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Sustainable Business at Small and Medium-Sized Enterprises (SMEs)

The Case of Coffee Queen AB

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Abstract

Society demands more and more that corporations take over responsibility on the effects of their business actions in a stakeholder view. Corporate Social Responsibility and Corporate Governance are catchwords in this context that stand for a management view where one focuses on more than profits and quality. In corporate responsibility management one takes a stakeholder view and integrates also issues such as supplier relations, supply chain management, environmental practices and sustainability as well as labor standards and human rights into the management view. The integration and balance between economic, environmental and social issues going above legal requirements is called triple bottom line thinking.

Today, corporate responsibility is no more only an issue for large international corporations but also for SMEs with limited resources and less market power. The purpose of this thesis is to describe and understand how a sustainable business approach can develop and be maintained in SMEs. By examining the case Coffee Queen, we want to find out about driving forces for development of corporate responsibility.

To receive nuanced information and deeper insight into the corporate responsibility of a company, a single case study with a qualitative research approach was chosen. The empirical material for this case was collected during a visit of Coffee Queens’ plant in Arvika and three open personal interviews.

Based on a literature review and narratives from the empirical material it was found that driving forces for the development towards sustainable business are strongly related to leadership by values. The engagement of one or more organization members that are supported by the top management and a values base that gives a framework for corporate behavior and supports the reputation of the company were found to be important variables to reach an ISO 14000 certification for Coffee Queen. From the management side, the corporate responsibility can be seen as a market requirement and used as a marketing tool for competitive advantage. A strategic approach to corporate responsibility was appeared to be helpful as it increases the accountability of positions, and demanded in SMEs.

Total quality management according to ISO 9000 and 14000 was in this context found as additional driver for sustainable development. On a basis of continuous improvement companies have to forward their positions step-by-step towards an integrated sustainability approach. This idea of corporate responsibility development is demonstrated by a model showing the steps towards an integrated triple bottom line.

With these findings, this study provides insight into corporate responsibility in a SME and links values-based management and quality management to the process of developing a sustainable business approach.
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1 Introduction

“Many leading corporations are no longer seeing environmental stewardship (or responsibility to stakeholders other than shareholders) as a cost- a necessary evil, if you will. They are seeing these responsibilities as opportunities, a potential source of competitive advantage. Although this is not yet true for the vast majority of smaller firms to the extend that leading companies change and set the terms of engagement and proactively address their social impacts to reduce costs and risks, win customers, and win reputation, the smaller firms will have to follow in order to stay in the game.” (Steve Percy cited in Laszlo 2003, p.xiii)

A growing segment of consumers, investors, employees, communities and nongovernmental organizations is developing a new ecological view of society (Sebhatu & Enquist 2007). Stakeholders- groups and individuals who can affect or are affected by the organization’s purpose- are more aware of corporate actions affecting society, the economy and the ecology and demand corporate responsibility especially from large international enterprises (Unfolding Stakeholder Thinking 2002, Laszlo 2003). This is why companies try to create stakeholder value and to gain trust and legitimacy in accordance with sustainable development (Edvardsson et al. 2006a, Zadek 2001).

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (WCED 1987-2)

Sustainable development is, as Brundtland (WCED 1987) defined in the UN report “Our common future”, the answer to this new level of expectations towards the business world by the society (Hollender 2004). The demand on unspoken guidelines of commerce to change is reason for the sustainability concept being a nowadays widespread concept (Enquist & Edvardsson 2004, Hollender 2004, Pruzan 1998). Corporate responsibility is expected to close the gap of social, environmental and human rights where politics and market regulation fail (Mares 2006).

While some part of the business world strives voluntarily “to be associated with positive values for example, high ethical standards in dealing with employees and customers, contributing to society, and applying recycling principles whenever possible” (Edvardsson et al. 2006a, p.230), other parts are “being forced into being more responsible whether they like it or not” (Hollender 2004, p.113).

Sustainability thinking is based on the demand by the society to distribute the risks, losses and gains from a company doing business more fairly. It is a business view where corporate decisions do not only impact other businesses but also other sectors that comprise society, political and civil society (Waddock
This responsibility towards a business impact on society means that the stakeholders of a firm have to be integrated into the organizational picture:

“The decisions of the business man have a direct bearing on the quality of our lives and personalities. His decision affects not only himself, his stakeholders, his immediate workers, or his customers— they affect the lives and fortunes of us all.” (Bowen 1953, p.3)

To address the stakeholders and build long-lasting relationships with them is part of sustainable thinking and can be achieved via living and communicating values. Corporate values that lead to sustainability reflect the stakeholder perspective on leadership, corporate responsibility and ethics (Windell 2006, Laszlo 2003).

To manage the responsibility towards its business surrounding, a company has to take an approach that includes and balances three spheres (Cramer 2006): the economic sphere, the environmental sphere and the social sphere. To pay regard and take responsibility in terms of these sustainable thinking spheres has been defined by Elkington (1999) as the so-called triple bottom line (Zadek 2001, Panwar et al. 2006). The triple bottom line concept leads to a new business paradigm. It is no more only about “how much a company owns and how much it earns” but also about “how it earns its money and what it uses its resources for” (Pruzan 1998, p. 1383).

Responsibility action for sustainable way of doing business is demanded on basis of chain responsibility or because of company size and power in society. The implementation and execution of a sustainable approach primarily for larger companies and corporations are usually implemented by a sustainability concept. For small and medium-sized enterprises (SMEs) there might not be such high amount of resources and such a strategic approach towards triple bottom line thinking, even though many SMEs “integrate social and environmental concerns in their business operation and in their interaction with their stakeholders” (EC 2007, p.5).

A tool for publicizing an organization’s legitimacy among various stakeholders is ISO 14000. Used as an internal management tool, ISO 14000 promotes a preventive approach and integrates environmental concerns in daily activities (Boiral 2007). Sebhatu and Enquist (2007) argue that ISO 14000 can be a driving force for integrating sustainable development. The integration of core values and the aim for quality improvement are part of the ISO concept and lead to values-based value creation. To find how sustainable development can be driven by ISO 14000, Sebhatu and Enquist (2007) examine a case where the impulse to start engaging in environmental responsibility comes from external market pressure. In this thesis we want to examine the driving forces of a company that moved toward of sustainability in a productive way to environmental engagement based on internal values.
1.1 Purpose of study

As a case of a company where sustainable thinking is motivated from inside the company, Coffee Queen of Arvika has been investigated. In this study we want to describe and understand how a sustainable business approach can develop and be maintained in a SME. We want to find out about driving forces on Coffee Queens’ way to its current state of responsible business approach. Which factors in a company decide whether a small or medium-sized company with limited resources implements corporate responsibility based on economic, environmental and social responsibility by values-based management?

1.2 Presentation of Coffee Queen

The examined case company Coffee Queen is an international privately owned company that develops, produces and markets coffee machines for mostly gastronomic purposes. The biggest part of Coffee Queens´ product selection is coffee machines and automats for the business-to-business market. Their customers, reached by retailers, are mainly restaurants, hotels and other enterprises.

Complementary to their main business, Coffee Queen has a coffee machine series for the private customer market as well, covered via their subsidiary company Jura in Switzerland. Moreover they opened one factory in Germany and one in China within the last few years (coffeequeen.se 2007, Interview Monica Möller, Mats Jaller).

Georg Möller, founder of Coffee Queen, started his business with importing coffee machines from the US. When exchange rates for the dollar become more expensive, he met the craftsman and inventor Alvar Carlson, owner of EDEA Charlottenberg, at a fair in Oslo. In collaboration with Löfbergs Lila, Alvar Carlson manufactured an industrial coffee machine called Löf-Eda, known for its high quality (coffeequeen.se 2007, Interview Monica Möller).

Georg Möller had first begun to produce the Coffee Queen machines in 1983 in Stockholm. After meeting Alvar Carlson they combined their forces as a manufacturer and a sales person and the production of Coffee Queen machines in Charlottenberg was founded. Because of Alvar Carlson’s poor state of health, it happened that Georg Möller bought the whole company and moved with his wife to Charlottenberg in 1986.

From only eight employees in 1986, the company expanded and developed quickly to 55 employees in just a few years (coffeequeen.se 2007, Interview Monica Möller). Two years ago, the manufactory moved to Arvika after not being able to extend their factory in Charlottenberg. More by coincidence they met a representative from the Arvika municipality that helped Georg Möller to buy a bigger industrial site privately (Monica Möller).
In the years 2000 and 2001 Coffee Queen was certified with ISO 9000 with ISO 14000 as the first company in their industry. These certificates are an important tool for the company’s way of operating on the market.

1.3 Limitations

We have chosen to focus on Coffee Queens’ environmental engagement and the driving forces on Coffee Queens’ way to its current state of responsible business approach. Because of our time limits we have been forced to leave out deeper analysis of Coffee Queens’ financial performance and possible interdependences with corporate responsibility. We will focus on the fulfillment of Coffee Queens economic responsibility and market strategy only in general. This study refers to corporate actions in Sweden, operations in the German, Swiss and Chinese productions sites were excluded.

1.4 Structure of the paper

1: Introduction

We present value creation in sustainable development and the purpose of our study in the introduction chapter. We also give a short background on the research object Coffee Queen.

2: Method

In this part, the abductive research approach for our qualitative case study will be presented. The data collection with personal in-depth interviews and the credibility of the empirical material are being discussed.

3: Conceptual and theoretical framework

As a background for later analysis, the conceptual and theoretical framework explains the concept of sustainability and its three dimensions. It includes literature review on values-based value creation through service brands as well as more practical issues and sustainability concept within ISO 9000 and 14000.

4: Empirical study- description, analysis and discussion

To avoid repetitions and to enable an in-depth discussion, the empirical material is presented in form of narratives and embedded into an analysis and discussion with the background of the conceptual framework. This is done in chapters according to theme related groups emerging from the empirical data.

5: Summary and conclusions

In the last part we present contributions of the study and summarize the findings from the empirical study. Finally, the findings are connected with the theoretical framework and demonstrated by a model showing development towards an integrated triple bottom line.
2 Method

The main purpose of this work is to examine how a medium-sized company works towards a sustainable business. Coffee Queen engages in quality and environmental development. To get insight in Coffee Queens approach this thesis examines the company in form of a qualitative case study based on four interviews.

2.1 Model of methodological understanding

For the examination of a specific case it has to be defined in which way the collected empirical data will be handled in relation to theoretic knowledge.

There are two major approaches to theory development: deductive theory testing and inductive theory building (Perry 1998). Induction starts from empiric data, while deduction starts from theoretic background knowledge.

In deduction, the researcher collects empirical data to check if empirical findings comply with certain expectations in background (Jacobsen 2002). It is about drawing conclusions from something known or assumed (Johns & Lee-Ross 1998). The way of doing research goes from theory to empirics (Jacobsen 2002). This bears the risks that a researcher knows what he wants to explain and might therefore only search for information that he considers to be relevant and screen the empiric information (Jacobsen 2002, Alvesson & Sköldberg 1994).

The results of such a positivist research cannot prove the validity of a tested hypothesis coming from the theoretic background for granted, but it can persist until someone else falsifies it later (Johns & Lee-Ross 1998).

An inductive research approach goes the other way, from empirics to theory building. The extreme of induction is “grounded theory”, where the researcher goes out into the research field without any expectations and ideas about his research object (Jacobsen 2002). On basis of collected data in a real world experience, the inductive researcher tries to find regularities and bases a generally valid theory on the examined amount of cases. This search for regularity might be limited to superficial correlations and not regard the content that a phenomenon relies on (Alvesson & Sköldberg 1994).

Perry (1998) and Jacobsen (2002) discuss that it might not be possible to go completely theory-free and without any background considerations into a field-study. Alvesson and Sköldberg (2000) show that data never comes from an “original virgin source” but is always merged with existing knowledge and thereby already interpreted. The use of pure induction might also prevent a researcher from the benefits of existing literature.

Perry (1998) argues that;

“it is unlikely that any researcher could genuinely separate the two processes of induction and deduction” (Perry 1998, p. 788).
Instead of using one of these two research alternatives, that are according to Parkhe (1993, pp. 252, 256 in Perry 1998, p. 789) in their extremes untenable and unnecessary, Jacobsen (2002) proposes a more open approach where the researcher itself defines to which extent he wants to collect background data before starting the actual examination. The advancement of theory requires therefore a continuous interplay between induction and deduction (Perry 1998).

The research design of this thesis combines inductive and deductive parts. The conceptual and theoretical framework has deductive character, giving a background for the study. The use of narratives that are based on empiric data collected in open interview has inductive character.

This alternative research approach combining deductive and inductive research is called abductive. An abductive research approach gives the researcher “the ability to see patterns, to reveal structures” (Alvesson & Sköldberg 2000, p.17). Abduction uses empirical data as a starting point and includes a theoretic background. Thereby it comes closer to deduction. It is possible to combine or to anticipate studies of earlier literature in the analysis of the empiric data and to use theoretic material as a source of inspiration.

Abduction has two affects on the research process: First, the area of empiric research is defined to a higher degree to the research object. Second, the theoretic material will be adapted and matched to empirical findings. By confronting theory with empirics and vice versa during the research process, the analysis and interpretation develops constantly and leads to a research process with more facets. By focusing on patterns that lie beyond a phenomenon, the abductive approach differs from the more superficially explanative induction and deduction. An abductive approach goes deeper and tries to gain not only explanation but also understanding of a phenomenon. It goes further than the distillation of data and is though based on empirics (Alvesson & Sköldberg 1994).

The abductive approach in this study can more precisely be described as a research approach that bases its collection of empirical data on a conceptual and theoretic framework to gain knowledge about the research area. This background gives the researchers the possibility to gain knowledge about their research field and define the purpose of their empirical data collection closer. The content of the data collection gets more meaning already during the research process so that the interviews can give more results than they could have given without knowing about the specific problem background. The theoretic framework gets influenced by the collected data, as the researchers tries to match contents with the results of the research. In this abductive view, theory and empiric data are interdependent (Alvesson & Sköldberg 1994).

2.2 Qualitative research approach

For the collection of empirical data this study bases on, a qualitative research method was chosen. This was a natural choice because we wanted to get deeper insight into a social science context where behaviors, perceptions, values
Method

and attitudes play the main role (Johns & Lee-Ross 1998). It is the purpose of this study to find out how members of the organization in and outside Coffee Queen understand their situation and interpret the research issue. To gather as broad and nuanced information as possible on the research topic, we wanted to have an open approach researching in a complex field (Jacobsen 2002).

Qualitative research enables communication and response between the researchers and the respondent as it aims to “go under the skin” of a of the research object. In interactive processes, the qualitative research design gives the possibility to react flexibly when it comes to data collection and research process (Jacobsen 2002).

The qualitative research is demanding a high input of resources and limits therefore the number of research object to a few (Jacobsen 2002, Johns & Lee-Ross 1998). Qualitative research focuses on a high number of variables examined in favor of high number of research entities. The complexity of the gained data is possibly high, so that it can become difficult for the researcher to keep an overview and stay in line with the actual research purpose (Jacobsen 2002). Further, there might exist a risk for misunderstandings that effect value and results from data evaluation (Johns & Lee-Ross 1998).

As qualitative research is usually quite intensive- depending on the high use of resources in data collection and data analysis- the choice for few research entities has to be made. This thesis is a study on one entity, a case study on the company Coffee Queen. Case studies are used to describe specific attributes and more complex objects of, for example, an organization (Backman 1998, Jacobsen 2002).

2.3 Choice of case study design

Yin (2003) describes a case study as a method allowing intensive research including the holistic and meaningful characteristics of the research object, as for example organizational processes (Bryman 2002).

“A case study is an empirical inquiry that

- investigates a contemporary phenomenon within its real-life context, especially when
- the boundaries between phenomenon and context are not clearly evident.” (Yin 2003, p. 13)

This is why a case study with the use of open face-to-face interviews and a document study was chosen in our thesis. We want to emphasize on depth and contents rather then on statistical generalization to study the responsibility constitution at Coffee Queen. We chose to examine one case, because, as Wiedersheim-Paul and Eriksson (1991) state, you can examine one case with more facets than you can examine more cases. This choice of one case only limits the possibilities to generalize our results as we cannot compare our results within different companies. Wiedersheim-Paul and Eriksson (1991) suggest also
that it is mostly advisable to consider cases that the researcher can get access to. This is why we chose to investigate the company Coffee Queen.

The company Coffee Queen is part of a regional network “Region Värmland”, an organization within the chamber of commerce. Through this network, the contact between Coffee Queen and the CTF at Karlstads University was established. Coffee Queen is a representative and easily accessible research object and in the view of the researchers an interesting and worth-to-examine case. In the given time frame it seemed to be an appropriate research volume to survey Coffee Queen holistically and generate four in-depth interviews that give a representative empirical picture of the company’s sustainability work.

2.4 Data collection

2.4.1 Secondary data collection

The used secondary material consists of articles, research reports and business management literature on a number of topics such as Social Corporate Responsibility concepts, Quality Management and value creation from a stakeholder perspective.

Further secondary data analyzed is complementary material received from the examined company Coffee Queen such as their environmental strategy, the document on supplier evaluation and documents on continuous quality improvement as well as the contents of their homepage coffeequeen.se.

2.4.2 Primary data collection

The empirical data used in this thesis are one introduction interview and two personal in-depth interviews at Coffee Queen as well as an additional personal interview with Leif Jönsson from “Region Värmland”.

To get in touch with Coffee Queen, the researchers visited the office and production site in Arvika, Sweden, where Roger Berndtsson, the quality and environment responsible, offered an introduction to the company. A first introduction interview with him was carried out to gain better understanding of Coffee Queens’ business and its organization. During this company presentation we found out which members of the organization were the most suited and competent to serve as interview partners. Further, the guided tour and company introduction gave basis for the interview guideline to be used in the face-to-face interview. The preparation interview helped to secure that the future interviews would be rich on relevant information (Yin 2003).

The main interview was carried out as an open face-to-face interview with Monica Möller, former member of the purchasing department, initiator of the environmental engagement and the ISO 14000 certification. A third more structured interview was held with Mats Jaller, vice CEO and finance manager of Coffee Queen.
To regard the process of Coffee Queens environmental standard certification from an independent perspective, the researchers chose to question even Leif Jönsson, a former consultant in the already mentioned network “Region Värmland”.

2.5 The use of open face-to-face interviews

We chose to hold all interviews as open in-depth interviews. This data collection method is usually criticized to be time consuming and resource demanding as the amount of collected data is very high and unstructured. The researchers were interested in the interviewees’ opinions and perceptions and because of the small sample of interview partners, it was decided that this form of data collection was the most suitable (Jacobsen 2002). The advantages of such an open interview are that

“the interview is allowed to proceed at its own pace, in a conversational style. Thus the interviewee is guided, but also permitted and even encouraged by the interviewer to make detours” (Johns & Lee-Ross 1998, p. 125)

Open interviews enable a wide spectrum of information input, they do not narrow the area of answers that can possibly be received (Bryman 2002). The use of an interview guideline also in open interviews makes sure that all topics of interest are covered during the interview, if the interview partner does not cover all aspects by itself. Open interviews have the advantage that the interview can be held as a conversation with issues coming up in a natural order (Jacobsen 2002).

Jacobsen (2002) explains that open interviews are easiest to carry out in a face-to-face situation. Personal attendance creates a more confidential atmosphere in which it might be easier to talk in a natural way. It is also easier to sense from mimics and gesticulations where follow-up questions can help to go in depth of certain topics and where the interview object feels uncomfortable. The face-to-face interview is also helping to receive honest answers. Jacobsen (2002) as well as Johns and Lee-Ross (1998) suggest that it is easier for an interviewed person to lie when interviewed via telephone.

The disadvantage with performing interviews face-to-face is the so called interview effect. It says that the researcher’s presence, gesticulations and mimics can affect the respondent (Jacobsen 2002). In our interview we tried to follow the rules for interviewing behavior. We used introduction phrases, introduced ourselves and the purpose of our thesis to the interview object. We used confirmative phrases that do not suggest opinion and tried to be friendly and kept a topic-related interest.

To perform an interview in an atmosphere that is natural and comfortable for the interview partner is necessary to exclude even the context effect (Jacobsen 2002). This is why all our interviews were situated in each interview objects’ office -except of the introduction interview with Roger Berndtsson- where interview objects feel comfortable and are not distracted. Roger Berndtsson provided us
with a guided tour of the Arvika factory. We spent about two hours in interaction with him and got that way necessary background information on the company.

Another choice we made was to record our interviews. The advantages of recording an interview are that the natural flow of the conversation does not get disturbed by making notes of the interviewer. The recorded interview can be replayed, which reduces the risk of unconscious selection of information through the interviewer and gives the possibility to receive direct quotations from the recording. The interview partners we had, did not seem to get nervous or distracted by the mp3-recorder we used, probably because of their age and professional experience where they are used to meet foreign people and stand for their company in their every-day-life. It was also made sure that there would be no technical disturbances through battery changes or similar (Jacobsen 2002).

The length of the interviews was within the recommended length of up to one to one and a half hours (Jacobsen 2002). The interviews with Monica Möller and Leif Jönsson were both about an hour long: Because of limited time and the more structured character of the interview, we spoke to Mats Jaller just a little bit longer than half an hour. This interview was mostly carried out to get additional information on topics that the other interview partners Roger Berndtsson and Monica Möller were not familiar with. To hear about similar themes from different organization members and independent research objects increased the researchers’ understanding and the trustworthiness of the material (Jacobsen 2002).

To be able to use the empiric data in the analysis in form of narratives, it was necessary to translate the relevant Swedish interview material to English. This was done by a trained translator that tried to stay as close as possible to the typed Swedish text in favor of a nice and easily readable text.

### 2.6 Analysis of empirical data

The analysis of recorded interviews requires organized and structured working. To make sure that we would not unconsciously screen the information received, both interviewers listened to the recording separately and compared their comprehension. The interview with most significance, the core interview with Monica Möller, was written down completely to simplify the researchers’ analysis work and to make sure not to miss information.

After writing down the core interview with Monica Möller, we went through the other three interviews to find complementary, comparable or contrasting sequences and translated these sequences. From those three interviews we used those parts seeming to be relevant and complementing the holistic view on Coffee Queen. To prepare the analysis of the data, we built theme-related groups and groups of agreeing or contrasting statements (Miles & Huberman 1994).

These themes related groups are presented as narratives. The answers to open inductive questions can, especially in qualitative interviews, be viewed as stories.
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giving ground for a narrative analysis (Bryman & Bell 2003). We chose narratives as a form of presentation because of the fact that a case study is supposed to give the reader an impression of the research subject as close to the case study object as possible. This way, our collected data can “illuminate the focus of inquiry” (Patton 2002). A narrative gives a stronger perspective on the interviewees’ perspective with all its facets.

On basis of these narratives it was possible to draw conclusions in reference with the theoretical insights. To tie our findings via the built constructs to the theory, we chose to combine the presentation of empiric material with the analysis of those results in one part instead of two. This analysis in form of a discussion reduces repetitions and makes it easier for the reader to follow our thoughts. It also makes it easier for the researcher to discuss every topic in depth.

2.7 Credibility discussion

To find out about the credibility of analysis results, we have to discuss the reliability and validity of our qualitative research results to make sure that the collected data have been treated critically. The credibility of a thesis helps to give evidence on accuracy and carefulness the data have been treated with. It tells about until which degree the collected data can be trusted and how far the results drawn can be generalized, how far they represent the real world.

“Validity and reliability indicate the materials quality. Validity is the worth of a research. It shows the usefulness and relevance of the data received. Reliability stands for the trustworthiness, stability and homogeneity.” (Kylén 2004, p. 140)

Reliability refers thereby to the consistency of the material collected, to how stable and homogenous the results of the examination are, whilst validity reflects the relevance and the usefulness of the collected data (Kylén 2004, Christensen 2001).

Validity means that a researcher really measures what was supposed to be measured. The right use of measurement tools as well as the relevance and completeness of data are verified by validity. Validity tells if the results of an examination really reflect the real-life situation (Silverman 2005).

External reliability refers to the fact, that identical or at least similar data should be collected, in case the researcher would repeat their investigation in the same way. The stability of the results of our interviews on the case Coffee Queen is quite high, as we examined to a big part the history of the company’s environmental engagement. But we do not have a guarantee for an identical repetition because of the impossibility to freeze a social environment that can be affected by different factors every day (Bryman 2002).

Internal reliability in qualitative research refers to the researcher as a tool for the investigation. Qualitative data are generated by interaction depending on time and space. This is why it might not be possible to gain the same information
within an interview in another occasion. One could say that neither the same researcher that changes its background and knowledge already during the performance of an interview, nor another interviewer could actually perform an identical interview again (Christensen 2001). Different researchers may also receive different data or interpret the received data in a different way.

Validity is comparably high in an open research design. An informal method, that has a looser structure, can give higher validity then the research designs that are structured in a fixed way. A highly formalized concept reduces the possibility to adapt the data-collection to the actual situation (Kylén 2004). To increase the security that the data collected actually reflects reality the interview with Leif Jönsson is supposed to give a more independent view on the research topic.

It is though worsening the quality of the collected data that we translated the interviews. The Swedish original text is though the background for the analysis of the empirical data so that the nuanced content of the interviews does not get lost. Additional material is increasing the validity of the research. Material such as Coffee Queens’ homepage and intranet data give a more holistic picture on Coffee Queens’ business and secures that the interview answers agree with the interviewees’ real life behavior.

Reliability is influenced by circumstances of the data collection. This is why we, as already mentioned, tried to follow the guidelines for interviewing and to eliminate disturbances during the interview.

Internal reliability in qualitative research refers to the researcher as a tool for the investigation. Qualitative data is generated by interaction, depending on time and space, so it might not be possible to gain the same information from an interview in another occasion. One could say that neither the same researcher, which changes its background and knowledge already during the performance of an interview, nor another interviewer could actually receive an identical interview again (Christensen 2001).

The criterion on external reliability shows how far the results of a study can be generalized to other social environments.

“The trustworthiness of concrete tasks can be higher than in vague and general descriptions. But it does not follow that a truthful description of an event is typical and reliable. The risk is that the concrete is unique but gets presented as typical.” (Kylén 2004, p.143)

This case study is an in-depth study of only one organization. This is why its external reliability has to be ranked quite low. But the results from other researchers are similar so that one could say that the study is not typical or representative but at least comparatively transferable to other organizations because of the studies’ high internal validity (Christensen 2001). If other researchers are receiving similar results from their research on organizations with a similar size and a similar background at a different place, the external reliability can be ranked as transferable. We assume that other researchers
doing investigations on an organization with a similar size and a similar background at a different place could probably receive comparable insights (Kylén 2004).
3 Conceptual and theoretical framework

In the current service management view, value creation is achieved by the interaction and exchange of resources between network partners (Normann & Ramirez 1998). This view includes that service quality is seen as the customer result of the service creation process. The customers’ perception of the service is the result of his expectations and the actual service performance influenced by the service providers’ image (Grönroos 2007). In a service environment with high perceived risk, a service brand communicates consistent service quality and security (Ind 2004, Kapferer 2007). The values-based brand but also responsibility towards the company’s surrounding can be an orientation for its employees’ behavior that has a strong impact on the customers’ service perceptions and image building (Ind 2004, Grönroos 2007). On basis of corporate values, a company creates value in cooperation with its customers and stakeholders to achieve sustainable business that includes economic, environmental and social responsibility, as shown in the figure below (Windell 2006). The theoretical and conceptual framework will go deeper into each of the named spheres to provide a deeper understanding on the aspects of sustainable business.

Figure 1: Factors on the way to sustainable management in this thesis’ conceptual framework
3.1 Values-based value creation in networks

3.1.1 Value creation in a stakeholder perspective

"Companies cannot choose whether or not to have a relationship with those to which they sell, or from which they buy. Relationships exist between all suppliers and their customers in business markets." (Ford et al. 1998, p.8)

Companies have power because of their command for significant resources. That means that they have to “recognize the importance of maintaining good relationships with their stakeholders to experience outstanding long-term performance” (Waddock 2006, p. 13). The relationships between a firm and its suppliers and other stakeholders are latent and do always exist. It is only that either one of those two, depending on their strategies, needs, wishes and/or expectations, has to activate the latent relationship (Grönroos 1997). Maintaining positive stakeholder relationships involves the establishment of constructive and positive relationships with stakeholders (Waddock 2006).

Because of the view that it is not only the customers and the suppliers that are in latent relationships with a firm, companies have to pay regard to a larger number of stakeholders. All groups and individuals are affected by an organization's actions' in some way, and also all groups or individuals and other organizations that are affecting the organization via their own actions have a stake on a company (Pruzan 1998). All these groups and individuals are following stakeholders.

Stakeholders of a firm can be defined as

“individuals and constituencies that contribute, either voluntary or involuntary, to its wealth-creating capacity and activities, and that are therefore its potential beneficiaries and/or risk bearers.” (Post et al. 2002, p.17) “This includes people who can influence a decision, as well as those affected by it.” (Hemmanti 2002, p.2)

The stakeholder model below shows different sorts of possible stakeholders, voluntarily or not, contractually or not, that can have an interdependent relationship with the firm (Donaldson & Preston 1995).
A stake is a claim based on ethics, legal and moral rights, justice, fairness and the principle of care. Stakes can be intangible and relational or tangible in form of a contract. The stake is a bond that exists between the firm and its environment, because of the doing business of the firm (Waddock 2006).

It appears to be more important than ever to stay connected to stakeholders, promote individual and corporate citizenship and civic engagement (Waddock 2006). Firms are more and more held reliable for their corporate acts, as society demands to distribute the risks, losses and gains from corporate activity fairly amongst the company’s stakeholders (Mares 2006).

Waddock (2006) motivates the demand for stakeholder integration with the responsibility for leading corporate citizens that comes with corporate power and size. The more a business influences its surrounding sphere, the more responsibility the firm has towards those spheres that are not always directly business related (Waddock 2006).

Cramer (2006) on the other hand argues that it is not size that creates a need for stakeholder responsibility and cooperation. As more and more companies are part of international supply chains, the pressure to accept chain responsibility is increasing also for smaller companies:

“chain responsibility is understood to evolve urging other companies in the chain to observe (inter)national guidelines and standards with regard to, for example, the environment, human rights, working conditions and integrity. An important, underlying, motive for accepting chain responsibility is to avoid liability for problems caused by someone else in the chain. A company’s own sense of responsibility also plays a role.” (Cramer 2006, p. 88-89)
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From this stakeholder responsibility approach, the value of a company is measured not only by profit and income, but also by the company’s benefit for loan providers, employees and suppliers (SIS 2005). To create value for an organization in a long-term perspective, it is therefore necessary to build relationships (“to act with each other”) and to address the interest of several constituents in society, including any group who can affect or is affected by the organizations business activities (Windell 2006).

Value creation in a network constellation indicates also that a provider and a customer have a relationship in which the producer helps the customer to create value (Normann & Ramirez 1998).

“The ultimate goal, if not the very nature, of economic activity is to create value. Value is produced by humans acting with each other and using the resources that are at hand; previous activities are made available for further action to this effect.” (Normann & Ramirez 1998, p.49)

While providers take responsibility for their customers’ results, the customer is not only passively receiving ready-made value but he is an active contributor to value creation. The creation of value in network collaboration is based on the “existence of one key ingredient of relationship marketing: trust between the parties in the network” (Grönroos 2007, p. 33). The creation of a trustful relationship with stakeholders emphasizes organizational culture, values, ethics and policies (Post et al. 2002).

The creation of trust with the company’s stakeholders includes also the aspect of opening the management to outsiders. For the integration of stakeholders, the company management has to be willing to make internal changes and it “has to be willing to be in a give-and-take relationship with stakeholders” (Waddock & Bodwell 2004, p.34). This points out that a long-term value creation is achieved via co-operation, in relationships. It is not the supplier handing over value-added products to a customer, but more value-creation by a collection of activities including different actors and the company’s stakeholders (Normann 2000, Normann & Ramirez 1998).

3.1.2 Values

Responsibility towards stakeholders and the supply chain is one of the important keys for sustainable development. But responsibility management also demands the open articulation of values that lie behind corporate practices. To live up to corporate values and report on their performance are other subjects of strategic sustainable management (Waddock & Bodwell 2004). What Waddock and Bodwell (2004) call “responsibility management”, has as a task to negotiate among the values and expectations of the stakeholders of a company. For the company itself that means that
“values can be viewed as behavioral principles that serve guidelines to how people should act in order that their organization will produce product[s] and services of high quality.” (Lagrosen 2006, p.2)

The core values of a company, on which all business actions somehow rely, describe the corporate culture of an organization as a combination of shared values and shared meaning (Lagrosen 2006, Edvardsson & Enquist 2002). From an organizational perspective, values describe “assumptions or notion of how the organization should function” (Lagrosen 2006, p.2).

Bowen gave a list of values to be followed in business already in 1953 that approaches the willingness of a businessman to consider the social consequences of his actions. It includes the values high standard of living, economic progress, economic stability, personal security, order, justice, freedom, development of the individual, community improvement and national security (Bowen 1953).

Values and responsibility have today become part of market competition (Löhman & Steinholtz 2003). Implementing values is an important prerequisite for achieving high quality (Lagrosen 2006). Waddock and Bodwell (2004) state that responsibility management and quality management have common underlying values. Quality management is by and large based on the values “customer orientation”, “continuous improvement”, “process orientation”, “participation of everybody”, “leadership commitment”, “management by facts” and “competence development/training” (Lagrosen 2006).

In a context of living corporate values, the leader of an organization bears a high responsibility as a role model and guide (Berry 1999). Enquist and Edvardsson (2004) found that a values-driven company needs a values-driven leader. Management teams express values and create understanding within all employees, customers and the media about the values and standards. Berry (1999) quotes that

“values-driven leaders articulate the dream and define organizational success through their own behavior. Through their actions large and small, leaders demonstrate core values.” (Berry 1999, p. 43)

The leadership by values is according to Lagrosen (2006) and Berry (1999) a part of the quality understanding of a company that is, like the quality work itself, dynamic and follows the principle of continuous improvement (Edvardsson & Enquist 2004).

3.1.3 Service Brands and Quality

Values, quality and branding are closely linked in service management. While service quality is strongly related to the subjective experience of the customer, a values-based brand is a strong filter for the customer expectations and
perceptions of the service. Values-based service quality includes sustainable thinking on basis of a stakeholder view on leadership, responsibility and ethics (Edvardsson et al. 2006a). Edvardsson et al. (2006b) suggest that sustainable development can be used as a driving force for value creation as a part of service quality improvement. Values connected to sustainability can be used for building meaning into ideas so that employees are able to base their all-day activities on value communicated by a brand and to “live the brand”. That is especially important in a service management perspective, there the human performance is seen as a critical role in securing quality and building a brand (Edvardsson & Enquist 2004, Berry 1999, Gummesson 1993).

Service quality is defined as what the customer perceives it to be (Grönroos 2000).

“Good perceived quality is obtained when the experienced quality meets the expectations of the customer.” (Grönroos 2000, p.67)

Edvardsson and Larsson (2004) add the aspect of satisfying the needs and expectations of not only customers, but also the employees and the contractor to the definition of service quality. They explain that the norms and standards of customers, employees and contractors are used for the evaluation of the service. Is the evaluation of the customer positive, Edvardsson and Larsson (2004) explain that customer satisfaction will “spread like rings in the water” and employees and contractor will also become satisfied.

Service quality has been examined by Grönroos (2007). He defines a model there the total perceived quality of a service is dependent on meeting the expected quality with the actual perceived quality of the customer.

The expected quality reflects a number of factors such as marketing communication, sales, image, word of mouth, public relations and customers’ needs and values. The experienced service quality on the other side is defined by what and how the service is performed.

The total perceived quality as a customer satisfaction indicator is dependent on the gap between the expected and the perceived service quality. (Grönroos 2000) Service quality is then to;

“satisfy needs and fulfill realistic expectations; the customers’, the co-workers’ and the managers.” (Edvardsson & Larsson 2004, p.89; translation by author)

It is only the customer experience with customer- employee contact and interaction, the service process and the service providers’ image that determine the service quality. The needs and expectations of the customer, the employee and the manager are part of the service quality as well.

Accessing the concept of values from a marketing perspective, Pearson (1996) states that values are defined as the perception and beliefs of a product. On basis of values, a consumer wants to associate with himself with the product or service and buy it. The values connected with the product stand for an image in the mind of the customer (Grönroos 2007). This perception of a product can, as a
combination of features, customer beliefs and the values, be communicated as a brand (Pearson 1996).

Brands can, according to Grönroos (2007), be defined as a brand image based on the customers brand relationship:

“A brand is created in continuously developing brand relationships where the customer forms a differentiating image of a physical good, a service or a solution including goods, services, information and other elements, based on all kinds of brand contacts that the customer is exposed to” (Grönroos 2007, p.334)

This definition shows that is more the stakeholders then the company itself that actually define a brand (Ind 2004). It is each customer’s and the stakeholders’ perception of how valuable a good or service is for them, that defines what the brand and its value is (Ind 2004).

The functions of a stakeholder oriented and values-based brand are:

- **Differentiation**: Edvardsson et al. (2006a), and Pearson (1996) state that the most important role of a brand is to differentiate a product or service from other similar ones.

- **Concentration of information**: The identification of products, services and businesses is the second role of a brand. The identification helps to increase the information efficiency on what the product represents and what the customer can expect from a product. The informative part of a brand concept contains even a promise of performance (Ind 2004).

- **Help for decision making**: A brand helps to reduce people’s anxiety to make choices by its content of information and values. The more a customer feels about a product, the more secure he feels about buying it. On the basis of “corporate messages and experiences we believe that we will receive a certain experience of a brand” (Ind 2004, p.20). This is also because a brand incorporates some sort of consistent performance.

Kapferer (2007) strengthens the benefit of brands being risk reducing as they convey trust and certitude in economic, functional, experiential, psychological and social dimensions. Regarding the function of a brand being risk reducing, it becomes clear why Ind (2004) says, that the consistency of information has to be focused on, so that the need for transparency from all different stakeholders can be satisfied and the brand image remains.

As already mentioned, the brand image is a construct in the customers mind. The brand image is reflected by the whole appearance of the company (Löhman & Steinholtz 2003).

“Brands in the future will have to stand not only for product quality and a desirable image but also have to signal something wholesome about the company behind the brand” (Kotler & Pfoertsch 2006, p.300)
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Brand image is accordingly, the total sum of all the perceptions of and attitudes towards a brand. The reputation of a firm is usually a result of the firm’s product and actions (John 2003). Kotler and Pfoertsch (2006) add that these perceptions and attitudes, the brand image, can be enhanced when they identify with issues that strongly appeal to its customers and employees.

It is the values of a company, the perceived customer benefits and feature-combinations together that make a brand. The perception of the customer and the stakeholders is one of the reasons why living values throughout the company can be seen as so important for the steering of a brand image that influences service quality. Grönroos (2007) stresses the importance of a consistent brand communication:

“A wanted brand image probably develops in the minds of the customers. If this is not the case, a different brand image emerges, probably less wanted and to a larger or lesser extent deviating from the wanted brand identity formulated by the company.” (Grönroos 2007 p. 338)

The service brand-relationship-value triangle shown below is based on the idea of the service expectations of customers leading this service experience.

![Service Brand-Relationship-Value Triangle](image)

Figure 3: The service brand-relationship-value triangle (Grönroos 2007, p.337)

To fulfill the values and promises made by the company in an “external” perspective, the company has to take “internal” actions and make sure that that the values and promises that are communicated through the brand, agree with the internal values in the company and the values of the employees. The interactions between the customers and the service employees should reflect the
brand values and promises made by the company so that customers perceive the fulfillment of their expectations. This view on service management includes values as a basis for business actions that are evaluated by the company's stakeholders.

3.2 Sustainable development

3.2.1 The concept of sustainability

“The doctrine of social responsibility rests upon the idea that business should be conducted with concern for the effects of business operations upon the attainment of valued social goals.” (Bowen 1953, p.8)

What Bowen demanded in 1953 has become a more and more important concept and discussed subject. From 1987 the social and environmental responsibility of business was fit in the name “sustainable development” by Brundtland’s UN-report “Our Common Future”.

Sustainable development is based on the creation of long-lasting value by basing business on fundamental values such as respect for nature, respect for an all-encompassing interdependence of people and the planet, of an inter- and intergenerational justice (Hemmanti 2002). This responsibility to balance a company’s business effects grows from the respect to future generations:

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (WCED 1987-2, Elkington 1999)

Sustainable development aims at finding a balance between social-wellbeing, ecological quality and economic prosperity (Cramer 2006). This balance of economic environmental and social responsibility in an integrated management concept is called triple bottom line (Panwar et al. 2006):

- **Economic values** are related to quality, price and cost (that is, value for money)
- **Environmental values** that are related to ecological protections, improvements and responsibility
- **Social values** are related to ethical and community responsibility and benefits (Edvardsson et al. 2006a)

Panwar et al. (2006) present different approaches how to see the triple bottom line in different concepts. One common view is to see economic, environmental and social dimensions as interdependent. This reflects the definition by Cramer (2006) that was given above, stressing a balance and a holistic picture of business and responsibilities.
Another approach shows that sustainable business can be seen in a way there the economic responsibility is the basic responsibility of a firm and then environmental and social responsibility are developing from this starting point. Figure 5 shows a continuum model. This model goes out from a proportional set of responsibilities there larger elements represent greater responsibility. This model suggests that economic responsibility is more important than the following legal, ethical and discretionary responsibilities.

A similar concept, basing on the idea of going from economic responsibility to an integrated approach of all three responsibility spheres is presented by Laszlo (2003). Laszlo (2003) describes that a typical start of a company, on its path to a sustainable business approach, is to go from economic responsibility via environmental and then to social engagement and a final integration of all three dimensions. On his step-by-step process, Laszlo (2003) describes in agreement with Waddock (2006), that it is an important factor not only to focus on each dimension itself, but to implement and to balance the dimensions in the corporate strategy also in such a process development perspective on corporate
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responsibility. When an organization reached a sustainable business approach, Laszlo (2003) talks about that it has gone through a “transformation of mind-set and organizational culture to include key stakeholders” (Laszlo 2003, p. 45).

According to Laszlo (2003) and Fields (2002) it is included in the way to sustainable business that a company realizes a change to a new paradigm, a shift in doing business with shared values and shared meanings through the whole company (Edvardsson et al. 2006a). The new paradigm includes “how” financial success has been gained, and not only “that”. This shift includes a stakeholder view and a change from;

“focus on efficiency and control to a values-based perspective on management, corporate identity and success. And from a focus on legal compliance and financial performance to a focus on ethical responsibility and accountability.” (Pruzan 1998, p.1379)

3.2.2 Corporate Responsibility Concepts

Talking about sustainable development, there are many similar concepts that have different emphasis on and different depth within the economic, environmental or social aspects of the concept. “Corporate Social Responsibility” may be the most commonly known conceptualization, used by the EU Green Paper and others. Other concepts are the term “Social Responsibility” used by the International Organization for Standardization (ISO). The United Nations provides a concept called “UN Global Compact Standard”, while the Global Reporting Initiative (GRI) is setting a standard by a so-called “Sustainability Reporting Framework”. “Corporate Responsibility”, “Sustainable entrepreneurship”, “Corporate Citizenship”, “Corporate Governance”, “Codes of Conduct” and “Business Ethics” are other conceptualizations that are often used synonymously for the integration of a triple bottom line approach, but they sometimes emphasize on different aspects of the concept (oe.cd.org 2007, isotc.org 2007, globalreporting.org 2007, ec.europa.eu 2007). The huge amount of standards, labels and certification schemes presented here can cause confusion for business, customers, investors, other stakeholders and the public (EC 2002). But, basically, they have the idea of responsibility of the corporation and the accountability of the triple bottom line in common.

Corporate responsibility describes according the definition of the EU Green paper

“a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”


This definition implies the voluntary aspect of corporate responsibility going over and beyond legal requirements.
Companies

“do not wait until the government imposes particular rules or laws. They look ahead and determine for themselves which environmental and social measures they are able or willing to take” (Cramer 2006, p. 14).

It is about enterprises deciding to go beyond minimum legal requirements and obligations (EC 2002). This responsibility is based on viewing the company as a corporate citizen with legal rights and duties (Andriof et al. 2002).

Corporate responsibility includes that companies seek to set the trade-offs between the requirements and the needs of the various stakeholders into a balance. It bases on a worldview there companies cannot only impact the society by their profits, but have to take responsibility of their use of resources as well. Corporate responsibility is expected to close the gap of social, environmental and human rights where politics and market regulation fail (Mares 2006). It can be seen as a business approach, which puts stakeholder expectations and the principle of continuous improvement and innovation at the heart of business strategies (EC 2002).

On a practical level this is shown by most corporate responsibility concepts such as for example the EU Global Compact by including the Human Rights principles, labor standards against discrimination, forms of forced or compulsory labor and child labor, environment and anti-corruption. The environmental standards can refer to areas such as research, innovation, co-operation, education and self-regulation in issues such as waste production, damage to aquatic systems, pollution of the atmosphere etc. Transparency and anti-corruption engagement are sending signals for the willingness to fight against corruption. (unglobalcompact.org 2007, globalreporting.org 2007, bsr.org, 2007)
3.3 Economic responsibility

3.3.1 Basic economic responsibilities of the company
According to Lazlo (2003) shareholder value, the net cash gain of a company, has to be seen as a tool for business performance. There is a spectrum of views on the role of shareholder value. Panwar et al. (2006) name 3 stages of progress from financial benefit to sustainable management: “profit maximization management”, “trusteeship management” and “quality of life management”.

Profit maximization management views shareholder value as the sole objective of a company, the focus lies on profit maximization and creation of wealth. In the more stakeholder oriented world view of trusteeship management, the satisfaction of the shareholder comes in the long run as the consequence of
good management and satisfied stakeholders. The “quality of life” management starts from a point where a company first serves the society. The inclusion of responsibilities beyond economic considerations leads, in this management view, to sustainable development. Profit maximization is not the focus of a company in quality life management (Lazlo 2003, Panwar et al. 2006).

The shareholder value defined as net cash gain, includes revenue and cost streams, but excludes environmental and social impacts such as pollution, waste disposal, loss of biodiversity, social exclusion and worsening community relations (Lazlo 2003). Mares (2006) argues in a similar way that with a growing size and internalization the company’s impact on economic, social and environmental issues rises. The impacts of economic prosperity can be direct or indirect. That means that they can affect the monetary flows between the organization and its key stakeholders as well as the economic circumstances of those stakeholders.

On the other hand it can affect the spin-off from company activities in terms of innovation, contribution to GDP, national competitiveness and the community’s dependence on a company’s activity (Cramer 2006). Even though the primary task of a company can be seen as wealth production, there is a responsibility for fair distribution of risks, losses and gains among the stakeholders of a company.

In a long-term perspective, the line between private and public interests becomes blurred. The more the doing-business of companies overlaps with other spheres as political and civic society and environment, the more responsibility a company should take towards stakeholders (Waddock 2006, Mares 2006).

The accountability of non-shareholder values is according to Mares (2006) only possible ex post, in terms of reputation for example. Some companies found their own ways for accounting and convert social and economic performance into costs for the company, at the same time as they convert the benefits gained through customer loyalty, employee motivation and investor preference (Lazlo 2003).

While Mares (2006), Panwar et al. (2006) and Lazlo (2003) argue that it is the growing size of corporations that asks for more stakeholder responsibility, Bowen (1953) and Cramer (2006) state that even smaller companies are involved in networks of suppliers and customers. They are made accountable for activities in their product chains- every businessman is expected to act according to sanctioned rules of conduct (Bowen 1953).

The Swedish Standards Institute (SIS 2005) defines as a basic economic responsibility to follow national and international codes and corporate law in business management. That includes knowledge of relevant regulations and their effects, and to secure that these regulations are followed. Further economic responsibilities of a company are to take position against bribery and corruption. Additionally, open and transparent bookkeeping and accounting are helping tools that show a company’s legal intentions (SIS 2005).

Another important point is the protection of customers and respecting their interests. The long-term survival of a business organization depends on its
customers. The protection of customers starts with product information and guarantees, complaint management and the implementation of demands on safety and quality (SIS 2005).

### 3.3.2 Quality Management

Figure 7 shows Total Quality Management, one of the strategic economic responsibilities of the firm. It is a “management philosophy” that includes different core values. The values of Total Quality Management are “customer focus”, “continuous improvement”, “process orientation”, “everybody’s commitment”, “result orientation” and “learning from each other”. Combined they are the prerequisites for quality management (Hellsten & Klefsjö 2000).

![Top Management Commitment](Image)

**Figure 7: The cornerstones of TQM (Hellsten & Klefsjö 2000, p.240)**

The systematic approach to quality management defines that the core values of the organization have to be set first. On basis of values, one chooses the techniques that support the aim of the system and finally, the tools that are suitable to reach the set goals in a Plan-Do-Act-Control circle (Hellsten & Klefsjö 2000).

To achieve an effective quality management, the company needs to get insight into its processes and combine processes that interact with each other. The systematic management idea of Plan-Do-Act-Control is also part of the ISO 9000 quality management system. Working with ISO 9000 includes accordingly measuring, constantly improving and at the same time documenting the processes in the organization (Poksińska 2006).

Top management plays an important role when working according to the Plan-Do-Act-Control systematic. According to the ISO 9000 quality standard, top managers should, for example, define the company’s policy and communicate the new system through the whole company. Hellsten and Klefsjö (2000) emphasize the importance of quality goals within this context: “**Without an aim there is no system**” (Hellsten & Klefsjö 2000, p. 241).
The difference between a company with a regular Quality Management System and a company with an ISO 9000 certification is the specific focus that is paid to the customer’s requirements and the external communication of the certification as a marketing tool on international level (tc176.org 2007). Generally spoken ISO 9000 is described as

“an international consensus on good management practices with the aim of ensuring that the organization can time and time again deliver the product or services that meet the client’s quality requirements. These good practices have been distilled into a set of standardized requirements for a quality management system, regardless of what your organization does, its size, or whether it's in the private, or public sector.” (tc176.org 2007)

The systematic way of dealing with corporate development in an internationally set standard can also serve a managerial starting point for the implementation of an environmental management system, as they relate to the same principles.

3.4 Environmental engagement

Environmental engagement can rely on different reasons and have various shapes, mostly related to a need for internal control in relation to the environment. Being proactive, that means to foresee the development of future environmental demands, is one possible motivation. Choosing to focus on environmental issues can also rely on pressure for survival in a market, higher legal measures, and increase of market share via PR and goodwill. Another possibility is that ISO certificated or EMAS registered customers and suppliers put external pressure on a company and force an organization thereby to meet needs of the outside world (Gillberg 1999).

3.4.1 Environmental Management Systems

A successful environmental work requires aids and tools given by an environmental management system (EMS). An EMS establishes procedures, work instructions and controls to guarantee that the implementation of an environmental policy, set up by the organization, and the achievement of targets can become reality. An environmental management system also helps to measure and evaluate the environmental performance of a corporation and to give practical instruments to employees (Gillberg 1999 and Lamprecht 1997). In general, an environmental management standard can be seen as a

“part of an overall management system which includes organizational structure, planning activities, responsibilities, practice, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining the environmental policy.” (Lamprecht 1997, p.43)
Environmental Management Standards can either be based on a company’s own requirements or by following the guidelines and requirements of an ISO 14000 certification, respectively an EMAS registration. All organization levels should be aware of their responsibilities, be aware of the objectives of the scheme, and be able to contribute to its success. This is why communication of values plays such an important role for the maintenance of an Environmental Management System (quality.co.uk 2007).

3.4.2 ISO 14000

A certification according to ISO 14000 is supposed to be a tool providing standards that help the organization to see the impact of their business (Sebhatu & Enquist 2007). The organization sets up a plan to achieve specific goals or targets along the way to a specific goal and describes why it is important to reach those objectives. It is also important in this context that the goals are really achievable so the organization knows that they can actually reach them. Then it is up to each company to decide how to reach the goal and how to document the results (quality.co.uk 2007).

The environmental standards of ISO 14000 are based on the ISO 9000 series and came into work in 1996. The standards apply to all types and sizes of organizations and are designed to encompass diverse geographical, cultural and social conditions. Ammenberg (2003) presents four principal motives for supporting the development of ISO 14000:

- to promote sustainable development;
- to harmonize standards and procedures worldwide.
- to promote a new paradigm of self-management as an alternative to traditional regulation.
- to forestall further government regulation, especially at the international level.

Additional to these four motives, Enquist et al. (2006b) formulate that ISO includes also to be a role model and to drive environmental responsibility in the company’s surrounding.

“Being ISO 14001 certified entails, among other things, being a role model for others and the certified company preferably using other certified companies for its services.” (Edvardsson et al. 2006b, p.198)

Different organizations may have different environmental management systems and performance, and all comply with ISO 14000, because they set the goals for improvement by themselves (quality.co.uk 2007). An ISO 14000 certification is a completely voluntary engagement that is conferred by a private non-governmental organization. To get an ISO 14000 certification, ISO is expecting
that the company is committing to continual improvement and to compliance with applicable legislation and regulations.

### 3.4.3 European Eco-Management and Audit Scheme

Another Environmental Management Standard is the EU Eco-Management and Audit Scheme (EMAS) launched by the EU in 1993. Similar to the ISO 14000 standards, it is applicable for all sorts of organizations and includes the main elements of ISO 14000- it is an environment strategy based on continuous improvement on a voluntary basis (Gillberg 1999).

The requirements for an ISO 14000 certification can be seen as the basis for an EMAS registration. EMAS adds transparency as supplementary elements to the ISO standard level. According to Gillberg (1999) the communication of environmental performance plays an important role for the company’s credibility and its active participation in the development leading to a sustainable society.

In difference to an ISO 14000 certification, the EMAS is a site based registration. Every plant of a company has to get its own certification, a registration is not valid for an entire company. The registration of EMAS is organized and published by a national governmental institution (Gillberg 1999).

### 3.4.4 Reflections on environmental standards

Benefits of an environmental management system and its communication can be

- cost saving as they are reviewing the use of resources and energy and its efficiency, minimization of waste and costs of disposal
- increasing preferences of customers and suppliers that demand environmental reputation
- improvement of corporate image and better relations with stakeholders
- avoidance of legal fines and negative publicity as well as proactive meeting of future requirements
- participation in successful “green” portfolios
- reduce risk for insurance companies and possibly lower premiums
- attractiveness on markets

(quality.co.uk/eco/benefits 2007);

But there are not only positive thoughts about the Environmental Management Systems. The most common critic on environmental standards and especially ISO 14000 is that the certification is completely voluntary. An ISO certification is conferred by a private non-governmental organization (Stenzel 2000). This is why, according to Clifford (2005), an ISO certification is not always only positive:
“The problem is, it can help drive a company to a plateau level of performance, but it will keep it at that level and, in fact, stifle improvement” (Clifford 2005, p.26)

Sebhatu and Enquist (2007) are discussing the same question, that the ISO system does not include requirements for public reporting and benchmarking. Because of the lack of requirements and benchmarking demands, there is always a risk that a certified organization does not continue the improvement of its environmental performance after a successful certification. D’Souza (2004) explains that the environmental performance is dependent on the firm’s ethical conduct. The problem seen here is that ISO 14000 allows companies that are highly polluted to have leaner environmental goals on basis of the internal goal setting (D’Souza 2004).

Clifford (2005) criticizes further that getting a management standard certification is expensive and time-consuming. But he also points out the necessity for an organization to get a certification/registration if it wants “to work with the big guys”. The certification could help the company to get new contracts and find new business partners. The employee morale could rise, as workers take pride in their newfound status as a certified environmentally friendly organization. It can also serve as a marketing tool to reach so called “green customers”. Awareness of environmental responsibility within all society levels might be one of the reasons why the numbers of ISO 14000 certified organizations increases constantly (Casico 1994).

3.5 Social responsibility

The third bottom line is the organizations’ social responsibility: Social responsibility is about human and social capital which includes both- the individual worker’s health, skills and education and the society’s health and wealth creation potential. Elkington (1999) defines social capital as the

“capability that arises from the prevalence of trust in a society or in certain parts of it. It is a measure of the ability of people to work together for common purposes in groups and organizations.” (Elkington 1999, p.85)

The degree of trust between an organization and their external stakeholders is, according to this view, a key factor in case of long and sustainable co-operations. Elkington (1999) points out that societies and organizations working with a high level of trust and social capital have the lowest overall economic costs, depending on the firm’s investments on human capital.

To guide board members, managers and employees, organizations- but also members of the supply chain- many organizations develop or implement behavioral codes. These codes work as an addition to national and international law and are usually called Corporate Governance, Business Ethics or Code of Corporate Ethics (Sullivan & Shkolikov 2007, EC 2002).
“Business ethics sets out standards by which all employees can know what is expected. It also encourages them to make decisions through a shared set of value.” (Sullivan & Shkolikov 2007, p.2)

Behavioral codes are becoming an important factor for many firm’s investment decisions or for choosing new business partners (Sullivan & Shkolikov 2007). In case of a practical decision being in conflict with a corporate policy, it is though likely to happen that the policy will be reexamined and adapted to a weaker level of the guideline instead of following the existent, stricter code of conduct (Post et al. 2002).

Benefits of ethical codes are that they:

- have a motivating effect on employees
- provide defense in legal cases
- are clarifying where difficult decision have to be made
- are a focus for discussions and debate
- can reassure customers as to the company’s best efforts
- set a standard of behavior for all employees
  (Griseri 1998)

### 3.5.1 Codes of Conduct

A Code of Conduct is a helping tool for companies to set up standards about child labor, forced labor, working hours, discrimination, freedom of association, health and safety. A Code of Conduct is often based on local law and norms from international organizations such as the International Labor Organization, which includes most nations (bsr.org 2007).

> “Codes of Conduct are innovative and important instruments for the promotion of fundamental human rights, and anti-corruption practices – especially in countries where public authorities fail to enforce minimum standards.” (EC 2002, p.18)

The ethical codes can have an innovating effect on the company’s employees (Griseri 1998). Codes of conduct give a company a better situation for the employees and a higher quality standard and a more effective production as a result of a positive working environment (bsr.org 2007).

### 3.5.2 Human Rights

A set of ethical guidelines are human rights polices. Human rights policies focus often on nationality, gender, race, economic status or religion. (bsr.org 2007) Corporate policies can help with the selection of business partners that are operating according to ethical standards. Chain responsibility demands that companies working with human rights policies are more likely to choose other
companies that also are working with human rights. Companies that work with human rights and labor rights can reduce employee turnover and achieve higher product quality when the worker take pride of the company’s policy. (bsr.org 2007)
Examples of organizations that are working for human rights are:

- World Trade Organization (WTO)
- North American Free Trade Agreement (NAFTA)
- Human Rights Organizations
- Labor Organizations

3.5.3 ISO 26 000

A new guideline for social responsibility, ISO 26000, will be published from the ISO Working Group on Social Responsibility (WGSR) in the last quarter in 2008 (isotc.iso.org 2007, iso.org 2007).

“The need for organizations in both public and private sectors to behave in a socially responsible way is becoming a generalized requirement of society. It is shared by the stakeholder groups that are participating in the WGSR to develop ISO 26000.” (isotc.iso.org 2007)

Similar to the other ISO standards, ISO 26000 will be completely voluntary. ISO 26000 will not include requirements like other social standards. It will be a guideline with concepts, definitions and methods of evaluation and does not include a certification. The aim of the new ISO 26000 is not to replace existing guidelines for social responsibility but to add value and new guidelines for organizations. It is also meant that companies in all sizes and in all countries should be able to use the ISO 26000 independent of state of development (isotc.iso.org 2007, iso.org 2007). Sebhatu and Enquist (2007) mention that ISO 14000 only covers the environmental part of the corporate responsibility and that ISO 26000 could solve the limitations of the ISO standards and finally including all three dimensions of the triple bottom line.

3.6 Sustainable development in small and medium-sized enterprises

The theory and literature to sustainable development is often based on larger international corporations that are established on the market and have a secured economy (EC 2007). The research objects of this thesis are small and medium-sized enterprises (SMEs). How does corporate responsibility refer to them?

As a first point, we can say that all companies independent of their size have stakeholders that they have to manage and to engage in relationships with. While Cramer (2006) argues that the responsibility towards stakeholders grows with size, supply chain responsibility also affects SMEs that are nowadays more and more involved in international supply chains (Waddock 2006). This is why SMEs can feel the same responsibility towards their stakeholders as large scale corporations or why they might be pressured to engage in managing their
stakeholder responsibility within their supply chain. The latter, the pressure from local communities, suppliers, customers etc. is probably one of the most frequent reasons to start working in a way that is responsible to more than customers and suppliers only:

“Chain responsibility is understood to involve urging other companies in the chain to observe (inter) national guidelines and standards to, for example, the environment, human rights, working conditions and integrity.” (Cramer 2006, p.88)

A point where sustainable business is different for SMEs is the strategic approach and the use of formal sustainability concepts. Corporate responsibility has been conceptualized by, amongst others, the Global Reporting Initiative and the Global Compact for corporations working on bigger scales. Sometimes, SMEs might work with sustainable development without knowing that there is something called triple bottom line thinking. Small and medium-sized enterprises might not either be working with all three spheres of responsibility (economic, environmental and social) in a strategic approach. Because of example limited resources, SMEs seem to work with their environmental impact or with their social responsibility towards sustainable development, but probably not to the same extend as others (EC 2007, EC 2002).

Driving factors for SMEs to engage in, at least parts of sustainable development, are often personal and ethical values of the company’s owners, managers and employees. Companies where organization members have a personal interest in involvement with environmental and social questions are likely to pay attention to social and environmental issues (EC 2007).

According to Waddock and Bodwell (2004) it is crucial for a company’s sustainable management to live up to these values and report their performance. The role of a leader that demonstrates the core values of a company (Berry 1999) might have the same important function for any size company. Some SMEs get certified in their environmental and social work and communicate their sustainable engagement (EC 2007). The most common way of being environmentally certified is through an Environmental Management System. That might help a company to see the impact on the environment that their business has and drive corporate responsibility thinking (Sebhatu & Enquist 2007).

SMEs often use ISO 9000 to secure their product quality. Some smaller companies may not have the resources to get their quality work or environmental work certified by ISO or EMAS, but they could use part of the system as a guideline for their production and their environmental responsibility (EC 2007).

When it comes to social responsibility, companies of all size can work with different ethical codes, codes of conduct or human rights policies. The companies that are most successful with their sustainable business are those companies that are integrating stakeholders in their development of the new system (EC 2007).
4 Empirical study- description, analysis and discussion

In this part, we want to combine the presentation of empirical material and its analysis and interpretation. This is helpful to avoid repetitions of contents and creates the possibility to go into one aspect in depth at one time to get an easier text flow. To link empirical data to its theoretical background at once helps to drive the discussion.

4.1 Coffee Queens’ ISO 14000 certification

As mentioned before, Coffee Queen has a sustainable business approach regarding quality and environmental engagement. Since the years 2000/2001, Coffee Queen has been ISO 14000 and 9000 certified. The driving force in the process for environmental responsibility and its ISO certification was Monica Möller, purchase manager and wife of the owner Georg Möller. Monica Möller was part of the top management in the company and showed personal interest and engagement in environmental responsibility. Today both, the ISO 14000 and 9000 certifications, are the basis of Coffee Queens operation policy and they “always try to operate after the policy as far as possible” (Mats Jaller).

The interest to engage in environment friendly work and the production of adapted products did not come from values inside the company Coffee Queen but was first initiated by an external impulse. The environmental responsibility movement at Coffee Queen started when purchase manager Monica Möller was sent to an environment fair, no one else was willing to go to.

“Everything started with Jonas Langeryd\(^1\) sending an email to Coffee Queen and inviting us to a trade show in Sunne that no one wanted to go to. [...] Chance turned on me- Monica was going to go there! [...] It was quite some hours that day. When I was on my way back home, it gave me something to think about. I had been working as a purchaser for so many years; I know every single piece of a coffee machine. But what it was made of, I didn’t have the vaguest clue about. I never even had reflected on the fact that one has to think about what material they are made of And then waste separation- waste is waste, isn’t it? It is just throwing it into a rubbish bin. This is how one thought the whole life. But I got an eye-opener that this was maybe something worth to look at.” (Monica Möller)

After this “eye opener”, Monica Möller started to think about the use of materials at Coffee Queen and to engage in waste management on her own. She started working with sorting waste, researching for recycling possibilities and motivating employees for waste management:

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\(^1\) Jonas Langeryd is consultant for environmental work of enterprises in the organization Region Värmland. Region Värmland is a public body responsible for promoting regional development in the county Värmland. Their claim is to help to create competitiveness and sustainable growth through initiating, coordinating and supporting regional development.
“So when I came home, I went around in the plant and looked at what we had for waste and similar. After like a week, I started with different containers. I went to the employees and told them: ‘From now on, you are going to collect all metal sheets here and all plastic here, rigid plastic and soft plastic. We will do this for a while and then we will see what is going to happen with these containers.’ It showed that some containers were loaded just after a few days.” (Monica Möller)

In a process of about one and a half years they started analyzing waste and found ways for its recycling. From sorting and cleaning materials, one could make money out of waste, they found.

This waste management episode and personal concern about future generations were the kick-off for Monica Möller to continue her recycling efforts. She also engages in exchanging materials to materials that were easier recyclable to create more environment-friendly coffee machines. But the management was not so interested in the recycling and the material exchange that went on. On the leading level one was mostly concerned about costs that the exchange of materials would cause. It was then, when Monica Möller stressed the possibility of getting market advantages by using environmental work as a marketing tool, even the top management become interested in environmental work.

“My husband, Georg Möller, and I, we don’t work very close together in the company. He petted my shoulder and said: You just continue little girl. Or something like that.

Until I released this bomb: why not to make money and communicate that we work with environment, that we protect the environment, that we adjust our coffee machines and show respect to different environmental aspects, that we set aims etc how to improve. Then it became very interesting.

That was when we had a fair in Stockholm and we made a big deal out of it and started putting up posters and similar. But people were not that interested because we were so early out, it was 1998. They thought sort of, ‘what is this? We don’t earn anything from that?’ I tried to communicate for all customers that they are going to do that. Believe me! That the next fair was going to be two years and that we are going to lie in front of everyone then.” (Monica Möller)

The next step in Coffee Queens environmental work was the ISO 14000 certification. The certification was nothing that Coffee Queen or Monica Möller were aiming for, but again was engaged from an external source.

“In the year 2000 we should become ISO 9000 certified. In 1999, a lady came as a project leader, because we didn’t know about that. She had been working with that for some months, the ISO 9000, when she came to me and asked: ‘Monica, why don’t do ISO 14000 as well?’ She was a consultant in another company that worked
only with ISO 9000 and ISO 14000. But I said: ‘You don’t have a
cue, I never manage that.’ ‘But you nearly did all that already.’
When working with that for like three years, one had written notes
and put them into files. One did document that for yourself. […]

But she took the files and read through them. ‘It is crystal clear,’
she said, ‘you have done everything. We only need to give it the
right structure.’ We had been working with ISO 9000 for a while
back then, so eight months after we should get the certification on
ISO 9000 we also certificated us on ISO 14000. So, I was done at
the same time as 9000, because I already had done everything
already. So that is the way it went. But it was lots of trouble and
difficulties to get, there before everyone in the steering group got
engaged.” (Monica Möller)

During the certification process, Monica Möller left from office because of health
reasons. In her place Roger Berndtsson, an external consultant for ISO and
quality management implementation, was hired as the new environmental
manager.

“Now we are doing 14000 and it is continued. We have Roger,
whom you probably met, and he is continuing with it for me today. It
is my baby and I think it is a little sad that we didn’t go on in the
contents. But we are still working according to 14000 and it goes
well. But if I had still been there and engaged myself then we surely
would have come much further and done much more.

But now I quit, not because I wanted, but because I had to.
Because of my bad back I was forced to step aside. Then we
employed Roger. It has worked— but the positions have not been
driven further that much. I am still with once a year when it is time
to set up all aims. […] I have been with and set up both, long and
short term aims. […] One has to have high demands, otherwise it is
not possible to climb further— that is just how it is. So now at
Christmas, when we sat up new goals, I was with them, because
they (the employees; author’s note) have little bit bad education as
well. There is many newly employed, many new people, that do not
know about it. It is kind of about holding it alive.”

Possibilities Monica Möller sees for further development of Coffee Queens’
environment work are for example recycling of machine parts.

“Something that I have been working very much before was to try to
set up some form of cooperation. That if a coffee machine does not
work anymore, to get rid of it. Then you have to give it to Stena
Metal. We started to discuss if we could reassemble it and save
certain materials that we can recycle. But that costs incredible
amount of money, so it won’t work. What we do start using are
electronics and such things that we have producer responsibility
for. These we send back and they get recycled. But to recycle the
whole coffee machine, that is too costly today. What we do is to go through the coffee machine to see if we can repair it and sell it used, before we send it to Stena Metal. Sometimes it is enough to change a relay and it works for another 8 years. That is of course a good argument for the environment. But on the other side we work against us as we want to sell new machines! There is a high demand for used coffee machines. If we have used machines, they often want to have them.” (Monica Möller)

The history of Coffee Queens’ ISO 14000 certification process shows specific characteristics of the work with an environmental management standard, such as a holistic management approach, continuous improvement and driven and motivated goal setting.

The motivation for engaging in environmental work was started by an external impulse. Visiting a fair environment friendly business behavior that included topics like on environment friendly product design, waste management and recycling, Monica Möller started reflecting on Coffee Queens’ waste production and possible environmental impact. This eye-opener started a process of finding ways for recycling, material analysis and changes.

According to Gillberg (1999), there are different motivators such as external market pressure or internal strategic considerations regarding survival in a market or legal measures. Coffee Queens’ interest in environmental work was wakened from an outside impulse, but the actual engagement and activation of environmental work in their factory itself came from interior personal values and considerations. This engagement based on values that go above the legal requirements turned out to be a proactive step in meeting later coming demands from ISO certificated customers and the outside world.

Environmental engagement based on values needs to be organized and implemented throughout the whole organization. A strategic approach via aids and tools, such as an environmental management system is, is vital for environmental work (Gillberg 1999, quality.co.uk 2007).

“To be successful a company’s environmental work requires aids and tools. An environmental management system is one such tool which helps in a systematic way to ensure that environmental work really is carried out and that, through constant improvement, it leads to a continuous decrease in the company’s total impact on the environment.” (Gillberg 1999, p. 120)

Coffee Queens’ environmental work started without any strategic approach. It was Monica Möllers' personal and more unstructured considerations on environmental issues that steered the processes from waste management to exchange of materials and an ISO 14000 certification.

Even the way to the ISO 14000 certification was steered by coincidence rather then on strategic planning. The approach towards environmental working before Coffee Queens ISO-certification could probably be described as instinctively
Empirical study- description, analysis and discussion

done the right way, but without systematic work instructions or control of improvement or performance measurement. The environmental work lacked a strategic approach on all organization levels. Environmental work at Coffee Queen was for a longer while only an issue for the purchasing department and the employees sorting waste. Still, environmental issues had been documented and communicated externally and internally. With the examination of Monica Möllers’ material and work documentation the ISO 9000 certification and the company included even environmental issues in their overall business strategy via an operation policy.

That SMEs sometimes have problems to access a strategic approach was also mentioned by Leif Jönsson. He says:

“Small and medium-sized companies often do not have the capacities to be strategic. [...] It is hard for them to leave the everyday-business because they have to run their business from day today and to think that it is worth time and money to invest in something that they profit from in one, three or maybe 5 years later.” (Leif Jönsson)

The work with the strategic approach of ISO 14000 includes commitment to continuous improvement by setting specific goals. It is up to each company, where to set the level of these goals, how to reach and document the achievements. Problematic with the voluntary character of the ISO 14000 certification is that the level of environmental improvements depends on the firm’s will- power and values to set higher levels of improvement aims (Clifford 2005, quality.co.uk 2007).

The setting of really achievable goals that secure an improvement of environmental standards seems to be a difficult issue (Clifford 2005). Monica Möller and also Roger Berndtsson see the problem of possible stagnation for their environmental work. They both state the problem of setting aims that are realistic but also put demands on the firm that are high enough to drive the environment work further instead of leading to stagnation after a certification, as it has been shown in literature (Sebhatu & Enquist 2007, D’Souza 2004).

“One comes to a point where one has been doing environmental work for quite a while. There is not so much left to do, that’s how it is. What we found is to improve the consumption part: The use of material is what we are working with now.” (Roger Berndtsson)

It can be suspected that Roger Berndtsson perception of stagnation within energy saving and waste reduction could rely on the fact that the visible results of reorganizing production in a more environment friendly way has been going on for a longer while and therefore the steps of achievement are no more as impressive as they were in the beginning, when there was much to change. Leif Jönsson confirms the danger of stagnation when companies do not know how to get to the next step within their ISO certification work.
Empirical study—description, analysis and discussion

Monica Möller reports that many co-workers find it hard to set challenging aims. She sees development possibilities for the environment friendly design of new generations of coffee machines, but even the possibility to develop the possibilities for repair.

ISO 14000 is a voluntary approach without the necessity of transparency, but it establishes commitment to continuous improvement. There can be realized a problem of stagnating environment work because companies do not have to communicate their achieved aims in an official report (Sebhatu & Enquist 2007). Coffee Queen reports its environmental responsibility and improvement processes only through its common operation policy and within sales procedures. Being forced to an annual report that reflects single actions of improvement and contains relevant information could help to increase the credibility of environment work within stakeholder groups in the long run and create a stronger need within the organization to drive the engagement in environmental achievements (Gillberg 1999).

4.2 Values at Coffee Queen

The problem of stagnation for the environmental work of Coffee Queen seemed to be dependent, amongst other factors, on the loss of the driving force Monica Möller. From the empirical material on Coffee Queens’ environmental engagement, it became clear that Monica Möller was a key player in the process of creating an environment responsibility approach in the company. Her personal values and commitment can be seen as the impulse to start the path to Coffee Queens ISO 14000 certification. Monica Möllers’ engagement and the innovative, entrepreneurial business thinking can be seen as significant variables for Coffee Queens’ achievements.

Leif Jönsson states that the way to their environmental certification was different for Coffee Queen in comparison to other companies: Coffee Queen

“was different from other companies that way, that it was Monica and Georg that owned the company. Especially Monica was very alert and engaged to accomplish the certification. In other companies it was maybe not the case that the top management had a negative attitude, but it was not them that were the motor in the process. It really is that way that the personal commitment is very important [for the ISO certification process; author’s note].” (Leif Jönsson)

Georg Möller, owner of Coffee Queen, is presented as a motivator and a creative entrepreneur. Community feeling and creativity seemed to be the driving forces for building a little cabin village for the managements’ offices:

“The idea behind the little cabin village… When we moved here, all offices were upstairs. Georg and me, we are social people, we think people should be together. This is why we didn’t want to be more than somebody else. Everyone that works here should be on the
same floor. It should not be someone showing off and tell, 'here am I, I am the boss'. So we thought it felt wrong to have the offices up there and wanted to do something down here on the same floor, but we didn't know how, because of the high ceilings.

One of our employees built a house. We went and visited the building location. That was when Georg said, why don't we build houses, we can build houses in there. So we called the company that build his [the employees; authors note] house. He came here, sketched and drew- and we build up this little cabin village in here. It is important to be close to the employees, to have a good dialogue with each other. We always thought that it was good. I think that is why it went so good and that we have such a good cooperation with everyone, we have always had that. I think if you go out and ask those employees, I can guarantee that no one would quit, they like it so much here. That depends also a lot on the management being on the same level as them. There is no one holding up his nose thinking to be better than some one else. One listens to each other and cooperates, we are one team.” (Monica Möller)

Continuing about Coffee Queens’ values, Monica Möller explains:

“I have to say that Coffee Queen is Georg Möller, I have to point that out. He is so dynamic; it is him doing the most things. All big ideas and deals, he dares to take a risk. If you take a risk you come further.” “Also Georg is a spontaneous person himself; he can take with him anyone.”

“We have a Monday Meeting, where we organize an open dialogue with the employees. In case they are not pleased with something, they can talk about it on Mondays or go to someone, the doors are always open. […] So there is an open dialogue and I think everybody listens to everybody.” (Monica Möller)

The way the leader of a company demonstrates the values of the corporation defines behavioral principles of corporate culture (Lagrosen 2006). The core values in a company are to a high degree dependent on the leadership that demonstrates and lives the value for the building of a corporate culture. According to Berry (1999) the leader of an organization bears a high responsibility as a role model and guide. It is the behavior of the leaders that defines what is regarded as organizational success for everyone in the origination, top management to basic worker (John 2003). The values of values-based service quality are named by Edvardsson et al. (2006b): leadership, responsibility and ethics.

In the development process to the achievement, of the certification Monica Möller got engaged with values of recycling and environment friendly materials, lived it for the employees and took them with her through passing over of her enthusiasm. This engagement found to be based on her personal values and
beliefs for responsibility and ethics. The values-in-use, a corporate leader might develop, are important for the building of corporate culture and can drive the process of sustainable thinking.

Monica Möllers’ engagement for environmental responsibility shows also one of the possible core values that can be received from Georg Möllers’ entrepreneurship. Being innovative and creative, to take risks and to develop further can be perceived as beliefs that are based on the personality, the entrepreneur, Georg Möller and the history of the company.

Quality management includes “leadership commitment” as well as the value “participation”. In a business style that includes everyone within the company into the environmental engagement, Coffee Queen sees all its employees literally “on the same floor”. By putting all organization members physically on the same working level and giving them an equal voice in Monday Meetings, might be helpful to integrate the values of a more sustainable approach. To see all organization members as equal participants of the value creation process is probably, to some extend, even reflected by the physical closeness of management, office workers and factory workers. This closeness and equality might affect positively that they live the corporate value and feel responsible to drive the company’s environmental goals.

That Monica and Georg Möller built a cabin village into a factory hall, to show this perception of equal worth of all organization members, indicates how strongly Monica and Georg Möllers’ own values define the values of Coffee Queen. Especially in SMEs, the management’s support of and belief in values like environmental responsibility are crucial for reaching sustainable goals. Personal and ethical supports in the management are necessary as resources in SMEs are usually limited (EC 2007, Leif Jönsson).

To take initiative and to bring in personal commitment, into the organization could reflect Coffee Queens' positive world view there one is not being a victim of circumstances, but an active operator in its social and political surrounding. This self-perception as an active society member is also reflected by Monica Möllers' initiative to work for “Region Värmland” as an example for other companies in Värmland to engage them in environmental work.

Coffee Queen is perceived by the authors as an organization that believes in its power to change things actively. Values that come with the strong leadership of Monica and Georg Möller are “being innovative” and “take courage”. By committing to their idea to count on environment friendly coffee machines as an early mover on their market, they showed that they are willing to take a risk according to the motto “nothing ventured, nothing gained”. This perceived attitude can be found again in their move to expansion of capacity in their factory in Arvika and their international export and expansion efforts.

The expression and understanding of the values in a company to all employees, customers and the media is according to Enquist and Edvardsson (2004) the basis for a value driven company.
4.3 Involvement of employees

Service quality and sustainable business include the understanding of values and the satisfaction of managers, employees and customers (Edvardsson & Larsson 2004). After discussing leadership of managers, we want to turn the focus on the employees, guided by values of Coffee Queen. Monica Möller describes how Coffee Queens’ employees took up the environmental engagement:

“It was easier to engage those out in the factory because for them it meant a new work operation, they got something fun to do. Instead of sweeping up everything in the evening, we sorted in a new work operation and cared about environment. They did something that was good for the environment. So they thought it was fun and the money that was over, I used as a carrot and gave it to their coffee fund. So when we sold cables and alls such things, we maybe got 500 crowns for it, they received it. So it became funnier for them: ‘We have to collect more, so we get more money into the coffee fund.’ I got everything rolling outside in the factory in two months and everyone got engaged. I was myself a real enthusiast and thought that was fun. It went so long that I went out in the factory some months later, ate an apple and thought about where to throw it away. I just threw it away somewhere. Immediately they came and said, ‘what are you doing? You are throwing it wrong!’ So they watched everyone coming. When visitors were here, we had all these neat containers with paper, burnable waste and so on.” (Monica Möller)

As we said before, Coffee Queen tries to have an open dialogue with their employees.

“We further have a Monday meeting, where we organize an open dialogue with the employees. In case they are not pleased with something, they can talk about it on Mondays or go to someone, the doors are always open. But on Mondays, the management informs the employees about what is going on, if we have bigger deals, are there any special rules of behavior we have to consider and so on. If the employees can say, ‘no we don’t get that done within this week,’ we cannot do anything about it. So that is an open dialogue and I think everybody listens to everybody.” (Monica Möller)

Mats Jaller strengthens this first impression of committed employees having a positive attitude towards Coffee Queen:

“Additionally, we have created a group of people here that has a very, very positive attitude towards their job, towards this organization. And I want to insist on that this is valid throughout the whole firm, the whole organization. There is near to no complaints or problems with mental attitude. All firm members want very, very much. It is much easier to work with such an organization than in
one there one, has resistance to changes as soon as you want to do something. This attitude is not existent here.” (Mats Jaller)

Quality and responsibility management rely both on a holistic approach that includes all organization members. Mats Jaller describes that they have understood the need to include employees:

"Such a system with quality and environment is going to influence the whole organization in one or another way. It is not something that a little department sits and works with, but something that somehow effects the whole firm. That is the prerequisite when you go in such a system, that you take the whole firm with you. That everyone somehow gets involved with it when it comes to reporting, follow-up or measurement, or whatever it might be. In the first place, the reporting part is something that everyone should definitely be with in the whole organization.” (Mats Jaller)

To inform them about Coffee Queen’s environmental engagement, new and old employees are supposed to get continuous education:

“They have a meeting when they get employed where they receive information about 9000 an 14000 and so on. But they do not get any higher knowledge, it is just an overview what it is about, that we recycle, care about environment and we work according to ISO 9000. But they didn’t receive a higher education on that for a long time.” (Monica Möller)

The education of employees is an important variable for the implementation of quality and environmental management. Mats Jaller explains that Coffee Queen understands the need for the involvement of all organization members. At Coffee Queen, the responsibility for environmental issues was very much started as an initiative from below. Before all members of the top management were convinced of Monica’s environmental work, the work base of the organization was already engaged, as the story on waste sorting shows.

At the current state of responsibility development all organization members are involved with quality and environmental management. Through planned education and shared values, all organization members get involved in quality and environment process instead of one organization unit that steers the implementation of those systems into the organization.

The culture of an organization is according to Lagrosen (2006) and Edvardsson and Enquist (2002) a combination of shared values and shared meanings. These shared meanings and values are achieved by leadership example, and internal branding. On the basis of common values, employees are able to “live the brand”. Shared values and responsibility management can set a standard behavior for all employees (Griseri 1998).

The values that were reflected in the narratives above included equal rights and voices. These values are lived by putting all organization members of Coffee Queen on the same physical level and giving all members an equal voice in
weekly meetings. This is how Coffee Queen implements what Hellsten and Klefsjö (2000) demand: that the top management should define and communicate the company's policy and values through the whole company.

Mats Jaller explains that the employees of Coffee Queen have developed a strong will for the progress of their company. He describes the organization members of Coffee Queen as very flexible and motivated. Also Monica Möller described a motivating effect that came with the introduction of waste management. Waste sorting gave Coffee Queens’ workers a new work operation that they experienced as being meaningful and fun. Monica describes further that workers at Coffee Queen are proud of their environmental responsibility and their high quality standard.

Casico (1994) describes exactly this phenomenon that the environmental certification can bring pride to the members of an organization. Griseri (1998) states as well that ethical business behavior helps to raise employee morale. According to Waddock and Bodwell (2004) it is that “improving worker relations through the strengthening of social dialogue, eliminating discriminatory practices […] and improving health and safety conditions at the factory level can benefit productivity” (Waddock & Bodwell 2004, p.29-30).

In an organization there one finds few complaints and a good working atmosphere, the productivity increases according to Waddock and Bodwell (2004). The increase in productivity is, in her view, based on improvement of the relationship between workers and the management. Motivated and satisfied workers are according to Edvardsson and Larsson (2004) also a result of service quality. Service quality and a brand that is associated with positive values that are consistent in- and outside the organization can drive employees’ motivation and be a factor for innovation (Grönroos 2007).

4.4 Coffee Queen’s supplier relationships

While employees are internal stakeholders, the closest external stakeholders for Coffee Queen are suppliers. In the development towards a strategic environment responsibility, it could be stated that Coffee Queen built up new supplier relationships with a closer collaboration:

“With our suppliers we work that way that…. In the last years, this thing with producer responsibility came. That means for us that we have to be so update that we control which supplier has producer responsibility. So we know that it was them we can send material back to. And since we have such a good collaboration with our suppliers, it is no more that I am sitting and trying to find out what material something is made of, they come to us and tell exactly what it is. This material is in there and we get that on paper. Going back 8-10 years no one had a slightest idea what material things were made of. That way we put a little bit more pressure on them that they have to be able to answer what material something is
made of. If we have a problem to get rid of certain things, they have to be able to cooperate and help to take back an amount of things. We have some agreements on this too.

We go back to the first suppliers and control them and they have to go back in their line themselves as well and control the next one. There is some few that are aware of environment, and it gets better and better among suppliers.

We grade them as well. I do not know how it looks like right now, but before we had grades from 1-4, choosing suppliers with “1”. Did they work with environment and were a good supplier, then we graded them with a “1”. We always purchased first of those suppliers with a “1”. Did they not have the product, we went to a “2”. Those suppliers with a “4” were not to be taken into consideration at all. Some suppliers we put demands on, that if they don’t start working with their environment, we cannot purchase from them any longer.” (Monica Möller)

When Monica Möller started to change components in coffee machines, she says, she wanted to learn more about the components. Therefore she started to contact suppliers and other persons that she thought could help her find solutions to composing more environment friendly coffee machines. One example for her work for environment friendly machine parts and the evolving network perspective is the exchange of PVC cables:

“I started to exchange components myself, learned which parts were good and which were bad. If I didn’t know whether it was bad or good, I got such a good contact network- I had Jonas Lantryd, but later I also met professors from Chalmers that had knowledge on the different materials. So I learned quite quickly what was good and what was bad. I can give an example that in all coffee machines, there are cable tangles, electric cables. Those there were made of PVC. I called a supplier, because inside of those cables was copper, which is expensive and one wanted to be able to send that back. It was 35 thousand Swedish miles of cable then, today that is many times more, and asked the supplier what they did with the PVC. He didn’t know either and started researching on this as well and it showed that they chopped the PVC cable in millimeter bits and laid that as a ground in trotting tracks. PVC can kind of never be taken away from there, it is there forever. I felt panic when starting to think about children and grandchildren and all these loads of poison in the ground.

Then I continued my research and in the end, I found a cable that was not made of PVC. There was only one company that had used them before and that was Volvo. They used those for low tension because they are a step ahead when it comes to environment and already used those when I was in that process. We just exchanged
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those cables; they melt down and became water, which left the copper. So later, we just continued exchanging things to get a more environmentally friendly coffee machine. ” (Monica Möller)

This example of engagement for the exchange of machine parts towards more environment friendly solutions shows that the collaboration between Coffee Queen and its suppliers developed into a closer collaboration with a higher contact frequency. Value creation is, according to the current management view, a result of the exchange of knowledge and cooperation, there a provider and a customer have a relationship in which the producer helps the customer to create value (Normann & Ramírez 1998). During the process of material replacement, Monica Möller gained more access to Coffee Queens' suppliers and increased her network.

The relationship of a provider and a customer is supposed to create value for a common customer. This view includes that stakeholders, such as suppliers, share risks and benefits (Post et al. 2002). Coffee Queen started to put pressure on their suppliers quite early, demanded knowledge on materials used in components and raised demand for as much recycling as possible. Living up to their values, Coffee Queen tries to affect the value chain and to transfer their attitude towards the use of environment friendly materials to their suppliers.

Responsibility towards the supplying side of the value chain is increasingly important, as companies avoid to be made responsible for problems caused by someone else in the supply chain (Cramer 2006). Coffee Queen tries according to the demands of their ISO 14000 certification, purchase mostly from suppliers that are working environment friendly. But they do not take a further step in trying to control parts of the supply chain that they do not have a direct relationship with. The question about their suppliers' suppliers is not asked within Coffee Queen. A reason for not trying to demand environment certifications from suppliers of second grade and more might rely to the fact that Coffee Queen is a company that has just grown to a medium size enterprise and probably not yet aware of their market possibilities and responsibilities in this dimension.

The ISO 14000 certification includes this responsibility and the “living up to ones’ values”: Companies are supposed to function as “role models for others” (Enquist et al. 2006). According to this, Coffee Queen mostly tries to put the demand of environmental responsibility or even a certification towards their suppliers as a criterion for doing business. For Coffee Queens’ suppliers, the environmental engagement is then a market barrier.
4.5 **ISO as a market entrance barrier and competitive advantage**

To use other certified companies for their service is a demand that Coffee Queen puts towards its suppliers. Acting on a business-to-business market itself, Coffee Queen is seeing this pressure to perform according to given standards also from their customers’ side.

"The ISO certification is from the beginning put up very much from the market side. It was implemented to quite some part, dependent on the market aspect of it. We were out very early with this thing with effecting the environment. Especially in Sweden and in Scandinavia we have a market advantage because we worked this out. We did both, 9000 and 14000 at the same time, which was at least quite extra ordinary. ISO 9000 is today nothing special, there are nearly no medium or larger size companies that do not have some sort of quality certification. But when we took ISO 14000, then it was at least then quite unusual, today it is getting more and more regular. But it is that way that these two certificates were and are a clear market advantage. And we saw, when we started working with it for real, that many of our bigger customers especially within government and municipalities, started making demands on that all purchasing should be environmentally certificated in one or another way. We immediately saw an advantage in being certified with both, 9000 and 14000. It was sort of ‘end of discussion’.

“We still today get lots of questions from our larger customers, how we handle certain things that are included in the quality and/or environment system, in such supplier audits. Often there is one question asked whether one has a certified quality/environment system, and in case, jump over the next 10 questions or so. Because then they know that it is implemented in the organization. It makes the process easier, especially with larger customers. The deal with Scandic, and above all to get it became much easier. During the purchasing time, they checked on quality and environment system and they could see it was implemented in the system. Also because of this, it was much easier to go through the purchasing. We are moreover the first manufacturer of this sort of equipment that works with both, 9000 and 14000, systems. I think it was someone else that started with 14000 now. I do no more dare to say that we are still the only ones. But we were it at least then.” (Mats Jaller)

Quality and environment standards are highly demanded from the market side. Since the 1980-ies, quality management developed from a competitive advantage for early movers to a business imperative for most corporations. Nowadays, quality management can be seen as a prerequisite for doing business (Waddock & Bodwell 2004). Mats Jaller agrees with this view and strengthens the importance of an ISO certification on the market. As a systematic
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approach, ISO 9000 is a standardized requirement for quality management. This facilitates the accountability for stakeholders in general, and for customers especially. In supplier audits, Coffee Queen gained advantages from ISO 9000 and 14000 because of the easier accountability of their working processes.

A certification can be seen as a tool that opens new markets or prevents a company from market drop-out. An ISO certification can be seen as a basis for contracting and to find new contract partners (Clifford 2005). The certification with ISO 14000 played an important role for Coffee Queens market position. As an early mover on the market they gained competitive advantage, because Coffee Queen was able to meet the demands for environment friendly products of customers like governmental institutions and municipalities.

The demand for a certification is clearly defined from the market, the customer side. To achieve customer satisfaction, one needs to deal with the expectations of customers that are, according to Roger Berndtsson and Leif Jönsson, increasing in aspects of environment responsibility. Earlier, there might have been the assumption that quality and responsibility management are cost factors. But as seen as market entrance barrier, corporate responsibility is crucial to open new markets or not to loose existing markets. Quality and environmental certifications can serve as market tools that lead to positive financial performance (Waddock & Bodwell 2004). As quality management, so can environmental responsibility serve as a competitive advantage for early movers (Leif Jönsson). Until now, Coffee Queen gains important deals and further competitive advantage through their ISO certifications:

“We earned money from our environmental work; we got huge important customers because of that. We had a coffee roasting company from Norway for a visit here that was interested in coffee machines. All of a sudden Georg came out and called me in: ‘Monica, can’t you tell them a little about coffee machines and environment.’ I said, ‘Sure, I can do that.’ So I took like 20 minutes and told about what we did. That was crucial for the whole deal. And that deal was on many millions. So we made money, we did. I think we earn a lot from both certificates today.” (Monica Möller)

4.6 Communication of environmental responsibility

As already mentioned by Mats Jaller in the previous part, the ISO certification is a “must-have” on a market with demanding customers. Coffee Queen communicates its environmental engagement and improves thereby its position on the market. Monica Möller gives also an example of her argumentation line for Coffee Queens’ environment friendly products:

“I had made a little environmental compendium where I wrote down our short and long-term aims. Long-term aims and what we had done already. So we made that compendium and sent it out to everyone. But you know, if people get something in their mailbox,
one says, ‘what is this?’ and puts it aside. So that way we had some sort of basis. When people came here for visit, we gave this to them. But the best was to stand there and tell about it. Because if I come in and talk about it, you get more interested then if you get a little document about that we are environmentally certified.

Because that time no one really knew what that was. What does it give for profit? Yes, one buys ecological coffee. ‘Don’t you want to know what happens with the coffee if you brew it in a coffee machine?’ Our competitors had cables made of PVC inside. ‘What happens with PVC if it heats up to 96 degrees? What is it you drink? Why buy ecologic coffee and anyways not know what happens when you brew it?’ But in our coffee machine we knew that nothing happened, because we had cables made of silicone and that is something used in medical care, it is clinical clean. So that was the sort of arguments we had and that got bought and still gets bought today. Because we are all quite aware of environmental issues.” (Monica Möller)

The communication of Coffee Queens’ environmental responsibility is very personal and comes with enthusiasm, when Coffee Queen is presented in person to key customers. Towards the regular end-customer that purchases a coffee machine through a sales unit, the communication is more difficult:

“I think that one is very proud and quite diligent with it to communicate those certificates. As I said earlier there is a lot of talk about it. But I think they need more education to be able to take on more and to go deeper. One still uses it clearly as an argument, yes. All sales persons do. They are pretty proud that we have those certificates. […]

The problem is to reach the end customer. The end customers are much more interested in environmental responsibility than the sales men. The sales person just wants to make money and sell, not regarding what everything is. The hard part is to make the sales representative communicate to the end consumer: this firm is ISO 14000 certificated. They get educated, but it is not an environmental education only. But we still try to give them arguments towards the customer against our competitors.” (Monica Möller)

Coffee Queen communicates its values and environmental engagement through a brand. The brand is, as already mentioned, an internal tool for basing all employees’ all-day activities on the communicated values (Edvardsson & Enquist 2004). The integration of employees and their consistent performance are important in a service management perspective: The brand is much defined by the performance of employees in human interactions with customers. Löhman and Steinholtz (2003) emphasize in this context that the brand image is a construct in the customer’s mind that is reflected by the whole appearance of the
company. It is therefore important that all employees have the same standard of behavior reflecting the company. The brand image relies on the interactions between employees and customers. According to Kotler and Pfoertsch (2006), brands “stand not only for product quality and a desirable image but also have to signal something wholesome about the company behind the brand” (Kotler & Pfoertsch 2006, p.300). This is why employee and customer interactions have to reflect the brand values and to fulfill the promises towards the customers (Grönroos 2007). Values, the values-based brand and the corporate visions are communicated in interaction with stakeholders (Waddock & Bodwell 2004).

Coffee Queen can be seen as an active communicator of its values. They informed all their business contacts with the mentioned compendium about their environmental policy. They want to reflect their values being responsible, innovative and flexible:

"When doing marketing towards a customer, we use ISO 9000 and 14000 that way that we use the logotype very much in all brochures and on the homepage. Everywhere really." (Mats Jaller)

To visitors they explain the environment strategy proudly and show off their recycling system. In the personal presentation of Coffee Queen, Monica Möller had no problems to show the enthusiasm behind the company’s engagement to key customers, as for example the mentioned Norwegian coffee roster and Scandic. To show that Coffee Queen really lives up to its values is more difficult when the marketing of their unique selling point “environment” is done via external sales persons.

In this constellation we can see the problematic that environmental responsibility communication might bring for many organizations: To meet customer expectations and create a competitive advantage through responsibility management, it is necessary to communicate the engagement and use it as a marketing tool. The difficulty is here, that the expectations of stakeholders have to really be met. Otherwise the critical society will perceive the environmental engagement as so called "green washing" and the company looses credibility as well as brand reputation.

"Because external demands for greater transparency and corporate accountability have been growing rapidly and are likely to continue to do so, responsibility management means being transparent in reporting out results to stakeholders.” (Waddock & Bodwell 2004, p.34).

Gillberg (1999) explains this further. The communication of environmental performance, and not only the communication of environmental engagement, plays an important role for the company’s credibility. It might therefore be advisable for a company to not only report about “that” they work with environmental responsibility, but also “how” and with which results.
Summary and conclusions

With our thesis we created a theoretical and conceptual framework of corporate responsibility that refers not only to larger-sized, but also to small and medium-sized companies. With this framework and our case study, we created insight in what corporate responsibility can mean for SMEs. For this purpose we studied Coffee Queen as an example for a medium-sized company that made its path from starting towards responsibility management with an ISO 9000 certification to an environmental responsibility certification ISO 14000 on the basis of values-based management.

Coffee Queens´ way to an integrated environment management was unstructured and guided by coincidence rather than strategic planning. The impulse to start working with waste management and towards more environment friendly coffee machines came from an organization for regional development, the impulse to get a certificate for strategic and accountable environmental engagement came from an external consultant working for Coffee Queen. The process from its beginning to its current state was steered to a high degree by the driving force Monica Möller, who showed personal interest in environmental issues. As a member of the top management, she was able to get the necessary resources and competencies to drive the project.

Not only Monica Möllers´ interest and values were a prerequisite on Coffee Queens´ path, but also corporate values. Values helping in the process were found to be “community and equality feeling”, “being innovative and risk taking” and having a positive worldview there a single actor can affect its surrounding.

On basis of these values, it showed that Coffee Queens’ employees were easy to engage for environmental responsibility. Co-workers at Coffee Queen are described as being flexible and motivated. As their leader, the entrepreneur Georg Möller, they showed to be willing to drive the company further and accepted the ISO system easily.

In the current state, there Coffee Queen has been working with ISO 9000 and 14000 for some years already, they managed to built up a network with stronger supplier relationships where they take over chain responsibility to the first grade and collaborate on material use and recycling.

Regarding the supply chain as a producer, ISO 14000 has shown to be a market barrier to reach customers that are increasing their demand on corporate responsibility. As an early mover on their market, ISO 14000 is a marketing tool for the communication of corporate responsibility. This is how Coffee Queen can communicate its ISO certifications as a comparative advantage.

From the case of Coffee Queen it can be shown that, as it was stated by Leif Jönsson and EC (2007), leadership by values and the personal interest of an organization member that receives sufficient resources to drive the engagement are crucial drivers for corporate responsibility development. It seems to be easier to implement a new strategic approach throughout the company with a guiding values-base that serves as an orientation for standard behavior. Leading
by values and values-based brands can be a help to communicate these values, which reflects the view of Berry (1999) and Edvardsson et al. (2006a).

While the EC (2002 and 2007) suggested that SMEs might not have a strategic approach for their environmental and social engagement, it showed for Coffee Queen that a certification of a strategic environment approach was a market requirement. Even though SMEs have limited resources, an ISO certification seems to make auditing for quality and environment easier and create a competitive advantage. To add a strategic perspective to corporate responsibility might therefore be a market demand that companies have to respond to.

Environmental management was and still is a competitive advantage for Coffee Queen as an early mover on its market. Based on internal values, ISO 14000 was implemented in a stakeholder perspective that includes, according to Pruzan (1998), leadership, values and ethics.

The driving forces for the development of corporate responsibility in a medium-sized company can be summarized to market requirements, the creation of competitive advantages and leadership by values with personal engagement of at least one organization member that is supported by the management.

Based on the principle of continuous improvement that underlies ISO certifications, it is likely to happen that corporate responsibility issues are developing to market imperatives themselves and create a market pressure for improvement of status-quo in responsibility engagement (Waddock & Bodwell 2004). Sustainable business, as an integration and balance of corporate responsibility on economic, environmental and social issues, is defined as a business approach that regards the effects of companies’ operating practices towards stakeholders and the natural environment (Waddock & Bodwell 2004).

According to Carroll (1979) and Laszlo (2003) a companies’ corporate responsibilities develops builds up from only economic to quality, environmental and further responsibilities and their final strategic integration and balancing.

On basis of these thoughts, the model below tries to combine the three responsibility dimensions of sustainable business.
Figure 8 combines the step-by-step path to sustainable business and a view there strategic quality management is based on continuous improvement and employee integration. Continuous improvement can, according to Waddock and Bodwell (2004) be seen as a basis for the development of increased corporate responsibility and sustainable development. Similar to quality management that has developed to a market imperative, responsibility management is a holistic tool that has to be integrated in the organization and drives improvement if it is more than only an add-on from the management side (Waddock & Bodwell 2004, Boiral 2007).

Seen from this perspective, the continuous improvement on the scale from single responsibilities to integrated sustainability management is already given as a fundamental design from which extended responsibilities, values and stakeholder practices can be developed (Waddock & Bodwell 2004). Once starting with quality management one follows the rule of continuous improvement and tries to gain market advantages. The continuous improvement imperative therefore creates the need to develop extended stakeholder responsibilities. On basis of an implemented quality management, companies get help to deal with the
demands and expectations of stakeholders. To widen the circle of stakeholders that the company relates to and to adapt their organization to transparency for accountability reasons might be necessary to be able to hold and improve a company’s reputation.

Values-based management and holistically implemented ISO 9000 and 14000 work can according to our findings help a company on its way to sustainability and are, as also Sebhatu and Enquist (2007) found, driving forces on the development towards sustainability of SMEs.

**Further research**

Future research should examine more cases on sustainability especially in small and medium-sized companies and the initiatives they take. One of the weaknesses of this study is the neglecting of economic results evolving from corporate responsibility. Another study continuing from our research findings towards the dependence of responsibility and economic performance variables would therefore be interesting. In addition, further research could compare sustainability work in different companies and examine the driving forces and problems like stagnation of responsibility positions in the continuous improvement process to sustainability.
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Attachments:

**Coffee Queens Operation Policy**

**Operation Policy**

Quality assurance, environment management and quality-/environment improvement will be realization during management by superior and foreman on all levels. Our quality- and environment objectives will be reached during continuous and methodical improvement process there all the staff participator.

Our quality management systems will be documented and conformity requirements in standard SS-EN ISO 9001 and SS-EN-ISO 14001 and also methodical work environment AFS 2001. Conception managements systems covering accordingly both customer satisfaction and effection, which the own working environment and our operations influence on the outer environment. Our position is to nether manufacturing process or products will negatively influence natural resources and the outer environment. Our products will not be cause to injury or illness to which handles and use the products. We have accordingly one documentation and one improvements control of our operation that aim to one complete quality managements (TQM).

Operations head objects prepare by annual budgets. In these contains even overall improvements objects to our engineering, our processes and products. Every superior and foreman establishes after that, within their area of responsibility, concreted improvements objectives with plan of actions based on the overall objects.

Georg Möller
Managing director

**Product-Service Development Process**

Figure 9: PSS model (Adaptation of Mont 2001, p. 21, Söderström 2003, p. 57)