

EXPLORING SUSTAINABILITY PERFORMANCE IN SMALL AND MEDIUM-SIZED ENTERPRISES FROM A TRIPLE BOTTOM LINE PERSPECTIVE

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ABSTRACT

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Keywords:	TBL, Sustainability, Initiatives, Environmental performance, Economic performance
Research questions	RQ1: What are the characteristics of sustainable initiatives in SMEs? RQ2: How do the sustainability initiatives affect the economic performance and the environmental performance within SMEs?
Purpose:	This study aims to explore the characteristics of initiatives that an SME is undertaking regarding sustainability and how it affects their economic and environmental performance.
Method:	This study has an inductive approach and one case study. Four qualitative semi-structured interviews were conducted, and secondary data was collected.
Conclusion:	In relation to TBL, numerous environmental initiatives were detected, while fewer economic initiatives and social initiatives were detected. An inconsistency was found regarding the effect sustainability initiatives have on economic performance and environmental performance. If an SME wishes to operate sustainably it is suggested that emphasis should be directed towards the integration and improvement within areas of waste management, resource management, and optimization of transportation.

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Acronyms

[CSR]	Corporate Social Responsibility
[TBL]	Triple Bottom Line
[SME]	Small and medium-sized enterprises

1 Introduction

Issues such as rising energy prices, growing concerns about the health and safety of employees, carbon emissions and the reduction of industrial and commercial waste influence companies and enterprises to take sustainability issues into concern. Companies of all sizes are challenged to take responsibility for their business activities and the related impacts on the environment and society (Hörisch, Johnson & Schaltegger, 2015). The concern about the sustainability of current economic systems can be traced back to exceeding the planet's limits due to the growing use of material resources, which harms the environment and human health (Myllyviita, Antikainen & Leskinen, 2017). One commonly used product around the world which has severe environmental, social, economic and health consequences is plastic. The consequences can be seen as microplastics enter the human body through inhalation, plastic ending up in the ocean and entering the aquatic ecosystem (Visual Feature | Beat Plastic Pollution, 2022). Furthermore, plastic is a material that takes a long time to decompose which could justify the idea to decrease the use of plastic (Da Silva, De Hoyos Guevara, Gonzalez & De Oliveira, 2019) especially when global plastic production is growing and as forecasted by the UN, will reach 1,100 million tonnes by 2050 (Visual Feature | Beat Plastic Pollution, 2022).

The discussion of sustainability originates from the Brundtland Commission's definition of sustainable development, which deal with the "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Myllyviita et al., 2017, p 236). According to Dyllick & Hockerts (2002), corporate sustainability refers to fulfilling the needs of a firm's direct and indirect stakeholders while maintaining its ability to fulfill the demands of future stakeholders, and not cause any harm to them. Dyllick & Hockerts (2002) further explains that to achieve this goal, firms must grow their social, economic, and environmental resources while playing an active role in promoting sustainability in the political domain. Benefits of using CSR have been highlighted, yet there are implications of integrating sustainability (Epstein & Roy, 2001).

Satapathy (2017) brings to light that waste such as plastics poses a problem on a global level and it's important to take action to address the world's resources and energy concerns. Plastics have become integrated into a large part of modern society and have replaced traditional materials such as wood, ceramics, glass, and metal. It has become deeply embedded in our daily lives and the economic system (Daltry, Merone & Tait, 2021). Government, businesses, and individuals are addressing this major environmental challenge by taking action (UNEP, 2018). Consequently, there is a growing demand for sustainable practices in the plastic industry, as well as other industries that make use of plastics. Research is increasingly necessary to better understand the impacts of plastic on the environment and potential solutions. Therefore, studying companies that handle plastics is essential to address the environmental challenges posed by plastic products and to promote sustainable practices in the industry.

The terms CSR and sustainability are often used synonymously by numerous companies (CSR - Sustainability and CSR, n.d.). There has been a noticeable trend of CSR-related articles and an increase in the number of articles in recent decades (Fernández-Gago, Cabeza-García & Godos-Díez, 2020). Both businesses and academics have increasingly embraced and applied CSR, resulting in growth in popularity and adoption (Carroll, 2021). Corporate social responsibility (CSR) is a management concept that involves incorporating social and environmental

considerations into a company's business activities and dealing with its stakeholders (What Is CSR? | UNIDO, n.d.).

CSR is typically viewed as a way for companies to achieve a balance of economic, social, and environmental objectives, this is also known as the Triple Bottom Line (What Is CSR? | UNIDO, n.d.). Triple Bottom Line (TBL) assumes its three pillars – economic, environmental, and social - to be linked (Henriques, 2004). Since the introduction of TBL, there have been a variety of approaches in studies on how it is connected to businesses. In current times, to achieve corporate sustainability, managers must incorporate TBL goals into all of their company decisions (Venkatraman & Nayak, 2015). This is supported by previous research, which confirms the importance of using these factors, the elements of TBL are integrated with each other and add value for all these three aspects (Solovida & Latan, 2021).

Initiatives are proactive or reactive undertakings with the aim of achieving a certain goal or vision (Groza, Pronschinske & Walker, 2011). Sustainability can be achieved through collaborative practices, which can improve sustainability initiatives (Pereira, De Cássia Arantes, Antunes, Hendry, Deboçã, Bossle & Antonialli, 2021). Lee, S., Lee, K., Gao, Xiao, & Conklin (2018) highlighted that CSR initiatives are considered an important corporate strategy, however, there are still many businesses that do not view CSR as a crucial approach strategy to adopt to guarantee business success. According to Al-Tit, Omri & Euch (2019) in a small-medium enterprise environmental factors such as individual factors, business support, management factors, business characteristics, capital availability and business environment indicates the success of sustainable development initiatives. With the increased growth of CSR initiatives, the importance of organizations ensuring that their actions align with the interest of their stakeholders increases. Additionally, researchers need to develop more effective mechanisms to aid in achieving these goals (Taran & Betts, 2015).

1.1 Problem statement

Companies are pressured to take responsibility for their business activities, especially since global warming, pollution, environmental issues and diminishing resources act as strong drivers for nations to emphasize environmental sustainability (Ahmad, Scholz, AlDhaen, Ullah & Scholz, 2021).

CSR initiatives can be viewed as proactive or reactive in nature (Groza et al., 2011). The different starting points of these initiatives brings different attitudes from the customers regarding the firm that engage in CSR initiatives (Groza et al., 2011). Malik (2015) suggests that CSR plays a significant role in enhancing firm value.

Orlitzky, Schmidt & Rynes (2003) found a positive relationship between corporate social/environmental performance and corporate financial performance. Furthermore, Ahmad et al. (2021) found that environmental sustainability can improve environmental performance, while simultaneously enhance the economic efficiency of a business in the long run by improving the economic performance rather than supporting the notion of how eco-friendly initiatives involves additional costs (Ahmad et al., 2021). Pham, Anh, Doan, Nguyen, & Pham (2021) concludes with further support how there is a positive relationship between corporate sustainability and financial performance. However, Ayayi and Wijesiri (2022) found support for how engaging in green practices reduces microfinance institutions' financial sustainability thus providing support for the trade-off hypothesis, which predicts how a higher level of environmental practices worsens firms' financial sustainability.

The study by Pistoni, Songini, & Perrone (2016) shows that firms tend to focus on financial performance and reduce social activities to enrich its profits or if it is underperforming financially, companies compensate by focusing on social sustainability programs.

This study aims to explore the characteristics of initiatives that a company belonging to a small and medium-sized (SME) category is undertaking regarding sustainability and how it affects their economic and environmental performance. In current times, firms that are operating with plastics faces challenges to be sustainable. Additionally, from previous studies we can see a contradictory issue, some scholars suggest being sustainable enhances economic profitability while some argue there is a conception of how being sustainable decrease profitability. Ahmad et al. (2021) shed light on the mistaken belief in how environmental investments are associated with costs which outweigh the benefits. When reviewing the literature, results have been found that some support the above-mentioned belief, while some contradict it.

1.2 Purpose and research questions

There are a handful of articles where authors have contradicting discussions regarding how sustainability affects the economic performance of a company. In addition, the plastic industry is a currently discussed topic which is seen as a big threat to the environment (*Plastics Pose Biggest Threat to Oceans*, 2017) (Nature Publishing Group, 2023). This leads us to the purpose of this paper, which is to identify the characteristics of sustainability initiatives a small to medium-sized company in Sweden implements. The company chosen for this case study is a wholesale company, meaning that it buys goods in bulk and then rent out products to its customers. The main sales of the company are the provision of plastic products for temporary use. Meanwhile, the company emphasize that it is a part of the circular economy and put sustainability at the core of its operations while having the vision about a sustainable future (anonymous, 2023). The present article conducts a qualitative case study where the aim is to explore how such a company strategically integrate sustainability into its operations and how it manages its sustainability efforts relating to their economic and environmental performance. The study at hand will use the TBL framework to explore how this company can place sustainability at its core – the three pillars social, environmental, and economic – with a focus on the economic and environmental performance of the company.

This leads to the following two research questions:

RQ1: What are the characteristics of sustainable initiatives in SMEs?

RQ2: How do the sustainability initiatives affect the economic performance and the environmental performance within SMEs?

The study can bring significance to academics and practitioners in the field of sustainability and environmental management. The study can contribute to existing literatures by providing insights of how an SME integrates sustainability into its operations and manages its sustainability efforts, especially regarding the economic performance and environmental performance. Practitioners can use the findings of the study to adjust their decisions and strategies on sustainability and environmental management. Additionally, the study can be of significance to society by promoting and informing sustainable business practices to reduce the negative impact of plastic products on the environment. It would benefit society and industry to be educated about issues in plastic

waste management and encourage recycling processes of plastic for the industry and find innovative ways to recycle plastic within the community (Daltry et al., 2021).

2 Theoretical framework

2.1 Corporate Social Responsibility

The discussion regarding CSR and sustainability has become increasingly interconnected with a more comprehensive concept of sustainability (Aslaksen, Hildebrandt & Johnsen, 2021). The result of Fernández-Gago et al. (2020) confirmed a significant increase in research on CSR, with a growing interest in the scientific community towards papers regarding this topic. CSR research in management supports Lockett et al. (2006) beliefs that the field is influenced by agendas in the business environment, in addition to scientific interest. Developing a CSR strategy is a vital aspect of a company's competitiveness, and it should be initiated and led by the company itself. For example, investing in CSR can provide clear benefits, such as cost savings, greater employee engagement, and improved public image ("The Role of CSR in Business Strategy", 2018). CSR plays a role in enhancing employees' trust, sense of belonging and engagement with the organization. Additionally, it promotes a level of sensitivity towards work-related matters to some extent (Bapat & Upadhyay, 2021). Integrating a comprehensive and dynamic approach to CSR, compatible with strategic management, can enhance a company's long-term prosperity and contribute to overall sustainability (Gelbmann, 2010). Industries that involve consumer participation can experience significant declines in customer loyalty and sales revenue for corporations that are perceived as neglecting their CSR. Corporations are acknowledging these market trends and are making substantial investments in sustainability and CSR (Goedeke & Fogliasso, 2020).

There are different factors that affect the implementation of CSR in companies. The decisions made by firms are influenced by CSR policies (Eccles, Ioannou & Serafeim, 2014). Successful implementation of CSR practices requires several key characteristics, including following guidelines, engaging stakeholders, and support and collaborating with national governments (Itotenaan, Samy & Bampton, 2014). However, according to Epstein & Roy (2001), the implementation of sustainability at the company level is faced with numerous organizational constraints and barriers for the managers as there is not much guidance on how to operationalize it and encourage corporate sustainability.

There is a challenge to add new CSR activities to a company's existing operation without causing any problems. The challenge is to align CSR practices that make sense with the company's core business activities and resources, as well as to meet external demands from stakeholders. The aim is to improve both the company's business and social performance (Yuan, Bao, & Verbeke, 2011). Koh, Li & Tong (2022) research suggests that companies that excel in CSR tend to address long-term issues in their CSR reports, aligning with the long-term impact of CSR activities.

According to Ganescu and Gangone (2017) when examining the organizational CSR cultures in a company, the focus is on internal factors such as behaviors of managers and employees. However, the focus must be on both internal and external factors such as the supply chain, communities, and shareholders. In general, CSR is defined as voluntary actions a firm takes to incorporate its environmental and social initiatives into the firm's operations and relationships with its stakeholders (Mackey, A., Mackey, T. B., & Barney, 2007; Ganescu & Gangone, 2017). According to Pistoni et al. (2016), there are three main reasons why firms apply principles of CSR: institutional, to validate the business legitimacy in society, organizational, to improve the firm's functionality in the environment, and moral, to construct a culture of moral choices. Basu and Palazzo (2008) explain that firms

undergo a process of sense-making to better understand its relationship with stakeholders and the environment it is interacting with. In this view, not only external factors but internal organizational characteristics are a motivation for CSR activities. Furthermore, Basu and Palazzo (2008) describe that the notion of legitimacy comes from the firm's interest to gain acceptance from its stakeholders. This is followed by activities that society expects the firm to do. Corporations need to have a fit-for-purpose functionality to be able to continue operating and improving in their business environment.

2.2 Sustainability

The origin of the term sustainability, and the widely spread acceptance of the term, can be traced back to the World Commission on Environmental and Development in 1987 when the term sustainable development was defined in the Brundtland report (Lau, 2019). Attempts on reconciliation of economic development with environmental integrity, which was considered incompatible, were made in the 1972 UN conference on the Human-Environmental in Stockholm with the goal of considering human impacts on the environment (Purvis, Mao & Robinson, 2019). Sustainability can be seen as a broad concept and many scholars have defined the concept of business sustainability from different perspectives. Social perspective, environmental (or ecological) perspective, and economic perspective are views that are frequently associated with the term sustainability (Purvis et al., 2019). Lau (2019) proposes early definitions of business sustainability to be, amongst others, TBL defined by Elkington in 1997, and CSR defined by European Commission in 2002.

There are different strategies to corporate sustainability strategies, these are: risk mitigation (complying with external standards concerning environmental and social aspects to avoid risk), legitimating (building external relationships and license to operate), efficiency (focusing on eco-efficiency and cleaner production), and holistic sustainability (integrating sustainability issues in all business activities to offer competitive advantages to customers and stakeholders) (Baumgartner & Ebner, 2010). A study by Tjahjadi, Soewarno, Karima & Sutarsa (2022) shows that the relationship between business strategy and environmental sustainability performance is fully or partially mediated by the environmental management process. This indicates that environmental management is a mediator between business strategy and sustainability performance.

Even though there are mediators between business strategy and sustainability performance, there are other factors that need to be taken into consideration. Previous research has examined the relationship between corporate social or environmental performance and financial performance. The results suggest different characteristics in this relationship (Steger, Ionescu-Somers & Salzmann, 2007). Steger et al. (2007) summarize different theories and hypotheses, which were found to be negative, positive or neutral, and are as follows: The trade-off hypothesis expresses how an increase in social or environmental performance leads to unnecessary costs and reduces profitability for the firm. The supply and demand theory conveys how in equilibrium the level of corporate social or environmental performance will be different, but profitability will be maximized and equal thus providing no link between financial and social or environmental performance. The social impact hypothesis states how improvements in social (or environmental) performance increase financial performance in the sense of preventing market fears and potential benefits outweigh costs.

2.3 Circular Economy

The circular economy is “an economic system that replaces the ‘end-of-life’ concept with reducing, alternatively reusing, recycling and recovering materials in production/distribution and consumption processes.” (Kirchherr, Reike & Hekkert, 2017). The aim of a circular economy is not to restrict firms and their leaders from creating value and generating profit. The products in the circular economy are designed in such a way that they can either be fully recycled or repaired. When the products can’t be repaired or recycled, the company pays for them to be sustainably destroyed (“Remanufacturing the Economy”, 2022). Velenturf & Purnell, (2021) argues that the circular economy involves improving resource efficiency, increasing production and optimizing the production system. As a result, this concept is appealing to businesses because it provides several benefits. However, the ideology of circular economy lacks a clear theoretical framework based on evidence to guide its implementation (Velenturf & Purnell, 2021). Researchers have critiqued the circular economy and circular business models and claim that it lacks theoretical foundations and has diffused limitations and potential negative consequences (Corvellec, Stowell, & Johansson, 2021). Corvellec et al. (2021) argue that these critiques should not be dismissed and should be taken into consideration and be used to create a more coherent and transdisciplinary approach to implanting the circular economy and should not solely rely on businesses and consumers to drive change.

2.4 The Triple Bottom Line

The TBL, which refers to the pursuit of economic, social and environmental objectives has been widely recognized and given attention by business leaders, politicians and researchers (Venkatraman & Nayak, 2015). The CSR approach acknowledges the importance of considering the financial, environmental, and social aspects of conducting business, which are the three pillars of the TBL as mentioned by Miljenović, Dejan & Maradin, Dario & Prohaska, Zdenko. (2015). Alhaddi (2015) mentions that the TBL was introduced by John Elkington in 1997. The author defines the concept of the TBL to provide a framework for measuring corporate performance and that the term is often described as a practical framework of sustainability.

TBL is often, but not always, presented in the form of three intersecting circles of society, environment, and economy, with sustainability being placed at the intersection (Purvis et al., 2019). “Economic” outlines the economic value the firm provides to its surroundings to prosper and to be able to support future generations (Alhaddi, 2015). “Social” referring to social responsibility, focuses on the interaction between the organization and the community related to issues such as community involvement, employee relations and fair wages (Alhaddi, 2015). “Environmental” refers to businesses that engage in practices that do not jeopardize the environmental resources for future generations. Organizations that focus on environmental issues have seen results in their financial performance due to reduced operational costs and increased revenue from the development of innovative green products (Alhaddi, 2015).

Previous research has indicated that the TBL factors are positively connected (Solovida & Latan, 2021). Wilson (2015) observed that adopting environmental strategies can result in favorable financial and social benefits. TBL is an elemental factor to achieve corporate sustainability (Venkatraman & Nayak, 2015).

The TBL approach developed into a systematic reporting on the issues of sustainability whereas for maximization of their activities impact, the company's focus on short-term financial performance has shifted to the long term environmental, financial, and social performance (Jamali, 2006). According to Hournaux, Junior, Da Silva

Gabriel & Vázquez (2018) performance of such measurements has become a crucial management control tool where indicators are used to find a balance between the TBL approach's three pillars. According to Jamali (2006) integration of TBL in the process of decision-making for the companies comes with managing trade-offs between the three pillars of TBL and remains challenging as it is indefinite. According to (McDonough, 2002), industries are applying TBL processes that will prevent damage to the environment while gaining economic profits, but it is still a concept that limits innovative green products. This new approach emphasizes that industries shift the focus from less damaging products to innovations that are redesigned to have a positive impact to bring new opportunities to create more value for the firm and its stakeholders.

2.4.1 Environmental Aspect

The origins of green capitalism can be seen from the nineteenth century, when debates about natural preservation and conservation emerged as a response to the industrial revolution (Bergquist, 2017). A sustainable environment in the context of business is defined as an environment that has the ability to preserve its natural resources, including the living creatures that serve as both operational resources and raw materials for businesses. In addition, it can provide a safe and healthy living environment for humans (Fairbrother, Sevä, & Kulin, J., 2019). Many firms are being pressured to change their business models and supply chain operations because of global change and the growing demand for important resources which can be seen by Wu & Pagell (2011).

Chen and Tan (2021) discuss that over the last decades plastic has become a commonly used item, however, because of the detrimental social impacts plastic causes in the world, more firms are aiming to minimize waste and raw materials. In Europe, particularly in countries like Sweden, governments play a crucial role in regulating the market to address issues of environmental sustainability, in addition to companies taking their own initiatives (Agyeman & Evans, 1997). Sweden has historically increased taxes on carbon emissions to tackle the problem of climate change (Regeringen & Regeringskansliet, 2022). This can have an impact on the cost of plastic industry if the plastic is produced from fossil, because destroying plastic waste causes greenhouse gas emissions (Sandberg & Krook-Riekkola, 2022).

Earlier research claims that many firms are engaging in greenwashing to exploit consumers' interest and concern for the ecosystem to increase market share and profit (Delmas & Burbano, 2011). Later studies have provided information on how governments are tackling this issue. To ensure consumers received reliable information on the qualities of products, European and national authorities have provided that the green claims must be true. A certification system has been provided in Europe to verify the accuracy of environmental claims, however, it's an ongoing challenge to measure the legitimacy of the environmental certifications system (Marcatajo, 2021).

The plastic industry has environmental concerns as it follows a linear flow of non-renewable fossil fuel resources from consumer goods to landfills. Recovery of post-use trash receives insufficient attention, and the transition to bio-based plastics, a crucial component of sustainability, is delayed since there aren't enough incentives (Andrady, 2015). Countries all over the world have been developing environmentally friendly and circular methods to tackle waste problems, as mentioned by Tanveer, Khan, Umar, Yu, Sajid & Haq (2022). The authors argue that future environmental sustainability and the development of a circular economy depend on the use of waste as a resource. To this end, Ahmed, Mahmud & Acet (2022) explain how the circular economy model is considered one of the most promising models for achieving sustainable development in the future. The model embraces innovation and

modern technology to treat waste as a valuable resource. In many countries, waste is being transformed into daily used products.

2.4.2 Economic Aspect

From a historical point of view, business organizations were created as economic entities to provide societal members with goods and services (Carroll, 1991). The primary incentive for entrepreneurship was established to be profit, thus the business organization's principal role was to produce goods and services that consumers needed and wanted and to make an acceptable profit in the process (Carroll, 1991). Furthermore, Carroll (1991) mentions a business organization's economic responsibilities are to operate efficiently, be consistently profitable, maximize earnings per share, and maintain a strong competitive position.

After understanding the historical point of view on a business organization's economic responsibilities, a more recent definition of a corporation's economic responsibilities can be expressed as follows: the corporation should be productive and efficient while meeting the needs of the community (Zou, Liu, Ahmad, Sial, Badulescu, Zia-Ud-Din & Badulescu, 2021). This aligns with the definition of economic responsibility according to the TBL, which explains the economic dimension to be when organizations contribute to the economic system while prospering and supporting future generations (Alhaddi, 2015).

To operate sustainably is described by Spangenberg (2005) to avoid any policy based on short-term maximum exploitation of easily available economic, human, social and environmental resources. The easily accessed resources can be seen as unsustainable unless it is a part of a more comprehensive plan. The comprehensive plan must be based on exploration of possible future paths of economy (Spangenberg, 2005).

2.4.3 Social Aspect

From the historical point of view, firms aim to maximize their profits, but it is expected of them to be socially responsible in their business actions and decisions extracted from reasons related to direct economic or technical interest (Carroll, 1991). When governing the relationships between society and the corporations' certain responsibilities arise which involves social senses and ethical principles (Carroll, 1991). Companies are faced with public pressure which is the result of values and norms undergoing in the societies affiliated with interest groups influencing the companies (Schrettle, Hinz, Rathje, & Friedli 2014).

Carroll (1991) recognizes these social responsibilities and that it is important to consider the expectations of social and ethical norms and improve consistently with new norms adopted by society. The company must not compromise social norms to gain profit for its corporation. It must be defined to be a responsible corporate citizen and abide by the laws and regulations to protect the society and integrity of the firm.

To develop a specific action plan to tackle sustainability issues the companies first need to identify the key stakeholders that are affected due to the firm's industry or geographic location. Different industries are exposed to pressure from political institutions, customers, and community activists (Epstein & Roy, 2001). According to Pistoni et al. (2016), for firms to fit sustainability in their strategy they need to identify the firm's mission, the products/services that meet the needs of their customers and the resources configuration to clear the path for achieving social responsibilities in the strategy.

According to Ganescu and Gangone (2017), companies need to consider intangible factors to establish themselves as socially responsible. To be able to have positive impacts on the environment they need to create a common good by taking initiative and solving communities' problems. A firm that has the spirit of unity and agreement in their culture will involve stakeholders in their CSR activities which will result in a common motivation to perform responsibly towards the social and economic goals of the company and the community standards. Furthermore, Ganescu & Gangone (2017) emphasize the importance of anti-corruption initiatives. The firm must set guidelines inspired by governmental and internal regulations that direct the stakeholders not to cross the ethical line and be able to do profitable business without harming the interest of others.

2.5 Sustainability initiatives and its effect on environmental performance and economic performance

Initiatives can be defined as "...discrete, proactive undertaking that advances a new way for the corporation to use or expand its resources" (Birkinshaw, 1997, p 207). The initiative undertaking can be seen as an entrepreneurial process, which begins with identifying an opportunity and culminates in the commitment of resources to that opportunity (Birkinshaw, 1997). Pistoni et al. (2016) emphasize the fact that sustainability initiatives do not follow a linear progression as previous literature suggests. However, by conducting a case study, they realized it's a stop-and-go progress where the CSR and sustainability initiatives transform into new initiatives based on the emerging needs and changes to the firms' strategy regarding its activities and environment.

Initiatives can be viewed as proactive or reactive, and the consumer responses to these different starting points of initiatives have been studied by Groza et al. (2011). A proactive strategy involves supporting CSR before any negative information regarding the firm has been received by customers (Du, Bhattacharya, & Sen, 2007, as referenced by Groza et al., 2011), while a reactive strategy involves engaging in CSR due to an irresponsible event (Ricks, 2005, as referenced by Groza et al., 2011). Groza et al. (2011) found that customers have a positive attitude towards the firm when the firm engage in proactive CSR, and that engaging in reactive CSR could bring negative opinions regarding the firm by customers. If the organization engages in reactive CSR initiatives, Groza et al. (2011) suggest that firms should rely on external information from external sources to communicate reactionary information in order to minimize any possible negative effects. The motivation for reactive or proactive initiatives has also been studied by Baah, Opoku-Agyeman, Acquah, Issau & Abdoulaye (2020), which suggest the driving factors for proactive environmental initiatives are concerns to protect and preserve the environment while the motivation for reactive environmental initiatives is reducing the cost that may be a consequence from lack of compliance to regulations and legislations which could lead to bad publicity and reputation.

Changes in the environmental standards and global conditions, such as the economic downturn of the 1990s and updated environmental standards, may imply firms to respond and adapt by emphasizing environmental initiatives (Ghosal, 2015). Pereira et al. (2021) denotes that collaborative practices can create value and improve sustainability initiatives, and further explains that sustainable practices can be generated by collaborative practices. Furthermore, CSR initiatives can be described as discrete undertakings, which have the intention to improve societal welfare and are supported by corporate resources such as money and labor (Bhattacharya, Korschun & Sen, 2009, as referenced by Yuan et al., 2011).

Lau (2019) found more profitable firms are more likely to embark on business sustainability initiatives and how these initiatives are more likely to reduce the profitability of the firm. Malik (2015) sheds light on a negative association or no clear association at all between CSR and a firm's financial performance when reviewing early studies (Malik, 2015). Ayayi & Wijesiri (2022) have found that a higher level of environmental practices negatively influences the financial performance of microfinance institutions and argues that firms who are investing in environmental activities are not completely compensated by financial returns from these activities.

Ahmad et al. (2021) argue that it is a common misconception that investing in environmental initiatives involves significant costs that outweigh the benefit. The researchers explain that in the long run, studies have reported that investing in environmental initiatives improves the environmental footprint and economic performance of organizations.

Malik (2015) has also discovered that academics agree with the idea that CSR and firm performance are positively related, as benefits outweigh the potential costs of CSR engagement, superior CSR quality positively affects firm value both in the short term and long term, and how CSR can be employed as an important strategic tool to maximize shareholder value and other stakeholder value of the firm. Pham et al. (2021) found a positive relationship between corporate sustainability and financial performance as measured by earnings yield, return on asset, return on equity, and return on capital employed. Lu et al. (2022) found a positive and significant bidirectional relationship between sustainability and financial performance, and further explains that sustainable firms have better financial performance in the future and profitable firms perform better on sustainability. Orlitzky et al. (2003) found a positive relationship between corporate social/environmental performance and corporate financial performance across industries and across study contexts, and that relationship tends to be bidirectional and simultaneous.

It can be understood that there is an inconsistency in the results regarding the relationship between sustainability and financial performance.

3 Method

3.1 Philosophy

A paradigm is a construct that specifies and organizes a set of philosophical assumptions which support the frame of references and theorizing on the way these assumptions work (Mingers, 2003; Saunders, Thornhill & Lewis, 2019). Interpretive paradigm is the assumption on how humans see and make sense of the world around them. This view falls under the category of being subjective and basing the research on the regulations applied by the firm. A fundamental value relating to an organization is studied in this paradigm. The researchers' concern would be to look at initiatives and policies and understand how it can be improved therefore this paradigm rather explains what is happening than making recommendations for changing the process (Saunders et al., 2019).

Interpretivism was developed from a subjective point of view (Saunders et al., 2019). The idea of interpretivism is that since people construct meaning, they vary from physical occurrences. Researchers that embrace interpretivism research these meanings (Saunders et al., 2019). By conducting a qualitative method using interviews, the researchers of this study have the opportunity to explore the interviewee's views within the context of their lives and experiences, by integrating an interpretivism stance. The objective of interpretive research is to generate fresh and more in-depth insights and explanations of the social world and circumstances (Saunders et al., 2019). It questions the existence of organizations beyond the perspectives of social actors. Therefore, comprehension relies on the firsthand experiences of individuals operating within them (Saunders et al., 2019). An organization is complex and does not solely stem from differences in roles among employees. Each individual with different backgrounds may experience their workplace, event and services differently (Saunders et al., 2019). The researchers take this into account and understand that it is not always possible to predict the outcomes of an interview. As a result, the researchers must remain flexible and adapt when conducting interviews, allowing themes and ideas to emerge as they interact with interviewees.

This study collected data using interviews and will be following a subjective approach. In this study, being subjective is linked with qualitative research methods, as it emphasizes interpretation and understanding (Bumbuc, 2016). The researchers for this study choose qualitative research methods and finds that being subjective aligns with their approach as suggested by Bumbuc (2016). The choice of the approach is suitable for this study as it asserts that social actors (people) shape social reality through their perceptions and resulting actions (Saunders et al., 2019). Through the collection of interviews, the researchers will interpret the interviewees' perceptions and gain a better understanding of how social reality is constructed.

The researchers acknowledge that they may be affected by their own surroundings, considering that the authors come from different backgrounds and cultures. This could be a factor of influence on the researchers' interpretation of the subject and the kinds of literature used.

3.2 Research approach

The research design can have different reasoning approaches, namely deductive, inductive, or abductive (Saunders et al., 2019). The **deductive** approach looks upon the relationship between theory and research (Bryman & Bell, 2011). The researcher deduces hypotheses from what is known about a particular domain and of theoretical considerations in relation to that domain, then drive the process of gathering data which will be subjected to

empirical scrutiny which ultimately will lead to revision of the theory (Bryman & Bell, 2011). The **inductive** approach looks different as it involves drawing generalizable inferences out of observations, which means the process will look like observations/findings and the theory will be the outcome of the research (Bryman & Bell, 2011). The inductive approach has its reasoning where it is a gap in the logical argument between the conclusion and the premises observed, and the conclusion being supported or judged by the observations made (Saunders et al., 2019). The **abductive** approach begins with a surprising fact being observed, then it works out a reasonable theory of how this could have occurred (Saunders et al., 2019). The abductive approach involves collecting data to explore a phenomenon, identify themes and patterns, and ultimately generate a new theory or modifying and existing theory by testing through additional data collection (Saunders et al., 2019). The abductive approach is therefore a move back and forth between data and theory by combining deduction and induction (Saunders et al., 2019).

The study at hand will have an inductive approach. When the research is being undertaken inductively, it allows the researchers to follow the flow of the collected data which is a typical approach the interpretivist undertakes (Saunders et al., 2019). The researchers started with little knowledge of the phenomena, then generated a description of the industry using secondary data, that will be followed up by a thematic analysis of the primary data. The aim was to explore the implemented initiatives and the characteristics of them, and how they drive the company to operate sustainably, as well as the effect of the initiatives on the economic performance and the environmental performance of the company. The researchers then looked for themes related to the characteristics of the codes and similarities between them. This allows the researchers to explore the continuous repetition of the codes, which lets the researchers understand if there is a pattern. The outcome of this approach will help the researchers develop new concepts and how it adds to the theory.

3.3 Literature

The researchers in this paper have mainly used peer-reviewed academic journals which have been written by evaluated experts that have been reviewed by other experts before being accepted for publication (Saunders et al., 2019). Online databases were used and provided the researchers with broad access to academic journals. Books have also been used to get access to a wide range of sources. The literature has been used to identify what is known about the area that is being researched and if there are any inconsistencies in findings. Exploring existing literature can help researchers refine their research questions (Bryman & Bell, 2011). ABI/INFORM and MDU Primo have mainly been used, as well as google scholar to widen the search. This resulted in developing the current research questions about how sustainability influences profitability and identifying the characteristics of sustainable initiatives in SMEs.

A systematic literature review was conducted to gather additional information and to reduce bias by conducting exhaustive literature searches of both published and unpublished studies (Bryman & Bell, 2011). The researchers employed keywords to identify and locate relevant literature. With the use of thesaurus and snowballing techniques to gather other relevant titles to the subject. Examples of keywords used in combination with each other were: TBL, CSR, initiatives, sustainability, environmental performance, economic performance, and circular economy. Articles that were not in English and not peer-reviewed were excluded from this study. The relevant literature chosen was based on if they were able to assist in developing an argument, and if they add value to answering the research questions (Bryman & Bell, 2011).

3.4 Selection criteria

The present study is a case study using one company, where the data has been collected from several employees through semi-structured interviews. The sample to study needs to be meaningful in order to answer the research questions and meet the objectives of the study (Bryman & Bell, 2011; Saunders et al., 2019). This study aims to explore the characteristics of sustainability initiatives of an organization and its effect on environmental performance and economic performance. Therefore, the first decision made by the researchers was to conduct a case study of a company that is representative of the phenomena of interest. The case company was introduced to the researchers through their professional network, but the researchers themselves contacted the company with a presentation of their research and an inquiry for cooperation.

When selecting the sample, the researchers deemed purposive sampling to be appropriate for this case study, as it fits working with a small sample and the aim is to select cases that are particularly informative (Saunders et al., 2019). Heterogenous sampling lets the researchers choose participants with diverse characteristics to provide them with the maximum variation possible in the collected data (Saunders et al., 2019). To ensure the researchers of maximum variation within a sample, the identification of diverse characteristics prior to selecting the sample is a prerequisite (Saunders et al., 2019). The researchers outlined three themes to be examined in this study, namely environmental initiatives, social initiatives, and economic initiatives. The researchers have been in contact with a person who works at the chosen company, the contact person aided the researchers with contact details to employees of the company with sufficient knowledge of the respective themes. This resulted in four different employees being interviewed. One interviewee per theme, and one interviewee with a profound overall knowledge of the company. These four different employees were selected because of their relevance to understanding the phenomena the researchers are studying.

3.5 Data collection method

3.5.1 Secondary data collection

When answering the research question, secondary data is a method that can enable the researchers to meet the objective in combination with primary data (Saunders et al., 2019). These can yield additional or alternative insights, interpretations, or conclusions. Secondary data include raw data and published summaries, such as governments survey data, company documents and websites, business journals and global market information databases to name a few (Saunders et al., 2019). The researchers have collected their secondary data from European Union reports (Visual Feature | Beat Plastic Pollution, 2022), Swedish government statistics (Regeringen & Regeringskansliet, 2022), Statista (Statista, 2021) and the company website (anonymous, 2023). These were used to understand the topic and to identify relevant topics that can be added to the research regarding the relevance and usage of plastic.

3.5.2 Primary data collection

Primary data refers to data that is collected explicitly for the research project being conducted (Saunders et al., 2019). Data can be collected through three different types of means: Qualitative, quantitative, and mixed methods (Saunders et al., 2019). The qualitative method produces or uses non-numerical data. The method is frequently connected with an interpretive philosophy since the researchers must interpret the subjective and socially constructed meaning of what is being studied (Saunders et al., 2019). Using this approach allows the researcher to study participants' meanings and the connection between them. The meanings have been explored using a semi-

structured or unstructured interview so that new information can emerge during a research process (Saunders et al., 2019). The research interview can be described as a purposeful conversation taking place between two or more people, where the interviewer asks concise and ambiguous questions while listening attentively to the interviewee's response (Saunders et al., 2019). Therefore, qualitative research tends to be concerned with words instead of numbers (Bryman & Bell, 2011). The research questions used are answering the questions of “what” and “how” in this study, which is seeking information that needs to be explored.

To answer the research question and reach the objective of this study, the researchers have used research interviews to gather valid and reliable data that are relevant to the research question(s) and the purpose of the research (Saunders et al., 2019). The choice of choosing to conduct a semi-structured interview is because it allows the interviewer to explore points of interest, and clarify and confirm meaning, which can be used to answer the research question(s) and purpose (Saunders et al., 2019). It allows the researchers to cover specific topics and themes but still allows leeway to ask additional questions to investigate in depth the reply of the interviewee (Bryman & Bell, 2011). The interviewee could explain their perception and understanding of the initiatives they take to reach their goals, by using follow-up questions the interviewers can clear up inconsistencies in the answers (Bryman & Bell, 2011).

In addition to the primary data, which was the interviews, the researchers went on a field trip. The researchers can choose to enter the observed environment with predetermined expectations such as setting up a field trip or deciding to follow an employee's day-to-day activities and gather data by observing the activities and reactions. The choice of being an active participant or just an observer is made in relation to the goals of the data collection and the purpose of research (Saunders et al., 2019). Following this, the researchers went on a field trip as observers in order to see the company and their operations on site. In addition to the interviews conducted, the field trip provided the researchers with a deeper understanding of the daily operations of the company.

3.6 Qualitative method – The interview process

The interview was conducted as semi-structured, these are unstructured interviews that start with a predetermined list of topics. Adopting a semi-structured interview allows the researchers to adopt a stance where they will find a truth that is left to be discovered (Saunders et al., 2019). The first interview topic is an overall view of the company and three are derived from the three pillars—social, environment and economy, of the TBL that has been researched previously (Henriques, 2004), the fifth topic is related to their initiatives (Baah et al. 2020) and lastly, the sixth is regarding their circular economy (Kirchherr et al. 2017).

The researchers are taking an inductive approach. Saunders et al. (2019) explain that in this scenario of using a semi-structured interview, the researchers need to consistently apply the topics derived from theory. In addition, with consent from the participants, the data from semi-structured may be recorded either through audio or notes. Saunders et al. (2019) suggested that in an exploratory, like this study is conducting, semi-structured interviews may be used. By taking an inductive approach, the researchers are naturally taking an exploratory and emergent approach, allowing the interview topics to evolve based on the analysis of the data (Saunders, et al 2019). This type of method may offer valuable contextual or background information for the study. This allows the interviewees to explain or build on their previous answers. When adopting an interpretive philosophy, the focus is to comprehend the meanings that the interviewees contribute to different phenomena (Saunders et al., 2019).

3.6.1 Interview questions

The questions relating to the overall view are to give the researchers an understanding of the background and culture of the business. It's to give a context of the issues, and attention that they focus on. The topic of social is to identify the initiatives relating to being socially responsible to their stakeholders (Epstein & Roy, 2001; Ganescu & Gangone (2017). Questions relating to the environmental aspects are to identify if they are proactive or reactive, but also to understand their initiatives and what way they are undertaking initiatives of being environmentally sustainable (Alhaddi, 2015; Fairbrother et al. 2019). The fourth topic's questions aim to explore the economic aspect, in relation to the environmental aspect. Additionally, the researchers want to investigate how and if the economic and environmental initiatives have a relation to the long-term goals (Ahmad et al., 2021). The fifth topic is regarding finding drivers of the initiatives, if they are proactive or reactive (Baah et al. 2020) and if the stakeholders external to the company influence their decisions (Groza et al. 2011). Lastly, the sixth topic of the circular economy is to understand how they manage their products (Kirchherr et al. 2017).

3.6.2 Collection of interview data

The interviews were conducted synchronously through an internet-mediated interview between the four interviewees individually and all the researchers between 2nd of May and 8th of May 2023. All the interviews were conducted in English. It was conducted through a web conferencing app called "Teams". The app is a messaging app where it's possible to conduct real-time collaborations, meetings and file sharing (Welcome to Microsoft Teams, n.d.). The interviews were recorded with the consent of the participants and transcribed synchronously by the app. The transcribed text was later checked by the researchers, which used the process of data cleaning. Data cleaning means that the researchers correct any transcription errors, but also correct grammar (Saunders et al., 2019). The participants chose this method for their convenience. Saunders et al. (2019) suggest that the location chosen should be convenient for the participants, where they feel comfortable and where it won't be disturbed. In addition, the same interview questions were asked to all interviewees to gather a perspective from them all.

Summary of the interviews

Area of Knowledge	Interviewee	Date	Duration of Interview (min)
Economic	1	2023-05-02	31:19
Overall view	2	2023-05-03	30:36
Environmental	3	2023-05-04	43:30
Social	4	2023-05-08	21:28

Table 1, Summary of interviews

3.7 Method of analysis

The researchers had to prepare the data for analysis, this was done through audio recording the qualitative data (verbal data) and then transcribing the data. The researchers decided to undertake a thematic analysis as the thematic analysis can be used to identify key themes or patterns from a dataset and to draw and verify conclusions (Saunders et al., 2019).

The thematic analysis was conducted as a process. The first step the researchers took was to transcribe the verbal data collected during the interviews. This step allows the researchers to become familiarized with the data collected (Saunders et al., 2019).

Coding was used to label and categorize data items that had been retrieved from the conducted interviews, which was then grouped under a common theme, for the purpose of analyzing them. The qualitative data sets collected are large and can reflect on different aspects such as actions, behaviors, interactions, policies, strategies, etc. Therefore, with the process of coding, the researchers aimed to manage their data to rearrange and retrieve them by having specific codes relating to a certain meaning and finding relationships between groups of data (Saunders et al., 2019). A unit of data was recognized as a group of words, a group of sentences, a complete paragraph, or any other textual form under one particular code. To ensure consistency, every set of data had a code and if new data was related to a code, it was grouped together. Additionally, when data with a new meaning emerged, a new code was created for it. These codes were recorded in a codebook so they could be recorded and tracked and analyzed further in the research, as suggested by Saunders et al. (2019). In this paper, the researchers based their codes on the labels developed from analyzing their interview transcripts. By using the researchers own labels in the coding process, they were able to identify recurring labels in each interview, find meaning in the datasets and rearrange the collected data to make them consistent with the purpose of the research and research questions. The process of coding and identifying themes was conducted manually. By using an inductive approach, the researchers coded all possible meanings derived from their data to guide their research (Saunders et al., 2019).

After devising codes from the verbal data, the next step was to classify them into themes. A theme is considered a collective of meanings that includes several or a single code which are related to each other and presents an important meaning for the research direction and questions chosen by the researchers (Saunders et al., 2019). The researchers grouped the codes under six categories of sustainable initiatives, which are: characteristics of environmental initiatives, characteristics of social initiatives, characteristics of economic initiatives, effect on environmental process, effect on the economic process, and drivers of sustainable transformation.

The next step was to refine the selected themes. The goal for this process is to prepare the data set for a structured analytical concept. By organizing coded data under sub-themes, the researcher could identify a pattern and draw a connection between collected data, this resulted in three overarching concepts. During the process some codes needed to be merged and revised because the dataset was too similar or different from the purpose of thematic analysis thus giving a better understanding and validity for the researchers (Saunders et al., 2019).

3.8 Quality

This section will focus on the quality of the research. Reliability is referring to the replication and consistency of the study while validity is referring to the measures used are appropriate, the analysis of the results is accurate and the extent that findings can be applied to a broader context (Saunders et al., 2019). Research would be reliable when a researcher is able to recreate a previous research design and obtain the same findings (Saunders et al., 2019). Research quality depends on reliability as well as validity. These characteristics are crucial components of research quality (Saunders et al., 2019). However, even though the applicability of these characteristics are highlighted in quantitative research, there has been a debate among qualitative researchers about the relevance of these characteristics for qualitative research (Bryman & Bell, 2011). The proposition to assess the quality of the

qualitative research approach is the use of trustworthiness. The criteria of trustworthiness are made up of credibility, transferability, dependability, and confirmability (Lincoln and Guba, 1985, 1994, as referred in Bryman & Bell, 2011).

All participants were informed that the interviews would be conducted anonymously. According to Saunders et al. (2019), informing the anonymity to the participants should make the interviewee create a sense of relaxation and openness, encouraging them to share the data. In addition, the researchers asked the participants to conduct the interview where the interviewees would find most comfortable. All participants chose to conduct it online, either at home or at the office. This was chosen in order to minimize participation bias. According to Saunders et al. (2019), when conducting an interview in an open space, participants may feel concerned about being overheard, which could lead them to provide falsely positive answers. This reduces the risk of data quality issues as mentioned by Saunders et al. (2019).

The researchers went on a field trip, which gave them an understanding of the context of the chosen company's business and to verify what the interviewees had answered. To strengthen the validity, the researchers used audio recordings to verify, compare and check what has been said in the interviews and corrected any words that the automated transcript couldn't decipher correctly.

3.8.1 Generalizability

Generalizability refers to the external validity of the study, (Bryman & Bell, 2011). The external validity concerns whether a study's research findings can be generalized to other relevant contexts (Saunders et al., 2019). The inductive approach allowed the researchers to derive insights directly from the data and identify patterns and themes specific to the context of this study. As such, the external validity of the study may be limited to similar organization size and industry. Moreover, the reliability and applicability of our findings are enhanced by the use of the rich and thorough data in this study, including observations, interviews and secondary data. This allows other researchers to access the applicability of the insights of this study to their own. It's important to note that each company has its own individual characteristics when considering the generalizability of our findings.

3.9 Conducts of Ethics

The company and the interviewees participating in this study were offered the possibility of anonymity, which they all accepted. Before the interviews started, the researchers repeated the assurance of anonymity and the interviewees consented for the interview to be recorded and later transcribed. This consent was essential for the researchers as part of developing trust and the conduct of an ethically responsible research process (Saunders et al., 2019). To avoid violating the anonymity assurance, all the information that could have breached the identity of the interviewees and the company was censored. The altering of names, censoring of details, and deletion of information that may breach anonymity was conducted to ensure that the company or the participants couldn't be identified based on their responses (Saunders et al., 2019). Therefore, the case company's name was altered to "Alpha".

3.10 Limitation

This paper studied the sustainability performance, with the perspective of TBL, of an SME in wholesaling industry that are operating with plastic products. The sample size is not sufficient to represent the whole industry. A larger sample size from different companies which are within the wholesaling industry that sell similar products would

add to the understanding of the phenomenon. The possibility of conducting interviews with other companies within the industry could have provided the researcher with additional new information that could have been of significance to answering the research questions.

During the interview process, the researchers realized that there was a language barrier. The interviewees did not have English as their first language. The researchers asked the interviewees if they wanted to conduct the interviews in English and they all agreed. When analyzing the data, the researchers realized that some words were lost in translation, a more beneficial approach would have been to conduct the interviews in Swedish and be translated to avoid words being lost in translation and contain the original language to reproduce authenticity in the translated language (Saunders et al., 2019).

4 Findings

The researchers started with the first round of coding which provided them with 37 codes. The irrelevant codes were excluded leaving the researchers with 22 codes. The second round of categorization of the codes resulted in the emergence of six categories. These categories were characteristics of environmental initiatives, characteristics of social initiatives, characteristics of economic initiatives, effect on environmental performance, effect on economic performance, and drivers of sustainable transformation. The third step was when the researchers conducted a pattern matching, 4 different subthemes emerged. These subthemes were repeated across the different themes. These subthemes, namely means of transportation, energy source impact, waste recovery, and resource preservation, were considered important and received significant focus from the company, which resulted in 12 codes remaining. Three different overarching concepts emerged when revising the subthemes. These overarching concepts are optimizing transportation, responsible waste management, and resource management.

4.1 Evolution of the wholesaling industry

The chosen company Alpha belongs to the wholesaling industry. The revenue of non-specialized wholesale trade in Sweden is forecasted to amount approximately 325.08 million U.S. dollars by 2025 (Statista, 2021). According to Statista (2021) that is a decline in industry revenue as compared to previous years. The revenue of non-specialized wholesale industry peaked at year 2014, with a revenue of 583,1 million U.S. dollars (Statista, 2021). Between the years 2012-2017 the revenue of non-specialized wholesale trade ranged between 550.88 million U.S. dollars and 509.31 million U.S. dollars, showing a decline in 2018 with a revenue of 398.87 million U.S. dollars (Statista, 2021). The approximately revenue, as estimated by Statista (2021), was ranging between 362.19 million U.S. dollars and a further decline to 325.08 million U.S. dollars between the years of 2019 and 2025.

An inclining trend can be identified regarding generated packaging waste per capita in the European Union (Statista, 2023a). The weight of packaging waste generated per inhabitant in the European Union increased by approximately 19 percent between 2009 and 2019 (Statista, 2023a). The lowest generated packaging waste was recorded in year 2009, and measured to be 149.89 kilograms per capita, while the highest amount was recorded in 2019 as 178.08 kilograms per capita (Statista, 2023a).

In 2019, the countries of the OECD European Union produced an average of 122 kilograms of plastic waste per inhabitant. It is anticipated to increase in the coming decades, reaching 240 kilograms per capita by 2060 (Statista, 2023b).

4.2 Drivers of sustainability transformation

During the interviews, drivers that encouraged Alpha to undergo sustainable transformation were detected and categorized as drivers of sustainable transformation. Codes belonging to this category are Origin, Climate Crisis, Ownership, Management, Employee Perception, Role model and Customer Feedback.

All the interviewees started by explaining the origin of Alpha. *“Someone had a clever idea of bringing the industry together and they started using these plastic crates that we do have today” (Interviewee 1)*. Alpha started as an initiative from major food companies in Sweden. It was a slow start to bring the whole industry together, but sustainability drives worked as an incentive for the companies to cooperate. *“It was kind of a slow start and it's difficult to get all these competitors in the same industry to agree on something to do together. But I think the*

environmental thought was enough to convince them” (interviewee 1). The industry was challenged by the use of one-time use cardboard boxes so Alpha was made to solve this issue with a new product. *“We used to pack all our products in the supermarkets, in cardboard boxes and the supermarkets thought there was so much waste when you just use these cardboard boxes one time and then they went to waste or to be recycled. And so that was the foundation of the company to start reuse plastic crates” (Interviewee 1).* The aim was to be environmentally friendly in all the decisions Alpha were making. Alpha takes initiative mainly for environmental goals, but they also consider economic benefits of such initiatives for them. *“We do it mostly for sustainable reasons, but of course there is an economic reason as well, but I think the main reason for us is sustainable reasons.” (Interviewee 4).* Furthermore, Alpha does not have a target of maximizing profits, but have a target on solidity. *“Well, we do have a long-time target from our owners on solidity of the company [...] And then our target is not really to maximize profit [...] I think that we are not trying to maximize profit is also supporting that we will not impact the environment too much.” (Interviewee 1).*

Climate crisis emerged as an environmental issue, where an example can be biodiversity. *“The motive is that we have a big environmental problem. We have a climate crisis, we have a biological, Biologisk mångfald (biodiversity) (Interviewee 4).* Interviewee 4 emphasized that every company must do what they can for the environment. *We have so many problems that every company has to do what they can for the environment.” (Interviewee 4)*

Alpha company is owned and created by their customers. *“We are here for our customers because we're owned and created by our customer.” (Interviewee 1).* The owners want Alpha to be a frontline and move forward with their ambitious goals. *“We also have our owners that want us to be in the frontline” (Interviewee 3).* The owners want Alpha to take on the environmental initiatives as it is very important for them to have these environmental actions. *“For our owners it's extremely important that we are having these environmental actions initiatives.” (Interviewee 3).*

Interviewees 1, 2 and 3 describe the management activities Alpha takes for their sustainable transformation. Alpha has transformational groups that work together with initiatives and finding new gaps to fill in the process. *“And we do have these transformational groups within the company that works with initiatives, trying to find out what more can we do for sustainability and for all aspects [...]” (Interviewee 1).* These initiatives come internally from Alpha. *“But mainly it would be internal initiatives where we see that there is a gap and there's something that we can do. Then we try to get involved in that kind of matter.” (Interviewee 2).* Alpha took away their management team but the ambition level in the company stays intact. *“We actually took away our top management team, 2019. We still have functions we still have teams [...] Even if you work with managers or not, the ambition is you can still have the same ambition it in in other places [...]” (Interviewee 3).*

The employees' perception refers to the employees' perception of sustainability and their role of working in Alpha. *“But I think we are doing it and I mean most of my colleagues, we work at this company because we are very concerned about the environment” (Interviewee 4).* The owners of Alpha have ambitious goals for Alpha to be in the frontline. The employees have a part of driving sustainability for Alpha as they have a sustainability mindset, which is a partly driver for Alpha's sustainability transformation. *“Now everyone's that works with us has that mentality. So, people that come here to work for us have that mind shift” (Interviewee 3).* It was even mentioned

that employees' habits regarding sustainability have been altered after joining Alpha. *"I think I have changed some of my habits after joining this company and thinking quite a lot more about the sustainability"* (Interviewee 1).

Interviewees 1 and 3 mention that the company wants to be a role model in the industry. *"We should continue to strive and to be a role model for others to look up to and try to kind of go first in some areas and push the industry"* (Interviewee 1) and push other companies to be more responsible *"we also want to be an actor in society that push others forward and then we have to do our part."* (Interviewee 3).

All the interviewees provided examples of feedbacks the customers gave Alpha and how these feedbacks acted as a sustainability transformation drive for the company. Customers of Alpha are setting the standard for the industry, so if a firm wants to do business with the customers, they agree to use Alpha's products. *"[...] we have a lot of customers that set the standard for the rest of the business. So, if someone wants to deliver food to [Epsilon] or [Zeta] for example, I mean they have the demands that it should be delivered in these crates."* (Interviewee 1). The initiatives are either coming from Alpha or as demands from the customers. The customers are positive about the initiatives Alpha takes but sometimes they have to share the costs of such environmental initiatives as Alpha does for them. *"When we start new initiatives, but it can come from different parts, so to say, can come from us as a company or it can come from the food industry that they want us to start with some initiative [...] They are mostly very positive. [...] But quite often it's also a cost of implementing these initiatives. And as any company, they are not too happy when they have to pay some of it."* (Interviewee 1). The customers write about Alpha's activities and impacts in their reports or social media outlets. They want Alpha to be presented as a good case and they are choosing Alpha because they are very concerned about the environment. *"Our customers may write about us in their sustainability report. They may write on their website or LinkedIn [...]"* (Interviewee 2). *"They (Alpha's owners) want us to be a good case."* (Interviewee 3). *"I think many of our customers, they choose us because we are the best alternative for the environment."* (Interviewee 4).

4.3 Resource Management

Resource management consists of subtheme resource preservation. The codes under this subtheme were new technique, repair, inventory, lifespan, and solar panels. These codes relate to how Alpha manages resources, therefore an overarching concept named resource management was created. These codes show which initiatives Alpha is undertaking to prevent extensive use of natural resources. Examples of such initiatives are how Alpha is improving their processes to reduce their stock, repairing their products to extend their lifespan, looking into new eco-friendly material for their products, and the integration of solar panels. The categories that constitute resource management are environmental initiatives, economic initiatives, effect on environmental performance, and effect on economic performance. The codes belonging to each category are as follows,

Characteristics of environmental initiatives: repair, inventory, solar panels, new technique

Characteristics of economic initiatives: repair, inventory, solar panels.

Effect on environmental performance: repair, inventory, solar panels, lifespan, new technique

Effect on economic performance: repair, inventory, solar panels, and lifespan, new technique

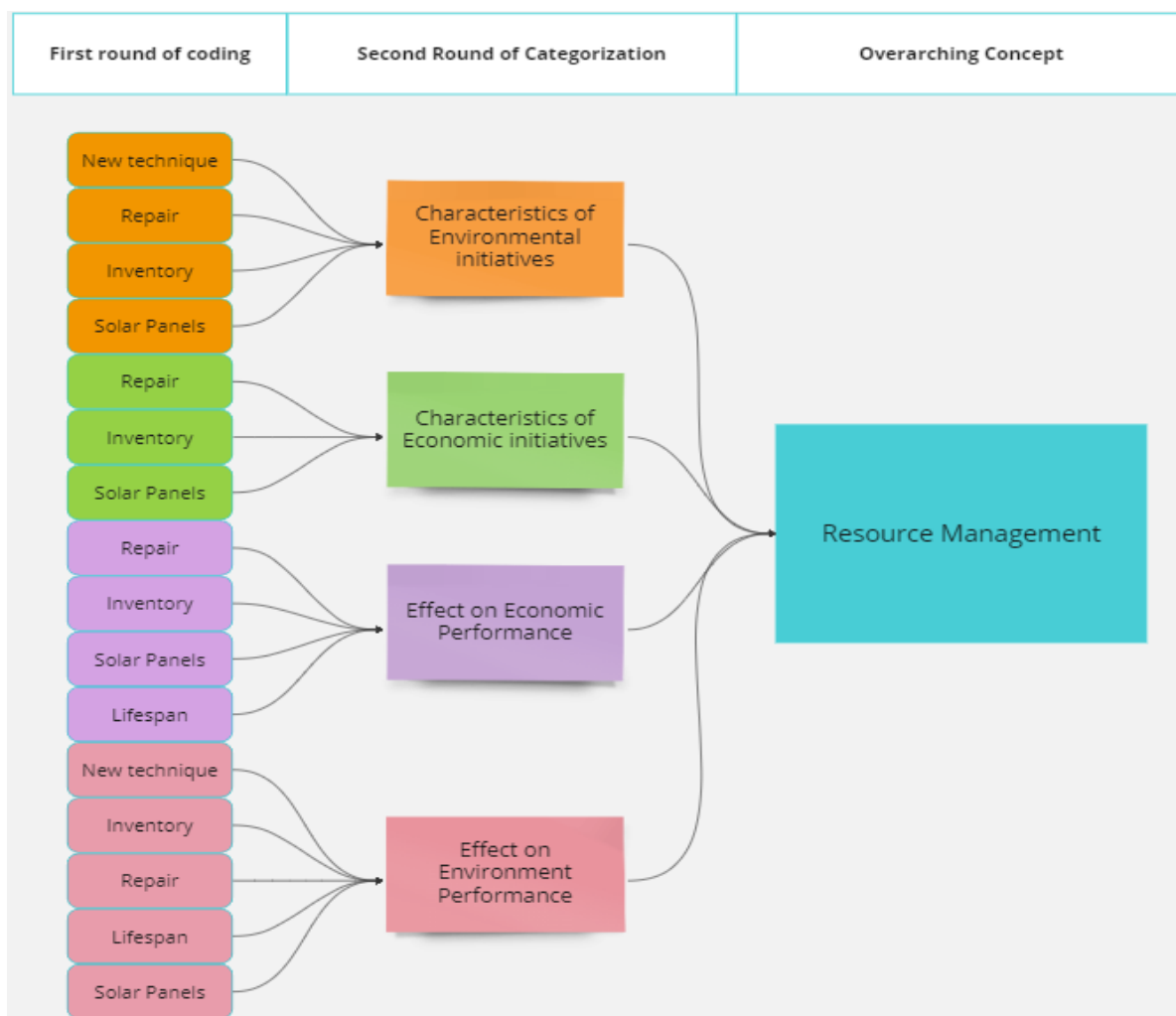


Figure 1. Resource Management concept, adopted by the researchers.

New technique is referring to new ways or new products Alpha is undertaking or contemplating to use in their operations (Interviewee 3). Alpha is looking into using new plastic materials, such as biomaterial and recycled plastics, but interviewee 3 mentions how this may come at a higher cost. *“We’re trying to make them stay alive as long as possible. Trying to introduce more and more recycled plastics. We also look at biomaterial, but that technique hasn’t really come that far yet and it’s extremely expensive...”* (Interviewee 3). Alpha is also using thinner plastic wrappers that lowers consumption. *We make them thinner every year so consumption lowers. We use a special technique in wrapping the plastics which resulted in 30-40% lower consumption.”* (Interviewee 3).

Interviewees 1 and 3 explain that Alpha has repair stations to fix their broken products instead of buying new ones when they break. *“We have a repair station in all our facilities. We make 60,000 repairs on our pallets every year instead of them going back to “avfall”, waste”* (Interviewee 3). Interviewee 1 explains that the repair process of Alpha will aid the company to save money while being environmentally friendly. *“In that way we save quite a lot of money because it’s very expensive to buy these plastic products. But it’s also environmentally saving cost so to say because we’re not using new virgin material again as we can reuse them”* (Interviewee 1).

Interviewees 1 and 3 mention that Alpha is taking an approach in reusing their products and prioritizes the products' lifespan so it will last a long time. *“We see that in the environmental aspect, the long lifetime is the most important*

thing” (Interviewee 3). Interviewee 1 explains that their products are costly to purchase and how the cost is substantial in their profit and loss to have all these stocks, and therefore trying to improve their processes to reduce stocks. “... we're trying to reduce stocks because it costs quite a lot to purchase them. Then we have the cost in the P&L (profit and loss) to have all these stocks, it's quite substantial. We try to reduce stocks and improve our processes, so we don't need as many” (Interviewee 1). Reducing the stock may save the natural resources. “But we're still looking into how we can reduce the stocks that we do have. So, we don't have to purchase more than what we actually need. So that's kind of also to save on the resources.” (Interviewee 1)

Alpha’s products can be reused repeatedly for a very long time. “We use this plastic in the crates and the pallets, and the calculated lifespan of these crates is 15 years, and it circles around 10 to 15 and loops every year” (Interviewee 1). Furthermore, the material can be used many times over as the plastic can be re-used in the process of producing new products for Alpha. “We can use this material over and over again. Continuously the same plastic and the same crates, they can be reused for, you know, 100 years or 200 years because we have the crates for 15 years and then we reuse the crate and then the manufacturer creates new crates with our own material” (Interviewee 2). Because of the high quality of the plastic products that are purchased, the products last for a long time. “We try to have very good quality so that they will last very long. The longer a crate or pallet is used, the less new products we have to make. And then we don't have to use material” (Interviewee 4). Alpha’s products are initially expensive to buy and in a circular model it may take time to go economically plus. “...have an explosive situation on the pallets where the ordering is extremely high the coming years and the pallet is very expensive, and it's a lot of plastics material, but they live for 15 years. [...] maybe you go plus economically speaking by year 11-12. A lot of money goes out, but it takes a long time in a circular model [...] That's a challenge for us and for everyone that has a circular model” (Interviewee 3).

Alpha installed solar panels on the roof of their facility, “We have just added the solar panels to the roof....” (Interviewee 2), and further planning to install solar panels on their new facility which is under construction “...we're building a new site now outside of [City2] where we will also have a very large solar panel system” (Interviewee 1). The initiative of implementing solar panels will cover 50 percent of their electricity needs, further stating how the rest of electricity needed must be purchased. “It will cover about 50% of our needs by the solar panels. And then the rest we will have to purchase” (Interviewee 2). Alpha is furthermore investigating the possibility of using the generated electricity to create charging stations for electric vehicles. “...we're looking into how we can use the solar panels and the electricity that they create to become a loading station for heavy lorries like electrified lorries” (Interviewee 2).

4.4 Responsible Waste Management

Responsible management consists of subtheme waste recovery. The codes under this subtheme were chemicals, scrap particles, and recycling process. These codes relate to how Alpha is managing their waste, therefore an overarching concept named responsible waste management was created. These codes show the characteristics of initiatives Alpha is undertaking to control its waste. Examples of such initiatives are how Alpha is avoiding the use of non-eco-friendly chemicals, controlling the litter of scrap particles and chemicals, and how they are handling their discarded products. The categories that constitute responsible waste management are environmental

initiatives, economic initiatives, and effect on environmental performance. The codes belonging to each category are as follows,

Characteristics of environmental initiatives: chemicals, scrap particles, and recycling process.

Characteristics of economic initiatives: recycling process.

Effect on environmental performance: chemicals and recycling process.

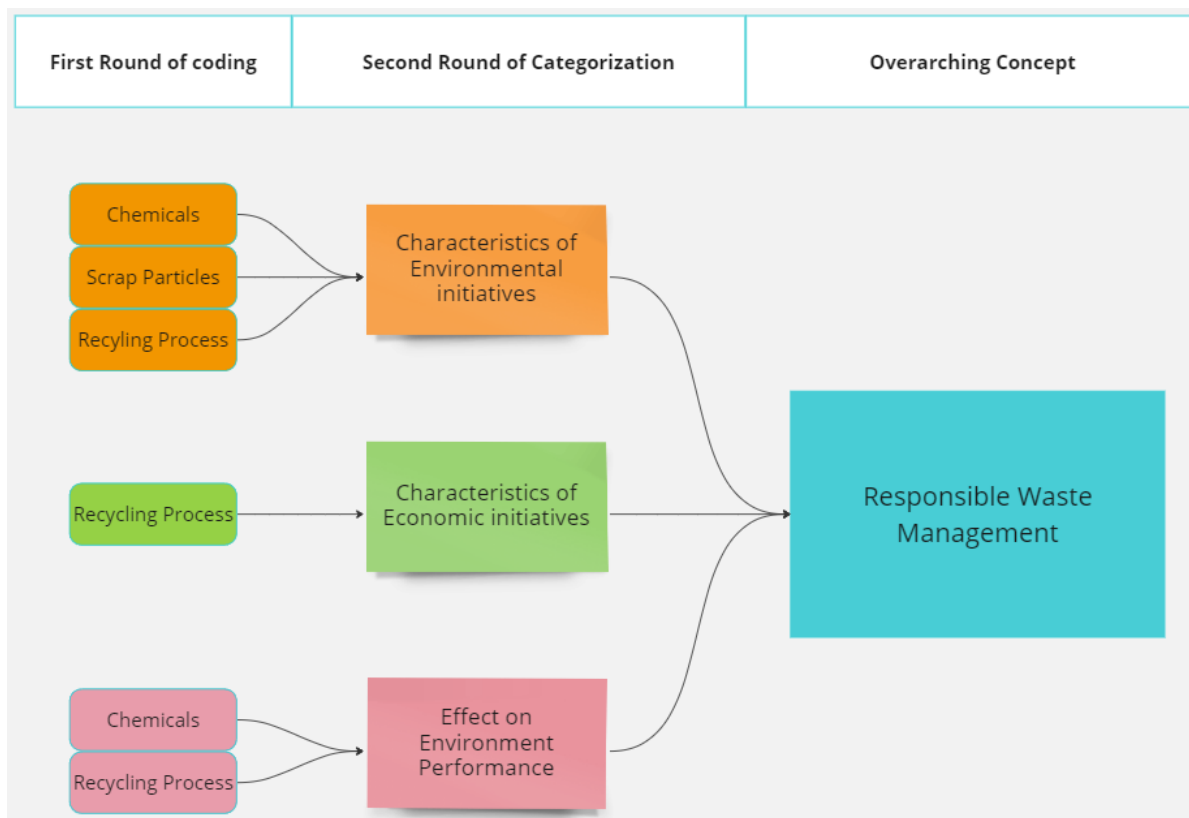


Figure 2. Responsible Waste Management concept, adopted by the researchers.

Alpha has taken an approach of increasing ecofriendly products for cleaning their products and that chemicals do not get released out in the nature. *“Five years ago each terminal had their chemical list and in they could be a bit different in the different places. Now we have one list that we have taken away some of the chemicals so that we have a fewer ones and more eco friendly ones.”* (Interviewee 3). Alpha makes sure no harmful chemicals or pollution are being released into nature after the cleaning process. *“We clean the water to make sure that there's no chemicals or no pollution when we release the water into the lake.”* (Interviewee 2).

Scrap particles refer to the particles that remain in the water after they wash their products. It was mentioned that Alpha is trying to use filters to avoid letting scrap particles into the lake. *“We don't know how much microplastics that when we wash the crates and pallets, there might be lots of microplastics and we try to find out some filters to use so no microplastics will go out, and the system's either but it's difficult to find a good way to measure if it works because the technique is not there”* (Interviewee 4).

When Alpha has unmendable products, they will sell the discarded plastic products or making sure their products are being recycled and used for making new products for themselves. *“[...]we grind down the crates and reuse the raw material to create new crates, which made us into one of the most circular business models [...] Whereas the*

plastic pallet, we recycle them [...] therefore the plastic is recycled and reused to become other plastic items such as shampoo bottles.” (Interviewee 2). “We will send it to another company to ground down the material, and then they will send the material to our manufacturer of the crates.” (Interviewee 2). “... when the crates are broken and we can't reuse them. [...] we send to the producer of the crates [...]. They will use our own material to create new plastic crates so that we reuse our own material.” (Interviewee 2). Alpha can also collect an income from such activities by selling those that can't be fixed. The high quality of their products makes it possible for the products to be reused and sold. “[...] We have different kinds of pallets, but our biggest pallet is when we can't fix them anymore, we sell the plastic. The good thing about the plastic, that it's virgin is that it has a very high quality. So, we can sell it. We earn a lot of money. Because many companies can use our broken pallets because the plastic is a very high quality and then it will be used to other plastic products” (Interviewee 4). All the interviewees mention that Alpha's plastic products are being re-used instead of going to waste.

4.5 Optimizing Transportation

Optimizing transportation consists of subthemes means of transportation and energy source impact. The code under subtheme Means of Transportation was electric vehicle. The codes under subtheme Energy Source Impact were biofuel, fossil free, and footprint. These codes relate to how Alpha is improving their transportation management, therefore an overarching concept named Optimizing Transportation was created. These codes show which initiatives Alpha is undertaking to decrease emissions as well as the effect it has on their economic and environmental performance. Examples of such initiatives are how Alpha is using electric trucks for transporting their products, using biofuel as an energy source, aiming to be fossil free, and the use of their plastic products lowers carbon emissions. The categories that constitute optimizing transportation are characteristics of environmental initiatives, effect on economic performance and effect on environmental performance. The codes belonging to each category are as follows,

Characteristics of environmental initiatives: electric vehicle, biofuel, and fossil free

Effect on economic performance: biofuel

Effect on environmental performance: footprint, biofuel, fossil free, and electric vehicle

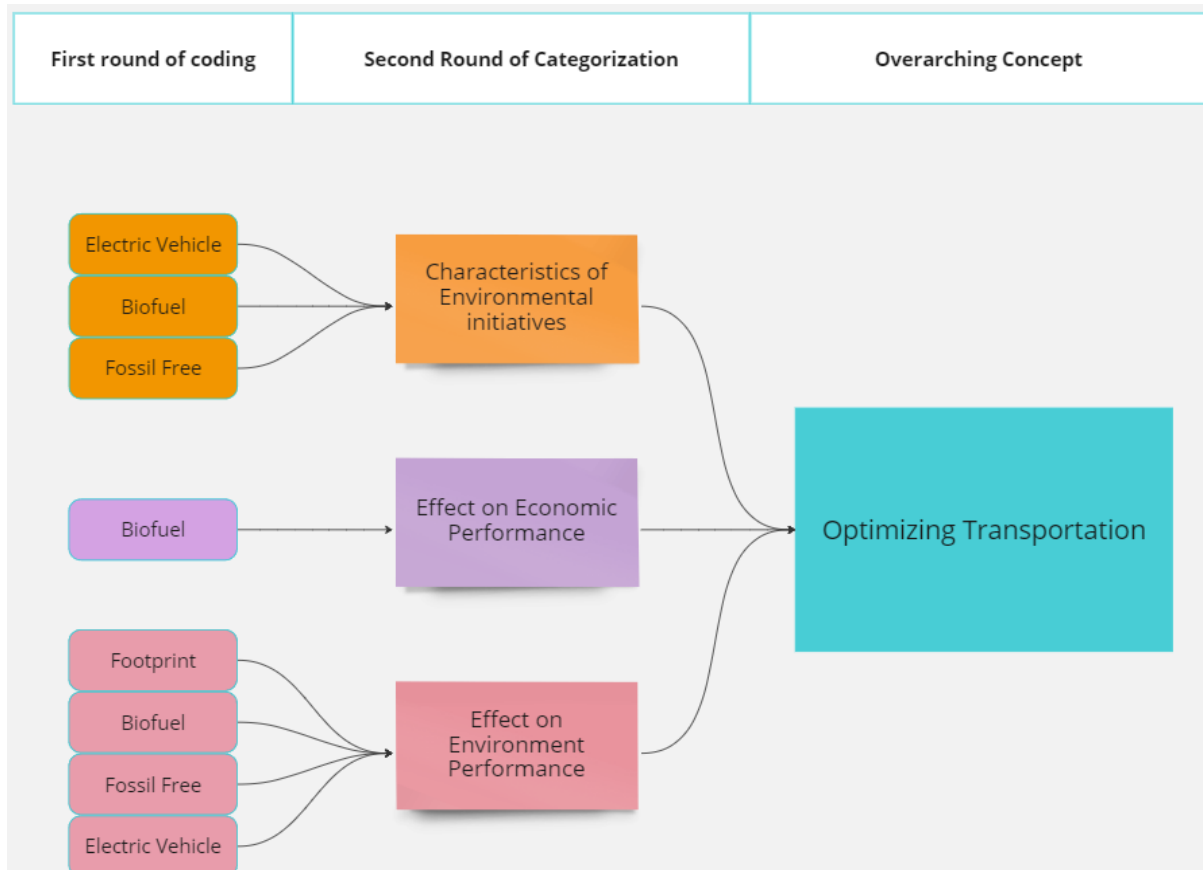


Figure 3. Optimizing Transportation concept, adopted by the researchers.

Alpha is using electric vehicles for transportation through one of their transport suppliers “*We have been involved in electric lorries, which one of our transport companies has*” (Interviewee 2). Alpha is investigating the possibility of optimizing energy systems by creating charging stations for electric vehicles at their site. “*We are going to look at how to create optimized energy systems on these terminals, so we are trying to with our solar panels [...] charging stations for trucks, to actually have that on our terminals. So that the electric trucks can charge at our site*” (Interviewee 2). There are challenges with the use of electric vehicle for long distance transports due to their insufficient battery capacity. “*...The batteries must be improved so the car can go longer distances, because at the moment they can go quite short*” (Interviewee 2). Furthermore, the usage of electric vehicle for transportation of big volumes are not there yet. “*So quite long transports and very big volumes and there you don't have these electric Trucks, they're coming through but they're not there yet*” (Interviewee 3).

Interviewee 2 mentions that Alpha is using biofuel, “*We also use biofuel.*” (Interviewee 2), in addition to using electric vehicles. Interviewee 1 mention that Alpha is one of the largest purchasers of freights in Sweden and that they have high demands on their own transport suppliers, as they want transporters to use more biofuel even though it comes at a higher cost for Alpha. “*...we're one of the largest purchasers of freights in Sweden. We do have quite strong demands on our own suppliers on transports. So, we actually pay a little bit extra for the freight for them to turn into more biofuels...*” (Interviewee 1).

Alpha aims to be fossil free and wants to reach that goal earlier than the national goal suggests. “*We've been very ambitious in our targets and in our demands in the transport area we have a goal to be fossil free in Domestic*

transportation till 2025 and the national goal is 2030” (Interviewee 3). Alpha faces challenges when they try to reach that goal due to the big volume and long distances. “It’s a bit more tricky to become fossil free when you have these big volumes and the longer areas to transport them” (Interviewee 3). Another option Alpha is using is transportation by train. “when we supply down to Europe, we try to put as much as we can on the train as well. But a lot goes on the tracks of course...” (Interviewee 1).

Alpha is contributing to lowering the climate footprint by using trains as much as possible. *“We tried to go by train as much as possible especially [City 3], [City 4] and places like that. You get so focused on the things that have the most impact on the climate footprint, but the definitely we have stuff like that. We are certified ISO 14,000 as well” (Interviewee 3). Alpha is also using electric vehicles and train transport in consideration to reduce their carbon footprint. “We have been involved in electric lorries, which one of our transport companies has. [...] We are very interested in how we can reduce our carbon footprint. Electric vehicles are interesting, but we also use train transport. [...] We want to have fossil free transport in 2025 [...] It’s quite hard goals because we’re very transport company, we use a lot of heavy trucks.” (Interviewee 2). They are showing initiatives to handle the climate footprint, and prioritizing where they contribute to the most climate footprint. “... We measure our climate footprint, and we try to break it down as much as possible. So, we can see where we have the most climate footprint and then we see what we can do in those areas first. So that’s kind of our approach. We try to measure as much as possible and look where we can have the most impact on actions” (Interviewee 3).*

5 Theoretical Discussion

5.1 Drivers of sustainable transformation

Issues of sustainability are believed to be a driving force for companies to be more sustainable. In this section it will be analyzed what Alpha did and what kind of initiatives they acted upon, reactively or proactively. As previously mentioned by Groza et al., (2011), initiatives can be characterized as proactive or reactive actions taken with the aim of accomplishing a specific goal or vision.

Alpha was made by its customers as a collective initiative to undertake a challenge the industry was facing (Interviewee 1). Interviewee 1 elaborates more that the food industry was challenged by the one-use cardboard box which was not completely recyclable and would cause waste. Alpha was made and designed a new product that was more environmentally friendly. Ganescu and Gangone (2017) describe the importance of good relationships with the stakeholders in terms of being socially responsible. Interviewees 1 and 2 explain that Alpha always considers environmental responsibility in their actions and since they are connected to the stakeholders, which owns Alpha, it was a beneficial cooperation from the start. Interviewee 4 emphasizes the economic performance is important but being environmentally conscience in their actions has more significance in Alpha. Anyhow, Interviewee 1 mentions that Alpha has a target on long term solidity from their owners, but their goal is not to maximize profit. This indicates that Alpha is having a comprehensive plan for the future, which supports Spangenberg's (2005) definition of sustainability.

The climate crisis has resulted in reactive actions as we see Alpha has the environmental thought on all the decisions they make and problems such as biodiversity has the company's attention which was mentioned by Interviewee 4. Since Alpha is owned by its customers the demands on them are a drive to find new techniques and initiatives to tackle challenges of the food industry in sustainability (Interviewee 1; Interviewee 3).

This can be seen as a reactive initiative since they are responding and relying on external information, such as the demands from their customers, which will result in minimizing possible negative effects, as suggested by Groza et al. (2011). By having such environmental initiatives, both Alpha and the owners will benefit, the owners attain the desired outcomes and Alpha fulfills its goal of being environmentally sustainable. As for the owners, they can reflect on the initiatives and take them back to their organizations for implementation. That correlates with the suggestion Itotenaan et al. (2014) makes in their research where the importance of following guidelines and involving stakeholders is deemed a key characteristic.

What drives Alpha to be presented as a good case is their achievement of being ahead of the regulations the government set for the companies to be fossil free by 2030 and the fact that they want to be a role model for other companies to follow their initiatives (Interviewee 1; Interviewee 3). The goal for Alpha is to be fossil free by 2025 which will place it ahead of regulation (Interviewee 3). Interviewee 3 explains they want to be responsible in society and do their part and push others forward. The action of attempting to surpass goals and aspiring to be a role model shows a proactive approach, as the company has the aspiration to stay ahead and preserve the environment as suggested by Baah et al. (2020).

Alpha has transformational groups that work towards the improvement of their sustainable initiatives, concerning all aspects (Interviewee 1). Based on the opinions of interviewees 1, 2 and 3, they have the ambition to work towards the goals of improving sustainability and identify and offer solutions for sustainability. Interviewees 3 and 4 describe that this ambition comes internally from the employees that are concerned about sustainability thus choosing to work in Alpha and externally from the owners which are also the customers that want them to be socially responsible. Bapat and Upadhyay (2021) suggest that the companies that emphasize CSR will earn the trust of their employees and derive engagement from them. Interviewee 1 mentioned the employees' perception of sustainability changed for many colleagues after joining Alpha as they paid more attention to their habits and implied personal initiatives in their own lives. The action of using transformational groups is dedicated to improving their sustainable initiatives show proactive approach, as they work towards improving sustainability. Additionally, the internal drive for sustainability comes from concerned employees, meanwhile external drive comes from owners/customers that desire them to be socially responsible. This reflects a reactive aspect, considering that Alpha reacts to the expectations and demands of both employees and owners.

5.2 Resource Management

Regarding resource preservation, Fairbrothers et al., (2019) discusses that sustainable environment in business context involves preserving natural resources. Alpha's repair station can be a cost cutting initiative, as their products are expensive to buy, but also an initiative to preserve the environmental resources (Interviewee 1). When Alpha is repairing the broken products, it will aid them financially as they do not have to use economic resources to invest in buying new products when they break (Interviewee 1). This is a way for Alpha to avoid exploiting economic resources, as suggested by Spangenberg (2005) that exploiting short term economic resources is an unsustainable practice. The effect of repairing can be seen as positive both for the environment, as well as for the financial performance of Alpha. This aligns with the idea from Orlitzky et al. (2003), who found a positive relationship between environmental performance and financial performance.

Alpha's products are expensive to buy and kept in stock at a substantial cost, as mentioned by interviewee 1. Alpha is trying to reduce inventory stock by improving their processes. Improved processes may lower the cost in the profit & loss statement, as indicated by interviewee 1. Consequently, improved processes can lead to an improved financial performance. Carroll (1991) mentions that a company's economic responsibility is to operate efficiently. This can be evident as Alpha is looking into improving their processes to operate more efficiently, which indicates that the company is taking an approach to being economically responsible. If Alpha improves its processes and subsequently does not need to buy as many new products, it may also save the natural resources. What can be assumed is that the initiative of improving processes will positively affect both the financial performance of Alpha as well as the environmental performance of Alpha. This supports the notion of Orlitzky et al. (2003), who found a positive relationship between environmental performance and financial performance.

The installment of solar panels may benefit Alpha in the long run by reducing the need to purchase electricity from external sources. Alpha's electricity needs are generated 50% by solar panels (Interviewee 2). The cost of the solar panels was not mentioned by the interviewees. However, the newly installed solar panels support Alpha with electricity, thus less electricity needs to be bought from external actors. Alpha is exploring the use of solar-generated electricity for charging stations for electric vehicles (Interviewee 2), which can potentially align with their goal of being fossil free. This demonstrates the company's adoption of renewable energy sources. There are

costs associated with environmental initiatives, such as installing solar panels, that can lead to long-term economic prosperity (Ahmad et al., 2021). Solar panels are a substantial investment for Alpha, with the potential for long-term economic profit. Alpha recognized that in order to achieve environmental sustainability goals, they must sacrifice short run profits.

Interviewee 3 mentions how Alpha has a circular model and that takes around 11-12 years to go plus economically. Alpha buys products that will have a long lifespan due to their high quality, but they are expensive to buy initially (Interviewee 3; Interviewee 4). Assumptions can be made that products with a long lifespan circulating in their business for an extended period contributes to avoiding frequent investments in new products, thus saving economic resources. Furthermore, if the product is made to last for a long time it will save the natural resources in the long run. Ahmad et al. (2021) have found that organizations who invest in environmental initiatives improves the environmental footprint and economic performance of organizations. The long lifespan of the products will improve the economic performance of Alpha in the long run, as the initial investment of expensive products will survive for a long period of time.

Alpha's implementation of using new techniques such as thinner wrappers which lowers consumption and recycled material, highlights the significance of optimizing packaging and reducing material consumption to minimize environmental impact (Interviewee 3). These processes align with the principle of preserving resources and sustainable business practices which Fairbrother et al., (2019) discusses. By transitioning to a circular economy and optimizing resource efficiency, firms can improve their environmental performance (Velenturf & Purnell, 2021; Ahmed et al., 2022). This demonstrates the significance of Alpha's waste management and treating waste as a valuable resource that can be recycled. Embracing the principles of having a circular economy can contribute to a more sustainable environmental performance. Additionally, Alpha is looking into new materials such as biomaterial and recycled plastics (Interviewee 3). The biomaterial is mentioned by interviewee 3 to come at a higher cost, which may indicate how an environmental initiative impacts the economic performance of the company. No indication was provided on how that will affect Alpha's economic performance in the short run or the long run. Ayayi & Wijesiri (2022) mentions that a high level of environmental performance negatively influences the financial performance. Ahmad et al. (2021) explain that environmental initiatives improve the economic performance of organizations in the long run. If the initiative of using more expensive biomaterial will affect Alpha's economic performance is still unknown, it can depend on the lifespan of such products and how many times the products can be used, but an assumption can be that it will be more costly for Alpha.

5.3 Responsible Waste Management

Interviewee 2 highlights the company's commitment to clean the water before its released into the lake to ensure that no chemicals or pollution is being released into the lake. This reflects the industry trend of minimizing waste (Chen & Tan, 2021). Interviewee 3 mentioned that eco-friendly chemicals are being used. This shows that Alpha is investing in environmentally friendly products which results in a positive impact on the environment, thus supporting Alhaddi (2015) that states the environmental aspect of TBL is to be environmentally friendly.

Interviewee 4 mentions that they do not know how many scrap particles are being released. Alpha is trying to implement the use of filters to avoid letting microplastics into the lake to cause damage to the environment (Interviewee 4). Plastic is a product that has severe problems on a global level and it is crucial to address the

world's resources (Satapathy, 2017). Specifically, microplastics released into nature has the consequence of entering the human body as well as entering the aquatic ecosystem (Visual Feature | Beat Plastic Pollution, 2022). Interviewee 4 shows that Alpha has acknowledged that they are trying to take preventative methods to tackle this issue, however it is questionable if they have the technique in place yet. Nevertheless, the company shows initiative that they are currently looking into the use of filters and want to take a transition approach toward a more sustainable use of practices. However, because the technique is not there yet, it may currently have a negative effect on the environmental performance.

Alpha is using a recycling process. They grind down their plastic products which can later be made into same products or other plastic products (Interviewee 2; Interviewee 4). Tanveer et al., (2022) explains that a circular model is a modern technology that treats waste as a valuable resource, which can then be transformed into daily used products. In other words, Tanveer et al., (2022) emphasize the importance of waste management and transforming waste into valuable resources. Interviewee 2 explains that because of the use of high-quality plastic in their products, they can be recycled and reused for other plastic items, like shampoo bottles. This process reflects a circular model and a circular economy that Alpha is using. According to Velenturf & Purnell (2021), the circular economy involves improving resource efficiency, optimizing production system as well as increasing production. By using a circular economy, like Alpha does, they contribute to improving resource efficiency. This aligns with the idea of waste management and the use of a circular economy. The practice allows the company to optimize their use of materials and resources and can reduce their reliance on virgin materials. Ahmed et al. (2022) stresses the importance of the circular economy model as one of the most promising models for achieving future sustainable development. This suggest that transitioning from a non-renewable resource to a more sustainable practice that Alpha has done, can improve their environmental performance, in the sense of improving resource efficiency and optimizing the production system (Velenturf & Purnell, 2021). These processes align with the principle of preserving resources and sustainable business practices that Fairbrother et al., (2019) discusses. By transitioning to a circular economy and optimizing resource efficiency, firms can improve their environmental performance (Velenturf & Purnell, 2021; Ahmed et al., 2022). This demonstrates the significance of Alpha's waste management and treating waste as a valuable resource that can be recycled. Embracing the principles of having a circular economy can contribute to a more sustainable environmental performance.

Additionally, Interviewee 4 mentions that Alpha sells their broken plastic products to other companies who can make new products out of Alpha's broken products, thus collecting an income from that. Alhaddi (2015) mentions that contributing to the economic system is an important part of the economic dimension. When Alpha is selling their products, they are contributing to the economic system, thus supporting other companies with material while gaining an income from the sold products. In this way, Alpha is supporting future generations with a responsible way to handle waste as new products can be made of their old material.

5.4 Optimizing Transportation

The integration of solar panels to generate electricity and the aim to reduce carbon footprint is to reach the goal of being fossil free by Alpha (Interviewee 2; Interviewee 3), aligns with the broader goals of environmental sustainability and reducing the dependency on fossil fuels (Fairbrother et al., 2019). Interviewee 3 mentions that Alpha measures its footprint and takes actions where they can have the most impact. Satapathy (2017) highlights that it is important to take actions to address the concerns regarding the world's resources. This indicates that

Alpha is trying to minimize its footprint by integrating sustainable practices. Alpha is investing in transportation which uses biofuels and has installed charging stations for electric vehicles which are also used for transportation (Interviewee 2). Subsequently, reduces the use of carbon dioxide emissions and reflects the transition to a more sustainable transportation method (Chen and Tan 2021). Ahmad et al. (2021) emphasizes that investing in environmental initiatives can improve the environmental footprint of organizations in the long run. These findings suggest that the sustainable initiatives positively influence environmental performance. By implementing environmentally friendly practices, Alpha can reduce its environmental impact and contribute to sustainability. However, Alpha is mentioned by interviewee 1 to be one of the largest purchasers of freights in Sweden. Alpha has high demands on its own transport suppliers and pays extra for them to use biofuel (Interviewee 1). This is an environmental initiative that comes at a higher cost for Alpha. Because Alpha has to invest more economic resources into using biofuel, it may imply a reduction in its financial performance. Ayayi & Wijesiri (2022) found that a higher level of environmental performance negatively influences the financial performance, which may be the case regarding Alpha's initiative to use biofuel.

Governments are taking action to address the environmental sustainability issues by using regulations (Agyeman & Evans, 1997), including the use of carbon emissions by increasing taxes (Regeringen & Regeringskansliet, 2022). An external push for the company is reaching the national goal of being fossil free in domestic transportation by 2030, however Alpha has pushed themselves to reach that goal before the national goal recommendation (Interviewee 3). However, interviewees 2 and 3 mention that it is a challenge for Alpha to achieve such a goal as they rely upon heavy trucks and covering long distances. Factors Alpha has applied to reduce the fossil fuel is the usage of electric vehicles, trains, and biofuel. The consequence of using biofuel comes at a higher cost (Interviewee 1) and the challenges posed by electric vehicles are their challenges to cover long distances due to insufficient batteries (Interviewee 2). It is evident that Alpha is directing its attention towards this goal. However, the economic consequences of using electric vehicles and trains are unknown, but using biofuel is confirmed by interviewee 1 to come with a higher cost for Alpha. It can be assumed that transitioning from fossil fuel to train, electric vehicles or biofuel may have a positive impact on the environment, as less carbon dioxide will be emitted, thus improving the environmental footprint (Ahmad et al., 2021).

6 Conclusions

The present study is a case study of a wholesaling company with its base in Sweden. The method chosen for this study was qualitative and the method of analysis was chosen to be thematic with an inductive approach.

The researchers investigated the characteristics of an SME's sustainability initiatives operating in the wholesale industry and the relation between remaining profitable and being environmentally friendly. The purpose of the study at hand is to firstly explore the characteristics of the initiatives, and secondly to analyze the effects on economic performance and environmental performance. The accumulated knowledge adds to the existing literature and provides guidance to the actors of the industry in solving the challenges they may face. The present study presents two research questions, which were derived from existing literature and reads as follows:

RQ1: What are the characteristics of sustainable initiatives in SMEs?

RQ2: How do the sustainability initiatives affect the economic performance and the environmental performance within SMEs?

Alpha has shown to be taken both proactive and reactive action in their pursuit of sustainability. The company has taken proactive steps to address environmental concerns, by setting its own goals and actively trying to improve their operations beyond external pushes. The company has also taken reactive action regarding the demands and feedback from their owners, customers, and employees. Alpha has combined both approaches striving to achieve their sustainability goals.

The findings of this study indicate that Alpha has implemented various environmental initiatives in response to the climate crisis. These initiatives include various practices aimed at addressing the climate crisis, minimizing waste, promoting resource preservation, implementing techniques to tackle environmental issues, adopting renewable energy sources, and implementing a circular economy model. The initiatives that Alpha has implemented align with the existing literature on environmental sustainability, which highlights the importance of waste management, renewable energy adoption, resource preservation and the transition to using a circular economy. The implementation of these initiatives shows the commitment Alpha has made to sustainable practices.

The economic initiatives Alpha has implemented were more challenging to distinguish, as Alpha's focus was on environmental sustainability. What can be concluded is that Alpha's initiatives may come from an economic aspect as well as from an environmental aspect. Findings indicate that Alpha's actions were taken mainly for sustainable reasons, but the economic aspect was not disregarded. Furthermore, initiatives regarding responsible waste management and resource management have the characteristics of cost-cutting, source of income, and avoidance of economic resources exploitation.

In relation to TBL, Purvis et al., (2019) mention the three aspects of environmental, social, and economic are connected with sustainability at their intersection. In this study, it was discovered that the environmental aspect and then economic aspect had more emphasis, while less focus was directed towards the social aspect.

The characteristics of sustainability initiatives detected in this study were considered to have a simultaneously positive impact on both the environmental performance and the economic performance of Alpha, while some sustainability initiatives were considered to have a positive impact on the environmental performance and a negative impact on the economic performance of Alpha. Thus, findings from this study aligns with Orlitzky et al. (2003), who found a positive relationship between environmental performance and financial performance, Ahmad et al. (2021), who have found that organizations who invest in environmental initiatives improve the environmental footprint and economic performance of organizations, and Ayayi & Wijesiri (2022), who mentions that a high level of environmental practices negatively influences the financial performance.

As a contribution, this study discovered that SMEs who want to be more sustainable are suggested to focus on integrating and improving initiatives in the areas of responsible waste management, resources management and optimizing transportation. Additionally, SMEs that are handling plastic products should acknowledge that environmental performance and sustainability performance are connected.

7 Future Research

The current study has highlighted the different initiatives of an SME and their effect on environmental and economic performance. It is, however, important to recognize that there are different directions in which the study can be explored and investigated. Future studies may address the limitations of this study which should be acknowledged. Future research is encouraged to explore other SMEs within the wholesaling industry. Moreover, an increase in the sample size where the participants are from these different SMEs may add new information to the findings. This will create stronger validity and can contribute to expanding the overall understanding of this industry. Future research could also further explore and compare the effect of purchasing products at a higher cost on the long-run and short-run economic performance and whether the potential benefits outweigh the cost. In addition, the researchers suggest that companies can look into the areas that have been identified in the overarching concepts and recommend that future studies investigate the extent to which companies are emphasizing these areas.

7.1 Managerial Implications/recommendations

The firm operating in the wholesaling industry benefits from looking into new initiatives that will improve its sustainable goals. If companies wish to operate sustainably, attention should be directed towards how they are handling their waste management, their resource management, as well as how they can optimize their transportation of goods. It should be noted that some initiatives that improve environmental performance may come at a higher cost.

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Appendix

Appendix A – Interview questions

General questions	Purpose of the question
What's your position in the company?	To establish where their knowledge and experiences come from
How long have you worked in the company?	Add to the validity of the persons' experience as to how it can benefit our research.

Question relating to environment	Purpose of question	Derived from literature
Is the company taking approaches to be environmentally sustainable (if yes why?)	The reasons for their approach to being green, if they are.	Myllyviita, Antikainen & Leskinen, 2017.
Can you describe the company's approach to being environmental	What actions or approaches are they taking	Wu & Pagell 2011.
Are you undertaking any environmental initiatives in regard to protecting the environment?	Understanding if the intentions are to protect the environment	Alhaddi, 2015.
How are you preserving the environment's natural resources in your process?	Understanding initiatives such as water management, chemical waste management, etc.	Fairbrother et al. 2019.
Potential sub question: What happens with the water/chemicals after the products have been washed.	To examine how sustainable they are in disposing of resources that may harm nature. Potentially could measure the relation to the cost and be environmentally sustainable depending on their answer.	Observational: they use chemicals to wash their products.

Question relating to Social	Purpose of question	Derived from literature
How does the company operate in terms of ethical and social responsibility?	To identify if they are aware of the initiatives they are taking and if how they are tackling these initiatives	Carroll, 1991. Schrettle, Hinz, Rathje, & Friedli 2014.
Are you taking initiatives to prevent your stakeholders from getting involved in corruption? Sub-Q: What are the drivers and consequences of such initiatives?	To identify related initiatives regarding anti-corruption and being socially responsible	Ganescu and Gangone, 2017.

Questions relating to Economic	Purpose of question	Derived from literature
Can you discuss any cost-saving measures that the company has implemented as part of its sustainability initiatives?	For RQ2: Find out if their cost has a relation to the environment	Orlitzky, Schmidt & Rynes, 2003. Ahmad et al., 2021. Pham, Anh, Doan, Nguyen, & Pham (2021)
Can you describe the company's long-term financial goal and how it plans to achieve these goals while maintaining its commitment to being environmentally sustainable?	The economic and environmental initiatives can have a positive effect in the long run. Want to see they are looking into it and if this is applied to this company.	Ahmad et al. (2021) Observation from fieldtrip

Question relating to initiatives	Purpose of question	Derived from literature
What are your motives for implementing environmental initiatives?	Finding the driver for initiatives, reactive or proactive approach	Baah et al. (2020)
What are the responses from the customers when you implement environmental initiatives? How can you tell if your stakeholders think your efforts are working? (How do you identify the effectiveness of such initiatives perceived by your stakeholders?)	understanding the reaction of people external to the company to the initiatives implemented	Groza et al. (2011)

Questions relating to Circular Economy	Purpose of question	Derived from literature
How is your company managing the reuse and waste of plastic products?	understanding if and how they are recycling/reusing their products	Kirchherr et al. (2017), Observation from the field trip