Encouragement for sustainable pension

A better understanding for sustainability in regards to pension savings

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Encouragement for sustainable pension - A better understanding for sustainability in regards to pension savings

Uppmuntran till hållbar pension – En bättre förståelse för hållbarhet i relation till pensionssparande

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Sustainability is more relevant than ever and has forced the pension industry to acknowledge new types of responsibilities during the last decades. Sustainable pension is based on the investing strategy, social responsible investment (SRI), which implies that pension funds should not solely focus on a good return of their investment, but also care for the social and economical welfare. Research has been conducted on the area of SRI and pension during the last decades but a gap has been identified as to how this research was eventually communicated to the customers. This thesis addresses this in two parts for the target group business customers. Firstly, to meet future demands in the pension industry, a better knowledge is needed of how the business customers understand what sustainable pension really is. This thesis aims to address this by answering the question “What are business customers' understandings of sustainability and pensions?” Secondly, customers increasingly ask what impact their money is having on sustainability. In answer to this demand, a prototype with a concretization of sustainable pension savings was developed and evaluated, following a Human-Centered Design process throughout the thesis project. Interviews were conducted with pension experts and business customers. Results showed that business customers do not make a connection between sustainability and pension, that sustainability is diffuse and hard to understand in the financial setting, and that pension is too far from the operative business and perhaps the employees’ own responsibility. When explained, the belief was that sustainable pension is something positive. But preconceived notions about it being expensive and non-lucrative are factors that discourages. The final evaluation of the prototype was done with a user test that featured three of the four business customers from the interviews. Results pointed to that the business customers think that sustainable pensions became more understandable, that sustainable pension became more concrete, that it was interesting, fresh and that it broke new ground. The user test also revealed that rebound effects is a potential risk with sustainable pension, as participants expressed that they feel better and compensated with their own CO2 emission after they learned about the positive effects of a sustainable pension.

**SAMMANFATTNING**

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ABSTRACT
Sustainability is more relevant than ever and has forced the pension industry to acknowledge new types of responsibilities during the last decades. Sustainable pension is based on the investing strategy, social responsible investment (SRI), which implies that pension funds should not solely focus on a good return of their investment, but also care for the social and economical welfare. Research has been conducted on the area of SRI and pension during the last decades but a gap has been identified as to how this research was eventually communicated to the customers. This thesis addresses this in two parts for the target group business customers. Firstly, to meet future demands in the pension industry, a better knowledge is needed of how the business customers understand what sustainable pension really is. This thesis aims to address this by answering the question “What are business customers’ understandings of sustainability and pensions?” Secondly, customers increasingly ask what impact their money is having on sustainability. In answer to this demand, a prototype with a concretization of sustainable pension savings was developed and evaluated, following a Human-Centered Design process throughout the thesis project. Interviews were conducted with pension experts and business customers. Results showed that business customers do not make a connection between sustainability and pension, that sustainability is diffuse and hard to understand in the financial setting, and that pension is too far from the operative business and perhaps the employees’ own responsibility. When explained, the belief was that sustainable pension is something positive. But preconceived notions about it being expensive and non-lucrative are factors that discourages. The final evaluation of the prototype was done with a user test that featured three of the four business customers from the interviews. Results pointed to that the business customers think that sustainable pensions became more understandable, that sustainable pension became more concrete, that it was interesting, fresh and that it broke new ground. The user test also revealed that rebound effects is a potential risk with sustainable pension, as participants expressed that they feel better and compensated with their own CO2 emission after they learned about the positive effects of a sustainable pension.

Keywords
Pension, Sustainable Pension, Social Responsible Investments, SRI, User Experience, UX, Human-Centered Design, HCD, Prototyping

1. INTRODUCTION
This section introduces the topic of the report, the background & relevance, the problem definition, the objective and the thesis research questions.

1.1 Background & Relevance
Ever since the citizen campaigns and anti-war movements in the sixties and seventies, people have been pressuring decision makers to make ethical and sustainable choices when it comes to financial decisions that affect them or their interests [1]. During the anti-war-movement, American students pressured their universities fund management to cease investments in companies such as Dow Chemicals, who made the napalm that was used in the Vietnam War [1]. The same trends could be identified regarding nuclear power investments during that era. More recently, pressure was put on pension-funds to divest (i.e., cease investments) from corporations connected to the apartheid-ruled South Africa in the late eighties and early nineties [2]. This excluding method, divesting, has since evolved into a strong driving force today in the investment world, social responsible investments (SRI) [3], and is since the early 21th century considered a global practice [4] and movement, embraced around the world [5]. SRI integrates non-financial concerns into the financial world’s, otherwise strict, investment-process by adding ESG-concerns, ethical, social and corporate governance [3]. Most of the larger pension fund corporations nowadays strive to show how proud they are that they offer a sustainable pension, i.e., that they are working and investing with SRI in mind with pension funds. However, it is also common that pension companies call it ethical investment, green investment and sustainable investment, which is not the same as SRI [3], even if some research points to that also [6]. The concept of SRI, or simply, responsible investments, meaning that pension funds should not solely focus on a good return of their investment, but also how they can use their influence over companies to do good for the welfare, both social and economic [2]. Have become a vital strategy for pension corporations [2] and investing with a responsible investment-policy is now considered a must for pension funds. I.e., investing with ESG-concerns in mind [2].

Pension funds and their corporations are right now experiencing a truly transformative era of their existence. Global warming and other sustainability matters, like the worlds shift from environmental protection, towards sustainability [7], have forced the entire economical investment sphere to assimilate new types of responsibilities during the last decades (e.g., the practice of impact investing) [8]. Moreover, the world’s population continues to grow in rapid pace. In combination with our prolonged life expectancy, this puts new types of pressure on the pension funds [9]. Pension funds are now considered to be major shareholders in most large companies [8] and the continuing fast growth of the pension funds is believed to be even more accelerated in the future [10]. Pension funds are built up by assets, which in turn are invested in companies with shareholder-positions that are owned by the pension companies. This subsequently means that the large pension funds have obtained a position today where they can both invest money with a SRI approach, into already sustainable companies, however, and perhaps more importantly, also potentially play a key role in affecting companies [2] to choose a path towards sustainable development [11]. Amalric expresses the opinion [8] that pension funds will play a key role in two ways in aiding and enabling sustainable societies. Firstly, that the pension funds must be more financially reliable, in terms of stability and return of good investment. Secondly, that pension funds must
invest with SRI in mind, as well as live up to the responsibility that comes with being major shareholders in large companies - i.e., use their great influence to achieve and promote sustainable policies and decisions [8].

1.2 Problem Definition

Research has been conducted on the matters of SRI in regards to pension during the last decades. But a gap has been identified as to how this research was actually eventually used (e.g., communicated) [12]. Information points to that the sustainability knowledge inside the pension industry is good, but that there are problems with how this information is communicated to the customers [12]. This thesis will contribute to fill that gap. Connected to this, research also shows that there is an interpretation and integration issue regarding SRI. There is still no common accepted definition of what SRI is [13]. This was highlighted as early as 2002 when one of the most influential authors on the subject, Russel Sparkes, p.22 [4], wrote that: “surely at some point along the line somebody needs to define what is meant by ‘socially responsible investment’ as people need to know what it is, and what it isn’t”. However, still at this day, every organisation and company that practises a SRI-policy has their own interpretation [12]. This is a problem since every investment company can interpret SRI as they wish, i.e., in a way that fits their agenda, resulting in an unregulated and unfair area of business where companies can form their own view of responsible investments, for their own benefit. The most accepted definition today is however one from the United Nations (UN) supported organisation, Principles of Responsible Investment (PRI). The PRI identifies responsible investment as “an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns” [14].

1.3 Cooperation with SPP

This thesis has been conducted in collaboration with the pension company SPP and Storebrand ASA. Storebrand ASA is the owner of SPP and one of the founding signatories of the aforementioned principles for responsible investment (PRI). Storebrand is historically an early adopter of sustainability decisions, as they set up an SRI-department already in 1995 [15] and mainstreamed SRI for all equity investments in 2001 [15]. SPP is to be seen as the principal of the project and I have collaborated with them to decide the overall objective of this thesis. SPP manages occupational pension for companies but also pension for private customers. This thesis project focuses on the company clients, i.e., business customers (see 4.1.2).

1.4 Objective & Research Questions

At present time, all stakeholders accept sustainability as a guiding principle [16] and sustainability as a topic is more present than ever, and nowadays forces us all to think about how we live and what decisions we make. This now involves sustainable pension savings. With the big vision in mind of encouraging sustainable pension savings, this master thesis project focuses on being one of the puzzle pieces that contributes to achieving that, by answering the research questions and by identifying where future research and concepts are needed. To meet future demands in the pension industry, a better knowledge is needed of how the customers and consumers of pension understands what sustainable pension really is, and the effect that it will have on our common future. By answering the research question (RQ (1)), “What are business customers’ understandings of sustainability and pensions?” this paper will add to that knowledge base, especially where gaps have been identified. For instance, as mentioned in the problem definition (see 1.2) that there is a gap how SRI research (e.g., sustainable pension research) is communicated to customers. [12] Furthermore, research shows that one of the key challenges for the industry is how to ultimately demonstrate the outcomes of SRI for the consumers. Even if SRI is being well implemented in the field of investments, the customers increasingly ask what impact their money is having on sustainability [17]. An area has been identified that benefits from a concretization of sustainable pension savings. By answering the second research question (RQ (2)), “How can you concretize sustainability in relation to pension savings for business customers through SPP’s web portal?”, a good addition has been made to this research area.

To conclude, this study aims to find out what business customer’s understandings of sustainability and pension is, and demonstrate and evaluate with a user centered prototype, in a concrete manner for the consumers of pension funds, how their money is making a difference for sustainability, today.

2. RELATED RESEARCH

This section presents relevant research and important definitions.

2.1 Literature review

This area gives a brief overview of important related works and research that has been a key influence for this master thesis, as well as an introduction to the field.

2.1.1 Overview of Pension funds and SRI

Sigurt Vitols’s report “European pension funds and socially responsible investment” [2] describes and provides a general overview of the landscape of pension funds (in Europe) and how they work with SRI. The paper provides a historical context for pension and SRI as well as a relevant context for today and for this thesis. Vitols lifts important questions in the paper and discusses different solutions to the problems these questions tie in with. Two questions stand out as most important; “how can SRI ‘best practise’ be diffused to more pension funds and to other financial investors” and “to what extent is there a conflict between SRI and maximizing financial returns and, if there is a conflict, how can this conflict be resolved?” [2]. The paper concludes that best practise of SRI and pension funds should include a combination of the following: limited exclusionary policies, inclusion of ESG factors (ethical, social, corporate governance) in the investment decisions, an active ownership policy, investment in specific SRI activities, international collaboration, investment in research activities, disclosure of own practise. Furthermore the paper concludes that more research is needed before the question regarding a conflict between SRI and financial return could be answered [2].

2.1.2 The relevance for pension funds to invest in socially responsible companies

S. Prakash Sethi actualizes with his paper “Investing in socially responsible companies is a must for public pension funds–because there is no better alternative” [10] how important it is for pension funds to invest with responsibility. Sethi shows that pension funds have become major shareholders of publicly held companies and thereby also a major influence force to recon with - and that this development is expanding rapidly. Sethi means that pension funds must choose companies with an ESG-filter in mind simply because there is no better alternative [10]. Importantly, Sethi shows that there is growing evidence that supports the idea that SRI based funds perform the same if not better than similar funds (or index funds) [10]. Further on, Sethi argues that pension funds must take much larger responsibility for how they manage
their influence over companies they have invested in, that starts to perform worse, and not only sell their stock and invest in another company. The pension companies “must become an active agent for social change” [10].

2.1.3 Sustainability, Pension funds and corporate responsibility

The paper “Pension Funds, corporate responsibility and sustainability” [8] by Franck Amalric focuses on the idea that we are moving towards a sustainable society and that pension funds are going to play a major role in facilitating this shift. The paper lifts the scepticism that exists on the boards for the pension funds corporations that a conflict exists between sustainability, liability and long term economic growth in terms of what direction a fund should go towards. Amalric claims that there is no need for such conflict and that quite the contrary, that pension funds nowadays are called upon to use their power as big owners in big companies, to influence corporations to become more sustainable, since this also will generate long term economic growth for the pension funds (i.e., impact investing) [8]. The paper proposes two approaches for investors that they can use to monitor factors and corporate behaviours in order to maximize both economic growth as well as sustainability by avoiding known issues [8].

2.1.4 A possible standardisation of SRI funds

Sandberg et.al [3] brings up the issues of a possible standardization of SRI and its practise and if it is desirable, in their paper “The Heterogeneity of Socially Responsible Investment” [3]. They distinguish and identify four levels of heterogeneity: terminological, definitional, strategic and practical. Sandberg et.al suggests that a possible standardisation will be most successful if it is done with a top to bottom approach, and if not, that there are reasons to be vary about that possibility. They argue for the fact that a standardisation may help with mainstreaming SRI to the general public. The paper discusses and focuses a lot on the ambiguity that surrounds SRI and lifts important questions like, who determines what constitutes SRI? Who sets the standards? And who decides what SRI is? Sandberg et.al derives in the conclusion that many of the ambiguities with SRI can be explained by ideological and cultural differences between regions, and that this needs to be solved before a standardisation can be truly successful [3]. Finally that one of the explanations for the ambiguity with SRI that exists today derives from the fact that actors of SRI come up with their own terms, strategies and criteria for SRI, to stand out from their competition - and that a standardisation could solve this [3].

2.2 Nordic Ecolabel - a possible standardisation

The relevance and potential for a possible standardisation of SRI funds has been acknowledged [3]. A standardisation is most definitely possible, but a question has risen whether or not it is ultimately desirable [3]. A remission for a possible standard by the Nordic Ecolabel organization has been under process during 2016 and 2017 and a final decision is expected during 2017. The Swedish government confirmed [18] in December 2016 that criteria for the Ecolabel would be released in 2017. Regardless of the outcome of the remission, the remission itself actualizes the relevance for this master thesis and the news value that it holds.

3. METHOD

This section explains the methodological structure of this master thesis and the methods that have been used. A Human Centered-Design-process was applied throughout the project.

3.1 Definitions and Design Process

3.1.1 User Experience

User experience (UX) has many definitions [19] but generally UX is defined as a methodological way of working where you as a designer or team incorporate the end-user from the earliest stages in the (product) development cycle (Human-Centered Design) and continuously onwards to ensure the promotion of the quality for the end-users interaction with your product or solution [20][19].

3.1.2 Human Centered-Design

Human-Centered Design (HCD), as mentioned in the UX-definition in 3.1.1, previously known as User-Centered Design, is an ISO standard (ISO 9241-210:2010) [21] that specifies best practice for design solutions. All design solutions nowadays use some version of HCD for best practice and especially UX-design solutions [21]. The HCD-model (see fig.1) has four recommended mandatory activities for the design process:

1. Understanding and specifying the context of use
2. Specifying the user requirements
3. Producing design solutions
4. Evaluating the design

![Figure 1. Example of HCD-process [21.]](image)

3.1.3 Design process

Step one and two in the HCD-model (see fig.1) were done through the knowledge learned from related research (see 2.1) and the interviews with experts on pension and sustainability (see 3.2.3). A competitor analysis (see 4.1.2.) was done and a target group was determined (see 4.1.2.). Before and during step three, business customers were interviewed. Step three is the development of an interactive prototype application, all the way from sketches to a fully interactive web prototype. For design decisions, see 4.2. Step four is the evaluation of the prototype concept, the user study (see 4.4).

3.2 Pre-Study

A pre-study was carried out with three components; literature study, a short competitor analysis, interviews with experts and business customers.

3.2.1 Literature study

A literature study was conducted to find previous and new research, relevant in the field and material for the overall understanding of the scope. The literature study continued in parallel with the projects other phases. A chain-search technique
[22] was applied throughout the search phase to find relevant research. This research serves as the greatest knowledge base for this master thesis. The most important research is reviewed in the literature review (see 2.1.)

3.2.2 Competitor analysis
A short competitor analysis was done to find out how the largest pension companies in Sweden communicated sustainable pension on their websites, by plotting how communicative the pensions companies are about sustainability and savings/pension on their respective websites and what their actual sustainable savings offering really was.

3.2.3 Interviews
Interviews were carried out with experts in the field (first set of four interviews, see table 1) from the SPP & Storebrand ASA organization, and with business customers (second set of four interviews, see table 2) of pension funds. 
Semi structured interviews were used since they are best used when you only get to meet the interview-object once, and provides comparable qualitative data [23][24].
All participants had a high level of knowledge of sustainable savings and pension.

Table 1: Overview of interviews with experts from SPP

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expert 1</td>
<td>Communication Manager</td>
</tr>
<tr>
<td>Expert 2</td>
<td>Sustainability Manager</td>
</tr>
<tr>
<td>Expert 3</td>
<td>Sales Manager</td>
</tr>
<tr>
<td>Expert 4</td>
<td>Sales Team Leader</td>
</tr>
</tbody>
</table>

Table 2. Overview of interviews with business customers

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Role</th>
<th>Personnel size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company 1</td>
<td>UX Service Designer</td>
<td>&lt; 50</td>
</tr>
<tr>
<td>Company 2</td>
<td>HR Business Partner</td>
<td>&gt; 250</td>
</tr>
<tr>
<td>Company 3</td>
<td>Director Renewable Energy</td>
<td>&gt; 250</td>
</tr>
<tr>
<td>Company 4</td>
<td>HR Business Partner</td>
<td>&lt; 50</td>
</tr>
</tbody>
</table>

3.3 Prototype Application
In order to test concept design ideas and solutions, an interactive prototype application was developed through a HCD-process (see 3.1.2.) The prototype had two main stages. First the prototype went into idea and initial design phase, based on knowledge from the pre-study and the first set of interviews. During which, a simple low fidelity sketch was created on paper, and then constructed digitally. The development of the prototype continued along with the project. The final version of the prototype is to be defined as a high-fidelity prototype as it is computer-based and allows for realistic user interactions [25]. The prototype presents an interactive web interface, much similar to SPP’s newest company web portal, however with added features and changes regarding sustainable pension savings. The prototype was developed using Axure RP 8.

3.4 User Study
An interactive user study was conducted at three different occasions to evaluate the project’s prototype. Three representatives from different companies that varied in size participated. These participants also participated in the interviews (see table 2 in 3.2.3) and were Company 2, Company 3 and Company 4. All the participants were a good fit for the target group as they all had previous knowledge about sustainability and pension, even if that knowledge also varied from moderately high (Company 2; Company 4) to very high knowledge (Company 3). They were all business customers of SPP, either direct (Company 2 & Company 3) or intermediary (Company 4). The user test used a semi-structured model, much like an interview, but with tasks that allowed for follow up questions. The user test also featured a “think aloud”-protocol method approach, which means that the test subject are asked and encouraged to “perform a task and to verbalize whatever crosses their mind during the task performance” [26]. All three tests took 30-40 minutes and were conducted on a high fidelity version of the prototype (see 4.2).

4. RESULT
This section presents the results from the pre-study and from the user test. Interviews are presented through a series of themes that have been identified.

4.1 Pre-study
4.1.1 Competitor analysis
A short analysis showed that most of the pension companies in Sweden are working with sustainable savings and sustainability to pretty much the same extent. But there are big differences how they communicate this sustainability work through their respective website. Companies like SPP and AMF are communicating a lot more direct to their customers, in regards to sustainability and sustainable savings, than Länsförsäkringar and Nordea, even though they don’t seem to be that far apart in what they actually offer in sustainable pension or what they do for sustainable development in total. To conclude, the communication of sustainable savings seems to be the biggest differentiator.

4.1.2 Target Group
Based on the insight learned from the related research, and gaps in knowledge identified through the interviews and discussion with the principal SPP, a target group was identified and determined for this study as business customers of pension funds. Meaning in this case, the companies that buy pensions solutions from SPP for their employees, i.e., occupational pension or mediated customers.
4.2 Prototype Design

Previous concretizing work by SPP with sustainable pension, knowledge from the pre-study (interviews and literature) and early prototype designs provided input to make design decisions for the final prototype.

4.2.1 Design decisions

Based on the interviews, decisions were made, to keep the design simple (statement, picture, numbers, invite) to keep the message in focus, and provide an information box in the bottom of each concretization page with statistics and data. Based on the interviews with experts 1-4 and Company 1, I decided to use banners as an easy way of delivering the concretization message, with invites to more information on their sustainable savings and how to contribute more. It is important to remember that this prototype is developed for personal computers since that is the most likely way the end user will use the web portal. The prototype itself consists of a front page, a log in page, the landing page, three different concretization pages (where the concretization banner is different for each of them), and a “contribute more” page. Moreover, the information box on the bottom of each concretization page is a mock-up. It is there to enable testing of what statistics and data the business customers would prefer to have provided in real environment.

Example of one of the concretization pages:

![Image of prototype page from top to bottom.](image)

**Figure 3.** Example of prototype page from top to bottom.

4.2.2 Translation

SPP’s website is in Swedish and the prototype is therefor also in Swedish. Here is a translation of the most important parts. The concretization examples in figure 6,7,8 in order:

- **Banner A:** “Your sustainable savings results quarterly in a decreased footprint of 149 ton CO2*. That is equal to about 609 car travels between Malmö and Kiruna**
- **Banner B:** “Your sustainable savings results quarterly in a decreased footprint of 145 ton CO2*. That is equal to about 73 years of use of the average Swedes meat consumption**
- **Banner C:** “Your sustainable savings results quarterly in a decreased footprint of 145 ton CO2*. That is equal to about 349 sqm melted land-based ice**

The footnote translates: “*co2/eq **Non correct number – Example”

4.3 Interviews

This subsection presents the results of the interviews.

4.3.1 Association between sustainability and pension

Respondents from all companies expressed positivity for the topics of sustainability and towards sustainable pension. All company respondents highlighted that they work with sustainability actively. The company respondents (Company 1; Company 2; Company 3; Company 4) however argued that they do not naturally make the connection between pension and sustainability and that sustainability as a word is too diffuse and wide. Furthermore, Company 1 pointed out that it is the pension industry’s own fault that the connection is not being made. Pension as a product is experienced as difficult and boring. Expert 3 argued that the last thing company customers think about is how sustainable it is. The general knowledge level is low for pension industry and the language that is used by the pension industry is too difficult (Expert 3). A distinct challenge was identified from all company respondents (Company 1; Company 2; Company 3; Company 4), the connection between sustainability and pension is not being made. All company respondents mentioned in one way or another that they don’t connect sustainability to pension (e.g., sustainable pension), either deliberately or unknowingly. Furthermore, respondent Expert 3 stressed on the topic that:

"Not even very sustainable companies, care about sustainability with their pension"

Respondents highlighted a few reasons as to why they do not make the sustainability and pension connection: pension is difficult (Company 1), a resource question (Company 2), shortsightedness (Company 1; Company 2; Company 4), the individual's own responsibility (Company 1; Company 3), preconceived notions about either price or complexity (Company 1; Company 2), people only think about themselves and the return of investment (Company 2). Expert 2 highlights the same issue as the company respondents above. Very few make the connection between sustainability and pension:

"In your everyday-life it is clear that you should buy eco bananas or take the train to your flight etcetera. But when it comes to savings and pension, you can not see the process."

The respondent argued that this is one of the pension industry's biggest challenges (Expert 2). Respondent Company 3 highlighted sustainable pensions through the longer picture. That we have to leave a planet for future generations that is sustainable, where the respondent argued that sustainable pension will help with achieving that. Respondent Company 4 pointed out that the
4.3.2 Communication & Information

Respondents argued that the pension companies need to be more concrete about sustainability. Company 1, 2 and 3 expressed concern that sustainability as a word is too wide, and that it is difficult and diffuse. Furthermore, respondent Company 1 highlights communication and how the pension industry must create easier solutions. According to the respondent the pension industry has inflated the word sustainability. The pension industry should try to redefine sustainability and differentiate sustainability to customers with the help of words and values that connotes sustainability instead (Company 1).

The expert respondents (Expert 1; Expert 2; Expert 3; Expert 4) all highlighted the fact that companies think sustainable pension is a good thing, when the customer finally understands what the product is and how pension companies work with it. Communication needs to be improved in several areas for sustainable pension:

"How do we get customers interested [...] and how do we reach out that it is actually profitable and lucrative" (Expert 3)

Conclusively, a challenge was pointed out by all of the experts, that the pension industry must be more successful with its communication.

4.3.3 Ownership of the question

Many respondents talked about the fact of owning the question. Respondent Company 2 reflected that they expect pension companies to make responsible sustainable choices for them since sustainability is diffuse, and that they have never thought of it. Respondents Company 4 and Company 2 both expressed concern that another factor is conservatism and companies short-sightedness which results in trouble of letting go of old ways.

Company 1 highlighted that pension is more connected to the employee rather than the company and that it is the employee's own responsibilities which funds he or she wants, since the occupational pension can be manually placed by them anyway. Company 3 argued that the pension topic is too far from the operative business:

"The bridge is missing between the operative business that we do, and the rest, like pension choices".

Respondent Expert 4 continued on the challenges with sustainable pension:

"Companies are interested in hard facts. Something they can grasp, that interests them. Pension itself is very complex and something with a long scope. There is an unbelievable ignorance on the subject of pension [...] not even sustainability managers at companies can influence the pension managers. Sustainability is a good additional value, it creates a good conscience - but nothing that you focus on and make decisions based on."

Pension and asset management is far from people's everyday life. It is something abstract (Expert 2). The respondent highlights that management at companies are more likely to look at distribution and supplier chains rather than if their pension solution is sustainable or not (Expert 2). Pension is further from the core business. The deposit that companies make for pension is one of the largest cost items companies have, but it is not part of the core business, and therefore it gets ignored (Expert 1). Respondent Expert 2 pointed out, regarding sustainable pension:

"There is an anticipation that this already should be in place. Companies take for granted that it works that way already."

4.3.4 Preconceived notions

Respondents argued that companies are concerned about the cost for a sustainable pension. Experts 1 & 4 both argued that companies believe that it is a great cost to be sustainable (i.e., more expensive) and that they therefore do not think about it:

"Ignorance is big. Companies think that there is a cost for being sustainable and therefore do not think about it. We need to drive home the importance of this. Show what we can do" (Expert 1).

Experts (Expert 3; Expert 4) reflected that the pension industry has a great challenge ahead in communicating that a sustainable pension is not a larger cost than a non-sustainable pension. Respondent Expert 3 elaborated that sustainable pension is more lucrative than the counter option, since you now can get the same return of investment with the addition of being sustainable.

The company respondents also confirm what the expert’s highlights above. All company respondents expressed a preconceived notion about the fact that sustainable pension is expensive and respondent Company 2 also argued that the return of investment is lower for sustainable funds. Respondent Company 1 highlighted that there is a preconceived notion about the price you pay for sustainability. But regardless of price the respondent said:

"Sustainability is and should not be a cost. It is a possibility and an investment for the future."

Expert 2 highlighted how regulations and laws in some cases prohibit the pension industry from being more concrete about return of investment. The respondent argued that internally they have evidence that funds with sustainable companies are beating index-funds but they lack the communicative tools to express this in ways that is accepted by the current regulations.

4.4 User study

Below are the results from the user test of the prototype design concept. The user-test started with the participants entering a web environment through a normal web browser. The participants were met with a frontpage much like SPP’s normal and current front-page (see 3.3 for more information about the prototype development). The test featured a “think-aloud” protocol (see 3.4 for more information on the user test).

4.4.1 General

The participants highlighted a positive attitude to all concretizations examples and the prototype overall. Rebound effects, defined as [27], "Energy reductions often 'rebound' and can lead to even greater overall energy usage [...] when having reduced their energy people feel morally licensed to then engage in other energy-intensive practices", were observed from all three participants. Words that were used by the participants to summarize the prototype and concretizations concept:

- You are on the right way (Company 3)
- This could be a deal breaker for SPP’s competition (Company 3)
- Sustainable pension becomes more concrete, which helps (Company 2, Company 3)
- This can only be a good thing (Company 3)
- Interesting and fresh (Company 3)
- New ground (Company 4)
- Easy to understand (Company 2, Company 4)
The message itself is complex but it is accessible and easy to assimilate (Company 4).

4.4.2 Logged in landing page

After a couple of introduction questions, the user test initiated with the participants logging into the company portal prototype. All three participants successfully noticed and reacted positively to the information they were presented with, this includes the "your sustainable savings" option as can be seen in the bottom of figure 4 below. (Translation: “Ert hållbara sparande” means "Your sustainable savings") Company 4 thought it was easily understandable and positive with a stripped design. Company 2 and 3 both immediately thought sustainable savings sounded interesting.

Figure 4. Landing page when logged in as business customer.

Only one participant (Company 3) initially noticed the added black coloured banner (see figure 5 below) that explained the new feature of sustainable savings on the landing page. The banner required scrolling down to notice. The other two participants (Company 2 & 4) needed instructions to locate the banner.

Figure 5. Landing page banner for sustainable savings.

When asked what the participants felt when they saw the banner and what expectations they had for clicking on it and moving forward, they were all positive. One thought that it was good that SPP channels a diversity perspective, in regards to the girl that is featured on the banner. (Company 2) The same participant continued and said, in regards to the message:

"This could really be something that our employees could be a part of so they could see how much we invest into sustainability." 

Another participant (Company 3) expressed more statistical expectations: if their company’s funds are 100% sustainable or not, statistical comparisons and benchmarks etcetera. All participants naturally and intuitively found and clicked on the different functions correctly. For example when asked, “Where would you click if you wanted to know more about your company’s sustainable savings?” One participant (Company 4) expressed positiveness over the design:

“It is (the button) marked green and it is very intuitive. It can not be missed, that is a good thing.”

4.4.3 The concretization pages

The test moved on to the concretization banners. The prototype features three concretization examples (see 4.2.2 for translations) featured on three different pages. These banners presented made-up, brief statements and concretizations how much smaller their company CO2 footprint have become thanks to their sustainable pension saving.

Banner A was featured on the page the participants arrived at after they clicked on “your sustainable savings” in figure 4. All of the participants expressed a very positive attitude towards the design and presentation of the banners. One participant (Company 3) really liked the familiarity he/she felt with the banner design, which the participant connected to SPP’s website. The same participant also thought it was nice with a feature that highlights how much CO2 their company potentially could save with their sustainable savings. Company 3 elaborated on the examples and thought that this was a great idea for small, to middle sized companies but not for large companies, as the participant expressed that an importance with a feature like this is that it gets recognized – and in a huge company, persons that log into services like this are too far from the people that make the decisions. Another participant (Company 2) expressed joy about the message in banner A:

"When I read the message I feel like it makes such a huge difference! It also feels like a good compensation since I drive daily between Stockholm and other places, which I feel a bit bad for!"

1 Based on previous calculations and examples by SPP. Deliberately not 100% accurate numbers (but realistic and possible) as the importance was to test thoughts about the examples and concretizations and not the exact numbers. The participants were informed of this before the testing.
Two of three participants (Company 2 & 4) liked the pictures in the banners. One of them (Company 2) however highlighted that he or she thought that the picture (in this case the car from banner A) was too simple and lacked depth. Regarding the concretizations message, the positiveness was obvious from all the participants about the concept. One participant (Company 2) expressed:

"Good with comparisons with a real connection. It is easier to understand when you compare traveling by car, or how much meat you consume, rather than just a number like 350 000 ton CO2. Nice!"

When asked if they could find other concretizations than "banner A" all three of the participants successfully found all examples without needing any further assistance. One of the participants (Company 4) elaborated on the experience:

"I pressed the green button." [...] "Once again a CO2 example. This time about meat consumption. Easy to assimilate and easy to relate to. The example is on a good level in terms of understanding it. Square m is a much better expression than square km. Good."

One of the participants (Company 3) argued that the banner B with the meat consumption was superior to the other two since it appealed to the participant’s everyday life the most. Regarding banner B, another participant (Company 2) thought that the text message was unnecessarily long and complex.

4.4.4 The information box

The next step of the user test instructed the participants to locate and interact with an area where they could find out more detailed information about how their company contributes with their sustainable pension savings. Eventually ending up at a mock-up of an interactive information box. The idea behind this mock-up was to find out what type of statistics and data that the business customers would like to have in a setting like this.

Moreover, when asked what features the participants would like to have in an information box like in the prototype (see figure 9 above), participants highlighted:

- Two participants (Company 3 & 4) said they would like to be able to compare stats to other companies. One of them (Company 3) elaborated on the thoughts, “I would like to be able to sort on trade or on return of investment and/or on revenue.”
- It would be fun with criteria you can choose yourself (Company 4)
- Two participants (Company 2 & 4) thought that this information could be used for internal communication, one elaborated (Company 4): "This data would be great to use as communication internally to employees. Nicely packaged data that can be pushed to our own intranet.”

4.4.5 Results from the end questions in the user test

When asked what the participants thought about the concretization banners A, B and C, all the participants were positive. The participants summarily thought:

- Thought it was relevant. Good with concrete examples. (Company 2)
- Easy to use, liked the navigation between the examples. (Company 3)
- Great for the employees. Like an elevator pitch. It has a bigger impact than you would think in the end. (Company 4)

When asked if the concretization examples felt relevant. All three participants expressed very positive notions. One participant:

“Absolutely, and if we can make comparisons and calculate our own ‘CO2 examples etcetera’ that would be great.”
(Company 4)

When asked what the participants thought about the presentation of the examples the general expression was that it was easy to understand and interact, and orderly. One participant argued that regardless if a user clicks through them fast or not, the message is going to stick. (Company 4) When asked what improvements the participants would like to see, all three participants came with interesting opinions. They all would like to be able to make their own choices for statistics and benchmarks for the information box. Other opinions that were expressed for the information box:

“Show our company in comparison to others, show how the statistics change if we increase or decrease our sustainable pension, show how much that is sustainable of our assets and compare it to our competitors.”
(Company 4)

One participant wanted to be able to see maps on where their money is being spent. (Company 2) The last participant (Company 4) wanted a feature to create his or her own employer branding material. Get the concretizations with their company logo if possible.

“Would it be great if I could email these concretizations to our management once a month and that they get rotated etcetera.”

The participants got asked what they think about a concept like this in regards to sustainable pension. The general opinion was overwhelmingly positive. All three participants argued in some way that a key, is to find a thing that engages the bigger crowd. A participant continued:

“It is easy to say that you care [...] but it is another thing to actually stand by your statements.”
(Company 2)
5. DISCUSSION

This section summarizes and discusses the results of the projects methods through an analytic point and attempts to answer the research questions for the thesis. Future research and work is recommended and discussed and the thesis methodology is critically reviewed.

5.1 What are business customers understandings of sustainability and pension

This section attempts to answer the first research question, “what are business customers understandings of sustainability and pensions?” The results from the interviews and the user tests show that business customers think that sustainable pension is a good and needed product, but that they do not fully understand what it is. Furthermore, it is has been clearly determined that the business customers do not connect pension to sustainability and that they blame the pension industry for this non-connection. The business customers themselves call for an improvement in communication by the pension industry. Sustainability is perceived as diffuse and the word is hard to understand. This transfers to sustainable pension as well. The business customers call for concrete and easy solutions from the pension industry to help them understand the topics better. It seems as the uncertainty with the word’s (sustainability) connotation in the financial setting, acts as another factor as to why the companies do not embrace a more sustainable pension. Results also show that business customers think that pension is too far from the operative business and that pension is the employee’s own responsibility.

One way of possibly achieving a more simple discourse to the customers would be to implement the standardization for sustainable funds that Nordic Ecolabel are deciding upon this year (2017) [18]. As researchers have pointed out [3], a standardisation could very much help with mainstreaming SRI to the general public. But for the standardization to be successful it has to be forced from top to bottom [3]. The Nordic Ecolabel is a voluntarily label but a very strong brand and statement. If one or two of the biggest pension companies in Sweden obtained it for their sustainable funds, I believe the others would follow based on competitiveness. That could have a tremendously great impact for the business customers understanding of SRI funds since no serious pension company no longer could communicate their own definitions of SRI funds as they seem fit and have done before [12].

Moreover, results show that preconceived notions about the price for sustainable pension is a much larger disconnecting issue and factor than I would have thought. The results are clear that the business customers believe that the cost for sustainable pension is too great, that it is expensive. The cost also increases, mentally, for the companies since the results also show that there is a pre-conceved notion about a lower return of investment for SRI funds.

The results from interviews with experts (see 4.3.4) showed that sustainable funds are more lucrative than non-sustainable funds since you can get the same return of investment with sustainable funds nowadays, as well as the sustainability element. Sethi [10] talked about this already in 2005 with his research that SRI based funds perform the same, if not better than similarly non-sustainable funds [10]. The pension industry must find ways to communicate this since the customers, as the results show, still do not have a clue about this and on the contrary believes the opposite.

Weighing in the fact that there is evidence from the results, that supports the idea that the business customers want a more sustainable pension, the results becomes more intriguing. Two of four business customers highlights that a sustainable pension is needed for our sustainable development and even that this thesis is a positive act by the pension industry. The results for the business customers understandings of sustainability and pension (i.e., sustainable pension) are interesting in the sense that clear challenges crystalize themselves for the pension industry, and it is almost entirely communicative challenges. The pension industry needs to answer questions like, “How can we make sustainability and sustainable pension easier and less diffuse?” “How can we communicate to make sustainable pension relevant?” and “How can we achieve a solid and believable connection between pension and sustainability?” to give a few examples. I believe that this thesis adds knowledge to all these questions but much more work is needed. The results from the interviews with the companies provide the view that the business customers want to be sustainable and the pension companies in return want to offer a sustainable solution for them. This is great since it points to the fact that both parties want something joint and sustainable, that is achievable for both parties. But at the moment there is a destructive wall between them built by diffuse and non-successful communication. Conclusively, if the pension funds are going to successfully facilitate the shift towards a sustainable society as Amalric [8] argues for, I am of the opinion that the pension industry must solve these communicative challenges presented here first.

5.2 A concretization of sustainable pension

With the help of a thorough HCD process throughout the project, a prototype was developed that enabled testing of a design concept for concretization examples of sustainable pension through SPP’s web portal. The results from the user test successfully showed that the participants thought that the prototype for sustainable savings, really did add value and meaning to SPP’s company web portal. Moreover that sustainable pension became more concrete, that it became easier to understand, that it was interesting and fresh and that it broke new ground. In other words, the contrary to what the same respondents, Company 2,3 and 4 said in the interviews about sustainability and sustainable pension. This points to a conclusion that the prototype is a potential successful communicative tool for sustainable pension.

However, throughout the user test I observed rebound effects [27] (described in 4.4.1) from the participants and especially from Company 2 and 4 when they were reflecting over the concretizations. One clear example was when Company 2 expressed that it feels like a great compensation because he/she takes the car to work everyday. I have drawn the conclusion that rebound effects is a potential risk with concretizations like the ones in this thesis, since the participants clearly expressed that they feel better about their own CO2 emission consumption when learning about the positive effects of their potential sustainable savings. Research has shown [27] that rebound effects even can lead to greater energy usage. It is potentially dangerous if people start to compensate and use more CO2 emissions only because they make sustainable choices elsewhere. Knowles et.al [27] argues that individuals in the most affluent countries (like Sweden) must lower their CO2 emission with 80% to meet the climate goals. Concluding, if companies use sustainable savings as another form of “climate compensation” much like these participants expressed for themselves, then this can be a potential risk.
By creating a prototype through a HCD process, with concretizations for sustainable pension for business customers through SPP’s web portal, and by testing and analysing it in a successful way and discussing it, I have showed that a prototype like this is a potentially good communicative tool for sustainable pension. The second research question, “How can you concretize sustainability in relation to pension savings for business customers through SPP’s web portal”, is to be considered as answered.

5.3 Methodology criticism

The interviews with four experts and four company respondents are fairly solid. Two interviews were however postponed to a late stage in the research process and in a perfect situation this would not occur. This alteration did probably not change any results but the research process would have been stress relieved of having all company interviews early on, which could have had an impact. However, since the HCD process greatly benefits from input, having all interviews in the beginning, as planned, could potentially have resulted in better decisions early on and better initial designs, which would have saved time and in the end probably in a better prototype. The number of participants for the user test could and should have been increased. Conclusions based on the user test would have benefited greatly from having more number of participants. I believe three is in the absolute lowest acceptable region. The results are to be interpreted as indicative and more research is needed with bigger sample sizes before greater generalizations can be made. This also applies to the monitored rebound effect, it cannot be deemed as a confirmed conclusion for business customers of sustainable pension, with only three participants. A greater number of participants would probably not have changed any conclusions for the user test, but rather acted as confirmation and reassurance, since three is simply too few to be empirically sure. More research is therefore needed.

5.4 Future work

Areas have been identified that calls for more research. If a standardisation for sustainable funds is implemented in 2017 as it seems, then research has to be constructed what the implication of that standardisation is for sustainable savings in Sweden and/or the countries affected. It could potentially disrupt the whole pension market. Future work should further examine how the connection between sustainability and pension could be more distinct for the customers and how communication should optimally look like. As this has been identified as perhaps the biggest void – none of the interviewed companies in this project connected pension to sustainability. Moreover, future research should investigate the monitored rebound effect from the user test as this thesis had too few participants to make general conclusions regarding this. A company web portal is only one of many places where a concretization of sustainable pension can be done. I recommend that future concretization research is made for other communicative platforms in the pensions industry such as; sales material, website, mobile application.

Further on, future work should focus on other concretization examples and aspects rather than CO2 emission only. Other types of concretizations could generate a completely different response, hence possibly resulting in other interesting results and conclusions.

6. CONCLUSION

This thesis has identified what pension business customers thinks about sustainable pension and a prototype for a concretization of sustainable pension has been tested. A conclusion has been drawn that the pension industry should focus on improving their communication for sustainability and sustainable pension, as well as the tools they use to communicate with. It is clear from the interviews that the business customers do not make the connection between sustainability and pension. Furthermore, that business customers believe that sustainability is diffuse and hard to understand in the financial setting, and that pension is too far from the operative business and perhaps the employees’ own responsibility. When explained, the belief is that sustainable pension is something positive. But preconceived notions about it being expensive and non-lucrative are factors that discourages. Investing in SRI funds through a sustainable pension is something that is not only argued to be lucrative for the pension owner [10] [Interviews Expert 2,3,4] but also for the sustainable development of the planet. This calls for better communication tools from the pension industry since the message is not getting through. This study explored with a user test, the possibility to concretize sustainable pension with a prototype for a pension company web-portal. Results from the user tests points to that the business customers think that sustainable pensions became more understandable, that sustainable pension became more concrete, that it was interesting and fresh and that it broke new ground. A conclusion is therefore that the thesis’ prototype is a potentially successful communicative tool for sustainable pension and an example of how a new communicative tool could be designed. The low number of participants however indicates that more research is needed to make decisive conclusions. Moreover, the business customers liked the idea of possibilities for statistics and comparisons with other companies from a sustainability perspective. A potential risk, rebound effects [27], with concretizations of sustainable pensions, was discovered in the user test. There is a risk that companies use sustainable savings, as another form of “climate compensation” and that is a potential danger since rebound effects can lead to greater energy usage than beforehand.

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8. REFERENCES
