

Sustainability Information Provided by Businesses in Sweden – Differences between Categories in Nature-based Industries?

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Abstract— Nowadays, sustainability is of great importance for all types of businesses. Sustainability includes the three dimensions of economic, social, and environment sustainability. Larger companies within the European Union must present sustainability information to their stakeholders according to European Law. This study investigates nature-based companies, which include traditional trades such as agriculture and forestry but also new emerging businesses that are based on nature's resources such as tourism, fishing, and hunting. In rural areas, these types of business often provide the primary income for many people and are therefore of great importance where business development is concerned. The aim of this article is to explore nature-based businesses in Sweden and the work they do to provide their stakeholders with sustainability information. Do different kinds of nature-based businesses provide different sustainability information? What kind of sustainability information do nature-based businesses give to their stakeholders? The study was conducted during the month of June 2017 and took a qualitative approach. Data were collected from 100 nature-based companies in Sweden. The companies were randomly selected from the official website of www.allabolag.se, which is a register of all companies in Sweden. Nature-based businesses were selected from various categories, and included companies in the following industries: agriculture, food producers, forestry, garden and contract work. The companies included all had an annual turnover of 1-50 million euro. Data was collected from secondary sources such as websites, printed materials, and annual reports. The results show that there are differences between the different categories of companies and the companies are grouped in two types. Agriculture and food companies focus more on environmental sustainability, while forestry companies provide the most information and have the highest level of detail. One practical implication of sustainability reporting is that companies can provide sustainability information in order to be more competitive on the market and gain more customers to their businesses.

Index Terms— agriculture, forest, nature-based business, sustainable, sustainability information, stakeholder.

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I. INTRODUCTION

Nature-based businesses in Sweden play a key role in business development and growth [1]. In recent years, business development in nature-based companies has gained a growing amount of attention from politicians in Sweden, as they contain core resources for business development in rural areas. For a company to be nature-based, its value creation in one way or another depends on resources from agriculture, forestry, gardening, or other rural environments. In Sweden, the term "green industries" (In Swedish "Gröna näringar") is often used for these companies and related industries but it has a different meaning compared to the English interpretation of green industries. This article therefore use the label of nature-based businesses which includes traditional industries such as agriculture and forestry, and new industries that are based on these such as for instance the tourism industry ("stay at a farm"). There has long been a great focus on development and growth in agricultural-based companies, and this sector is considered to be of particular interest for growth and the establishment of new businesses [2]. For nature-based companies it is also of great importance to develop more sustainable businesses.

The Brundtland Commission Report (1987) states that "*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs*" [3]. Sustainable development is often focused on the following three dimensions; economic, social, and environmental sustainability. In the early 1990s, after the Brundtland report was published, companies started to supply environmental information and environmental reports and in the mid-1990s social reports were also starting to be included. From the early 2000s companies started to introduce sustainability reports that addressed all three sustainability dimensions; economic, social and environmental. "*Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development*" [4]. Not all companies supply complete sustainability reports, some just present sustainability information. Regulations concerning sustainability reporting are not clear on what must be included and how reports should be reviewed (like annual reports are audited). Mahoney et al. (2013) concluded that the reasons behind companies'

sustainability reporting varies and is often vague. One reason why some do not present sustainability reports might be due to a lack of a clear framework [5]. Companies also differ in what they include and “greenwashing” is common, a practice that involves companies making reports to satisfy the stakeholders rather than to be a more sustainable company. Dumay, Guthrie, and Farneti (2010) argue that companies are reporting more information than previously when reports typically only included traditional financial and accounting information [5]. Sweeney and Coughlan (2008) discuss that sustainability reporting is made to satisfy stakeholders, present accountability and legitimacy, and also as a way of communicating with their stakeholders [6]. In 2017, an EU-directive mandated that all companies that fulfill two of the following three criteria must partake in sustainability reporting [7]:

1. more than 250 employees,
2. a yearly turnover in excess of 35 million euro
3. total assets of 17.5 million euro.

Until then, sustainability reporting was a voluntary act for privately owned companies in Sweden. Since it is still voluntary for most companies to present sustainability information, many of them use it more for marketing reasons rather than to supply information. Companies have many different stakeholders such as employees, customers, suppliers, creditors, and public authorities and they are all interested in different economic, social, and environmental issues that determine the success of a company [8] [9] [10]. Companies can, with the help of sustainability reporting, try to meet these stakeholders’ demands by presenting information with the aim of increasing transparency, improving brand value, reputation and legitimacy, motivating employees, and contributing to corporate sustainability [11].

Nature-based businesses in Sweden are often mentioned in connection with the climate debate. “*The agricultural sector is the largest single source of greenhouse gas emissions of nitrous oxide and methane,*” says the Swedish Environmental Protection Agency’s website, for example [12]. And it is true that food production affects climate emissions, as does all human activity. But nature-based businesses are also a prerequisite for counteracting climate change. They are the only ones that can capture and store carbon dioxide from the atmosphere while delivering food, renewable energy, new materials, and chemicals. One problem is that when the impact that agriculture and forestry has on the climate is discussed, it is often from a global perspective. And although there is certainly more to do, the Swedish agriculture and food production industries are already among the world’s most sustainable [13].

It is therefore important to study nature-based businesses in Sweden to see what kind of sustainability information they present to their stakeholders. The aim of this article is to explore nature-based businesses in Sweden and their work with sustainability information towards stakeholders. The following research questions are discussed: Is there a difference in what kind of sustainability information nature-based businesses from different categories focus on? What kind of sustainability

information do nature-based businesses communicate to stakeholders?

The paper is structured in the following way: First a theoretical review of nature-based businesses is highlighted. After this, the study method is described. In the following section, the findings and discussion are presented. Finally, the last section presents conclusions and practical implications.

II. NATURE-BASED BUSINESSES

A. *Development and Growth in Nature-Based Businesses*

The common denominator for nature-based businesses is that all activities depend on natural resources. Natural resources are what we have around us in nature, such as land and forest. Nature-based businesses are often associated with a way of life in which the entrepreneur has a value and vision with his or her entrepreneurship [14]. Entrepreneurs within nature-based businesses play an important role in society’s sustainable and economic development [15]. Nature-based businesses in Sweden have struggled to gain profitable businesses and therefore often diversified their businesses [16]. Borch, Huse and Senneseth (1999) argue that there are often greater differences in profitability within an industry than between industries [17]. This suggests that in-house issues – such as access to resources, entrepreneurial skills and change capacity – can mean more for a company’s profitability than market positioning and competitiveness [18].

Today, nature-based businesses have gain interest from the consumers since they are nowadays more aware of sustainable issues in relation to businesses. Consumers’ interests in locally produced food is steadily growing. A large proportion of consumers believe that it is important that the food they buy is locally produced. Large food chains are also investing in increasing the range of locally produced products they stock [19]. Nature-based businesses are important to Sweden’s economy as they employ so many people – approximately 416,000 people work in the industry, which is over 9% of the work force in Sweden [20]. There are several different stakeholders that influence the sustainability work of nature-based businesses. The role of the stakeholders is therefore of great importance to address for nature-based businesses.

B. *Stakeholder Theory*

Companies have a number of stakeholders involved in them for different reasons. Stakeholder theory claims that different stakeholders should be presented with different reports about the company that could, for instance, contain sustainability information. Stakeholders include shareholders, banks, investors, customers, employees, the government, and suppliers [21]. Reports should be produced so that the needs of stakeholders are presented, but this can cause problems as different stakeholders may request different information. It is therefore important that nature-based companies prioritize information according to how important stakeholders are. Often the focus of these reports is on finances and how to maximize revenues.

Different stakeholders might also use different sources of information such as annual reports, sustainability reports, websites, and printed materials. Some companies have different goals for different stakeholders and provide them with different information. It might provide information on the company's profits, working conditions, low prices, high quality, environmental concerns, and social awareness. Sustainability reports can therefore be an active strategic plan for stakeholders to portray a certain image. Annual reports are often focused on shareholders, banks, and other credit actors, while sustainability reports are often aimed at customers. This is often the second group after the shareholders [22] [23].

III. METHOD

The study was conducted in June 2017 and took a qualitative approach. The study was explorative with the aim to investigate nature-based businesses in Sweden and the work they do in providing stakeholders with sustainability information.

The sampling for this study followed certain steps. Data was collected from 100 different nature-based companies in Sweden. The companies were randomly selected from the official homepage of www.allabolag.se, which is a register of all companies in Sweden. Nature-based businesses were selected based on categories, which included companies within the agriculture, forestry, hunting, and fishing industries. These companies all had an annual turnover of 1-50 million euro.

The selected nature-based companies in this study were distributed as follows:

Table 1: Nature-based companies

| Categories | n=100 | |
|--------------------------|-------|-----------|
| Agriculture (like grain) | 20 | } Group A |
| Vegetable | 20 | |
| Egg | 10 | |
| Fish | 10 | |
| Forestry | 20 | } Group B |
| Garden | 10 | |
| Contract work | 10 | |

Data was collected from three data sources, following certain steps. Firstly, we started by reading each company's annual report to see if any sustainability information was presented there, and what kind if it was included. Annual reports usually focus on economic information but we focused on any social and environmental information included. Secondly, we investigated if the companies provided sustainability reports, and if they did, what kind of information they included. Finally, we investigated the companies' websites to see if they provided any sustainability information and if so, what kind. All data included in the study was secondary data from written documentation from the included companies, sourced from annual reports, sustainability reports and websites. The data was therefore collected from several sources.

The data were divided according to their sources and then categorized into one of the three areas within sustainability (economic, social and environmental). The data were analyzed

using an interpreted approach based on Weick's (2001) sense-making, which is a process that is successfully used in research [24]. Here the concept was used to understand and make sense of sustainability reporting among nature-based companies. If a company states in their annual report, or/and sustainability reports or/and on their website that they are working with sustainability issues, they probably are.

IV. FINDINGS AND DISCUSSION

The study found that different types of nature-based businesses focus on different areas of sustainability. When the data was interpreted the result showed two main groups of result that showed similar findings namely agriculture and food producers (group A) and forest, garden and contract work in forest (group B). The structure of this chapter will therefore be based on these two groups.

One common result for all types of nature-based businesses is that economic sustainability is not discussed to any large extent, which is understandable. All of the studied nature-based companies must present an annual report with the financial results for the year. When discussing sustainability there are other aspects that are addressed concerning economic sustainability such as market present and indirect economic impact. These areas are not mentioned in the annual report, which focuses on the financial results for the year.

Another clear result is that many of these companies are family owned companies and many has been in the family for generations. This lead to a common result that economic sustainability is not as important towards stakeholders since the nature-based companies are not as influenced by stakeholders such as stock-owners, banks and investors. There are not as important stakeholders that request a certain result or quarterly economic reports.

A. Agriculture, Vegetable, Egg and Fish Companies

The study found that companies active in the agricultural sector, such as food production, are mainly focused on environmental sustainability. They are often more detailed in what kind of efforts they make in order to be sustainable. The nature-based companies are for instance discussing areas like more sustainable transportation and more ecological types of packaging. The issue of recycle is discussed and the use of compost at the farm. For many of the studied nature-based companies the issue of quality is mentioned. For many of the companies quality is equal to environmental sustainability. The issue of quality and quality label puts demand on the companies. Some of the companies are also working on sustainability based on energy consumption and own production with the help of renewable energy sources like solar cells and wind turbines. The issue of spraying for instance vegetable and use of chemicals are addresses by the companies. Some of the companies write about emissions of carbon dioxide which is often discussed in the debate in mass media.

Social sustainability is not mentioned a lot, especially compared to environmental sustainability. There are only a few companies that discuss social issues like season employees and

quality labels. The issue of gender equality is discussed since the industry is often portrayed as a male dominated industry with “men driving the tractors”. Another social dimension is that a few companies seem to engage in the local community and make social efforts.

B. Forest Companies and Contract Work

The forestry companies investigated were among the nature-based businesses that presented the most information to their stakeholders. They are more focused on environmental sustainability and they provided specific sustainability reports annually, in the same way as they provided annual reports. The studied companies are often certified with PEFC-certification, which means that the company works towards a sustainable forestry businesses. PEFC-certification is a Program for the Endorsement of Forest Certification and is an international, non-profit, non-governmental organization. It promotes sustainable forest management through independent third party certification. It is considered the certification system of choice for small forest owners. The result also show that some companies' vision is to protect animal and nature. The only social sustainability dimension that is mentioned by a few companies is the vision to be a great employer.

Another conclusion is that the main stakeholder group is not the consumer but larger companies that buy the wood or contracting services. These large companies (e.g. stakeholders) are the main target group for sustainability issues for the forest companies and contracting services companies.

The findings from this study are that the main stakeholder group for this type of nature-based businesses is the consumer. The sustainability information seem to be target towards the small consumer that will eat the products at the end. Since the consumers are more aware of sustainability issues and often choose more sustainable options it seems important for these nature-based companies to present sustainable information. The sustainability information may lead to more satisfied consumers who will increase sales and revenues and improve the nature-based company's economic sustainability.

V. CONCLUSIONS

The aim of this article is to explore nature-based businesses in Sweden and the work they do to provide their stakeholders with sustainability information. The conclusions that can be drawn from this study are that there seem to be differences between the different company categories but also similarities. Almost none of the included companies showed an interest in social sustainability, with only a few companies mentioning it very briefly. The two main groups that the study has identified show differences based on who is the main stakeholder group.

Are there differences in what kind of sustainability information nature-based businesses from different categories focus upon is one of the research questions in this article? The conclusion is that there are differences and also similarities. One common result is that economic sustainability is rarely focused on, and this is particular clear when the nature-based company is family owned. Group A that produce different types of food are

interested in environmental sustainability but are more eager to present detailed sustainability information. This sustainability information are mainly focused towards food consumers. The differences are that forest companies (group B) have for instance wood purchasers as a main stakeholder group. These companies are focused on environmental sustainability that these stakeholders are interested in like ecological labels.

What kind of sustainability information do nature-based businesses communicate to stakeholders is the second research question in this paper? The conclusion is that they focus mainly on environmental sustainability. The sustainability information provided seems to mainly target the customers as the main stakeholder group. Many nature-based businesses are family businesses and they are therefore not focused on other stakeholders such as investors, banks etc. Environmental aspects are important for many of these businesses, with around 80% of the companies addressing this issue.

The practical implication from this paper is nature-based companies should use environmental sustainability as a marketing tool to gain even more customers. The customers are today much more aware and interested in sustainability. Sustainable information can therefore be a competitive advantage for nature-based companies.

Future research could be to study these nature-based companies by observations and interviews. The sustainability information that they have presented may differ from what they actually do in their everyday businesses life. This study has shown the importance of sustainable information to different stakeholders for nature-based businesses.

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