Chasing the Greater Good

A Qualitative study in how Sustainability is steered and implemented through Control Systems

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Preface
This thesis is the final work of our Master studies at Karlstad University. We started this thesis in August 2017 and finished in January 2018. It has been a true learning and development experience, and we have developed our critical and analytical capabilities during this period.

We want to say thank you to our supervisor Bertrand Pauget for the essential feedback on our thesis and help during the process. We are so glad for all the comments, fast replies and interesting point of views which has been vital in proceeding this thesis. Bertrand’s comments and challenging questions have helped us to develop our line of argument as well as motivate us to continue exploring.

Secondly, we would like to thank all our respondents for insights into their operations and for the interesting discussions we have had during the interviews.

Thirdly, we want to thank the opponent group and our fellow students for comments during the thesis process and in the seminars. It has been helpful to improve our work, and we have had fruitful discussions during the process.

Have a pleasant read!

Karlstad Business School January 2018,

__________________________________  __________________________________
Ebba Lind                                                           Andreas Jansson
Abstract

Today's society is a vulnerable society. Climate change and social injustices are genuine threats to how the lives of future generations are going to be, and humans are the cause of these problems. Sustainable development needs to be achieved if we want future generations to have a good and dignified existence. Companies have a significant impact on society, and therefore play an essential role in how successful we are in achieving sustainable development. Past research has found that control systems, especially reward systems, can be important to implement sustainability in companies. Therefore, the purpose of this study is to get a deeper understanding of how organizations implement and steer sustainability by including it in their control systems, and particularly, how reward systems are used in the context of sustainability.

By studying past research and theories regarding sustainable development, management control, performance measurements and reward systems, we have gained knowledge and an understanding of how these areas are connected. To achieve the purpose of this study, a qualitative study was done in which we conducted eleven semi-structured interviews with managers and sustainability experts from six different companies.

Based on the empirical findings of the study, we were able to make several conclusions. First, sustainability is integrated into already existing control systems, which often interact and are related to each other, and we found that there is a balance between social and environmental dimensions. Companies choose to focus on sustainability issues where they have the most negative impact, and they include sustainability mostly in their cybernetic and administrative controls, for instance through performance measurements (KPIs) and policy documents. Also, several companies incorporate sustainability into their reward systems, such as rewards for safety parameters and reducing CO₂ emissions. What kind of rewards that are given for sustainability performance differ, some companies give monetary rewards while other give non-monetary. Non-monetary rewards are in the findings presented as most valuable for sustainability. We can also conclude that there are challenges with rewarding sustainability, but many respondents have overcome them and use reward systems as a way of implementing sustainability. Those who do not reward sustainability today can imagine doing so in the near future.

Keywords: sustainability control systems, management control systems, performance measurements, reward systems, sustainable development and sustainability.
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1. Introduction

In this chapter, a background with previous research and a clarification of the research area will be presented, followed by a problem discussion to put the purpose and research questions of the study into context. After that, the purpose and research questions as well as the expected contributions of this study is presented.

1.1. Background

During the last decades, the concern for our planet’s well-being has increased (Wu et al. 2017). This derives predominantly from different environmental crises, such as air and water pollution and global warming but also from social injustices such as inequality and poverty (Aziz et al. 2015). The concerns are justified because if we want society and organizations to enjoy long-term survival, we need to achieve sustainable development (Virtanen et al. 2013). Sustainable development (SD) can be defined in different ways, and the most used definition is "the development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED 1987, p.8). One can argue that it is everyone's responsibility to contribute to SD, but companies are perceived to be flourishing at the expense of society and thus are viewed as a significant cause of social, environmental, and financial problems (Porter & Kramer 2011). To contribute to SD, companies need to take severe actions and incorporate SD into their objectives, otherwise, it will only remain as a good intention (Lueg & Radlach 2016; Dyllick & Hockerts 2002).

Previous research has found that one way to implement SD in business is by management control systems (MCS) (Ditillo & Lisi 2016; Aziz et al. 2015; Gond et al. 2012). MCS are defined as the use of broad scope information to achieve organizational goals and outcomes, and can be both formal and informal (Chenhall 2003). MCS include various types of systems used to steer organizations, for instance, cybernetic controls, planning controls, reward systems, administrative controls and cultural controls (Malmi & Brown 2008). MCS play a vital role in organizations with the ability in recognizing and managing threats and opportunities, and because it can provide prevention and protection from failure and unwanted behavior from employees (Arjaliës & Mundy 2013; Merchant & Van der Stede 2012). Furthermore, the use of
MCS enhance the probability that employee decision-making will be in the same direction as the strategic objectives of the company (Crutzen et al. 2017).

However, MCS were developed to help corporations improve their economic performance only and thus overlooked the interest of all stakeholders and environmental and social issues (Gond et al. 2012). In addition, Ball and Milne argue that “new ideas and tools for management control […] are essential in the context of a shift towards sustainability” (Ball & Milne 2005 p. 324). Riccaboni and Leone (2010) add that companies focusing on sustainability issues need to integrate it into their traditional control systems. They mean that incorporating SD into a company’s structures, plans and operations imply that SD is seen as something strongly tied to the business, and not only as a separate activity. This signals its importance and helps embed social and environmental issues into management practices and day-to-day operations (Riccaboni & Leone 2010). Therefore, MCS have been developed into sustainability control systems (SCS), adjusted to better fit organizations working with SD.

One can say that SCS are an extension of MCS to reach a better inclusion of SD and to assist organizations in reaching and implementing sustainability objectives. Researchers state that SCS are essential because it can help identify, collect and analyze financial and non-financial information regarding sustainability performance in a company’s activities. It can also be useful when communicating sustainability objectives, monitoring sustainability performance and rewarding employees for their sustainability performance or for reaching sustainability goals (Wijethilake 2017). MCS can also contribute to these tasks, but the difference is that SCS help the company to work with sustainability proactively (Wijethilake 2017). Past studies have found that there is a positive link between the use of SCS and corporations’ sustainability performance (Lisi 2015; Henri & Jourenault 2010). Therefore, SCS are important for companies when implementing sustainability into all business processes.

As mentioned, there are many different kinds of control systems that can help companies to steer sustainability, and it is emphasized that reward systems can be important for sustainability. For instance, researchers have found that if companies want to have a meaningful incorporation of SD goals into their organization, they need to have a mechanism to measure and reward performance that is contributing to achieving these goals (Dutta et al. 2013). Moreover, Epstein and Wisner (2005) found that rewards are valuable in two
different ways. First, rewards for particular behaviors show employees which objectives that are the most important and thus help them focus their efforts. Second, if used correctly, it can motivate and increase employees’ participation in achieving the objectives. In addition, Dutta and Lawson (2009) explain that reward systems can help establish, reinforce, and foster the ongoing development of SD in the organization. Through rewards, companies can attract employees and can, in turn, increase the efficiency of the company (Wiman 2012). Furthermore, it is presented that rewarding sustainability achievements is one way to make sure that companies do what they promise regarding sustainability (Klettner 2012). In addition, rewarding sustainability aligns the employees’ objectives with the sustainability objectives of the organization (Epstein 2014; Dutta & Lawson 2009). Previous research has also found a positive and significant association between rewarding employees’ and SD efforts (Epstein & Wisner 2005). The association of rewards is often bonuses or other monetary rewards, but rewards do not have to be monetary. Epstein and Wisners (2005) study revealed that the positive link between reward and SD performance is linked to the broad concept of being rewarded and not only about monetary rewards. In fact, in their study, the majority of rewards were non-monetary.

1.2. Problem discussion

Although a growing number of businesses are working with sustainability, the progress towards sustainability is slow (Baumgartner & Rauter 2017; Dyllick & Hockerts 2002). One tool that can help companies implement and steer towards SD is sustainability control systems (SCS). Past studies present that SCS have a positive impact on companies’ sustainability accomplishments (Wijethilake 2017; Henri & Journeault 2010) and are therefore important to study. SCS have been developed based on the limitations of MCS to enable implementation of sustainability (Gond et al. 2012). Moreover, Wijethilake (2017) states that SCS are supporting strategic decision making for sustainability issues. However, the knowledge about the actual use of control systems in the context of SD is limited (Ditillo & Lisi 2016; Joshi & Li 2016). Likewise, Crutzen et al. (2017) present that sustainability and management control is an under-researched area. The lack of knowledge is mainly due to past research in the field focusing predominantly on the disclosure of sustainability reports (Joshi & Li 2016).
As mentioned above, SCS include multiple control systems, and one is reward systems. Dutta and Lawson (2009) point out that a solution for corporations to improve their sustainability performance is to integrate sustainability into reward systems. Reward systems align the interests of those who establish the strategic objectives and employees who undertake the strategy in everyday practices (Fisher & Govindarajan 1993). Rewarding employees can be seen as an investment, with good yield and help companies to reach better profitability (Wiman 2012). Reward systems based on performance measurement can help encourage a change in corporate culture and improve the implementation of sustainability objectives (Dutta & Lawson 2009). In addition, rewards have traditionally been successful in steering behavior in the direction of the strategic objectives (Malmi & Brown 2008). However, in practice, getting rewarded for sustainability is not common (Crutzen et al. 2017; Lueg & Radlach 2016; Arjaliès & Mundy 2013). Likewise, a recent study shows how reward systems based on sustainability performance are the least implemented SCS in practice (Lueg & Radlach 2016). Klettner (2012) notes that companies should “put their money where their mouth is” and therefore mean that companies should reward employees for sustainability performance if they are serious about their sustainability agenda. Furthermore, Lueg and Radlach (2016) argue that the link between SD and reward systems could be strengthened.

Control systems, particularly reward systems, are presented to be important for SD, but at the same time said to be an under-researched area (Lueg & Radlach 2016). Therefore, it is an important area to study in order to enable companies to steer their sustainability work better. To research this matter, we intend to interview managers in companies working with sustainability.

1.3. Purpose and research questions

The purpose of this study is to get a deeper understanding of how companies implement and steer sustainability by including it in their control systems, and particularly, how reward systems are used in the context of sustainability.

Research questions for this thesis are:

- How are sustainability control systems used to control and implement sustainable development?
- How are rewards as a sustainability control system used to steer and implement sustainability?
With this purpose and research questions, we intend to contribute with knowledge in how companies use control systems, especially rewards, to steer and implement sustainability. This knowledge can be useful for companies who want to improve and extend their sustainability work and to deepen the literature in this field.
2. Theoretical framework

The following chapter begins with a literature review of prior research with a short presentation of sustainable development. Thereafter we take a closer look at management control including management control systems and the extension of MCS, sustainability control systems. At last, a section where reward systems are investigated further is presented.

2.1. Sustainable development

Sustainable development (SD) is a wide concept, concerning how we have to change towards a sustainable society, and it has numerous definitions, which can problematize the operationalization (Garvare et al. 2015). Sachs (2015) presents that SD is the quest for interactions between the world economy, the global society, and environment on earth. A well-known definition of SD is “the ability to fulfill the needs of today without compromising the fulfillment of future needs” (WCED 1987, p.8). An extension of the Brundtland-definition of SD for corporations is “the development that meets the needs of a firm’s direct and indirect stakeholders (for instance, shareholders, employees, clients, pressure groups, and communities) without compromising its ability to meet the needs of future stakeholders” (Dyllick and Hockerts 2002, p.131). For different types of organizations, different sub-areas are important, and it depends on what is vital for the organization.

2.2. Management control

2.2.1. Management control systems

MCS are defined as systems managers use to make sure that employees’ behavior and decisions are consistent with the corporation’s objectives and strategies (Merchant & Van der Stede 2012). Traditionally, the use of MCS align organizational and behavioral structures with the corporate financial goals to strengthen the economic performance (Gond et al. 2012). Malmi and Brown (2008) summarize in their framework of MCS that it is essential to understand MSC as a package due to that the tools are related to each other, are interdependent and affecting each other simultaneously.
There are several different types of management control systems. Malmi and Browns (2008) framework structures MCS into five categories: cybernetic controls, planning controls, administrative controls, cultural controls and reward systems. Cybernetic controls include financial and nonfinancial measurements, budget and hybrid performance measurements and refers to control and feedback of measurable/quantifiable actions (Malmi & Brown 2008). Planning controls are the system of MCS where goals are formed, and administrative control systems are the process of organizing employees and specifying if behaviors and achievements are well performed or not (Malmi and Brown 2008). Flamholtz et al. (1985) argue that cultural controls concerns beliefs, norms, and values of an organization which guides behaviors of employees. Reward systems are used to control and motivate specific behaviors (Malmi & Brown 2008). Furthermore, Flamholtz et al. (1985) define reward as the process of assessing employees based on their performance towards presented goals. Furthermore, Malmi and Brown (2008) and Chenhall (2003) suggest that a broad scope of information is useful to ensure employee behavior, including both formal and informal control.

Formal controls include structures, routines, and processes used to assist managers in ensuring that various strategies are implemented in the company. Epstein and Wisner (2005) illuminate formal control as goal setting, performance measurements and reward systems, and informal control as organizational structure and culture. Crutzen et al. (2017) distinguish formal control as precise control mechanisms to ensure performance in accordance with organizational strategic objectives and are commonly referred as accounting information. Informal controls on the other hand use shared values, beliefs, and traditions to control employees (Crutzen et al. 2017; Simons 1995). Moreover, Simons (1995) explain that informal control can be referred to as guiding employees with values and beliefs. Using both formal and informal control increases the probability of succeeding in steering employee behavior.

Traditional MCS focus on economic goals of the organization and on improving economic performance, even though the use of broad scope information has increased there still is a lack of addressing social and environmental issues (Gond et al. 2012). MCS increase profits through increasing productivity and efficiency but sometimes at the expense of sustainability (Lueg & Radlach 2016). Lueg and Radlach (2016) therefore suggest an inclusion of sustainability into MCS which results in sustainability control systems, which will be explained in the next section.
2.2.2. Sustainability control systems

Gond et al. (2012) explain that sustainability control systems (SCS) have emerged due to the limitations of traditional MCS and the increased concern for environmental and social issues. Likewise, Lueg and Radlach (2016) state that MCS are no longer enough for reaching goals beyond profits, and Ball and Milne argue that “new ideas and tools for management control […] are essential in the context of a shift towards sustainability” (Ball & Milne 2005 p. 324). This is why SCS are getting more researched today and viewed as an important tool to succeed in the implementation of sustainability in companies. SCS can be seen as an extension of MCS for sustainability by implementing sustainability in all the processes of the company, and not as a separate system. In fact, Riccaboni and Leones (2010) study showed that the inclusion of sustainability in control systems does not result in radical changes of steering mechanisms, it is rather more about a progressive integration of the concept SD.

Management control systems (MCS)  

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Sustainability control systems (SCS)

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<th>SUSTAINABILITY</th>
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<td>Rewards</td>
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<td>Planning</td>
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Figure 1: How SCS are an extension of MCS with an inclusion of sustainability.

SCS are described as control systems which can contribute to effectively integrate sustainability into a corporation's strategy (Gond et al. 2012). Past studies have stated that there is a definite link between the use of SCS and corporations’ sustainability performance (Lisi 2015; Henri & Journeault 2010). Wijethilake (2017) describes how SCS can be useful for managerial decision making through its function of identifying, collecting and analyzing financial and non-financial information regarding sustainability in the corporation’s activities. SCS can also be helpful in the communication of sustainability objectives, monitor sustainability performance and to motivate subordinates...
for their sustainability efforts by rewarding them for their work (Wijethilake 2017).

Lueg and Radlach (2016) did a systematic review of what kind of SCS companies use and how these systems are used for SD. They built the study on Malmi and Browns (2008) MCS framework to investigate how sustainability is included in cultural controls, planning controls, rewards, cybernetic controls and administrative controls. They found that companies include sustainability mostly in cybernetic and administrative controls, and argues that this can be because companies already had employed these controls for their financial performance and simply extended them to include SD. In addition, Lueg and Radlach (2016) found that most organizations only manage and control smaller aspects of SD, for instance regarding the environment. Social issues were found to be addressed less frequently. Riccaboni and Leone (2010) explain that social issues are more challenging to include in controls due to that it is a more difficult and complex concept and therefore challenging to find the right measurements.

Lueg and Radlach (2016) found that SD is integrated with cultural controls through initiatives, communication, and engagement by both top management and employees. Integrating sustainability into the company’s culture could provide a strong common identity that is based on ethics and responsibility which provides employees with motivation to strive for sustainability goals (Costas & Kärreman 2013). In addition, Riccaboni and Leone (2010) argue that gradually including SD into the company’s culture can help avoid resistance from some employees who otherwise would have felt overwhelmed by the change. Companies who are working to reach SD also include short-term and long-term sustainability objectives in their different planning processes (Lueg & Radlach 2016). Working with SD through objectives, and including it in the planning process, provides a meaningful direction and it can also make employees more willing to work towards sustainability goals (Lueg & Radlach 2016). Organizations which are connecting rewards with their SD often do this to ensure accountability (Ramus 2002) and as a way to influence decision making (Lueg & Radlach 2016).

Furthermore, Lueg and Radlach (2016) found that cybernetic controls are the control system most used by companies when working with SD. The major types of cybernetic controls identified were budgeting systems that address sustainability issues, the Sustainable Balanced Scorecard, and sustainability measurements. Lastly, administrative controls can be used to achieve
sustainability objectives. Organizations can create new organizational structures that show the priority of SD and points out the need to change behavior (Lueg & Radlach 2016). It is crucial that the organization are transparent in their communication, provide formal statements (such as policies and codes of conduct) and education to support the new SD structures and to encourage sustainable behaviors (Lueg & Radlach 2016).

Likewise, as MCS, SCS can be divided into formal and informal control used to ensure that employee behavior is consistent with the sustainability strategies and objectives (Crutzen et al. 2017). The use of both formal and informal control in the sustainability control system is an effective tool to follow up sustainability performance and to establish that employee behavior is as desired (Pondeville et al. 2013). Furthermore, informal control can be used for a co-creation between superiors and employees to solve problems related to environmental and social matters (Pondeville et al. 2013).

To summarize, SCS are important for a company's SD and the inclusion of sustainability into steering systems plays a big part in how successful their implementation of sustainability is going to be. SCS as well as MCS are interdependent and interact with each other. As mentioned, there are many different SCS, and one is reward systems which are presented in the following section.

2.3. Reward systems

Reward systems are one of many different management control systems. The traditional use of a reward system is rewarding behavior based on performance measurements, mainly including financial achievements (Dutta & Lawson 2009). Rewards are mainly given for achievements in increasing sales or lower costs which results in profitability and returns to shareholders (Dutta & Lawson 2009). Aziz et al. (2015) define reward systems as the process of motivating individuals or groups through connecting a reward to the achievement of goals or processes towards goals. Reward systems are important in two different ways (Epstein & Wisner 2005). First, rewards for a particular behavior show employees which objectives that are the most important and thus help them focus their efforts. Second, if used correctly, it can motivate and increase employees’ participation in reaching those objectives. In addition, Ramus (2002) says that reward systems are used to recognize and reinforce desired behaviors of employees. Aside from being an
important management control tool, reward systems are also essential because they are usually connected to many other management control systems. Rewards are often linked to cybernetic controls, but corporations often also provide rewards for other reasons (Malmi & Brown 2008).

Rewarding employees align a company’s strategy with employees who execute the strategy in practice (Epstein & Wisner 2005). One purpose of having a reward system is to increase employees’ effort to reach those targets and objectives (Bonner & Sprinkle 2002). An essential aspect of the effectiveness of rewarding specific behaviors depends on the mission and strategy and if there is a misfit between the reward system and the desired achievements, but also if the accomplishment is possible for the employees to control (Fisher & Govindarajan 1993).

Rewards can be monetary and non-monetary, and both are used to give incentive and motivate employees. Monetary rewards as motivation to performance can lead to more significant efforts (Bonner & Sprinkle 2002). Bonner and Sprinkle (2002) present that monetary rewards are connected to prestige, status and humans desire for material goods and can, therefore, be a useful motivation. Furthermore, when a monetary reward is attached to a certain accomplishment, employees’ efforts are significantly higher (Bonner & Sprinkle 2002). In their study, Bonner and Sprinkle (2002) found a positive correlation between the motivation of the employees and reward incentives regarding monetary rewards.

Still, Dutta and Lawson (2009) present that a monetary reward system for short-term financial performance can lead to unwanted and dysfunctional behavior. Another way of rewarding is through non-monetary rewards, for instance, recognition, awards or galas, or other types of acknowledgments for the employees. Epstein and Wisner (2005) present that there is a positive correlation between non-monetary rewards for sustainability and that non-monetary rewards are common. This indicates that a broad use of rewards and not only monetary rewards are used in practice (Epstein & Wisner 2005). Sonawane (2008) mentions that non-monetary rewards are usually not seen as a reward in the same way as monetary, but can still have a motivating effect.
2.3.1. Performance measurements

If a company wants to reward employees for their achievements, they need to have systems that measure and evaluate the employees’ and the company’s performance. These systems also need to be aligned with the company’s goals (Dutta & Lawson 2009). A performance measurement system (PMS) can be designed in different ways, but it should not be viewed as a perfectly elaborated system for any undertaking; it should rather be seen as a framework in which measurements take place (Kocmanová & Dočekalová 2011). Kocmanová and Dočekalová (2011) explain that when designing a PMS one first need to decide what is most important to measure, and then select a proper measurement technique.

One important tool in performance measurements is key performance indicators (KPIs) which can help companies to measure their progress towards different objectives and to plan and manage their priorities, for instance regarding sustainability (Kocmanová & Dočekalová 2011). KPIs are indicators connected to a company’s key business objectives and thus are very important to measure. Examples of different kinds of KPIs are customer satisfaction, shareholder loyalty, income from operations, employee satisfaction, education, resource reduction and energy efficiency (Kocmanová & Dočekalová 2011). If a company can successfully identify and measure their KPIs, their strategy implementation process will improve, and they are more likely to achieve their objectives (Epstein & Roy 2001).

Wijethilake (2017) states that an underdeveloped PMS regarding sustainability is an obstacle to integrating sustainability into the management control system fully. In the next section, we extend rewards for sustainability as an SCS, with focus on a PMS measuring all dimensions of sustainability.

2.3.2. Reward systems for sustainability

Rewards based on only financial performance can trigger dysfunctional and undesired behavior from employees and a focus on short-term achievements (Dutta & Lawson 2009). Therefore, Dutta and Lawson (2009) suggest a reward system based on more dimensions than financial to ensure long-term achievements. Epstein (2014) states that a reward system based on sustainability performance is central to implement sustainability. Pondeville et al. (2013) argue that rewarding employees for sustainability actions are one way
to ensure active participation and to involve them in working with sustainability proactively. If sustainability is genuinely something crucial, aligning sustainability performance and rewards can be seen as highlighting the importance of such performance. Dutta and Lawson (2009) present that when a company implements a reward system based on more than financial performance, it is important to scan what areas that are affected by the company’s existence and focus on minimizing those effects. This implies that companies in different branches are in need of varying performance systems as well as the reward system to reach a more sustainable existence.

Epstein (2014) lists some aspects of a reward system for sustainability:

- Social: performance measurements can be gender equality, safety for employees, injuries, diversity, sick leave, employee satisfaction index, leadership index, gender in manager positions and ratios for salary differences between men and women.
- Environmental: appropriate performance indicators depending on the area of business can be diverse emission measurements, energy consumption, dangerous waste, waste of material, transportation efficiency, use of renewable sources, electricity use and efficiency.
- Financial: performance indicators as a base for rewards are often customer-value driven, lowering cost, increasing sales and customer satisfaction index.

There are difficulties in including sustainability in reward systems because of the challenge of assigning responsibility and evaluate who has made progress towards the certain goal (Lueg & Radlach 2016). Furthermore, Lueg and Radlach (2016) state that due to that financial performance often are rewarded, and sustainability is included in that, sustainability performance does not need to be rewarded. Epstein (2014) mentions that another reason why there is an absence of rewards for sustainability accomplishments is that there is a difficulty in aligning sustainability with strategy and control systems. Another critical aspect of implementing a sustainability performance system used for rewarding sustainability is that different dimension’s changes interdependently (Crutzen et al. 2017). Improving environmental elements can in some matters increase costs and have a negative impact on financial performance which leads to counterproductive goal achievement. This makes it difficult to evaluate which dimensions are most important and can confuse employees in the process of achieving goals and improve behaviors (Crutzen et al. 2017). Including sustainability in daily practices is one way to involve employees in
the practices and the process towards SD might be more effective (Pondeville et al. 2013).

Still, Bonner and Sprinkle (2002) state that reward systems are important for companies to increase the goal congruence between employees and the company. Traditionally, the use of reward systems contributed to better performance on those objectives which were measured (Bonner & Sprinkle 2002). Likewise, Dechant and Altman, (1994) present that “what gets measured gets done”, and “what gets rewarded get done to a greater extent”. Implementing a reward system for performance in sustainability is also central for an organization to send a clear message to employees that sustainability actions are in focus (Epstein & Roy 2001). If sustainability is not incorporated into the reward system but implemented in strategic objectives, there is a risk that employees see the trade-off for only performing in short-term financial aspects (Epstein & Roy 2001).

Epstein and Wisner (2005) present that using rewards have a positive impact on all types of employees and can be monetary and non-monetary, and this indicates that for sustainability, different types of rewards are useful. Furthermore, Epstein (2014) states that rewards for sustainability accomplishments can be given both to individuals and groups. Non-monetary rewards in a sustainability context can, for instance, be awards/galas and use recognition of accomplishments in sustainability (Epstein 2014). For individual monetary rewards, companies can connect various measurements of sustainability. When rewarding groups, companies can connect their targets in for instance safety measurements, emissions, and efficiency (Epstein 2014). Rewarding employees for sustainability accomplishments and including sustainability in the performance measurements can be made in various ways, but this inclusion can be helpful for achieving SD.
3. Method

In this chapter, the methodological assumptions which are the base of this research are presented. We present our or approach to studying this, the research design, our data collection process and data analysis. Followed by ethical considerations and this study’s trustworthiness.

3.1. A qualitative approach towards steering sustainability

The background for this study roots in the evaluation of sustainability development (SD) in society. We as authors are interested in one of the most significant challenges of today, and most surely a big issue for corporations in the future, sustainability. Big companies in the world are all reporting and disclosing information about sustainability, but it is important to understand how sustainability is implemented and steered. Sustainability is a phenomenon created by the actors in society and is instantly recreated and what sustainability is changes continuously. The reality can be seen as a construction by the actors within it, and in qualitative research, it is common to interpret the constructed reality (Bryman & Bell 2015). Constructionism emphasizes that reality is created and perceived by the actor and continuously changing (Bryman & Bell 2015). Due to knowledge about our sacred planet and increased awareness in social equality have created a demand of performing in this matter. It is predicted that sustainability will become even more important in the future (Alestig 2015) and therefore we believe it is important to research how to steer sustainability.

To conduct this research with our given purpose to get a deeper understanding in how companies implement and steer sustainability by including it in their control systems, and particularly, the use of reward systems in the context of sustainability, we take a qualitative approach. A qualitative approach is suitable when wanting to capture the respondents’ perspective (Yin 2015). Moreover, a qualitative approach is used to study a phenomenon when the focus is on obtaining a profound understanding of the social reality and how it has been created (Bryman & Bell 2015). To steer is also a creation of what is important for a company and it can be perceived differently depending on the needs of a certain company. Sustainability is a relatively new area of research and is “constructed”. Bryman and Bell (2015) present that qualitative research has a focus on gaining a deeper understanding of a
phenomenon and due to our purpose, a qualitative approach is justified.

3.2. Data collection

Interviews are the most used method in qualitative research, according to Bryman & Bell (2015), and it is the main method we have chosen to collect our data. Bryman and Bell (2015) describe semi-structured interviews as interviews where the researcher uses a list with specific themes that the interview will address, referred to as an interview guide. Semi-structured interviews are suitable due to that the respondents can talk freely within the themes but still the interview guide structures the interview and helps limit the issues being explored (Patton 2002). Moreover, semi-structured interviews are flexible and can be adjusted (Patton 2002) and this was suitable due to our cross-section problem where different respondents are experts in different fields. For example, when interviewing an HR-manager, they are not as good as the sustainability manager when describing the sustainability process and the other way around.

Interviews were done both via Skype and on-site at the companies, depending on what was most convenient for the respondents. Due to that many of our respondents travel much in their work, having interviews via Skype was vital to find a suitable time. One week before the interview we sent our interview guide to the respondent to enable preparation. Before the interview, we informed respondents about our ethical considerations and the following process during and after the interview. Jacobsen (2002) states the importance of informing about the purpose of the research, and that was something we informed both before and at the interview to explain our perspectives and area of research.

All the interviews have been recorded and transcribed with the permission from the respondents. Jacobsen (2002) argues both positive and negative aspects of recording due to that exact quotes from the interviews can be transcribed, and the interview can be more flowing without writing down all the comments. On the other hand, it can inhibit the respondents' way of expressing themselves while being recorded. However, since the study depends on us analyzing and interpreting what people have said, failing to capture actual words of the person being interviewed can jeopardize the study and its credibility (Patton 2002), and thus we recorded all interviews. Both of us have participated in most of the interviews, one asking the questions and
the other one taking notes. Trost (2010) states that this enables a possibility to get a deeper understanding of a phenomenon and relevant data. This interview technique also enabled the one taking notes to ask follow-up questions easier.

3.2.1. Sample

Bryman and Bell (2015) present that two methods for data collection are convenience and snowball sampling. Convenience sampling consists of people who are easy to contact, and in snowball sampling, a small number of people are contacted who are relevant for the study, and they recommend additional respondents (Bryman & Bell 2015). In this study, a mix of the both were used, due to the limited time we used our contacts to reach relevant respondents, and in turn, they recommended other participants. The target group for our data collection was organizations who work with sustainability, and we aimed for global organizations. The respondents were selected based on their position in the company. Due to the purpose, we needed to interview people that have good insights in how the company works with SD but also how the company uses different control systems to steer their employees. Therefore, the respondents were mainly people in high hierarchical levels of the organization who are either involved in the company’s sustainability department, involved in their management control or have a leadership role in the company.

We researched organizations online to find out what organization we have in our area that works with sustainability and studied their websites to gain further information. We contacted the respondents via phone and then sent an email with more detailed information about the thesis. In total eleven respondents participated in the study from six different companies. Six respondents from large manufacturing companies in the area, and five respondents from large companies in the service sector. We targeted the biggest companies in Värmland, companies with total employees between 350 to 25,000 employees on a global level. We did interviews with other companies as well, a global bank with 30,000 employees and a manufacturing company with 12 employees.
Most of the respondents are experts in sustainability and steering, and have good insights into the business and the development of the company. In some cases, we had difficulty in finding the right person within the organization due to lack of knowledge of each respondent's responsibilities and how involved they were in the steering of sustainability. However, in cases where we did not get that type of information, we focused on analyzing documents to gain such information.

The main disadvantage of convenience and snowball sampling is that findings are impossible to generalize (Bryman & Bell 2015). We were aware of these drawbacks, but since we had limited time and access to companies when conducting our study and due to that we aimed to get in-depth knowledge, our results did not need to be generalizable. After nine interviews some answers became recurrent, and due to that we coded our findings during the interview process we knew when we got some empirical saturation. Bryman and Bell (2015) explain that empirical saturation occurs when no new data appears while interviewing. When we thought we reached empirical saturation, we did two more interviews which were already booked. Due to that almost all companies are steering and rewarding in different ways, it was difficult to know when to stop, but when the same type of answers came up we decided to discontinue.

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Position and information about the company</th>
<th>No. of years in position</th>
<th>Total years of experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>HR manager on a global level in a big manufacturing company.</td>
<td>14 years</td>
<td>20 years+</td>
</tr>
<tr>
<td>2</td>
<td>Employee at a global manufacturing and service company.</td>
<td>2 years</td>
<td>2 years</td>
</tr>
<tr>
<td>3</td>
<td>HR manager on a global manufacturing firm.</td>
<td>20 years+</td>
<td>27 years</td>
</tr>
<tr>
<td>4</td>
<td>Manager on a global level in a service company.</td>
<td>8 years</td>
<td>10 years+</td>
</tr>
<tr>
<td>5</td>
<td>Sustainability manager in a global manufacturing firm.</td>
<td>2 years</td>
<td>10 years+</td>
</tr>
<tr>
<td>6</td>
<td>Sustainability manager in a global manufacturing firm.</td>
<td>6 years</td>
<td>10 years+</td>
</tr>
<tr>
<td>7</td>
<td>Manager in a global manufacturing firm.</td>
<td>10 years</td>
<td>10 years+</td>
</tr>
<tr>
<td>8</td>
<td>Manager in a global manufacturing firm.</td>
<td>18 years</td>
<td>25 years+</td>
</tr>
<tr>
<td>9</td>
<td>HR manager in a service company.</td>
<td>2 years</td>
<td>25 years+</td>
</tr>
<tr>
<td>10</td>
<td>Sustainability manager in a service company.</td>
<td>1 year</td>
<td>8 years</td>
</tr>
<tr>
<td>11</td>
<td>Manager in a service company.</td>
<td>15 years</td>
<td>20 years+</td>
</tr>
</tbody>
</table>

Table 1: Description of the respondents of the study.
3.3. Data analysis

As Bryman and Bell (2015) state one of the biggest difficulties with qualitative studies is that they generate a big and clunky amount of data which has to be structured to enable a meaningful analysis. The interviews in this study varied between 27 and 49 minutes in length, and all interviews were recorded and transcribed which resulted in 78 pages of transcriptions. Bryman and Bell (2015) highlight the importance of starting with the transcription and coding of data as early as possible. Therefore, we transcribed interviews directly after we finished them and in connection with this we also put down some notes about important findings as a way to start coding. The transcribed interview was sent to each respondent, and we asked for comments and approval. We got comments from the respondents, to make their statements clearer which helped us, and we revised the interview material after these comments.

The coding was then done in two steps, as recommended by Bryman and Bell (2015). First, we read through the transcription without making any notes or interpretations, and in the end, we made some notes about findings we thought were extra interesting. Secondly, we read through the transcription again and made as many notes as possible with keywords. These keywords were then analyzed to find similarities and connections to other keywords and lastly sorted under themes related to our research questions. Bryman and Bell (2015) define this method for analyzing data as a thematic analysis, where themes are found, and the empirical material are categorized. This method what suitable due to that companies have many different approaches to steer and reward sustainability, and with this method, we managed to get thick descriptions of what different companies do to steer and implement sustainable practices.
sustainability. In addition to the interviews, we also analyzed documents from companies, such as sustainability reports and internal policy documents. However, these documents were mostly used to get a deeper understanding of how the companies work with sustainability and how their work has developed over the years.

We presented the data based on our research questions in our empirical section, and when presenting the interviews, we used a technique which enables presenting contradictions, and different perspectives of steering and rewarding. We translated the interviews from Swedish to English and tried to reproduce the content as accurate as possible. In the empirical section, we presented different opinions and steering tools which companies use, some more similar than others.

3.4. Ethical considerations

To get a deeper understanding of how companies are steering and rewarding sustainability we needed insights from reality. A research study most commonly intrudes individuals on a personal level which creates the need for some ethical considerations when doing a study (Jacobsen 2002). Therefore, we took ethical issues seriously during the process of our thesis, especially during our data collection process, still, we are conscious about the impossibility of succeeding and take all ethical considerations into account. Furthermore, ethics are related to SD, and this was one reason why we believed that it was important to considerate.

Jacobsen (2002) presents three general requirements; informed consent, the right to privacy and the requirement of being correctly cited. Firstly, the respondent needs to be aware that participation in the study is voluntary and have knowledge about the purpose (Jacobsen 2002). We informed all our respondents about the purpose in several different stages of the study as well as that their participation was voluntary. The second requirement, right to privacy, means that the respondent's personal sphere should be protected (Jacobsen 2002). We considered this when we formulated the interview guide, and we informed all respondents about that they did not have any obligation to answer questions if they did not want to. Another important point of privacy is to lower the possibility of recognition of the respondent (Jacobsen 2002). We took this into account when presenting the empirical results. Jacobsen (2002) states that the data ought to be presented complete and in the
right context. To not add any subjective thoughts into the results and present it in the right context are impossible (Jacobsen 2002). To take one step in the direction of completeness, we sent the transcripts to each of the respondents and asked for comments. In that way, we made sure that we got the respondents answers correctly. Vetenskapsrådet (2012) add the requirement of how data is used which means that the collected data should not be used for anything else than what has been said and only for the researched purpose (Vetenskapsrådet 2012). We informed the respondents how the information provided was going to be used, and we made sure not to share any of the data with other people nor did we use, or plan to use, the data in any other matter than for this thesis. In addition, we have followed the recommendations presented in the report of Vetenskapsrådet (2012), including informing the respondents of our ethical considerations.

3.5. Trustworthiness

To establish trustworthiness, it is important to ensure that the study is done according to established rules and that the results are shared with respondents of the study. Respondent validation is a popular tool used by qualitative researchers to make sure that there is conformity between the results and the respondent's experiences and perceptions, in other words, to ensure there have been no misunderstandings (Bryman & Bell 2015). After our interviews we sent the transcribed material to the respondents and asked them for approval and if they wanted to change anything. Some respondents added comments to make their statements clearer, which helped us. No respondents wanted us to erase their answers, an indication that the respondents felt comfortable with our interview questions and study. We have also included many citations from respondents in our empirical findings, our interview guide and a list of respondents as appendixes to establish trustworthiness further.

The trustworthiness of a study can also be strengthened by triangulation, which is the process of using more than one method to collect data (Bryman & Bell 2015). We used triangulation to some extent in the study. The aim was to examine documents provided by participating companies to verify what respondents had said during the interviews. However, in most cases, we were only able to obtain public documents, for instance, sustainability reports. These documents helped us get a better understanding of how the companies worked with sustainability, but could not verify other subjects such as the steering of sustainability.
It is not only information from our respondents that need to be accurate and reliable, but also information used in the other sections of the thesis. Thurén (2013) present some important principles regarding source criticism. For instance, the source must be who, or what, it purports to be. The longer time that has passed between an event and the source’s statement about the event, the more reasons there are to doubt what the source says. There should be no reason to suspect that the source gives a false image of reality, for instance, because of personal, economic or political self-interest (Thurén 2013). The sources used in our thesis are either peer-reviewed articles or books made by renowned authors. Information has been met with critical thinking from us, and we have challenged whether information may be affected by, for example, self-interests. Moreover, in cases where it has been possible, we have tried to use different sources to verify what one source is saying.

Qualitative studies often include a small group of people in a limited environment, consequently, the results tend to focus on depth instead of width and transferability can be difficult to achieve (Bryman & Bell 2015). Because of this deficiency, we have been aware that our results may not be generalizable to other settings and that our conclusions only can be valid for the companies involved in the study. However, qualitative researchers can create so-called thick descriptions and through them build a database which other researchers can use (Guba & Lincoln 1994 referenced in Bryman & Bell 2015). Thick descriptions involve describing a phenomenon so comprehensively that others can decide whether the results are transferable to other situations, people, and environments (Bryman & Bell 2015). So even though our results may not be generalizable, we use thick descriptions that can be used in similar studies. For instance, we present how different companies use reward as a tool for steering and implementing sustainability in their perspective of their specific strategic and SD objectives, but the way the rewarding system is used could eventually be used in other organizations too.

Bryman & Bell (2015) say researchers need to create confirmability where they try to ensure that they have acted in good faith because objectivity can be hard to achieve. We may not be able to ensure total objectivity since this is nearly an impossible task. However, during this thesis, we have always discussed different ideas and results with each other, our supervisor and other students in an attempt to eliminate personal values and get a higher level of objectivity.
We did the interviews in Swedish and transcribed them in Swedish as well, but when presenting the empirical findings, we translated it into English. This might affect the trustworthiness because there is a risk of mistakes being done in the translation. However, we tried to translate the text as carefully and correctly as possible, and by carrying out the interviews in Swedish, we believe our respondents felt more comfortable and were able to share more information, than if the interviews would have been done in English.
4. Empirical results

In this section, we present our empirical results from interviews concerning companies’ sustainability steering. The empirical section is divided into the research questions and the themes of our coding. The empirical section starts with sustainability and thereafter steering sustainability with different SCS is presented. The last section is focused on reward systems for sustainability.

4.1. The importance of Sustainability

Commonly for all the respondents, they discussed that sustainability is highly important for their organizations. All respondents emphasized the importance of sustainability in today's business climate and that sustainability, for instance, is one way to profile their organization in the market and to stakeholders. Many respondents presented that there has been a change in awareness regarding sustainability. Some explained how they have been focusing mostly on financial performance in the past but in recent years’ sustainability has received more attention and are in the process of transforming themselves to be more sustainable corporations.

“We are working with sustainability issues and it is one of the most important business areas in our company [...], and it permeates our entire organization. We work much with the permeation of sustainability in everything we do. [...] There is a transformation going on to be a corporation that works with reusable, renewable, material in every way.” - Respondent 1

This explains how important it is for organizations to include sustainability in everything they do. One of our respondents summarized that the focus on sustainability should be advanced throughout the organization and in every business processes to push a change in behaviors of employees.

“Sustainability must be part of the normal. To be able to do that we need smart solutions to change behaviors in the organization” -Respondent 4
4.2. How are sustainability control systems used to control and implement sustainable development?

As mentioned above, several respondents talked about the importance of including sustainability in all processes of the company, for instance in tools used for steering employees. When investigating how different steering systems are used to control and implement SD, it was clear that companies use different kinds of systems. They integrate sustainability into already existing systems, and thus they are not treating sustainability as a separate part of the company. One respondent explained why it is important to include sustainability in these processes.

"We are always trying to include it (sustainability) in all our processes so it will not be separated from the rest. If it is separated there is a risk that no one will engage in it or know what it entails." - Respondent 11

This reveals that sustainability should be steered together with the rest of the business, not as a separate part. Some of the respondents discussed how different control systems are related and are affecting each other. One respondent talked about using performance measurements as a way of changing the culture in the company, so when performance measurements are used, it can affect the culture concerning safety.

"We work a lot with safety observations [...] because we think it can help us change our culture [...] and the ones who do the observations might think more about safety and think extra about it when they do the same thing in the future. We are trying to change the culture regarding safety with our steering because it can help in how employees do things." - Respondent 5

This explains how the company connects different steering tools to better change behaviors. Two respondents, talked about how their steering documents, administrative controls, are connected to the performance measurements. This was done to make sure that the policies were compiled by the employees and that, through small goals, the main goal becomes executed. Another respondent presented that their most important steering tool is the combination of performance measurements and culture, where the performance measurements are driven by the values of the company.

"It is very important to measure, but the cultural part is also highly central. It is important that it is okay for us to take more expensive actions if it is better from a sustainability
perspective and therefore it is important to have them together. […] it is important to stand up for what is right, and that is related to culture” - Respondent 8

4.2.1. Performance Measurements

Commonly, all the respondents discussed about performance measurements as a control mechanism for steering sustainability. The sustainability objectives were often connected to the overall strategy, and the respondents presented that performance measurements/KPIs are one steering tool for controlling and improving the implementation of sustainability. Most respondents presented that they work with goals and objectives that are broken down in the organization and measured through different KPIs. One respondent enlightened the importance of having measurements as a way to develop the organization.

“We have a sustainability KPI framework were we have relevant scorecards to our leaders to include sustainability matters in the way of measuring. This is due to ‘what gets measured is the things that truly changes!’” - Respondent 10

This indicates the value of measuring sustainability performance. While a few companies have a financial focus in their KPIs, the majority of companies also include sustainability and long-term dimensions into the measurements. Four of the respondents presented that they use a balanced scorecard with different KPIs, and that these KPIs lead to positive performance.

“Every scorecard is built in the same way with a focus on financial, customers, market, internal processes, responsibility, and co-workers. […] A lot of our KPIs are long-term, very many are for several years in the future” - Respondent 6

Some respondents discussed about choosing vital KPIs, where different types of companies have needs for different KPIs. This can be related to the company's core business, and one respondent from the manufacturing industry illuminated the importance of including safety measurements in their KPIs.

“We use a scoreboard to ensure that we do not underperform. For example, the amount of accidents is one of our measurements, which is a part of our overall goal, this is related to the number of safety observations and LTA (Lost time accidents)” - Respondent 7
Some respondents pointed out that they have encountered difficulties with KPIs for steering sustainability. The main problem they mentioned is to find relevant measurements. Some respondents explained that this depends on that some of the sustainability dimensions are softer and about perception, and therefore more difficult to measure. Moreover, one respondent discussed about the difficulty in finding KPIs which truly change behaviors and the importance of just that.

“KPIs can sometimes be difficult to follow up. There are different types of KPIs, leading and lagging where lagging is measurements after a result. It is important to have leading KPIs to change behavior, something to work for in the long run instead of (lagging KPIs) only setting up targets with the existing behaviors.” - Respondent 4

In relation, another respondent discussed about that some measurements get done faster when the measurement is clear, where for instance, CO² emission is something that their organization is performing in due to the clarity. Furthermore, the respondent emphasized the importance of reviewing and revising the performance measurements during the year to reach a holistic and reasonable result. Without doing that the measurements can be irrelevant and impossible to reach, which can lead to suboptimal behavior.

4.2.2. Planning controls

Most of the respondents said they have included sustainability in their planning as a way to control and implement sustainability. As mentioned above, many respondents work with KPIs, and these are connected to different goals in the company which they define in the planning process. We could see that all respondents who include sustainability in their planning controls use these goals for several years.

“When it comes to sustainability we have goals that are very long-term. [...] We do not have goals that say that in this years we should have done this; many are set to several years due to that many of the goals needs longer time to achieve.” - Respondent 6

“We have recently finished our goals for 2022, that tells us where we should be in our company when it comes to sustainability in five years.” - Respondent 10
4.2.3. Cultural controls

Some respondents highlighted the importance of having a good company culture with values and beliefs that can help steering the employees to behave in wanted ways. One respondent said that culture is one of their most important steering tools, and through communicating their values and beliefs they can create awareness about important issues and create a business culture where these issues are natural to take into consideration in the daily work. Another respondent said that a strong culture with good values can be used as a compass by the employees so they can take the right decisions. In addition, a respondent explained that good culture can help the employees when they have a decision to make. For example, they know that choosing a more sustainable option is okay even if it is more expensive - because the company shows the importance of sustainability through its culture and values.

“Our values are something that we have just begun working with, and it will take a while to implement in the whole organization. But it is very important and something that really can steer us. With the right compass, the employees will make the right decisions” - Respondent 10

4.2.4. Administrative controls

Concerning administrative controls, nine respondents talked about policy documents and their importance for steering and implementing sustainability. The most popular document is code of conduct which some respondents use not only to steer their own company but also their subcontractors. One respondent explained that when using code of conducts, they can make a bigger contribution to SD by denying to work with unsustainable contractors and to some extent “force” them to change their behavior, which they successfully have done in the past. Another respondent said that policy documents are a big part of their steering because when writing something down on paper it tends to steer their employees better.

“Our code of conduct consists of a set of guidelines for how we should work in an ethically, socially and environmentally responsible way. The code of conduct applies for all employees in the company and is based on the UN’s Global Compact. The code includes human rights, labor standards, the environment and anti-corruption” - Policy Document from respondent 6
“We are steering our suppliers through our documents, actions and audits and we believe that it is important to focus on our suppliers.” - Respondent 2

4.3. How are rewards as a sustainability control system used to steer and implement sustainability?

In this section, we present the practical use of rewards for sustainability performance. Half of the respondents mentioned that their organizations’ monetary reward system is merely based on financial performance and that sustainability performance is not included at the moment. Some respondents discussed about the differences in regulations in the country and presented that it has impact on how reward systems are constructed and the construction can differ between countries. Furthermore, one respondent talked about how sustainability is connected to the financial results which is one reason why sustainability is not included in their monetary reward system.

“We do not have a direct parameter of what you are doing in sustainability, and then you get a bonus. But we measure bonus with our financial performance, and then it is an indirect sequence, due to we are convinced that we have a better financial result because we are so clear about our SD actions.” - Respondent 3

Another respondent talked about the connection between the company’s goals and the employee when there is a reward attached.

“When the company’s goals become the individual goal and everyone gets measured in it and it gets followed up so you know how we are performing and when the goal of the company and the employee is the same it is easier to see it visually and reach the goal.” - Respondent 9

Most of the respondents presented that their company’s reward system is based on individual and the organization's total performance. These measurements depend on what is important for the company and the specific person.

“Our overall company goals together with individual goals for me as an employee, both financial and non-financial measurements, are a base of the reward system.” - Respondent 7
4.3.1. Monetary rewards for sustainability

Monetary rewards are rewards as a variable part of the salary. This type of reward is closely related to performance measurements. One respondent presented that the organization have two different reward systems, one based on the financial performance of the organization which results in a reward to all employees, but also a reward system on a lower level where all employees can get rooted by a nomination and a subjective judgment.

“We have something called X rewards, a reward everyone can get, and anybody can nominate an employee for a X reward and the decision is made by your manager. Every manager gets a grant every year which he/she portions out to the employees as a reward. You can get a reward if you for instance have done something extraordinary, it can be more long term, if a person implemented improvements in an area which have not been well functioned. Not only environmental focus but often long-term. [...] it can be a motivational factor to increase cooperation and trigger employees.” -Respondent 2

One respondent mentioned that their reward system is grounded in the goals of the organization. The respondent presented that some parts of the reward system use performance measurements as a base, and the measurements is both linked to the company's objectives and other targets which different locations needs to focus on.

“We have a personal reward system, a part of our salary we get as a targeted bonus, it is set differently in different locations. Me and my manager reach an agreement together about goal for me to attain during the year, and in the end I get rewarded based on the results. [...] It is very common not to only have one goal, instead with sub-goals in different areas to reach. Sustainability is most often included in the areas, for example safety, or emission, for instance, CO² emissions or another area which the location focuses on.” -Respondent 5

Another respondent explained that the structure of their reward system changes over time and that they have tried to both only include financial parameters in the reward system and include more sustainability measurements into the system as well. Furthermore, the respondent explained that the company will include 50% sustainable performance measurements and 50% financial with start in 2018.

“We have a reward system which has changed over the years and depending on how it is constructed, rewards and how you steer changes. During the latest years we have had a system based totally on financial results in our bonus model. [...] but we have decided to leave this
financial and instead have a bonus model with 50% financial and 50% based on the entity's performance, where for instance safety is included. With safety we will track the incident reporting and the actions to prevent such actions.” -Respondent 1

4.3.2. Non-monetary rewards for sustainability

The respondents mentioned different kinds of non-monetary rewards connected to sustainability, and these rewards can for instance be sustainability galas, awards, recognition and additional education. One respondent discussed how non-monetary and soft rewards are best to use when rewarding sustainability. The respondent argued that SD is about creating a feeling of doing something good and thus non-monetary rewards is more suitable.

Another respondent presented that they have different kind of awards in the organization but not on an overall level in the organization. Instead different departments create their own awards suitable for the business area.

“We are working a bit different with awards, for instance best sustainability product launch, and the winner receives a dinner. We have many different departments and I do not think we have something general, it is more up to every manager to decide how you want to work with reward, but in my entity we have an award where we have different awards and the winner in different categories wins’ honor and a symbolic gift.” -Respondent 4

Some respondents discussed about talent programs for employees who have outperformed in the organization. That type of program and event is about recognition of employees with high level performance and can help them both with individual development and development for the organization.

“We do not see the talent education as a traditional reward but it is a way of showing that the participants did a good job. For us, it is a business value to capture the people we believe in. The talent program includes education and can be beneficial both as an individual and as an employee in our company.” -Respondent 3

Another respondent presented that they try to recognize and acknowledge employees which appears as a good example and can be a role model for other employees in the social part of sustainability. This is not seen as a traditional reward for the employees, instead to spread information of good examples.

“We are trying to present good examples (employees) in our organization, for example to interview an employee who have done something good for safety. This is a recognition in the
entire organization. [...] I can nominate someone I think is doing a great job in safety. Then we of course have the informal recognition, to tell someone that they are doing a good job, but that is not so clear.” - Respondent 7

These discussions indicate that rewards do not have to be monetary and varies between different organizations.

### 4.3.3. Challenges and opportunities

When our respondents discussed about using reward systems to control and implement sustainability they presented some challenges with it. Some respondents said that sustainability can be hard to measure and thus is challenging to include in a reward system.

“One difficulty is to find the right measurements, to be able to measure. When you have that I do not see the problem with having a reward system.” - Respondent 3

“To have realistic reward system which works in practice there needs to be KPIs which can change behavior, not only to reach a goal instead to move towards the objectives. To have an effective reward system we need good KPIs. Today we use Customer Satisfaction index and Employee satisfaction index but in my opinion we could have sustainability as an index as well and then break it down through the organization.” - Respondent 4

Another respondent explained that rewarding sustainability can increase the costs for the company and because of this it is a challenging thing to when needing to focus on making profit and grow. Moreover, two respondents said that rewarding behavior can attract the wrong kind of people that maybe will misuse the system and they discuss how this can be resolved.

“One should be careful when using individual reward systems because it can attract a certain type of people that use the system for their own gain [...] it is better to reward on a group level and the reward does not need to be money it can be something good for the group, for instance a better break room.” - Respondent 9

“We have realized that we need to look how things have been done and not only what have been done, in order to have a good reward system.” - Respondent 10

However, including sustainability in reward systems does not only bring challenges, our respondents saw a lot of opportunities as well. Rewarding
sustainability sends out a clear message to employees what is important and one respondent said that it really shows how critical sustainability is for the company. Another respondent discussed that rewards can be used in a launching phase to show the importance of sustainability and to attain attention. Other respondents discussed how rewarding sustainability can lead to a better implementation of sustainability by aligning the company’s and the employees’ goals and giving employees a better focus.

“The company’s goals need to be the individual’s goal, and employees need to be measured and evaluated so they know where we are now. This is one advantage with reward systems.” - Respondent 11

“The absolute advantage with including more aspects into the reward system is to put even more focus on what is really important for us. Then, as an employee you understand that this (sustainability) is so critical for us that we even reward it.” - Respondent 3

<table>
<thead>
<tr>
<th>Sustainability control system</th>
<th>No. of respondents</th>
<th>Respondents:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning</td>
<td>6</td>
<td>10, 8, 3, 1, 4</td>
</tr>
<tr>
<td>Cultural control</td>
<td>4</td>
<td>5, 8, 9, 11</td>
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<tr>
<td>Administrative control</td>
<td>9</td>
<td>10, 8, 9, 1, 5, 11, 4, 3, 6</td>
</tr>
<tr>
<td>Performance measurements (KPI:s)</td>
<td>11</td>
<td>All</td>
</tr>
<tr>
<td>Reward system</td>
<td>8</td>
<td>10, 1, 3, 2, 4, 6</td>
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<tr>
<td>Monetary rewards</td>
<td>5</td>
<td>10, 2, 7, 4, 4</td>
</tr>
<tr>
<td>Non-monetary rewards</td>
<td>7</td>
<td>5, 7, 3, 1, 2, 4, 6</td>
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5. Analysis

In this chapter we present an analysis of our empirical results and our theoretical framework. The analysis section is divided into the research questions of this study and in the first section we discuss about how sustainability is steered through sustainability control systems. In the second section we analyze the use of reward systems in steering and implementing sustainability.

5.1. How are sustainability control systems used to control and implement sustainable development?

Our empirical findings showed that no company deals with SD as a separate part of the company, and they do not have separate steering systems for sustainability. Instead, it is integrated within the systems they usually use to steer employees. As discussed, SCS can be seen as an extension of MCS with an inclusion of sustainability. Even though Ball and Milne (2005) argue that there is a need for new ideas and tools for management control to work with sustainability, we can see that participating companies use the same kind of tools but with an inclusion of and adjustment for sustainability. As Riccaboni and Leones (2010) point out, the implementation of sustainability in control systems does not need to result in radical changes of steering mechanisms, but it is rather about a progressive integration of the concept SD. In addition to that, several of our respondents explained that they view sustainability as something that needs to permeate the whole company and all its processes. If they treat it as something separate, the risk is that no one engages in it or actually know what it means. Therefore, it can be stated that sustainability ought to be included in the existing system to have it integrated into the entire business.

Lueg and Radlach (2016) present that the most used control systems for sustainability are administrative and cybernetic control. In our study we found the same results concerning steering systems. This can be explained with the knowledge that these systems have been common in steering financial performance for a long time, and are well established in businesses, and therefore, it is easier to include sustainability into them (Lueg & Radlach 2016). Based on the empirical results in this study, all respondents presented that they use KPIs in their organization for steering sustainability which is one type of cybernetic controls. Moreover, almost all respondents presented that
they use steering documents as a way of steering sustainability and that it is important to have an overall policy for sustainability. To clarify, these systems have been used predominantly in the past, which is an argument for why they are used the most in steering sustainability. As already mentioned, KPIs and performance measurements were presented by all respondents as a way of steering SD. Kocmanová and Dočekalová (2011) explain that a performance measurement system is used to ensure performance in the most vital areas of an organization. Most of the respondents deliberated that sustainability is added into the performance measurement systems as a way of measuring sustainability achievements. Moreover, many respondents presented that they have had difficulties in finding the right measurements and indicators of performance when it comes to sustainability, and this has been one obstacle for integrating sustainability. Still, many respondents talked about that they have found suitable measurements both on a global and local level to lead the organization in the wanted direction and performance in key areas. In manufacturing companies, we found that safety and emissions were main areas of concern and therefore, these areas were measured meticulously and followed up tightly. The service companies presented that their main impact on the environment is to affect others, and had, therefore, measurements for that. Riccaboni and Leone (2010) and Lueg and Radlach (2016) present that some aspects, mostly social, are less included than environmental in performance measurements. In our study, this did not occur, and instead, we saw a balance between the social and environmental factors. This can be a sign that social aspects are more in focus in Sweden and are therefore a big part of performance.

Still, some respondents enlightened the challenge of adapting to new areas and finding the right performance measurements. Epstein and Roy (2001) state that if companies have the right KPIs, it is more likely that they achieve their objectives. Many respondents discussed about that it is important to find a few critical areas and focusing on these to make it clear for all employees what to focus on. Moreover, it is stated that underdeveloped performance measurement systems are an obstacle to implement sustainability (Wijethilake 2017). One respondent deliberated further in how the performance measurements need to be leading and not lagging. To clarify the line of argument, the respondent explained that leading KPIs changes behaviors to the better and lead the employees towards long-term goals and how to reach the targets, and lagging KPIs are more easy to measure but does not change
the way of behaving. This is interesting due to that sustainability is more about changing behavior, and therefore it can be argued that leading KPIs are more suitable to better achieve sustainability.

The companies use KPIs in their planning processes when setting goals and to enable measurements towards these goals. Most respondents in the study said that they work with sustainability planning where they set up goals regarding sustainability and decide how they are going to reach these goals in the best possible way. Lueg and Radlach (2016) point out how companies can include both short-term and long-term sustainability goals in their planning. Our results show that most companies are thinking long-term when it comes to sustainability because it is a topic that is constantly evolving and it is not uncommon for sustainability goals to extend over several years. This can be related to that sustainability is not achievable over a night, and a long-term focus is important to reach SD.

Some respondents said that one of the most important steering tools is their company culture. The respondents explained how they communicate the company’s values and beliefs to employees to create awareness about important issues and thus are creating a business culture where these issues are natural to take into consideration in the daily work. Other respondents agreed that incorporating good values into the culture is an important steering tool and can give employees a compass to use in their work. As Costas and Kärreman (2013) say, integrating sustainability into the company’s culture can create a strong common identity which motivates employees to strive for reaching sustainability goals. In line with this, one respondent said that by having a strong culture the employees know what they should do when they face a choice, for instance, that it is “okay” to choose a more sustainable option, even if it is more expensive. Pondeville et al. (2013) say that informal control, such as culture, can be used for a co-creation between superiors and employees to solve problems related to sustainability. Since sustainability is a flexible concept that can be valued in different ways, we found that informal controls can be appropriate to use since they can create a more open and communicative business environment.

Lueg and Radlach (2016) also present how administrative controls can be used to steer and implement sustainability. Several respondents in the study said they use administrative controls in the context of sustainability, mostly
different policy documents and code of conducts. One respondent even argued that code of conduct is the most valuable steering tool they have. Lueg and Radlach (2016) also argue that codes of conducts are important for implementing sustainability. However, even if code of conducts may be important for sustainability one can wonder if it really can be the most important one. In some companies, the code of conduct is simply a piece of paper that employees are given when starting their employment and the company probably need other control mechanisms to ensure that the employees really do what is expected in terms of sustainability.

Malmi and Brown (2008) emphasize the perspective of MCS as a package and the control mechanisms are interdependent. Lueg and Radlachs (2016) extension of MCS for sustainability is viewed in the same way, where different control systems are affecting each other. In this study we have seen clear connections between performance measurements and rewards, this is presented further in the next section. We have also found that culture can be connected to the performance measurements and some of the respondents discuss about how everything is connected. Based on that, SCS can also be seen as a package and different parts of the SCS affect other tools simultaneously.

5.2. How are rewards as a sustainability control system used to steer and implement sustainability?

As stated before, all respondents emphasized the importance of sustainability for their organization and the continuous improvement in this. It is concluded in prior research that rewarding employees for sustainability achievements or progress in implementing sustainability are important. For instance, Bonner and Sprinkle (2002) and Fisher and Govindarajan (1993) state that rewards connect the objectives of the organization and the employees’ objectives. Two of the respondents discussed about how rewards really connect the goals of the organization and the goals of the employees when there is a reward attached to the achievement. Another important argument for rewarding sustainability, as Dechant and Altman (1994) and Epstein and Roy (2001) argue, is to increase awareness of what is actually important for the organization and rewarding sustainability sends a clear message of the importance of SD. Some of our respondents resonated about this matter, and several of the respondents stated that rewarding sustainability shows the
importance of it. Moreover, one respondent talked about that rewarding sustainability shows how vital it is for the company that they are even willing to reward such performance. Furthermore, one respondent discussed about that if sustainability would be rewarded the focus would be even greater. In addition, Epstein and Roy (2001) present that if sustainability is not rewarded but included in the strategy, there is a risk that employees see the trade-off and merely focuses on financial performance. Some respondents discussed this problem and emphasized that it is important to send a clear message. This demonstrates that rewarding sustainability is a powerful tool for achievement and can affect the progress towards sustainability.

Dechant and Altman (1994) deliberate about “what’s get measured gets done” and “what gets rewarded gets done in a greater extent” which indicates that employees’ focus increases even more when there is a reward attached to it. Some of the respondents talked much about the importance not only to reward monetary but to be seen and appreciated. It can be monetary in terms of group rewards, or non-monetary according to our respondents but the important part is the recognition of the achievement or the work towards it. One respondent highlighted that recognition in any form helps to push the employees to work even further towards the goal. To clarify, the respondent meant that when there is a goal for sustainability, it must be visual for the employees and then add recognition or monetary reward to the accomplishment to get the right effect.

Pondeville et al. (2013) mention that having a reward system increases participation in the particular activities or achievements in sustainability. In addition to that, most of our respondent discussed about the importance of increasing awareness and change behaviors. Furthermore, the respondents of this study which did not have a reward system connected to sustainability emphasized exactly this, that it could increase involvement, knowledge, and understanding in sustainability matters. This indicates that despite that some companies do not use rewards as a steering tool, they can see many advantages of using it, and perhaps include it in the future.

Other respondents argued that they do not include any special parameters for sustainability in their reward systems because they already reward financial performance. They are convinced that working with sustainability is affecting the financial performance positively, so there is no need to separate the both
and reward sustainability in any special way. This is in line with what Lueg and Radlach (2016) found in their study, that some companies already reward financial performance and that sustainability is included in that. One reason might be depending on how the company views sustainability. We have seen in this study that the view of sustainability differs between companies. Some see it as a natural part of their business while some have implemented sustainability at a later stage and does not see it as intertwined with their financial performance, and this can affect how they choose to design their reward systems.

As mentioned above, one of the biggest challenges with SD and control is how to measure sustainability. Performance measurements are often a base for rewards, and thus this challenge extends to affect reward systems as well. Some respondents explained that because of this challenge they do not include sustainability in their reward system or limited measurements, such as safety, which is easier to measure. Lueg and Radlach (2016) point out this problem when they discuss how including sustainability in reward systems can be difficult because of the challenge of assigning responsibility and evaluate who has made progress towards a certain goal. Another difficulty with including sustainability in reward systems is as Crutzen et al. (2017) say, focusing on environmental or social elements can increase costs and have a negative impact on financial performance and thus lead to counterproductive goal achievements. This can be confusing for employees, especially if the company does not have a clear strategy and communicate it well to the employees. In relation to this, one respondent said that they do not include sustainability in their reward system today because they are a small company and thus need to focus on growth and profit if they want to survive. To summarize, there are difficulties in rewarding sustainability, which can be an explanation of the absence of using rewards for sustainability achievements fully.

Another challenge with reward systems can also be that they might attract the wrong kind of people and lead to unwanted behavior depending on how the system and rewards are designed (Dutta & Lawson 2009). Two respondents argued about this risk, and one says that when using rewards systems, a solution is not to reward individually but rather give rewards on a group level. Another respondent said that it is important to not only evaluate what has been done but also how it has been done, in order to encourage and reward on both a quantitative and a qualitative level. This indicates that not only the
target is important but also the process, and this can be appropriate for sustainability due to that reaching SD is a long or eternal process.

When discussing about rewards it is normal that the first thought is bonuses or variable salaries, but as Epstein and Wisner (2005) found in their study, rewards can be both monetary and non-monetary. Using a broad scope when deliberating about rewards, both monetary and non-monetary for sustainability have a positive correlation with sustainability achievements (Epstein & Wisner 2005). A majority of the respondents in this study presented that they have non-monetary rewards, sometimes in direct connection with sustainability, for example, galas, awards or additional education. Some respondents highlighted the importance of recognition in their organization and to push talented employees even further to show them that they are doing a good job. Several respondents did not see their awards or talent programs as a reward which is in line with Sonawane (2008) arguments of non-monetary rewards. Still, Sonawane (2008) enlighten the motivating effect that a non-monetary reward can have and that is something the respondents talked about as well. It is stated that awards or other types of recognition give attention to employees who are doing a good job and can as some respondents presented be a good type of reward for sustainability matters. One respondent believed that non-monetary and soft rewards are the best way for rewarding sustainability due to that SD is more about creating a feeling of doing something good for people and planet. Another respondent presented that having acknowledgment rewards can really create commitment in the office. This commitment, to change behaviors towards more sustainable ones, is probably the effect a company wants and therefore can non-monetary rewards be a solution.

As we have analyzed above, many respondents could see the advantages of including a sustainability perspective into their reward systems and the companies who reward sustainability today have different approaches towards it. Dutta and Lawson (2009) present in their study that it is important for companies to scan what areas that are affected by their existence and focus on minimizing those effects when working with rewards as a SCS. One respondent explained that they choose to include parameters in their reward systems that are linked to the company’s objectives but also to other important measurements that they need to focus on, for instance, their CO² emissions. Another respondent also said that many of the things they do in regards to sustainability are regulated by law and that they choose to include these
parameters in their reward system to put extra focus on it. From this we can see that it differs between companies what they choose to focus on in their sustainability agenda, mostly depending on what is considered most critical for them.

Past studies have shown that getting rewarded for meeting and achieving sustainability targets is not that common in practice (Crutzen et al. 2017; Lueg & Radlach 2016; Journeault & Mundy 2013). In this study we can see that not all participating companies include sustainability in their reward systems, however, progress can be seen where a majority of the companies reward sustainability in some ways today. The rest are planning to do so in the future. The respondents that do not include it have expressed that this partly is because of the challenges already discussed. As we analyzed, it can also be because the companies only think of rewards in monetary terms and not that, for instance, giving an award or recognition can be viewed as a reward as well.
6. Conclusion

In this chapter we present our main contributions in the field of management control and sustainability, and especially reward systems as a SCS tool. Furthermore, we discuss limitations with our study and recommendations for future research.

6.1. How are sustainability control systems used to control and implement sustainable development?

Based on our empirical findings, we can see that sustainability is integrated into already existing control systems, and therefore not treated as a separate part of the companies. As Riccaboni and Leones (2010) point out, this is because there is not a need for new or separate control mechanisms for sustainability; it is more about including SD as a concept in the company's processes. Moreover, the companies in this study use several different sustainability control systems to implement SD in their workplace.

In line with Lueg and Radlachs (2016) findings, we found that cybernetic and administrative controls were used most frequently for implementing sustainability. This can be explained by the established use of steering through performance measurements, which is now extended with sustainability KPIs. To have steering and policy document have also been a traditional way of steering and is one way to guide the organization concerning sustainability. Still, policy documents are probably insufficient for implementing sustainability, and it can be questioned how effective documents, code of conduct etcetera actually are, by itself, in steering employees.

When studying this problem empirically, we approached the steering system in line with Malmi and Browns (2008) conclusion about that MCS should be seen as a package. Many respondents talked about how different systems interact and are related, and therefore can SCS also be seen as package, and the control mechanisms are interdependent. Our results indicate that some tools are more related than others, for instance, performance measurements and reward systems, performance measurements and culture, and administrative and cultural controls. Furthermore, it can be analyzed that many tools for steering are needed to create SD in an organization and to change behaviors. To emphasize this, all respondents talked about how important it is to steer sustainability to reach SD.
We have seen that companies focus on different aspects of sustainability when controlling and implementing it through their SCS. Commonly, companies choose to focus on where they have the most negative impact and on issues that are most relevant and important for the company. For instance, we saw that manufacturing companies include parameters such as safety and CO² emission because it is their main areas regarding sustainability. Other researchers have stated that the social aspect of sustainability is less included in control systems than environmental (Riccaboni & Leone 2009; Lueg & Radlach 2016). However in our study, we found that there is a balance between social and environmental aspects in the control systems. This might be because social issues are more prioritized in Sweden and different ways to measure it has emerged, for instance regarding safety, sick leave, and accidents. To conclude, our fragmented findings depends on that different companies steer employees and action for sustainability differently based on their tradition in steering as well as what is most relevant to the company.

6.2. How are rewards as a sustainability control system used to steer and implement sustainability?

In this study, most of the respondents reward sustainability in one way or another, more than described by Lueg and Radlach (2016). The companies that reward sustainability include diverse aspects of sustainability and use it differently. Regarding the social aspect, many companies include measurements such as safety, sick leave, and accidents. And for the environment, CO² emissions and efficiency are common. Some of the respondents are rewarding employees in a non-monetary way and some in a monetary way. In line with Crutzen et al. (2017) and Lueg and Radlach (2016) challenges with rewards are stated by the respondents. Still, many respondents discussed the positive aspect regarding steering behavior towards more sustainable ones. As Fisher and Govindarajan (1993) state, rewards help align the objectives of the company and the employees and this can be extended to sustainable objectives based on our results. This describes how useful a reward system can be to implement SD in an organization. This is also something a few respondents, not using a reward system today, stated as a strong argument for using reward systems for sustainability.

The results showed that non-monetary rewards often are used in the context of sustainability. However, companies using non-monetary rewards did not
always see these actions as actual rewards as Sonawane (2008) discusses but, they are used to motivate and encourage sustainable behavior, just as traditional monetary rewards are, and can therefore be seen as a reward. This type of reward was used the most based on our results in connection with sustainability and might be the most suitable.

Some respondents presented that sustainability is included in the company's financial performance, and therefore there is no need to include sustainability measurements in the reward system. However, this matter can be critically evaluated due to that rewards show what is actually important to improve and work with, and if sustainability is not included, it shows that mainly financial performance is important.

The study also reveals that some respondents think it is challenging to reward sustainability, mainly because it can be hard to measure, in line with Riccaboni and Leone (2010) findings. However, some respondents said that today there are more ways to measure sustainability and we have seen that there are measurements for both social and environmental issues; therefore, companies should be able to include sustainability in their reward systems to a greater extent now.

As stated, some respondents have presented challenges with including sustainability, which also has been enlightened in prior research. Still, in this study, we found that the companies which are not currently using rewards for sustainability believe that it is a good step to take and are interested in implementing it in the future. Other respondents, who have sustainability parameters included to a certain extent presented that they plan to include it even further in the future. This can be explained by the fact that implementing sustainability thought a SCS is a relatively new way of steering. Hopefully, sustainability will be even more integrated into the nearest future to enable a better achievement of the very important sustainability objectives.

6.3. Managerial implications

Based on the conclusions of this study, companies can gain insights in how vital rewards are in showing employees the importance of working with sustainability. Different types of rewards are presented, and companies can choose suitable ones when introducing a reward system for sustainability. For instance, this study indicates that non-monetary rewards can be appropriate.
Furthermore, sustainability can be integrated into several other control systems, and these systems often interrelate with each other. Also, it is important to have a balance between social and environmental dimensions of sustainability in the controls. The overall message of this thesis is that companies should integrate sustainability into their control systems to reach an improvement in this vital area. It is essential to advance in taking care of our planet and people - to reach the greater good.

6.4. Limitations and recommendations for future research

While doing this study we have been aware that findings from companies might be affected by how companies want to appear and be viewed by outsiders. Even though we have reviewed the material critically, as discussed in the method section, there is a risk of so-called “Green washing”. This means that some companies might want to share information in an inaccurate context and try to prevail that their sustainability actions are better than in reality.

The participating companies in this study were chosen based on convenience and snowball sampling which makes the results hard to generalize. However, the aim of the study was not to achieve a generalizable result but to get a deeper knowledge and a better understanding of the relationship between sustainability and control systems. More studies should be done in the area to explore the subject further and to enable generalization.

Another area which can be discussed is whether non-monetary or soft rewards are actual rewards, or only a sort of window dressing. Either way, we believe that soft rewards can motivate employees to achieve sustainability, and can perhaps be argued as even more important than monetary rewards. Therefore, we have chosen this broad view of what a reward is, and for sustainability soft rewards might be even more useful due to that sustainability is more about creating a feeling of “doing good”.

During the empirical collection, we had some discussions with the respondents about how positive feedback, for instance, unstructured comments which do not lead to a specific reward, can have a motivating effect. Due to the purpose and the limited time we did not manage to extend this in our thesis, but this is an interesting way of motivating employees. This area could be interesting to study, perhaps with an ethnographic study on how such feedback can help motivation and implementation of sustainability.
A majority of the literature used in the study origin from American researchers and the way control systems and rewards are viewed and used in America may differ from Sweden. This could be an interesting area of research, to see how big the differences are and how it can affect how sustainability is rewarded. Furthermore, we got indications that the steering of sustainability is relatively new, at least through a reward system, and therefore a similar study could be made in a couple of years.
References


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Appendix 1 - Interview guide

Introduction
• Presentation of thesis and ourselves (including purpose of the study and important definitions)
• Ethical considerations

General questions
• Can you tell us a bit about yourself?
  o E.g. Background, studies, prior work experience.
• Can you tell us about your current position?
  o E.g. Tasks, responsibilities etc.

Sustainability
• Can you tell us about the sustainability activities of your organization?
  o How do you work with sustainability in your organization?
    (GRI, ISO 14001, 26000)
  o Do your organization report sustainability?
• What are the sustainability visions of your company?
• What are your sustainability targets? Can you give us some examples?

Steering sustainability
• What kind of information is shared to employees concerning your company's sustainability targets? Tell us a little bit about the process.
• How are employees steered to work towards sustainability targets in your organization?
  o E.g. sustainability budget, sustainability performance measurement systems, cultural steering, sustainability planning.
• What is your most important steering tool in your opinion?
• How does your organization motivate employees to work with sustainability in practice?
• Do you believe that you could include sustainability in a better way in everyday practices?

Reward system
• Do you use a reward system in your organization today? If not, do you plan to have one in the future?
• How are reward systems used in your organization?
  o (Financial and non-financial)
• What type of behavior and performance are rewarded?
  o E.g. lowered costs, budget fulfillment, low number of complaints, safety, financial performance.
• In which hierarchical levels are rewards used? Are rewards different on different levels?
  o (Top management, middle management, all employees)
• Can you give some concrete examples how sustainability is rewarded?
• If sustainability is not rewarded, do you think it could be added in the reward system you have today?
  o What advantages/disadvantages do you think including sustainability in the reward system has?
• Are you expecting to expand or decrease the sustainability reward system in future?

Final questions
• Do you have any documents we could read to get a deeper understanding of your organization's sustainability work and operations?
• Do you have any recommendation of someone else in your organization that we could interview for a deeper understanding?
• Is there anything you would like to add before we finish this interview?
Appendix 2 - A list of our respondents

We want to thank all our respondents in the study for helping us gain insights in their businesses and their view of sustainability, reward system and steering.

Marie Morin, Stora Enso
Ola Svending, Stora Enso
Urban Rhodin, Stora Enso

Eva Eriksson, Löfbergs
Helena Eriksson, Löfbergs

Fanny Sjödin, Nordea
Lisa Strand, Nordea

Charlotte Lunás, Coop Värmland
Klas Olsson, Coop Värmland

Marie Hedlund, Valmet
Pierre Bengtsson, Mafi