

UN GLOBAL COMPACT AS MEANS FOR SUSTAINABLE VALUE CREATION

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ABSTRACT

Organizational barriers to sustainable value creation are analysed and discussed in this paper. Furthermore, a central objective is to present managerial recommendations on how to increase sustainability performance. The internal implementation process related to strategic objectives within sustainability is chosen as unit of analysis, and thus theoretical concepts within change management are emphasized. A case study conducted in the maritime sector show that organizational resistance is a substantial risk when implementing sustainability initiatives such as UN Global Compact. One explanation could be that relations between strategic objectives such as market growth and profit optimization become unclear. Furthermore, there will most likely be different attitudes and behavioural traits between different employee groups. It seems reasonable that people working with external stakeholders perceive relevance for their own tasks differently than people working closely with production-oriented activities. An efficient way of reducing barriers can be to relate new initiatives to existing policies and routines within Health, Safety and Environment (HSE), quality management, and general work on legal compliance. In addition, managers should involve employees actively and early in the process of developing performance targets and establishing new guidelines in order to establish ownership and local anchoring.

Keywords: UN Global Compact, sustainability, organizational innovation, change management, strategic sustainability management, corporate social responsibility (CSR)

1 INTRODUCTION

Sustainability is a term being used by most actors and grows in usage. In the business sector it often reflects being profitable in the long term, while the public sector, NGOs and many scholars emphasize environmental and social aspects as equally important. The latter would be in accordance with the concept of sustainable development as defined by the Brundtland commission, and is also the understanding of the authors. Furthermore, Porter and Kramer (2011) argue that it is possible to create maximum economic value through creation of social and environmental value, e.g. shared value creation, which is one way of conceptualizing sustainable value creation. In other words, a company could achieve long-term competitiveness and sustainability by addressing societal needs strategically.

The literature gives few clear answers for managers on how to achieve wanted results from strategic sustainability management. Company-specific factors are of great importance, and generic solutions are therefore challenging to deduce. However, given a set of objectives one could argue that the *transition process* towards a more sustainable organization would reflect generic traits and therefore being applicable for research. Theoretical concepts within change management and organizational innovations are believed to be valid in this context. Thus, the framework of Krüger (1996) is applied as the analytical model.

The purpose of this paper is to analyze how managers can achieve sustainable value creation. The analysis is done through a case study on the sustainability initiative UN Global Compact, and the results are illustrated by empirical findings from a case company in the maritime sector. Value creation in this context can be in terms financial, environmental and social factors, but also intangible values such as stakeholder collaboration, communications and awareness within an organization.

The overall research question is:

- i. How can organizational barriers to sustainable value creation be reduced?

In order to answer this, a theoretical background is presented and empirical data from a case study are analyzed. Furthermore, the results are discussed and constitute the basis for managerial recommendations.

2 THEORETICAL BACKGROUND

In this section UN GC as means for sustainable value creation is conceptualized through literature findings. Furthermore, a change management framework is presented in order to lay the foundation for empirical and theoretical analysis based on empirical results.

2.1 Impact from UN Global Compact on organizational change processes

The UN Global Compact comprises ten principles within areas of human rights, labor, environment and anti-corruption, and covers many aspects related to corporate social responsibility (CSR). Furthermore, the ten principles are based on the logic of sustainable development and put emphasis on stakeholder involvement. Signing UN Global Compact require top-management commitment, as the chief executive has to prepare a Letter of Commitment to the Secretary-General of the United Nations. By this the firm express commitment to (i) the ten principles; (ii) engagement in partnerships to advance broad UN goals; and (iii) the annual compilation of the Communication on Progress (COP) report. UN GC can in general be regarded as strategic policy framework for achieving sustainable value creation.

Cetindamar and Husoy (2007) argue that GC could facilitate value creation both in the short and long run, especially because of network opportunities which could be an important source of knowledge and new ideas. However, this conclusion is not supported by Runhaar and Lafferty (2009), who address how industry specific factors influences the contribution of UN GC. Their study shows that GC has a marginal beneficial effect, and their main criticism is that “*GC does not provide industry-specific input or resources (in terms of either knowledge or partners)*” (Runhaar and Lafferty, 2009, p.492). In other words, the argument of beneficial network seems ambiguous because companies seem to regard other networks better suited for addressing industry specific issues.

Explicitly stating that their findings are in contrast with the results of Cetindamar and Husoy (2007), Runhaar and Lafferty (2009) do, however, underline that the reason could be their focus on CSR frontrunners. The logic being that UN GC was only one of many initiatives in which the frontrunner companies were engaged. Runhaar and Lafferty (2009) point out that “*it is to be expected that the way(s) in which the GC is actually utilized by companies, depend(s) on company- and context-specific factors*” (p.483). It should be noted that also Runhaar and Lafferty (2009) acknowledges some general features having the potential of providing important benefits. Learning processes through interaction and cooperation with stakeholders and other companies are emphasized.

The empirical analysis conducted by Mageroy and Vildasen (2012) conclude that UN GC membership has largest potential when it comes to innovations of organizational and incremental character. Changes are mainly caused by the introduction of a systemic approach and the need for reporting on progress. The same logic is given by McKinsey (2004), arguing that UN GC seems to have a role in facilitating strategies that already exists, and hereby accelerating implementation and incremental change (McKinsey, 2004).

2.2 Barriers in organizational transition processes

According to Krüger (1996) managers tend to underestimate implementation, which should actually be regarded as the core task of change management. A typical point of failure is that the people concerned do not accept new solutions. Problems often arise from issues which are not directly related the change program or are hidden by day-to-day business. The main message is that individuals in the organization should be integrated in the change process through different means spanning from *value-*

based integration to professionalized integration. The underlying reasoning is that *management of perception and beliefs* aims for attitude acceptance, while *power and politics management* deals with behavior acceptance. The last stage of the process is *issue management* where activities are based on information, training, supervision and control. This is the phase where new solutions and practices are learned in order to “refreeze” patterns of thinking and behavior.

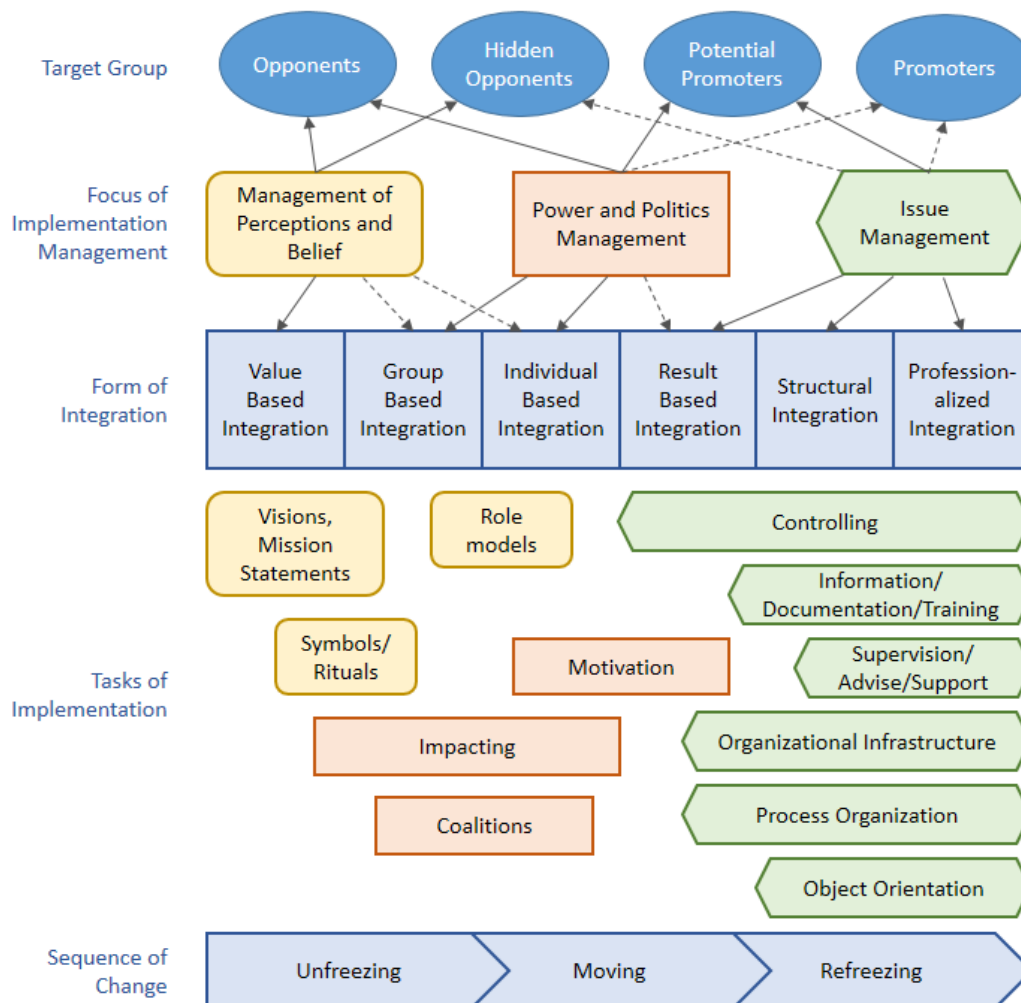


Figure 1: Framework for change management introduced by Krüger (1996)

The change management framework highlights the importance of organizational barriers, which can be analyzed by introducing target groups as shown in the top of Figure 1. By doing so, it is possible to support positive and diminish negative attitude and behavioral patterns. *Promoters* represent both positive attitude and behavior while *opponents* are negative. The former would show joy, motivation and enthusiasm while the latter would show disappointment, resignation, disapproval and resistance. In general, those who expect to benefit from changes are likely to act as promoters and those who expect to suffer disadvantages, become opponents. However, sometimes there exists a gap between (internal) attitude and (external) behavior. *Potential promoters* have a positive attitude to change in general, but show negative behavior because of expected negative consequences of the specific change at hand. *Hidden opponents* have a negative attitude towards change in general, but show positive behavior due to expected advantages.

In the following, the focus of implementation management are elaborated and related to the different forms of integration. When it comes to different tasks of implementation as illustrated by Figure 1, these are also included and explained.

2.2.1. Management of perception and beliefs

Management of perception and beliefs represent the start of the change process. The focus here is on achieving attitude acceptance, which typically will target *opponents* and *hidden opponents*.

The need for change and the way in which change will occur, must be communicated. Hence, *vision* and *mission statements* along with *symbols* and *rituals* are important implementation tasks. The objective should be to ensure every employee's permanent personal commitment to values and norms. In practice, *role models* have proved to be of great importance. Both individuals and groups can serve as models, and it is regarded crucial that top management live the values they are thriving for.

As indicated in the framework, management of perception and beliefs focuses on *value-based integration*. *Group-based* and *individual-based integration* are also targeted when role models are used.

2.2.2. Power and politics management

Power and politics management aims at behavior acceptance, and target groups are therefore *opponents* and *potential promoters*.

Important means of power are rewards such as appreciation, praise, bonuses and compensations. The opposite is also possible, e.g. withdrawal of support and advantages, but this is restricted by strict legal limits. Rewards or punishments influence *motivation* and are linked to satisfaction and performance. A change supporting *coalition* is also crucial in an implementation process. For example, it is advantageous to use promoters who are already identified in order to achieve multiplication effects.

Power and politics can be exerted by individuals as well as by groups and this type of management are thus important for *individual and group-based integration*. Higher ranks and direct superiors do vertical integration, while single or group of colleagues carries out horizontal integration.

2.2.3. Issue management

Issue management can be regarded as the rational and factual dimensions concentrating on cost, time and quality. *Potential promoters* are the main target group.

Important activities would typically be *informing, training, documenting, supervising* and *consulting*. The main purpose is to achieve *professionalized integration*, which means that employees are adapted to new tasks, structures and procedures. Such activities should be initiated partly or entirely through project teams or steering committees, and are examples of *organizational infrastructure* and *process organization*. *Result-based integration* reflects *controlling* progress and results during the implementation process.

Issue management will typically receive most attention from managers. This could prove to be risky because then the importance of *power and politics management* and the *management of perception and beliefs* is underestimated. The main point is that implementation must begin before the change project is defined because employees must be included in the process of identifying needs and intentions, as well as the establishment of goals. Thus, people concerned must be convinced of the need for change before the project starts.

2.2.4. Summary

The general implication from applying the change management framework is that employee acceptance should be a separate implementation goal in order to overcome organizational barriers. Krüger (1996) argues that implementation must be designed as an individual and organizational learning process in order to be successful. Furthermore, groups in the organization must be approached differently based on their likely attitude and behavior to the proposed change.

3 RESEARCH METHODS

Following an exploratory approach, qualitative investigations as means for collecting data from the case company was chosen. In essence, a qualitative study deals with words rather numbers, the approach is open-ended and contextual understanding is emphasized (Bryman and Bell, 2011).

Interviews were selected as the main source of evidence, and typical features of the research process are presented in the following. Some methodological dilemmas are discussed in section 3.2 in order to evaluate the research quality.

3.1. The case company

The empirical investigations of this study are mainly based on a visit with the Ulstein Group in the period of 15th to 19th of April 2013. Furthermore, follow-up meetings and discussions throughout the fall of 2013 have been indirect sources of information.

The case company is an important actor in the Norwegian maritime industry, and is internationally renowned as a provider of ship design, shipbuilding and power and control systems for ships. The family-owned company with history back to 1917, is today also established within shipping through Blue Ship Invest. The Ulstein Group wants to secure long-term competitiveness by a strong focus on results and active use of the firm’s three core values: innovative, engaging and advancing.

The group is divided into four main business areas: Design and Solutions (UDS), Power and Control (UPC), Shipbuilding (USB) and Shipping (Figure 2). UDS and UPC have subsidiaries abroad in countries as Brazil, China, Poland and The Netherlands. In addition, the support organization Ulstein International have sales offices in Shanghai, Singapore and Rio de Janeiro.

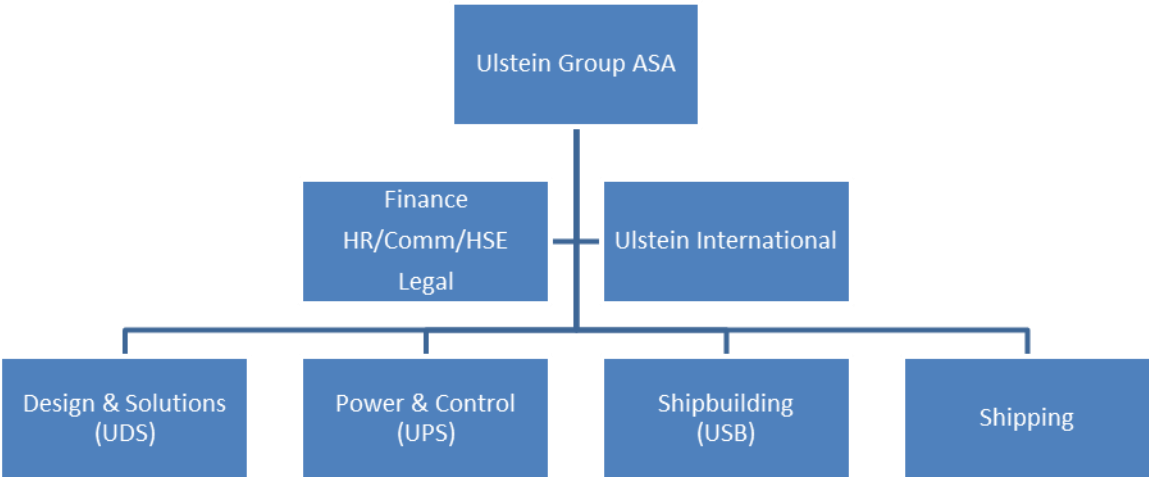


Figure 2: Company structure

3.2. Semi-structured interviews

Seventeen semi-structured interviews were conducted in total. Sixteen of them were recorded and notes were taken simultaneously. Both investigators were present at the same time and the interviews lasted in average an hour. One interview was more informal and documentation was done by taking notes only.

According to Bryman and Bell (2011), a typical feature of semi-structured interviews is to develop an interview guide. This was conducted based on a theoretical analysis. However, some adaptations and spontaneous changes to the guide were carried out during the process. For instance, questions asked during the interviews were adapted to the specific interviewee. This was mainly due to differences in background, meaning that some people were better qualified to answer some of the aspects. In other cases, certain topics were regarded relevant and interesting, and therefore people were allowed to speak more freely. The notes taken during the interviews were used as data source when interpreting

the findings. If topics and statements were perceived unclear, they were double-checked with the recordings.

The table gives an overview of the interviewees and is the frame of reference when presenting the empirical findings.

Table 1. Interviewees

Work title	Business Area	Reference number
Sales Manager	Shipbuilding	1
Process Development Manager	Power and Control	2
Business Consultant	Ulstein International	3
Chairman of the Board / Deputy CEO	Group Management	4
HR Director	Group Management	5
Public Relations Manager	Group Management	6
HR and HSE Manager	Shipbuilding	7
Business Controller	Power and Control	8
HR Manager	Design and Solutions	9
Chief Designer	Ulstein International	10
Manager Supply Chain Department	Design and Solutions	11
Legal Council	Group Management	12
Superintendent and Manager Service Department (joint interview)	Shipbuilding	13
Deputy Managing Director	Shipbuilding	14
Manager Strategic Sourcing	Shipbuilding	15
Project Director	Design and Solutions	16
Manager Planning Department	Shipbuilding	17

3.3. Evaluation of validity and reliability

The quality of the research design is a core subject that should be discussed because qualitative research in general could be criticized for being too subjective (Bryman and Bell, 2011). Issues related to validity and reliability are therefore reflected upon in the following.

3.3.1. Validity

Validity is concerned with the integrity of the conclusions generated (Bryman and Bell, 2011). Internal, external and construct validity are the typical forms of integrity measures (Yin, 2009). Internal validity is left out in the following because according to Yin (2009) this integrity measure is mostly relevant when conducting explanatory rather than exploratory investigations.

Construct validity concerns the issue of identifying operational measures for the concepts being studied. A recommended strategy is to use multiple sources of evidence. Even though some statements were supported by documentation, the main data source was interviews so this criterion is not regarded fulfilled. That being said, quite a large number of interviews were conducted which could enhance trustworthiness of results. Another strategy recommended by Yin (2009) is to maintain a chain of evidence that enables a logical link between initial research questions and case study conclusions. Efforts have been made to follow this strategy through usage of theory as basis for interview guide along with explicit citations to sources when presenting empirical results.

External validity deals with generalizability of the study's findings (Yin, 2009). Usage of theory would enhance external validity, but given the open and exploratory nature of this study, generalizability is regarded low. The results are probably better suited as a foundation for further research and investigations.

3.3.2. Reliability

According to Yin (2009), reliability is the criterion for securing the same results when an empirical study is repeated. The key principle is to document all the steps in the research process so that the research is replicable.

A recommended strategy in order to enhance reliability is to develop a case study protocol (Yin, 2009). This was to some extent taken into account through an interview guide based on theoretical considerations and data collection procedures during the stay in Ulsteinvik. Furthermore, sixteen out of eighteen interviews were recorded which would make it possible for other researchers to analyze the data collected. A complete transcription of all the interviews could have strengthened the reliability, but because of time constraints this was not conducted. Most of the questions asked during the semi-structured interviews were quite open-ended. A weakness is therefore that respondents do most likely not answer an open question the same way twice.

Because of the open-ended and flexible approach of the investigations, reliability is regarded limited. In other words, it is likely that investigators could obtain different results if conducting the same data collection procedures.

4 RESULTS AND EMPIRICAL ANALYSIS

The case study findings are presented and analyzed in the following. Section 4.1 aims to describe the organizational context in which UN GC membership has been evaluated. Section 4.2 aims to answer the research question by analyzing organizational barriers for implementation.

4.1 Decision making processes regarding membership in UN GC

At the board meeting in April 2012, it was decided that the administration should to a higher degree formalize their work within compliance and increase their focus at ethical guidelines and anti-corruption. In this setting, both the HR director and the legal counsel see UN Global Compact as a desirable way of structuring the work. Therefore, they oriented the board the 24th of April 2013 of their recommendation to join UN GC.

Ahead of this, membership in UN GC was discussed in the group management in March 2013. The discussion unveiled that the chief operating officers of two of the business areas did not consider membership valuable, as the extra work required was perceived more costly than the benefits. This opinion should be seen in relation to an ongoing process of reducing the indirect costs in the business areas. In other words, a new task instructed by the group management was considered inconsistent with current focus.

Membership was discussed in the management group on several occasions throughout the spring and early fall of 2013. After several rounds, the business area managers were convinced and CEO Gunvor Ulstein send a letter of commitment on 19th of August 2013 to the UN. Ulstein delivered their first communication on progress (COP) on 22th of January 2014.

4.2 Organizational barriers to change

Issues related to change management and the process of implementation, are given in the following. The brackets indicate reference to an interviewee as shown in table 1. The titles of the sub-clauses are indicating the topics addressed in the interviews.

4.2.1. Support and resistance

“Most people will think that GC is a good idea, but most probably they don’t want to have anything to do with it. Some will probably not understand why this is important.” (2)

Opinions are quite divergent when it comes UN GC membership. One statement is that employees most probably are divided in two because some will say that this initiative is something we must have, while others will argue that Ulstein should focus on ship building and not everything else (6). Another statement is that attitude towards UNGC will differ on an individual level and not necessarily on department level (5).

It was mentioned in most of the interviews that sales, marketing and external-oriented departments most probably will see possibilities within UN GC membership or that they are important target groups on the process (1, 2, 5, 6, 9, 12, 15 and 16). However, it is noted that sales representatives and brokers located internationally could be more sceptic towards UN GC (1). People working with supply chain management are also believed to support the initiative (12, 15 and 16). Furthermore, academic oriented people will most probably be most enthusiastic. Such groups are typically found in Design and Solution and Power and Control (7).

A common point made was that people more production and operational oriented could have difficulties seeing benefits of UNGC (6, 7 and 16). It was also stated that those who have worked for a long time in the company and have seen many initiatives come and go during the years, will probably not invest that much time in this. This group is typically focused on delivering operational results (6). Furthermore, people that have ship building as their main task are mostly concerned about how they can limit time spent on projects (7). As an example, UN GC could be advantageous when Ulstein is utilizing third-party companies in production activities because it is important to ensure that they are up to standards (16).

A general remark is that UN GC will be a burden if actions are not related to daily operations. For instance, in the shipyard there must be measures and activities oriented towards daily operations, and in sales departments they clearly will be motivated if this helps them in their relation to shipping companies (16).

4.2.2. Concrete activities

“Implementation must result in concrete changes in documents and processes. Only nice writings on the webpage are of no use.” (15)

During most of the interviews it was mentioned that the core issue is how different roles and function can use UN GC membership in practice. One argument is that when people can see that UN GC can be helpful in their work, then it is easier to make things happen (16). Here it is crucial to focus on concrete activities and content (6). One way of doing this could be to link the initiative to action plans (5). Another example could be to use workshops in order to identify what this could mean for different groups (15). A central actor in the implementation process mentioned that the company today does not exactly know implications of membership and this will be important to identify (12).

It was a common finding that UN GC membership should be coupled to existing activities. One example was recruitment processes because younger, well educated people are more concerned about aspects that the UN GC principles represent (7). Furthermore, some found it useful to see the principles in relation to existing ethical guidelines (1 and 8). Issues related to legal compliance and corruption was also emphasized (5 and 12). It was stated necessary to refresh knowledge about ethical guidelines through training programs, and that dilemma training and anti-corruption needs to be developed. UN GC membership could act as useful tool in this context (12). Another example was to see implementation of UN GC as a project where Ulstien’s project management model should be utilized by identifying which employees to involved and related costs. A pre-project should be conducted along with a cost-benefit analysis (2).

The need for concretization was by many related to the need for understanding why the company should become a member. It is crucial that people see clear what benefits that are involved for their tasks and on department level. If this is neglected it could be a risk that people see this as something extra and on the side of core operations (3). In this context it could be useful to argue linkages to strategic choices, such as being proactive, preparing for future regulations or because of international activities (8). It was stated that people in general are not that interested in things that are “nice to have”. Therefore, it is important to spend time to inform and explain reasoning behind the decision (9).

4.2.3. Reporting and measuring

“The most important aspect is to get things done and to limit paperwork.” (16)

A recurrent point made was that UN GC membership should not involve too much administration and bureaucracy (2, 13 and 16). However, it is also regarded beneficial to link UN GC activities to regular reporting and measurement systems (8). In this context it is argued that membership could be easier to execute if there will be a continuous focus and not just annual reporting (16).

Furthermore, it is important to establish a “living” system that measures progress. This would mean that concrete targets on Group level are established first. In the next round, it is natural that business areas and department on lower levels also develop similar ones. Concrete performance indicators, which are checked regularly, are necessary, but this is typically difficult to establish for human capital (5). Nevertheless, it is regarded crucial to measure other factors than just cost and earnings in order to get a successful outcome because people are in general motivated to do things on which they are measured (2).

In order to develop realistic objectives, it was suggested that relevant departments within the organization should be involved in an open process where ideas are discussed. Workshops could be good arenas for such activities (11). A similar suggestion was to use multidisciplinary groups with members on different levels along with union representatives in the implementation process. This is could be a good way to identify and evaluate measures in different areas (17).

4.2.4. Anchoring

“Anchoring in top management is crucial and initiatives have to be announced by them.” (13)

The role of top management is emphasized in several of the interviews. One person states that change processes can be “born” down in the organization, but it must be anchored in the top management (2). Another thinks that top management should work out a plan for implementation and it should be identified what membership means for the company (3). Top management should focus on ownership, responsibility and guidelines for how to implement in the departments (2). It was noted that a too top-down governed process is risky. The worst thing you can do is to force such an initiative down on people because it will create resistance and they will think that the decision is poor (10).

Anchoring and ownership were mentioned in many of the recommendations given. First, it was emphasized that every member of Group management should support membership (16). In the next phase, management groups on lower levels are mentioned as important actors in the process along with union representatives (7, 9, 13 and 16). Some argue that involvement of these groups also should happen before the decision of membership is taken (7 and 9). In this context, the Group committee meeting and extended management groups could be relevant discussion arenas (7). HR functions are assumed to play an important role during the whole process (16). In general, group management, HR, sales, marketing, sourcing departments and communications are important target groups in an implementation process (1 and 6).

4.2.5. Involvement

“Involvement does not take much time and it is important that people feel listened to. It often takes much longer time to achieve same support if processes are governed too much top-down, and it could actually become impossible.” (9)

Information should be sent to every employee (7), and giving information is in general something which should be prioritized in an implementation process (8). A concrete way of doing this could be through “question and answers” on internal webpages (6). In general, marketing both externally and internally is essential (15). When it comes to involvement that is more active it was argued that it is useful to involve a broad set of employees because if people are allowed to contribute, they will feel ownership and pride (10). That being said, it is important to evaluate the number of employees involved in order to spend a reasonable amount of resources (6 and 7).

Regarding target groups, HR could have main responsibility for worker rights while for instance anti-corruption is especially relevant for sales and supply (5). It is natural to include some groups even more, for instance sales and supply along with management groups (15). Furthermore, it is wise to involve department managers first and give them mandate to give feedback and input. Next, they will

then be responsible for involving their own department (10). In general, it is very important to involve department managers in order to reach out to production workers (13).

5 DISCUSSION, RECOMMENDATIONS AND IMPLICATIONS

As stated in 2.2.4, the recommendation from Krüger (1996) is that acceptance should be a separate implementation goal for reducing organizational barriers. Given such a premise, practical implications based on the empirical analysis are discussed in the following.

5.1 How could organizational barriers to sustainable value creation be reduced?

Support and resistance are simultaneous factors in organizational dynamics when implementing sustainability initiatives. Employees are likely to relate overall concepts to their personal values and what they believe is right to do. In other words, this could be an important source for internal support. However, the risk concerning internal resistance is also substantial because such initiatives can be perceived as irrelevant for core activities.

A central factor for reducing organizational barriers is power and politics management (2.2.2). In this context one could argue that people will experience motivation, feel ownership and pride if they are allowed to contribute in developing activities and objectives. Another critical aspect is involvement in decision-making. It is probably much harder to achieve support after a decision is made, than if one involves people on forehand. It is typically argued by HR managers that union representatives and management groups below Group level also should take part in the decision-making process. As pointed out by one of the HR representatives, such involvement does not need to take much time.

Furthermore, the theory implies that involvement is especially important towards groups of employees that are likely to be opponents (2.2). The findings reflect that this could be employees working in operational roles where short-term delivers are main focus. These groups probably perceive the generic nature of the UN GC principles as distant. In addition, the empirical analysis suggests that employees working towards external stakeholders will most probably see potential benefits more easily. One concrete recommendation could be to use people in procurement or sales roles as part of a support coalition (2.1.2) in order to convince key personnel in roles that intuitively not regard the initiative as important.

5.2 Recommendations and implications for managers

The core message from the analysis is that risk of resistance is probably high when it comes to a sustainability initiative such as UN GC because people will have difficulties grasping relevance and benefits. Therefore, establishing concrete objectives seems to be crucial. In addition, the process of developing such goals is regarded as an important way of involving employees. This could also be an efficient way of reducing the sense of bureaucracy and mitigating organizational barriers.

Furthermore, the following suggestions would aid managers when implementing a sustainability initiative:

- Identify and formulate linkages to existing policies before introducing it to the rest of the organization.
- Involve employees early in the process and ensure that real influence on performance targets and overall objectives is possible.
- Include implementation tasks in performance assessment and appraisal of managers and key employees.
- Relate new activities to existing tasks and work processes at different levels in the organization for instance within HR, HSE and QA.

5.3 Evaluation of the change management framework

The framework of Krüger (1996) was chosen because of its prescriptive nature, which makes it useful for managerial recommendations. However, some inherent weaknesses should be reflected upon.

A strength, but also a weakness of the applied framework, is its generic nature. Krüger (1996) points out that type and depth of change will influence how the framework can be used. However, there exists little guidance regarding which factors being important and how the framework can be adjusted to the case at hand. An issue which could be criticized is thus practical applicability. A central point is that the framework in many ways requires that every type of change projects should follow a linear process of integration starting with value-based integration. Therefore, a challenge emerges when the change at hand is intertwined with other ongoing processes or policies. It is then difficult to determine if change processes have already started or if it is necessary to start with activities related to “unfreezing” the organization.

Another aspect giving practical challenges is that the different forms of integrations should be conducted in stages. For example, value-based integration should be completed before group-based integration is targeted. Even though the framework proposes relevant tasks for the different stages, there exist few guidelines when it comes to assessing when a certain stage is completed and when it is natural to continue to the next phase.

Despite of its limitations, the key concepts of the framework seem applicable in the case at hand. Most importantly, utilizing such a framework gives structure to the discussions, which again makes it less challenging to deduce managerial recommendations.

6 CONCLUSION AND FURTHER RESEARCH

The purpose of this paper was to analyze how managers can achieve sustainable value creation. In the case of the sustainability initiative UN GC, the first necessary step is to evaluate ambitions and motivation for spending resources on such activities. Given such an analysis, the important task for managers is to communicate practical relevance, and to develop incentive systems so that people are rewarded for spending time on new activities. This is probably the most important aspect in order to create value from a sustainability initiative such as UN GC.

It is important to note that UN GC is one of many policy frameworks to which a company can commit in order to increase their sustainability performance. UN GC facilitates incremental change processes and contributes to organizational innovations. However, despite good intentions many companies fail to integrate the UN GC principles in their management systems and daily operations. An overall research topic could thus be on how sustainability challenges imply change management in order to reach strategic objectives. More specifically, further research could be conducted on implementation and certification of environmental management systems according to international standards, and related effects on core activities and organizational dynamics in a company.

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