Large Swedish industrial companies
Farsightedness in business and sustainability strategies

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Abstract
Industry facilitates the economic development of nations and acquisition of human wealth. Parallel to the global spread of industry, the world is facing rapid population growth. Simultaneously, formerly impoverished populations are approaching middle class standards of living with corresponding increases in levels of consumption. If the populations and consumption levels of societies continue to grow at the expected pace we will face a future environmental crisis in the long-term and the world’s environmental resources will not be adequate to meet coming needs. Societies, together with industry, must transform to become sustainable in order to tackle one of our world’s most pressing challenges.

Governments and organizations are now pushing industrial companies to meet this challenge and integrate sustainability into their businesses in order to put the economy on the pathway to a sustainable transformation. The World Business Council for Sustainable Development has a vision with formulated conditions that must be met before year 2050 to meet this challenge. But in order to unlock the full potential of sustainable growth, one must also understand the farsightedness of company leaders. The aim of this study is to examine how farsighted Swedish industries are both related to business and sustainability strategies. The main questions for this thesis are: How farsighted are the longest-term strategies/tasks/visions of the Chief Executive Officers (CEOs)? How farsighted are the longest-term tasks that the CEO delegate to members of the management team? How farsighted are the longest-term sustainability strategy of the company? And finally, who in the organization is responsible for the longest-term sustainability strategy/task/vision?

The thesis focuses on finding out if their farsightedness in sustainability strategies match with their other business strategies. Eight large Swedish industrial companies were investigated using interviews with their CEOs.

The results show a very large difference between companies in the farsightedness measured with time-span of business strategy and sustainability strategy. The time-span of the tasks that the CEOs delegate to the management team also differ substantially between companies. Moreover, the study revealed that all of the studied companies place the ultimate responsibility for sustainability with the CEO and that the farsightedness in sustainability match with the companies’ business strategies. The research show that all eight companies do match their farsightedness in sustainability with business.

Key-words: Sustainability, Strategy, Vision, Governance, Organization, Industry, Strategy, Time-Span
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<td>CEO</td>
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<td>CFO</td>
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<td>CSR</td>
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<td>GDP</td>
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1. Introduction

In this chapter I present an overview of the problem and aims of the study along with background of the research question, ending with study limitations.

1.1 Background and problem formulation

Large industrial systems impact energy and natural resources in nations and play an important role in human wealth acquisition and economic development. In Sweden the industrial sector represents more than 75% of total domestic exports. This sector is critical to Sweden’s employment base by employing, either directly or indirectly, approximately 1 million of the 4.6 million of all employed Swedes (SIFO, 2012). The industrial sector has doubled in size over the past 15 years and productivity has risen by 6% every year of the same period (SIFO, 2012). Large industry contributes around 20-25% to Sweden’s GDP and 6 out of 10 of the largest companies in Sweden are industrial companies. (SIFO, 2012)

Today, with emerging environmental crises and climate change, society demands that industry leaders and corporations consider sustainability. Sustainability has gone from something with which only a few companies were engaged to something that every large company now must consider in order to stay competitive (Epstien, 2008; Svensk Handel, 2013). According to a recent poll, 96% of companies in Swedish with more than 250 employees have some sort of Corporate Social Responsibility (CSR) program (Svensk Handel, 2013). Occasionally, corporate management implements sustainability after recognizing that sustainability can create economic value by having a positive impact on revenues and lowering costs in the long-run. However, in most cases the initiative to implement a sustainability strategy is driven by external factors as government regulation, market demand, or to keep up with competitors’ sustainability initiatives (Epstien, 2008; Azapagic, 2003).

Unfortunately, corporations frequently do not consider long-term economic consequences of sustainability and do not allocate sufficient capital to create sustainable growth. Erika Karp, former Managing Director and Head of Global Sector Research for UBS Investment Bank and founder of Cornerstone Capital, recently described in a recent interview that sustainability is now being used by many financial institutions as a natural part of the financial analytic process (VA, 2014). According to literature, even though top management is in the right position to influence organization’s long-term strategy for sustainability, little research has been done how leadership and organizations affects initiatives for sustainability efforts (Weick, 1977, 1979; DTI, 2001; Ensley & Pearce, 2001; Prahalad, 2004; Waldman & Siegel, 2008). In September 2013 the United Nations Global Compact (UNGC) together with Accenture published the largest CEO study on sustainability to date. This study surveyed the opinions of more than 1000 executives from the world’s largest companies from 103 countries on their commitment to sustainable businesses practices in the past and in the future. The study reported that only 57% of CEOs could set out in detail their strategy for seizing opportunities presented by sustainability in the next five years. This information rise question on how long-term does sustainability strategies need to be to make the necessary overall transition and how long-term are the business strategies? The UNGC study answered neither how long-term these companies were in business nor how long-term the tasks
delegated from CEOs are. The study concluded that companies need help from governments and regulations that enable them to embrace sustainable business practices. Right now economic and general business constraints prevent companies from investing sufficient resources that increase the rate of sustainable development (UNGC, 2013). Currently (2014) there is a shortage of empirical studies on how farsighted the corporate sustainability strategies are in companies.

It is reasonable to assume that it will be necessary to know how long-term the industry companies planning process are if policy makers together with industry are expected to allocate more resources to sustainable growth efforts in order to answer the question if existing laws and tax regulations are creating sufficient impact on supporting companies’ sustainability strategies?

Stratified system Theory (SST) was developed by Elliott Jaques et al. The theory is based on the possibility of measuring expected task completion time (-time-span-) and, in order to define the farsightedness of organizations. (Jaques, 1996). This study uses SST to attempt to measure how long-term business and sustainability strategies are. Major study questions include a) how far in advance does Swedish industry envision their strategies ahead? and b) How does the long-term match between business and sustainability strategies? This thesis attempts to contribute to research regarding knowledge of the prerequisites for long-term and sustainable growth in Swedish industry.

1.1.1 Problem formulation
Knowledge about how farsighted industrial companies are in their strategies for sustainability and how well that match with the farsightedness of general business strategy, is often missing even though this information in fact is necessary for owners and policy makers to be able to evaluate the effectiveness of the business and sustainability strategies.

1.2 Aim and objective
It is apparent that the correlation between the farsightedness of business strategy development and sustainability strategies and procedures by industrial companies is under-researched. The objective of this master’s thesis is to study the degree of farsightedness of top management’s business and sustainability strategies and vision, in order to contribute to a more nuanced, textured, and deeper understanding of how farsighted strategies need to be to facilitate sustainable growth needs in large industrial organizations.
1.3 Research questions

Following research questions have been developed. The overarching research question is how long-term are large Swedish industrial companies in their development of both business and sustainability strategies?

This will be answered by following four questions:

- How farsighted are the longest-term strategies/tasks/visions of the CEOs?
- How farsighted are the longest-term tasks that the CEO delegates to the members of the management team?
- How farsighted are the longest-term sustainability strategies in the company?
- Who in the organization is responsible for the longest-term sustainability strategy or task or vision?

1.4 Limitations

The power of this thesis is limited because it only studies a small number of selected companies. The reader should note that all of companies selected are heavily technology dependent and Swedish based and therefore bound by the Swedish code of conduct. These companies are large and active in multinational markets. The thesis uses information about the companies that was obtained through KTH (The Royal Institute of Technology) as well as information publicly available on the Internet. Information regarding specific individuals is anonymized as described in section 2.5.1. The study is focused on the question of how farsighted the strategies for business and
sustainability and is therefore not measuring the extent to which sustainability is integrated into the business practice of the individual companies.

1.5 Thesis Outline
Chapter 1 contains an introduction to the thesis topic and explains the link between sustainability and long-term strategic planning. This chapter also gives a brief description of the processes beginning with formulation of a problem to defining the research question.

Chapter 2 explains how the research was conducted and why certain scientific decisions were made. The methodology is described so the reader can critically evaluate the road to conclusions of the thesis. The chapter also explains why the specific case studies were relevant for the thesis and ends with a short discussion on ethics, limitations, validity and reliability.

Chapter 3 provides a definition of sustainability and strategy that is used in this thesis followed by a description of organizational structures and the method used for measuring the time-span of roles according to SST.

Chapter 4 presents the findings from the case studies. These are based on interviews done with the CEO of eight large industrial companies which serves to illustrate the reality of long-term business and sustainability strategies in Swedish industry. All cases are summarized and divided into categories.

Chapter 5 presents the conclusions that are drawn from the eight case studies. These conclusions are based on the definition of Sustainability strategy and Stratified System Theory. The chapter ends with a discussion of findings and suggestions for further studies.

Chapter 6 includes the references used in the thesis which are listed alphabetically as well as interview data.
2. Methodology

Explains the basis for the choice of scientific methods used in the study. Describes the chosen approach, how data was collected and analyzed ending with a discussion about ethics and limitations of the methods used.

2.1 Approach

The research question examines the interaction of two separate complex areas. Thus, deep understanding of both sustainability and industrial organizations was a prerequisite. A qualitative pre-study with attendance at a seminar held at Ingenjörsvetenskapsakademin (IVA) and at a conference on sustainability (Sustainability day 2014) was performed with the aim of capturing how company CEOs talk about and interpret the area of sustainability in order to formulate questions for the interviews that enable the extraction of as high quality information as possible. At these events people that are regarded as experts within the field of sustainability in business spoke about different challenges and told about their experiences. A field diary during these pre-study was kept to capture citations that could be used as reference in interviews.

Further contextualization was performed before and after interviews by reviewing official information found in the companies’ annual reports and newspaper articles.

A qualitative approach was chosen because this provided the study to be dynamic and adapt to the complexity of business climate realities which allowed me to grasp the whole picture rather than merely understanding a limited amount of parameters. This deeper understanding allowed me to perform comparisons and find new relationships. Qualitative research methods help to understand complex issues and provide an understanding of the detailed qualities of human experiences. (Marvasti, 2004; Rasmussen et al., 2006).

2.1.1 Inductive case studies

An inductive research approach was used because data was collected from direct observations and later measured illuminate patterns and regularities. This approach was chosen because it is in nature very open-ended and exploratory which was preferred due the complexity of the studied areas. Reasons that was motivating me to perform the case studies because I wanted to look at differences, and gain deeper knowledge and understanding of the complex units of sustainability and strategy rather than to prove a specific hypothesis. In this study eight companies were examined with help from interviews with the CEOs as well as analyzing public available data.

This paper studied the companies’ organization, and long-term strategy and sustainability work from a holistic perspective, and is by definition a case study. Theory describes this as a good way of investigating and finding relationships within organizational realities (Yin 1993). Using case study methods instead of statistical sampling provides detailed information about the units of study of and helps to deepen our understanding of how and why certain organizational behaviors exist (Yin 1993).
2.2 Studied Companies
The units of study were companies that were chosen to capture different angles of large industrial companies in Sweden. All companies are large, heavily dependent on technology, with employees in the range of 3,000-50,000.

It was important to the study a sample of limited number of the largest Swedish companies because large companies often have a longer planning time horizons and they also have a significant economic and environmental impact on Swedish society. Company size was also relevant because this study focuses on investigating how farsighted companies manage to be considering pressure from stock holders to deliver short-term (quarterly) financial and how the stockholder relations relate to sustainability efforts.

A sample of twenty of Sweden’s larger industrial, technologically dependent companies were contacted by email and telephone. Interviews were arranged with the CEO of those companies indicated that they were willing to participate in an interview. This resulted in a total of eight interviews with CEOs from: BillerudKorsnäs, NCC, Scania, SCA, Skanska, Stena Metall, Tele2, and one firm that asked to be complete anonymous. All companies except Stena Metall are listed on Nasdaq OMX Nordic Stockholm.

2.3 Data collection and selection
Primary data was collected through 60-90 minutes long semi-structured interviews with CEOs sampled companies. I chose to interview CEOs they are generally responsible for the establishment of the longest-term strategies, visions and mission of the company. The CEO is also obviously in the right position to influence strategies regarding implementation and execution of sustainability. (Waldman & Siegel, 2008; DTI, 2001).

Since I wanted to capture their view upon the subject, and the fact that sustainability has many different definitions, I believe a semi-structured interview would leave more room for open discussion that, in turn, helped to paint a more complete over-all picture of the company (Collins and Hussey, 2009).

Because a large part of my analysis was based upon data collected through interviews, it was crucial to clearly structure the set of questions to raise. The quality of the data collected was heavily dependent on this (Cohen et al., 2007). The interview methods allowed the interviewee to probe, pause, or prompt appropriately (Ritchie & Lewis, 2003) and encourage the interviewee to talk freely and “Make it easy for interviewees to respond” (Clough and Nut-brown, 2007, p.134).

Secondary data contains collected information about theories and previously performed studies made by others on the subject organizational leadership and structure. Articles and books were primarily identified using PRIMO at Royal Institute of Technology and Google Scholar database (http://scholar.google.se/).
2.4 Interviews

Interviews are a good method to capture how the interviewees think and how their thoughts then impacts their actions (Collins and Hussey, 2009). Since the interviewees were unfamiliar with the time-span measures, it was necessary to make sure that the interviewees understood the thesis definition of task correctly. Therefore at the end of each interview, captured time-span for each task was shown to the CEOs so that they had chance to rectify any misunderstandings.

Also interviews were preferred over other possible methods because the dynamics if a conversation would be hard to replace by any other method. All interviews were carried out at the case company’s location, either at the interviewee’s office or a conference room in the same building. Each interview was semi-structured with open-ended questions. Each interview covered three different large and complex areas of interest: Top-level organizational structure, strategy, and sustainability. Even though interviews can be very time-consuming and the range of topics might be difficult to control, it was important for comparison to capture what kind of topics that were discussed as well as what was not covered (Collins and Hussey, 2009).

Most importantly, every interviewee was asked to define the longest term task delegated to each of their subordinates and then answering questions designed to estimate the time-span. These questions were aimed at capturing the “what-by-when” scenario to identify the task with longest completion time. Hence, most follow-up questions differ greatly between interviews because each answer needed a different response question and thus no detailed questions from interviews are listed in appendix.

A consultant with great experience from capturing time-span through interviews was assisting in the interviews in order to make sure that all data capture the time-span on all the companies’ tasks investigated in a correct way. This step was also included to ensure that high quality data could be collected during the limited time with each interviewee (Collins and Hussey, 2009). The consultant together with my assistance did ask questions to determine the task complexity following the method developed by Elliott Jaques (Jaques 1996). For a short list of sample questions used in this method see Appendix III. Describing interview guide sample used for my interviews see Appendix I.

With every interviewee’s permission, the interviews were recorded with help of a smartphone and the interviewees also agreed that the interviewer could have assistance from the consultant to help with explaining the what-and-when perspective to ensure that all the issues were fully explored. Citations from interviews used in the report were first sent by e-mail to the interviewees to be checked, corrected and added to the final report.

2.4.1 Interview guide

The base of the interview guides used was constructed from the frameworks of capturing time-span in context of Stratified System Theory (Jaques, 1996). Putting the questions in context of the theoretical framework together with what was found in the literature review was used to create enough background to develop a few main questions (Collins and Hussey, 2009).
To capture the time-span of each task the interviewees were asked to identify the longest-term task, who was responsible for its completion, and when the expected time duration. To be able to avoid answers that describe tasks as having indefinite time-span and make sure that the real longest-term task was captured each question was followed up with questions that led to that time-span of the longest-term task could be defined. By comparing the task with other tasks that made it possible to achieve a higher degree of reliability. The chart that was used to mark down the time-span of tasks delegated to the CEO’s subordinates can be found in Appendix II.

Every interview guide required a couple of initiating questions that was related to the industry and company that was examined. Therefore, prior research of the company in question was done to be able to create these initial questions and relevant possible follow-up there for each interview guide was different. In order to preserve anonymity the specific interview guides will not be presented in this thesis. However an example of couple standard questions and explanation of what type of questions that was used for the interview guides can be found in Appendix I.

2.5 Literature study
Secondary data was collected through a literature study creating a theoretical framework for the thesis. Organizational structures, leadership, and sustainability were reviewed. Definitions as CSR and ESG were included since they are definitional similar to the term “sustainability”. Newspapers and internet publications were also used to locate relevant material for the literature review. Annual, sustainability, and code of conducts reports for each company studied were reviewed so that I would be better prepared to elicit the appropriate information from the interviews.

2.6 Analyze data
The recorded material was transcribed to text. I then summarized and noted some citations that captured interesting views and subjects related to the topics that were discussed. The data was then sorted into three categories of overall business, delegated tasks, and sustainability. The tasks described by each individual in the interviews were later analyzed, sorted by level (see 3.3.1), and aggregated to create an overall view for the presentation. This process also produced the anonymity guaranteed to the interviewees.

2.5 Reflections on research design
Most of this thesis is based on data coming from interviews with CEOs that are representing company views. Interviewees were made aware of the fact that there could be differing outcome interests from each interviews and that they would not be able to prepare answers to the questions in advance, but the topics for interviews were very broadly described to interviewees beforehand. This was done in recognition of the possibility of the time reserved for the interview would not be sufficient if the interviews had prepared answers that were not relevant to the information I was seeking. Every interview was done with assistance from a qualified consultant with years of experience in making time-span analyses. Since the time was limited in each interview it was important to move the CEOs away from their standard ways of describing their companies. This was something that could be avoided by having an experienced consultant.
assisting who knew how to reformulate questions so that the information intended to find really was processed.

2.5.1 Ethics
CEO’s are often willing to openly discuss questions regarding sustainability and their areas of responsibility. However, to be able to capture the time-span of the management, the CEOs were asked questions regarding each role. Therefore to ensure that the CEOs would feel comfortable to speak freely about the individual tasks the findings were anonymized.

2.5.2 Validity and Reliability
In order to make findings trustworthy, collected data must be critically evaluated to be found valid and reliable. Validity is only achieved if the study in this thesis measures what is supposed to measure. Numerous studies show that time-span identifications is a valid method to measure farsightedness. The discovery of the possibility to measure task complexity with Time-Span led to the development of Stratified System Theory (see 3.1.1). The existence of natural levels of roles and the difference in character of work and leadership on different work levels is well documented (Jacobs & Jaques, 1990; Das, 1991; Zaccaro & Horn, 2003; Hunt et al., 2009). Eight different case studies were performed in a manner that resulted in data that could be compared. The findings from the case studies are separated into the three areas of; CEO tasks, delegated tasks, and sustainability. The time-span analysis in this thesis presented as a whole to preserve companies’ anonymity.

Data was collect primarily through interviews with the CEOs of eight different companies. The method that was used to determine levels of work with time-span has in earlier studies been shown highly reliable. In this study reliability has not been tested. The thesis gathered only information from articles and other secondary data coming from well-known sources which were written by individuals regarded as experts in their field such as professors from Harvard Business School, researches employed by UN and other large organizations.

2.5.3 Limitations of research design
The interviewees’ differing willingnesses to relay relevant information to this study could be a limitation. The promise to anonymously present all the collected information from the interviews in a way that that it would not possible to pin out the certain source does also limit the ability to use specific examples found in interviews that could otherwise be used for better clarification. A company representative might have different interests and agendas than the study which are not known by the interviewer. However, this was taken into consideration, and since all reviewed companies are bound by code of governance law, complementary information was easily accessible after the interviews. Another angle that would have deepened the study would have been to also interview the Chairs of the company boards. The power of the study could have been increased by increasing the number of interviewees as the analyses would then have more data to be built upon. This would strengthen the reliability for later conclusions.
3. Theoretical framework

This chapter contains definitions of Sustainability, Governance, Strategy, and Organization. The definitions chosen are the identified those most commonly used in the company annual reports all of which are described so that the reader can relate to what kind of lenses that have been used. The prior definitions are followed by a description of the Stratified System Theory developed by Elliott Jaques that was used study the farsightedness of business and sustainability strategy. Figure 1 illustrates how the parts in this study are to fit with the whole company value creating process.

![Figure 1: Stratified System Theory](image)

3.1 Sustainability

The dictionary gives the definition of “sustained” as: “To keep in existence; maintain, or something very similar (Svenska Akademiens Ordlista, 2014). The first known usage of the word sustainability in the western world (German: Nachhaltigkeit) was in the year 1713 in “Sylvicultura Oeconomica” by the German forester and scientist Hans Carl von Carlowitz. This work was written in a time when the supply of wood for building ships, expanding mining, and furnaces had rapidly changed the demand for wood products in Europe and subsequently led to a lumber shortage. Wood prices kept rising and even though the forest belonged to the king, who theoretically limited over harvesting, the forest were subject to overexploitation due to corruption which in turn created a general state of decay of the forest. Carlowitz criticize the short-term thinking of the forestry practice of the time. He understood that although overexploitation makes possible to raise a lot of money quick it impedes natural regeneration and forest recovery. He stated that the forest was as important as the daily bread and that humans needed to use it “with care” so that a state of equilibrium between usage and regrowth could ensure “continuum” of supply. In his book he calls his principles for responsible forestry a “Sustainable economy of our forests”. Both French
and English foresters later adopted his practice of replanting trees calling it “sustained-yield forestry” (Grober, 2012).

Lester Brown, an American environmental analyst, was one of the pioneers in introducing the modern concept of sustainability. He described the concept in many environmental books which he either authored or co-authored (Lester Brown, 1981). Later the term reached widespread usage after the so called Bruntland Report from the United Nations’ World Commission on Environment and Development. The Bruntland Commission describe sustainable development in the report as follows: “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (United Nations, 1987)

In 1987, The United Nations maintained that we must form a new strategy upon ecologic, economic and social sustainability if we wish to secure sustainable development and that all countries must unite in finding solutions to end poverty while stimulating economic growth without destroying the environment or exhausting global resources. (United Nations, 1987) During a conference in Rio de Janeiro in 1992, The United Nations formed a comprehensive action plan entitled Agenda 21. This action plan covered strategies to be implemented by members of the United Nations, as well as governments and major groups in every arena where humans impact the environment. More than 178 governments at that conference agreed to adopt this plan. Later that year the Commission on Sustainable Development was created to ensure effective follow-up on this plan (United Nations, 1992).

In the late 1980’s a Swedish oncologist Dr. Karl-Henrik Robèrt gathered scientists to find the consensus on requirements for a sustainable society. Robèrt formulates the requirements for sustainability in four steps. In a sustainable society, nature is not subject to systematically increasing:

1. Concentrations of substances extracted from the earth’s crust.
2. Concentrations of substances produced by society.
3. Degradation by physical means.
And, in that society:
4. People are not subject to conditions that systematically undermine their capacity to meet their needs.

These findings became the basis for the organization Natural Step (Natural Step). The societies in the Western world depend on critical resources in a way that does not fulfill the earlier stated criteria for sustainability. Critical resources are defined as those resources that are essential to maintain life and basic social functions, for example water and other necessary resources to produce food and usable energy. It is estimated that if the 6.5 billion people on the planet would consume at the same current levels of western countries, it would require three times as much raw materials as exists on Earth (Simanis and Hart, 2008).
It is found that on average, environmental and socially sustainable businesses tend to be more profitable and have higher growth rates than their less sustainability-committed competitors (Elkington and Hartigan, 2008).

In most cases, economic and environmental sustainability have clearer definitions than social. This might be explained by that the first two have universal scales to measuring them (e.g. Time, money and substantial data).

One definition of social sustainability provided by Harris and Goodwin says:

“A socially sustainable system must achieve fairness in distribution and opportunity, adequate provision of social services, including health and education, gender equity, and political accountability and participation.” (Harris and Goodwin 2001).

By this definition social sustainability can only be achieved as result of long-term economic and environmental sustainability. Furthermore, sustainability is often said to repose on three pillars: Economic, Social and Environmental sustainability (Elkington, 1998). To be sustainable, a venture must be viable on all three aspects. This means that a sustainable venture must:

- Be economically viable - profitable or break-even.
- Be socially responsible - meaning not harming anyone neither now nor in the future
- Be environmentally viable and responsible - meaning that any harm done to nature is inevitable and for which there must be corresponding compensation.

Three often cited consultants have written in their books detailed descriptions on how to implement sustainability in business. All three stress the importance of not neglecting any of these three pillars when following a sustainable strategy (Blackburn, 2007; Epstein, 2008; Willard, 2009).

Sustainability has become more than just compliance. It is now used by investors as one indicator of the performance of an organization. From an interview with Roberta Bowman, senior vice president and chief sustainability officer of Duke Energy:

“In addition to the more traditional “socially responsible investors,” we are finding that some of our mainstream investors are now looking at sustainability performance as an indicator of overall business value. They’re acting on the theory that our sustainability measures — our efficiency with resources, our employee retention, etc. — are predictors of overall business profitability.”

(Hopkins, 2011)

In another interview Dave Stangis, vice president of corporate social responsibility and sustainability at Campbell Soup:
“In the workplace, we went from not having specific sustainability objectives in employee performance reviews to integrating clear corporate targets that make CSR a standard component of managers’ performance evaluation.”

(Kiron et al., 2012)

3.1.1 Global Compact

“The Global Compact asks companies to embrace universal principles and to partner with the United Nations. It has grown to become a critical platform for the UN to engage effectively with enlightened global business.” – UN Secretary-General Ban Ki-moon

The Global Compact is the world’s largest voluntary corporate sustainability initiative. With more than 8000 global corporate participants. It was formed through the initiative of Kofi Annan, General Secretary of UN presented at World Economic Forum in Davos in 1999. Its aim is to create international principles on human rights, work conditions, work related issues, environment, and corruption to address the United Nations declarations of rights to companies. (UNGC, 2014a)

The ten principles of the United Nations Global Compact are following

- Principle 1 Business should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 make sure that they are not complicit in human rights abuses.
- Principle 3 Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 the elimination of all forms of forced and compulsory labor;
- Principle 5 the effective abolition of child labor; and
- Principle 6 the elimination of discrimination in respect of employment and occupation.
- Principle 7 Business should support a precautionary approach to environmental challenges;
- Principle 8 undertake initiatives to promote greater environmental responsibility; and
- Principle 9 encourage the development and diffusion of environmentally friendly technologies.
- Principle 10 Business should work against corruption in all its forms, including extortion and bribery.

(UNGC, 2014b)

3.1.2 The UN Global Compact-Accenture Report

UN Global Compact-Accenture’s study was the world’s largest CEO study released. It covered opinions from more than 1000 CEO’s from 103 countries, 27 Industries which of 526 were seated in Europe. The study aim was creating a dialog taking the first steps on the journey towards UN’s
vision for 2050. This vision pictures a macro perspective on what measures that need to be accomplished to avoid estimated scenario 2050 if society continues with business-as-usual. At the same time as population is expected to grow from 6.9 to 9 billion many people will move up the economic ladder toward middle class standard of living. As these two grow much more resources will be required and forecasts tell that the world will be running out of resources before that happens. This is where the companies’ role come in. Making efforts for sustainability will require huge building and transformation of cities and infrastructure that create great opportunities in the long-term for those who are willing to integrate sustainability (UNGC 2013).

The UN Global Compact-Accenture study reported that 93% of the CEOs see sustainability as important to the future success of their business and that 78% see sustainability as an opportunity for growth and innovation. More over 80% see these issues as a route to competitive advantage in their industry. As few as 32% of CEO’s believe that the global economy is on track to meet the demands of growing population and only 33% that business is making sufficient efforts to address global sustainability challenges (UNGC 2013).

What is alarming is that the report is showing that companies are caught in a cycle of “pilot paralysis” when moving towards the integration of sustainability into core business strategies and functions. Further, the report shows that only a few companies believe they can accurately quantify the financial value of their sustainability initiatives. 51% of CEOs report that a lack of financial resources has been a barrier to implementing an integrated and company-wide approach to sustainability thereby making it the single largest barrier identified in the survey (UNGC 2013).

3.1.3 Swedish Code of Corporate Governance
In order to scale up and move the initiatives for sustainability to next level CEOs are calling for public policy to provide stronger incentives for corporate sustainability. According to a recent study 83% of the CEOs believe that government policymaking and regulation will be critical in harnessing sustainability as a transformative force (UNGC, 2013).

The concept of corporate governance or in Swedish “bolagsstyrning” originate from ideas that emerged in the United States when, in the mid-1980s, some public entities reacted to the arbitrary and self-interested behaviors of company managers. The theory later spread in Europe in the early 1990s through the so-called Cadbury Report that was written in reaction to a numerous company scandals in the United Kingdom (Cadbury, 1992). The concept since then has evolved so that codes with varying degrees of official sanctioning have been written in several European countries elsewhere. In 1999, The Organization for Economic Cooperation and Development (OECD) published Principles for Corporate Governance, which has been used as a background tool for countries and the EU to work actively within this area (Swedish Government, 2005, 2009).

The OECD is comprised of representatives from more than 30 countries which together account for more than 90 percent of the world’s stock market capitalization. OECD states that the lack of controlled corporate governance weakens a company’s potential and creates risks of financial
difficulties and fraud and find that companies that are well governed, will in most cases outperform others and has easier to get support from investors that can help to finance further growth (OECD, 2004).

The primary OECD principles are:

- **Ensuring the basis for an effective corporate governance framework**  
  *The corporate governance framework should promote transparent and efficient markets, be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.*

- **Preserving the rights of shareholders and key ownership functions**  
  *The corporate governance framework should protect and facilitate the exercise of shareholders’ rights.*

- **Equitable treatment of shareholders**  
  *The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights.*

- **Defining the role of stakeholders in corporate governance**  
  *The corporate governance framework should recognize the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.*

- **Disclosure and transparency policy**  
  *The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.*

- **Delineation of the responsibilities of the board**  
  *The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board’s accountability to the company and the shareholder (OECD, 2004).*

The first general aim for the Swedish Code of Corporate Governance is to help improve the governance of Swedish companies and promote public confidence in the functioning of the business sector. A second aim is to enhance the accessibility and confidence of foreign investors and improve the possibilities to attract foreign risk capital to the Swedish business market. The code states a number of rules and guidelines that help companies to achieve desired standards. Companies that follow the code may deviate from some rules but this deviation from the code
must have a reasonable explanation. The “comply or explain” principle is applied so that the code can be adjusted to be used by all companies, otherwise not reasonably expected to achieve every aspect of the code at all time. Companies that follow the code must attach a separate corporate governance report to their annual report and also make it available through their web site. Containing a brief description on how the company follows the report and if the company deviates from any rules the reason must be clearly explained (Swedish Government, 2005).

The board should, from the view of the owners, formulate goals and make sure that the company has adequate resources, as well as organizational structure and operation management to reach the stated goals. The board is also responsible to formulate directives on how the company should act from an ethical perspective towards employees, customers, suppliers and society in general. In all Swedish public limited companies there must be a CEO that is appointed by the board. The CEO is responsible for the company’s day-to-day management but is still subordinate to the board. The CEO must act within the boundaries of Swedish law and articles of association follow board instructions. The CEO must also provide relevant information to the board about the company and its businesses that provide the groundwork for the board’s decisions. (Swedish Government, 2005).

Sustainability is still regarded as an extra cost by a great percentage of companies that are hindered by short-term financial pressures, rather than as a core part of strategy to generate revenue growth. In a recent study on CEOs and sustainability 40% reported that economic conditions have made it more difficult to embed sustainability with core business. One senior director in the study told “We are concentrating on strategies for today, not strategies for tomorrow.” (UNGC 2013).

3.2 Strategy
The term “strategy” is used in many different contexts, hence the term’s meaning in this thesis needs to be clarified. For this study five different strategy definitions have been reviewed; Strategy as Plan, as Pattern, as Position, as Perspective, and as a Ploy (Mintzberg, 1998). This study uses the definition of strategy as Position. This means that the strategy is mostly determined by the business environment, from what is going on outside the company among customers, suppliers and competitors. This thesis’ research focuses on describing if and how companies integrate their business strategy with sustainability. Sustainability for businesses is clearly connected to how the company interacts with the environment and society. Thus, this definition is regarded by me as the most relevant one. Michael Porter is a professor who is famous for using this definition. He has published a dozen books, numerous articles in the most prestigious journals and remains the most cited author within this field (Aktouf, 2005). Therefore, the following definition of strategy is mainly taken from his works.

Strategy is viewed as how a company attempts to achieve and maintain a long-term competitive advantage. A company’s strategy reflects what decisions regarding what products or services to offer in what kind of markets which answers the question of how to ensure that the company is performing different activities from rivals, or performing similar activities but in different ways.
According to theory there are three underlying key principles that describe strategy:

1. Strategy is the creation of a unique and valuable position, involving different set of activities.
2. Strategy requires trade-offs to be made. What to do and not to do.

3.2.1 Differences from Operational Efficiency
With this definition in mind, the difference between operational efficiency and strategy becomes clear. Operational efficiency is achieved today by enhancing quality or lowering activity cost with such tools and techniques as benchmarking, LEAN, Scrum, Six Sigma, quality management, outsourcing etc. These are therefore not considered strategies in this thesis. Operational efficiency as a comparative advantage is to perform activities “better” than rivals whereas strategy is performing different activities or performing them differently. (Porter M., 1998)

The company’s result will in the end be determined by a company’s strategy and operational effectiveness. However it will only outperform its rivals if it can preserve what differentiates them from their rivals. This differentiation is generally delivering greater value to customer and therefore able to charge higher prices or same value with greater efficiency lowering cost, or both, ending up with greater results than rivals (Porter M., 1998).

“Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value.” (M. Porter 1998 HBR November-December p.64).

Employees in the company should be able to understand the strategy and be able to focus it even further. The strategy needs to be clear and communicated well so that employees focus on extending the uniqueness of the company rather than broadening or compromising the company’s strategy. (Porter M., 1998). Formulating strategy is therefore very important for every company especially large companies with many employees and activities that needs to be in tune with each other. A formulated strategy should be answering the three questions;

1. What is the business doing now?
2. What is happening in the environment?
3. What should the business be doing?
(Porter M. 1980)

3.3 Organizational Structure
In order to successfully implement sustainability with business companies need more than a vision and strong leadership. It requires organizational adjustment together with reporting relationships, and incentives (Porter & Kramer, 2006). Organizational leadership structure is differently referred to as a bureaucracy, an organization, a pyramid, a hierarchy or a combination including any of these names. One of the earliest theories in modern era is based on the works of Max Weber, who
studied government organizations in Europe during the early 1900s. Weber identified seven characteristics that have come to be known as the classical attributes of bureaucracy: rules, specialization, meritocracy, hierarchy, separate ownership, impersonality, and accountability. Until the 1960s, following these attributes was ideal because the environment was stable. (Cameron & Quinn, 2006; Karlberg 2011). The rapidity of subsequent societal and economic change caused a number of companies to question their hierarchical structure. However, some organizations have managed to be flexible and responsive to the changing environment without abandoning their hierarchies, eg. GE, Sony and IBM (Leavitt 2003).

Today technology plays a very big part in both human and organizational lives. The last twenty years have brought new ways of communicating and accessing information through the Internet and cellphones. Some argue that this development has started a transformation from bureaucratic to post-bureaucratic culture with a more a network-like structure rather than a structure that is hierarchical in nature (Castells 2010; Ahrene & Brunsson, 2011, Johnson et al. 2009). However many studies indicate that in practice the post-bureaucratic culture without hierarchies is nonexistent (Harris, 2006; Planander, 2013; Kira, 2003; Cameron & Quinn, 2006).

One way of explaining the way hierarchies still thrive in large organizations is to look at the cultures within small groups, since hierarchies tend to evolve through predictable patterns during times of growth. In the earliest stage of an organization's life-cycle it tend to be lacking formal policies and structures and are often led by a single, entrepreneurial and visionary leader. This state can be called adhocracy. As the organization grows this culture is supplemented by something that is typically termed clan culture. This is typified by members of the group experiencing a strong family feeling and sense of belonging and where personal identification with the organization is strong. However, eventually the organization grows to such an extent that structure and standards become necessary to be able to control the expanding responsibilities. Order and predictability becomes relevant for the organization to function and a shift to hierarchy culture occurs. This culture is later supplemented market culture focus as the need for external relationships grow and competition from competitors starts to have impacts on results. (Cameron & Quinn, 2006).

A good example of an organization that has gone through this transformation is Apple Computer Company. Steve Jobs and Steven Wozniak started in Apple in Jobs’ parents’ garage and at first Apple prided itself on being free from policies and rules. Jobs and Wozniak later described themselves as “the crazy ones.” The employees proudly wore Apple logos and bumper stickers, and spoke well of the “Apple family.” This is an example of a company that fits well with the clan culture earlier described. Later when hundreds of thousands of computer were being sold and distributed all over the world, and serious rivals began to emerge, the Apple “clan” faced the need for additional standards and controls. Policies and regulations were needed and a hierarchical culture was developed in the organization. The company even went so far as to hiring a man from PepsiCo, because of his experience in efficiency through standardization and control (Isaacson 2011).
3.3.1 Time-span and Stratified System Theory by Elliott Jaques

In organizations the capability of executing and coordinating capital, technology, and skills in order to carry out and achieve strategic competitive advantage requires long-term commitment (Porter 1996). This is especially true when integrating sustainability practices with existing core business practices. Each level in an organization require different set of tasks. Elliot Jaques discovered a general principle of measuring managerial accountability and ways to measure the complexity of individual roles. The measurement methodology is called *Time-span Measurement*. He revealed that the complexity of a role increases with the time it would take to complete the longest long-term task in the role. Jaques explains that increasing the number of factors that affect the task, the grade of uncertainty, the complexity of decisions, and the difficulty in visualizing outcomes in turn increases the time it takes to complete a task. The complexity of a task is not described by the goal, but in how many variables that needs to be considered, how unclear the definition of the problem is, and how quickly the rules regarding the problem could change (Jaques & Cason, 1994).

By using this principle he also discovered that there are boundaries to be found and that a role changes character when the longest task in the role reaches a certain time-span. He discovered that there are at least seven different role-levels that can be defined by time-span. Reasons why these different levels are so distinct are explained by the fact that individuals performing these roles process information differently. Thus, people have different prerequisites to successfully managing a role of certain level (Jaques & Cason, 1994). “Problem types and decisions choices become more ambiguous, less structured, more novel, and more differentiated at higher organizational levels” (Zaccaro, 2001). Jaques argues that these findings could be used to define the most efficient manager-subordinate relations in an organization. When the role levels corresponds to organizational levels, the subordinate will feel confident in and accept of the manager. Thus, if the manager has duties with long time horizons, the manager will delegate work to the subordinates that support the mission of the entire organization.
3.3.1.1 Compression
Jaques continued by describing that if the two roles are on the same time-span level there will be situations where the manager does not have enough power to support the subordinate with direction. They will both have work that depends on guidance coming from the same source, a role with longer-time perspective. That will create a situation where the subordinate starts to see that source as the “real manager.” This constellation can often be found in organization that has too many levels in their hierarchy. In worst cases, when there are many roles positioned this way, decisions are kept from being executed because they are constantly getting reviewed.

![Diagram showing the compression of roles between a manager and a subordinate.](image)

*Figure 4: Compression of roles*

3.3.1.2 Gap
In the opposite situation, when there is a gap between roles another issue emerges. From the manager’s perspective the instructions given are too detailed whereas from the subordinate’s perspective directives are not detailed enough for the subordinate to know exactly what is expected.

![Diagram showing the gap between roles.](image)

*Figure 5: Missing role*
Level I
Illustrates roles where the longest long-term task reach up to 3 months, e.g. security guard, cashier, taxi driver. About 50% of employees have a role that fits this level.

Level II
Are defined as roles where the longest task time is 3-12 months. Here we find roles such as low level managers and specialists that need to plan work in addition to simply performing tasks that they are given. Around 40% of the employees are in a role fitting this level.

Level III
Where task times are above 1 year and up to 2 years in length we find people performing optimizations in their business unit. (Which would lead to sub optimizations if it would not be for the next level).

Level IV
Roles within the 2-5 years perspective are occupied by people that perform inner optimizations and ensure that multiple units are pulling in the same direction.

Level V
People in a role beyond a perspective from 5-10 years are no longer focused on inner optimization. This role includes how the company should act to find a fit for its business in the world and environment that is yet to come.

Level VI
A level VI role with a time perspective 10-20 years is held by CEO of a company that has multiple business units.

Level VII
Role answering to a 20-50 years perspective is held by the CEO of very large organizations where strategic goals stretching 20 years ahead are set, built on abstract information. On this level roles include tasks for developing new businesses for the company.

Figure 6: Different roles correspond to different time-span according to stratified system theory

<table>
<thead>
<tr>
<th>Time Span</th>
<th>Role Example</th>
<th>Company level</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-50 Y</td>
<td>Corp. CEO</td>
<td>VII</td>
</tr>
<tr>
<td>10-20 Y</td>
<td>Corp. EVP / CEO</td>
<td>VI</td>
</tr>
<tr>
<td>5-10 Y</td>
<td>Bu Pres. / CEO</td>
<td>V</td>
</tr>
<tr>
<td>2-5 Y</td>
<td>General Manager</td>
<td>IV</td>
</tr>
<tr>
<td>1-2 Y</td>
<td>Unit Manager</td>
<td>III</td>
</tr>
<tr>
<td>3-12 M</td>
<td>Section Manager</td>
<td>II</td>
</tr>
<tr>
<td>0-3 M</td>
<td>Operator</td>
<td>I</td>
</tr>
</tbody>
</table>
With the CEO at the top of the hierarchical pyramid it becomes clear that the company’s longest long-term mission is defined by the time-span of the role of the CEO.
4. Company Case Studies

This chapter summarizes the empirical findings from the eight case studies. Data was collected from face-to-face interviews with CEOs representing each of the chosen companies in this study and complemented with information from annual reports. The findings are summarized, analyzed and divided into three categories: CEO, Delegations, and Sustainability.

4.1 Introduction to studied companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Founded</th>
<th>Main Industry</th>
<th>Revenue M SEK</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skanska</td>
<td>1887</td>
<td>Construction</td>
<td>136 000</td>
<td>57 000</td>
</tr>
<tr>
<td>Scania</td>
<td>1891</td>
<td>Automotive</td>
<td>79 600</td>
<td>38 600</td>
</tr>
<tr>
<td>SCA</td>
<td>1929</td>
<td>Personal Care</td>
<td>89 000</td>
<td>34 000</td>
</tr>
<tr>
<td>Stena Metall</td>
<td>1939</td>
<td>Recycle, Metals and Oil</td>
<td>25 400</td>
<td>3 600</td>
</tr>
<tr>
<td>NCC</td>
<td>1988</td>
<td>Construction</td>
<td>57 000</td>
<td>18 500</td>
</tr>
<tr>
<td>Tele2</td>
<td>1993</td>
<td>Telecom</td>
<td>30 000</td>
<td>5 000</td>
</tr>
<tr>
<td>BillerudKorsnäs</td>
<td>2012</td>
<td>Manufacturing</td>
<td>20 000</td>
<td>4 400</td>
</tr>
<tr>
<td>Anonymous</td>
<td>-</td>
<td>Manufacturing and Service</td>
<td>40 000+</td>
<td>35 000+</td>
</tr>
</tbody>
</table>

All companies are believed to be representative of Swedish technology dependent industrial companies. All companies are major Swedish Industrial companies that are based in Sweden and thereby bound to deliver annual reports.
4.2 In the hands of the CEO

Following are the results from answers by the interviewees on estimated time-span on their most long-term task. The CEOs often formulated their responsibilities as strategy, vision, mission, or future position. Their responses are presented in the table below to give the reader a better overview. The company names are labeled from A to H to preserve anonymity.

<table>
<thead>
<tr>
<th>Time-horizon</th>
<th>2-5 Y</th>
<th>5-10 Y</th>
<th>10-20 Y</th>
<th>&gt;20 Y</th>
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<tbody>
<tr>
<td>Company</td>
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<td>G</td>
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<td></td>
<td>X</td>
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<tr>
<td>H</td>
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</table>

The different time-spans in the columns are representing the different organizational role complexity levels defined by time-span. Among the companies four was found to be level six companies, three level seven, and one level five as measured with time-span.

Examples of recurring most long-termed tasks among CEOs’ was to transform the business in order to come closer to customers, develop more advanced services, and to create and develop new business areas (Especially within sustainability).

4.2.1 The long-term vs. the short-term

“It is even more important today to be farsighted, since everything is moving so fast it takes less time to end up in the ditch than it took 20-30 years ago.”

All CEO answered questions on the different time-spans of their company’s, strategies, vision and mission-tasks. Common among answers were that the company’s vision acts as a guiding star for picking direction in the middle and short-term. The company’s core business, current strengths, and what can be supplemented are taken into account when defining the future position.

Theory and official documents imply that formulation and publication of the company’s vision is accomplished by the board of directors who give direction to the management. However, this study shows examples where the company CEO and management team are in reality those who
directs the company. This can be explained by the fact that they are in the right position to deeply understand the company and the environment in which it operates. Interviews also showed that in many cases the CEO has a vision that stretches beyond the company’s stated vision in the annual report and that the role of the board was more to act as their sounding board. The time-span for visions were highly variable between the companies. The interviewees in many cases indicated that this variation was due to the complexity of the industry and the size of the individual company.

4.2.2 Making way for long-term business perspective

"The long-term is what builds the results over time"

“I do not think companies are profitable if you just follow your competitors. You need to be a thought as well as a business leader.”

The interviewees agree that the balance between the long and short-term is a constant question for the management especially if it pits current profitability against future growth. Companies have to meet the expectations of owners to deliver immediate financial results while at the same time positioning the company in the long-term by organic or acquisitive growth. Common among the CEOs was that they wanted to move their businesses closer to the customer and develop systems and relationships for the long-term. One CEO expressed that customers are putting less focus on hardware today and more on the services and system solutions provided. Companies now need to be moving towards seeing beyond the sales projections to understanding the customer’s perspective to be able to optimize the benefits for both in the long-term.

“If one can load the business model with knowledge about the customer’s profit, productivity, or sustainability this is a competitive advantage very hard for others to duplicate. In this, one should put much more time than common thought.”

The journey from hardware to service develops over long period of time. To successfully navigate this journey the company needs a true and deep understanding of its own expertise and where it fits into the bigger marketplace. As the businesses’ complexity grows so does its demand for adequate human capital. It is important to note that human capital creation is a process that needs time and capital investment. The CEOs interviewed recognize this as one of their most long-term and most important responsibilities in order to secure the company’s future.

Many factors impact the ability of companies to create long-term strategy. More than one of the interviewed CEOs in this study point out that rules and regulations are one of the largest factors that narrow the ability to make long-term decisions due to rules themselves as well as the fear of regulation changes of them occurring after the company’s direction has been chosen.

“The world is directed in a very interesting way. The world is regulated with contracts. There is nothing that impedes productivity and continuous improvements as much as contracts.”
Other important factors especially for those who do not control their whole value chain are the relationships with suppliers and customers. Making agreements where both customer and seller are striving to create improvements that benefits both parts over time help against otherwise short-term thinking. The goal is to build long-term relationships where the relationship is kept intact in both good times and bad. Creating these types of relationships lets every partner make long-term decisions, evolve, and results in financial benefits for everyone in the long-run. The interviews revealed examples where companies are still benefitting from relationships that go more than 30 years back in time. As a result, keeping existing and building new relationships is one of the CEO’s greatest challenges.

“If we do not resolve the short-term issues there will not be any long-term”

A factor that might be more obvious to the reader is that rough times and markets with great uncertainties restrict the options for long-term thinking. One of the interviewees related that the company’s vision becomes more important when the execution is more dependent of timing than having the greatest formulated strategy to make all units in the company moving in the right direction. Preparing for rough times then becomes one of the CEO’s most important long-term challenges. Societal changes can have large effects on not only the hardware but also the service model offered. Creating changes that effect the whole service model takes more time than companies usually can afford. Therefore, predicting possible future trends in society is crucial if the company is to create the correct strategies for the identified potential scenarios. This may explain why many of the interviewees experience predicting trends as their most long-term and challenging responsibility as CEO. A shared view by the CEOs is that society is changing faster today than in the past and companies cannot afford to run off track very often.

“I realized that I needed input within this subject. But who would I speak to? A priest?”

The CEOs in this study answered differently to the questions regarding trend spotting. The CEOs said they participated with global forums like the World Economic Forum in Davos. A few create their own forums where board members and invited experts discuss business and sustainability. And there were some who took the responsibility upon themselves to get a full picture on the matter.

4.2.3 Managing by values

The CEOs in this study say that generally their longest-term tasks and responsibilities are to actuate the future position of their company to satisfy customers, employees, markets, and society and the global economy in order to capitalize on its full potential. They utilize technology, innovation, human resources, financial resources, and both customer and vendor relationships to accomplish their ambitions.

This study shows that companies have very different long-term time horizons. The distribution of time frames differed by more than a decade. Additionally, even if all companies had yearly plans and rolling five year plans, there was a big difference in the time-span of their strategies, and tactics. In some cases exceed the descriptions included in annual reports had shorter time span
than what was revealed in the CEO interviews. The reason for this discrepancy was explained to be not to worry the financial community by being too abstract.

Because organizations are comprised of human beings factors such as values, culture and trust are critical. One of the most important tasks for CEOs is to formulate and visualize the company’s vision and values so that people throughout the organization feel that they have managerial support that is pulling in the same direction as, and not in conflict with the rest of the company. Actual company operations are generally executed far down the hierarchical chain and thus complex business transactions need to be managed according to stated and mutual internal values and the company’s overall mission in order to be effective.

### 4.3 Sustainability

<table>
<thead>
<tr>
<th>Company</th>
<th>Time horizon (Y)</th>
<th>5-10</th>
<th>10-20</th>
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<tr>
<th>Company</th>
<th>Time horizon (Y)</th>
<th>5-10</th>
<th>10-20</th>
<th>&gt;20</th>
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<td>B</td>
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<td>C</td>
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The interviews show that all of the CEOs studied recognized that they have a personal responsibility to generate internal sustainability policy. This is also evident in the UN Global Compact-Accenture report were 82% of the CEO’s believed that they have a pressing responsibility to leave a clear legacy on sustainability for future generation. (UNGC, 2013) Additionally, 80% of CEOs view sustainability as a route to competitive advantage.

When asked about time-horizon on their most long-term strategy for sustainability the aggregated answers are an exact reflection of the time-horizon of the CEO’s most long-term business task.

> “Sustainability is a fuzzy area, that is not clearly defined anywhere. The best definition of sustainability is to survive economically. With the background today this is impossible if you do not behave in all ends.”

The definitions found in all company’s annual reports 2013 reflect the “three pillars” definition (UN 1989). Commonly presented statistics reflect sustainability are safety, diversity, emissions and employee training programs. Generally these external reports only concern that which is demanded by existing laws and regulations.
“I like to rather use the word sustainability if you put it in context with all aspects: customer, employees, and society in general. Then the meaning will cover the three classic, social, economic, and environmental.”

The term CSR (Corporate Social Responsibility) is used by many of the companies’ in their 2013 annual reports. However, a few of the CEO’s expressed that they rather not talk about CSR since it involves so many things that are not relevant to their particular business. Sustainability on the other hand was recognized to cover aspects that have direct effects on the business performance of all of the companies.

“What is directing us has yet to be on the foundation of creating financial value. Otherwise you start moving in another direction, and then it becomes twisted”

Each CEO’s definition on what is most important about sustainability differs in the details but a common opinion is that sustainability need to be within the core business focus and especially in areas where it can positively affect the revenue within these boundaries. Unlike CSR sustainability applies “the three pillars” definition including the financial aspect (UN 1989).

Definitions of sustainability imply that it is a very long-term strategy. Most companies adopt their definition from UN and other large global organizations. “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” This is taken from the well cited UN report commonly known as the Bruntland report (UN, 1987). This report indicates that the time perspective of long-term sustainability means is at least one future generation. The United Nations Global Compact has set a vision for sustainability that stretches to 2050 (UNGC 2013).

However, some of the CEOs from the larger companies in this study intimated that their companies indeed have a vision that stretches beyond 2020. Some of the CEOs interviewed maintain that the reason to use 2020 to communicate their long-term visions externally is a ‘better’ year number considering the perspective of investors. They expressed concern about confusing or giving wrong the impression to investors about communicating a long-term vision beyond 5-10 years.

“I want to see it in the business model, I want to see what it costs, I want to see the benefits, and I want to see the risks.”

Time horizons for sustainability strategies in the companies studied are the same as for overall businesses strategies. All companies in this thesis are integrating the sustainability initiatives with their business. The prevailing opinion is that it is impossible not to have an ambition to integrate sustainability with the business model. It would be easy to make initiatives just for brand value but in the long-term this will not be beneficial or sufficient for desired growth. Integrating sustainability within the Key Performance Indicators (KPIs) is something that is driven by demands from the UN and Global Compact. However, the CEOs believe that the complexities of business
and of sustainability combined make it difficult to determine if and how the sustainability KPIs reflect the real picture. Companies say that this is one reason why they choose to only to measure and report within the boundaries of certificate demands from sustainability certification organizations that is demanded by their customers.

“Everyone that is working with environmental issues do so in the short-term. Sustainability on the other hand is long-term since that work involves developing the business.”

It is evident that the CEOs have realized that sustainability needs to be integrated with long-term strategic planning and that sustainability is not a question treated separately. If sustainability is not included in the strategic planning process it runs a risk of being ignored completely. Not integrating sustainability within an action plan would be very costly and many business opportunities related to sustainability could also be lost. Sustainability needs to be considered throughout the whole value chain to work most effectively. But, this is impossible if sustainability issues are regarded as a short-term task. In comparison, environmental issues which are only a part of the whole sustainability picture, operate with a one year time horizon that covers such matters as reporting, supplemental actions, and costs.

“People need to be able to make decisions far out in the organization because that is where the businesses are made”

Perhaps another less obvious way of observing the companies’ definitions of sustainability is to look at how the message of sustainability is communicated within the organization. Every company has some form of Code of Conduct which describes the company’s values and acting guidelines. This document covers policies and rules that apply to all employees. There is also information on where and how to report violations an addressing questions regarding sustainability and the code. These codes reflect the information given by the CEOs that stress the fact that the key to sustainability is more about values than governance. The purpose of “leading with values” is to build trust and networks where employees feel free to question and speak freely which enables people in the organization to dare take a certain amount of risk knowing that they have support if something does not go well.

“How to create a culture that is lacking fear? To find a culture where people dare to make decisions and push forward, is the key as I see it to succeed”

In order to successfully implement a strategy for sustainability the CEOs need to be involved and clearly communicate that initiatives taken by employees have support from top management. This has been proven many times in theory and studies (Blackburn, 2007; Epstein, 2008; Willard, 2009). A code of conduct is also used to demonstrate to customers and suppliers the company’s expectations of the organization which in turn can help in strengthen the relationships between companies.
4.3.1 Governance

“The society is completely miscorrelated. We have law enforcement and certification units that today are shortsighted.”

“Everyone within the industry in Europe experience this as a huge problem. It is an enormous issue in the industry”

As previously stated, laws and regulations from the CEOs’ point of view play a large part in their ability to make long-term decisions. Making large scale initiatives and become leader of sustainability takes time to actualize and can put companies at unnecessary or undesirable risk. More than once, interviewees expressed concern that the time to get permits for using new methods and technologies is too long which creates uncertainty and ambiguity in the corporate long-term planning process. The fact that companies do not have control over certification timing is a huge barrier to companies engaging in new large scale initiatives because these certificates are often one of the most important factors. One of the interviewees related that delays caused by the certificate process can be as long as three or four years.

4.3.2 Initiatives and perspective

“It is a complex world and the politicians are only looking at small pieces at a time”

Studies show that the major driving force to implement sustainability in companies is compliance with government regulations (Epstein, 2003; Azapagic, 2003). Additionally, customers often put enough pressure on companies that they adjust to latest level of reachable sustainability. However, the CEOs maintain that it is extremely costly to be industry leader when it comes to sustainability especially when it is unclear that the company will draw any benefits from the effort. Competitors may not need to implement similar initiatives (absent regulation or societal pressure) and thus costly sustainability efforts may put their company at a significant economic disadvantage. For anyone to make a correct comparison of what is most sustainable is impossible due the complexity of both business and sustainability, and it is even more difficult customers to determine. The CEOs state that governments are not taking into consideration the whole picture. CEOs are also of the opinion that current regulations are restricting them from taking actions towards sustainability and even encourage them to make sub-optimizations of environmental work.

Because of the complexity in understanding the complete definitions of sustainability, customers instead to demand that companies obtain certain certifications which reflect a company’s achievement of specified sustainability goals. Today there are many sustainability and environmental certificates available. Two of the most common examples of organizations to which companies choose to report are ISO and the GRI. In the interviews, a few of the CEOs told the interviewer that they are frustrated that a large number of actors grant different certificates and each has its own definition of sustainability. This is increasingly problematic since the certifying
organizations have different reporting procedures. Thus, the company is forced to choose to pursue only a few certifications among all the existing possibilities. The bigger the company the more different external reporting initiatives they may have to address.

“Society wants companies taking a social responsibility and not cutting the corners. “

“You have to make a choice. Can you contribute to society and make the world a little bit better? If the answer is yes, you will have a competitive advantage.”

Actually, there are a few examples where the sustainability initiative comes from the companies directly. The CEOs’ have all realized that being first to act in matters that are becoming trends attracts positive attention that gives them a huge competitive advantage. Finding markets where it is possible for the company to influence the views of sustainability is indeed a strategic matter. The company’s sustainability work then morphs from simply risk management to finding opportunity for business and ways of positioning the company in society, as a brand, employer, and in the market in the long-term. One CEO explained that this was one of the reasons his company has built a strong brand abroad. He further explained his faith that being leader of sustainability initiatives in markets where it is valued by society will payout in the long-term. Large-scale initiatives are rare because they often take very long time to realize and the outcome can be hard to control because of changing political climates. Large scale initiatives are generally very costly and stretch over long period of time, making the associated risks not worth taking or unpalatable to investors.

However small scale initiatives can provide long-term financial returns on investment. In one interview the CEO described an ongoing project in China. This project is run to try new business models and gain deeper understanding of the Chinese markets, and also to garner better knowledge of the customer’s perspective. The CEO pointed out that it is common knowledge that a business need both cash-cows as well as a few babies and he believes that many companies today have put too much focus on their cash-cows while forgetting to launch enough ‘baby’ initiatives that support future growth.

According to the CEO, his company has many small projects but they are not revealed until they are proven to bear fruit. Although it is hard to put an exact value on the experiences gained, even 80% failed experiments leave the remaining 20% that financially make up for the failures. A similar example was found in a different industry where it is easy to identify where business could meet environmental goals. Effectively designing products that lower customers’ resource usage makes the product better for the environment.

“We started our own business. Not for the reason to compete with customers or vendors, but instead to learn. Soon we had learned how little we knew about the logistics”
4.3.3 The companies’ take on sustainability

From answers and observations in the interviews, all CEOs recognize that they have a personal responsibility to lead on matters of sustainability, which have the longest-term time-horizons of all tasks in all the businesses studied. This is not an unexpected result as UN Global Compact-Accenture report that in their study 82% of the CEO’s believed that they have a pressing responsibility to leave a clear legacy on sustainability for future generations (very long-term, indeed) and that 80% of CEOs view sustainability as a route to competitive advantage (UNGC, 2013).

Sustainability has become a new tool for companies to examine their business with fresh eyes to find methods to further lower costs, strengthen brands and relationships with employees, customers and vendors, while positioning the company for future success and mitigating risks.

The companies are all striving to become better at delivery systems and customer service. Sustainability labels (i.e. LEED, GRI, or ISO) enable companies and customers to speak the same language. This common understanding can become a new bridge to deeper relationships and brand loyalties which in the long-term enables sustainable growth, improved efficiency, and improved effectiveness. It creates a competitive advantage that is hard for competitors to duplicate all of which are benefits that both the company and consumer receive.

These companies have embraced the “three pillars” definition of sustainability and it is clear that business opportunity is now a force that drives companies’ sustainability initiatives. However, for these initiatives to scale-up, companies need governance and law enforcement to be efficient and responsive. In order to meet the demands of true sustainability as it is defined by environmental experts and the United Nations, governments need to cooperate with companies and create new solutions and incentives that favors companies that embrace long-term sustainability.

It is evident that the companies have come very far in the integration of sustainability into their business. All of the studied companies found business opportunities from sustainability, have high level roles handling sustainability issues, and describe well-integrated measures of sustainability in their annual reports. Integrating sustainability is regarded by the CEOs as part of positioning the company for the future and as means for creating new businesses that are deeply connected with their environmental and ethical brand profile.
4.4 Delegated business tasks coming from the CEOs

In the interviews each CEO was asked to describe the longest-term task that was delegated to the CEO’s directly reporting, for him/her to be able to accomplish his/her own task. The time-span at the delegated tasks were also determined. An important note is that task is defined as a what-by-when, i.e. what has to be accomplished that will take the longest time to complete, and not as an activity. The data was gathered to get the time-span for the top level of the organizational structure, to see if there are differences in farsightedness between the companies in the top management roles.

This resulted in capturing information on a total of 79 tasks to subordinates reporting directly to CEOs in the eight companies surveyed.

<table>
<thead>
<tr>
<th>Time-span (Years)</th>
<th>1-2</th>
<th>2-5</th>
<th>5-10</th>
<th>10-20</th>
</tr>
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<tbody>
<tr>
<td>Role level</td>
<td>III</td>
<td>IV</td>
<td>V</td>
<td>VI</td>
</tr>
<tr>
<td>Distribution</td>
<td>1</td>
<td>23</td>
<td>32</td>
<td>23</td>
</tr>
</tbody>
</table>

Adding all instances of subordinates that officially report to the CEO in the eight companies would result in less than 79. This is a result of subordinates that had been replaced or roles that been changed during the course of this study, and therefore the data were available to be accounted for in the results. The choice of including these few exceptions aided in maintaining the companies anonymous without significantly changing the overall result. The following chart shows the findings of measured time-spans of delegated work expressed in role levels and presented as distribution in percent for each company.

### Company A

<table>
<thead>
<tr>
<th>Role level</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
<th>VII</th>
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</thead>
<tbody>
<tr>
<td>Distribution</td>
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<td>64%</td>
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<td>X</td>
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### Company B

<table>
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<tr>
<th>Role level</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
<th>VII</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>-</td>
<td>-</td>
<td>100%</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

### Company C

<table>
<thead>
<tr>
<th>Role level</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
<th>VII</th>
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</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>-</td>
<td>-</td>
<td>100%</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
An interesting observation is that the management team members in a level VII company are delegated level six tasks which means they have tasks that are as farsighted as the CEO for the level six companies. The business implication of this observed difference would be interesting to further investigate.

The findings as shown by the graphs above are that four out of the eight companies have reporting subordinates that are working with tasks with completion time fitting the same complexity level. Three delegate assignments with completion time covering two levels. One of the CEOs is assigning management team members’ tasks that have completion time fitting three different levels.

4.4.1 Brief on the tasks delegated
Half the companies in this study show management teams with longest-term tasks fitting roles at equivalent managerial levels. However, half of the studied companies have more than one role or level represented. According to SST, those management teams have existing gaps. This study
found that out of the 79 reviewed roles, 16 roles fit the description that in theory is described as a gap. Further, the study did not find any role compressions (see figure 4).

According to some of the CEOs in the study there are different strategies for different geographic markets, even if the products they offer in the different markets are the same. Therefore, the management team roles are different when it comes to task completion time in the different global markets. One CEO explained that product development trials (or beta tests) are implemented in certain geographical markets which are then to be implemented in the other places if proven successful. Business units that are building new markets in different countries therefore demand a very long time perspective.

Research and development (R&D) is often regarded by CEOs as one of the most long-term tasks in the company. R&D needs to account for and take into consideration societal changes as well as research in other complementary or competitive disciplines that can affect the company’s business in the long-term, thus demanding a very abstract and farsighted perspective.

The role that differed most, both in specific tasks and long-term perspective, between companies was that of the Chief Financial Officers (CFO). In one company, the CEO told the interviewer that he delegated to the CFO mainly work with short-term tasks in comparison with others in the management team. However in times of change, the CFOs are required to investigate the impact of these changes on the expected financial parameters of future business – a task that need longer perspective.
5. Conclusions and discussion
This chapter summarizes the result of the analyzed case studies. Conclusions are presented in order to answer the thesis research question. The chapter ends with a discussion and suggestions for future studies.

5.1 Conclusions
How farsighted is the longest-term strategy/task/vision for the CEOs?
The companies studied did have yearly plans and rolling five year plans. However all of them had a vision or strategy on how they wanted to future position themselves that was more long-term than five years. The study has shown that companies differ greatly in their time-span for long-term strategy/task/vision. Companies studied in this thesis are found to have differences as much as 15 years in their longest-term strategy/task/vision ranging from year 2020 to beyond 2035. This thesis also shows that contrary to what the Swedish Code of Corporate Governance is indicating, in several cases it is the CEO and the management team that develops the company’s longest-term strategy/task/vision and not the board.

The question remains to determine if the farsightedness shown by this study is enough to meet the sustainability integration demands to the degree according to the global action plan recommended by the World Business Council for Sustainable Development is needed to reach the vision for 2050 (WBCS 2012)?

How farsighted is the longest-term sustainability task in the company?
The study show a clear result that the longest-term strategy/task/vision for sustainability in all companies are same as the longest-term strategy/task/vision for the business overall. All companies show examples of how integration of sustainability with their core business has already lead them to reach and create new business opportunities which shows that sustainability has gone from compliance to opportunity. Additionally the companies have future strategies to move their businesses in a direction to deliver more systemic solutions and services to customers rather than just the physical product.

Who in the organization is responsible for the longest-term sustainability strategy/task/vision?
In all companies studied the ultimate responsibility of sustainability within the organization is held by the CEO. There are also examples of CEOs describing themselves as missionaries for sustainability in their company. This strongly indicates that sustainability is becoming integrated with business as part of the company strategy. Sustainability is found in the same level as business transformation and development in companies which are shown to be parts of the longest-term tasks in the companies studied.

How farsighted is the longest-term tasks that the CEO delegates to the members of the management team?
The study show the delegated tasks with variation from 1-20 years. In half of the companies studied the CEO delegates’ tasks in the same level of time-span. However the other half show
examples on both two and three different role levels in the management team. In companies where the CEO delegates to multiple role-levels management gaps are created (see figure 5) which creates a risk of affecting the communication and effectiveness in the organization.

**5.2 Discussion**

The large differences between the CEOs’ longest-term tasks may depend on many factors beyond the scope of this study. Also, the results of the study do not indicate significant correlation of the long-term time-span to the amount of technology the businesses use. It is also important to note that some companies are more sensitive to external societal and environmental changes than others. For example, in large process industries, the CEOs need to prepare for scenarios that compel industrial changes. Future research could focus on comparisons of each industry type individually that might reveal and better describe the differences in long-term time frames within each industry. However one thing common among many companies in this study were that the longest-term strategy was to transform the business from only producing products to selling solutions.

A common view among the CEOs is that understanding coming trends and how they will affect the business is one of their greatest challenges. This requires a deep understanding of both internal company culture and how they interact with external actors. The interviews also revealed that even though the Swedish Code of Governance could be interpreted as requiring that the vision should be developed at the board-level, some of the CEOs expressed that this is not done in reality. The CEO is a crucial factor in determining the company’s definition of long-term. It is up to the CEO to foresee the company’s strengths, where it fits into the future, and predict the needed transformations. It seems that much depends on the CEO’s ability to predict and assimilate these complexities.

One observational question that comes out of the study is if the differences in board participation of the development of future strategies impacts the long-term time horizon. However, to further study this would require an analysis of both the top management and board. Of course companies and/or industries are affected differently by different trends. All companies depend on external relationships. Regardless of the market share of the companies external customer and vendor relationships are very important and are seen as necessary for long-term success. The ability to change is a key to successfully positioning the company for the future.

A CEO that addresses sustainability must be able to interpret and predict how coming trends will have effect business complexities, engage groups and lead dynamic organizational changes. A company’s level of integrating sustainability with business can therefore be an indicator of organizational and leadership strength. Leaders that engage themselves in implementing sustainability demonstrate that they are capable of handling complex long-term strategic challenges.
5.2.1 Reflections on sustainability

The sustainability strategies found in companies match the long-term in companies’ business strategies. It is reasonable to conclude that the sustainability strategies will never exceed the long-term strategic time-frame in business. The main driving force for companies to take initiatives for sustainability beyond compliance is shown in this study to be financial. But it is also reasonable to conclude that the company’s business and sustainability strategy are becoming fully integrated. The future trends are pointing in a direction were the two, sustainability and business strategy, will become hard to tell apart. In the companies studied one of the longest-term tasks were to change customer’s way of thinking to become more sustainable. In other words, to change the business environment so it fits with the companies own sustainability strategy. With these long-term strategies companies become a driving force in society for sustainable growth.

Traditional linear business models encourage consumption that produce waste. In a recent study it is reported that 52% of companies estimated that raw materials make up two-thirds of their total cost, and that 75% have experienced rising costs in the previous five years. In the same study, 87% of the companies expect raw material costs to increase over coming years (Technology Strategy Board, 2013). As a result, the opportunity for companies to make more profit by reducing usage of raw material is now greater than ever and sustainability is now an effective tool for operational efficiency. Those companies that does not consider sustainability can be left to die if they do not seize that competitive advantage opportunity. This is not something that companies will see happen in the distant future. It is happening right now. Successfully integrating sustainability with business is a long-term task and needs to be implemented at a strategic role-level.

Customers are turning focus from only the hardware and are now more interested in service and systemic solutions. Apart from that, sustainability has become a way for companies to communicate their mutual interests with customers. As sustainability efforts increase, demands for employee competence and knowledge become more important. Companies need to consider the long-term value in investing in human capital thereby making them an attractive employer and more competitive.

Companies can position themselves outside their current operational area by reaching higher levels of sustainability. With partnerships between companies, new question are raised about what and how to create new trading platforms and new business opportunities that offer increased production volume with greater effectiveness and efficiency potential. Directing long-term strategies to develop systemic solutions that cover industry-wide and social challenges will be beneficial in the long-term for companies, customer, and society in general. Helping society and customers grow in the long-term will also be profitable for the companies. Therefore, sustainability is something that companies need to be engage in in order to survive in the long-term and is something that investors should not ignore. A company’s capacity to deliver good results in the long-term is lost without accurate information about the social and environmental factors and adequate predictions of the future.

“The pieces of the market need to be visual to make it possible to make long-term decisions.” Erika Karp – CEO and founder of Cornerstone Cap Inc.
Governments need to create policies and law enforcement that support companies that take initiatives for sustainability.

As said by both Erika Karp and Idar Kreutzer, (Sustainability day, 2014) in order to get the engagement of investors the real value need to be visualized. This is something that governments could help with by enforcement of policies, regulations and laws. This study along with the UNGC-Accenture study shows that in several cases the companies experience a circumstance where existing laws and regulations are delaying new sustainable initiatives. It is therefore important that these laws and regulation are long-term enough and well-crafted in order to meet the longest-term needs by companies to form the most competitive business strategies.

Governments are also some of the biggest customers to industry. If public procurement covered the total long-term costs of negative externalities would be more reasonable to strictly enforce companies’ participation in sustainability. This relates to what was mentioned earlier by Karp and Kreutzer.

Another observation from interviews was that many of the company CEOs would rather not use the term of CSR. Social responsibility is generally a part of companies’ business strategies but the definition of CSR does not state that the practice of social responsibility needs to be financially profitable in the long-term. On the other hand, the definition of Sustainability covers the long-term financial aspect in the “three pillar” definition and is thus preferred over CSR. Additionally, after all companies take the initiative for some sort of CSR program, the marketing value of CSR diminishes. However in several companies’ annual reports CSR is a still used term. Companies would rather focus on what can be done profitably within their main business area. Since there is no easily identifiable financial incentive, CSR might be facing limited life time.

5.2.2 Reflections on delegations
An interesting observation is that the management team members in a level VII company are delegated level six tasks which means they have tasks that are as farsighted as the CEO for the level six companies. The business implication of this observed difference would be interesting to further investigate.

The time-spans of the delegated tasks are shown to be very different from company to company. Four of the investigated companies had more than one role-level represented in the management team. Where management gaps are identified, the CEO often delegates to multiple management role-levels. Because the types of information are not equally relevant in the different roles, the two groups are often separated to maximize the effectiveness of communications from the upper levels of management. However none of the companies showed examples of compression of roles (3.3.1.1).

One CEO further explained that he is very careful when selecting his management team members that each has the capability to contribute to the formation of the overall corporate strategy.

Among the companies four were found to be level six companies, three level seven, and one level five as measured with time-span criterion. The longest-terminated roles found in case studies were
often implementing tasks involving large business or industry transformations. Tasks that involve increasing industrial effectiveness are also found among the longest-term tasks identified in the study. These tasks need cooperation from other company members and they include the entire process; from the development of strategy to execution.

In companies that have separate managers to handle each business unit, managers have the responsibility to accomplish tasks such as financial responsibilities for sales, pricing, and reaching revenue targets which are delegated to them. On top of that, they are also responsible for the product development in their particular business unit. They are not necessarily responsible for the research needed for product development, but are responsible for the focusing the development direction on desired new product features. This managerial role-level had, in most cases, similar expected longest task completion time.

The different role-levels found in the management teams can reasonable be explained by the time perspective differences between the business units. In some companies the business units are handling products and services that are very much different from other products also produced in the same company. The different products are in different positions in the value chain and therefore have different time horizon needs. Another potential reason for different inter-unit time horizons is that some units are dependent on very expensive machinery the acquisition of which needs board approval and long-term perspective. There is the additional possibility that different business units have uneven growth expectations depending on differences in markets or the complexities of the products produced thus creating a gap between the roles that did not exist when the management roles were initially created. One can speculate if there are additional examples of gaps found between business units where there are significant difference in the unit’s or the produced products’ contribution to total revenue. Adding to this is the fact that business units have different products with different technological development prerequisites or different service changes and requirements which make it hard to identify the exact reasons for the differences in long-term.

Farsighted strategic planning is an absolute necessity in companies that are entirely process industries. These industries are dependent on long-term agreement with suppliers which must to be considered in the strategy making process. In contrast, in some companies the sales process industries are much more shortsighted. Sales processes are often deeply connected to short-term financial results which is of high interest to investors.

5.2.3 Reflections on methodology
If the interviews done for this thesis also had included the Chair of the board of directors, the reliability of the determination of the time time-spans of the longest-term tasks of the CEOs would have been stronger.

Stena Metall was the only company in the study that was not publicly listed. However because it would be necessary to include a larger sample of privately held companies in order to make any valid observations or comparisons between private and public, no relevant analysis on could be
included in this study. It would also be interesting to include a larger bank to the sample. This would have given a perspective on the place of capital in the value chain and how industrial processes impact the long-term. Unfortunately, none of the CEOs of the larger Swedish banks could make time for an interview.

The promised anonymity to the companies kept me from bringing any concrete examples to the final report. Without the anonymity these examples could have been useful to further explain why and what determined the large time-span differences in the companies. Explicit examples of tasks were however hard to describe while at same time preserving the companies anonymity.

Furthermore one of the companies studied asked to also include the company’s name anonymous. Since that interview did include much useful information and I wanted to use that in this thesis I was forced to make overall adjustments and sacrifices in order to still use it.

In the literature study all further found research on the methodology developed by Elliott Jaques was mainly focused on the part which is used to determine individual’s capability and role-level. Therefore I decided to cite only published theories to the original sources written by Elliott Jaques and later referring to work on work-levels.

5.2.4 Suggestions for future studies

- How are gaps in role level in the management team affecting the ability to effectively lead organizations?
- How does the level of the CEO role affect the ability to implement successful business and sustainability strategies?
- Are government too shortsighted? How farsighted does the regulations need to be to not obstructing with companies strategies?
- Since WBCSD has risen a vision for 2050 it would be interesting to further research what such a vision require in farsightedness is required by politicians and from businesses to be able to reach this 2050 vision?
6. References


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UNGC (www, b) <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html> (2014-05-10)


6.1 Interviewees

- Johan Karlström CEO Skanska 2014-02-21
- Per Lindberg CEO BillerudKorsnäs 2014-03-04
- Martin Lundstedt CEO Scania 2014-03-27
- Mats Granryd CEO Tele2 2014-03-31
- Anders Jansson CEO Stena Metall 2014-04-03
- Jan Johansson CEO SCA 2014-04-15
- Anonymus 2014-04-16
- Peter Wågström CEO NCC 2014-05-08

6.2 Seminar and conference


Miljöaktuellt and Accenture - *Sustainability Day 2014*. May 7, Stockholm Waterfront Center
Appendix I – Example of an Interview Guide

Intro

- First a brief reintroduction of the interviewer, the assisting consultant, and the thesis subject.
  - Question if the interview can be recorded

Delegations

- What is the expected longest-term task that you want [Subordinates name] to accomplish?

In most cases the interviewees think in terms of one, or five year planning. But what is the most long-term task that needs to be completed within the plan or beyond the plan? The planning is usually about reaching certain goals objectives targets with action that is planned and described in the plan. A task is an accomplishment that the manager needs to get done to complete his or her own task. The longest-term tasks on the top level in organizations similar to the studied companies is usually some kind of transformation. (E.g. New geography, customer base, products and service, or new business model/strategy).

Since the interviewees normally do not think in terms of tasks in the long-term and associate to actions within the coming year a number of follow-up questions to find out what the expectation from the manager is on the subordinate. It is also important to find out if task is really delegated or if it in reality is held by the CEO. Finding out what is the longest term expectation is also supported by questions based on the earlier researched information about the company’s specific business. (E.g. tasks that been described in the annual reports regarding different areas as geography, business areas, new technology etc.). All these questions aim to get the interviewee to think of tasks in terms of what-by-when and capture the longest-term task. Normally it takes a longer time to define the first subordinate’s task and many more follow-up questions is needed before the manager can express the longest-term task. For each subordinate that is described it becomes easier and easier for the manager to express what the longest-term expectation is on the role in questioned. Since the manager starts to understand what is being asked for is what he or she needs to get done that takes the longest time to complete.

During all the follow-up questions tasks is purposely formulated differently as challenge, delegation, vision, responsibility, or strategy. This to make sure with certainty that the longest-term task is discussed.

Next step is to define when subordinate got the delegation or task and when the manager expects the task to be completed. Most managers think of tasks in terms of continuous processes, responsibilities, and short-term actions. But by probing extremely short-term and extremely long-term completion times, it is possible to express his or her expectation of the time it will take to complete the task.

Calibration

Together with a brief introduction to Stratified System Theory the interviewee is shown the result of captured time-span for each subordinates task and is given the opportunity to change any time-span that does not give the correct image. This calibration is done during this phase when the tasks and time-span can be compared. Additional follow up questions are then asked to determine that there are no longer-term tasks found in the company that is not covered by those who has been documented. In case there are, who is responsible for those?
**Task of the CEO**

- What is the most long-term task/challenge you have that is expected by the board?

This question is often easier for the interviewee to answer after all the delegations have been discussed thus giving the data gathered to have higher reliability. For this reason this question is placed after all subordinates tasks has been processed since the CEO’s task is often more complex and harder to define. Follow-up questions to this question are often related to who defined this task and if the CEO can exemplify any other vision/strategy/task for the company that stretch beyond that?

**Sustainability**

Finally when all tasks regarding the business has been processed the CEO is asked questions based on the company’s sustainability work and integration of sustainability strategy. These questions are mostly based on what has been found during a study of the company’s sustainability report and annual report. Questions regarding these strategies/tasks/visions are in the same matter as in business tasks earlier processed examined in terms of what-by-when? But also who?

Reason for saving the sustainability area for last is both that sustainability is a very broad and complex area and that the interviewee speak more freely in the end of the interview. Also in the end of the interview the interviewee have a better understanding of what the interviewer aim to know.
Appendix II – Time-Span Chart

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Appendix III – Example Questions by Elliott Jaques

Areas for questioning in order to find the most long-term task

1. Single/Multiple Task Role?
2. Occupied/Unoccupied/New Role?
3. General Responsibility?
4. Starting Point For A Task?
5. Sub/Part/Series/Program Tasks?
6. Longest Extended Task?
7. Development projects?
8. Training of new subordinates?
9. Waiting Time?
10. Review Point And Longest Task Sequence (Jaques, 1996)

Example questions related to determining the levels of task complexity

1. Can the work be done by following an assigned plan to a goal, overcoming obstacles by direct action trail-and-error as you meet them on the way?
2. Does the work to be done require the articulation and accumulation of data which are judged significant for the output, and a diagnostic judgment based upon linking those data?
3. Does the work to be done require the use of a serial processing in the construction and choice of a plan which balances future requirements against current activity, and a holding in reserve of other plans which might be brought into play if the selected plan does not work out?
4. Does the work to be done require a number of interactive projects to be undertaken and adjusted each one in relation to each of the others?
5. Does the work require a continual touch-feel sensing of how changes occurring anywhere in the project can impact upon the system to which the project is related. Leading to direct actions which take into account the probable immediate and downstream consequences which cascade through the whole system?
6. Does the work to be done require a continual screening of the relevant business environment to identify and favorably influence any and all developments there which might have significance for the projects in hand?
7. Does the work to be done require the development of world-wide strategic options and the creation of business units, by growth, acquisition, mergers, joint ventures? (Jaques, 1996)