A Leader’s Challenge –
Are Environmental Friendliness and Business Compatible?

An investigation of eco-friendly managerial behaviour in Swedish and German small and midsize enterprises

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Kalmar, 30 May 2012

Daniel Miller

Simon Schaller
Declaration

We hereby certify that this master’s thesis was written by our own. Furthermore, we confirm the proper indication of all used sources.

Kalmar, 30 May 2012

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Miller, Daniel            Schaller, Simon
Abstract

Due to the global warming, the increase in greenhouse gases and the resulting threat for the environment, not only private households have to rethink their behaviour towards the environment, but also companies and organisations have a responsibility towards their environment.

Therefore, we investigated several small and midsize enterprises in order to understand their way of implementing strategies of eco-friendliness and thus contributing to the ‘green revolution’ which is apparently in progress. The managers and company leaders provided us with their personal experiences in implementing environmental certificates and Environmental Management Systems. We learned that the trigger point for the implementation of certificates or management systems is often a stakeholder demand.

Therefore, our theoretical framework presents our personal understanding of leadership, an example of the relationship of leadership and eco-friendliness, the conflicts of interest within different roles leaders are often captured in, the presentation of personally chosen environmental certificates and stakeholder theory.

Keywords: change, certificates, companies, eco-friendly, environment, ISO, leaders, management, organisation, stakeholders.
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List of Abbreviations

AB................................................. Aktie Bolaget
CEO .............................................. Chief Executive Officer
Co2 .............................................. Carbon Dioxide
€.................................................... Euro
EEG .............................................. Erneuerbare Energien Gesetz
EMS.............................................. Environmental Management System
EMAS .......................................... European Management and Audit Scheme
Et al. ............................................. Et alii
GmbH........................................... Gesellschaft mit beschränkter Haftung
Ill. ................................................ Illustration
ISO .............................................. International Organisation of Standardization
IT .................................................. Information Technology
KfW ............................................. Kreditanstalt für Wiederaufbau
LEED ........................................... Leadership in Energy and Environmental Design
Mr ............................................... Mister
p. ............................................... Page
pp................................................ Pages
QMS. ............................................ Quality Management System
SME. ........................................... Small and Midsize Enterprise
TÜV .......................................... Technischer Überwachungsverein
USGBC ...................................... United States Green Building Council
WWF .......................................... World Wide Fund For Nature
1. Introduction

During the past decade mankind has experienced a significant environmental change. As a result, there was a considerable rise in the world’s average temperature of 0.74°C and also an increase in the sea level of about 1.8mm per year. In addition to this, an overall retreat of glaciers and snow coverage, as well as a shrinking of the Antarctic ice sheet of around 7.4% every ten years, is recorded (Umweltbundesamt, 2011).

To mitigate these catastrophic consequences in the next century and prevent the world from even worse shocks, most nations have agreed on certain climate targets, like the reduction of greenhouse gases in order to stop the global warming, in the so called Kyoto Protocol (AMUNC, 2009). However, the obligations of the Kyoto Protocol were not completely fulfilled. Companies and factories also contribute to this development, since around 72 per cent of the pollution and CO2 emissions are being produced by industry, industrial processes and commerce (Greenpeace, 2012).

Therefore it is necessary to also implement an environmentally friendly strategy in companies and factories to reduce the emission of greenhouse gases and to protect the environment. In our opinion, being environmentally friendly is a part of sustainability, even though we want to put the focus of this thesis more on environmentalism instead of sustainability in terms of finance, growth and continuity of the company. To be more precise, we focus on environmental sustaina-
ibility in terms of environmental certificates and their impact on the signal effect of enterprises. Furthermore, we want to investigate the leader’s effort in order to become certified. Instead of additionally enhancing our topic with subjects like the sustainability of fair trade (Strong, 1997) or biological products (Brand, 2006; Bruhn, 2001) we narrow down our topic by focusing on the former mentioned area. Thus, we want to achieve an insight on the guidelines which are constructed by certifiers and thus enterprises have to fulfil them.

Moreover, we focus on SMEs because of their extreme supremacy and special characteristics, such as having only few employees and therefore lacking money for an own environmental officer (Håkansson, Geesinknorba). However, this implementation has to be realized by the companies’ management. This management, which is comprised of managers and leaders, has to fulfill numerous tasks in a company (Kraut & Pedigo, 1989, p. 122). Therefore, it is often in a kind of conflict of interests within different roles, where it has to reconcile various goals. Katz & Khan (1966) describe four kinds of role conflicts: ‘intrasender conflict’, ‘intersender conflict’, ‘interrole conflict’ and finally the ‘person-role conflict.’ The first one is about ‘incompatible expectations held by a given member of a role set’ which is called ‘intrasender conflict’. For this study, the ‘interrole conflict’ is important, which describes the difficulties of a person who has to fulfill more than one role (Katz & Khan, 1966). In our case it is obvious that managers and leaders should balance high costly goals like the strategy of eco-friendliness with the goal of achieving high profit or similar goals. This often complicates the entire realization of eco-friendly goals.

Nevertheless, the management has to overcome many obstacles and to take many different roles when it comes to the execution of these strategies (Mintzberg, 1990, p. 172). Examples for possible obstacles are the aversion of the stakeholders and shareholders, the issue of renewable resources and of course the rise in production costs which leads to rising product costs and therefore to a deterioration in competitiveness (Turner, 1999, p. 689). When it comes to stakeholders, we think of all people who have direct or indirect contact with companies. This may affect individuals like customers, suppliers and partner companies, employees and owners in the vicinity of the organisation (Freeman, 2010, p. 32). Especially in business relations with other companies and organisations it is often essential to comply with specific guidelines, such as the expectation to have only suppliers with the same certificates that the own organisation holds (Ludley, NOSTA GmbH).

Considering this circumstance, it is necessary to have a look at present guidelines different organisations have created in order to act environmentally friendly. Those guidelines, for example, could be imposed by the state, like the Bavarian State Ministry for Environment and Health, or
by the United Nations Framework Convention on Climate Change, which introduced the Kyoto Protocol in 1992, for instance. However, guidelines are not only based on governmental requirements, but also supported and tested by conservation organisations like the World Wildlife Fund (WWF), as well as independent organisations like the German TÜV (Technical Inspection Association). In order to foster the interest of companies in paying attention to these guidelines, they are awarded for their efforts by receiving certificates which should prove their eco-friendliness.

Concluding, this suggests that the pressure of the media, public interest, collaboration with other companies and legal requirements lead to an increasing awareness of environmental issues. The result of this development is that also companies without those certificates probably become increasingly environmentally friendly.

1.1 Justification of Our Research Topic

The topic of this thesis might be interesting for several reasons. In our view, all these above mentioned goals can only be achieved through a fundamental management of change. This is the point at which leaders come into play. They have to convey the message of the beginning of a new era of thinking. The whole company should be motivated to think forward to sustainability. Leaders should implant the thought of sustainability and ecology into the whole company, prompting the employees to think that they want it themselves, while they must not have the feeling that it is imposed.

Furthermore, until now it is not clear why companies implement such strategies. Are the leaders implementing their strategy of being sustainable because of social prestige? Do they expect more and better business relations with different partners? Or do they act for the sake of the environment? Therefore, it should be clear that companies have different motives. However, they differ as far as detailed implementation and understanding of sustainability are concerned. As we can see, the reasons therefore may be manifold and it is up to us to study them.

Once this step has been taken successfully, it is again up to the leader to implement successful converting behaviours to become more environmentally friendly. A good support for a strategy is the implementation of the ISO 14001 and EMAS guidelines, which specify the operations companies have to fulfil in order to operate considerately and protect the environment. In our opinion, leaders have to build up a strategy to achieve goals like being awarded with these eco-friendly certificates.
1.2 Introducing the Research Question

As we mentioned in the introduction, the protection of the environment is one of the most challenging tasks of the 21st century. It is up to governments, organisations, companies and every individual in society to contribute to the aim of sustainability and a liveable environment (United Nations, 1992). Therefore we focus on the role of SMEs, and more precisely on the role of company leaders and their contribution to this global goal. Our intention is to collect data for the following statements:

- **We want to understand the prerequisites for the successful implementation of the environmentally friendly strategy by leaders.**
- **We want to investigate the stakeholder's role and their contribution to the decisions leaders have to make.**
- **Finally, it is vital for this thesis to discover the reasons why leaders have to deal with conflicts of interest within different roles.**

Obviously these research statements additionally contain the answer to the question of the leader's role in society, and especially her or his responsibility towards her or his followers. We assume that leaders are aware of their responsibility towards society and future and therefore it is their personal wish to care about environmental protection. Nevertheless, they are not always able to live up to their responsibility completely. The reasons therefore could lie in role conflicts or to be more precise in conflicts of interest within different roles.

We furthermore think that leaders follow guidelines of state or public organisations or nature conversation organisations to implement strategies, which will probably look similar in their basic structure but may differ in their detailed realization.

In addition, our assumption is that also companies and organisations without certificates that prove the commitment to environmental protection become increasingly environmentally friendly and use sustainable strategies.

1.3 Purpose

In our thesis we want to examine whether or not the standards we investigate to implement an environmentally friendly strategy are useful to define companies as ecologically friendly. Shareholders as well as stakeholders should understand and accept the necessity of change and a greater responsibility towards the environment.
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Additionally, we strive to find out which behaviours are suitable for companies to meet the environmental standards imposed by governmental requirements. Moreover, we want to examine the efforts and strategies companies develop to meet the criteria of external commissions which assign certificates to companies.

Besides this, we intend to find out whether or not the fundamental change towards paying more attention to the environment has taken place in the heads of entrepreneurs, leaders and managers we talked with. Additionally, we want to demonstrate the necessity of leadership in combination with the new green way of thinking.

Another aim of our thesis is that managers understand how they can be seen by others as eco-friendly. Once the leaders are fully aware of their actions they can start spreading the word of the new way of making business.

Furthermore, we are convinced that this thesis and especially our collected primary data comprising conversations and interviews with company leaders will contribute to the green revolution. Company leaders recognise that the public is interested in their eco-friendly behaviour, which could keep up and maybe increase their motivation to stay on course. Additionally, we hope that our interview partners reflect and rethink their behaviour when telling us their stories.

This thesis should also be seen as an interesting piece of information for other companies and the society. Company leaders see what their competitors are doing, which hopefully prompts them to act in a similar way. Society and stakeholders should become aware of their important role and influence on company leaders and should act in a way to support the leader’s efforts to become ecologically concerned. Altogether, with this thesis we want to contribute to an increasing awareness of the importance to protect our environment.

1.4 Challenges During Our Research

We agree with Curran and Blackburn’s (2001, p. 5) opinion that in some cases it is more difficult to study SMEs than to study large ones. It also occurred to us that smaller organisations cannot directly quantify the effect of the measures due to the absence of admission processes or direct structures (Klinger, WertaPharm GmbH; Pehrsson, Norden Machinery AB). Therefore, some of our interlocutors could not provide us with precise information about these topics.

We also experienced that environmental protection and the contiguous implementation of eco-friendliness is a highly sensitive and uncommon topic. This was possibly the reason why some enterprises avoided providing us with information. Others, in turn, helped us with our research
and provided us with valuable material. Nevertheless, we have the conjecture that we were shown mostly eco-friendly behaviour and seldom environmentally harmful activities.

As our personal talks were conducted with CEOs or the higher management, it was sometimes challenging to get an appointment or to get in touch with them at all. Due to their important positions and numerous areas of responsibility they were able to devote only a limited amount of time to us.
2. Methodology

The methodology section has an important role in our thesis. Therefore, our intention is to explain the methodology we applied in our thesis in the first paragraph of this paper. The following paragraph then describes our part as scientists. Thirdly, we present different approaches that could potentially form the basis of our research and explain our choice of approach. The next paragraph introduces the ‘grounded theory’ for this scientific work. Then the kind of face-to-face research we used to examine the implementation of the environmentally friendly strategy by the leaders we talk to will be shed light on. Furthermore, we explain our choice of companies. The last paragraph presents the way we will examine a case study with the help of the data previously collected in our face-to-face research.

2.1 Overview

A deep and precise analysis of methodology is necessary in every scientific work in our field of research. Methodology describes the art of collecting and understanding information and data, of perceiving and creating knowledge, the influence of researchers and the environment and finally the processing and presenting of research. Our thesis is characterized by the used methodology, as it presents our perceived influence as researchers, the views or approaches we use to understand and look on our research, our selection of literature and the structure of our whole writing process. Others divided these aspects into five groups which are relevant to economics. These groups comprise goals, explanations, used theories, the testing, induction and demarcation and finally time and external influences (Hausman, 2007).

2.2 Our Part as Scientists

The widespread opinion among experts is that for writing a scientific paper, objectivity in the research process is necessary (Armstrong, 1983, p. 214). Our whole student life we were told to use valid and reliable methods and theories which can be tested and monitored. We were taught the importance of repeating a study in order to achieve exactly the same outcome with a high probability. In their scientific article ‘An action-research based instrument for monitoring continuous quality improvement’, Prybutok and Ramasesh (2005) present detailed step-by-step instructions to construct a research method for data collection. For sure in their case it might be necessary to establish a system to assess quality improvement. In our scientific paper we have used another approach instead. As Schumpeter (1949, p. 348) explains, scientific research in economics is incomparable with mathematics or physics where objectivity is self-evident due to the fact
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that ‘for capitalist and proletarian, a falling stone looks alike’. Our intention is to collect qualitative instead of quantitative data.

According to Quinn (2002, p. 4), there are three kinds of qualitative data with which to work when doing qualitative research, – interviews, observations and documents. Qualitative data arises mostly in situations where it is appropriate that scientists conduct interviews, observe situations or can analyse circumstances (Quinn, 2002, p. 4). The combination of qualitative- and quantitative data is common and not mutually exclusive. However, the outcome and the validity of the collected data in large parts depend on the researcher. He must be empathetic, neutral as well as able to understand the use of methodology as he is capable of falsifying the data with unwanted allusions that the interviewee could interpret in a wrong way (Quinn, 2002, p. 14).

Quantitative research requires the application of homogeneous measures so that the outcome of the research fits into predetermined categories to which numbers are allocated. The benefit of quantitative research is that a big number of respondents can be dealt with, whereas qualitative research limits the number of participants, for example in studies. To gain valid data it is inevitable to carefully choose the type of measuring tools and to ensure in the end that the chosen instrument only measures what it is supposed to measure (Quinn, 2002, p. 14).

In our case, qualitative data is collected through face-to-face research by talking to persons who tell us their true stories. However, as Philippe Daudi carves out in his article ‘Con-versing in Management’s Public Place’ (1990), truth is an individual experience, which is due to the fact that there is a ‘multiplicity of meanings’. We are aware of the fact that the leader’s stories are ‘perceived and interpreted’ by themselves where they ‘highlighting certain participants and parts and ignoring or hiding others’ (Shamir & Eilam, 2005, p. 406). Furthermore we are aware that also we as authors are not totally objective (Daudi, 1986). We perceive the provided information in a certain way, create our own meaning out of it, understand or misunderstand the statements of our interlocutors with our frame of reference, influence them with the structure and content of the questions we ask and affect the conversers with our presence. To close the circle, we have to mention that our collection of data is based on non-recurring experiences with our interlocutors in the real-life with reciprocal influences. It is therefore not a repeatable study under laboratory conditions.

Finally, we think it is noteworthy to state that we, as scientists, recognized that we made improvements in conducting interviews very fast. In the beginning we may have asked questions too directly and thus led the interlocutor into a certain direction even if we did not want to. However, after the first interviews we recognized this error and thenceforward we were still more
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aware of our way of talking to the leaders. Moreover, during our first interviews we got a view into certain topics which in later conversations enabled us to scrutinise the handling of these issues by our interlocutors. Sometimes, we were even able to encourage them to reflect their current handling with those themes.

2.3 Approaches

For creating studies we can choose between three different approaches: the analytical, the systems and the actors approach (Arbnor & Bjerke, 1997).

The analytical approach

The analytical approach is very common in business studies and deals with a real life problem which is to solve. According to Arbnor & Bjerke (1997), this approach is often seen in the natural sciences, from which it emerged. The goal is to explore, explain and predict the reality, seen from different perspectives. It is crucial for the analytical approach to identify the right technique. Sometimes they have to be modified, while the development of new techniques is seldom and the creation of a new one extremely rare. The analytical approach implies that any problem could be solved with deep analyses of its parts and the outcome – the solution – is the addition of every single piece. Therefore the problem is transferred into theory and the researcher tries to explain the problem analytically as hypothesis. Subsequently, the field of theory will be left and the hypothesis is tested in real life circumstances. The verification or falsification of the tested hypotheses is seen as an illustration of the reality (Arbnor & Bjerke, 1997). The methods used are mainly surveys and a high number of validity tests, due to the assumption that the pure number of results proves the expressiveness of the study.

Systems Approach

The systems approach is based on existing systems and methods. It also starts with a real life problem. This problem has to be understood and explained with objective and subjective realities (Arbnor & Bjerke, 1997). After realizing the problem, the system is mapped into the existing theory. With this map one tries to understand and explain it. However, the proper use of the right technique does not guarantee a desired result. In this case study one observes the whole system. This also includes relations between variables (Arbnor & Bjerke, 1997). The complexity and structure is examined. The used methods are mainly case studies and historical studies.

Actors Approach

According to Arbnor & Bjerke (1997) the actors approach is based on interpretation. In this approach, the assumption is founded on the view that reality is socially constructed by individuals.
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This means that this kind of research is individual and unique, because it is influenced by internal factors as the researcher’s understanding of the reality, his construction of knowledge and his creation of meaning. The personal frame of reference of every individual plays a crucial role in perceiving the reality. This also includes that 'interview statements must be seen in their social context' (Alvesson, 2003, p. 16). Furthermore, it is also affected by external factors which cannot be influenced by the researcher. The concepts used are dialectics, intentionality and typification, while the methods typically used for this approach are dialogues and language development. Instead of explaining, the actors approach focuses on understanding either by significance or by intentionality. This makes the actors approach quite complex (Arbnor & Bjerke, 1997).

We decided to use the actors approach, because its focus is mainly on personal feelings, background and motivations, which drive the persons we talk to. We are interested in their personal stories and how they individually perceive their work. Additionally, we strived for an insight view into the companies and tried to look at them from different perspectives. As all interlocutors agreed to answer again our further questions and were willing to provide us with additional perceived realities a second and third time in our research, we were able to test and retest our collected data. We have had the possibility to enhance our personally perceived interpretations with additional questions. These questions emerged step by step during the conversations with different company leaders. We see no necessity in our thesis to create surveys or validity tests. As mentioned above, we want to examine qualitative instead of quantitative data, which leads us to the similarities or differences among the reasons why companies implement or do not implement an environmentally friendly strategy.

2.4 Grounded Theory

The Grounded Theory is a qualitative scientific research method that was firstly presented in 1967 by Barney G. Glaser and Anselm L. Strauss (Glaser & Strauss, 1967). The method of analysis they introduced is based on induction. From the collected data, for example interviews or conversations, relevant categories will be revealed without making assumptions or stating expectations in the beginning (Glaser & Strauss, 1967). It can further help to recognize new topics or bring themes into connection anticipated by the researcher at the outset of the research (Barbour, 2001, p. 1116).

Glaser & Strauss in their book present five steps a theory should take: to allow forecasts and explain certain behaviour; to lead to the theoretical framework; to support a practical use; to enable the identification of behaviour; and finally to lead to the field of research. The main achievement of the grounded theory is the possibility to create the researchers’ own theory with the help of the
collected qualitative data instead of modifying the data to squeeze it into an existing theory (Glaser & Strauss, 1967, p. 4). The second benefit for this kind of theory is that data cannot be willingly or subconsciously manipulated to prove a theory, which in our opinion opens new ways of perception with the freedom to think in all directions. The six prerequisites of the grounded theory are: the simultaneous collection of data and its analyses; the striving for understanding upcoming topics in the data collection; the acceptance of social processes within the data collection; the creation of categories that explain processes; the selection and polish of these categories; and to finish the integration in the theoretical framework (Holstein & Gubrium, 2003).

2.4.1 Applying Grounded Theory

When it comes to the application of the Grounded Theory, there are several steps to take into consideration. According to Glaser and Strauss (1967, p. 237) we should mind four steps while applying the theory.

The first step requires that the grounded theory must be perfectly suitable for the area in which the researcher intends to apply it. One major problem to avoid is the derivation of practice-oriented applications from the theory in the hope of obtaining approaches that are suitable. The difficulty which occurs if such a procedure is applied is that if the theory is not suitable, the collected data will be processed as long as they match with present sociological classifications. To avoid this problem it is necessary that the Grounded Theory should be induced instead of being deduced from collected data (Glaser & Strauss, 1967, p. 238).

The second phase is the phase of understanding. The best approach to use grounded theory is useless if the researcher describes it in such a complexity that no one is able to follow his thoughts. It must be written in a way that even laypersons are able to understand it. Thus, the theory has to be explained in such a manner as to convey its usefulness (Glaser & Strauss, 1967, p. 239).

The third phase is about generalization. The researcher has to find a balance between arranging the theory abstractly enough so as to keep its crucial aspects, but at the same time must formulate adequately abstractly so that the theory can be used as a general guide in ambiguous situations. This is necessary as daily life is fast-moving. Therefore, the theory will be flexible enough to be reformulated when it is appropriate (Glaser & Strauss, 1967, p. 242).

The last step is about the controllability of the theory. The theory’s user must be in control of all variables of the theory that relate to the daily circumstances. Therefore it is necessary that the theory is flexible enough if changes occur in these daily situations. To achieve this flexibility it is
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vital that it contains an adequate quantity of models with the corresponding correlations. Only then the application of the theory will be attractive enough for the users (Glaser & Strauss, 1967, p. 245).

2.4.2 Analysis

Usually, the analysis of the data provides the researcher with an insight into his results and helps him to understand it precisely. The analysis is neither fast nor easy and relies on the scientist’s abilities and vision (Pope et al., 2000, p. 116). Pope et al. mention that the analysis and the collected data are closely related to each other. They also state that the examination of the collected data begins immediately after the beginning of the research and will be an ongoing process. By carrying out such a constant analysis of the data, the researcher takes advantage of a process of improvement. He gets the opportunity to identify situations which might have gone better or to improve questions and thus offers him the opportunity to enhance the remaining study. As the researcher is in the thick of the action, such an on-going analysis most of the time is unavoidable because he certainly cannot ignore all that he has seen and heard during the previous interviews and discussions (Pope et al., 2000, p. 114).

Scientists can apply two methods. They can either analyse the data manually or electronically, with the assistance of computer programs (Basit, 2003, p. 143).

Of course both methods have their own peculiarities as well as advantages and disadvantages.

With the assistance of computer programmes the user gets substantial help in the analysis of his data. He is able to analyse a huge amount of data in a short period of time. However, the computer does not help with the coding process, with generating categories or organizing the data. This task has still to be performed by the researcher himself. Another major drawback is that it takes a certain time to get familiar with all the features and settings such a programme might provide. Therefore, the use of such software usually pays off only when there is a large amount of data to analyse (Basit, 2003, p. 152).

The manual analysing process, however, takes significantly more time than to do that electronically. The process uses instead of computer programmes methods like notes or cut-and paste. Categories and organisation of the data have also to be accomplished by the researcher (Basit, 2003, p. 145).
2.4.3 Coding

The next step after the collection of data is the coding. The term *coding* in general means to define theoretical categories which describe the content of the data (Charmaz, 1995). There are two possibilities of coding the data which we can efficiently use in our case. It is important not to confuse the two terms *coding* and *analysing*. Coding is an essential part of analysing (Basit, 2003, p. 145) and can be only done manually. Many scientists who decide to apply the approach of grounded theory are of the opinion that the coding of the data reflects the meaning of the data more efficiently than the questions themselves which were used in the discussion. Furthermore, the process of coding makes use of words the interlocutor also used (Barbour, 2001). This helps to recognize where interviewee has repeated himself and to identify concepts he did not mention or conceal. We therefore expect that we recognize patterns which lead us to a specific result.

To achieve this goal, it is helpful to use the line-by-line coding described by Glaser, which means searching for categories in every line of the collected data. We understood that the most important categories were repeated several times. Nevertheless, with this method we identified patterns we would never have thought of, as, for instance, the peculiarity of Asian enterprises. This aspect will be discussed in more detail in part 4 of this thesis. We probably would have ignored the discovered patterns, as we were not focused on them. According to Charmaz (1995) this is exactly what line-by-line coding aims at. It helps to identify categories for the following interview and to improve the research. Moreover, it ensures that the researcher stays close to his data and builds it from scratch without losing sight of the goal. Additionally, the precise analysis of the available data helps not to falsify evaluation through personal conflicts related to the topic of the study, fears or stereotypes. Through such precise examination the researcher is forced to look at the data in that might differ from how the interviewee sees the situation. The statements of the interlocutor can therefore be seen in a new and different light and one gains the necessary distance to judge objectively. In addition, if the codes that have emerged do not conform to the interpretations, views or actions of the interlocutor should be considered from another point of view. Only then it is guaranteed that researchers are able to make sense of their data, and this is what they are supposed to do (Charmaz, 1995).

The second method that can be applied is the method of *focused coding*. It opens up the opportunity to create and categorize the risen data. In contrast to line-by-line coding, the researcher tries to categorize the data not line-by-line but in the context of a part of the interview. The previous, line-by-line-coded data can now be examined anew and thus be analysed for codes which appear again and again. These codes can subsequently be used as some sort of indication for working
through big data sets. From these sets, specific patterns may emerge and codes can be categorized in a certain way (Charmaz, 1995).

In order to provide a better understanding we want to illustrate the process of coding with an example. Therefore, we show examples of one of our interviews. On the left side of the table we have the verbatim transcribed statements of our interviewee. On the right side of the table, we allocated these statements to meaningful categories.

<table>
<thead>
<tr>
<th>Statement of the Interviewee</th>
<th>Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>But the ISO 14001 certificate was realized at a very early stage.</td>
<td>Certificates</td>
</tr>
<tr>
<td>The signaling effect of the ISO 14001 certificate was also a big benefit when it comes to stakeholders.</td>
<td>Signaling / Certificates</td>
</tr>
<tr>
<td>Not only the German customers but especially the international customers were focused on certificates.</td>
<td>Stakeholder / Customers</td>
</tr>
</tbody>
</table>

2.5 Face-to-Face Research

To allow a better understanding for the reader, we decided to explain the intention of our thesis. The necessity of face-to-face research is quite obvious. Leaders from SMEs should explain and demonstrate how they introduced and transposed their environmentally friendly strategy. In this case it is not significant whether or not the company owns a certificate to prove that they are environmentally friendly. Rather, the efforts they make to become environmentally friendly are important.

Based on this knowledge it is now relevant to identify which kind of face-to-face research we intend to apply. Our options are as follows: Interviews, conversations and dialogues.

Interviews are based on research which relies on objective data. Thus, the data is mainly about easily verifiable facts and knowledge. Good questions for interviews could be for example ‘How many working hours per week does your contract of employment contain?’, or ‘How many people do you share your office with?’ These kinds of questions are simple to prove. It should be mentioned that the interviewer should avoid any action that could influence the interviewee in a certain way that leads him to tell us stories and experiences which are led by precisely this influence.

Another opportunity to arrange face-to-face research is to make use of a conversation. This is also one method we chose to use in our thesis. The leaders we interview will provide their subjective collection of data to us. It would be impossible to describe the implementation of a strategy
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in a purely objective way. We are searching for their personal experiences, feelings and meanings in order to implement and establish a strategy which protects the environment. Because of these aspects, we cannot use the objective tool.

The last tool is called dialogue. The main purpose of dialogues is to find out what special meaning and importance people are expressing with their specific language or cultural phrases (Bjerke, 2007). The reason for that is to find out which ethnomethodological clues are liable for the expressed behaviour. Here, the researcher takes part in the dialogue as an observer as well as a participant.

Which kind of research is appropriate for us? It is undisputed that a good conversation allows their respondents to describe the experienced reality. The free succession of questions makes it possible to come up with unplanned issues. This tool of face-to-face research will be combined with the interview. In the beginning we will ask direct, objective questions, which are easy to answer for the interview partner. This will provide us with necessary background knowledge that will create a relaxed atmosphere and trust for the following, more personal and complex questions of the conversation.

2.6 Choice of Companies

To meet the goal of our thesis, the chosen organisations had to be SMEs, as was already mentioned above. Since the thesis should provide an international overview of the individual performance of selected organisations, we have decided to talk to company leaders and managers in Sweden and Germany. Some of them had to be certified and others without certificate had to enable us to get an understanding of differences and similarities regarding eco-friendliness of both kinds of companies. It was also our personal prerequisite that the organisations act in different branches of business to recognise commonalities or sectorial trends. One enterprise we chose for our research in Germany is Werta Pharm, a logistic company in the medical sector. This company was particularly interesting for us due to the fact that it is currently implementing the ISO 14001 certification which is an essential environment certificate dealt with in our thesis. Consequently, we expected that the process of implementation would be present in the whole organisation at this time. Another company we visited in Germany is NOSTA GmbH. It was interesting for us that this enterprise already possesses an ISO 14001 certificate. Additionally, the company owner and CEO Mr Gregor Ludley is also the owner of the Swedish company, Marcus Komponenter AB in Stockholm, which suits perfectly for research in Sweden to compare both companies in the same sector and branch. Our third choice was Thanner GmbH in Germany, which produces special medical shoes. This organisation is locally renowned as having been par-
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ticularly eco-friendly for decades, when others did not even think about the environment yet. The founder of the company, Mr Thanner, from the beginning refused the nuclear power plant in his region and therefore tried to produce eco-friendly electricity for his enterprise on his own. It is self-evident that this company possesses the ISO 14001 certificate and is member of Umweltpakt Bayern, another local environment certificate.

Our first conversation in Sweden was with Andrejs Sokolovs, who is the managing director of Marcus Komponenter AB in Järna. The second enterprise we contacted was the Norden Machinery AB, an affiliate of the Coesia Group. Eric Pehrsson, the Vice President IT & Administration, provided us with the necessary information about this international midsize enterprise. The reason why we chose this company is that they are one of the two leading companies in the business of manufacturing packaging machines for filling and sealing tubes. Finally, we had an appointment with Mr Per Håkansson who is the Production Manager at Geesinknorba, which is by its own admission, Europe’s leading supplier of waste collection vehicles and garbage compactors.

2.7 Questions for Interview

In order to raise primary qualitative data we intend to talk to company leaders. The reason why we want to talk exactly to these persons is that all of them are leading SMEs. Furthermore, some of the companies we contacted have one or more of certificates which indicate their eco-friendliness. These certificates will be further analysed in our theoretical framework. In contrast to this, other companies we talked to do not have such certificates yet. This opens the opportunity to us to accomplish a comparison of companies with certificates and without ones. With the help of this comparison we will hopefully be able to point out different reasons why organisations want to become more eco-friendly or not, and if the certificates make a difference in terms of eco-friendliness.

Apart from that, with the conversations we wanted to learn the leader’s true story of his own perception of the way he led his company to more eco-friendliness. We are fully aware that the persons we talked to did not report how guidelines were implemented. Instead, we will hear a story in which the leader emphasizes what is important to him. It is obvious that he might leave out one or another detail he considers not important to reveal. To us, it does not matter if we do not get the report of the implementation of the guidelines. We are interested in the leader’s leadership spirit and we know that this story is personal and therefore we cannot merely expect objectivity. ‘The man in the street inhabits a world that is “real” to him, albeit in different degrees, and he “knows”, with different degrees of confidence, that this world possesses such and such characteristics.’ (Berger & Luckmann, 1966, p. 1). This does not mean that we see our leaders as ‘the
man in the street’ but with similar weaknesses in terms of perception of reality. ‘What is real? How is one to know?’ (Berger & Luckmann, 1966, p. 1).

In order to conduct the interviews and conversations we developed questions which will deliver the information we want to gain. Below we have listed the questions. In some interlocutions it was not possible to strictly adhere to the sequence of the questions, though because our interlocutor led the topic into a different direction from what we had anticipated. However, we were able to get detailed answers to all of our intended questions and beyond of them. In the following section we give an insight into the questions in order to provide a better understanding to the reader.

What comes into your mind when you hear the word environment?

This question was related to the interviewee’s understanding of environment. We wanted to hear how he perceives it and if his answer will lead into the direction of environmental friendliness or not.

Eco-friendly?

By merely mentioning the term eco-friendly we expected to get a deeper insight into what the interlocutor thinks is eco-friendly. We also tried to obtain information about his personal understanding of what eco-friendly means to himself, which maybe differs from business life.

What status does environmental protection have in your company?

This question aims directly at the relation between his personal understanding of eco-friendliness in his company life and his personal life. We were interested into whether we would get different answers from these two aspects. For instance, if he had answered in a previous question that he is personally interested in environmental protection but had now claimed that eco-friendliness is not important in his business life, we could have revealed some discrepancies, which might be related to the later discussed in chapter 4.2.8 – conflicts of interest within different roles. Furthermore, with this question we want to achieve an insight whether or not leaders prioritize interests.

Nowadays stakeholder interests influence many companies on their way towards eco-friendliness. What was the trigger point for your company to face the topic environmental protection?

For companies with certificates:

What kind of certificate/s does your company have and why did your company apply for these certificates?

How did you implement them and how do you personally value the outcome of these certificates?
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For companies without certificates:

Many companies have certificates like ISO 14000 to prove their eco-friendliness. Have you ever heard of such certificates? Did you ever think about evaluating and implementing them?

What strategy does your company implement to realize environmental protection? How did your company develop the process of implementing this strategy?

More and more customers and partners are looking for environmentally friendly products. What kind of reactions of customers/partners/competitors did you recognize? Have you discovered any benefits since the implementation of this strategy?

This question was asked to understand if they implemented the strategy merely to gain benefits like more turnover or more customers, or if they acted only in order to serve their personal attitude towards the environment.

How successful do you think is your company in the realization of environmental goals and why do you think that?

How would you define your own leadership style and do you think leadership is important in order to introduce a sustainable strategy successfully?

The leadership question was of special significance because of the one-year leadership programme we attended. We wanted to see the link between the theoretical framework we had developed during our time participating in the programme and the practical implementation by company leaders. Furthermore, we anticipated that it requires some special skills to motivate employees and carry out a process of change.

It goes without saying that the questions described above do not represent the whole interlocution. Obviously there was an interaction between our interlocutors and ourselves. Sometimes, we had to ask interposed questions when the leaders provided us with their experiences. We recognised that our interviewees were also open for other upcoming topics and did not strictly stick to our questions. We tried to enhance our understanding where it was what necessary. For instance, we used questions which began with why, digging deeper in order to obtain a more detailed answer.

Talking to the leaders

All of our interviews except one interview via telephone were situated in a relaxed atmosphere either in a conference room of the company or in the manager’s office. Nearly all of our interlocutors offered hot or cold refreshments. The execution of our talks was as follows. In the beginning we introduced ourselves and spoke about our field of study and the necessity of the inter-
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views. Then, one interviewer wrote down the answers on a laptop while the other interviewer talked to the interviewee. From time to time, the person with the laptop also asked questions. To make sure that we did not miss any details, we asked the interviewees for their permission to record the whole conversation on tape additionally. None of the interlocutors refused to that. This led us to the conclusion that none of our interviewees had something to hide. During the talks five out of six managers were interrupted by telephone calls, but they did not answer these calls. We interpret this as a professional behaviour and as a sign that they took our request for an interview seriously. After conducting the interview, two company leaders asked us if we wanted to take a tour through their enterprise. The tour provided us with a deeper understanding of their area of business and with a further insight of their eco-friendly behaviour. Additionally, we had the opportunity to ask further questions which arose during the tour.
3. Theoretical Framework

3.1 Overview

The main fields of literature in our thesis are about leadership, conflicts and the implementation of an environmentally friendly strategy.

To describe and explain different important types and styles of leadership, we will use models, discussed and taught in the leadership programme, as well as literature. The literature includes Bennis & Nanus ‘Strategies for Taking Charge’ (2007), Ladkin and Taylor ‘Enacting the ‘true self’ (2009) and De Wit & Meyer ‘Strategy: Process Content Context.’ (2010).

The methodology of our thesis is adapted to the purpose of identifying the implementation of an eco-friendly strategy with the help of face-to-face research, mainly based on the articles ‘Face-to-Face Research: Interviews, Conversations and Dialogues’ (Bjerke, 2007) and ‘Active Interviewing’ (Holstein & Gubrium, 1997). Due to the input from these articles and the book *Methodology for Creating Business Knowledge* (Arbnor & Bjerke, 1997) we were able to choose our approach (actors approach) and the way of research (interview and conversation) we intended to use in our thesis. To make sure that we are aware of the different ‘realities’ our interlocutors experienced and on which they based their ‘stories’ they provided us with, we referred to the articles ‘The Social Construction of Reality’ (Berger & Luckmann, 1966) and ‘What's your story?’ (Shamir & Eilam, 2005).

Another sensitive part of our theoretical framework is the conflict of interest leaders are often captured in. The conflicts, which emerged in the beginning of our research, are running like a thread through our entire thesis. We identified literature of Katz & Kahn (1966) as useful, who described four kinds of role conflicts which allowed us to gain insight into role conflicts. In terms of conflict handling we considered literature of Hill & Jones (1992) as helpful.

Environmentally friendly behaviours, such as sustainability during the production process, responsible use of resources and the production of less waste and environmental harmful substances are goals often mentioned by companies. To measure the success of these behaviours, there exist some standards – standards which award companies with certificates when they fulfil their requirements. Among these guidelines are the auditable environmental system ISO 14001, the European Eco-Management and Audit Scheme (EMAS), Umweltpakt Bayern and an example of USGBC.
We also examined whether the sources we used were robust enough or not. Therefore we looked for critical accounts of the aforementioned methods and tools.

The EMAS certification, for instance, is criticised because the label supposedly is misleading and the organisation allegedly awards companies wrongly (Mitwelt.org, 2010). However, we also found counterarguments to these statements which state that the awarded companies in some respects may not be environmentally friendly, but nevertheless they made big efforts to achieve this state. This is why they justly earned the certification (CleanEnergy-Project, 2010).

For another decisive part of our thesis, the stakeholder theory, we evaluated a large amount of literature related to that topic. We focused on different parts like the history of stakeholder theory, the definition of the term ‘stakeholder’, as well as on the different types of stakeholders. During this research gradually it became clear that the work of Freeman (1982 & 2004) contributed to a significant extent to our thesis and provided us with the necessary background to understand the relations of this complex topic. Furthermore, we found many papers which helped us identify the different types of stakeholders. In the respective section, especially literature of Mygind (2004), Henriques & Sadorsky (1999), Delery & Doty (1996) or Huselid (1995) were of great importance to us.

3.2 Leadership – Key Attributes and Conflicts

In the face-to-face research of our thesis, we met, based on our frames of references, interesting company owners or managers, who told us their experiences with implementing environmentally friendly behaviour. The question we want to answer in this chapter is whether these persons can be defined as ‘leaders’ or as ‘managers’. We clarify the difference between managers and leaders, examine their role in the implementation of this strategy and its realization we identified with their help and studied the different conflicts of interests within different roles leaders and also stakeholders are captured in.

3.2.1 Our Understanding of Leadership and Management

It may not be always obvious to the reader that there is a difference between a manager and a leader. One of the reasons for that is that there are numerous definitions of management and leadership in the scientific literature. Many of them seem to be similar at first sight. Bennis and Nanus counted more than 850 different explanations of these terms in their book ‘Leaders: Strategies for Taking Charge’. The scientific literature saw and sometimes sees leadership as a part of management (Mintzberg, 1973, p. 96; Storenso, 2012).
According to Mintzberg (1973), one aspect of a good manager’s interpersonal role should be that he is a leader as well. But how can we define a good manager? “To manage” means “to bring about, to accomplish, to have charge of responsibility for, to conduct” (Bennis & Nanus, 2007 p. 20). A manager is responsible for a group of people and in charge of the fulfilment of the group’s tasks (Business Dictionary, 2012). As a result, ‘managing’ according to these definitions means to structure the operational procedure in an institution and to be in charge of the results. It is quite easier to define the term ‘manager’, depending of course on the personal perception of management. In our opinion, management is a position one can apply and will be employed for. We see the term manager as a job description, like consultant or controller. The term manager thus in our society is used to refer to persons in a leading position. This denomination of a leading position obviously leads to the question if management actually differs from leadership.

However, the description of leadership is not that easy and obvious to explain in the scientific world. The main difference between a manager and a leader is that “managers do things right while leaders do the right thing” (Bennis & Nanus, 2004, p. 7). The best definition of leadership is probably obtained by looking at the characteristics leaders identify themselves with. Key attributes of leadership are continuous learning, courage, creativity, innovation, communication, creation of trust, networking and authenticity (Ashby & Miles, 2002; Bennis & Nanus, 2007; Gardner, 1996). These values also include sustainability, embodiment of authentic leadership, recognized through feelings and emotions (Ladkin & Taylor, 2009) and finally sensemaking and sensegiving (Gioia & Chittipeddi, 1991). The embodiment of authentic leadership includes three key aspects which contribute to authenticity: self-exposure, relating and leaderly choices. The self-exposure describes the leader’s ability to listen to the somatic clues of his body, recognize them and express them in an understandable way for his followers so that they can draw the right conclusion out of it. Relating means the understanding of the followers by trying to take their approach. Leaderly choices for the leaders mean to build a relationship between them and the followers so as to be perceived as a leader by them. The embodiment of feelings means knowing one’s true self and the ability to impersonate this so authentically that the followers believe it. It is strongly related to sensemaking and sensegiving. Sensemaking is a bottom-up process where leaders set stimuli to the followers. Gioia and Chittipeddi (1991, p. 442) call sensemaking also ‘meaning construction and reconstruction’. It is crucial to collect as much information as possible from the different levels in an organisation to develop the necessary frame of reference (Gioia & Chittipeddi, 1991). Without the general analyses of the starting situation, which includes the culture, behaviour, work atmosphere, feelings of the employees and so forth, it is impossible to make sense because of the lack of shared or similar frames (Schaller, 2012). This is the only possibility to enable the sensegiving
which is also called management of meaning (Gioia & Chittipeddi, 1991). It is a top-down process where leaders give sense by influencing the sensemaking of their followers. Leaders at this point are ‘making sense for others’ (Gioia & Chittipeddi, 1991, p. 443). Bennis & Nanus (1997) identify four strategies which can be seen as key core capabilities of leadership: attention through vision, meaning through conversation, trust through positioning and the deployment of oneself through positive self-regard and the Wallenda Factor.

Leaders need attention to be recognized as leaders. Otherwise they are no leaders because they do not have followers. This attention from followers can be created through the vision they have. If the vision is meaningful and strong enough, it will prompt the leader to work as hard as possible so the attention will arise all by itself. This vision has to be communicated to the followers. In order to be experienced as meaningful, communication plays a crucial role, as we have already identified and described above. The trust factor is vital as well. Nevertheless, it is probably the toughest key quality of leadership because the creation of trust takes time. Followers have to experience that they can trust the leader. When leaders take a decision and hold on this decision, they will be recognized as trustworthy. The positive self-regard and the Wallenda Factor in our opinion is just another kind of trust. Leaders have to trust themselves, to believe in their abilities and to think positive. This is the leader’s source of power and necessary to recharge the energy he needs to realize the other three strategies.

In our view, there is a wide range of leadership types which cannot be summed up in one single definition. It depends on personal behaviour, attitudes, approaches, circumstances and the outside perspective of followers to be recognized as a leader. We cannot compare Mahatma Gandhi, Margaret Thatcher, J. Robert Oppenheimer and George C. Marshall and describe their leadership with the same definition. Therefore we highly value Gardner’s definition of leadership who said: ‘Leaders are those who, by word and/or personal example, markedly influence the behaviours, thoughts, and/or feelings of a significant number of their fellow human beings’ (Gardner, 1996). All above mentioned persons share the key attributes of leadership, while some of them pronounce one characteristic more than the others and vice versa. Nevertheless, in special circumstances, in specific times, certain locations and for different reasons they all succeeded to develop the mentioned leadership skills and were recognized as leaders.

In the following chapter we point out the relation between eco-friendliness and key qualities of leaders and managers in an example.
3.2.2 Eco-Friendly Leadership – An Example of USGBC

When people we talked to were asked what they associate with leadership, they named numerous key words to describe it, but eco-friendliness is probably not among the first words. Environmentally friendly aspects therefore are not yet linked to leadership in people’s minds. By contrast, leadership is often used to praise eco-friendliness.

The USGBC (U.S. Green Building Council) with its LEED (Leadership in Energy and Environmental Design) programme even uses the term leadership as a key word in the title. USGBC represents a non-profit U.S. trade organisation which espouses for sustainably constructed buildings that are built using eco-friendly materials and architecture. It developed rating systems for different kinds of buildings and awards them with its international accepted certificate (USGBC a, 2012).

An eye-catching sentence on their homepage says: ‘Our community of leaders is working to make green buildings available to everyone within a generation’ (USGBC b, 2012). It is an interesting aspect to identify key attributes of leadership in this company since they call themselves leaders. Most obvious is their continuous learning aspect. Several trainings are offered on the homepage of USGBC for their leading consultants. Since the foundation of USGBC in the year 2000, the organisation has been developing its guidelines and has constantly been adjusting them to current technical and scientific aspects. ‘The hallmark of LEED is its continuous improvement and development cycle’, the organisation answers to the frequently asked question why they keep updating their guidelines (USGBC d, 2012). On the USGBC website everyone is invited to join a ‘vibrant and diverse community which offers unlimited new opportunities for connecting individuals and businesses with the people, information and ideas they need to be part of the rapidly growing green building industry’ (USGBC e, 2012). This statement of USGBC contains several key attributes of leaders. First, everyone who has the same goal of achieving eco-friendliness is welcome to participate in reaching it. On the one hand, this depicts the networking attribute of leadership. On the other hand, the organisation is interested in new ideas. Creative solutions and innovations to become more environmentally friendly are projects to be worked on collectively.

In our view, the importance of communication to the organisation becomes clear, too. The goals as well as the guidelines to reach the certificates the organisation offers are formulated clearly. The attributes ‘authenticity’ and ‘trust creation’ are harder to evaluate. A good indicator for the customers’ trust could be the vast number of participants. USGBC claims to have 16,000 member companies and organisations, with 170,000 LEED Professional Credential holders (USGBC c, 2012). It seems that everything works perfectly together and the world is on a development to
become eco-friendly and green. This is probably the ideal goal to reach but there are many obstacles and conflicts to overcome until this aim becomes closer.

### 3.2.3 The Threat of Conflicts

Katz & Kahn (1978, p. 613) state that the term ‘conflict’ may have different meanings. First, it can be a struggle for a certain thing. Apart from that, a conflict can be seen as an ‘affective state’ caused by pressure or aggression or it can be seen as a ‘conflictful behaviour’, accompanied by ‘passive resistance’ or ‘active aggression’. Katz & Kahn allocate their definition of conflict to the last of the above mentioned categories. This category represents most likely the conflict companies have to deal with when they participate in economic life. They further argue that conflicts emerge if two parties have different, mutually exclusive goals. Moreover, they state that it belongs always to a conflict and that it consists of a sequence of events. Every single event has a starting point as well as an ending (Katz & Kahn, 1978, p. 615).

How can conflicts be considered? Are they helpful or harmful for the organisation? In the opinion of Katz & Kahn (1978, p. 640), in every organisation certain types and levels of conflict are helpful for specific conditions – the persistence of the company or the improvement of manufacturing processes. The scientific community is divided on this statement. Based on studies, some conclude that conflicts have a rather negative influence on the productivity of companies. Others in turn confirm the opinion of Katz & Kahn that conflicts are necessary. However, all opinions considered as a whole, the predominant view is that efficiently managed conflicts are essential for creativity in organisations (Katz & Kahn, 1978, p. 641).

Following Katz & Kahn (1978, p. 615), we want to broaden their notion and relate the role conflict, which can emerge between two parties, to role conflicts between a number of different stakeholders with different interests which surround a company. Reasons for emerging conflicts may be found in the different actors’ opinions of which accomplishments a company should focus on (Rowley & Moldoveanu, 2003, p. 213). Furthermore, it is imaginable that the same stakeholders also belong to another interest group (Rowley & Moldoveanu, 2003, p. 215). Therefore they either pursue the same or different interests (Rowley & Moldoveanu, 2003, p. 215). Based upon this assumption it is likely that, if the goals the different stakeholder groups pursue are too divergent or do not match at all, conflicts are inevitable (Katz & Kahn, 1978, p. 615). For example, employees of the company can also belong to the stakeholder group of shareholders. It is quite common that employees benefit from special conditions for the purchase of shares, such as buying below the market value and the like (Witt, 2001, p. 115). One of the motivations for an employer to offer employees such benefits is that he wants to give them incentives to work more
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efficiently (Adams, 2006). Another possible scenario could be that leaders or managers have goals that are different from shareholders. The leader may be focused on working ecologically. In contrast, shareholders might consider making money as the ultimate goal. A third example is that a leader who comes into conflict with his budget. As usual, money is an essential part of the business (Sokolovs, Marcus Komponenter AB). Therefore, the management can merely take actions that are financially rewarding. The leader is therefore in conflict with his financial situation – he wants to invest but his financial situation does not allow him to.

Another example of conflicts is the leader’s conflict with his narcissism, i.e. the conflict leaders find themselves in if they are asked unpleasant questions. In these situations, it is not easy for them to tell the truth – if the truth does not show them in a favourable light (Alvesson, 2003). This kind of conflict is based on the notion of the self-preservation instinct elucidated by Freud (1924, p. 4). If the leader said the truth, while this truth was harmful for his image, he would maybe risk his livelihood. He could easily lose customers and therefore money. So he pretends, based on the narcissistic type, what he himself wants to be like (Freud, 1924, p. 21). In our case this would coincide with the expectations of the public. We often experienced this kind of conflict during our research. Sensitive topics, such as the protection of the environment, firstly are quite uncommon for most of our interlocutors to talk about, and secondly they are anxious not to state wrong views. Of course they are aware of the effects a negative expression of their attitude towards eco-friendliness might have. Consequently, they try to present themselves as positively as possible, to avoid to be seen in an unpleasant way.

How can the management overcome those obstacles and still make good decisions in order to satisfy the stakeholder’s needs?

The management takes a significant mediating role, as the leaders have to find a balance between the company’s and the stakeholders’ needs. They should strive for collaboration of these parties instead of playing them off against another. Therefore, we anticipate that the management is not able to be passive, but they have to actively take actions in order to use their strong position to obtain the necessary balance. The equilibrium strengthens the company in terms of efficiency (Hill & Jones, 1992). The process of becoming certified with environmental certificates like ISO 14001, EMAS or Umweltpakt Bayern – which we present in the following chapters – is just one peril for conflicts.
3.3 Certificates – Process & Goal

Globally, there is a vast number of certificates of eco-friendliness. Just to name a few, there are the ISO 14001 standard, EMAS, Umweltpakt Bayern and USGBC (ISO, 2012; Umweltbundesamt 2012; USGBC a, 2012). We will analyse a selection of guidelines and certificates and for this purpose chose the most popular and most important European certificates. These are EMAS and ISO 14001 (Dobischat et al., 2002 p. 171). Also, these certificates are the most common ones in the companies we investigated in our research. Furthermore, we chose these certificates for being well known also to not certified companies either in Germany or Sweden or even in both countries.

Additionally we decided to present ‘Umweltpakt Bayern’ as a local German certificate. As we describe these certificates in the following chapters, we furthermore intend to present reasons for their development and their historical background.

ISO 14001 and EMAS emerged as a result of the United Nations Conference on Environment and Development in Rio de Janeiro from 3 to 14 June 1992 (Dobischat et al., 2002, p. 171; United Nations, 1992). The stated main objective of the UN was to repeat and furthermore to develop the concepts on which they agreed at the United Nations Conference on the Human Environment in Stockholm on 16 June 1972. The participating 178 countries (Technische Universität Darmstadt, 2012) in Rio approved on 27 principles to face their global responsibility for environmental protection and sustainability (United Nations, 1992). A part of the agreement is ‘working towards international agreements which respect the interests of all and protect the integrity of the global environmental and developmental system’ (United Nations, 1992). This was the trigger point for the European Union to develop the EMAS and for the International Organisation of Standardization to develop the ISO 14001 certificate. ISO is the short form of ‘International Organisation of Standardization’. The abbreviated version ISO was chosen for two reasons. The first one is that different short forms would have been necessary to cope with the meaning of the organisation’s name in different languages and the founders did not want to use just the English form that would have been IOS. Our interpretation is that it represents an equal international character which is not influenced by any country. The second reason was that the founders decided to call it ISO because it is close to the Greek ‘isos’ which means equal (International Organisation of Standardization a, 2012). The term ‘equal’ in our opinion can also be interpreted as being valid for all and as a calling for a united reaction.
3.3.1 ISO 14001

The ISO 14001 is part of the ISO 14000 family, which provides standards for ‘Environmental Management’, and belongs to the organisation’s management and leadership standards. According to ISO, the ISO 14001 standard was implemented by over 200,000 organisations in more than 155 countries (International Organisation of Standardization b, 2012). The goals of the ISO 14000 family are to ‘minimize harmful effects on the environment caused by its activities and to achieve continual improvement of its environmental performance’ (International Organisation of Standardization c, 2012). Since ISO 14001 deals with an Environmental Management System (EMS), there are general EMS guidelines which enable the continuous identification, check-up and improvement, as well as proving the achievement of the set goals. ‘The intention of ISO 14001:2004 is to provide a framework for a holistic, strategic approach to the organisation's environmental policy, plans and actions’ (International Organisation of Standardization d, 2012). The advantage of ISO 14001 over other certificates is its global acceptance, which is evident from the list of participating countries (Umweltbundesamt, 2012). The aim is to define globally identical EMS standards (Delmas, 2002) without specifying norms too narrowly, so that every kind of organisation is able to implement ISO (International Organisation of Standardization d, 2012). This often leads to a criticism of the ISO certificate which we will present later on in this chapter. Due to the fact that the International Organisation of Standardization does not publish anymore exact numbers of listed companies per country, we are forced to use data from 2007. According to a survey published by the German Umweltbundesamt (Federal Environmental Agency), 5,800 German and 4,865 Swedish organisations were certified with ISO 14001 in 2007. Consequently, the two countries ranked on place seven and nine on the worldwide rating list of ISO 14001 certificates, respectively. A total number of 129,031 organisations worldwide were listed in over 150 countries in 2007 (Umweltbundesamt, 2012). This means that organisations in both relevant countries for our thesis highly value and use the ISO 14001 standards.

Since we are interested in SMEs we have to make sure that the ISO 14001 standards are suitable for these kinds of businesses. We mentioned before that SMEs companies have to overcome specific obstacles when it comes to the implementation of environmental management systems (EMS). An examination carried out by the Department of Trade and Industry in the United Kingdom indicated fears and problems for SMEs to implement an EMS (Baxter, 2004). In this study, Baxter enumerated five key aspects: the ignorance of environmental impacts; limited financial, time and personnel resources; a lack of rewarding systems; missing techniques and skills; and finally less support and guidance. Also according to other authors, SMEs are not aware of their impact on the environment (Hallinan, 2003; Biondi et al. 2000). This leads to the measurable fact
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that SMEs perform worse than big companies in terms of eco-friendly behaviour (Hallinan, 2003). To solve these obstacles of SMEs, Hallinan (2003) proposes to use the Hackefors Model, a network of 26 Swedish SMEs, as an example.

Hackefors Model

Hackefors is an industrial district in Sweden near the city of Linköping, where 26 Swedish SMEs originally worked together to obtain a group ISO 14001 certification for financial reasons (Hallinan, 2003, Ammenberg et al. 1999). Following a common trend in Sweden, these SMEs with between one and 70 employees joined in order to achieve the ISO 14001 certification to proof their eco-friendliness and their combined efforts in waste disposal (Ammenberg et al. 1999). Following a common trend in Sweden However the main goal of this cooperation was to implement an EMS for every company with the help of an EMS Team consisting of environmental coordinators from every participating enterprise. These coordinators elected seven of them to build a Steering committee. This committee elected a General Director to monitor the process and lead the team. The General Director, who can be an internal or external person, is supported by an internal Support Group consisting of other employees of these enterprises (Hallinan, 2003). The Hackefors model could be a solution for SMEs to deal with their specific obstacles and find cost-efficient solutions to implement an EMS at the same time.

Also ISO is aware of the fact that more than 90 per cent of the companies are SMEs and therefore founded a special SME Task Group to ensure that a bigger benefit is achieved through the implementation of an EMS based on ISO 14001 (International Organisation of Standardization, 2012, ISO 14001:2004 and SME’s). In summary, we rate the ISO 14001 standard as appropriate for our research in SMEs due to three reasons. First, in our meetings with company leaders and managers we learned that stakeholders expect an ISO 14001 certificate (Ludley, NOSTA GmbH; Kipfelsberger, Thanner GmbH; Sokolovs, Marcus Komponenter AB). Second, SMEs are supported on the one hand by the International Organisation of Standardization, which address their special needs, and on the other hand by specially developed models for their particular requirements. Third, our research showed that many SMEs are certified, which shows that they feel the necessity to tackle environmental problems.

Results of a study about the certification with ISO 14001 by King, Lenox and Terlaak in 2005 proof three important facts for our thesis. First of all, we recognized the fact that many organisations implement ISO 14001 standards only to demonstrate their eco-friendliness to customers, suppliers and other stakeholders (King, Lenox & Terlaak, 2005, Ludley NOSTA GmbH). This prompted us to include a large chapter about stakeholder theory in our thesis. Second, it should
be mentioned that King, Lenox & Terlaak were not able to prove an improvement of eco-friendliness of certified organisations during the certification process (2005). Third, there is no evidence that certified organisations perform more eco-friendly than others without an ISO 14001 certification (King, Lenox & Terlaak, 2005).

These last two aspects reflect the results of a big study by King, Lenox and Terlaak. However, we are interested in the personal experience of company owners – managers and leaders – who provide us with their stories instead of objective data. When we confronted them with these facts mentioned above, they used examples from their own experience to convince us of achieved improvements in the process, as well as of the better performance as compared to the time before the implementation of an EMS (Ludley, NOSTA GmbH; Kipfelsberger, Thanner GmbH).

**Criticism of ISO**

As mentioned above, the ISO certificates are also criticised and especially the fact almost every company is allowed to apply for it (BUND, 2012). The BUND (2012) is displeased about the fact that even nuclear power plants and coal-fired power plants are certified with the ISO 14001 standard. The main argument of environmental activists is that even these power plants which, apart from their minor eco-friendly actions such as the use of recycled paper or reduced water consumption, are the main environmental polluters of these days. The ISO certificate only evaluates the status quo and does not value the amount of radioactive waste produced by such power plants.

We understand and highly value this criticism. However, we are aware of the fact that nuclear power plants are without any doubt supposed to fulfil the functions they are built for - producing electricity households and industry. This in turn consequently leads to radioactive waste, which is unavoidable. In our opinion, though they are polluting the environment, it is positive that they at least put efforts in becoming more eco-friendly. However, we think that certificates for nuclear power plants are nothing else but greenwashing.

### 3.3.2 Umweltpakt Bayern

Another local certificate that appeared to be important for our study was the Umweltpakt Bayern. It is a voluntary contract between the Bavarian State Government (Bayerische Staatsregierung) and local Bavarian enterprises (Bayerische Staatsregierung, 2010). According to them, the concept is based on the personal responsibility, voluntariness and cooperation of Bavarian enterprises which care about environmental aspects. With more than 5,500 participants, Umweltpakt Bayern is one of the most successful environmental contracts in Germany. The main aspects are energy and climate, eco-efficient building activities and renovating, eco-efficient processes in production, alter-
native propulsion technologies and electric vehicles, and management systems (Bayerische Staatsregierung, 2010). The terms and condition are most interesting, as there are three possibilities of taking part in the Umweltpakt Bayern.

The first possibility is an EMS in the company implemented through EMAS (we will present EMAS later in this thesis), ISO 14001 or 16001, Qualitätsverbund umweltbewusster Betriebe (quality association of environmentally conscious businesses) or ÖKOPROFIT. The just mentioned certificates include a proof of eco-friendliness, which makes us assume that Umweltpakt Bayern certified companies use this additional certificate just for signalling.

The second option is a substantial voluntary individual specification in environmentally friendly terms. This means that the eco-friendly specification is adapted for the special requirements of this particular enterprise. Additionally, the implementation has to be realized voluntarily, which means that there are no governmental requirements or laws to follow. Furthermore a significant change from the status quo must be perceptible.

The third possibility is an industry-specific or sector-specific certificate as BUBAP (Bayerisches Umweltberatungs- und Auditprogramm, Bavarian environmental advisory and audit program) or Efb (Entsorgungsfachbetrieb, waste management facility) (Bayerische Staatsregierung 2010). It is evident that there is a large number of possibilities for enterprises to get awarded with the Umweltpakt Bayern certificate. In our view, Umweltpakt Bayern may be a well-intentioned addendum to other certificates of eco-friendliness. Due to the various opportunities to become certified, personally we judge it less important than the ISO 14001 certificate and similar ones. Even our interlocutor Mr Dieter Kipfelsberger (Thanner GmbH) told us in a personal conversation that the Umweltpakt Bayern ‘is a present that [they] gladly adopt because of the signalling effect on the stakeholders.’

3.3.3 Eco-Management and Audit Scheme – EMAS

The Eco-Management and Audit Scheme (EMAS) was created by the European Union in 1993 to help enterprises improve their eco-friendly efforts voluntarily (Institute of Environmental Management & Assessment, 2012; EUR-Lex, 2012). According to NQA (2012), an assessment, verification and certification body, EMAS completely matches the ISO 14001 certification, but goes even further than ISO in specific areas. These supplementary requirements focus on special ‘environmental review, legal compliance, environmental performance, employee involvement and communication with the public’ (NQA, 2012). For enterprises this means that they can only apply for an EMAS certificate after they implemented an EMS according to the rules of ISO 14001 and fulfilled the following steps: It has to formulate an Environmental Statement in common used
language and has to be tested by an independent verifier. After the successful verification the enterprise is allowed to apply for the certificate at the responsible Competent Body of the respective EU Member State. After the registration process has been completed, the EMAS certificate can be used by the enterprise (NQA, 2012). As a consequence, the certification with EMAS involves more effort than the ISO 14001 certification. Therefore, more rules lead to higher expenses and more work.

Hence, it is questionable whether an EMAS certification is suitable for SMEs that are subject to the above mentioned specific difficulties. For this reason, special programmes were developed to support SMEs during the implementation process in many European countries (European Commission, 2012). In Germany, it is the Bavarian State Ministry of Environment and Health (Bayerisches Staatsministerium für Umwelt und Gesundheit) which also supports SMEs in the application and implementation process for the ISO 14001 certificate (Bayerisches Staatsministerium für Umwelt und Gesundheit, 2012). In Sweden, the Keep Sweden Tidy Foundation, a non-profit organisation for environmental education, supports SMEs in EMAS questions (Keep Sweden Tidy Foundation, 2012). Thus, we are able to identify a remarkable interest of the European Union in motivating SMEs to participate in the EMAS programme, as well as support for SMEs from local organisations in almost every country. This leads to the conclusion that the EMAS certification is suitable for our research in SMEs, too.

Another reason for the noteworthy efforts the European Union puts into the support of EMAS implementations could be the sharp decline of EMAS certificates issued around the year 2000. In Schleswig-Holstein, a province in Northern Germany, 50 per cent of the companies surveyed in 2003 reported that they will switch from EMAS to ISO 14001 or abolish environmental certification (Loew & Clausen, 2005). According to the study, the reasons for companies to apply ISO 14001 or stop the certification process are similar to our own experiences in SMEs. The first reason is the high cost of a running EMAS system and a declining demand from customer’s side. Our conversation partner Andrejs Sokolovs (Marcus Komponenter AB) confirmed that for his customers it is price and quality that matter, not eco-friendly behaviour. Another reason for declining an EMAS certification is the issue of international acceptance. A significant number of SMEs also acts in the global market and therefore needs to be certified with internationally accepted standards like ISO 14001. Kipfelsberger (Thanner GmbH) mentioned that especially foreign customers ask for the ISO 9001 and 14001 certificates when Thanner GmbH acts internationally. Additionally, there is the internal management expenditure which Loew & Clausen (2005) mention as a reason against EMAS. In our view, the actions taken by the European Union
were not successful since the number of EMAS certified enterprises in Germany keeps decreasing while the amount of ISO 14001 certified enterprises is still rising.

Our evaluation of EMAS leads us to the conclusion that EMAS will probably not be able to compete with the ISO 14001 certification in the international comparison (see figure 3). This might be due to the fact that EMAS is not internationally accepted and causes higher costs for companies as compared to ISO 14001 (Loew & Clausen, 2005).
Now that we have presented three different environmental certificates which are aspired by enterprises, it will be of interest to examine the objectives of this certification. The process of implementing environmental certificates will be presented now.

### 3.4 Environmental Management Systems – EMS

All the above mentioned certificates aim at the implementation or improvement of an Environmental Management System (EMS). An EMS can be compared with any other management system, however aiming at installing, controlling, improving and coordinating environmental activities in enterprises (Pezzoli, 2000; Melnyk et al., 2003). Many enterprises start to think about ecofriendliness and the implementation of an EMS when they want to become certified with ISO 14001, EMAS or similar certificates being subject to the pressure of external communities of interest (Zutshi & Sohal, 2002). Without doubt, the second aim of an EMS for enterprises is to fulfil the guidelines and expectations of the certifying organisations to become certified as ecofriendly. Our research showed that the EMS of ISO 14001 certified enterprises is similar but never exactly the same (Ludley, NOSTA GmbH; Kipfelsberger, Thanner GmbH; Sokolovs, Marcus Komponenter AB, Håkansson, Geesinknorba). The EMS is developed individually to suit the needs and specific circumstances of every single enterprise. From the development of an individually tailored compendium for the specific enterprise – a collection of guidelines, rules and aims of the company in written form – to the final implementation of an EMS, companies have to successfully manage everything on their own. This process is often influenced by stakeholders in different ways.
3.5 Stakeholder Theory

Stakeholder theory – ‘The theory that a firm should be run in the interests of all its stakeholders rather than just the shareholders’ (Vinten, 2001, p. 37) - ‘has emerged as one of the primary modes of thought in organisational ethics’ (Phillips & Reichart, 2000, p. 185). In the past, it was easier for company owners to manage their business. They employed people who did their work and for that were paid their salaries. These days, company owners have to pay attention to a lot more than merely employing people and gaining profit for the organisation’s stockholders. In our view, it is the stakeholders, leaders and managers have to care about. This opinion is also supported by Mitchell et al. (1997, p. 3). The writers claim that stakeholders have three key characteristics. The first attribute is the ‘power’ they possess to influence the business. The second is the ‘legitimacy’ of the stakeholder’s relationship with the company and the third is ‘the urgency’ of the stakeholder’s claim on the firm. Taking these characteristics into consideration, Mitchell et al. come to the conclusion that they represent exactly the kinds of ‘entities’ to whom managers should pay attention.

3.5.1 Our Understanding of the Term Stakeholder

Following Kochan & Rubinstein’s (2000, p. 4) observation we have found that the word stakeholder is frequently used, but is rarely defined. Therefore, we think that in order to understand the concept of stakeholders it is appropriate to explain it. The Stanford Research Institute in 1963 defined the term ‘stakeholder’ as ‘those groups without whose support the organisation would cease to exist.’ (Freeman, 2010, pp. 31-32). Thus, a stakeholder is every individual who guarantees the survival of the organisation. Freeman (2010, p. VI) furthermore states that ‘(…) a stakeholder is any group or individual who can affect, or is affected by, the achievement of corporation’s purpose.’ A last understanding we intend to provide here is from Kochan & Rubinstein (2000, p. 4). They hold that the term ‘stakeholder’ describes all individuals who pursue the same purpose – the organisation’s economic welfare. Summing up these definitions, we can say that stakeholders are all individuals who come into contact with the organisation and who are able to influence the organisation’s decisions. What is more, they are interested in the organisation’s prosperity and in exchange are indispensable to the survival of the company.

Stakeholder Grid

Freeman & Reed (1982, pp. 626-627) furthermore define two kinds of stakeholder power. The first is the ‘classical grid’. It describes how stakeholders are organised in theory. However, as has just been said, this theoretical view in most cases is not suitable for applying it to the real world. As a consequence, Freeman & Reed (1982, p. 627) developed the ‘real world stakeholder grid’, which
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takes into account the requirements of daily business life. However, because of that the real life stakeholder grid is a lot more intermingled and distorted than in the theoretical model. It could be assumed, for instance, that a customer has not only economic power but also the power to interfere in political decisions.

3.5.2 Who are Stakeholders?

In order to act favourably towards stakeholders it is vital for managers and leaders to figure out who their stakeholders are, and to understand them. Freeman & Reed (1982, p. 625) claim that these days the view of stakeholders is that they should initiate a shift from mere participation towards a state of influencing and directing company’s decisions towards their own interests. According to Berman et al. (1999, pp. 489-491), it should be noted that stakeholders are not only represented by ‘employees’ of an organisation, but also of the ‘natural environment’, ‘customer’ as well as the whole community which comes into direct as well as indirect contact with the organisation. This notion is also supported by Freeman (2010, p. 32) who mentions ‘(…) shareowners, employees, customers, suppliers (…)’ as groups that can be ranked among organisational stakeholders. Furthermore, it should not be forgotten that also the ‘owners’ (Kochan & Rubenstein, 2000, p. 4) are to be listed as stakeholders. There is no doubt that there do exist many more groups of stakeholders and that the mentioned groups could be differentiated more in-depth. However, we believe that a more detailed list would go beyond the scope of this thesis and may not be appropriate because the motives of the individual stakeholder groups sometimes intersect.

Shareholders / Owners

The first group of organisational stakeholders (Henriques & Sadorsky, 1999) we want to examine are shareholders and owners. The value of an organisation can be determined through the stakeholders’ profit (Mygind, 2004). Their interest in the organisation’s prosperity is undisputed since shareowners, as the name suggests, possess shares of companies, which means that that they invested money in the company. As the provision of monetary assets to a company poses a risk, they are interested in a maximum profit on their shares as certain compensation for their equity contribution (Mygind, 2004). In turn, the provision of financial power allows the shareholder to a certain extend to have a voice when it comes to decision making in the firm, the more shares a shareowner holds, the greater being his voice.

According to Mygind (2004), the stakeholder can take on many roles. He can be owner and manager, employee, supplier, consumer or creditor at the same time. However, he consequently has to deal with specific benefits or costs which his multiple roles entail.
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Owners who are simultaneously managers or employees benefit from the autonomy they have. They can independently control their working life to a certain extent and in addition have the security of their own labour force. In contrast to these benefits, they have to struggle with an accumulation of personal risk (Mygind, 2004). That is, the more the owner is involved in his organisation, the more risk he runs. As an employee or manager in his company, for instance, he has to face problems as occupational disability and the like, whereas as a mere owner he does not bear these kinds of risk.

Owners who are also suppliers seldom need to worry about delays in the area of production (Mygind, 2004) since they supply themselves and therefore in all likelihood will not suffer from bottlenecks in their supply chain due to negotiations or similar issues. The only difficulty they face is that they have to act outside their comfort zone (Mygind, 2004). With comfort zone we mean a different working environment in which they act, so they have to adapt to these new conditions.

If owners are consumers, they do not depend on other manufacturers so that they can evade potential monopoly prices. A major drawback, however, is again the accumulation of risk (Mygind, 2004).

Finally, owners could also be creditors. In this case, the owner has full financial insight and he will not be surprised by any processes. A problem owners have to manage though is that again they act outside their comfort zone. Comfort zone in this context means that persons have to act outside their familiar surroundings and thus try for example new things out. Being a creditor is not their core competence and thus they might run the risk of making mistakes.

Employees

Another essential group of stakeholders undeniably is employees. Employees spend a significant amount of time of their lives within the organisation. They are the flagship of the company because they are the ones who get into contact with customers and business partners. Furthermore, several studies (Delery & Doty, 1996; Huselid, 1995, pp. 638-645) corroborate that the way a company leads, cares about and handles their personnel may influence its economic viability. This assumption becomes even clearer by thinking about employees who enjoy working for their company – employees who work passionately instead of just doing their job because they have to. Those exact people will be more present at work, taking less sick leaves and thus creating a stronger commitment to their employer (Berman et al., 1999). As a result, they gain higher profit and thus the whole organisation becomes more competitive.
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Furthermore, it is vital to create trust among the employees. They should feel confident that their job is safe. By generating such commitment, employees are able to deal with corporate governance concerns instead of being merely busy with securing their own, temporary profits – they do not have to worry that their employment contract will be terminated at any time and for any reason. A further advantage of that commitment is that employees are likely to acquire abilities that help the company in the long run (Hodge, 2010).

Moreover, with an intensive involvement of employees in the stakeholder’s role and better communication with them, labour disputes could be reduced because employees are busier with making crucial business decisions like wage reductions or dismissals instead of preparing walkouts (Hodge, 2010).

Hodge (2010) argues further that the benefits of giving employees a voice can generate company-explicit knowledge – employees often have a deeper insight, for example into production-related processes, than leaders or managers.

A last benefit that according to Hodge (2010) arises from the codetermination of employees in their role as stakeholders could be that workers increasingly work in a more goal-oriented way. This might be due to stronger bonds with the organisation. Employees work together, they decide jointly and thus pull together. This is what makes the difference – the team spirit.

However, besides these positive aspects also some negative aspects are to be observed. Hodge (2010) names three major disadvantages organisations have to deal with when they empower employees. The first drawback is that these organisations tend to be less risk affine and inefficient. This might be a result of the attitude of many employees who stick to well-known workflows rather than trying out something new and innovative which could be more efficient, but in return would pose more risk. The second problem is that companies delay decisions which must be made in the organisation. One of the reasons for this could be differing priorities the parties (employees, board, managers etc.) have when it comes to making decisions. The last negative aspect of employee participation is that the board could lose its control function. This might be due to the employees’ fear of losing their jobs when their opinion differs from the board’s opinion. Furthermore, the boards would have the ability to play off the different parties against each other and thus would have the possibility to act independently.

As a sum-up, it should be noted that employees in the role of stakeholders offer many advantages to their companies, leaders and managers. However, the drawbacks should not be ignored.
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**Suppliers**

Other important stakeholders are the companies’ suppliers. Suppliers are linked with internal stakeholders like leaders, CEO, board etc. as well as external stakeholders like government, the media or the community (Kalwani & Narayandas, 1995, p. 1). Their main interests are long-term contracts, fast payments by the buyer and steady growth of sales (Kalwani & Narayandas, 1995, p. 2). Long-term contracts help them to keep the risk of losing a customer at a low level which in turn means that they are financially secure. Long-term contracts and fast payment by the buyer are not only of benefit for the supplier’s financial security. With the assistance of these contracts they can exert power on the organisation. The supplier is able to exert influence to a certain extent to price, quality and product availability (Kalwani & Narayandas, 1995, pp. 2-4). All these benefits put suppliers in a powerful position which helps them to get a political say and thus to influence the organisation in their favour.

**Customers**

As mentioned above, stakeholders have the ability to influence decisions of companies. ‘Take for example the crisis Shell had in the mid-nineties. Shell was about to sink the oil platform Brent Spar in the sea, which caused so much attention by the media that a majority of the world’s population heard of the plan. As a result, many people protested against the project and boycotted Shell’s gas stations, and in the end Shell decided to dispose of the platform on dry land. This example shows how mighty stakeholders can be’ (Miller, 2011).

Today many companies still neglect to care enough about customers who are also stakeholders (Prentis & Bird, 1999). But what is the reason for this behaviour?

Prentis & Bird (1999) argue that companies often have a distorted perception of their customers. In their view, customers do not understand their issues, or the business the company operates. Furthermore, the topics could be too technical for customers and, what is more, customers are only interested in the product’s value while not really caring at all about the other issues like supply chain for example. In many cases this attitude towards the customers is simply not correct. When we, for example, refer to our frames of references, we see that we do care indeed about the production of goods we buy and we are also interested in whether companies protect the environment or not. For us as customers, this influences our decision about the purchase.

How can company leaders overcome these gaps? One solution could be the introduction of a something like a ‘Customer Environment Workshop’ (Prentis & Bird, 1999). The workshop ideally leads to an intense contact between customer and company, and possible results of these
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interactions are better informed customers, a more detailed knowledge about customer’s needs and the customers’ feeling that the organisation cares about them (Prentis & Bird, 1999).

Environment
As stated above, the *green revolution* becomes more and more visible in our everyday life, while the attention of companies and organisations towards the environment as a stakeholder is still very low (Norton, 2007, p. 388). Concluding our discussion of stakeholders, we will link the perspective of stakeholders to our topic of eco-friendliness. Whereas the above mentioned types of stakeholders can certainly be seen as such, the environment adopts a special role.

While the concept of stakeholder is based on a reciprocal economic relationship of give and take, one cannot acknowledge that this applies to the environment, as the environment does not charge any fees for its service or production when it comes to exploitation of natural resources (Norton, 2007, p. 388). Due to this fact, one of the biggest challenges is to include the natural environment in the group of stakeholders (Norton, 2007, p. 388). As stated above, we know that every group or individual who affects or is affected by the organisation can be counted among the group of stakeholders. Since a company or organisation is definitely affected by its environment, and the environment at the same time is always affected by the company or organisation which sets up business in it, we include the environment in the group of stakeholders (Phillips & Reichart, 2000).

Which other reasons require to take a closer look at increasing environmental protection or to acknowledge the environment as a stakeholder? In every measure organisations take or plan to take, they are dependent on the environment. Without the environment they could neither exploit oil, gas, diamonds etc., nor could they plant grain or other field crop in order to stay competitive. Also Ludley (NOSTA GmbH) pointed out that the environment is recognized by him as a supplier providing the company with resources. Companies cannot simply act the way they want because there is only one environment they can use and work in. So, if organisations do not pay attention to the environment, the next generations must suffer from their inability of acting eco-friendly.

Conclusion
Putting all things together, we can clearly see that the different groups of stakeholders do not always pursue the same interests. On this occasion, managers and leaders come into play again. They have to mediate between the parties in order to achieve maximum satisfaction among the different groups. They do this to prevent stakeholders from quitting their relationship with the organisation or from using their political power to grasp the values which they think they deserve
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(Freeman et al., 2004, p. 364-365). It might be true that ‘the change from the stockholder to the stakeholder took place not only because of the people’s political and financial consolidation. It is rather a change that has taken place in people’s minds, such as thinking more intensively about a greener environment. For instance, until five years ago nobody had heard of the term ‘Green-IT’. Today, however, this expression is ubiquitous’ (Miller, 2011).

3.6 Management of Change

Having discussed different certificates of eco-friendliness and different types of stakeholders, we come to a part where we believe it is necessary to combine some of the previous parts in order to realise ecological projects successfully.

Furthermore, we are of the opinion that becoming eco-friendly has a lot to do with the management of change, since becoming ecological or more eco-friendly than before, to put it simply, is no less than a change. Turning this change into a success requires a fundamental analysis of the current situation as well as the desired outcome. This notion is also supported by Capgemini Consulting (2008, p. 13), which carried out a study in 2008 in which they drew the conclusion that for almost 90 per cent of the surveyed leaders and managers change management is an important instrument. What is more, the study reveals a clear trend towards an increase in the number of change processes during the past years, which will presumably persist in the next years.

To sum up, the major goals of the management of change consist in the improvement of the organisation’s current situation organisation and the attempt to excel competitors and eco-friendliness of earlier years (Capgemini Consulting, 2008).

Basically, change processes can be divided into four major stages (University of Erlangen, 2003). The beginning is an analysis of the problem or the status quo. The next step is the planning, where it is important to focus on the goals which are prioritized and the development of an appropriate concept of change. In the next phase the project is implemented. Special attention must be paid to the integration of staff, since employees at the end of the day are the ones who have to adapt and live the changes. The fourth and final stage consists in a review of performance. Here, a target-performance comparison should be conducted which secures success in the long run. If applicable, adjustments have to be carried out.

3.6.1 Implementing the Change – A Challenge?

When it comes to the implementation of a change, leaders and managers have to overcome certain obstacles (Becker-Kolle et al., 2006) in order to realise it successfully. Therefore, we want to elaborate on some selected hurdles the management has to face.
According to Bonk et al. (2005) it is often in the beginning of a change project that leaders generalize the mission to much with previous projects. Most processes simply cannot be compared. They are individual and must be treated as such. However, it is of course possible to categorize the projects in some ways. As Bonk et al. (2005) further argue, it is possible for instance to structure the scheme according to range and time frame or on basis of eco-friendliness.

Moreover, many different cultural backgrounds can be a major difficulty (Kraus et al., 2006; Ludley, NOSTA GmbH; Kipfelsberger, Thanner GmbH). Many employees, for example, have a different understanding of environmental protection – some employees have been recycling their waste at home for a long time, while other employees may refuse this idea (Ludley, NOSTA GmbH; Kipfelsberger, Thanner GmbH). If the organisation then plans to introduce, for example, a new environmental protection system, it may meet resistance. And it is precisely this resistance the management has to overcome.

In addition to this, Bonk et al. (2005) mention that it is necessary to familiarize employees with the new plan and to convince them to pull together. Thus, the management operates some kind of in-house marketing for its new projects and goals. This is vital because employees need to get information as well. They cannot just do their work in a specific manner without knowing why. Bonk et al. (2005) further argue that without this information the project is in danger to fail, even towards the end, (Bonk et al., 2005).

As mentioned above, a great deal of motivational work is generally needed. However, a lot of employees still will not be enthusiastic about the new environment they find themselves in. This might be due to mental pressure, insufficiently defined tasks or little passing on of information (Staehle, 1999). Consequently, it is important to involve all employees in the process and find the reasons for negative attitudes towards the mission through additional talks and discussions in order to reduce or eliminate them (Bonk et al., 2005; Kipfelsberger, Thanner GmbH; Klinger, WertaPharm; Ludley, NOSTA GmbH).

An often observed mistake is that only one person is charged with the management of the change programme. This appears to result from the assumption that the project leader has to be able to motivate his team, make decisions independently and manage also other steps, like the daily business, extremely well (Bonk et al., 2005). If the leaders are not able to handle these tasks properly, they are just not suitable for this kind of job. Basically, this assumption may be true to some extent. Nevertheless, it is of course easier for leaders and managers to look for a second opinion. Moreover, it is conceivable that one person has not an equal balance of management skills and
leadership skills. Thus, it is only logical to split up responsibility among at least two people (Bonk et al., 2005).

### 3.6.2 Success Factors

Having stressed some of the key issues, it is important to relate this discussion to the success factors of change processes, as the success is largely dependent on different factors (Keuper & Groten, 2007). Taking a closer look on the term *success factor* we notice that it is defined by unchanging characteristics. It is concerned with aspects as talent development, management and planning and strategy. The success factors relate mostly to the human components of the company rather than to technical or know-how considerations (Keuper & Groten, 2007). Furthermore, success factors are related to questions as the *what* and *how* of change processes (Becker-Kolle et al., 2006). They further claim that the *how* is mostly linked to circumstances like purpose, problems and goals of the mission. On the other hand, the *what* is rather focused on the project’s participants, time frame or communication.

During our talks with several company leaders we learned that for a successful change it is vital to examine the most important influences right from the beginning. For example, workflows can only work if staff is well trained (Ludley, NOSTA GmbH). Additionally, it is important to elicit the sense and purpose of the programme. For implementing an eco-friendly strategy, such a purpose could be legislation. If this is the case, we are talking about a ‘must-change’ (Becker-Kolle et al., 2006) – the change has to be carried out due to a lack of choices.

**Commitment & Credibility**

As a part of the study about change management conducted by Capgemini GmbH in 2008, leaders and managers were asked which influences affected the successful change in their view. Every participant was allowed to give three answers. The most striking arguments all of them had in common were commitment and credibility. They said that without the top management’s commitment and credibility, a change, performed by the lower management, would not have any chance of being realised, which apparently was a situation many of the interviewees had experienced in the past. This shows impressively that every corporate level must pull together. The second outcome of the study was that around half of the respondents named a common vision and communication as an important aspect. The notion of a common vision which is supposed to increase the motivation of all those involved, is also supported by Lauer (2010). The issue of controlling as a decisive factor of success had been named very rarely. A reason for that might be that many employees fear the monitoring and thus are less productive and feel insecure.
As is clearly visible, the Capgemini (2008) study impressively proves the theoretical background different scientists and authors have revealed in their books.

To conclude the section about change management, we want to give a short overview of how an ideal change process should be carried out. As we elaborated in the previous section, one of the success factors is staff. Lauer (2010) mentions in his book that for this reason it is almost mandatory to have change is initiated by employees rather than by incidents. This means that an accident, for instance, should not be the trigger for recognizing the necessity of change. Instead, it should the employees who detect the necessity of change. He further describes that the project’s initiator should be be part of the management level in order to have the power to put into effect his plans. In addition to this, a future-oriented and visionary leadership style is adequate. ‘Future-oriented’ in this context means that the leader must not think and act in the short term. Through such a visionary leadership style, he possibly gains sustainability and thus secures the wellbeing of the company and the change process itself. Finally, all employees must be involved in the change and besides must receive training in order to understand the new situation. For this purpose, the organisation can also hire consultants. This notion is supported by Klinger (WertaPharm GmbH), Kipfelsberger (Thanner GmbH), Ludley (NOSTA GmbH) and Sokolovs (Marcus Komponenter AB) who all have hired external consultants in order to implement their environmental improvements. The external consultants are professionals in their work environment and thus may have the methodological knowledge as well as being free from professional bias.

Having completed these steps, the official part of the change process terminates. However, one cannot simply put it aside. It rather should be considered as an ongoing process which offers possibilities for all involved parties in order to perform a continuous improvement.
4. Our Interpretations

At the beginning of this thesis, we introduced our research questions. These statements led us through our entire theoretical framework as well as our whole practical research. In this section we will elaborate on these statements according to our understanding and frames of references, which were set up through the entire project.

In the beginning, we did not evaluate the data. We were fully aware of the consequences of our decision not to evaluate the data until now since we wanted to apply the approach of the grounded theory. We wanted to see how the collected data fits into our frames of references and what it means to us (Glaser & Strauss, 1967). Of course it was impossible for us not to be affected by the previous interviews since we were at the scene. However, we tried to use our background knowledge to enhance the questions for our talks step by step. It goes without saying that we were also well aware of the circumstance that conducting interviews is a highly sensitive topic, since it is concerned with human interaction. We tried as best as we could not to influence our interviewees. However, we touched upon this area for the first time. Therefore, we afterwards identified some situations in which we could have performed better, which prompted us to eliminate these factors in our future interviews. To give one example, we realized that our questions were in some cases too direct, which may have influenced the respondent in a certain way.

All of our interviewees allowed that the conversations were recorded on tape. Thus, we were able to listen again to the whole conversation afterwards. Next, we transcribed the interviews verbatim. After gathering and writing down our data, we used the line-by-line coding approach in order to create categories (Charmaz, 1995).

For the further analysis we deliberately chose the method of manual analysis. The reasons for that are two-fold: First our amount of data was of a manageable size. Second, the computer might have helped us with the analysis, but the coding, especially the generating of categories, would have to be done manually anyway. Therefore, the process of familiarising ourselves with the computer programme would not have been worthwhile (Basit, 2003).
4.1 Categories Emerged

As mentioned in our methodology, we used the line-by-line coding approach in order to categorize our gathered data and thus make sense of it. Following the guidelines of the grounded theory, two different kinds of categories emerged during our research. It was obvious that the anticipated categories would take a decisive part in our collected data due to the fact that we were putting the interlocutors to specific topic’s attention. It would be naive by scientists to ignore or even attenuate the reciprocal influence (Daudi, 1986). If we ask questions on a specific topic, for instance the existence of certificates in the enterprise, we implant the notion of this particular topic in the interviewee’s mind. As a result, he directs his answer towards certificates, which consequently become a main category in our field of research.

4.1.1 The Expected Categories

Of course we thought about and discussed our research topic at the outset. Before we spoke to our interlocutor, we also researched on our forthcoming thesis. On the basis of the latter, through mutual talks and discussions we tried to understand our field of research in order to get a sense of the matter which we should work on for the following months. This was an important part for us since during this time we built up expectations and anticipations of how leaders may handle environmental topics.

Categories we expected were obviously influenced by the topics of our theoretical framework. We directly spoke about environment and the experienced eco-friendliness of the enterprises which supported our research. Therefore the category *environmentally friendly strategy* emerged. As we got familiar with our topic, we also expected our interviewees to talk about their leadership style, which we consequently asked our interlocutors about. This gave us the opportunity to get an insight into how they lead people and manage projects. We expected that leadership attributes might have a significant impact on the company’s doubts towards eco-friendliness and the management of change. Thus, the category *leaders describe themselves – a change is rampant* arose. A further crucial part of the thesis is the number of certificates related to environmental protection. As this is the topic of this work, it is obvious that our interviewees were interested in what we are writing about and therefore they were sensitized on those certificates. ‘Sensitize’ in this case means that they prepared themselves, focused on the environmental certificates and were well informed about eco-friendliness in their enterprises. This influenced the research in a way that all the talks we conducted dealt with certificates. Of course we expected nothing else than seeing emerge *eco-friendly certificates* as a main category. During the research, stakeholder influence came up as an aspect to examine. Every single interlocutor told us that stakeholders influenced the certification
process significantly. The outcomes will be further explained in the results chapter (4.2). Therefore, also stakeholders emerged as a main category on its own in our thesis. Also conflicts which the management level is captured in were mentioned during most of our face-to-face research. Interlocutors repeated several times the different goals they have to balance. Consequently, we decided at a very early stage to include conflicts of interest as an important aspect. Additionally, we expected to hear about the management of change which in our view is necessary to implement a meaningful EMS. The categories conflicts of interest within different roles – a red thread in our scientific work – and EMS also belong to the anticipated categories. Of course, we did not ignore the impact of costs. Thus, we conclude this section with the last category we anticipated, namely costs. When we talked about companies which should become greener, we were aware of the aspect of limited budgets. Companies cannot easily become more ecologically. They have to follow the rules of economy.

4.1.2 The Categories Discovered

In contrast to our anticipated categories, this section is based on findings inferred by our qualitative data. We found that we had anticipated the categories mostly correctly. However, through the grounded theory we were able to enhance and specify our anticipated categories. The categories we discovered through the line-by-line coding approach can be seen as subcategories. The expression subcategory does not mean that they are less important as compared to our main categories. Rather we could highlight them as the added value of our thesis. We use this term due to the fact that for their discovery, research was vital. It was hardly possible to identify these categories with assistance of secondary literature only.

A first subcategory we allocate to the main category of stakeholders is pressure. The management of numerous companies told us that they have to deal with stakeholder pressure, while Asian enterprises hold a special role in terms of certification. This special role being mentioned by several interlocutors independently, we decided to establish a subcategory on its own without analysing these experiences through reliable data collection. We rather allowed for the personal experiences of managers and leaders with their competitors. Without exceptions, every interviewee testified that stakeholders have a great influence on the company’s strategic management – especially when it comes to the certification process. The implementation of an EMS and the certification process in nearly all enterprises were supported by consultants. They were experts in this area and provided the companies with the necessary knowledge to become certified. We underestimated the role consultants play in the certification process. During our research, we decided to create an own subcategory for consultancy. A meaningful EMS also affects other aspects of the enterprise and provides it with information for improvements besides the environmental aspects. We decid-
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ed to use the category further improvements to describe this beneficial influence especially on the quality management of the enterprises. To reach a benefit, it is also crucial to train the employees to follow the guidelines of these certificates. Special trainings and personal talks are necessary and were mentioned by the experts in our talks. We found that the subcategory training is worth being created in order to identify the different ways of reaching this goal. Finally, it has turned out that it is vital for every company and their management level that everyone puts his words into action. Without living the words said, every effort towards a change will be worthless and hypocritical. For this reason we created the category practice what you preach.

4.2 What We Got – Results

In this section we will present the results of analysing our empirical data. The topics we discussed in our theoretical framework are now related to the qualitative data we gathered during our personal talks with company leaders.

4.2.1 Leaders Describe Themselves – A Change is Rampant

We have already described our view that leadership qualities have an enormous impact on the implementation of a meaningful Environment Management Systems and the successful development of green enterprises. Furthermore, we think that the leadership qualities managers and leaders described their personal style with provide us with necessary information about their trustworthiness and reliability. We do not claim the ability to judge these qualities the way psychologists could. It is rather our personal assessment that makes us assume that our interlocutors certainly provide us – as definitely all individuals do – with their personal and probably idealistic stories about their experiences and their organisations (Alvesson, 2003, p. 16). It is nearly impossible for individuals to appear in an unfavourable light following their own statements (Freud, 1924, p. 4 & p. 21). Having said that we do not assume that our interlocutors did not tell us the truth. It merely takes into account that some negative aspects were consciously omitted or simply forgotten. The following passage presents the key skills selected by us to describe the leadership of our interlocutors as well as our evaluation of these qualities.

First of all, it should be mentioned that the research in SMEs revealed high value of flat hierarchies. Kipfelsberger (Thanner GmbH) is proud of flat hierarchies at Thanner GmbH, which according to him is the result of being a family business. Sokolovs (Marcus Komponenter AB), Klinger (WertaPharm GmbH) and Pehrsson (Norden Machinery AB) even claim to have a family relationship with their employees which are according to Sokolovs the basis of successfully competing in the market as a small company. Only with this leadership style he has been able to get back his best employees from other companies which paid higher salaries after the financial crisis.
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in 2008. Pehrsson added that the only year Norden Machinery AB did not make profit was under the leadership of an authoritarian manager, who avoided contact with the employees. Swedish managers expect their German colleagues to be much more authoritarian than themselves (Sokolovs, Marcus Komponenter AB; Pehrsson, Norden Machinery AB). Instead, during our research we observed a development in Germany, where a change is visible from an authoritarian style in the past (Ludley, NOSTA GmbH), necessary in specific situations (Ludley, NOSTA GmbH, Klinger, WertaPharm GmbH; Kipfelsberger, Thanner GmbH), towards smaller hierarchies and open offices with a family atmosphere (Klinger, WertaPharm GmbH; Kipfelsberger, Thanner GmbH). Our interpretation of these flatter hierarchies and more personal relationships is that leaders today appreciate the input from employees and rely more on the ideas of the whole people working in the enterprise. You could describe this as the awareness of collective knowledge. As Hodge (2010) stated that employees often have a deeper insight in, for example production related processes, this interpretation is also supported by Pehrsson (Norden Machinery AB) who makes most decisions by a vote and accepts the decision of the team’s majority. Ludley (NOSTA GmbH) relies on a monthly feedback system which is mandatory for everyone in the company. In return, leaders expect their followers to be aware of responsibility and independent thinking and acting (Ludley, NOSTA GmbH; Klinger, WertaPharm GmbH; Pehrsson, Norden Machinery AB). It is crucial for reliability that this works vice versa between employees and leaders. In this content, trust was repeatedly associated with reliability (Ludley, NOSTA GmbH; Pehrsson, Norden AB; Sokolovs, Marcus Komponenter AB). According to Ludley (NOSTA GmbH), employees have to trust their team leaders and vice versa. This exactly matches to Bennis and Nanus’ (1997) description of trust through positioning. Leaders in the companies we researched on make their decisions in their individual way. Today, most of them involve employees in the decision making process. No matter how the decision is made, the managers we talked to take a stand. In our case we can see the implementation of an EMS and the certification process as a decision. All certified company leaders in our research hold the course and work on improvements even when the certificates are high costly (Håkansson, Geesinknorba). This is just one example of creating trust through positioning. This is extremely sensitive since leaders have to take responsibility of the trust-building process. If employees did not trust their leaders or a single person was manipulating the subordinates, the feedback system of NOSTA GmbH would be useless as employees would not respond honestly. Another aspect is communication. Most of our interlocutors mentioned the importance of communication skills. Especially personal communication is crucial for Kipfelsberger, Klinger, Pehrsson and Sokolovs. Sokolovs (Marcus Komponenter AB) speaks in a very friendly an informal way to his employees because this enables his enterprise, which employs only 19 people, to create an efficient and productive atmos-
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phere. Kipfelsberger mentions that the office’s glass walls represent open communication, transparency and the willingness to answer all questions. According to our frames of references, this represents well what Bennis & Nanus (1997) describe as meaning through conversation. Pehrsson (Norden Machinery AB) and Håkansson (Geesinknorba) also prefer a personal talk to e-mails or telephone calls and therefore visits his subordinates in their offices or outside in the production hall, which he jokingly calls ‘managing by walking around’. To him, personal contact is extremely important. All of the interviewed managers adhere to clear and understandable communication. Ludley (NOSTA GmbH) is even aware of his employees’ language skills. He mentions that some older staff do not understand the English equivalents of certain expressions. ‘We started talking about ‘feedback and review’ and ‘wrap ups’ and they simply did not understand what we were talking about’ (Ludley, NOSTA GmbH) because when they finished school, English was not as elementary as today. This is also important concerning the ISO 14001 certificates, which often include English terms because of their international character. Some of our interlocutors are also aware of nonverbal communication. Kipfelsberger, Ludley and Sokolovs understood the importance of being a model for their followers. One of them – quite surprisingly – gave an example of different ways how employees experience communication. When a team leader walks through the production hall, one may think: ‘Nice of him to visit us and care about the processes’, whereas the other employee might think: ‘He is controlling and checking on us again’ (Ludley, NOSTA GmbH). Especially for workers’ eco-friendly behaviour, acting as an idol is just as crucial as clear communication. As the key core quality of leadership, meaning through conversation (Bennis & Nanus, 1997), due to the above mentioned examples communication in our view is well recognized and used by all interviewed managers. They do the best they can to make sense and give sense (Gioia & Chittipeddi, 1991) to their employees. As described in our theoretical framework, sensegiving is also called management of meaning (Gioia & Chittipeddi, 1991). Meaning is created through conversation (Bennis & Nanus, 1997). This makes us belief that our interlocutors are aware of these theories and successfully communicate in their enterprises. Ludley and Kipfelsberger are convinced that for some people, they need to repeat statements over and over again and have to explain what they mean. If they didn’t act as idols, it would be difficult to convey the message. They would not be trustworthy anymore. Sometimes communication is unbalanced because leaders have to convince especially older people who are used to the authoritarian leadership style, to tell them the truth without consequences (Ludley, NOSTA GmbH; Pehrsson, Norden Machinery AB). For Ludley, it is a challenge to solve this problem even when he is able to identify improvements. Klinger (WertaPharm GmbH) sums up: ‘I try to treat my employees the way I want to be treated myself.’ An employee added Mrs Klinger is ‘really fair and we have a familiar relationship in the enterprise’. We are convinced that this allows a fruitful
communication based on reliability, trust and honesty. It must be hoped that all enterprises in our research actually act as they pretend to because the mentioned values crucially contribute to the implementation of eco-friendly certificates and a working EMS. What is more, it could decide over success or failure of such a project.

4.2.2 Practice What You Preach

Before we started, we expected our research to identify leadership qualities – at least signs of them – in our interlocutors. Surprisingly some of them even amazed with one statement we personally see as a crucial leadership quality. Practice what you preach – you have to live the eco-friendly way when you are certified. Otherwise, it would be not sensemaking (Gioia & Chittipeddi, 1997) to become certified (Kipfelsberger, Thanner GmbH; Ludley, NOSTA GmbH). Håkansson (Geesinknorba) told us the company plans an eco-driving programme for their sales representatives. The enterprise pays a training to teach how to save fuel and reduce emissions by changing the style of driving. This is an example for Geesinknorba’s signals conviction that it is necessary to take responsibility for environmental aspects. They practice what they preach. Ludley (NOSTA GmbH) told us that for a new assembly building he invested in new air technology and heat-exchange technique. According to him, the costs amounted to the price of a family home and will be equalized after 15 to 20 years at the earliest. Therefore he says it is really idealistic to implement such technology in a new building. He does it just to personally contribute to eco-friendliness. This could be seen as an attempt to create trust through positioning (Bennis & Nanus, 1997). This investment Ludley made, does not influence the process of certification in any way, however, he wanted to demonstrate his solicitude towards the environment. Also Kipfelsberger (Thanner GmbH) is convinced that the ISO 14001 certification and Umweltpakt Bayern in his enterprise only make sense when he lives in an eco-friendly way and believes in what he is doing. Therefore, Thanner GmbH bought an electronically driven golf caddy for transporting products from the workshop to a newly bought building across the street. Additionally, the goal of the company is to generate 100 per cent of its demand for energy on its own. At the moment they can cover around 56 per cent of their demand with the 900 square meters of photovoltaic arrays on the roof and eleven thermal coupling systems. Before expanding their capacities by investing in an old building next to the enterprise for reasons of growth, they were able to cover even 86 per cent on their own. This also confirms our belief that these managers truly try to practice what they preach. Nevertheless, we also have to take into account that role conflicts are present here as well (Katz & Kahn, 1978, p. 613). Probably there is still room for improvements that is determined by financial aspects and other circumstances.
4.2.3 Special Role of Asian Companies

During our conversation on eco-friendly certification as well as about competitors, the special role of Asian businesses was repeatedly mentioned. We were somewhat surprised that 50 per cent of the surveyed entrepreneurs focus in the conversation about competitors and the eco-friendly certification on the Asian continent and not on their European contenders. ‘In China every company is ISO certified and I do not want to buy from them’ said Eric Pehrsson (Norden Machinery AB). Subliminally different interlocutors alluded to the disobedience to the regulations by certified Asian companies. Kipfelsberger (Thanner GmbH) reports that in his branch, the production of shoes, everything was outsourced to China and Vietnam where the hazardous effects of toxic substances are accepted even when the enterprises are certified with ISO standards. ‘Having a certificate doesn’t mean you have a clean company. …The bad guys who pollute today will still do it, and they’ll have a certificate’ (Stenzel, 2000, p. 285). Kipfelsberger knows that it is possible to manipulate the ISO certificates and the audit process. ‘A certificate is always a snapshot. You just show the auditor what you want to show him’ (Kipfelsberger, Thanner GmbH). According to him it is also possible to buy certificates in Asia. Ludley (NOSTA GmbH) supports this opinion independently and adds that in India and similar countries, the certificates do not guarantee the obedience to the mentioned guidelines and laws. According to Gioa & Chittipeddi (1997) it is not sensemaking due to the aspect that the management of meaning is lacking. Companies do not behave like they pretend to do. The creation of trust is missing, because these companies communicate and pretend to be eco-friendly. The reality according to our interviews, enlights that the guidelines of the environmental certificates are not followed. This leaves a gap between the stated behaviour and the real behaviour. We assume that these enterprises use the certificates just for signalling their eco-friendliness and to meet the stakeholder’s demands (Rowley & Moldoveanu, 2003, p. 215). Also cultural aspects of this behaviour should not be ignored (Becker-Kolle et al., 2006). People with a different cultural background sometimes have a divergent understanding of eco-friendliness (Kipfelsberger, Thanner GmbH; Ludley, NOSTA GmbH). Assuming that these statements are true, we claim that several Asian companies do not practice what they preach. The fact that these companies are equipped with environmentally friendly certificates complicates it for their honest competitors to pursue and expand environmental protection.
4.2.4 Environmentally Friendly Strategy

The category *environmentally friendly strategy* aims at the actions and efforts the enterprises which contributed to our research realized to increase their eco-friendliness. It goes without saying that the actions taken by managers to implement the strategy differ enormously since they match the needs and possibilities of each company. Nevertheless, we have tried to categorise the strategies.

One main strategy used by nearly all enterprises to become more eco-friendly was the reduction of energy consumption and waste production. Ludley (NOSTA GmbH) and Sokolovs (Marcus Komponenter AB) put much effort in reducing the cooling lubricant. NOSTA GmbH recognized success due to the measurable reduction of this hazardous liquid. Less recycling of cooling liquid remnants demonstrates a reduced application of those. In addition, they try to purchase the raw materials already in the consistency needed to machine them later. This decreases the waste produced in cutting and grinding processes. Kipfelsberger (Thanner GmbH) reduced the use of hazardous adhesives. Klinger (WertaPharm GmbH) implemented a new system based on IT which enables them to decrease the amount of paperwork within the company. WertaPharm GmbH do not have to print orders several times anymore. Before, the printsouts were only used for a few hours and then were recycled. Håkansson reduced the usage of paint and varnish at Geesinknorba. Furthermore Ludley, Håkansson and Sokolovs insulated their buildings, production halls or at least parts of it to reduce energy consumption for heating. Klinger and Kipfelsberger ensure that the light is switched off in unused rooms and after the employees left the building. Håkansson plans an eco-driving training to lower the fuel consumption of the sales representatives and thus cut exhaust emissions. To sum up, we have learned that saving energy and reducing the consumption of materials is a popular strategy to become more environmentally friendly.

Another strategy company leaders apply is the production and consumption of the so called *green energy*. *Green energy* describes energy which is produced sustainably, using renewable resources. The roof of NOSTA GmbH is totally covered with photovoltaic arrays. Besides, Ludley states that they use the machines’ waste heat to heat the production hall. Thanner GmbH has 900 square metres of photovoltaic arrays and eleven thermal coupling systems to produce as much energy as possible on their own. The goal is to cover 100 per cent of the energy consumption by themselves. Håkansson explained that Geesinknorba together with Volvo works on a project which aims at enabling trucks to drive only with electricity in the first gear. The energy for that is produced by regenerating the truck’s brake energy and storing it in a battery. Pehrsson told us that Norden Machinery AB uses the district heating system to heat their buildings, as does Gees-
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Inknorba. To summarize, another strategy to develop towards eco-friendliness is the production and consumption of green energy.

A third strategy that to us probably seems most obvious because in Europe we are used to it, is recycling. Nevertheless we mention it strategy due to our conviction that there are enough enterprises in many countries – including Germany and Sweden – who do not take the process of recycling too seriously. All investigated managers told us that their enterprises separate domestic waste, waste-paper and hazardous waste. Håkansson, Kipfelsberger, Ludley and Pehrsson reported that they sometimes have to remember their employees of taking the time to recycle. They also said that they have to explain the importance of recycling over and over again (Håkansson, Kipfelsberger, Ludley). This might be due to many cultural backgrounds in one single organisation (Kraus et al., 2006).

4.2.5 Eco-Friendly Certificates

The environmentally friendly certifications of the interviewed companies are the focal point of our scientific work. First of all we have to clarify that four of the six enterprises contributing to our study were certified with ISO 14001 – two of them each in Germany and Sweden. Additionally, in each country we interviewed one company without certification, however, both enterprises are in a running implementation process. In addition, one German company is certified with Umweltprogramm Bayern. Surprisingly, none of the enterprises was EMAS certified, although all companies mainly act on the national or European market. This supports the assumption that the ISO 14001 certification is gradually becoming more important than the EMAS certificate (Loew & Clausen, 2005; Ill. 3). A sensitive topic is the reason for the implementation of the certificates, as we can merely present the reasons named by our interlocutors.

Five out of six enterprises mentioned stakeholder demand or pressure from main customers as one reason for applying for the ISO 14001 certification. The pressure on enterprises was one of our assumptions and is also reported by Zutshi and Sohal (2002). Ludley (NOSTA GmbH) and Sokolovs (Marcus Komponententer AB) operate in the car supplier branch, a market where the ISO 14001 certificate is a requirement. For Håkansson (Geesinknorba) and Kipfelsberger (Thanner GmbH) customers as consumers and public enterprises and organisations like health insurance companies demand the certificate. For Pehrsson (Norden Machinery AB) customer pressure and stakeholder influence is not as strong since they operate more in the design of machines and less in the production, which reduces the threat of polluting the environment. Klinger (WertaPharm GmbH) as a logistic company does not feel any pressure from stakeholders. We can conclude
that the stakeholder pressure also depends significantly on the branch the enterprises are operating in.

Four of six enterprise managers in the companies examined stated that they wanted or want to become certified to contribute to environmental protection. Klinger (WertaPharm GmbH) at the moment is in the implementation process because she is convinced that the change process is already completed and her enterprise is working eco-friendly. According to her, the certificate is merely paper work that has to be completed. For her it is a personal wish to become certified. Kipfelsberger (Thanner GmbH) told us that environmental consciousness is deeply rooted in his family business. His father-in-law and founder of Thanner GmbH started to think about alternative energy production because he opposed the nuclear power plant close to their town. Ludley (NOSTA GmbH) showed us advertisement flyers in which he coined the term *contemporaries* for his company. To him, not only environmental protection but also the involvement of fellow men is a personal concern. Also Håkansson (Geesinknorba) affirms the willingness to work in an eco-friendly way. He is convinced that Geesinknorba values the environmental protection quite highly. Examples were already listed in the section *Practice what you Preach* where we presented Geesinknorba’s efforts, such as dividing an unused production hall to save energy and the eco-driving training for their sales representatives. Only when managers and company leaders believe in eco-friendly certificates and implement them because of their convictions, they are sensegiving and the employees as followers make sense of the leader’s communication (Gioia & Chittipeddi, 1991).

The third reason for certificates of environmental friendliness are summarised in a separate subcategory, further improvements.

### 4.2.6 Further Improvements

The subcategory *Further Improvements* was extremely stimulating for our thoughts when we experienced during our research more and more the effects of eco-friendly certificates in other areas of the company. A prototypical example is that Thanner GmbH was able to reduce solvent-based adhesives and tries to abolish them completely. This is also a benefit for the health of the employees. Also Håkansson (Geesinknorba) told us of the elimination of two hazardous substances that are suspected to cause cancer. He explained that he had to convince the workers to use the new paint because in their view the old substances were easier to work with. These developments were possible following the implementation of the certificates. A certain relationship between environmental protection and health is self-evident in a way. We were surprised by the influence of the certificates on quality management. ‘Quality standards always includes environmental
standards’ Ludley (NOSTA GmbH) said when he talked about sustainability. At Geesinknorba, Håkansson holds both the positions of quality manager and environmental officer, as does Sokolovs at Marcus Komponenter AB. In this enterprise ‘both management systems are linked’ (Håkansson, Geesinknorba). The combination of this both standards – ISO 9000 and ISO 14000 – is also known by Poksinska et al. (2003, p. 586) who state that due to the increasing importance of both standards, many companies integrate ISO 9000 and ISO 14000 into one single management system.

4.2.7 The Influence of Stakeholders

Almost each of our interlocutors named the group of stakeholders as a group which influences the company’s decisions (Håkansson, Geesinknorba; Kipfelsberger, Thanner GmbH; Ludley, NOSTA GmbH; Pehrsson, Norden Machinery AB; Sokolovs, Marcus Komponenter AB). They further mentioned that the influence comprises several reasons.

Stakeholders in the sense of suppliers or customers or both, have power they can use to enforce their demands (Delery & Doty, 1996; Huselid, 1995). For example, many suppliers follow guidelines concerning environmental protection. This means that they for instance hold certificates like ISO 14001 which shall ensure their eco-friendliness (Ammenberg et al. 1999). If these companies search for business partners, suppliers want that they also use certificates in order to prove their eco-friendliness. We learned during our talks that if companies do not care about these requirements suppliers or customers have, future collaboration like orders or shipments will be cancelled. In the worst case, business relations will not be established because in some cases companies are only allowed to deal with certified partners (Ludley, NOSTA GmbH). At the end of the day, enterprises operating in branches in which certificates are required by the stakeholders simply do not have another choice than becoming certified (Kipfelsberger, Thanner GmbH; Ludley, NOSTA GmbH; Sokolovs, Marcus Komponenter AB). As Kipfelsberger and Pehrsson stated, the system works like a pyramid scheme. Enterprises have to be certified when partner companies are also certified.

It is not just the process stakeholders can exert their power on. During our interview with Pehrsson we found out that many customers have requirements as regards eco-friendly products. We do not only talk about consumers in the sense of customers, but include also customers in terms of industry. These customers for example want products for daily use which are not hazardous, like machines for packaging food or cosmetics. If the producer does not work the way customers want him to work, they will stop buying from him. In order to enforce their require-
ments, customers often conduct audits to ensure that the company they place orders with produce in a controlled way (Klinger, WertaPharm GmbH; Pehrsson, Norden Machinery AB).

The subcategory emerged in this section is *signalling*. When we found out that many decisions depend on the preferences of stakeholders, we were further confronted with the signalling effects company leaders want to send when they implement an ecological strategy (Klinger, WertaPharm GmbH; Pehrsson, Norden Machinery AB).

Klinger (WertaPharm GmbH), for instance, has no law or branch-based regulation when it comes to eco-friendly behaviour. She is only active in the packaging industry and does not work with environmentally harmful methods or substances. However, she wants to send a signal to their stakeholders, which according to Freeman (2010, p. VI) guarantees the survival of her organisation.

In practice, signalling is much more difficult than in theory. As Freeman & Reed (1982, p. 626-627) stated, there are two kinds of stakeholder grids. The ‘real world’ grid is intertwined with several stakeholders. This means that different stakeholders are interested in different subjects an organisation is working on. A very simplified example is that Kipfelsberger’s (Thanner GmbH) employees are in some cases also his customers. Now and then, he organizes an industrial selling also for his employees. At this sale he sells-off stock levels. If he for example does not pay attention to which solvents he uses in the production process of shoes, he runs the risk of not only losing his employees (because they do not want to work at a harmful workplace), but also his employees in terms of customers (because they do not want to buy harmful products). As we can see, the ‘real life’ stakeholder grid, as described by Freeman & Reed (1982, p. 627), requires precise and considered actions, as in the real life grid follows on every action a reaction. This means that actors within this grid have to consider the steps of the counterpart.

According to Freeman (2010) and Kalwani & Narayandas (1995) it is to say that during our personal talks we found out that stakeholders have a great range of possibilities to exert their power on companies and in the end it will be mostly the company which will give in to the stakeholders. This notion is also supported by Delery & Doty (1996) as well as Huselid (1995, pp. 638-645).
4.2.8 Conflicts of Interest within different Roles

During the research we were often confronted with conflicts our interlocutors had to deal with. According to Katz & Kahn (1978) we experienced in most cases of our personal talks that leaders were captured in conflicts due to various reasons. Therefore we want to divide this section into two parts.

The first reason for conflicts we noted was a kind of narcissism our respondents had to deal with. According to Freud (1924) we could describe this kind of narcissism as some kind of self-protection. They told us something or did not tell us any details about their way of doing business in order to probably appear in a different or more favourable light. To put this in concrete terms, we noticed insecure behaviour of some leaders we spoke to during certain questions. They got nervous or tried to direct the discussion to another topic. We sometimes also had the impression that some companies wanted us to focus more on the certificates they held. We do not say that we insinuate any ecological hazardous behaviour to any company – quite the opposite. We believe that they act environmentally friendly. We just assume that some companies implemented an eco-friendly strategy merely because they were awarded with certificates, but told us that it was their own concern. However, we do not want to mention specific names since our intention is not to judge anyone for any of their behaviour, as we have stressed repeatedly. Secondly, we do not want to appear to be publicly denouncing them. This is due to the mere fact that we are very glad for the help they provided.

The second reason why our interlocutors had to struggle with conflicts was that they had to handle different stakeholder influences which were discussed in the section 4.2.7.

A good example for conflicts due to stakeholder influence is the emergence of conflicts because of money. This reason can in turn be allocated to conflicts of interests due to different stakeholder interests. As shareholders are to be included to the group of stakeholders (Henriques & Sadorsky, 1999), shareholders are interested in a high return on capital (Mygind, 2004), as we learned during our interview. As one interviewee stated, ‘The owner who is naturally also the shareholder just wants to see the money coming in.’ It is the shareholder which also provides the monetary power, so even if general managers want to implement an eco-friendly strategy, they always have to talk to the shareholders about these highly costly activities (Sokolovs, Marcus Komponenter AB). Thus the question arose how the shareholders could be convinced to agree on costly activities which improve the eco-friendliness. In our point of view, supported by the impressions of the conducted interviews, the strongest argument is the improvement of the quality management through the implementation of an EMS. Håkansson, Kipfelsberger and Ludley
stated that the quality of products often improves due to an EMS. Shoes produced without hazardous adhesives are just one example of improved quality from customer's perspective. Another one is the abolishment of hazardous paints in processes and finally also in products, which leads to more health for employees and customers. In our point of view, many shareholders can be convinced with the argument of improving the quality of products through an EMS. However, not only companies which have to deal with the influence of shareholders have to struggle with costs. Ludley noted for example that some of his eco-friendly implementations, as the ones in the new manufacturing building, will be amortized only within the next 15 to 20 years. In this sense the eco-friendly strategy which is weighed between costs and benefits in some cases can only be regarded as idealistic. And even Kipfelsberger cannot implement all of his ideas at once. He also has proceeded step by step because he must not lose sight of the costs. So, he is in conflict with his ecological conscience as well as his entrepreneurial activity. Therefore, the decision makers in organisations should solve or at least balance their conflicts which inevitably occur for these, above discussed, reasons.

Another conflict leaders have to face is the prioritizing of decisions. Even if the goals which are to be implemented do not fail because of budget. In any event, leaders have to manage with their manpower in order to reach their goals. In none of the companies we spoke to unlimited workforce was available. For instance, for Pehrsson (Norden Machinery AB) it is not feasible to implement the ISO standards this year as other goals are considered more important at the moment. The latter is an example where we can see the different events including starting and end points a conflict is comprised of (Katz & Kahn, 1978, p615). In the beginning, they started to think about the process of certification and realized that this process might conflict with other projects – this was the starting point of the first event. The decision to put the process of certification aside, at least for the year 2012, is the event’s ending. However, it is not the end of the process. Whenever Pehrsson takes up again this project, the next event of the conflict starts anew. This lasts for as long as the conflict has not been resolved.

Let us assume that the conflict is solved and the company is certified by ISO. For this purpose, the organisation had to overcome many obstacles in terms of prioritizing interests, optimizing workflows or eliminating hazardous substances from the company. Thus, their way of working became more efficient. This is exactly what Katz & Kahn (1978) are aiming at – the usefulness of certain types of conflicts for specific conditions.
4.2.9 Management of Change, Training, Consultancy

As the management of change took a decisive role in our theoretical framework, we expected that our interviews would reflect this because every kind of implementation of new systems leads in our opinion to a change that has to be managed.

In order to become certified, our interview partners have completed a fundamental change in their way of working (Håkansson, Geesinknorba; Kipfelsberger, Thanner GmbH; Ludley, NOSTA GmbH; Pehrsson, Norden Machinery AB; Sokolovs, Marcus Komponenter AB). Most of our interlocutors reported that for being successful in the implementation of new guidelines, workflows or principles, they had to carry out an extensive analysis of their current situation. This idea is also supported by the Capgemini Consulting study (2008). All of the interviewees sought for help in order to succeed in the analysis. For this purpose, they hired consultants who are specialised in eco-friendliness.

Sokolovs (Marcus Komponenter AB), for instance, teamed with the assistance of the consultant to work out a multistage plan as proposed by the University of Erlangen (2003). In the beginning, he analysed the current situation with the consultant (step one). In the next step he had to prepare some assignments until the meeting with the consultant. Of course, there were some improvements to put into action, as it is often the case (Becker-Kolle et al., 2006). This led him to the next step which included the implementation of the designed improvement. In his case he had to implement some innovations. The first innovation was the sorting and disposal of waste. He separated burnable waste the waste produced in grinding operations. This effort has contributed to some environmental friendliness. The second innovation he had to realise was to dispose of the sewage of tumbling processes with other hazardous liquids. The waste water was classified as hazardous so that this was a necessary step.

The final step of change developments mostly is a permanent process, which is a performance review. In the case of Sokolovs, the recycled liquid waste or the energy consumption are now constantly controlled, which was not the case before the implementation of the change. The continuous monitoring ensures that the guidelines of the ISO certification process are complied with and thus the change process is successful.

The example of Marcus Komponenter impressively shows how the theory (University of Erlangen, 2003) can be carried out in practice.

However, it is not only about monitoring and implementing strategies. For a successful change, all of our interlocutors involved staff in order to get their support. The interviewed leaders need
their employees because at the end of the day they are the ones who implement the new strategies. The leaders thus realized that they have to explain the workflow to them, if necessary several times (Ludley, NOSTA, GmbH; Sokolovs, Marcus Komponenter AB). This notion is also supported by the University of Erlangen (2003) and Bonk et al. (2005). However, in most cases the explanation of workflows is not sufficient. Therefore, each of the enterprises applies different methods of conveying the knowledge about new workflows to their employees. Ludley (NOSTA GmbH), for example, offers his environmental officer betweenwhiles trainings through external consultants. Having completed the training, the manager conveys his knowledge to the lower executive levels which in turn pass it on to their departments. Kipfelsberger (Thanner GmbH) pursues another goal in his company. In different intervals, he offers a single training for his whole staff. Everyone gets the same specific knowledge which is necessary for the implementation of new workflows or for the refreshing of their old knowledge.

As Capgemini Consulting (2008) pointed out, a major goal of the change process is to improve the current situation. All of our interlocutors experienced such an improvement. This starts with the discovery of small errors. Kipfelsberger (Thanner GmbH), for instance, discovered a damaged water tank which caused high water consumption. Sokolovs (Marcus Komponenter AB) detected insufficient insulation of the workshop doors which caused a high loss of heat. Håkansson (Geesinknorba) in turn is able to annually reduce hazardous chemicals which protects his employees from diseases that can be triggered by these substances.

4.3 Implications of Our Research

Throughout our research process and the analysis we recognized some implications. Therefore we were able to identify threats as well as opportunities managers and leaders should face.

A major advantage in implementing an environmentally friendly strategy in the form of certificates and EMS is the stakeholder satisfaction the implementing organisation can boast with. This satisfaction can be seen as vital for further business-relationships as we experienced that without eco-friendly behaviour not only the customer satisfaction drops but in most cases also the entire economic relationship comes to a standstill.

Secondly, it is to be recorded that on the basis of EMS, old processes will be restructured and thus become more efficient. Furthermore, the management has the opportunity to detect processes which are outdated and generate costs instead of contributing to the economic efficiency.

Furthermore, leaders experience benefits for example in energy or water consumption, but cannot directly identify the trigger point for these improvements due to the absence of direct meas-
urement systems or key figures or both. They just see that the overall performance has improved. However, it is usually impossible to identify the roots of this development.

A last opportunity companies with QMS or EMS could profit from is that they can achieve a higher quality of their produced goods. This might attract more or even new customers and thus could generate more turnovers. However, higher revenue could also be achieved by lowering variable costs such as electricity, heating or the use of chemicals additives.

With all the advantages, also threats are coming along for the company, though. In all cases we noticed that companies are undoubtedly driven by their budget. What is more, also environmentally certified enterprises are subject to the laws of market economy. However, the process of certification is characterized by high costs. The threat arising for a company is that uncertified competitors are able to produce more cheaply and thus have a competitive advantage as compared to certified companies. This seems to be a paradoxon – stakeholders demand companies to be certified, but they do not want to pay for their request, which in turn means that companies, taking environmental protection really seriously, will lose the fight against companies which just fulfil the minimum standards only to call themselves as certified.

Our interlocutors told us that the acquisition costs for modern machines or equipment as well as the labour costs for the environmental manager will be decisive criteria. A reinforcing factor is not only the cost, but also the higher workload which accompanies the process of certification and thus the maintenance of the status of being certified. During our conversations we learned that a lot of paperwork has to be done in order to satisfy the certifier’s demand for information, which includes yearly or monthly reports.

A last disadvantage, companies have to face are that with the process of certification, the certified enter into a dependency relationship with the auditor. The company has to disclose its corporate performance indicators which may involve some confidential agreements. Furthermore, the audits mostly end up in some revelations which could be detrimental to the company. Also in our study, in some companies we experienced this fear of disclosure. Some have even refused an interview because of this reason. They were not used to such topics as the environmental protection and some of the people who actually talked to us sometimes were quite nervous.
5. Conclusion

Our conclusion should not be seen as a summary of the thesis, as we already discussed this part in the previous chapter. We rather intend to present our thoughts in order to provide with something to think about the status quo of the certification with environmental certificates. The following section describes our personal opinion on enhancing a system that offers enough room for improvements.

During our investigation of six different companies, four of which were already equipped with environmental certificates, we were unable to identify the most environmentally friendly company. It was remarkable that two enterprises acting in exactly the same branch with identical products were both ISO 14001 certified. One of them was equipped with photovoltaic systems, ventilation technology and heat-exchange technique. The other company implement some improvements by insulating the doors and some walls, whereas there are not enough financial resources for insulating the roof. As a consequence, we wondered which of the contributing enterprises acts most eco-friendly. Surprisingly, we are not able to identify it and we do not dare to declare one of these enterprises the most eco-friendly company. This decision probably becomes clearer when considering that even nuclear power plants like Fessenheim, in Germany, are ISO 14001 certified, even though 14000 litres of diesel polluted the groundwater due to an accident in 2010 (BUND, 2012). With the ISO 14001 certificate, Fessenheim appears to be equally eco-friendly as any other certified enterprise. Therefore, we recognized that a rating system within the ISO 14001 certified enterprises would be helpful for customers as well as for other stakeholders.

As a suggestion, we developed a rating system similar to the EU Energy Label. The latter measures the efficiency of energy consuming products ranging from white goods over TV sets and similar devices to cars. Our proposal is a rating system from A to G where A represents the highest and G the lowest level. Every ISO certified enterprise is automatically rated G. The more effort companies put into eco-friendliness, the higher they can climb in the rating system. In order to reach level A it should be required to produce absolutely environmentally neutrally. Environmentally neutral means that enterprises do not leave contaminated sites, recycle waste completely and reduce greenhouse gas emissions which contribute to environmental protection (BMU, 2003). The advantage is that the scale is sufficiently meaningful and not as confusing as the example of the EU Energy Label impressively shows. This label has a scale reaching from A+++ over A++ and A+ down to G (European Commission, 2010), which reduces the meaningfulness of the scale. In our view the common understanding assumes that a scale reaching from A to G values A as the best grade. With the invention of grades which are higher than A,
for example the A+++ in our opinion the meaningfulness of the scale is diminished. We could compare this to the grade system in Swedish universities. Here, the best grade is also A and the worst is F. It would not make sense to invent an A++, as it just complicates the system. We think that due to the above mentioned peculiarities it is obvious that the EU Energy Label is confusing for customers because of a lack of consistency and transparency. Our suggestion is to avoid such confusing rankings. As we know that ISO demands a continual improvement of eco-friendliness in order to prevent a standstill in terms of environmental protection, we furthermore propose to create a dynamic rating system. A certain percentage of improvement of for example waste reduction should be necessary every year to stay at a certain level. For example to stay at the C level in the current year, the enterprise would have to reduce the production of waste by 5 per cent as compared to the previous year.

In order to provide a better understanding we visualized our idea of the ISO-Label. This graphic illustrates the degree of eco-friendly behaviour in enterprises. The X-intercept represents our different classifications companies are labelled with. The Y-intercept describes the degree of the implementation of eco-friendly behaviour as a percentage. 100 per cent means that enterprises act environmentally neutral. The requirements to allocate companies to certain percentages should be defined by various institutions like ISO or by the government.

![Eco-Friendliness According to ISO-Label](source: Own Graphic)
Evidently, it is necessary for such a rating system to set incentives motivating the enterprises to reach a higher certification level (for example from D to C). One of these incentives in our opinion could be tax reductions. It is our conviction that there should be a public interest in eco-friendly enterprises and sustainability which contributes to a liveable future for the next generation. Therefore we think that the companies participating in this highly costly certification process (Kipfelsberger, Thanner GmbH, Klinger, Wertapharm GmbH, Sokolovs, Marcus Komponenter AB) should obtain financial benefit through reduced taxes. It goes without saying that we do not plan to develop an elaborated taxation system. We rather want to propose two guidelines.

Firstly, the taxation of not-certified enterprises should rise by a certain amount. In turn certified enterprises could be credited with this amount. Secondly, the taxation system should be linked to our developed ISO label. The higher the enterprises are labelled, the higher the tax reduction should be. These two aspects foster the certification process of enterprises and additionally promote the efforts of companies to reach a higher level in the ISO label. The main reason for our proposal of tax reduction is also related to our experiences during the research, where nearly all interlocutors complained about the enormous costs of the process of certification, the consultancy and the running costs of environmental certificates. Consequently, we are of the opinion that there should be incentives for companies which are based on political actions instead of activities of the market. The market does not solve the problem. Customers want to act environmentally friendly (Sokolovs, Marcus Komponenter AB), however, they are influenced by the price of the product and in many cases they chose the cheaper one instead of the more eco-friendly product. Sunderer (2006, p. 29) describes that the environmentally conscious way of thinking is quite popular. However, he further argues that studies revealed a huge gap between behaving and thinking eco-friendly. This notion is supported by the following two examples. A study of Brüderl and Preisendörfer (1995) about the traffic behaviour of cars versus short-distance public transport showed that if customers can choose between eco-friendliness and cost aspects like inconvenience, price and time, their focus is clearly set on these cost aspects. They further revealed that eco-friendliness has no substantial impact on the choice of the means of transport. Another study revealed reasons why customers do not switch to green power. Among these reasons the price issue was the most frequently mentioned reason (Sunderer, 2006, p. 78). These examples support our opinion that the market does not solve the problem of the discrepancy between thinking and acting eco-friendly, as mentioned above. The price issue has a higher priority for customers then environmental aspects. Therefore the governmental activities are in our point of view the only possibility to set incentives for enterprises in order to increase their eco-friendliness without being forced to raise the price of their products.
Conclusion

In our opinion, also another type of support would be conceivable. We have noticed that even the first introductory information about environmental certification is expensive for companies. Klinger (WertaPharm GmbH) told us that the consultant for the process of implementation charges around 700 € a day. At an early stage, especially many small companies do not even know if it is suitable for them to implement an EMS. Furthermore, their turnover is lower as compared to midsize and big enterprises, which leads to the assumption that the resources for implementing eco-friendly certificates and an EMS are very limited. It is imaginable that some companies as the ones described above stop thinking about the certification because of the reasons mentioned. In our view for the implementation of environmental certificates especially in small enterprises it would be beneficial, if the initial consultation would be free of charge. A possibility would be a paper that the consultant signs after the initial consultation and which enables the enterprise to receive the money back from the government. Governmental support in our opinion is justified due to the public interest of more eco-friendliness in enterprises, which is a benefit for all people coming into contact with these companies.

Finally, the role of stakeholders should be thought over again. We all can be seen as stakeholders, as we explained in the theoretical framework. We experienced some discrepancies during our research. Most of the stakeholders, business clients as well as private customers are willing to pay an extra amount in order to buy products from certified companies (Zutshi & Sohal 2002, p. 4; Ludley, NOSTA GmbH; Sokolovs, Marcus Komponenter AB). Nevertheless, when it comes to contracts, many other customers follow the rules of the market and buy their products from the cheapest enterprise (Sokolovs, Marcus Komponenter AB). We can draw the conclusion that stakeholders should be aware of their influence on the companies' behaviour and therefore should act responsibly. When we, as stakeholders, demand environmentally friendly behaviour, it consequently is our duty to support enterprises which act eco-friendly even when the products, as a result of an eco-friendly strategy, are more expensive. In our view, this is related to practicing what you preach, authentic behaviour and responsibility of one’s own actions. We think that these aspects should not just be seen as leadership skills, but rather as the goal everybody should strive for.

Finally, we intend to express our personal outlook for the future of environmental certificates. We asked ourselves if the increasing process of certification with ISO 14001 will go on or will other aspects become more important than eco-friendliness? Will enterprises in the future still able to afford the expensive certification process or will stakeholders forget their green demands in order to buy as cheap as possible?
Conclusion

We are personally convinced that the certification process will go on in the future and probably increase. More and more countries become aware of the necessity of environmental protection. A rising number of people become personally affected by catastrophes emerging from the climatic change. This contributes in our opinion to a change to more eco-friendly behaviour. Furthermore the enterprises influence each other on their way to environmentally friendly behaviour. If one company is ISO 14001 certified, it requires from its suppliers also to become certified. As Pehrsson (Norden Machinery AB) mentioned, this development will go on until every enterprise will be certified. This is not just our future expectation, rather our personal wish and hope. To conclude this chapter, we all hope that the world becomes a little bit greener.
6. Possible Further Research

In our frame of references, a desirable area of further investigation could be the discovered categories which emerged in the course of our research. Most of these categories were not discussed in our theoretical framework. The reason for that is quite obvious. Since we wanted to apply the grounded theory approach we were guided by the data we gathered. Thus, it is self-evident that we induced new categories during the phase in which we coded our data.

6.1 Trainings

As we have learned during our research, trainings in organisations are vital to spread newly acquired knowledge throughout the company. We also found out that different training methods are applied by organisations. One interlocutor for example prefers the hierarchical structure for trainings. His environmental manager is sent to external training sessions. Afterwards he coaches the team leaders in an internal training. These team leaders in turn use this coaching in order to train their own team. Another interlocutor told us that in his company, all employees participate once a year in an external coaching. In his point of view this ensures, compared to the first described possibility of hierarchical training, that there is no information going lost on the way transmitting it through the different levels of the pyramid. However, we cannot estimate the impact of those trainings. To be more precise, we cannot say whether one kind of training is more successful than another. We think that at the end of the day it is not that important which methods are used by companies. Instead, it is important how employees handle the trainings and how much of what they were taught they internalize. Finally, it is decisive how much of that they realize in their everyday work. Therefore, we would like to suggest the topic successful trainings in companies as an interesting further area of research. Here one could investigate the impact of different kinds of trainings and the existence of possible mutually reinforcing effects which could emerge as a result of the combination of different kinds of training methods.

6.2 Impact of Governmental Incentives

During our research we noticed an interesting aspect that could be suitable for further research. When we visited companies in Germany we learned that Ludley (NOSTA GmbH) and Kipfelsberger (Thanner GmbH) use photovoltaic arrays, thermal coupling systems and heat-exchange techniques. When we asked enterprises in Sweden about these or similar systems, the management replied that they did not have enough financial resources for investments of such a big extent. Sokolovs (Markus Komponenten AB) stated that there is no financial support from public organisations or the government for investments in green energy production in Sweden, or
at least he had not heard about it. In Germany the promotion of electricity produced by photovoltaic systems is manifold. First of all, the state guarantees a feed-in tariff based on the EEG (Law about renewable energies). This funding is being reduced gradually each year but the rate valid at the date of installation is guaranteed for 20 years (BMU, 2012a). Additionally, there are cheap loans from the KfW Bank (special German governmental financial institution) with an interest rate of around 2 per cent (KfW Bank, 2012). In Sweden, there is financial support only for the period lasting from 1 July 2009 to 31 December 2012, and in the amount of a maximum of 45 per cent of the system costs (BMU, 2012b). This is just one example of different support systems within the European Union.

The influence of different kinds of financial support, funding and loans of renewable energies like photovoltaic arrays, thermal heating systems and similar energy production or saving systems on their installation in enterprises is an interesting field of further research.

6.3 Mentality of Give and Take

As mentioned before, the influence of stakeholders on the company leaders’ decisions are crucial and have a deep impact. We could imagine that further research could identify, understand and explain reasons for the mentality of stakeholders to demand eco-friendly behaviour on the one hand but on the other hand focus mainly on the price of products, and not on eco-friendly production processes. Is it due to financial aspects? What does the personal narcissism contribute to this behaviour? This means that stakeholders probably only see themselves as interested in eco-friendliness within their personal frame of reference and their individual perception. Nevertheless, from an external point of view they do not really care about this aspect and do not want to acknowledge this circumstance. What is more important – eco-friendliness and sustainability or cheap products?

The mentality of give and take is our proposal for further research in the field of stakeholder behaviour. However, literature about stakeholder theory being numerous and widespread, the understanding of stakeholder behaviour in terms of eco-friendliness offers enough room for further research and leaves many open questions.
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On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

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