fuel, therefore making it more sustainable.

The goals of the company are communicated from top management down to an individual level to ensure a thorough and coherent scoping throughout the organisation. Consequently, sustainability is part of every employee's work assignments. However, Jönköping Energi AB's sustainability manager underlines that not every employee is aware of it since it is incorporated in the everyday operation.

4.4.2 Extrinsic motivation

There are no financial incentives to motivate employees to sustainability at Jönköping Energi AB. The sustainability manager do not believe bonuses and increased salaries are the way to go to motivate its employees. However, to start ongoing conversations about the different measures taken to ensure sustainability, Jönköping Energi AB sometimes uses other extrinsic motivation. An example given by the manager is handing out ice cream checks when a particular group performs well. Moreover, Jönköping Energi AB has for the last years handed out an award for team of the year, and coworker of the year. The awards are handed out as a fun activity at the Christmas party, and at the same time acknowledging people who performed particularly well. Although the award is not aimed explicitly at sustainability performance, the motivations of why they got the price are almost exclusively connected to

sustainability. The motivation highlights qualities such as being able to communicate with everyone, making coworkers feel comfortable, being helpful and so on.

Furthermore, Jönköping Energi AB does not use any kind of punishment when employees do not behave as desired. The sustainability manager encourages positive motivation and reinforcement; instead, it is believed that positive motivation will change the unwanted behaviour in the long-term.

4.4.3 Intrinsic motivation

At Jönköping Energi AB several emails, lectures and general conversations are used to educate and create a dialogue about sustainability. By having ongoing dialogues, the sustainability gets incorporated in the organisation.

As part of the intrinsic motivation, Jönköping Energi AB has a variety of meetings dedicated to its employees. Firstly, every other month employees in groups of ten attend MOR-meetings. The meetings are held by the manager of each group and can be translated into goal and result-oriented meetings. At the meetings, every individual gets an opportunity to interact with the goals of the company. The manager explains what is expected of each employee and group to reach the goals set out by the company, resulting in a coherent goal-orientation. The MOR-meetings also gives the manager a chance to evaluate and talk to the employees regarding the performance. Secondly, coach-meetings are held once every quarter of a year to coach the employees to reach the goals. Thirdly, two to three times a week Jönköping Energi AB hold meetings discussing eventual disturbances connected to environmental or social sustainability. Through a system where employees can report disturbances, the management gets the information needed to work actively to eliminate the eventual disturbances.

Moreover, according to Jönköping Energi AB's sustainability manager, the employees' individual goals are in line with the ones set up by the company. However, the manager underlines that every individual has different thoughts regarding sustainability, making it hard to generate goals that satisfy everybody's needs. Every employee has the opportunity to present their thoughts, either through the different meetings or through an employee survey

handed out once each year. To further collect the thoughts of the employees, Jönköping Energi AB has constructed a questionnaire where three questions are sent out to the employees every week. The questionnaire consists of questions about leadership, well-being and employees participation in general. The questions are a way for the management to meet the wishes of the employees. The data is gathered so that every manager can see what the specific group answered, enabling them to meet the expectations of the group.

According to the manager, sustainability is a fundamental part of the organisation. However, an employee may not notice that certain assignments are linked to sustainability. Therefore the situation requires great leadership, providing feedback as well as giving clear directions of what is expected of the employees to maintain sustainability. The leadership also has an important role in ensuring that employees feel part of the organisation, a matter of great value for the sustainability manager, as the friendly environment shared at the office often are highlighted.

Furthermore, Jönköping Energi AB's sustainability manager believes there is still a way to go to increase the company's sustainability, however, by encouraging the employees and showing positive outcomes the manager indicates the company is on the right way to achieving sustainability.

4.5 Eskilstuna Energi och Miljö AB

Ever since the 19th century, Eskilstuna has been provided with energy. In 1993 Eskilstuna Energi och Miljö AB, a company owned by the city of Eskilstuna, was created (Eskilstuna Energi och Miljö, 2016a). The 500 employees connected to Eskilstuna Energi och Miljö AB strives to deliver optimal energy with as little impact on the environment as possible (Eskilstuna Energi och Miljö, 2016b). The following data comes from an interview with the group manager responsible for quality, environment and work environment at Eskilstuna Energi och Miljö AB.

4.5.1 General sustainability commitment

The group manager explained that Eskilstuna Energi och Miljö AB is an environmental company, which means that sustainability is incorporated throughout the entire company. As a company owned by the city of Eskilstuna, they have a responsibility towards their stakeholders to deliver and fulfil the goals set by the municipality. Eskilstuna Energi och Miljö AB then break down the goals to concretise them, such a goal can be to decrease combustion and to improve recycling. Through a business plan and scorecards these goals are then communicated to the employees. The group manager stresses the importance of making it clear how the company's goals are linked to the SDGs.

Regular meetings are held to follow up on the employees' and departments sustainability effort. During these meetings, key indicators are presented, some key indicators are followed up more frequently than others. The employees are responsible for putting down the key number and then report up to the head of the department. Through the sustainability report, the company's sustainability effort is communicated to the employees. The report is available as a PDF-file for all the employees.

According to the group manager, the employees are committed to their chores and show a great interest in sustainability. The sustainability performance is integrated into the employees' daily job responsibilities, and the employees are in charge of the execution of decisions set by the management.

4.5.2 Extrinsic motivation

Eskilstuna Energi och Miljö AB does not use any financial incentives. As a company owned by the municipality, it is fully financed by taxation. Therefore, all extra expenses, such as bonuses, are seen as inappropriate. Non-financial incentives, on the other hand, are used. Every year Eskilstuna Energi och Miljö AB arranges a conference for all the employees within the company. During this conference, so-called everyday heroes and teams are praised. Everyday heroes are employees that have performed particularly well and have made significant improvements within the company. According to the manager, it is important to assure that employees are aware that they are the heroes. It is not explicitly communicated

that these rewards are linked to sustainability, however, according to the group manager, most improvements are more or less connected to sustainability.

In Eskilstuna Energi och Miljö AB punishments are not a way to discourage unwanted behaviour. The company is continuously working to improve leadership and incorporate core values throughout the company. According to the group manager, a code of conduct helps to make sure that employees behave in certain manners. To encourage desirable manner, on the other hand, individual performances are lifted on the company's intranet and on screens in the office.

4.5.3 Intrinsic motivation

By talking about the goals in meetings and sustainability in general employees gets involved and engaged in the company's sustainability agenda. Some of the goals are general and mentioned in the business plan, while others are individual and discussed at individual meetings. According to the group manager, employees are not always aware that they are working with sustainability improvements since it is embedded in their daily chores.

As mentioned in the previous, section Eskilstuna Energi och Miljö AB arranges a yearly conference where employees are lifted. Furthermore, at the conference, Eskilstuna Miljö och Energi AB hires guest lectures to keep dialogues about sustainability and to ensure continuous learning.

The group manager stresses the importance of conducting a thorough sustainability report. The report is a way to market Eskilstuna Miljö och Energi AB and to attract people to Eskilstuna. Furthermore, that fact that Eskilstuna Miljö och Energi AB is perceived as an environmentally responsible company is notable already in the recruiting process it is notable. Employees that are interested and committed to the cause seek themselves to the company. The group manager adds that the employees feel that "if they do not save the world, no one will do it for them", which is encouraging them to do their best. Furthermore, many of the employees are residents or have friends and family in Eskilstuna, and they are directly affected by their work. Finally, the group manager adds that for an environmentally friendly company, it is critical to continue to work with sustainability improvements.

Chapter 5 Discussion & analysis

The following chapter will discuss the data presented in chapter four. The data collected from the interviews will be analysed and discussed with each other as well as with the theoretical framework presented in chapter two and the background and problem discussion from chapter one.

5.1 General sustainability commitment

Previous research shows that in a competitive environment, sustainability commitment is prerequisite for survival (Chang et al., 2017). According to the respondents, the energy industry is not an exception. The respondents unanimously answered that sustainability is inevitable for a company active within such a vital industry as the energy industry, and addressing sustainability is mandatory to continue with the companies' operations.

According to Merriman et al. (2016) sustainability, is not as important at employee level as at executive level. However, the data collected from the respondents indicate that the employees are as important as the managers when discussing sustainability. Although Stockholm Exergi AB, Mälarenergi AB and Jönköping Energi AB mentioned the importance of dedicated management, all companies highlighted the significance of engaged employees that contribute to the company's sustainability commitment, indicating that Merriman's theory does not apply to the Swedish energy industry. Furthermore, Merriman et al. (2016) discuss the frictions that occur when management and employees have different views of sustainability. Such frictions are believed to have a negative effect on stakeholders and cost-efficiency. However, according to Merriman et al. (2016), employees' commitment can be improved by aligning organisational values and financial objectives. A majority of the managers interviewed believe that the long and short-term goals of the management are aligned with the opinions and work responsibilities of the employees, contradicting the thoughts of Florea et al. (2013).

To facilitate the connection between management and employees, Ryan & Deci (2000) stresses the role of leadership as a tool for managers to engage employees. A thought that the sustainability managers of large Swedish energy companies agree with. Jönköping Energi AB, Eskilstuna Energi och Miljö AB and Stockholm Exergi AB all explain the importance of competent leaders and leadership, and the vital role leadership has in implementing a well-functioning organisation. The leadership explained by the sustainability managers reminds of Jones's (1995) words about honesty and dishonesty amongst and between employees and managers. In order to implement good leadership, communication and honesty are key concepts. Moreover, all managers interviewed agreed with the Collier and Esteban (2007), that employees are a vital part of a company's success. Therefore their thoughts, opinions, and well-being are of great interest for the managers. The manager at Eskilstuna Energi och Miljö AB put emphasis on the importance of ensuring that employees are aware of the fact that they are the heroes within the company.

Of the data collected from the interviews, the answers differed when asked the same question due to the respondents' liberty to interpret the questions. The answers differed in what aspect of sustainability the company's sustainability manager focused on. In the majority of the companies, the manager focused on the social aspect of sustainability, whereas Eskilstuna Energi och Miljö AB focused the majority of answers on the environmental sustainability of the company. Having asked the same questions to the companies, the different answers displays an indication of the focus area of the company.

Moreover, the overall sustainability commitment of employees within large companies in the Swedish energy industry are high, according to the managers of the sustainability departments. All confirmed that the employees of the respective companies show sustainability commitment, which contributes to the profile of the company. However, some of the managers pointed out that the commitment differs from individual to individual, other meant that not all employees perceive a given work assignment as particularly sustainable, since sustainability is permeated in the organisation as a whole.

5.2 Extrinsic motivation

Extrinsic motivation builds on a similar foundation as the transactional theory. Afsar et al. (2017) described it as both parties being rewarded, in this case by the company getting the result wanted, and the employee receiving financial or non-financial rewards for the work done.

The usage of extrinsic motivation through financial incentives differ significantly between the companies interviewed. Mälarenergi AB agrees with Afsar et al. (2017) and use a bonus system for some goals regarding sustainability to create a win-win situation. However Stockholm Exergi AB, who previously used individual financial bonuses, have a similar view as Pieterse Nederveen et al. (2010), that individual financial motivation can be sub-optimal for the group and consequently detrimental. Stockholm Exergi AB identified the problem as the bonus being individual, not the bonus itself. Therefore a collective company bonus was implemented instead. Moreover, Göteborg Energi AB uses another sort of financial incentive by providing financial support for using the bicycle or subsidizing public transport. Furthermore, Jönköping Energi AB and Eskilstuna Miljö och Energi AB do not use any form of financial incentives towards sustainability.

The non-financial incentives to motivate a certain behaviour are more commonly used than the financial, by the companies interviewed. The majority use the intranet as a media to encourage positive behaviour. By publishing notices and articles of employees being praised, the companies believe to be encouraging colleagues to repeat the behaviour. Furthermore, Göteborg Energi AB is to implement a programme where the unit recruiting the most women is rewarded in an effort to balance the gender distribution at the company. Mälarenergi AB hands out movie tickets to the person or group winning quizzes about the company's sustainable commitment and values, and Jönköping Energi AB hands out ice cream checks to sections performing above expectation. The rewards are different, but the motives are the same, namely encouraging behaviour through non-financial incentives.

Further non-financial incentives are the awards given to employees. At Jönköping Energi AB, the employee and the group that has shown outstanding performance gets rewarded with team or coworker of the year, at the Christmas party. Abilities such as being able to communicate with everyone, and being a joy around the office are especially enhanced. Eskilstuna Energi och Miljö AB show similarities when acknowledging everyday heroes, an award handed out at the annual conference to praise peoples performances and improvements towards sustainability.

Active management by exception (Breevaart et al., 2014) is a type of management that can be argued to apply to the large companies of the Swedish Energy Industry since Stockholm Exergi AB, for example, recognised that the focus sometimes is on the negative behaviour instead of lifting the positive. Furthermore, the sustainability manager at Stockholm Exergi AB stresses the importance of working proactively. The purpose is to stop sustainability issues from ever arising. Jönköping Energi AB, on the other hand, has a reactive approach. The company hold meetings several times a week to detect eventual disturbances, a tactic that shows similarities to management by exception. This way of working is aligned with the transactional theory (Howell & Avolio, 1993). However, all companies interviewed explain the desire and work to solely focus on positive behaviour, and through that encourage the employees whose behaviour are not up to standard. Moreover, no company interviewed use any severe punishment as a way to change a certain behaviour. None of the managers considered punishment as a reasonable method, and by that contradicting the views explained on passive management by exception (Howell & Avolio, 1993).

Consequently, all companies interviewed believe positive encouragement is the way to motivate and implement sustainability. Through facilitating preferable behaviour and working with a company's values to permeate the organisation with social and environmental sustainability, the companies are confident that positive motivation is the way to go to ensure long-term sustainability, indicating similarities to Afsar et al. (2017). To be able to transfer the words into practice, all managers interviewed stress the importance of leadership.

5.3 Intrinsic motivation

As mentioned in the previous section, the usage of extrinsic motivation differed between the companies. The usage of intrinsic motivation, on the other hand, was pervading for all companies.

According to Kitzmueller and Shimshack (2012), extrinsic and intrinsic motivation acts as substitutes, meaning that employees that are given a social meaning at work might require less wages. Surveys sent out by Stockholm Exergi AB shows that employees partly agree with Kitzmueller and Shimshack. The result reveals that employees value sustainability as one of the more important aspects of their work responsibilities. However, it does not reveal whether employees are willing to do a trade-off between salary and sustainability. The other companies did not steer the interview in that direction, however, several companies stated that sustainability commitment is visible already in the recruiting process. Both the sustainability manager at Mälarenergi AB and the group manager at Eskilstuna Energi och Miljö AB said that employees seek themselves to the company partly because they wish to contribute to sustainable development.

Ditlev-Simonsen (2013) stated that nine out of ten employees prefer to work in a committed organisation. A statement that was confirmed by several of the companies interviewed. According to the sustainability manager at Göteborg Energi AB, the fact that the company is contributing to society is an important motivation for employees to go beyond compliance. This is consistent with the fact that employees working in committed firms are more motivated to do more than what is expected of them (Ipsos Mori, 2008). The same mentality is an important aspect of the transformational theory (Bass & Riggio, 2006). The sustainability manager at Mälarenergi AB also mentioned that employees are proud to work within a company that strives to improve societal welfare. Stockholm Exergi AB actively aims to inform employees how they through their work are contributing to society. Similarly, the group manager at Eskilstuna Energi och Miljö AB and the sustainability manager at Göteborg Energi AB pointed out that many of the employees are residents in Eskilstuna respectively Göteborg. Therefore, they have personal incentives to do well as members of the

community. All the companies that participated in this study are owned by a municipality. Therefore, one could assume that employees in the remaining companies have similar thoughts on the matter, even if it was not mentioned during the interviews.

The importance of including employees in decision making (Zheng, 2018) and encouraging learning (Hamstra et al., 2014) are two main components within the transformational theory. The decision-making process within the interviewed companies appears to differ in some aspects. However, in all companies, the employees are, to some degree, involved in the process. Mälarenergi AB uses a more playful and creative way to engage employees. By arranging sustainability programs employees both deepen their knowledge and at the same time contribute to improving the sustainability performance. At Jönköping Energi AB, on the other hand, meetings where employees are encouraged to share their thoughts, are held regularly. According to the transformational theory, such team efforts can contribute to strengthening business culture and consequently improve performances (Bass & Riggio, 2015). Furthermore, transformational leadership allows employees to take ownership of their actions (Bass & Riggio, 2015), thus meaning that employees are trusted with responsibility. At Göteborg Energi AB employees have the freedom to make their own decisions, given that they do not involve considerable costs, consequently they are given ownership over their actions. Mälarenergi AB, on the other hand, put emphasis on employees own leadership capacities. Employees are expected to take responsibility and participate in improving the sustainability performance, which is an important component in the transformational theory (Bass & Riggio, 2006).

Several of the companies in this study said that employees continuously work with improvement. Hamsta et al. (2014) argued that by encouraging learning and individual improvements, a company could counteract internal competitiveness and create a collective vision instead. As mentioned in the section about extrinsic motivation, improvements are rewarded, and in several cases praised at conferences or on the intranet, however, there are also intrinsic values linked to it. Jönköping Energi AB, Stockholm Exergi AB and Göteborg Energi AB all mentioned that by having dialogue and lectures they ensure that employees deepen their knowledge, and through continuous learning improvements are enabled. Consequently, the intrinsic motivations such as continuous learning constitute the foundation

upon which improvements are made and then rewarded with extrinsic incentives. This reasoning explains the linkage between the transactional and transformational theory. Even though they represent two different modes of leadership, they can still be used as complements.

Chapter 6 Conclusion & future research

In this chapter, the study's conclusion will be presented. The conclusion is divided into sections based on the research questions. The purpose is to ensure that the questions will be fully answered and to improve the overview. Finally, some suggestions for future research on how to develop and further investigate the subject is presented.

6.1 Conclusion

The large companies in the Swedish energy industry show a lot of interest in sustainability issues, both environmental and social. The reason is mainly that the industry requires that the companies are sustainable in order to survive. Furthermore, the Swedish energy industry bears a lot of responsibility since the population of each municipality rely on the companies to be able to consume as sustainable energy as possible.

To implement sustainability throughout the organisation, leadership plays a vital role. Good leadership enables sustainability to permeate the organisation through communication and effective goal degradation. The sustainability efforts of a large Swedish energy company therefore involve the entire staff, highlighting the importance of employees and their well-being to be able to perform at the level required.

Based on the empirical data and the analysis made in the previous section it is possible to conclude that sustainability commitment itself can attract employees and contribute in the creation of a business culture where employees continuously through improvements strive to achieve higher results.

How does the usage of extrinsic motivation differ?

The usage of extrinsic motivation at large Swedish energy companies differs to some extent. All companies do not use financial incentives, however, they do occur in some companies.

The financial incentives themselves also differ from each other, where one company use individual bonuses and other use bonuses for the entire company's performance.

Moreover, the usage of other extrinsic motivation shows many similarities within large companies in the Swedish energy industry where the intranet is used to a large extent to acknowledge preferable behaviour towards environmental or social sustainability. Further extrinsic motivation is used by all companies, however, the methods differ from handing out treats to teams that perform well, to lifting the employee of the year or everyday heroes.

To conclude, the large companies within the Swedish energy industry do use extrinsic motivation as a motivator to sustainability. However, the methods used overall differ since financial incentives are used by some, whereas non-financial incentives are used by all.

How does the usage of intrinsic motivation differ?

Companies within the Swedish energy industry use intrinsic motivation as a motivator to sustainability. The usage shows great similarities between the companies since all work to create a sense of meaning to its employees. To some extent, all companies want its employees to be part of an organisation that matters for the society and planet, making the employees an essential part of the movement. The companies all act actively to continue to improve the intrinsic motivation. Furthermore, the companies prefer using positive motivation to proactive prevent certain behaviours, instead of using a reactive punishment to prevent it from happening again.

To conclude, the large Swedish energy companies use, to a large extent, the same type of intrinsic motivation to motivate its employees to act sustainable. This study shows that managers within the energy industry tend to use a transformational mode of leadership with focus on intrinsic motivation. However, the transactional theory was used to some extent. The positive reinforcement suggested in the theory, such as extrinsic rewards, were frequently used. The negative reinforcement such as punishments, on the other hand, was non-existing. Based on the empirical data collected, and the analysis in the previous section, it is possible to conclude that the intrinsic motivation is the more popular type of motivation in the industry studied since it is used to a larger and more similar extent. The managers focus on

highlighting the employees' abilities. Furthermore, they put emphasis on including employees in the decision-making, thus, creating meaningfulness which in its turn contributes to improving sustainability performance. However, for companies active within such a vital industry as the energy industry, intrinsic motivation is always present. Employees are given a sense of meaning by just performing their duties. Society, family and friends are all dependent on the industry, and consequently, the commitment shown by the management and the employees, which is an important incentive to go beyond compliance. This conclusion confirms that sustainability in itself combined with the transactional, transformational and the stakeholder theory all contributes to creating an engaged workforce.

6.2 Future research

To further investigate the subject of motivation and sustainability connected to management and employees, a study where the employees' perception of the different motivation methods would provide further knowledge. By doing a similar study like the one made in this report, looking at the employees' perception instead of the managers' implementation, one would be able to compare the two studies to reach an accurate conclusion of the whole organisation.

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Appendix

The first contact

Hej!

Vi är två studenter, Karin och Knut, som studerar företagsekonomi på Handelshögskolan i Göteborg. Vi är precis i uppstarten av vår kandidatuppsats, där vi riktar in oss på hållbarhet och ledarskap. Vi har valt att kontakta er då ni är ett stort företag med stark hållbarhetsprofil.

Närmare bestämt vill vi undersöka hur managers använder incitament för att motivera hållbarhet hos anställda. Det vill säga, undersöka hur ett företags hållbarhetsarbete kan integreras i de anställdas dagliga arbete. Eftersom hållbarhetsarbete oftast förmedlas från ledning till medarbetare anser vi att det är relevant att undersöka hur incitament kan användas för att skapa motivation.

För att få en övergripande bild över situationen kommer studien baseras på intervjuer från flertalet företag.

Er medverkan bidrar till ökad förståelse för hur ledarskap kan påverka hållbarhetsarbete och är en stor hjälp för oss att nå vårt mål. Vi undrar därför om vi kan boka in en intervju med en person som berör ämnet (hållbarhetsansvarig, manager, HR, eller dylikt)?

Vi ser fram emot återkoppling!

Med vänliga hälsningar,

Karin Sjöholm och Knut Brundin

The interview guide

Introduktion av ämnet

Inledningsvis börjar vi med att introducera bakgrunden till ämnet, frågeställning samt syfte med undersökningen.

Inledning av företag

Därefter får respondenten en möjlighet att presentera sig själv, sin roll på företaget samt kortfattat kring företagets hållbarhetsarbete och hur detta kommuniceras till anställda.

Rapportens teman

Tema 1: Generellt hållbarhetsarbete

Vi tänkte inleda den här intervjun med att ställa några generella frågor om ert hållbarhetsarbete.

- Varför anser ni att det är viktigt att bedriva hållbarhetsarbete?
- Har ni några uppsatta mål vad det gäller hållbarheten på ert företag?
- Är det endast mål för ledningen eller inkluderas även de anställda?
- Hur kommuniceras målen till de anställda?
- Kan hållbarhetsarbetet inom företaget ses som en arbetsbelastning?
- Söker ni efter hållbara medarbetare när ni rekryterar?
- Ställer arbetarna några krav? Vill de vara med och få företaget framåt inom hållbarhet?
- Hur får ni de anställda att följa ert arbete för att nå era mål?

Tema 2: Extrinsic motivation

Här går vi vidare med att ställa frågor kring hur du som ledare arbetar med yttre incitament.

Definition: Beteenden som motiveras genom externa belöningar, t.ex. finansiella belöningar

- Använder ni er av någon form av belöning för att motivera anställda att nå hållbarhetsmål?
- Använder ni er av någon form av bestraffning när uppsatta hållbarhetsmål ej nås?
- Om ej i hållbarhet, används det i andra aspekter inom företaget? Tror ni man kan applicera detta på hållbarhet också?

→ Vad ser ni för svårigheter i att få de anställda att följa era riktlinjer för hållbarhet?

Tema 3: Intrinsic motivation

Det sista temat idag handlar om hur du som ledare arbetar med inre incitament. Definition:

Beteenden som motiveras genom inre belöningar, t.ex. meningsskapande

→ Hur arbetar ni för att höja den morala motivationen till hållbarhet? Föreläsningar?

Mail? Via samtal?

→ Arbetar ni med att stärka företagskulturen?

→ Är ni nöjda med det arbetet ni gör?

→ Ser ni att ert arbete ger effekt?

→ Hur hade det kunnat förbättras?

→ Väver ni in hållbarhet i de anställdas personliga mål/krav eller arbetar de mot varandra? T.ex. ett krav att nå upp till motsäger ett hållbarhetsmål? Eller arbetar de gemensamt?