Sustainable development by force?
Stakeholder influence and strategic response towards sustainable development

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ABSTRACT

Earlier, sustainable development was perceived as a hindrance to economic growth. This seems not to be the case today because strategies towards sustainable development are becoming more common, especially in nonprofit organizations. Sustainable development is about creation of strategies that include wellbeing of present and next generations. This shows that it is important for today’s organizations to be sustainable. However, stakeholders have a part to play in this since they are capable of influencing organizations towards sustainable development. To these influences organizations respond either in a proactive or defensive way. As a result the purpose of this study is to investigate the stakeholders’ influences on sustainable development in a nonprofit organization and how this nonprofit organization responds to these influences strategically. After looking at previous literature about relevant concepts, three research questions were formulated. This study is a case study where in five in-depth interviews have been carried in a Swedish nonprofit organization with an ongoing project about sustainable development. In the course of the study it became clear that there are several important aspects to consider when thriving for sustainability. Furthermore, some stakeholder groups possess more power to influence sustainable development and the organizational response might not have to be exclusively proactive or defensive. Lastly results of this study show that important identified factors of sustainability in this organization are economic, environmental and social. The internal stakeholders are the ones influencing sustainable development in this particular organization and the organization responds by creation of proactive strategies.

Keywords: Strategy, Sustainable development, Stakeholders, nonprofit organizations.
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# TABLE OF CONTENTS

1. INTRODUCTION ................................................................................................................. 1  
   1.1 Background ..................................................................................................................... 1  
   1.2 Problem discussion ......................................................................................................... 2  
   1.3 Purpose ......................................................................................................................... 3  
   1.4 Delimitations .................................................................................................................. 4  
   1.5 Outline of thesis ............................................................................................................. 4  

2. THEORETICAL BACKGROUND ......................................................................................... 5  
   2.1 Sustainable development .............................................................................................. 5  
      2.1.1 Environment ............................................................................................................ 7  
      2.1.2 Economy ............................................................................................................... 7  
      2.1.3 Social .................................................................................................................... 7  
   2.2 Organizational stakeholders ......................................................................................... 7  
      2.2.1 Importance of the stakeholders ............................................................................. 9  
      2.2.2 Influences of the stakeholders ............................................................................. 10  
      2.2.3 Stakeholders and sustainability ............................................................................ 10  
   2.3 Proactive-reactive (Defensive) strategy ....................................................................... 12  

3. RESEARCH QUESTIONS .................................................................................................. 16  
   3.1 Research problem and research discussion ................................................................. 16  
   3.2 Research questions ....................................................................................................... 16  
   3.3 Proposed research model ............................................................................................. 16  
      3.3.1 Modified research model ...................................................................................... 17  

4. METHODOLOGY ............................................................................................................. 19  
   4.1 Research design ............................................................................................................ 19
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2 Research approach</td>
<td>20</td>
</tr>
<tr>
<td>4.2.1 Qualitative versus quantitative</td>
<td>20</td>
</tr>
<tr>
<td>4.2.2 Inductive versus deductive research</td>
<td>22</td>
</tr>
<tr>
<td>4.3 Data sources</td>
<td>23</td>
</tr>
<tr>
<td>4.4 Research strategy</td>
<td>24</td>
</tr>
<tr>
<td>4.5 Data collection method</td>
<td>25</td>
</tr>
<tr>
<td>4.6 Data collection instrument - Operationalization</td>
<td>27</td>
</tr>
<tr>
<td>4.6.1 Operationalization and measurement of variables</td>
<td>28</td>
</tr>
<tr>
<td>4.6.2 Interview guide</td>
<td>31</td>
</tr>
<tr>
<td>4.6.3 Pretest</td>
<td>32</td>
</tr>
<tr>
<td>4.7 Sample selection</td>
<td>32</td>
</tr>
<tr>
<td>4.8 Data analysis</td>
<td>33</td>
</tr>
<tr>
<td>4.8.1 Qualitative analysis</td>
<td>34</td>
</tr>
<tr>
<td>4.9 Quality criteria</td>
<td>35</td>
</tr>
<tr>
<td>4.9.1 Content validity</td>
<td>35</td>
</tr>
<tr>
<td>4.9.2 Construct validity</td>
<td>36</td>
</tr>
<tr>
<td>4.9.3 External validity</td>
<td>36</td>
</tr>
<tr>
<td>4.9.4 Reliability</td>
<td>37</td>
</tr>
<tr>
<td>4.10 Chapter Summary</td>
<td>37</td>
</tr>
<tr>
<td><strong>5. EMPIRICAL DATA</strong></td>
<td></td>
</tr>
<tr>
<td>5.1 Secondary data</td>
<td>39</td>
</tr>
<tr>
<td>5.1.1 Sustainable development</td>
<td>39</td>
</tr>
<tr>
<td>5.1.2 Influences of internal/external stakeholders</td>
<td>40</td>
</tr>
<tr>
<td>5.1.3 Proactive/defensive strategy response</td>
<td>41</td>
</tr>
<tr>
<td>5.2 Primary data</td>
<td>41</td>
</tr>
</tbody>
</table>
LIST OF FIGURES

Figure 1. Interactions between the main sectors of Sustainable Development..................6

Figure 2. Stakeholders approach.................................................................8

Figure 3. Typology of strategic responses to ethical consumerism..............................14

Figure 4. Retail responses to ethical consumerism.............................................15

Figure 5. Modified Matrix; A typology of strategic response to stakeholders..............17

Figure 6. Theoretical, methodological and result connections.................................28

Figure 7. Connection of identified variables.....................................................29

Figure 8. Identified Plan towards sustainable development in Malmö municipality.......49

Figure 9. Identified stakeholders in Malmö municipality.....................................51

Figure 10. Identified stakeholders’ influences in Malmö municipality......................54

Figure 11. Position of Malmö municipality in the research matrix..........................58

LIST OF TABLES

Table 1. Characteristics of Qualitative and Quantitative Research........................21

Table 2. Definition and operationalization.....................................................29

Table 3. The interview guide...........................................................................31

Table 4. Summary of research methodology..................................................38

Table 5. Summary of research conclusions....................................................63
1. INTRODUCTION

The introductory chapter provides an overview of the subject and the main incentives of this research. It unwraps with a discussion on how the aspect of sustainable strategy has developed over the past years as well as a short description of the research case. This is then followed by the research problem that leads to the purpose of the study. Lastly, the chapter ends with the delimitations and the outline of the thesis.

1.1 Background

To ensure well-being and survival, humans are dependent on the natural environment (EPA, 2013). In order to protect health and environment people need to make sure that they have access to water, materials and resources now and also in the future. When humans and nature exist in creative harmony, fulfilling social, economic and other requirements of current and future generations, sustainability arises (EPA, 2013).

Sustainable development is an important topic around the world and has been discussed since 1978 in the European Union (European Commission, 2012). European Union is a political and economic partnership between 27 countries of European continent (European Union, 2013). In 2001, European leaders launched a strategy for sustainable development. Strategy is defined as a long-term path of an organization (Johnson, Whittington & Scholes, 2011). The launched strategy contained policies, objectives and new approaches about how to tackle unsustainable trends and make social, environmental and economic policies mutually reinforcing. Even though much progress has been achieved towards realizing these strategies, there still exist instabilities and threats in the world. These instabilities and threats are for example the widening gap between rich and the poor people, terrorist threats, changes in the world economy, climate changes, unsustainable trends, violence etc. Because of these threats and instabilities the sustainable strategy created in 2001 by European leaders was renewed in 2006 to focus even more on how to achieve sustainability (European Commission, 2012). By that said, it can be seen that strategies for a sustainable environment are an ongoing process. Better explained, strategies about sustainable development are constant adaptive processes continuing strategic and coordinated actions.
When it comes to sustainability in national areas, all independent countries in the world were urged to make progress in developing national strategies for sustainable development in 2002 and to begin implementation of these in 2005 (IISD, 2013). Narrowing down the topic to Sweden, many Swedish cities consider and maintain environmental efforts and sustainability, one of those cities is Malmö (Malmö stad, 2013).

Many environmental projects are already in progress with partnership between City of Malmö and other companies (Malmö stad, 2013). Recently it was found out that citizens living in some parts of Malmö live about 7 years longer than citizens in other parts of the city. These large differences in health exist due to the lack of conditions for a good health, such as good education, economic, work, housing and social resources. For those reasons, in 2011, Malmö city deployed a politically independent commission whose mission is to develop several strategies for improvement of Malmö residents’ health and living conditions, according to scientific basis (Malmö stad, 2013). This paper is a case study about the above explained project that heads in the direction towards a sustainable Malmö city.

1.2 Problem discussion

When nonprofit and profit organizations are compared in the topic of strategy it is stated that profit organizations strive for returns on investments while nonprofit organization aim for the social changes (Hull & Lio, 2006). A nonprofit organization has often strategic constrains (Ibid) and stakeholder can be a potential issue (Lewis, Hamel & Richardson, 2001). Managers must communicate with the stakeholders and negotiate about the demands and constrains (Ibid). Everything that a nonprofit organization is about to perform must be assessed in consideration to the specific and wide group of stakeholders and their interest. The profit organizations mostly consider their investors, while nonprofit organizations must consider all their stakeholders and provide them with the highest level of service (Hull & Lio, 2006). For instance, in UK, the main reason for why social response has become a strategic component is because the customers demanded more ethical products (Nicholls, 2002). Influences on sustainable strategies in the UK (case) were the customers but there could be other stakeholders who influence as well. Importantly, organizations consist of both internal and external complex relationships (Johnson, Whittington & Scholes, 2011). There are many individuals and groups with different interests and views that depend on the company and that the company depends itself on, these are the people that are called the stakeholders.
Stakeholders are for example partners, customers, citizens, suppliers or regulators of an organization (Ibid). A stakeholder concept of an organization requires both an understanding of the stakeholders’ influences and also how a firm responds to those influences (Rowley, 1997). The pressure that comes from the stakeholders must be managed in some way in order for the organization to survive on the market. Organizational existence is dependent on how good the organization satisfies its stakeholders (Ibid).

Furthermore, by widening on this topic, stakeholders are judging and setting criteria for organizational performance (Bryson, 1988). That is, organizations probably experience a lot of pressure. Organizations face various strategic options when responding to issues concerning environment (Banerjee, 2001). Some organizations are satisfied with meeting the terms of laws and regulations and react to environmental issues when it is necessary, hence this is a reactive response, while others respond more strategically and implement proactive environmental strategies (Melek, et al., 2012). Nicholls (2002) presents a strategy matrix that describes organizations strategic response to pressure from internal and external influences. Two ways of strategic responsiveness are included in the matrix, the defensive and the proactive way (Nicholls, 2002). Defensive response is similar to the previously mentioned reactive approach and it is about creating basic, legal strategies that should not be creatively interpreted. The pro-active approach is about responding through stronger based strategies that stretch outside the legal minimums (Ibid). In sum, it can be suggested that stakeholders influence companies’ strategies and play an important role especially in nonprofit organizations. Consequently, it is important to investigate the stakeholders’ influences on sustainable development and strategic responses in nonprofit organizations. If the sources of sustainable influences can be found, then maybe more organizations could be influenced to be sustainable.

1.3 Purpose

The purpose of this study is to investigate the stakeholders’ influences on sustainable development in a nonprofit organization and how this nonprofit organization responds to these influences strategically.
1.4 Delimitations

Considering the fact that there are millions of non-profit organizations in the world today, this paper is focused on one of such organizations that are Malmö municipality. The reason for this is because this particular organization has an ongoing project about sustainable development that only makes it a suitable platform for this research.

1.5 Outline of thesis

The outline below provides a guide of what will be covered in the seven chapters of this study.

- Chapter 1 discusses how the aspect of sustainable strategy has developed over the past years. It also contains the research problem which is narrowed down to the purpose. This is then followed by the delimitations.
- Chapter 2 presents a literature review on sustainable development, organizational stakeholders and dimensions of strategy (proactive or defensive). This chapter ends with an in depth explanation of the research gap.
- Chapter 3 begins with a brief explanation of the research gap revealed from the previous chapter. It also presents the research questions and concludes with an explanation of the proposed research model for the study.
- Chapter 4 explains and justifies the methodological approach used in this study. It also illustrates how the concepts have been converted to measurable variables.
- Chapter 5 contains the empirical data gathered from the studied case. The first part presents data obtained from primary sources which is then followed by data gotten from the interviews which is the source of secondary data in this research.
- Chapter 6 presents an analysis of the empirical data presented in the previous chapter. This is achieved by comparing the findings with the facts presented in the literature review.
- Chapter 7 is the concluding chapter of the study and as a result, the research questions are answered followed by the study’s theoretical and managerial implications. This is then followed by the research limitations and suggestions for future research.
2. THEORETICAL BACKGROUND

In the following chapter, theories and definitions that are relevant to this research are explained and discussed in a broader way than earlier in the paper. The chapter begins with a review of previous literature in sustainable development, and further on incorporates internal/external stakeholders and proactive/defensive strategies. The literature review is necessary in order to get a broader view of the topic from existing literature and identifying the research gap. This helps to provide possible theoretical answers to the research questions as well as assisting in meeting the research purpose.

2.1 Sustainable development

The concept of sustainable development, as important as it has become, it is also one of the most tenuous and biggest challenges of the twenty-first century (Weenen, 2000). Kelly, et al. (2004), argues that the reason of this may be because the concept of sustainable development is in danger of moving from a state of ambiguity to a cliché without ever having passed through a stage of meaningfulness or comprehensibility. It is essentially for this reason that there is such a wide variety of definitions and interpretations of the concept of sustainability. Nearly two decades ago, Lele (1991) made the observation that sustainable development is a concept that is intuitively understood by many but still very difficult to express in tangible or operational terms, nor indeed is there a commonly accepted understanding of the concept (Haughton & Hunter, 1994). Tait’s (2000) description of this concept casts more light on the reasons for the vagueness. He describes sustainable development as being a social concept which is relevant to the management of a natural resource for human purposes and as such is open to different interpretations, depending on the interests and values which underlie that purpose. This is a view also taken by Kelly, et al. (2004), who further observes that this sense of vagueness has existed even since the publication of “Our Common Future” by the Brundtland Commission. The Brundtland Commission is an organization whose mission is to unite countries to pursue sustainable development together. This commission defines the concept of sustainable development as “development which meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Commission, 1987, p.80). According to Kelly, et al., (2004), the implication of this definition is that sustainable development encompasses not only environmental protection but also economic development and social cohesion. Although, some authors have termed this
definition inappropriate (Lele, 1991; Taylor, 2002; Jabareen, 2008), most believe that it meets most aspects of sustainability (Dale, 2001 and Adams, 2001). Taylor (2002), for instance in his critic argued that it is often difficult to determine the future needs of people in the next generation considering the fact that they may be different from the needs of people today. He further added that the way developed countries interpreted the concept of needs, is completely different from the interpretations by developing countries. According to Dooris (1999), the society is characterized by a gradual convergence of social, economic and environment demands, moving towards a holistic and coordinated whole that fully integrates economy, environment and society. In essence, sustainable development is best explained as being multi-dimensional, and incorporating many different aspects of living, from pursuing environmental protection and maintaining natural capital, to achieving economic prosperity and equity for current and future generations (Ibid). Through the extensive discussion and application of the concept of sustainable development three essential aspects of sustainable development have been recognized (Barton, 2000; Harris & Neva, 2001). In order to illustrate this, Barton, (2000) used a conceptual model with three interconnected sectors (see figure 1).

**Figure 1 : Interactions between the main sectors of Sustainable Development**  
*(Adapted from Barton, 2000)*
The interconnected sectors represent the Society, the Economy and the Environment.

2.1.1 Environment
An environmentally sustainable system must maintain an even resource base, avoiding overexploitation of renewable resource systems and minimized extraction of non-renewable resources (Harris & Neva, 2001). This means that the usage of renewable resources should not exceed the rate at which they are renewed and the extraction of non-renewable resources should not exceed agreed minimum strategic levels (Ibid). This comprises preservation of biodiversity, atmospheric stability, and other ecosystem functions.

2.1.2 Economy
An economically sustainable system must be capable of producing goods and services on a continuous basis, control levels of government and external debt, and avoid extreme sectorial imbalances that damage agricultural or industrial production (Harris & Neva, 2001).

2.1.3 Social
A socially sustainable system must achieve fairness in distribution and opportunity, adequate provision of social services, including health and education, wellbeing, cultural expression gender equity, and political accountability and participation. (Harris & Neva, 2001)

Barton (2000) explains that, there must be a reasonable level of balance of interactions amongst these sectors for the world to achieve sustainable development.

2.2 Organizational stakeholders
The concept of stakeholders was first used in 1963 and has since then expanded in the literature about strategy development (Polonsky, 1995). Most of the studies that have been made suggest that stakeholders and their influences on the organization should be considered when developing strategy (Ibid). Stakeholder of an organization can be divided in two types, the external and internal stakeholders. The external stakeholders of an organization can for example be the customers while the internal stakeholders are often the employees (Löwendahl & Revang, 1998). More specified, external stakeholders of an organization are the competitors, suppliers, distributors, shareholders, policy makers, regulators, governmental
agencies, key adopters, standard agencies, owners and the wider society (Johnson, Whittington & Scholes, 2011). The specific internal stakeholders on the other hand are employees, managers, different department and hierarchical levels (Ibid).

One important question for organizations to ask when developing strategies is; which stakeholders does the specific organization currently serve (Johnson, Whittington & Scholes, 2011)? Each organization has its specific stakeholders that create unique influence patterns. Since it is hard for organization to consider each and every stakeholder, they respond to the corporate continues demand of the stakeholders (Andriof, et al., 2002). Rowley (1997) argues that the degree of resistance to stakeholders demand is determined by the organization central role in the network of stakeholders and also by the mass of the stakeholders in that network (Rowley, 1997). This is because, the density of the stakeholders in the network and the central role of the organization in the network affect the power balance between these two parties (Ibid). In order to avoid problems, companies can develop strategies in alliance with their stakeholders where they cooperate have shared control (Andriof, et al., 2002). For example, proactive strategies can be developed where the stakeholder is engaged in the development process. That should create better relationships between the organization and the stakeholder, reduce the uncertainty and satisfy the stakeholders needs (Ibid). Possible stakeholders of an organization’s are shown in figure 2.

Figure 2: Stakeholders approach

(Adapted from Johnson, Whittington & Scholes, 2010, p. 140)
2.2.1 Importance of the stakeholders

Previous marketing literature suggest to focus primarily on the external stakeholders when making strategic decisions, even though many authors state that successful market orientation is when the focus lies on the internal stakeholders (Lings, 1999). However, having a market orientation by considering both the external and internal stakeholders is seen as a good resource when developing sustainable advantages. Organizations need to have a balanced view of the stakeholders in decision making processes (Ibid). For a company that is involved in economic, social and ecological elements, it is important to recognize and consider both the external and internal stakeholders (Sharma & Henriques, 2005). The literature about the stakeholders recognizes that important stakeholders influence organizational strategies. Stakeholders such as non-governmental organizations and local communities that were viewed as secondary in the past, are much more involved in influencing for social and ecological responsibility today (Ibid). Furthermore, when a company is developing new strategies it is also vital to consider the responsibility towards both the external and internal stakeholders (Polonsky, 1995). If these are not considered when creating strategies, conflicts between the company and stakeholders will arise (Polonsky, 1995). Eventually, these conflicts can only be negative for the strategy development (Ibid). On the other hand, if an organization gets to know its stakeholders and creates good partnership with these; it can be very beneficial for both parties (Harrison & John, 1996). For example, negative publicity and unfavorable legal actions can be reduced (Ibid).

The studies that are examining the concept of stakeholders are growing and becoming more popular (Brugha & Varvasovszky, 2000). These studies analyze for instance stakeholders’ interests, behavior and influence towards organizations. That is done in order to, with the help of the found information; create future organizational strategies and directions (Ibid). These details show that stakeholders play an important role in organizational processes of decision making (Ibid).
2.2.2 Influences of the stakeholders

Both external and internal stakeholders have expectations on the organization which they are connected to (Johnson, Whittington & Scholes, 2011). Therefore, it is very vital to take the stakeholders into account when creating strategies. There are several ways that stakeholders influence organizational strategy. Internal stakeholders that personally identify with the organization, such as owners and funders can influence strategies by strategic leadership. That indicates that the strategy was the intention of the leader. Another way that internal stakeholders influence strategies is by strategic planning systems. Planning departments can act as internal consultants when the organization is making strategic decisions (Ibid).

However, powerful external stakeholders such as such as governments also influence strategic decisions. It may be by reminding the organization of the regulations and in that way manager often feel that the strategies are imposed on them. For instance, nonprofit organizations consider mostly opinions of their donors when creating strategies. Another way of influence is also that sometimes external stakeholders try to influence a company through internal stakeholders (Ibid.).

The stakeholders that are the most interested and have the highest power on the organization usually influence the most (Johnson, Whittington & Scholes, 2011). It is stated that the stakeholders that have legitimate stake in an organization without doubt influence it through ownership or management; however it is important that the wider stakeholders’ interest should also be considered. In some cases, there is a board created, that for example represents stakeholders as employees and bankers. That board influences strategy decisions of an organization (Ibid).

2.2.3 Stakeholders and sustainability

Once it became clear that one should respect the environment, it also when discussion of sustainability started (Carroll & Buchholtz, 2011). For organizations it fundamentally means long term survival and growth. However it also stands for creating shareholder and social value while decreasing trails on the environment (Ibid).
Business and society relationships have reflected issues for a long time now and usually because of the natural tendency to take the benefits of the relationships for granted (Carroll & Buchholtz, 2011). Some issues that organizations face today and that the society expect them to deal with are for example; toxic waste, high unemployment and abuses of corporate power. The reason for that is that we live in a pluralistic society where not only one institution decides, but the power of decision is spread out among many groups and people. Due to that it has become more and more important for organizations to adapt responsible way of doing business (Ibid). Investments in social responsibility from stakeholders can be tracked all the way back to 1990’s, but it is recently, by 2010, that those investments have matured into comprehensive investing strategies. In addition, that trend is continuing to grow since investors have begun to screen companies in order to invest in social responsibility. All that implicates, that it is very important to take the social responsibility and investing stakeholders into consideration when creating strategies. Vital facts to remember are that the 1960’s generation that is socially conscious is making investments today and also that the economic crises has caused need for a sustainable global economy (Ibid).

Nowadays, organizational achievements and goals concerning sustainability get reported, so that societal and public interest groups that have expectations can take part of it and keep track of the progress (Carroll & Buchholtz, 2011). Sustainable achievements in form of reports can improve organizational reputation and brand acknowledgment. Besides that, organizations strive for globalization today and by reporting their sustainable progress, they show their global contribution. There are even annual awards for companies that prioritize sustainability along with the strategic business priorities. Also, some companies achieve sustainability by building cooperative relationships with their stakeholders where they unite unique skills. One of those companies is Wal-Mart. They pushed their suppliers to be sustainable and even involve customers in sustainability (Ibid).

Along the way, it becomes evident that stakeholders are significant when it comes to sustainable development. Including stakeholders in decision making has become an essential part of a manager’s job (Carroll & Buchholtz, 2011). Entering strategic alliances with stakeholders can be good for organization when they for example need to find out one groups opinion about a product. Specific stakeholders group might for instance be sensitive to environmental impact or product safety (Ibid).
2.3 Proactive-reactive (Defensive) strategy

Increasing awareness of environmental problems such as depletion of natural resources and climate change has created a new competitive environment for firms where they are forced to include environmental concerns of different stakeholders into their corporate agenda (Vachon & Klassen, 2007). However, in line with the growing importance of the issue, the motives behind environmental management are changing. Pressures from ‘green consumers’, business customers, suppliers and other stakeholders are driving firms to be more environmentally conscious and to adopt more proactive environmental strategies that go beyond mere compliance with laws and regulations (Melek, et al., 2012). In addition to external pressures, internal mechanisms also foster this process, and forward-thinking firms adopt proactive strategies not just to improve their environmental performance, but also to gain and maintain competitive advantage (Theyel, 2001).

Before considering its antecedents and consequences, it is important to define what proactive and reactive strategy is. Klassen & Angell (1998), define proactive strategy, as the set of objectives, plans and procedures of a firm, which go beyond basic compliance to laws. Firms adopting proactive strategies anticipate new issues, are motivated by new opportunities, move ahead of public concerns, implement voluntary issues and integrate those issues across functions (González-Benito, 2008). Regulations are accepted as a baseline by proactive firms, and they constantly aim to exceed current regulations (Marshall, Cordano & Silverman, 2005). Responding to pressure and influences with proactive strategies means implementing actions that are meant to create changes and not just answer to changes (Borial, 2006). Various studies have shown that companies respond strategically to external pressure in a proactive way. Most of these studies also argue that managers should adopt the proactive when responding to environmental issues since it is considered that this response will be rewarded. One of the benefits with the proactive strategy response is that it could lead to reducing financial risks. This kind of response can also reduce external constrains by improving the corporate image of expectations. That has a positive effect on consumer’s perception of the organization (Ibid).

Reactive strategies, on the other hand, are defined as short-term compliance strategies which do not require the firm to develop expertise or skills in managing new environmental
technologies or processes (Hart, 1995). The major environmental concern of a firm with a reactive strategy is the compliance with regulations (Lee & Rhee, 2007).

Proactive strategies are more comprehensive and socially more complex processes. They require investing in supplier integration (Klassen & Vachon, 2003). Henriques and Sadorsky (1999), stress that customer pressure fosters more proactive environmental strategies but studies from Liu and Wu (2009) suggests that customer pressure can also stimulate a reactive approach in some firms and increase environmental investments as a quick response to the customer demand without necessarily resulting in the formation of a proactive strategy.

Many studies have recently been undertaken to investigate the proactive and reactive dimensions of organizational strategies. For instance, Lindman (2002) argues that many small to medium-sized enterprises (SMEs) are apt to rely on reactive and closed new product strategies based on a study in the Finnish metal industry. Even if this has been successful in the past, such strategies risk being unable to identify and take advantage of any business opportunities outside the present product scope. Chin and Pun (2000) contend that the proactive strategy stresses the initiatives of new product development with outstanding technical features that satisfy strong marketing needs. On the other hand, the reactive approach relies largely on imitating the success of leading companies and their products in market (Chin & Pun, 2000).

Based on institutional and evolutionary theories, management literature has discussed that many firms are becoming more proactive (Lee & Rhee, 2007). Proactive behavior focuses on self-initiated and future-oriented action that aims to change a situation or oneself (Crant, 2000). However, it is clear that not every company has the same level of pro-activeness towards environmental management, even in the same industry (Banerjee, 2001). Firms are more likely to have proactive environmental strategies if there is a high commitment of managers and they interpret environmental issues as opportunities (Sharma & Henriques, 2005) Some prior studies suggest that even though firms are becoming increasingly proactive with respect to their environmental policy and strategy, this awareness does not always result in investing more time and money in environmental issues (Cordeiro & Sarkis, 1997). Russo and Fouts (1997) argue that the motive behind the adoption of a more proactive strategy has been stressed as achieving improved performance. Yet there are still contradictory findings as to whether this improved performance is actually achieved (Lee & Rhee 2007).
Previous research done by Nicholls (2002), have introduced a matrix that illustrates management response strategies towards consumer pressure. In this particular research the focus is on the defensive and proactive strategies instead of proactive and reactive response strategies.

Defensive strategy is defined as strategies built on basic, legal standard of behavior (Nicholls, 2002). Defensive strategies have long been an integral part of military planning and athletics (Beam & Carey, 1991). Defensive strategy aims to lower the probability of attack, divert attacks to less threatening avenues, or lessen their intensity (Ibid). Defensive strategic planning is about anticipation and preparation for the full range of potentially detrimental situations and organization might face (Ibid). This can be accomplished by placing these potentially detrimental situations into a four-quadrant risk-threat matrix, after which generalized responses are developed to them (Ibid). These generalized responses are envisioned to be a starting point for dealing with these challenging situations before they occur (Ibid). According to Porter (1985), the benefits of an effective defensive strategy are often hard to measure, since a successful defense means that nothing happened.

A previous research that has been done about proactive and defensive strategies is titled “strategic options in fair trade retailing”. The aim of that study was to examine the key drivers behind the expansion of fair trade goods in the United Kingdom (UK) by particularly focusing on ethical consumerism as a contributory factor. Freestone and McGoldrick (2008), define ethical consumerism as the intentional purchase of goods and services by consumers which they consider to be harmless to the environment and society. As a result, the author used a matrix that examined management focus in relation to consumer pressure (see figure 3)

**Figure 3: Typology of strategic responses to ethical consumerism**

*(Cited in Nicholls, 2002, p. 10)*
In the ethical strategy matrix, the first dimension demonstrate management responses to pressure from consumers. There are two different ways for organizations to response, namely the defensive way and the pro-active way. Defensive strategies are constructed based on the basic, legal and minimum standard of behavior. It is possible to exploit these standards with creative interpretation. Pro-active strategies surpass legal minimum; they provide stronger protection for organizations against accusations regarding poor ethical behavior. The second dimensions demonstrate two directions of consumer pressure, namely, internal and external. Nicholls (2002) restructured this matrix in the context of retailer responses to ethical consumerism and named it the *ethical strategy matrix* (See figure 4).

**Figure 4: Retail responses to ethical consumerism**

*(Cited in Nicholls, 2002, p. 11)*

This matrix illustrates that there are four options open to retailers. Quadrant 1(Legal contracts) explains about the defensive strategy in response to consumer pressure from the retailer’s internal operations. Quadrant 2(stakeholder theory) focuses on the proactive approach in relation to internal pressure. Quadrant 3 (codes of conduct) is about a defensive strategy in reference to consumer pressure on the external domain. Lastly, the 4th quadrant (fair trade agreements) is where proactive strategies are made due to external pressure.

In conclusion, the matrix can be used to map managerial response to different consumer pressures (Nicholls, 2002). In addition to this, Nicholls (2002) stated that the matrix is relevant to any organization in the public domain and can be applied to both human and environmental issues.
3. RESEARCH QUESTIONS

This chapter presents the research questions of this study. In addition to this, based on the earlier discussions and the literature review, the main problem, research gap and the proposed research model of this study are revealed.

3.1 Research problem and research discussion

Through the literature review it becomes evident how important it can be to develop sustainable strategies, like Malmö municipality aims to do. However, it is also important to recognize that sustainable development can be influenced by the stakeholders, especially in nonprofit organizations. In this research paper it is explained that organizations tend to approach the pressure from the stakeholders strategically, in either the proactive or defensive way. The model presented in the literature review that is used as a basis for this research, has earlier only been applied on fair trade and profit organizations. This study will contribute to that research area by applying the modified model to a nonprofit organization in connection to sustainable development.

3.2 Research questions

RQ1: How does a nonprofit organization want to achieve sustainable development?

RQ2: To what extent is the sustainable development in a nonprofit organization influenced by internal or external stakeholders?

RQ3: To what extent does a nonprofit organization strategically respond to the stakeholders influences in proactive or defensive way?

3.3 Proposed research model

The article that was used as a basis for this research is titled “strategic options in fair trade retailing” written by Nicholls (2002) that has been previously introduced in the literature review chapter.
3.3.1 Modified research model

The matrix of strategic responses that has been presented in the earlier section has been modified by the researchers of this study. The reason for that is to make the matrix relevant with the topic in order to get valuable measures. While the focus in the earlier presented strategy matrix is on the ethical consumerism in a profit industry, the modified matrix has focus on stakeholders influence/pressure on sustainable development and proactive/defensive response strategies in a nonprofit organization. Earlier, the matrix of strategic responses has been adapted to the consumers’ perspective. However, in this this study, the matrix has been modified to investigate stakeholders influence from organizational internal perspective. Additionally, the original strategy matrix has been applied in UK, while the modified matrix (see figure 5) will be applied in Sweden through this study. Both the recent research and this study have collected data with qualitative method approach in order to measure results in connection to the matrix.

Figure 5: Modified Matrix; A typology of strategic response to stakeholders’ influences/pressure

Quadrant 1: Quadrant one is about responding to internal stakeholders influence by defensive strategies. Internal stakeholders are usually the employees and the pressure from these in this case is based on the legal contract with the employer. The contract includes regulations about the minimum wage, maximum working hours and corrects health and safety guidelines. A proper framework of workers’ rights is required which includes union representation and devices for addressing individual unfair treatment.
Quadrant 2: The internal proactive quadrant is focused on the organizational approach to the employees. This kind of response is based on the respect to the employees. All internal members of the organization are empowered to participate and to contribute to running the business. The risks and rewards are shared and all individual ideas are recognized. Everybody has an equal right to influence the business.

Quadrant 3: In this quadrant/case, the pressure and influence comes from the external stakeholders and the organization responds by building a strategy around detailed codes of conduct. These codes of conduct get specifically developed for the external stakeholders of the organization. It includes agreements that are usually established on standard legal contracts which ensure that the nature of actions is also acceptable to the end consumer. The codes of conduct are often the generalized regulations with limited operational effectiveness.

Quadrant 4: Here, the pressure and the influences derive from the external stakeholders and the organization responds to that by developing proactive strategies. This is where the relationships of a value chain, focused on the sustainability, are located. The organization is dealing and cooperating with the external stakeholders directly and a lot of effective progress concerning sustainability occurs.
4. METHODOLOGY

This chapter explains different methodological approaches which can be applied in academic and scientific researches, followed by justifications for the selected approaches in this study. Furthermore, it reveals how concepts have been converted into measurable variables in order to collect and analyze relevant data for this research. At the end of the chapter, a table is presented with all methodological choices.

4.1 Research Design

Research design can be described as a plan that is needed in order to carry out a study (Maxwell, 2005). However, in order to plan and conduct a study, design of different stages is necessary. For instance, in a qualitative study, the research design is defined as the insight in the study process that consists of various stages. All stages of the process are mostly running at the same time and are reliant on each other (Ibid).

The research design runs in two directions (Parasuraman, Grewal & Krishnan, 2007). Either the exploratory or the conclusive research is completed. The exploratory research is about developing the insights and enlightening the direction for further research by clarifying a certain situation in the begging of a project. On the other hand the conclusive research is also about gaining insight around particular situation but the purpose is to help decision makers to choose the best actions in specific circumstances. The conclusive research is more formal and demanding than exploratory research since it is anticipated as support for the final stages of the decision making process (Ibid). This study takes the direction of conclusive research since it sooner seeks for helping and guiding the decision makers rather than developing potential further research. However, this research can also be characterized as exploratory in a way that it contains extensive literature review.

Additionally, the conclusive research can be divided into two parts; the causal research design and the descriptive research design (Parasuraman, Grewal & Krishnan, 2007). When explained shortly, the causal research is about carrying out repetitive measurements by collecting data over several periods in time. Descriptive research on the other hand, is simply about describing something (Ibid). It generates data that describes the structure and characteristics of related groups or entity. Related groups and entity can for example be the
customers, sales people or market areas. This data contains valuable information relevant for the study (Ibid). This study has the descriptive research design since the aim of it is to describe the structure and certain characteristic of Malmö municipality rather than carrying out repetitive measurements.

Moreover, the descriptive research design leads to cross sectional design (Parasuraman, Grewal & Krishnan, 2007). The cross sectional design basically means that the research is a onetime study and that the data is collected at a single period in time on specific population. The cross sectional design is a popular research method and the sample it can be collected from is either single or multiple. The single cross functional sample is when the data is collected from a single group from the target population while the multiple cross functional sample is about collecting data from different and several related groups (Ibid). In this study, the single cross sectional sample has been approached, since the researchers examined one case study and focused on the members of the commission that carried out sustainable strategies for Malmö municipality.

4.2 Research approach

Research approach is about the choices that academics take in order to approach a specific research problem (Bryman & Bell, 2011). Meeting the purpose of the study is dependent on the methodology approaches (Ibid).

4.2.1 Qualitative versus quantitative

According to Bryman and Bell (2011), many writers on methodological issues find it helpful to distinguish between quantitative and qualitative research. Many people consider that the only distinction between qualitative and quantitative research is nothing other than the fact that the latter employs measurement and the former does not. This fact has been disputed by many writers whom have suggested that the differences are deeper than the issue of the absence or presence of quantification (Bryman & Bell, 2011).

Quantitative research is research that relies primarily on the collection of numerical data and basically follows the scientific method (Johnson & Christensen, 2012). The scientific research method is research in which a problem is identified, relevant data are gathered and a hypothesis is formulated from these data which is then empirically tested (Ibid). In this
kind of research cognition and behavior are highly predictable and explainable. This is because quantitative researchers try to identify cause-and-effect relationships that enable them to make probabilistic predictions and generalizations (Burns & Grove, 1987). In quantitative research, the focus is usually on only one or a few causal factors at the same time and can therefore be termed as “a narrow-angle lens”. Most often, the researchers assume that the other factors which are not been measured are constant (Johnson & Christensen, 2012).

Qualitative research is research that relies on the collection of non-numerical data such as words and pictures (Johnson & Christensen, 2012). This kind of research is used to describe what is seen and most often used when little is known about a topic or phenomenon in which the researcher wants to discover or learn more about. As a result of this, qualitative data analysis is often described as less rigorous and half-formulated art (Miles, 1979). In qualitative research, human behavior is viewed as being fluid, dynamic and changing over time and place and most often does not generalize beyond the particular people who are studied (Johnson & Christensen, 2012). Furthermore, this form of research can be described as a “wide and deep angle lens” because they are holistic in nature (Ibid) and also help to find “meaning behind the numbers” (Sykes, 1990). The table below compares the characteristics of quantitative and qualitative research methods (see table 1).

Table 1: Characteristics of Qualitative and Quantitative Research (Adapted from Johnson & Christensen, 2012, p. 34)

<table>
<thead>
<tr>
<th></th>
<th>QUANTITATIVE</th>
<th>QUALITATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scientific Method</strong></td>
<td>Confirmatory. The researcher tests hypotheses and theory with data.</td>
<td>Exploratory. The researcher generates or constructs knowledge and grounded data from data collected during fieldwork.</td>
</tr>
<tr>
<td><strong>View of human thought and behavior</strong></td>
<td>Regular and predictable.</td>
<td>Situational, social, contextual, personal and unpredictable.</td>
</tr>
<tr>
<td><strong>Most common research objectives</strong></td>
<td>Numerical description, causal explanation and prediction.</td>
<td>Subjective description, empathetic understanding and exploration.</td>
</tr>
<tr>
<td><strong>Focus</strong></td>
<td>Narrow angle lens, testing specific hypotheses.</td>
<td>Wide-angle and deep-angle lens, examining the breadth and depth of the phenomena to learn more about them.</td>
</tr>
</tbody>
</table>
Nature of observation
- Study behavior under controlled conditions; isolate the causal effect of non-studied variables.
- Study groups and individuals in natural settings, attempts to understand the insiders’ views, meanings and perspectives.

Form of data collected
- Collects quantifiable data based on precise measurement using structured and validated data collection instruments.
- Collects data such as in-depth interviews, participant observation and field notes. The researcher is the primary data collection instrument.

Nature of data
- Variables
- Words, images, categories

Data analysis
- Identify statistical relationship among variables.
- Use descriptive data, search for patterns, themes and holistic features.

Form of final report
- Formal statistical report (e.g. with correlations and comparisons of means).
- Informal narrative report with contextual description and direct quotations from research participants.

Bearing in mind the research and the characteristics presented for both quantitative and qualitative research, the suitable research approach which has been used in this research is the qualitative approach. That is because qualitative approach is the most suitable method in relation to the research case. The aim of this study was to understand varying opinions through individualistic descriptions, views and perceptions. As a result, gathered data was gathered in non-numerical forms such as words and quotations. This fact therefore rejected quantitative method as the preferred research approach.

4.2.2 Inductive versus deductive research

According to Bryman and Bell (2007) and Greener (2008), new theory is the outcome of inductive research approach. Researchers begin with the study of a situation (the organization, a business problem, an economic issue), collect data through various research methods, detect patterns and relationships from the collected data and develop and tests hypotheses with the aim to generate theory from the research (Ibid). Deductive research method, on the other hand is where theory guides research (Ibid). Researchers start by looking at theory which relate to the focus of research, develop hypotheses from that theory, and then collect and analyze data in order to confirm or disprove the hypotheses, the result will be the bases for researchers to revise and modify the theory (Ibid).

This study has been based on theory from other articles which was written by Nicholls in
2002, and the main one is about strategic options in fair trade retailing. Therefore a deductive research method, which is about letting the theory guide the research, has been adopted in this research. The researchers adapted already existing theory to a new context (Sustainable development) and a different country (Sweden).

4.3 Data sources

Data can be defined as the quantitative and qualitative values of a variable. It is one of the most significant and vital aspects of any research studies (Bryman & Bell, 2007). Data can be numbers, images, words, figures, facts or ideas etc. Data in itself cannot be understood and to get information from, researchers must interpret it into meaningful information (Ibid).

Data sources could broadly classify into primary and secondary data (Bryman & Bell, 2007). Primary data is original research data collected by researchers, without any analysis or processing (Ibid). One of the outstanding advantages of using primary data is that researchers are collecting information for the specific purposes of their study; the questions that researchers ask are tailored to elicit the data that will help them with their study (Ibid). Whereas, since primary data has not been published, surveys, experiments or direct observations can be primary data collection techniques (Ibid).

Secondary data is data which researchers do not collect for themselves directly from subjects or respondents (Bryman & Bell, 2007). Rather, it is existing data that was collected for another project, often by another researcher (Ibid). This means that secondary data does not have the privilege of focus; it was not collected with the researcher’s purpose and objectives in mind. Therefore, secondary data may lack relevance and availability. However, compared to primary data, secondary data is relatively inexpensive to obtain (Ibid). This is because of the costs associated with administering surveys or other instruments have already been incurred. Another major advantage of secondary data is that the wide range availability which could include literatures, magazines, newspapers, business publications, government records and electronically stored information, census and market studies (Ibid). In addition to this, secondary data may provide necessary background information and build creativity for the research project thereby validating the results. Secondary research is often used prior to primary research; it could effectively eliminate effort to carry out researchers’ own primary
research since the secondary data may provide a solution to the problem being investigated; and it also may alert the marketing researcher to potential problems or difficulties since originators of secondary research include details of how the information was collected (Ibid).

Considering to know more about the background of Malmö municipality’ sustainable strategies development, and to find a wealth of information about it, the researchers of this study utilized secondary data sources to gather secondary data. Besides that, primary data was also obtained since the researcher interviewed the members of the commission who were involved in developing sustainable strategies for Malmö municipality.

4.4 Research strategy

Earlier in this chapter, the research design and approach have been discussed, but in order to apply a research design there is a need for research strategy (Gray, 2009). The research strategy defines the general path of the study and the pattern of the processes and choices that occur along the way (Ibid).

There are several research strategies to choose from (Parasuraman, Grewal & Krishnan, 2007). One of the strategies is the experiment strategy, where the purpose of the researchers is to test hypotheses and obtain different results depending on the variables that are tested. Another research strategy is the survey strategy which simply aims for creating surveys for example in form of questionnaires and sending them out to a chosen population in order to gather relevant data. That process will generate individuals’ perception about a specific topic or unit (Ibid). Moving on, the third possible research path is the archival strategy (Gray, 2009). The word archive originates originally from the Greek language. It stands for the house where great commanders (archons) guarded and interpreted important documents. Based on this, the idea behind the archival strategy is to for instance observe a scenario which is independent of the researchers and measure the outcomes of it. It can also include observations of documents and archives. The next kind of research strategy is the method of historical strategy that strives for exploring the historical context of a field (Ibid). The last strategy includes case studies that are about in depth investigation of elements or interest that for instance can be an organization, website or a sales manager (Parasuraman, Grewal & Krishnan, 2007). Case studies generate valuable insights and characteristics about the field of
research. Since this study examines stakeholders’ influence of sustainable development in one organization and the strategic response of that organization, case study strategy has been chosen as relevant. In depth investigation of several elements was necessary in order to gain valuable insight and information about the topic.

Other four strategies that have been mentioned earlier were not found to fit this specific study. The reason for that is that the experiment strategy does not quite serve the purpose of this study and since researchers did not have time for examining archives, the archival strategy was not either applicable. The survey strategy requires time but does not generate elaborated answers that are necessary to resolve this study. In addition, the historical strategy was not either matching since the topic of this research, sustainable development, was sooner a current topic rather than historical.

4.5 Data collection method

According to Bryman and Bell (2011), the most common methods of data collection used are surveys, interviews, observations, focus groups and content analysis. Interviews can either be in the form of structured interviews (also known as closed quantitative interview) or in-depth (open ended interview) (Johnson & Christensen, 2012). Considering that this study is a qualitative research, the data collection of surveys is not necessary to develop further on.

A focus group is a type of group interview in which a moderator leads a discussion with a group of participants (usually 6 to 12) to examine in detail, how the group members think and feel about a topic (Johnson & Christensen, 2012). The role of the moderator is to ask questions, listen and keep the conversation on track and make sure everyone has the opportunity to share his or her point of view about the discussion (Krueger & Casey, 2009). Focus groups make use of group interaction to produce data and insights that would be less accessible without the interaction found in a group (Morgan, 1990). Focus groups are appropriate for topics concerned with convictions and beliefs of others (Threlfall, 1999) and are said to work best for consumer related topics (Cowley, 2000).

Observations involves observing all potentially relevant phenomena and taking extensive field notes without specifying in advance exactly what is to be observed (Johnson & Christensen, 2012). In this kind of method, there are four basic roles which can be taken by the researcher;
complete participant (the researcher becomes member of group being studied and does not tell members they are being studied), participant as observer (researcher spends time with the group as an insider and tells members they are being studied), observer as participant (researcher spends a limited amount of time observing group members and tells members they are being studied) and complete observer (researcher observes as an outsider and does not tell people they are being studied) (Ibid). In observational studies, the researcher is therefore said to be the data collection instrument because he/she decides what is important and what data are to be recorded (Ibid).

Interviews are considered as the best way of collecting data as it demands real interaction between the researcher and the respondent (Ghauri & Gronhaug, 2010). Interview is defined a data collection method in which an interviewer (the researcher or someone working for the researcher) asks questions to an interviewee (the research participant). Interviews that are done face-to-face are called in-person interviews while interviews collected over the phone are called telephone interviews (Johnson & Christensen, 2012). The main benefit of interviews is that a researcher can freely use probes. Probes are words or phrases used to obtain response clarity or additional information (e.g. any other reason, anything else, how do you mean, etc.) (Ibid). It is important that during an interview, the interviewer remains impartial to whatever the interviewee says because the former may bias the responses if he/she reacts positively or negatively to the content of the latter’s statement (Ibid). Bias data can also be brought about if the interviewee does not trust the interviewer. Techniques to establish trust include an explanation of why you are conducting the research, the organization sponsoring the research and telling the interviewee that his/her responses will either be anonymous or confidential (Ibid).

The content analysis is simply about analyzing a content that is relevant to the study (Bryman & Bell, 2011). The content that is analyzed can for instance be on a web page or in an annual report. Content analysis includes three steps. The first step is to specify the characteristic that are important should be looked for. Second step is to code these characteristic and the last step is to match the characteristic with the found material. This data collection method helps the authors to get deeper understanding about the chosen topic and also to gain addition information that might be lacking when collected by other methods (Ibid).

Considering that this research aimed to get descriptions and explanations, the method of observation was ruled out leaving the choice between the focus groups, interviews and
content analysis. Based on Cowley (2000), focus groups work best for consumer related topics. That did not go in line with this research since it was focused on the organizations point of view. Therefore interviews and content analysis seem to be most appropriate research methods because they suited the nature and purpose of this research.

The interviews were collected from the internal perspective of the organization. All the data was recorded during the process, after which it was transcribed. The interview questions were designed as open ended in order to gain as much relevant information as possible. The content analysis was primarily used on the web page of Malmö municipality where the relevant reports about sustainable strategies got published by the commission. Information about who the stakeholders of Malmö municipality are was collected from the webpage through content analysis.

4.6. Data collection instrument

Operationalization is the process of explaining and defining the theoretical concepts in order to make them clearer and measurable (Bryman & Bell, 2007). In order to measure a concept it is important to identify it in connection to the real world scenerio (Schensul, Schensul & LeCompte, 1999). Operationalization makes the study more coherent both for the reader and the researchers. It also helps the authors to code the collected data according to the identified concepts and measures. As a whole it helps the researchers to trace every step mentally in order to better understand the study and accomplish the results (Ibid.). The first part of the operationalization includes identification of key concepts and the potential connection between these key concepts (Schensul, Schensul & LeCompte, 1999). That part is called the theoretical insight (Bryman & Bell, 2007). Once that has been done, the next step is to define each concept in a table and their possible valid measures. In the end phases, before collecting any data, it is important to do a pretest. That includes for example sending the data collection design to an academic expert in order to get feedback and consultation. Finally, the very last step of operationalization is to describe the data collection instrument. For example, if a study is qualitative, interview guide and design of interview questions would be presented in that part (Ibid). All the mentioned and important steps of the operationalization have been applied and followed in this study. The figure below (see figure 6) shows connection between
different steps included in this research. It illustrates and shows clearly that the study is deductive which indicates that it is based on the theory.

Figure 6: Theoretical, methodological and result connection.

4.6.1 Operationalization and measurement of variables

The concept of sustainable development is a current topic around the world (Weenen, 2000). Sustainable development includes environmental protection, economic development and social cohesion (Kelly, et al. 2004). The nonprofit organizations follow these trails, and aim to develop strategies for social changes (Hull & Lio, 2006). However, they often experience strategic constrains (Ibid.). That is explained in the way that nonprofit organizations are required to consider the pressure and influences of stakeholders when developing strategies. The reason behind this is that they need to satisfy the stakeholder in order to survive on the market (Rowley, 1997). When it comes to developing strategies in connection to environmental issues such as sustainability, organizations face different respond options (Banerjee, 2001). Organizations strategically respond to pressure and influences from internal and external stakeholders in two ways by creating either proactive or defensive strategies (Nicholls, 2002). The following model (see figure 7) has been developed by the researchers of this study and illustrates the connection of identified key variables.
The key concepts that were measured in this study were based on the literature review and also the research model. In the following table (see table 2) all the concepts are defined as well as the measures of these concepts. The concepts that are included in the table are: sustainable development, internal stakeholders, external stakeholders, proactive strategies, defensive strategies.

### Table 2: Definition and operationalization

<table>
<thead>
<tr>
<th>Concept</th>
<th>Conceptual definition</th>
<th>Operational definition</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable development</td>
<td>“Development which meets the needs of the present without compromising the ability of future generations to meet their own needs” (Bruntland Commission, 1987, p. 80)</td>
<td>A measure that reflects sustainable development in the context of Swedish municipalities.</td>
<td>environmental protection /resource usage (Kelly, et al., 2004) economic prosperity (Kelly, et al., 2004) social progress (Kelly, et al., 2004)</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Definition</td>
<td>Measures</td>
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<td>----------------------</td>
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<td>-----------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Internal stakeholders</td>
<td>“Internally, organizations are filled with people, typically with diverse, competing and more or less reasonable views of what should be done. In strategy, therefore, it is always important to look inside the organization and to consider people involved and their different interests and views.” (Johnson, Whittington &amp; Scholes, 2011, p. 140-141)</td>
<td>Employees (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td></td>
<td></td>
<td>Managers (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td></td>
<td></td>
<td>Different department (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td></td>
<td></td>
<td>Hierarchical levels (Johnson, Whittington &amp; Scholes, 2011)</td>
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<tr>
<td>External stakeholders</td>
<td>Externally, organizations are surrounded by important relationships, for example suppliers, customers, alliance partners, regulators and shareholders. Strategy therefore is also crucially concerned with an organization’s external boundaries.” (Johnson, Whittington &amp; Scholes, 2011, p. 139-140)</td>
<td>Competitors (Johnson, Whittington &amp; Scholes, 2011)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Suppliers (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td></td>
<td></td>
<td>Distributors (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td></td>
<td></td>
<td>Owners/ shareholders (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td></td>
<td>Policy makers (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td>Regulators (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td>Governmental agencies (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td>Key adopters (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td>Standard agencies (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td></td>
<td></td>
<td>Society (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td></td>
<td></td>
<td>Trade associations (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td></td>
<td></td>
<td>Unions (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td></td>
<td></td>
<td>Customers (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td></td>
<td></td>
<td>Activist groups (Johnson, Whittington &amp; Scholes, 2011)</td>
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<td></td>
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<td>Financial community (Johnson, Whittington &amp; Scholes, 2011)</td>
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<tr>
<td></td>
<td></td>
<td>Political groups (Johnson, Whittington &amp; Scholes, 2011)</td>
<td></td>
</tr>
<tr>
<td>Proactive strategies</td>
<td>“Taking initiative in improving current circumstances; it involves challenging the status quo rather than passively adapting present conditions” (Crant 2000, p 436).</td>
<td>Self-initiated (Crant, 2000)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Future oriented action (Crant, 2000)</td>
<td></td>
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<td></td>
<td></td>
<td>Improve situation (Crant, 2000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Beyond legal laws (Nicholls, 2002)</td>
<td></td>
</tr>
<tr>
<td>Defensive strategies</td>
<td>“Defensive strategies are based on an adherence to a basic, legal minimum standard of behavior” (Nicholls 2002, p.10).</td>
<td>Legal (Nicholls, 2002)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Reduce probability of unwanted occurrence (Beam &amp; Carey, 1991)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Less intensity and threats of unwanted events (Beam &amp; Carey, 1991)</td>
<td></td>
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</tbody>
</table>
4.6.2 Interview guide design

The table of the interview guide (see table 3) shows the connection between the interview questions and theoretical references. This is done in order to ensure the reliability of this research. Besides, it also facilitates this study’s further replication by other researchers.

### Table 3: The interview guide

<table>
<thead>
<tr>
<th>Sustainable Development</th>
<th>Theoretical and reference construct</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Question</strong></td>
<td></td>
</tr>
<tr>
<td>1. What does it mean for you to be a sustainable organization?</td>
<td>Interview question 2 (Wright, 2010)</td>
</tr>
<tr>
<td>2. What are the key challenges of sustainable development in Malmö municipality?</td>
<td>Interview question (Matos &amp; Hall, 2007)</td>
</tr>
<tr>
<td>3. Will the new developed sustainable strategies help Malmö municipality with social progress, in that case in what way?</td>
<td>Measure of the concept (Kelly, et al., 2004)</td>
</tr>
<tr>
<td>4. Are organizational resources going to be used in a way to protect the environment, which is an important aspect of sustainability? If yes, in what way?</td>
<td>Measure of the concept (Kelly, et al., 2004)</td>
</tr>
<tr>
<td>5. In what way will the new strategies help future generations with economic and social issues?</td>
<td>Measure of the concept (Kelly, et al., 2004)</td>
</tr>
<tr>
<td><strong>Influence of Internal / External stakeholders</strong></td>
<td></td>
</tr>
<tr>
<td>6. Who are the stakeholders of the organization? (e.g. Employees, Media, Shareholders, Government, Environmentalist)</td>
<td>Interview question (Matos &amp; Hall, 2007) Stakeholders type (Elijido-Ten, Kloot &amp; Clarkson, 2010)</td>
</tr>
<tr>
<td>7. Of these stakeholders, which influence the organization towards sustainability the most? How?</td>
<td>Interview question (Matos &amp; Hall, 2007)</td>
</tr>
<tr>
<td>8. Do you think that the Internal stakeholders (managers, employees) of Malmö municipality are influencing sustainable development? In that case by what means?</td>
<td>Measure of the concept (Johnson, Whittington &amp; Scholes, 2011)</td>
</tr>
<tr>
<td>9. Are any external stakeholders (shareholder, society, activist groups) influencing sustainable development in Malmö municipality? If yes, please explain how.</td>
<td>Measure of the concept (Johnson, Whittington &amp; Scholes, 2011)</td>
</tr>
<tr>
<td><strong>Strategy Response (Proactive or Defensive)</strong></td>
<td></td>
</tr>
<tr>
<td>10. In what way have you created sustainable strategies for Malmö municipality?</td>
<td>Interview question (Khatri &amp; Budhiwar, 2002)</td>
</tr>
<tr>
<td>11. The project of new sustainable strategies, by whom was it initiated?</td>
<td>Measure of the concept (Crant, 2000)</td>
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</tbody>
</table>
4.6.3 Pretest

Pretesting is the stage after the initial interview questions have been constructed, but before the questions are utilized for the main survey (Reynolds & Diamantopoulos, 1998). It is in the process of developing interview questions. Pretesting is used to ensure that the interview questions are appropriate for the survey in terms of its structure and language (Ibid). The value of a pretest lies in its ability to uncover problems regarding to the interview questions before conducting the interview (Ibid). It is suggested that pretesting should continue until it no longer results in changes to the interview questions (Ibid).

In this research, the pretesting was done by sending the interview questions to 5 academics and experts at Linnaeus University in order to get valuable feedback and criticism. This helped to improve the validity of the interview questions.

4.7 Sample selection

Sampling is about choosing the right representatives from a population that research data will be collected from (Bryman & Bell, 2011). It possesses three main activities; definition of the sample population, presentation of the sample frame and decision about the sample size. The sample population is all units that belong to a specific group and can be found in the same geographical zone. The sampling frame is about characteristic of the population that the sample is chosen from. And lastly, the sample size is about how many units are included in the research (Ibid).
The sampling population in this study included all Municipalities in Sweden. The reason for that was that these organizations fitted into the sampling frame and category of this research, which is about nonprofit organizations that work with sustainable development. Even though many municipalities in Sweden work with sustainability, only five percent are actually incorporating environmental goals in their work with environmental certification and management (SKL, 2012). In the south region of Sweden, called Skåne, it has been stated that municipalities work and collaborate on strategies for green structure (Ibid). The sample size of this research is one case study. The sample organization of this research is Malmö municipality from the Swedish region Skåne. That particular municipality was chosen because of the accessibility and also because of the fact that they were currently working with strategies concerning sustainable development. In order to get the relevant information, it seemed only reasonable that individuals that were familiar and involved in sustainable development in Malmö municipality were questioned for information. The individuals that were mostly involved in sustainable development in Malmö municipality belonged to a commission of 14 members. The aim of this commission was to develop sustainable strategies for Malmö municipality. A much effort as needed was employed by the researchers in order to get response from all of the 14 members but still only 5 were accessible for the interviews.

### 4.8 Data analysis

Market researchers have investigated the art of data collection. However, there is space for advance in the science of data analysis (Kiel, 2007). It is a sad fact that researchers spend lots of money on collecting data and then only extract a small proportion of the information from it. Briggs (2011) mentioned that managers often jump into solutions before problems are fully investigated. Hence, he suggested that it is possible for managers to uncover the real problems with pointers on how to improve the situation by analyzing the collected data fully. Unfortunately, there exists no black box where researchers can feed in data and an individualized analyzing report magically appears. Therefore scientific methods to extract information from data could be very important. This research will use interviews to collect primary data. Also, in order to gain more information about the research, secondary data will be considered by the researchers. For this reason, content and qualitative analysis methods will be employed to extract information from the recorded data.
Holsti (1969) defined content analysis as “any technique for making inferences by objectively and systematically identifying specified characteristics of messages”. Later researchers elaborated content analysis as a set of procedures for transforming non-structured information into a standardized format in terms of predetermined categories that allows analysts to make inferences about the characteristics and meaning of written and other recorded material (Kolbe & Burnett, 1991; Neuendorf, 2002; Pavlou & Dimoka, 2006; and Bryman & Bell, 2011). Simple format can be developed for summarizing data and counting the frequency of statements (Ibid). More complex format could be created for analyzing trends or detecting subtle differences in the intensity of statements (Ibid).

Bryman and Bell (2011) illustrate that the decisions about what should be counted in the course of a content analysis are depended on the nature of the research questions. They suggest the following kinds of units of analysis are frequently considered: specific words, certain subjects and themes, the disposition in the texts, and images.

One of the crucial procedures of doing a content analysis is coding (Bryman & Bell, 2011). There are two main elements to a content analysis coding process: designing a coding schedule and a coding manual (Ibid). Coding schedule is a table in which all the data relating to an item being coded will be put (Ibid). Coding manual sometimes refers to as the content analysis dictionary. When reading the text, researchers have to classify text into different categories. A written set of rules should be created in order to establish these categories. All these rules and categories will be included in the coding manual (Ibid). The coding manual is crucial because of two reasons. First of all, it provides a list of all categories for each dimension that researchers are coding. Second of all, the coding manual also provides instruction on how to interpret the dimensions (Ibid). One thing that researchers should consider while they are coding is the fact that coded words usually have more than one meaning (Ibid).

4.8.1 Qualitative analysis

As opposed to quantitative analysis, qualitative analysis does not require a large data set. Instead of dealing with numbers, it deals with meanings, this include the meanings of subjects that are being researched (Dey, 2005). In order to conduct a rigorous qualitative analysis, it is crucial to follow its circular process (Dey, 2005). Qualitative analysis starts with establishing
thorough and comprehensive descriptions of all concepts, definitions or phenomenon under research (Ibid). This is defined as “thick description” descriptions that consist of information regarding the context of action, actor’s intention and the process that embeds the actions (Ibid).

According to Schutt (2012), there are five common techniques for qualitative data analysis:

- Document data and the data collecting process
- Putting data into different categories, each category is defined as one concept
- Present connection between data and the influences one concept has on another
- Present evidence to support the analysis statement by evaluating other disconfirming evidences, negative cases and other explanations
- Report the findings

For qualitative research, the analysis notes should be made at the time of conducting interview and observations because during that period, researchers need to pinpoint any problems or concepts that can be useful for understanding the situation (Schutt, 2012).

### 4.9 Quality Criteria

In order to ensure quality and credibility, the concepts of *reliability* and *validity* have for a long time been used in quantitative researches and it is not until recently that this was considered in the qualitative research paradigm (Golafshani, 2003). Validity measures the degree to which the research is capturing whatever it is supposed to capture (Cohen, et al., 2007; Saunders, Lewis & Thornhill, 2009). Reliability refers to the extent to which data collection techniques or analysis procedures will yield consistent findings (Saunders, Lewis & Thornhill, 2009). In other words, if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable (Golafshani, 2003).

Although some qualitative researchers have argued that the term validity is not applicable to qualitative research, Morse, et al. (2002), suggest that the validity is affected by the researcher’s perception of validity in the study and his/her choice of paradigm assumption. This study will therefore look at the aspects of content and construct validity, external validity and reliability as criteria to ensure the quality of this research.
4.9.1 Content validity

Content or face validity refers to the extent to which the measurement device provides adequate coverage of the investigated subject (Saunders, Lewis & Thornhill, 2009). Each question or item on the scale must have a logical link with an objective (Kumar, 2005). According to Johnson and Christensen (2012), allowing the interview guide to be reviewed by experts is one technique used to improve content validity.

In order to ensure the content validity of this study, the operationalization and interview guide were sent to a research expert for reviewing. After the feedback was received, possible corrections and adjustments were made.

4.9.2 Construct validity

Construct validity means establishing correct operational measures for the concepts that are measured (Yin, 2003). According to Riege (2003), techniques used to increase construct validity include the use of multiple sources of evidence during the data collection phase and letting research assistants review interview transcripts in order to change unclear aspects.

In this research, theoretical data was derived from course literatures and articles while empirical data was obtained from the on-depth interviews as well as from the organization’s website and reports published by the commission. Since the researchers of this study used all these multiple sources for data collection it provided subjectivity. In addition to that, the interview transcript was reviewed by supervisors which also helped with improvements and assurance of construct validity.

4.9.3 External validity

External validity refers to what extent the research findings can be generalized to other people, settings and time (Ghauri & Gronhaug, 2010). Generalizability is not the purpose of qualitative research because qualitative research aims to describe richly a certain group of people or a certain event in a specific context rather than to generate findings that a broadly applicable (Johnson & Christensen, 2012).

Considering the fact that this research included one case study, it is difficult to generalize the findings. But considering the fact that city municipalities in Sweden are generally controlled by the government, the findings could be generalized to other municipalities in Sweden that
also employ sustainability. Furthermore, the interviews were carried out to 5 people in the municipality using the same interview guide which, according to Yin (2003), should make the research findings to be generalized.

4.9.4 Reliability

Reliability refers to the fact that the research will yield the same findings if the operations and procedures of the research were to be repeated by other researchers (Riege, 2003). This may pose a problem in qualitative research because people are not as static as measurements used in quantitative research (Ibid). Techniques which can be used to increase reliability include giving a full account of theories and ideas for each research phase, conducting several pilot studies to test the way of questioning (Mitchell, 1993), record data manually by using a video or tape recorder and development of a case study data base at the end of data collection phase (Lincoln & Guba, 1985).

The methodology chapter of this study has carefully explained the procedures used to carry out this research. That will hopefully ease for authors of similar research to repeat the procedures and thereby ensure reliability. In addition, a copy of the interview guide has also been provided in the appendix section of this research.

4.10 Chapter Summary

This chapter has presented and motivated the choices regarding the methodology. In relation to the research purpose, these research instruments are used for data collection to answer the research questions. In summary, the research design was descriptive and the research applied a qualitative and deductive approach. Furthermore it was a case study and the data was collected through interviews and content analysis. The data analysis method was qualitative analysis. The table below (see table 4) shows all the methodology choices, from research design to quality criteria.
Table 4: Summary of research methodology

<table>
<thead>
<tr>
<th>Research Methodology</th>
<th>Description</th>
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<tbody>
<tr>
<td>Research Design</td>
<td>Descriptive</td>
</tr>
<tr>
<td>Research Approach</td>
<td>Qualitative &amp; Deductive</td>
</tr>
<tr>
<td>Data Sources</td>
<td>Primary &amp; Secondary</td>
</tr>
<tr>
<td>Research Strategy</td>
<td>Case study</td>
</tr>
<tr>
<td>Data Collection method</td>
<td>Interviews &amp; Content analysis</td>
</tr>
<tr>
<td>Data Collection Instrument</td>
<td>Interviews</td>
</tr>
<tr>
<td>Sampling</td>
<td>One case study chosen from sample population on Municipalities in Sweden</td>
</tr>
<tr>
<td>Data Analysis Method</td>
<td>Qualitative analysis</td>
</tr>
<tr>
<td>Quality Criteria</td>
<td>Validity &amp; Reliability</td>
</tr>
</tbody>
</table>
5. EMPIRICAL DATA

The first part of his chapter presents information and material gathered from the website of Malmö municipality where reports, facts and different relevant videos have been published. The second part presents secondary data which was collected from the interviews made with the commission members responsible for sustainable development at Malmö municipality. All information was gathered in consideration to the definition and measures of the concepts.

5.1 Secondary data

5.1.1 Sustainable development

Malmö municipality is currently involved in several sustainable projects. Urban sustainable development is one of them. The goal is to be climate neutral by 2020 and run on 100% renewable energy by 2030. This year (2013) the Eurovision Song Contest (ESC) is hosted in Malmö, and the municipality is aiming for the “greenest” ESC ever. It is promised that all food, transport and entertainment involved will be sustainable. Besides that, within the next 10-15 years, Malmö strives to have all purchased food in the city organic. The objective is to create an even more attractive and sustainable city. Furthermore, Malmö municipality is informing and involving its residents in sustainability by issuing a paper called Magazine Sustainable Urban. This magazine describes sustainable projects in Malmö and the sustainable progress.

A commission has been put in place with the purpose of drafting a sustainable plan with objectives and strategies for how the City of Malmö should reduce health inequality. Starting from Malmö's challenges regarding social differences, injustices and inequalities, analysis was made in order to identify what and who could be influenced and in what way. By doing that the aim of the commission was to come up with suggestions on progressive objectives and analyze possible objective conflicts. They were also required to suggest strategies on how to reach the objectives and suggestions and how the objectives and strategies should be followed-up.
5.1.2 Influences of internal/external stakeholders

The president of the commission for sustainable Malmö has stated in an interview that it is not ethical to have differences in health. He explained that politicians of Malmö have tried to deal with that issue before, but now when the society is becoming more modern the issue is increasing. The other members of the commission that were also interviewed by the media agree with him. They explain that the politicians of Malmö municipality have deployed the commission in order to solve the issue by creation of new sustainable strategies and that the project is done for the residents of Malmö in order to give them better living conditions, better possibilities and a fair definition of happiness. One member of the commission stated that the politicians of the municipality are very capable of affecting the sustainable development. Another member clarified that the issue is about the power, and that less educated people do not possess much power in the society. The same member also stated that Malmö municipality needs to attract international investors and that a new formula for business, investors and involvement of people is needed. Furthermore, several members of the commission mentioned on the website that it is possible to affect sustainable development in Malmö if you are working in the municipality and if the economic resources (political capital) are available.

The highest decision making body of Malmö city is The City Council. It is the government of the municipality. The City Council is made of 61 politician members and is deployed by the election each four years. Here, decision concerning budgets and the future of Malmö city are taken. Of course, the citizens are the “customers” of this organization. The municipality consists of departments that manage different areas as for example education, trade and industry, regional cooperation and integration. Each department is connected to a committee whose chairman is one politician. The meetings of the City Council are held once in a month and everyone can participate in the debate. In that way the citizens can influence and be involved in the politics of Malmö city. Also, people are able to get involved trough the web and come up with their own proposals.
5.1.3 Proactive/defensive strategy response

The goal of the Malmö municipality is to make the city socially sustainable and more linked between different areas. One member of the commission explained that the aim of developing sustainable strategies was in order to decrease the gap concerning the health in Malmö. That member also pointed out that the work of the commission was politically independent and consisted of several parallel processes. Experts on different areas were suggesting what should be done, discussions were held, and recommendations were made. Other members stated that a better value chain in Malmö is needed, effects of sustainable strategies need to be evaluated and a sustainable society is necessary. The members of the commission also stated that a change of structure is needed in order to meet the needs of the citizens. They said that it is important to prioritize and use resources better and also create good infrastructures by empowering “team spirit”. Besides that, one member said that it is important to prevent urban split, increase social equality and ensure better life for the future generations.

Chairman of the commission said that his hope is that the final report will be "downloaded" with all knowledge available to improve Malmö residents' health. He also said that the sustainable strategies will go a long way to reduce health disparities, thereby improving the health situation of the people living in the city.

5.2 Primary data

5.2.1 Sustainable development

In order to be a sustainable organization, according to one of the interviewees, so many things need to function together. The goals of the organization need to be long term oriented, so that good actions can last and bad happenings can be prevented. Another interviewee explains “It means to develop and consider all aspects of an organization when creating new strategies”. Factors to consider when thriving for sustainability are economic, social, environmental and ecological. These sustainability concepts are pursued and interact with each other and together create a whole. The route to sustainability is a challenging process which requires much work and effort in order for it to actually have effect. The whole idea behind
sustainability is to ensure that each generation should take responsibility for their community and not burden future generations with major environmental and social issues.

Looking at Malmö municipality today, “the key challenges from my perspective, is that the city is drifting apart when it comes to the health circumstances” one interviewee explained. The reason for that issue is economy and education differences between citizens. The most challenging part is how this drift can be repaired. In addition to this, to achieve sustainability in Malmö, a great deal of bravery is needed from both politicians and officers because it takes courage to change mindsets and lead a city in new directions. Another commission member said that the key challenge is to grasp the complexity that surrounds the concept of sustainability by looking at sustainability from different perspectives that must be considered as an entity. Furthermore, interviewees explained that the concept of sustainable development entails using a common goal for all departments and areas in the municipality. That is seen as a great challenge because motivation, knowledge and political will are vital in order for a change to be made. One member emphasized that by political will it is meant that there needs to be a stable political leadership. It is also required to create opportunities for all children and young people when it comes to aspects like wellbeing, education, training and employment in order for them to feel connected and involved.

During the interviews it came up that the final report which was released in March 2013 includes a number of strategies necessary to achieve both sustainability and social progress. “If we decide to work in line with what the report recommends I think we’ll achieve social progress both long and short term” explained an interviewee. These strategies will help Malmö to develop the work and provide a knowledge base for the politicians to make their decisions, choices and priorities. Knowledge base is also important for the officials of the organization, collaborating partners and civil society, according to several interviewees. In the interviews it was revealed that a sustainable Malmö also constitutes a sustainable social society. This means that better interaction between the citizens will close the gap in social differences. With this, the citizens will be able to benefit from each other’s knowledge and experiences.

As stated by one of the commission members, sustainable development is a prioritized aspect in the overall budget for the city of Malmö, decided by politicians. And since it is prioritized, caution is taken to avoid or minimize the harm on the environment whenever new strategies are being developed.
One interviewee stated that the assignment was to give suggestions for improvements of the city, so in some way, environment was very important. Even though the focus was on the social issue the most, in order to solve the social issue the environmental conditions of the citizens had to be taken into consideration. Pollution which is a global problem is a threat to the health of young and old. According to him this has been dealt with within the commission.

Socially, the first strategic objective for commission was to establish a social investment policy that will reduce disparities in living conditions, make social systems more equitable and change management processes by creating knowledge alliances and democratized governance. The second objective was to ensure that more citizens come into work and continue with an urban development that strengthens cohesion and creates natural meeting places. These interventions should reduce economic and social problems. Furthermore, the aim of these strategies according to one member was to create a social system, where the education and knowledge of all citizens will be recognized and where that potential will be utilized. That will decrease unemployment, passivity, bad living conditions and depression issues. The commission’s strategies are also focused on early development by giving every child a good upbringing with economic stability, good schooling and real opportunities for participation and influence in their own lives. One member hopes that this will be usable for coming generations creating a foundation in sustainable development.

5.2.2 Influences of internal/external stakeholders

Most of the interviewees said that the most important stakeholders of Malmö municipality are those living in Malmö city. But the main stakeholders of Malmö municipality as it looks now are the politicians. Some members went further by explaining that people who are interested and involved in the project can also be considered as stakeholders such as employees, government, the society, media, Malmö and Lund University to name a few.

When it comes to sustainability, interviewees stated that everyone is involved in their own way. But considering that this project, as most of the projects, is controlled by the economic aspects, the managers and politicians of Malmö municipality have a great impact on it from that perspective. Today, the politicians influence our work the most, one member of the commission clarified. “Since the politicians decide our budget, I think that in that way they decide how sustainable we are going to be further on” said an interviewee. The participation
from people of all ages living in Malmö should also be as great as possible in future. She further explained that the work following the Commission hopefully will focus on participation and influence from the inhabitants in Malmö, especially if the goal is to be reached.

According to the members of the commission, the employees of Malmö municipality have a strong willingness to influence sustainable development but do not possess enough bureaucratic power in order to make it happen. The internal stakeholders discuss and notice potential issues regarding sustainability. However, the members of commission state that the managers are more influential since they have as obligation to take important organizational decisions. The importance of employees’ involvement in sustainability is pointed out as well during the interviews as well as the factor of thinking in long term direction. In the new developed sustainable strategies, the commission recommends better involvement of employees in Malmö municipality.

When it comes to external stakeholders influences towards sustainable development, the opinions are mixed. Some members of the commission feel that there are external stakeholders which are interested in the project but are not directly influencing Malmö municipality to be sustainable. Others stated that there are social movements and society which are very involved and strong when it comes to sustainable development. It is explained that these social movements often reach people that the municipality is not able to reach, but should interact with. Some of the mentioned stakeholders are the Red Cross, save the children mentor, Hasselgränd helpline, Sweden as a country, universities, non-governmental organizations and the business industry. However, there is one external stakeholder that some of the interviewees mentioned as the core inspiration for the project and that is the World Health Organization. The World Health Organization developed sustainable strategies in 2008 and presented these in a report was called “Closing the Gap”.

5.2.3 Proactive/ defensive strategy response

When asking about the strategy development process, the interviewees describe it as a mix of structure and cooperation. The structured part concerned meetings, discussions, schedules, deadlines, reports and leadership. On the other hand, according to the interviewed commission members, the cooperation included science, practice, researches from individual
areas and joint solutions. Other facts concerning the development process that were mentioned in the interviews are that the commission was politically independent and consisted of 14 members. These members were mostly scientists but several individuals from Malmö municipality and the region were involved as well.

Continuing, the question about who initiated this sustainable project came along. Most of the interviewees had a shared opinion which was that the project was initiated by the politicians in Malmö municipality. Specifically, it is stated that a Councilor called Katrin Stjernfeldt Jammeh anchored the decision about this specific sustainable project. Besides that, the interviewed members pointed out that it was the commission who developed the strategies in the first place. That was done in cooperation with Malmö municipality and other stakeholders such as representatives from civil society and researchers outside the commission. In one interview it was stated that the development of sustainable strategies is an ongoing process in Malmö municipality and that there is an area-program for social sustainable Malmö that constantly is working with that. However, in the same interview the lack of holistic approach and interaction was pointed out as a current issue.

Moreover, the next subject was about the developed sustainable strategies and if these were future oriented and aimed to improve a specific current situation. Here, the responses were quite equal since most of the interviewed members said that the strategies were both future oriented and at the same time aim to improve a current situation. The future oriented strategies that include complex long term goals are about reducing poverty, creating an overall better path, reducing class differences, reducing lack of education and creation of better living conditions for new generations. On the other side, the strategies that are about improving a current situation in Malmö city were clarified by the interviewees as creation of equity in health, increment of maintenance support, reduction of the health gap between different parts of the city and reduction of homelessness.

Furthermore, the interview concerned more questions about the developed strategies. This time the question was if the strategies were mainly based on legal laws. No one said that the strategies were mainly ground on laws. The interviewees mentioning involvement of current research and facts, dialogue with researchers, business cooperation, collaboration partners, employees involvement and associations.

The interview was coming to the end and the last question was if the reason for developing sustainable strategies for Malmö municipality was in order to reduce probability of unwanted
future happenings. Again, it was mentioned that it was the politicians who had a strong will for a sustainable organization. Most of the interviewees said that the strategies were developed in first place in order to reduce current unwanted situations such as child poverty, low employment rates, low achievements in school and health inequalities. By doing that the interviewees also felt that the unwanted happenings in future should be less and better living conditions for future generations will be created.
6. DATA ANALYSIS

In this chapter the collected empirical data is analyzed and connected to the theory in order to find possible patterns and implication. That will act as the foundation for answering the research questions in the next chapter. The analysis is centered on three main concepts: sustainable development, internal/external stakeholders and proactive/defensive strategies.

6.1 Sustainable development

According to previous research, sustainability is a hard concept to express in tangible or operational terms. According to Kelly et al., (2004) there are various definitions and interpretations of sustainability. This could be the explanation for the fact that there are differences in definitions and perceptions when it comes to the concept of sustainable development in Malmö municipality. Another explanation for these differences in definition could be due to the fact that the interviewees work in different sectors in life and hence perceive it differently. For example, one of the interviewees who is a professor explained sustainability as development and consideration of all aspects in an organization. This definition differed slightly when compared to another explanation given by the head secretary of the commission in which she described sustainable development as the consideration of economic, environmental and social factors in all policy making by an organization. This also supports Tait’s (2000) explanation about sustainability in which he discussed that sustainability is open to different interpretations, depending on the interests, values and the purpose. In addition to this, according to the information gathered, the interest in Malmö municipality seems to be creation of a long term oriented sustainable city that will benefit future generations. The values of Malmö municipality are probably to take responsibility for the community and the detailed purpose appears to be to reduce health inequalities but also to reduce disparities in living conditions and make the social system more equitable.

The Brundtland Commission defines sustainability as development which meets the needs of the present generation without compromising the ability of future generations to meet their own needs. In connection to that, several interviewees have mentioned that the current and future generations are very important in the project and that they will be considered during the development of new sustainable strategies. This could imply that Malmö municipality realizes that present and future generation should have equal living standards. They are not just aiming to make the municipality conducive for the people of today but they want to make sure that the wellbeing of tomorrow’s generation is ensured as well. However, no issues were
raised about them worrying if there might be differences in the needs of today compared to the needs of future generation as proposed by Taylor (2002). This is because according to Malmö municipality, the greatest action now is to create a united and sustainable city of possibilities thereby creating opportunities. And if that goal is achieved, the future needs will eventually be meet.

According to Weenen (2000), the concept of sustainable development is important but also one of the most tenuous and biggest challenges of the twenty-first century. Malmö municipality was not an exception when it came to them citing potential challenges concerning the aspect of sustainable development. This became evident when an interviewee explained that sustainable development in itself is a challenge. He further explained that his reason for saying this is because the route to sustainability is a challenging process which requires much work and effort in order for it to actually have effect. Furthermore, all the interviewees supported Weenen’s (2000) point by agreeing that the project is not challenge free. They even went further to give examples of possible challenges that could be encountered by Malmö municipality in this particular project. Amongst the mentioned potential threats include aspects such as change of mindsets, political leadership and complexity of sustainability. Malmö municipality might have a chance to face and overcome these challenges to an extent if only common goals, motivation, better knowledge and political will could be appropriately implemented. Political will and leadership seems to be especially important in Malmö municipality since it is the politicians that are taking the important economic and social decisions which appear to have a great impact on organizational sustainable development plan.

The interviewed members of the commission pointed out that sustainability consists of several characteristics and aspects. The aspects that they mentioned to be core of sustainable development are the economic, environmental and social factors. By that said, they seem to reason in line with the theoretical contribution proposed by Kelly, et al., (2004), Dooris (1999) and Barton (2000) in which they explain that sustainable development encompasses not only environmental protection but also economic development and social cohesion as well. This means that sustainable development is multi-dimensional and assembles economic prosperity, environmental protection and maintenance of natural resources and justice for current and future generations. In connection to Malmö municipality, it was revealed that the project had its greatest focus on the social factor. They aim to achieve social progress by closing the gap in social differences between citizens. Besides that they also want to achieve
opportunistic society with good health, education and well-being which goes in line with how Harris and Neva (2001) explained the concept of being socially sustainable. It is important to note that even though most of the focus is on the social progress, the environmental and economic factors are not left out. Malmö municipality appears to be thriving towards economic sustainability as well because it was stated during the interview that the implementation of these strategies will help improve the economy as well due to the fact that it will create more employment opportunities for the citizens as well as providing equal education opportunities for its citizens. Furthermore, considering the fact that Malmö municipality is involved in several sustainable projects, such as urban sustainable development, the “greenest” ESC ever and ensuring that in some years to come all purchased food in the municipality is organic, they are also achieving environmental sustainability. It also shows that they are thinking about the future, considering next generations and taking care of the environment. One example is that they are today taking strategic actions towards reduction of global pollution. In addition to this, they are also informing the residents about sustainable progress by issuing a magazine containing undertakings towards sustainable development in Malmö.

In relation to Barton’s model, the figure below (see figure 8) illustrates how Malmö municipality plans to achieve sustainable development.

**Figure 8: Identified Plan towards sustainable development in Malmö municipality.**
6.2 Influences of internal/external stakeholders

When analyzing the stakeholders influence on sustainable development in Malmö municipality it could be important first to know who the stakeholders of the organization are. Johnson, Whittington & Scholes (2011) point out that it is vital for an organization to know its stakeholders when developing strategies. In the information that has been collected about Malmö municipality several stakeholders have been pointed out which include the residents, the politicians, employees, Swedish government, society, media, the commission, managers, investors, Malmö & Lund universities, the city council, Red Cross, Save the Children mentor, Hasselgränd helpline, non-governmental organizations, the business industry and the World Health Organization.

By considering the theory, stakeholders of an organization are often divided into the external and internal stakeholders. Johnson, Whittington & Scholes (2011) explained that the internal stakeholders have identification with the organization while the external stakeholders are more interested in investments. When analyzing Malmö municipality, those who could be considered as the internal stakeholders by looking at the criteria of identification with the organization are: the politicians, employees, the commission, managers and the city council. The reason for that is that these stakeholders also appear in the context of the internal stakeholders in the interviews. On the other hand the stakeholders that seem to be external for Malmö municipality are: the residents, Swedish government, society, media, investors, Malmö & Lund universities, Red Cross, Save the Children mentor, Hasselgränd helpline, non-governmental organizations, the business industry and the World Health Organization.

By widening the topic, several interviewees mentioned that the most important stakeholders of Malmö municipality are the citizens but that the main stakeholders of the organization are the politicians. In connection to this Andriof, et al., (2002) stated that the each company has different stakeholders, and it is hard to consider each and one of them. Instead the organizational respond is directed towards the corporate demand of stakeholders (ibid). That may be the case in Malmö municipally, meaning that the focus is on the citizens but that the politicians are vital for the future of the organization as well. By this said, it seems as stakeholders have an important role in Malmö municipality and that the demand of these is considered. This argument goes in line with the theory that Rowley (1997) suggested which says that an organization responds to stakeholder’s demand depending on which role the stakeholder has in the network.
When the interviewees were asked about who initiated the sustainable project in Malmö municipality, several answered that it was cooperation between the commission and the politicians. Considering that Andriof, et al., (2002) claimed that strategies are often developed in alliance with the stakeholders in order to avoid potential issues, that factors could be the reason for the cooperation in Malmö municipality. However, the cooperation in Malmö does not seem to include all stakeholders in decision making, such as investors. This could be bad for the municipality, since they probably would not benefit from future funds without cooperating with these investors. Avoiding potential issues with the stakeholders has also been brought up by Polonsky (1995). Harrison & John (1996) have also stated that it is beneficial to create partnerships with the stakeholders.

However, in theory, there are mixed arguments on which stakeholders the organization should especially focus on (Lings, 1999). Some suggest that the best thing is to consider both external and internal stakeholders when creating strategies (Ibid). That seems to be the picture in Malmö municipality since interviewees mention a lot of considered stakeholders (see figure 9). This is in line with Sharama & Henriques (2004) suggestion in which they pointed out that it is especially important to consider both sides of the stakeholders for a company that is involved in economic, social and ecological elements.

**Figure 9: Identified stakeholders in Malmö municipality.**

*(External stakeholders in green boxes/ internal stakeholders in red boxes)*
In theory, it is said that both the external and internal stakeholder can influence the choices of a company (Johnson, Whittington & Scholes, 2011). Internal stakeholders often influence through identification with the organization, strategic leadership and planning systems while the external stakeholders influence through regulation, funds and with the help of the internal stakeholders. The stakeholders that influence the most have the most power, highest interest and legitimate stake in the organization (Ibid).

When talking about organizational internal stakeholders, interviewed members of the commission state that the employees of Malmö municipality have a strong willingness to influence sustainable development. It is said that they discuss and notice potential issues regarding sustainability but that they do not possess enough bureaucratic power in order to make things happen. One interviewee said that the managers are more influential since they have as obligation to take important organizational decisions. This could mean that the internal stakeholders are influencing sustainable development in Malmö municipality, since the managers are assumed to belong to the internal stakeholders in this case. However it also goes in line with the theory concerning the influence and strategic leadership. The influence of employees does not seem to be effective since they do not possess as much bureaucratic power and political capital as the managers. It looks like this issue exists even though the municipality has tried to involve all the employees. The interviewed members have also pointed out the importance of employees’ involvement in sustainability and that the commission recommends better involvement and consideration of employees influences in decision making in Malmö municipality. According to information gathered during the interviews, the issue has probably already been noticed but not solved yet.

Furthermore, it is particularly interesting to note that both the primary and the secondary data revealed that the politicians are probably the ones influencing and deciding about sustainable development the most. According to the interviewees they are the ones that have deployed the commission for sustainable development in Malmö municipality. The highest decision making body in Malmö is the city council with 61 members, including different politicians that are deciding and setting the budget for Malmö city. This indicates that they are the ones that are mostly and directly influencing the future and sustainable development of Malmö.

In contrast, when it comes to external stakeholders in Malmö municipality and the influences of these, it seems that they are just interested in the sustainable projects but not directly influencing the organization. Examples of external stakeholders like these are: the citizens
and universities. However, the Malmö municipality has indirectly been inspired and influenced by The World Health organization in their previous project about sustainable development. That fact may indicate future research about the indirect and direct influences of the stakeholders. Still, current stakeholders of Malmö municipality appear to all contribute towards sustainability in their own way though it seems to be some economic and bureaucratic constrains. The social movements and society give the impression to be involved by reaching people that the municipality is not able to reach. This goes in line with the theory where Carroll & Buchholtz (2011) argue that sustainable development is about creating shareholder and social value while decreasing traits on the environment.

Additionally, by looking at the collected information, Malmö municipality needs to attract more investors in order to be able to create even greater projects in the future. According to Carroll & Buchholtz (2011), sustainable development is something that society expects from the organizations today. Stakeholders are more interested and involved since there is a trend of investing in social responsible organizations (Ibid). Another fact for why Malmö municipality should attract investors and continue with the sustainable development is as Carroll & Buchholtz (2011) pointed out, the economic crisis that has caused the need of a sustainable global economy. If that could be achieved in Malmö municipality, the theory says that the sustainable progress in cooperation with stakeholders can improve organizational reputation.

The following figure (see figure 10), illustrates the assumed stakeholders influences towards sustainable development in Malmö municipality. The stakeholders connected with the organization by the red line seem to influence the company the most, the one stakeholder that is connected by the green line appears to be indirectly influential when it comes to sustainable development in Malmö municipality. The remaining stakeholders with the black lines have little or no influence on the municipality but are interested in the projects.
6.3 Proactive/defensive strategy response

Recently developed sustainable strategies in Malmö municipality were established by a politically independent commission that consisted of 14 members. These members were mostly scientists but several individuals from Malmö municipality and the region were also involved.

When it comes to strategies, according to theory, organizations mostly respond to pressure from the stakeholders in two ways, defensively or pro-actively. Earlier in the analysis it was discussed that the internal stakeholders influence sustainable development in Malmö municipality the most. Theyel (2001) stated that an internal mechanism fosters proactive processes rather than defensive processes. Melek, et al. (2012) confirmed this by saying that the pressure from stakeholders is driving firms to be more environmentally conscious and to adopt proactive environmental strategies that go beyond laws and regulations. Definition of strategies that go beyond legal laws is that they are developed in organizations that use regulations as baseline but are constantly aiming to exceed current regulations (Marshall, Cordano & Silverman, 2005). In connection to that, Malmö municipality seems to develop more of proactive strategies than defensive. This is assumed since almost all interviewees said
that the developed sustainable strategies in Malmö municipality were not only grounded on laws. They said that other factors were incorporated as well, such as current research and facts, dialogue with researchers, business cooperation, collaboration with partners, employee involvement and associations.

However, proactive strategies involve more factors. Klassen & Angell (1998), state that proactive strategy is a set of objectives, plans and procedures of an organization. All this seems to be taken care of in Malmö municipality since the strategy development process was described as a mix of structure and cooperation. The structured part concerned meetings, discussions, schedules, deadlines, reports and leadership and the cooperation was about science reports, practice, researches from individual areas and joint solutions. Still, other parts of proactive strategies are important as well. According to Borial (2006) proactive strategies mean implementing actions that are meant to create changes and not just answer to changes. Also, proactive behavior focuses on self-initiated and future-oriented actions that aim to change a situation (Crant, 2000). In Malmö municipality, all these factors of pro-activeness seem to be incorporated in strategy development. The reason for that is that the interviewed members said that the strategies were both future oriented and at the same time aim to improve a current situation. Interviewees said that the development strategies include both complex long term goals and improvement of current situation in Malmö municipality. Interviewees had also a shared opinion about who initiated the project. They said that is was the politicians in Malmö municipality which means that the project was self-initiated. This in its turn shows again proactive behavior.

If Malmö municipality has developed proactive strategies in order to respond to environmental issues than according to theory that will be rewarded by reduction of financial risks, improvement of corporate image and perception of the organization. Furthermore, various studies have shown that organizations respond through proactive strategies if they are influenced by external stakeholders. Here, the case of Malmö municipality and theory goes in different directions since Malmö municipality seems to have developed proactive strategies by influence of internal stakeholders. However, responding to influences in a defensive strategic way should be considered as well.

In theory, defensive strategies are usually built on basic, legal standards (Nicholls, 2002). Beam & Carey (1991) explained that defensive strategic planning aims to lower the probability of attack, divert attacks to less threatening avenues, lessen attack intensity and
anticipate and prepare organizations for potential detrimental situations. When it comes to anticipation and preparation of organization, according to the interviewees Malmö municipality has been created long term strategies that will reduce unwanted happenings in future and create better living conditions for future generation. Also interviewees pointed out that the strategies were developed in first place in order to reduce current unwanted situations such as child poverty, low employment rates, low achievements in school and health inequalities. By considering those facts, it seems as Malmö municipality has responded to stakeholders influences in a slightly defensive way as well. However, Malmö municipality appears as creative in their strategy development since they did a lot of research and included different individuals. That factor does not go in line with a defensive strategy response. In theory, defensive strategies are based on basic, legal, minimum standard of behavior and can be open to abuse through creative interpretation.

Lastly, it appears as Malmö municipality has a more proactive strategic way of response, but that there are some defensive factors incorporated in their strategies as well. Maybe, the case can be that it is hard to develop only one or the other. The reason for this could be that these strategy responses work together in some way. For example in Malmö municipality, strategies seem to be both future oriented with the aim of improving a current situation (proactive measure) and also focused on reducing probability of unwanted situations (defensive measure).

6.4 Analytical Connection to Research Matrix

The modified research matrix illustrates the connection between stakeholders influence and strategic response. It can be seen as important because it enables organizations to map managerial response to different stakeholders’ influences. According to Nicholls (2002) the matrix is relevant to any organization in the public domain and can be applied to both human and environmental issues. There are four options of placement in the matrix; Legal contracts, Stakeholder approach, Sustainability agreement and Codes of conduct.

When it comes to Legal contracts, Malmö municipality does not appear to respond to internal stakeholders influence by creating defensive strategies. Their main influences seem to be internal stakeholders but the strategic response on the other hand appears to be more proactive. This leads to the next option in the matrix, which is the stakeholders approach. This
seems to be the quadrant in which Malmö municipality fits the most (part marked red on figure). The reason for this is that during the interviews it became clear that intended strategies are future oriented and initiated by politicians. This makes the strategies proactive and the source of stakeholders influence internal. According to the matrix this means that the organization has a respect for certain employees, which in this case are the politicians. They and other employees are empowered to participate and to contribute to running the business in Malmö municipality. Also, the external stakeholders of Malmö municipality have an equal right to take part of the sustainable development but they do not possess enough power to initiate a certain idea. It seems that some improvements are still necessary in Malmö municipality when it comes to recognition of everybody’s ideas.

Furthermore, since the external stakeholders do not influence sustainable development of Malmö municipality, it looks like the organization cannot be connected to “Codes of conduct”. This is because it was never mentioned that Malmö municipality has special codes of conduct and agreements with external stakeholders when developing sustainable strategies.

In the end, Malmö municipality does not either seem to fit into the quadrant of “sustainability agreement”, which is about external stakeholders influences and proactive strategy responses. Even though they seem to have developed sustainable strategies that are mostly proactive, still their influences appear to come from the internal stakeholders. None specific pressure from external stakeholders and cooperation with these has been identified. The red box in the figure (See figure 11) below indicates where Malmö municipality fits the most in relation to their strategic response towards stakeholder influence.
Looking into the matrix to see where Malmö municipality has its place can help the organization with several factors and future projects. For example, now that they know who potentially is influencing their work the most and how they respond to that, they could work on improving the involvement and influence of external stakeholders in sustainable projects. This could help them to build valuable partnerships and better reputation of the organization. Also, since Malmö municipality is a nonprofit organization, the external stakeholders can be really important to consider when it comes to investments and funding. Higher investments could provide better resources for future projects in Malmö municipality.
7. CONCLUSIONS AND IMPLICATIONS

This concluding chapter starts with an overall discussion. Furthermore, the main results and conclusions are presented. The research questions of the paper are answered based on the findings and analysis from the previous chapter. The chapter also includes managerial implications and theoretical contributions, limitations and suggestion for future research.

7.1 Discussion

In the following sections the research questions are discussed in order to meet the research purpose. The purpose of this study was to investigate the stakeholders’ influences on sustainable development in a nonprofit organization and how this nonprofit organization responds to these influences strategically. This discussion acts as the basis for the presented conclusion in section 7.2. The discussion is divided according to theoretical concepts in relation to each research question.

7.1.1 Sustainable development

*RQ1: How does a nonprofit organization want to achieve sustainable development?*

In order to answer the first research question, the concept of sustainable development was investigated in relation to Malmö municipality. It showed that the municipality works with sustainable development by initiating several sustainable projects. They are also considering the future of the organization, next generations and the environment in their strategy development processes. The sustainable progress in Malmö municipality is communicated to the citizens’ through information magazine. Based on this study, the interest of Malmö municipality is creation of long term oriented sustainable organization. The values are to take responsibility for the community by accomplishing the purpose of reduction of health inequalities. Malmö municipality realizes that present and future generation should have equal living standards. As it looks today, the biggest need is to create a united city of possibilities. However this goal has its challenges that could be resolved by ensuring strong political will and leadership.
The future of Malmö municipality is defined by three core factors when it comes to the achievement of sustainable development. These are the economic, environmental and social aspects. The municipality strives to improve economy by creation of better employment opportunities. The environment is considered by for example reduction of pollution as well as the social factor. Social progress should be achieved by closing the gap in social differences between citizens.

7.1.2 Influences of internal/external stakeholders

RQ2: To what extent is the sustainable development in a nonprofit organization influenced by internal or external stakeholders?

To know the extent to which sustainable development in Malmö municipality is influenced by stakeholders, it was important to find out who the stakeholders of Malmö municipality are. It was also vital to know which of these stakeholders are internal and external to the organization. The ones that were considered as the internal stakeholders of the organization are: the politicians, employees, the commission, managers and the city council. Identified external stakeholder of Malmö municipality are: the residents, Swedish government, society, media, investors, Malmö & Lund universities, Red Cross, Save the Children mentor, Hasselgränd helpline, non-governmental organizations, the business industry and the World Health Organization.

When it comes to sustainable development the most important stakeholders of Malmö municipality are the citizens but that the main decision makers of the organization are the politicians. This means that sustainable projects are initiated for the citizens by the politicians. The politicians also cooperated with the deployed commission concerning the project, however, even though many stakeholders were considered during the project the process did not include them in decision making.

It became evident through the study that the internal stakeholders are the ones influencing sustainable development in Malmö municipality. Both the primary and the secondary data revealed that the politicians and managers are the ones influencing and deciding about sustainable development the most and they belong to the internal stakeholders. Nevertheless, it was also revealed that the involvement of employees was high but they have little or no influence regarding decision making about the project.
The external stakeholders in Malmö municipality are interested in the sustainable projects but not directly influence sustainable development of the organization. However, The World Health organization has unintentionally influenced Malmö municipality towards sustainable development. Current stakeholders of Malmö municipality all to contribute to the sustainability in some own way even though some of them face economic and bureaucratic challenges. Malmö municipality needs to attract more investors in order to secure the future of its projects and improve organizational reputation.

7.1.3 Proactive/ defensive strategy response

**RQ3: To what extent does a nonprofit organization strategically respond to the stakeholders influences in proactive or defensive way?**

The third research question was about extent to which Malmö municipality strategically responds to the stakeholders influences in the proactive or defensive way. Earlier it became clear that they were mostly influenced by internal stakeholders but later on it was also confirmed that Malmö municipality had developed rather proactive strategies than defensive since the developed strategies were created beyond legal laws and also included research, facts, dialogues, collaboration partners, employees’ involvement and associations. This was even more strengthened since the sustainable strategies of Malmö municipality included other proactive factors as well such as set of objectives, plans, procedures. Their strategies were also self-initiated and future-oriented with the aim to change a situation. This in its turn confirmed repeated proactive behavior.

It was revealed that Malmö municipality has created long term strategies that will reduce unwanted happenings in future and create better living conditions for future generation. This indicated that they had responded to stakeholders influences in a defensive way as well. However since they appeared to be creative in their strategy development the defensive strategy response was rather rejected. Malmö municipality simply had a more proactive strategic way of response to internal stakeholders’ influences. In the research matrix of this study this occurrence is called the stakeholders approach which means that the company is more internally oriented and in this case controlled by the politicians when it comes to sustainable development.
On the other hand it is probably hard to develop one kind of strategies without triggering the other type of the strategy. It maybe does not have to be the one way or the other, perhaps defensive and proactive aspects can even be combined and work together.

In the end it is important to point out that Malmö municipality might miss great ideas and suggestions if they do not let external stakeholders and some of the internal influence the decision making as well. Throughout the study it became obvious that there is a need for recognition of influences from others stakeholders than politicians as well.

### 7.2 Conclusions

The purpose of this study was to investigate the stakeholders’ influences on sustainable development in a nonprofit organization and how this nonprofit organization responds to these influences strategically. In order to fulfill the purpose the research questions of this study are answered below:

**RQ1: How does a nonprofit organization want to achieve sustainable development?**

Malmö municipality wants to achieve sustainable development by initiating several sustainable projects. These projects fall under the three main categories, which are economic, environmental and social aspects. By carrying out projects under these three categories they want to for instance create better employment opportunities, reduce pollution and close the gap in social differences between citizens.

**RQ2: To what extent is the sustainable development in a nonprofit organization influenced by internal or external stakeholders?**

In Malmö municipality sustainable development is mainly influenced by politicians that are internal stakeholders of the organization. The external stakeholder of Malmö municipality, such as citizens, universities and media do not possess authority to directly influence sustainable development in the organization. However, they are involved in the ongoing projects.
RQ3: *To what extent does a nonprofit organization strategically respond to the stakeholders influences in proactive or defensive way?*

Malmö municipality responds to internal stakeholders’ influences by developing proactive strategies rather than defensive ones. This is since their strategies are self-initiated, future-oriented and include more than just legal laws. However, there are some defensive aspects included since the strategies are developed in order reduce probability of unwanted happenings.

**7.2.1 Summary of conclusions**

The table below (see table 5) shows clear summary of research conclusions in a more generalizable context.

<table>
<thead>
<tr>
<th>Research questions</th>
<th>Conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ1</td>
<td>Three main categories of sustainable development were identified: economic, environmental and social.</td>
</tr>
<tr>
<td>RQ2</td>
<td>Sustainable development is mainly influenced by internal stakeholders because external stakeholders do not possess authority to influence.</td>
</tr>
<tr>
<td>RQ3</td>
<td>Strategic response is mainly proactive. However some defensive aspects have been identified.</td>
</tr>
</tbody>
</table>

In order to meet the purpose of this study, the research questions have been answered. The purpose has been achieved since the research results revealed that internal stakeholders influenced sustainable development in the studied nonprofit organization and this nonprofit organization strategically responded to these internal influences in a proactive way.
7.3 Theoretical contributions

This research has focused on looking at stakeholders influence on an organization and how these organizations respond strategically to these influences. In order to get an understanding of this, theories were reviewed in relation to previous studies so as to act as a basis for the research to be carried out. In this way, this study has contributed to these theories by investigating whether they are applicable to the research case as well as reporting if there were any disparities.

7.3.1 Sustainable development

As demonstrated in the analysis chapter, some of the theories were supported while it also became evident that some were opposed. To a large extent the fact proposed by Weenen (2000) in which he stated that sustainable development has become one of the biggest challenges of the twenty-first century was fully supported. This was proven from various interpretations by the interviewees about the concept as well as the challenges identified with pursuing this project. In addition to this, Kelly et al (2004), Dooris (1999) and Barton (2000) idea of sustainability consisting of not only environmental protection but also economic development and social cohesion became fully supported as Malmö municipality was working to achieve sustainability in all of these sectors.

One aspect which was not supported was Taylor’s (2002) critic. This is because the newly developed strategies were made towards ensuring a better future for the city. This means that the municipality has an idea of what will be good for the citizens in the future and are working towards ensuring that the actions today will help meet the needs of the future generations.

7.3.2 Influences of internal/external stakeholders

The theoretical contribution given by Polonsky (1995) correlated with this study. This is because consideration was granted to the several stakeholders of the organization during the planning of the project. Furthermore, Andriof, et al.’s (2002) idea was partially supported because Malmö municipality did make decisions in alliance with some of its stakeholders such as the politicians and managers but other stakeholders such as the media and the society were not important when it came to decision making.
The fact that Malmö municipality did not really from partnerships with its external stakeholders somehow rejected Harrison and John’s (1996) theoretical contribution. The reason for this may be the fact that the research case is not profit seeking and as a result making partnerships with some stakeholders might not really be beneficial to them.

7.3.3 Proactive/ defensive strategy response

Klassen and Angell (1998) contribution about reasons why firms adopt proactive strategies was simultaneous with the research findings. This is because the reasons for Malmö municipality coming up with sustainable strategies were because they wanted to avoid anticipated issues and exploit new opportunities. Secondly, in partial support to (Marshall, Cordano & Silverman, 2005) input, some of the newly developed strategies exceeded current regulations while others were based on legal laws. Furthermore, the fact that the strategies were future-oriented actions which aims at changing a situation goes in line with Crant’s (2000) description of proactive behavior.

From this research one aspect was discovered by the researchers that can be considered as a theoretical gap because it was not mentioned in any of the previous literatures reviewed. From theoretical contributions from previous research, each author explains proactive and defensive behaviors as if they are two extremes. This meant that an organization is either behaving proactively or defensively. In the course of this research, it was proven otherwise. It became evident that even though an organization is developing strategies proactively, they end up being defensive as well. For example, the fact that Malmö municipality is making strategies which are future oriented, they are also behaving defensively by preventing unwanted happenings. This is an aspect which can be expanded theoretically.

7.4 Managerial implications

The managerial implications that will be presented here are all grounded on the results of this study. Managers in organizations that want to accomplish better understanding of the density that the work concerning sustainable development requires should benefit from these proposals. The suggestions are focused mainly on issues and improvements in connection to sustainable development since this study examined that topic.

➢ To begin with managers should consider suggestions from all stakeholders concerning sustainable development during the decision making. This should reduce risk of
missing out important and great ideas concerning sustainable development. Also by doing that the managers could get better insight about how different individuals perceive and want to achieve sustainable development in the organization.

- The most important stakeholders of an organization should be prioritized to some extent, since the company will probably benefit from that in the long run. As for example, Malmö municipality should prioritize to attract new investors in order to secure financing of their future projects towards sustainable development.

- The next suggestion is to take advantage from relevant projects that have been done in similar organizations. This can give the organization “free” experience and knowledge about future situations concerning sustainable development. By that the organization can prepare and face the challenges easier.

- Also, partnerships with different interested organizations should also be enlightened. If good collaboration is created the future sustainable goals could be achieved easier and the companies would undoubtedly benefit from each other’s competences.

- Furthermore, the leadership of a company should care for its stakeholders’ opinions and create team spirit in the organization. The main managers should be flexible and communicate the issues with their employees. This will make the employees feel involved as they contribute to the project. Everybody would then have a common goal, which should be to lead the organization towards a brighter future.

- Before implementing such complex factor as sustainable development in an organization, all involved in the project should be educated and involved in the topic. This will give the company a firmer base before startup of such complex missions and unwanted costly disruptions could be avoided.

- During this study it was revealed that working with sustainable development on global level will provide the organization with better image and reputation internationally. That is why it is suggested to be involved in and updated about international issues and current topics as an organization.
The final recommendation is for nonprofit organizations that work with sustainable development. Since they do not seek for profits it is suggested that these organizations should find something else to be motivated by, such as involvement in important projects that the organization identifies itself with.

7.5 Limitations

In this section different limitations of this study are presented. The limitations are the challenges identified throughout the research. The main limitation of this study was the time limitation. Considering the fact that this research investigation lasted only few months the amount of information was limited. Because of this some discoveries have probably been unexploited which could have contributed to the results of the research. Also this study is one sided because there was not enough time to collect data from the stakeholders point of view as well.

Another limitation of this study is the sample size. This research includes only one case study since that organization was the only one having an ongoing project towards sustainable development strategies. Assuming the qualitative nature of this study and the small sample size it can be difficult to generalize the results in the sector of nonprofit organizations.

Concerning the access to information some limitations were identified as well. Even though the respondent rate was satisfying, a great number of potential respondents could not participate in the study since they were occupied with ongoing sustainable projects.

A major theoretical limitation in this paper could be the fact that other aspects such as financials and legal constrains influencing sustainable development aside of stakeholders were not investigated. Because of this the results are only contribute to the influences of stakeholder.

Lastly the methodological approach to collect data was done though telephones since once again the respondents were not easy to access. This might have limited the value of the collected data and thereby also limited the results.
7.6 Suggestion for future research

If further research concerning the topic of sustainable development seems interesting, several suggestions are presented below.

- Comparable research could be done using a larger sample size with more respondents and even maybe include international nonprofit organizations? This would be good in order to make the research generalizable.

- Perhaps a research concerning sustainable development which includes comparison of nonprofit and profit organizations would be beneficial as well for the research area. With that results could hopefully be applied to all industries.

- In order to gain complete knowledge about the research area, a study that involves stakeholders’ point of view could be interesting as well. This study was done from the organizational internal point of view and could therefore lack total information.

- That fact that indirect and direct influences of the stakeholders were mentioned in this paper, but not further elaborated because of the lack of background; it is also a suggestion for future research.

- The last suggestion for future research is also that the theory could perhaps be widened in the future research including other factors that influence sustainable development in organizations. This would give a deeper understanding about the topic.
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Appendix

Interview Questions:

**Questions measuring Sustainable development:**

1. What does it mean for you to be a sustainable organization?
2. What are the key challenges of sustainable development in Malmö municipality?
3. Will the developed sustainable strategies help Malmö municipality with social progress, in that case in what way?
4. Are organizational resources going to be used in a way to protect the environment, which is an important aspect of sustainability? If yes, in what way?
5. In what way will the new strategies help future generations with economic and social issues?

**Questions measuring the influence of internal / external stakeholder on sustainable strategies:**

6. Who are the stakeholders of the organization? (e.g. Employees, Media, Shareholders, Government, Environmentalist)
7. Of these stakeholders, which influence the organization towards sustainability the most? How?
8. Do you think that the internal stakeholders (managers, employees) of Malmö municipality are influencing sustainable development? In that case by what means?
9. Are any external stakeholders (shareholder, society, activist groups) influencing sustainable development in Malmö municipality? If yes, please explain how.

**Questions measuring proactive or defensive strategic response:**

10. In what way have you created sustainable strategies for Malmö municipality?
11. The project of new sustainable strategies, by whom was it initiated?

12. Are the developed sustainable strategies future oriented and aim to improve a specific current situation? If yes, please explain.

13. Are the developed sustainable strategies mainly based on legal laws? Otherwise, please explain the other elements.

14. Do you think that the reason for developing sustainable strategies for Malmö municipality was in order to reduce probability of unwanted future happenings? If yes, please explain what kind of unwanted happenings.