Value Creation Through Corporate Social Responsibility

- An illustrative study of five Swedish insurance companies

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Abstract

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Keywords: Corporate Social Responsibility, Corporate Sustainability, Shareholder, Stakeholder, Engaging Management, Insurance, Value

Purpose: The purpose with our thesis is to analyse where, how and for whom value is created with Corporate Social Responsibility through the study of five Swedish insurance companies.

Methodology: The research is based on a qualitative study where empirical and theoretical data have been studied through an inductive approach.

Theoretical framework: Shareholder and stakeholder theories, engaging management, strategic CSR and key principles of successful corporate social initiatives have been used in the research.

Empirical foundation: Our empirical data is conducted from five semi-structured interviews with CSR representatives from five Swedish insurance companies.

Conclusions: Corporate Social Responsibility is a necessity for the insurance companies studied in this thesis as it legitimises their core business towards shareholders as well as stakeholders. However, we have observed that the link between their core business and CSR strategy could be more distinct. Value is created through a strategic process supported by a long-term thinking along with strong inside-out and outside-in linkages to society. Furthermore, a mutual dependence between shareholders and stakeholders is required to create value. Value can then be added into the business if CSR is addressed selectively but carried through collectively.
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1. INTRODUCTION

The preliminary chapter presents the background to our study of Corporate Social Responsibility in five Swedish insurance companies. The chapter also gives a presentation of the Swedish insurance industry and why the research is of interest, along with successful international CSR activities. Furthermore the chapter presents a problem discussion leading to our problem statement and the purpose of this study.

1.1 Background

Companies are increasingly being called to take their full responsibility of employees, the local community and the environment. Today, price and quality are not the only aspects taken into consideration by customers when purchasing a product or service. Environmental policies and labour conditions are also of great importance, which give the customer an idea about whether the product has been produced ethically or with concern to the environment. Companies’ social responsibility, so called Corporate Social Responsibility, is a voluntary initiative but has become an essential part in the overall business strategy. Debates about a corporate responsibility have ranged all the way from issues regarding working conditions to climate change. Hence, some companies have taken into account what the outside world asks of them by acting responsibly with the ambition to embrace these social issues that society demands from them. Besides, more and more companies seem to discover the benefits achieved from responsible business. Corporate Social Responsibility is defined differently from business to business, but is frequently categorized into three pillars: people, planet and profit, the so called triple-bottom line (Cramer, 2006).

There are several national, international and regional initiatives with the ambition to establish a social norm for businesses to act upon. The United Nations, the European Union and other organisations such as CSR Europe, have all addressed the issue of Corporate Social Responsibility, CSR, also mentioned as corporate social initiative, corporate citizenship or corporate sustainability. In the year 2000, Kofi Annan initiated the United Nations Global Compact Programme which is today, the world’s largest global corporate citizenship initiative. Primarily, the Global Compact has two objectives: to catalyse actions in support for broader UN goals as to contribute to broad-based development and sustainable markets, and doing so by inaugurating ten principles on how to create

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1 http://www.dn.se
2 http://www.va.se
social legitimacy in business activities around the world. The work of supporting and building social legitimacy is not something new or revolutionary. On the contrary, discussions whether it’s prosperous or not for businesses to commit themselves to social issues, have been going on for years. Debates have mainly treated child labour and working conditions for companies within the consumer industry. Nowadays, as the climate issue has exploded, and has also been acknowledged and rewarded with the work of Al Gore, environmental issues have become top priority in today’s society. Hence, the awareness that we need to act immediately to maintain a healthy and prosperous society, along with an increasing globalisation, has turned the debate about CSR into a pressing issue. The world economy has become more global as companies export and import from all over the world. However, there is also a possible risk of addressing the issue only on the surface, as sustainability is not just about establishing a code of conduct or presenting an environmental policy in the annual report if concrete action is not being taken.

In January 2008 the book “CSR – från risk till värde” was published, explaining that deliberated work with CSR do result in corporate benefits. Working with these questions will result in increased market value and enhanced competitive advantage for the company. We believe that this was what people assumed for years, however had not yet been proved by research.

In Sweden, companies also have to face the increasing ethical demands on the action caused by themselves as well as those produced by distributors, suppliers and business partners. Even though companies are facing demands from the political system and other organisations, it is mostly other stakeholders as employees, customers and investors that put pressure on the company. To care about the environment and being concerned about the employees have become high priority among Swedish companies as well. A recent survey from 2007 showed that 88 % of the 100 Swedish companies that took part in the survey believed that the companies’ responsibility for social issues had increased. 44 % among the companies was of the opinion that the CEO was held responsible for these issues, driven by the demand from employees and customers. CSR Europe, as mentioned earlier, is a leading network for business people working at the very forefront of CSR. It was founded in 1995 by senior European business leaders and has since grown to become an inspiring network for Corporate Social Responsibility with 70 multinational corporations and 24 national partner organisations as members. CSR Europe’s unique network of corporate members provides expertise and diversity to its members.

3 http://www.unglobalcompact.org, note 2
4 http://www.va.se
5 ibid
6 http://www.svensktnaringsliv.se
7 http://www.va.se
8 http://www.e24.se, note 1
9 http://www.svensktnaringsliv.se
10 http://www.va.se
11 http://www.crseurope.org
creating a foundation for a CSR platform upon which the members undertake its activities\textsuperscript{12}. In 2003, the largest CSR conference ever, was arranged in Sweden and was also the beginning of CSR Sweden which was founded the year after\textsuperscript{13}. CSR Sweden, with its 15 members strives to make companies, voluntary and actively, engage themselves in social issues and the development of our society. Their objectives include the development of instruments and connecting companies to inspire and stimulate innovative thinking\textsuperscript{14}.

Companies will nevertheless face a growing demand for social responsibility that goes far beyond cash donations and giveaways. Besides having to face the increasing demands from stakeholders, organisations need to meet their obligations against their shareholders. The challenge lies within making important contributions to the common good while meeting and challenging their financial and market objectives. Undertaking the complex choice of what activities to invest in and to gain shareholder and stakeholder confidence, has turned social engagement into a pressing issue where companies have to find a balance between the different interests, hence create value for both parts. The challenge is to choose the most suitable activities to gain shareholder and stakeholder confidence. Doing well for one might be too much of a good thing for the other.

As we will further explain later in this chapter, the Swedish insurance industry has during the last couple of years experienced a change in consumer behaviour. Previously, the industry was characterised by a strong customer loyalty; this devotion is now decreasing\textsuperscript{15}. We believe that the Swedish insurance industry has been put to test after occurrences that directly affect the industry. These include tragedies such as the Asian tsunami in 2004 or the Swedish storm Gudrun in 2006, which are directly connected to travel- and home insurance. However, we will not only study non-life insurance companies, this matter also concerns the life insurance companies and their link to ethical funding etc. These catastrophes and scandals make the Swedish customers more critical and more aware of how and if insurance companies take their responsibility. Moreover, we can assume that customers will demand more value-added services, critically considering how business is carried out. It is therefore of interest to analyse the impact that Corporate Social Responsibility has on the insurance industry.

\textsuperscript{12} \textit{ibid}
\textsuperscript{13} \url{http://www.csrsweden.se}
\textsuperscript{14} \textit{ibid}
\textsuperscript{15} \url{http://www.kvalitetsindex.se}
1.2 Success stories

1.2.1 Ben & Jerry’s

CSR is not only about doing the right thing. It also offers direct business benefits. To show an example of this, we here present a short story about Ben & Jerry’s, a top premium maker of ice cream and frozen yoghurt. This company has grown noticeably while working with CSR and they’re just as famous for CSR as for their core product. Their mission is based on three pillars: A product mission defining the importance of natural ingredients and a respect for the earth and the environment. Secondly, an economic mission which describes the financial goals and career growth for employees. Third, a social mission expressing that the company must be operated in a way that supports improvement of the quality of life locally, nationally and internationally. In 1992, they signed on to the CERES (Coalition for Environmentally Responsible Economies) Principle which draws attention to peace, social and environmental reports, global warming\(^\text{16}\). While looking at Ben & Jerry’s homepage filled with political, environmental and social statements, it seems clear that CSR is very well embedded in the business. Since 1992, and continuing their work with CSR, the company has grown dramatically. Having in mind that their often sell at a premium price, it is a remarkable story.

1.2.2 Shell

Another example of a successful approach for CSR is the one of Shell, a worldwide group of oil, gas and petrochemical companies\(^\text{17}\). Sincerity, integrity and respect for others are the most important values at Shell who was the first company to include a commitment to human rights in 1997 (Cramer, 2006). Using an instrument developed by the Danish Institute for Human Rights, Shell could analyse how well they were working with human rights and the impacts from it. In addition to this step-by-step instrument, Shell also developed a *step-by-step plan* to reach the desired result and to implement their human rights principles in the company’s daily activities. Shell drew up a *Country Risk Assessment* to identify each country’s high-risk areas with regard to its legislation and implementation (Cramer, 2006). The assessment was drawn up by the Danish Institute and provided recommendations on how to act and identified a number of focus areas. Shell also tested its policies against 350 questions and 1000 indicators. Shell also analysed opportunities and threats that lied ahead and what risks that had to be considered. The analysis of their external relations showed that there were a number of strong points. However, the analysis also identified several points that required attention. Shell also encountered several dilemmas regarding tensions between rules of conduct and local circumstances. While addressing social issues and integrating CSR thoroughly within the business, Shell became aware of external factors, facilitating risk management. The successful CSR approach became a solid

\(^{16}\)http://www.benjerry.com
\(^{17}\)http://www.shell.com
base for rigid market analysis and therefore provided tools for identifying changes as well as facing them (Cramer, 2006).

1.2.3 Novo Nordisk

Novo Nordisk is a healthcare company and a world leader in diabetes care who has received several awards and recognition for its triple-bottom line approach of doing business. Their target is to enhance shareholder value by exploring the interactions between financial and non-financial objectives, and doing so by consulting internal and external stakeholders. At Novo Nordisk, Corporate Sustainability is a natural foundation of their business. It is their ability to sustain and develop their business in a long-term perspective in harmony with society, and where engagements with their stakeholders are the foundation for legitimising their corporate decisions. The triple-bottom line is behind their way of doing business. This is embedded in their corporate structure and has evolved from their values and principles; making successful business by a strong set of values and a high commitment and respect for the society of which they are a part. Novo Nordisk proudly presents their vision of working according to strong values. They define corporate sustainability as an opportunities-driven approach where their proactive, responsible and responsive business has led them to broader and successful solutions. Novo Nordisk has also addressed the climate change issue and signed an agreement with the World Wide Fund for Nature for CO2 reduction. The company is well aware of the difficulties of undertaking a range of measures to save the environment, something which they go public about on their website. As mentioned earlier, they have been acknowledged several times for their work; in 2004 they top the Dow Jones Sustainability Index, in 2005 they helped thousands of people after an earthquake in Pakistan with free medical camps and was recently named one of the “world’s most ethical companies”.

1.3 The Swedish insurance industry

To get a better understanding of what the Swedish insurance industry looks like today, there are historical underlying factors that have influenced how the industry has been shaped. Originally, most insurance companies were private, now it is clear that extensive government regulations have formed the industry for decades. The reason why the government has had a big interest is because insurances concern the majority of citizens in the country. There are different ways of supplying insurances in a society; either they are public or private. Sweden has a strong public insurance tradition along with supporting private insurances. There is a clear link between how countries develop their insurance systems and the countries’ level of education, experiences, political systems and traditions. One of the

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18 http://www.novonordisk.com
largest current actors on the Swedish market, Folksam, has during this century highly influenced the design of the Swedish private insurance industry. Folksam’s intention has been to increase the competition and to cut the cost of the premiums (Larsson et al., 2005).

The current market is concentrated to a small number of larger companies and groups, however in total; the whole private insurance industry includes 390 insurance companies among which the majorities are small, local, non-life insurance companies. It is against Swedish law to run life and non-life insurance in the same company, nevertheless is it common to do so within a group but in separate companies. With approximately 9 million Swedish inhabitants, more than 4.5 million homes, along with 5.5 million cars are insured. In addition, around 3 millions have a sickness- and accident insurance19.

The broader role of business in society and the increasing pressure from NGOs, media and others to implement CSR has hit the global insurance industry. To be responsible, there are further missions to be completed than maximizing profit for shareholders. Huge recent corporate scandals, in Sweden and the rest of the world, have brought up the discussion regarding how companies should and should not be governed (Van den Berghe and Louche, 2005).

Traditionally, the insurance industry has been characterised as a stable industry with loyal customers. Jan Eklöf, head of division at SKI, defines the Swedish private insurance industry as a “low involvement type of business”. Until today, customers have only considered to switch company after being struck by a damage resulting in a claim. Normally during one year, only one out of six private customers reports a claim20.

"Swedish Quality Index", SKI, is a system for measuring and analysing customers’ and other users’ expectations and experienced quality on goods and services. The analyses have been done regularly since 198921. According to their latest survey, the traditionally strong loyalty in the Swedish industry has decreased. Internet makes comparisons easy; customer can evaluate prices and products before taking final decisions. In chapter two we further discuss our own hypothesis on this matter along with assumed underlying factors.

19 http://www.svenskforsakring.se
20 http://www.e24.se, note 3
21 http://www.kvalitetsindex.se
1.4 Problem discussion

As mentioned in the previous chapter, Corporate Social Responsibility has been more and more acknowledged and has already been brought up on the agenda. Companies are proudly presenting their code of conduct and the actions that have been taken for being socially responsible. Several organisations strive to make a change for the global welfare by engaging businesses and making them committed to social issues, and part of their overall strategy. We have already ensured that Corporate Social Responsibility is not something brand new and it is not our intention to present a definition on what CSR is. Instead, we raise the question if it’s possible that Corporate Social Responsibility calls for a revitalization and do companies need to adapt a different strategy for CSR than the present one, to position them in a competitive market. To provide the customers with value-added services, what is the next step for value creation and how will value be created with CSR in the future? Is it possible that future value creation is based upon innovative CSR projects and is innovation therefore the next step for ensuring competitive advantage by prioritizing the company’s social engagements?

1.5 Research questions

The discussion above leads us to the main research question for our study:

*Where, how and for whom can value be created with CSR?*

The research question will be answered through the study of five Swedish insurance companies.

In order to answer our main research question we have identified a number of sub questions that need to be answered to fulfil the purpose with this study.

*Where does value creation take place through Corporate Social Responsibility?*

*How can value be created from the underlying strategies of the companies’ social, environmental and economical activities?*

*Who will benefit from a commitment to Corporate Social Responsibility?*
1.6 Purpose

The purpose with our thesis is to analyse where, how and for whom value can be created with Corporate Social Responsibility through the study of five Swedish insurance companies.

1.7 Delimitations

As mentioned earlier, we have chosen to focus our study on the Swedish insurance industry while studying Corporate Social Responsibility, more specifically five Swedish insurance companies. We will therefore base our analysis and our conclusions on findings from interviews, official homepages and other official information. Our conclusion will therefore be based on the study of five companies in specific and can not be considered as a conclusion for the overall Swedish insurance industry.

1.8 Definitions of key concepts

*Corporate Social Responsibility* – “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”\(^{22}\).

*Corporate Sustainability* – “A business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments”\(^{23}\).

*Shareholder* – Somebody that owns one or several shares in a company.

*Stakeholder* – Internal or external actor interacting with the company; employees, customers, suppliers, non-governmental organisations, public authorities\(^{24}\).

*Engaging Management* - Addressing long-term perspective and building the organisation collectively where strategies emerge from the people involved. Engaging management proclaim the importance of acting ethically and emphasising the interests of stakeholders (Vershoor, 2003.)

\(^{22}\) [http://eu.europa.eu](http://eu.europa.eu)
\(^{23}\) [http://www.sustainability-indexes.com](http://www.sustainability-indexes.com)
\(^{24}\) [http://eu.europa.eu](http://eu.europa.eu)
Insurance – Is a form of risk management, a protective agreement promising economical compensation for unexpected occurrences.

Value – Phenomenon contributing to a greater benefit or good, the gap created when experienced quality exceeds expected quality.

1.9 Outline of the thesis

Chapter 1- Introduction.
The first chapter will give and introduction to our choice of subject and why the study is of interest. The chapter presents the concept of Corporate Social Responsibility and what actions that are being taken today to meet the demands from our global society. A presentation will also be given of the Swedish insurance industry, in which the five studied insurance companies are operating.

Chapter 2 – Method.
The following chapter presents our choice of subject as well as choice of reference. Furthermore, we describe our type of research and methods used to collect our empirical data. The chapter also includes a presentation of the authors to our theoretical framework to strengthen their reliability.

Chapter 3 – Theoretical framework.
The chapter presents the theories and models we have used to study Corporate Social Responsibility that will underlie our empirical findings. The chapter also includes previous studies as well as an extended presentation of the UN Global Compact Programme, briefly mentioned in the introductory chapter.

Chapter 4 – Empirics
We here present our empirical findings from interviewing the five Swedish insurance companies. The chapter is constructed by first giving a presentation of the company and their CSR projects followed by how to communicate and set up strategies for integrating CSR in their business.

Chapter 5 – Analysis
In this chapter, we will analyse the empirical findings conducted from our interviews with five Swedish insurance companies with our theoretical framework.

Chapter 6 – Conclusion
In this chapter, our conclusions of the thesis will be presented.

*Chapter 7 – Reflections and further research*

This chapter contains personal reflections and lessons learnt from studying CSR in the Swedish insurance industry. The chapter also presents suggestions for further research.
2. METHODOLOGICAL VIEWPOINTS

The chapter presents the method used while collecting empirical data for a qualitative study. Furthermore, we here describe our type of research as well as explaining our choice of study and frame of reference. The chapter also contains a presentation of the respondents followed by a critical review of our survey.

2.1 Choice of subject

The latest report from SKI, the Swedish quality index, shows that the Swedes’ awareness of the differences between insurance companies has increased\textsuperscript{25}. The probability that customers switch insurance companies is now higher than it used to be. Why is that? We believe that there is a connection between this awakening and burning issues such as climate change and natural disasters, due to the fact that insurance companies are there to handle damages caused by climate change. Furthermore, in 2004 our country along with the whole world was struck by the Asian tsunami. We have all seen the response this has given, not only insurance companies but also other industries; they all want to show that they are working with Corporate Social Responsibility. The fact that the tsunami had a clear link to travel insurance, we can assume that it made people more aware of what differs one insurance company to another.

We are aware of the fact that there do exist lots of literature, surveys and essays concerning CSR alone and the insurance industry, although we have not been able to find studies on how value is created through CSR in the Swedish insurance industry.

2.2 Choice of Frame of Reference

The readers of this thesis will become well aware of the fact that the theories presented are from American researchers. The readers might ask themselves how we can be so sure of their relevance in a Swedish context. During this journey, we have realised that there are no acknowledged Swedish theories on CSR, nor is there a society debate comparable to the one in many other countries. Along with this, as we will further explain in this chapter, several American authors identify September 11\textsuperscript{th} 2001 as the date when self-interest had to step away and collective efforts were to be brought up on the

\textsuperscript{25} http://www.kvalitetsindex.se
agenda. We have not been able to identify a similar event of significance in Sweden. Accordingly, it is motivated to analyse the Swedish Insurance industry with help from American theories.

When composing our frame of reference, we have used articles of well-known researchers within the area of Strategic Management. Moreover, we have had the ambition to discover and use new interesting perspectives and approaches of CSR. We will therefore present the authors of the published sources used, with the ambition to strengthen their reliability as well as the validity of this thesis.

In order to present the concept of Corporate Social Responsibility we have referred to Jacqueline Cramer (2006). Together with several companies, she has worked on the implementation of sustainable entrepreneurship. We have also chosen to use the work of Michael E. Porter and Mark R. Kramer (2006). They have both written several articles in the field of Strategic Management and we found their work on Strategic CSR to be most relevant for our study of value creation through CSR. Along with Porter and Kramer we have chosen two professors that are less known for the broad mass, John A. Perace II and Jonathan P.Doh (2005). The two authors have through their studies distinguished a number of initiatives to create successful CSR. With our purpose in mind, creating value through CSR, we found their work to be most relevant for our study. While answering for who value is created, we used the theory for a stakeholder driven approach by Edward R. Freeman and John F. McVea (2005) along with the shareholder perspective of Milton Friedman (1970). Our society clearly has different opinions of how business should be done and why business is carried out the way it’s done today. Therefore we have chosen to include the work of Henry Mintzberg et al. (2002) viewing the five fabrications in today’s society, distorting our view of Corporate Social Responsibility. When understanding and studying different approaches, principles and perspectives for CSR, we need models to see a structure and to organise CSR. We have therefore chosen to use the model of Archie B. Carroll (1991) who depicts CSR as a pyramid model where the economic responsibility underlies all the others. Even though the model is from 1991 we find it interesting to point out that responsibilities were discussed and organised 25 years ago. The model is also relevant due to the fact that we can see how the work of Porter and Kramer in 2006 stretches further than simply good citizenship as in the model of Carroll. We also have used a model of Oliver Falck and Stephan Heblich (2007), two authors that point out that businesses can do well by doing good. They have integrated the theories of Freeman and Friedman, in a model that we have used to analyse how the insurance companies work with CSR.
2.3 Choice of Empirics

2.3.1 Choice of organisations

This study could have been done on any industry, what we find particularly interesting about the insurance industry is that insurance is something that concerns the big majority of people. What we find especially motivating is that this traditionally has been a stable industry with loyal customers, but now the times are changing.

When it came to choosing what company to include and what company not to include in the empirics, we began by studying the insurance companies’ homepages. From there we got a first good picture of how the companies manage CSR. While selecting companies, we realised that companies which we considered Swedish were sometimes owned by huge foreign companies. Besides, we discovered that Länsförsäkringar is not a national company; it is composed by 24 independent companies that cooperate under the company name. We called the head office to ask for an interview and were told that each one of these 24 companies is its own small, individual company which is responsible for designing its own CSR policy. This being so, we understood that if an interview was to be conducted, the respondent had to be from one of these small companies. The head office recommended Länsförsäkringar Halland, since they are well known for something we would call CSR activities.

Finally we decided that the explored companies had to fulfil the following characteristics:

- Currently doing business in Sweden
- Be an active player in the insurance industry
- Work actively with Corporate Social Responsibility

In total we contacted more than five companies; however we had set a deadline date for when interviews should have been conducted. When we by that date had received positive responses from five companies, we decided to go through with these.

The companies we have chosen are Skandia, Trygg-Hansa, Folksam, SalusAnsvar and Länsförsäkringar Halland. A presentation of these companies will follow in chapter four.

2.3.2 Choice of respondents

The respondents have been chosen carefully. We began by contacting the company in question through email and presented our research. In this first contact, we pointed out that we would like to get in contact with someone within the company holding a big knowledge of how the company works with CSR. This person, who we later interviewed, turned in all cases out to be the one in head of their
CSR activities. We are aware of the fact that there is a possibility that a person with a big interest within the field could unintentionally or intentionally give biased answers. We have tried to take this in regard while analysing our empirics.

2.3.3 Presentation of respondents

*Dorthe Eckhoff* - Eckhoff is employed as a Communications Consultant at Codan, the owner of TryggHansa, at their head office in Copenhagen. She spends 50% of her working hours on work related to CSR, the other half is dedicated to public affairs, such as writing articles or working with engagements. She has an education in economics from Copenhagen University and started working for Codan in January 2007. During the nine previous years, she had been working with Human Relations and non-financial reporting which also included aspects of CSR.

*Karl Henrik Nanning* - Nanning holds a position as Head of information at SalusAnsvar. He has a background as a nurse, has also studied business and organisational development. He has been working for the company since 1995 and has been holding this position since October 2007.

*Johanna Stakeberg* - Within the Länsförsäkringar group, Stakeberg’s position is unique. She works as a safety developer at Länsförsäkringar Halland and since March 2006, she is responsible for social engagements. Her mission here has always been and is still to build up and create the CSR activities, always with the company vision in mind. She is a sociologist and a criminologist and has earlier been working for 10 years with anticrime-related work within different organisations and within the psychiatry.

*Hans G Svensson* - During the last seven years, Svensson has been responsible for Public affairs at Skandia. He is the Senior Vice President and the Head of Public Affairs. Among other things he is responsible for the company’s CSR. He is also the chairman of their foundation *Ideas for Life* and has a background in politics.

*Emilie Westholm* - Westholm holds a position as a Corporate Governance Analyst at Folksam, which implies controlling the companies where Folksam holds shares. She works with aspects such as environment, human rights, anti-corruption and reasonable rewards. She has a master degree in business from Uppsala University along with a degree in journalism from Stockholm University. She came to Folksam in January 2007, before that she worked as a journalist for 2,5 years.

2.3.4 Description of our type of research

Once we had decided that we in addition to secondary data wanted to collect information through primary sources, we also needed to decide what type of collection method to use. Since there are lots...
of theories on the subject of CSR available plus the fact that many studies have been done within the field, we found out that a qualitative method would be suitable. Besides, qualitative research is an excellent way of understanding organisations, groups or individuals, which is in line with what we aspire to do (Ghauri and Grønhaug, 2002). Using a qualitative research method, interviews are frequently regarded as the most effective way of collecting data (ibid). Having this in mind and after having noticed that our chosen companies were exceptionally willing to give interviews, we consequently decided to use interviews as our research method. We have moved from interviews to theories, i.e. we have not been testing a hypothesis. Thus, our readers are most likely to interpret our research as inductive. Especially in the beginning of our research, our approach had a more open-ended approach than a possible deductive study would have had.

An interview can be structured, unstructured or semi-structured (Ghauri and Grønhaug, 2002). A structured interview would typically be an interview with fixed response categories; something normally called “multiple choice questions”. This has nothing to do with our type of interview; however we should not call it unstructured either. Our interviews have been semi-structured. We have given the respondents the opportunity to discuss and to give opinions, however within certain limits. Not only our topic, CSR, was decided beforehand, so were the people to be interviewed and the questions to be asked.

2.4 Data Collection

2.4.1 Setting up the interview

When it comes to a well performed interview from which good conclusions can be drawn, it is all bout preparation. Before booking any appointments or setting up questions, there are three steps to follow (Ghauri and Grønhaug, 2002):

1. Analyse our research problem
2. Understand what information we need from the respondent.
3. Distinguish who could provide us with the needed information.

While keeping these steps in mind, we analysed our problem discussion and research questions to really identify what questions to ask. Furthermore, the theoretical framework has played a significant role. There are links between the asked questions and our treated theories. Let’s look at an example: “Would you consider it important that there is a clear connection between your different CSR-projects and your own core business?” This question refers to Porter’s and Pearce & Doh’s theories. Porter
argues that if the firm is to create benefits to the society as a whole, there has to be a link between the CSR strategy and the company’s business. In the beginning of chapter three, we have illustrated this in figure 1: Mapping our theoretical framework.

When it comes to creating reasons or how to motivate respondents to give interviews, it is usually a good idea to reward respondents in some way. It could for instance be a good idea to say that it is going to benefit the company in some way (Ghauri and Gronhaug, 2002). However, we did not do this. It is and has been our belief that these companies do want to communicate how they work with CSR. During the process, we also realize that there were no need for rewards, they gladly gave interviews.

Our interview with Codan was a personal interview with Dorthe Eckhoff; the other four have been done over the phone. The reason for this was that we were not able to coordinate the interviews held with people in Stockholm. After having outlined the interviewquide, we tested the questions on two graduates at Lund University. Considering their advice, we modified three questions to make it clearer for the future respondents.

2.4.2 Contacting the respondents
As mentioned before, someone at the company referred us to the person in charge of the CSR activities. We started off by sending this person a short, concise e-mail presenting our thesis and our purpose along with what type of information we were interested in and for how long a possible future interview would last. After having oriented the respondent, we asked if they would be interested to help us. If yes, we fixed a date and a time when we could call. For our personal interview, of course we set a date and a time for a meeting at the respondent’s office.

2.4.3 The interview
One day before the interview, we sent our questions to our respondents by email; this was to further familiarise them, and to give them an opportunity to look up information that they might not be up to date with. During the interview, we did not use any type of recording. We have successfully managed to type the interviews on computer. While both of us had headsets, being able to follow the interview, one of us was in charge of interviewing and the other of typing. The same procedure, divided area of responsibilities, was held during the personal interview. The interviews started up with easy, introducing questions, such as the respondent’s position, background along with a brief introduction to the company itself. More sensitive questions and questions demanding more mental activity were put later in the interview. Having finished the interview, we asked the respondent if we could send the typed material to her/him for approval. All our respondents found this a good idea.
2.4.4 Processing the data
After the interview, we went through our written data, talked about positive and negative aspects regarding the interview, and discussed whether or not we had been capable of getting answers to all questions. Finally we put our notes together, the interviewer took stick notes, and as agreed with the respondent, we sent it to the interviewee for comments and for them to get a possibility to give additional information.

2.5 Criticism of the data sources

2.5.1 Secondary data
Throughout our study, our secondary data consist of articles from well acknowledged journals within the field of Strategic Management, method literature, Internet sites, studies and reports from universities along with technical literature about Corporate Social Responsibility and the Swedish insurance industry. When collecting and finding material for the theoretical framework, we primarily made searches in databases along with looking at internet sites. It is recommended to start with secondary data and only when this data is exhausted; you should advance with primary data (Ghauri and Grønhaug, 2002). After having gone through and studied our secondary data carefully, we realised that the information we had been able to find on CSR was not sufficient. To be able to capture and concentrate on our research problem, we needed primary data. It is important to understand the purpose of the data collection for the source we are using (ibid). When, for instance, gathering information from one of our interviewed companies’ websites, we have had in mind that they might use wishful thinking or might be trying to illustrate a better view of the reality than there actually is.

2.5.2 Primary data
This data is the type of data that is only relevant for one specific study and one particular research problem (Ghauri and Grønhaug, 2002). In our case, this corresponds to our five interviews. A big advantage with this primary data compared to the secondary data is that we could neither have gone to depth with certain matters, nor could we have learnt about opinions without asking our respondents.

While analysing our empirics we have had in mind that the respondents, in order to give a certain picture of the company, might have given not completely accurate answers. However, we have tried to control this by reading annual reports and the companies’ homepages to secure that correct information has been given from the respondents.
3. THEORETICAL FRAMEWORK

This chapter presents the theories and models that have been discussed and analysed to understand CSR. The chapter further presents a background for CSR as well as previous studies. Our theoretical framework is structured in accordance with our research questions: where, how and for whom value is created with CSR. We will mainly focus on shareholder and stakeholder theory, engaging management, strategic CSR and the key principles of successful corporate social initiatives.

3.1 Mapping our theoretical framework

![Diagram of theoretical framework]

Figure 1 – Map of theoretical framework, Source: Own
In the figure above we have illustrated the main theories used and how these are connected to questions posed to the respondents. We would like to point out the possibility that a certain question can have links to several theories.

3.2 An extended presentation of Corporate Social Responsibility

A brief presentation of CSR has been given in the introductory chapter. We will here present a further introduction to the concept of Corporate Social Responsibility, what it is and how society fabricates a series of half-truths, affecting our view and vision of CSR.

3.2.1 Corporate Social Responsibility – A triple-bottom line

Corporate Social Responsibility is regarded as a voluntary commitment to address the society’s expectations of corporate behaviour, and is often considered as a way of promoting social trends and doing well by doing good (Falck and Heblich, 2007). Hence, CSR is considered to be a framework to enhance society’s basic order and where a company strives to make a profit while making the world a better place at the same time (ibid). Companies with the ambition to work actively with their social issues need to develop an identity and balance between social well-being, ecological quality and economic prosperity (Cramer, 2006). When referring to CSR, it is often mentioned as the triple-bottom line, based on three pillars; people, planet and profit (ibid.) The first group, people, includes both internal and external social policies, not only the company’s own part in the chain but sees the whole value chain. Internal social policies include nature of employment, management relationships, health and education. External social policies are further categorized into three categories; human right issues: child labour, strategy and management, society: community activities, financial contributions to political parties, competition and pricing, product responsibility: consumer health and safety, products and services, respect for personal privacy. The second group, planet, further contributes to the environmental aspect and its impact of the company’s production activities. The last part of the triple-bottom line, profit, sees to the company’s contribution to economic prosperity, moreover the distinction between direct and indirect economic impact. Direct impact involves the monetary flows between the organisation and its key stakeholders whereas the indirect is related to the spin-off from company activities in terms of innovation or the local community’s dependence on the company’s activities. The triple-bottom line is about drawing the attention from purely financial profit to sustainable profit by communicating the three pillars openly with employees or other groups that have an interest in the company (Cramer, 2006). Nevertheless, addressing the triple-bottom line and linking it with the company’s strategy and vision while considering what the outside world expects from the
company, can be a complicated task to handle. This can create tensions, not everybody shares the same visions and attitudes towards moral and social engagements (ibid).

3.2.2 Society’s effect on the vision of Corporate Social Responsibility

According to Mintzberg et al. (2002), there are five reinforcing misperceptions that have distorted our vision of corporate social responsibility. Furthermore, we need to challenge such a society where selfishness has taken hold of our companies and our minds where these five fabrications are assumptions we have constructed, not truths we have discovered.

First fabrication explains the fact that we are all an economic man, obsessed with the idea of maximizing our personal gains. We place self-interest above all and are never satisfied, continually wanting more (ibid). Due to the fact that we are all fixated with our own self-interest, drives a wedge of distrust into society between our individual wants and our social needs.

The second fabrication is the idea that corporations exist to maximize shareholder value. Nonetheless corporations must justify their existence by their overall contribution to society and must serve a balanced set of stakeholders. The notion that companies must balance the interests between shareholders and stakeholders, reflects the separation of the economic and social consequences of decision-making for what social activities to engage them in (Mintzberg et al, 2002). As mentioned earlier, tradition has emphasised shareholder value, which has been the case for many companies and has thus driven a wedge of disengagement between those who create economic performance and those who benefit from it. Mintzberg et al. (2002) found that there was a wedge of disengagement both between the groups and within each. Those who created the benefits were disengaged from the ownership of their efforts, while those who owned the company showed a modest interest and so disengaged themselves from the activities. Hence, the focus on creating shareholder value did not guide nor did it inspire the employees (ibid).

In its place for inspiration, the focus on shareholder value promotes the image of heroic leaders to do great deals and deliver brilliant strategies and astonishing results (Mintzberg et al, 2002). The study of Mintzberg et al (2002), found that heroic leadership is detached and drives a wedge of disconnection that sees the leadership as something apart where real leadership is more connected, involved and engaged than heroic.

The effective organisation is supposed to offer lower cost, higher productivity and a more flexible structure to empower workers and to satisfy customers. The lean organisation strives to do more with less and create a win-win situation for all parts, where letting people go might be the only alternative for meeting these objectives. Restructuring the organisation drives a wedge of discontinuity into the
company and challenges the pledge of security in return for loyalty if the company can’t live up to their promises since we also need economic sustainability in addition to social and environmental sustainability (Mintzberg et al. 2002).

Furthermore, the inequalities in our society today have become alarming. We are being promised that free trade will solve every social problem and create a win-win situation for us all (Mintzberg et al, 2002). Using the metaphor of a tidal wave, the authors further tries to visualise how the wave lifts only the wealthy population and drown those who have nowhere to go, revealing the devastation once the prosperous wave fall back. Showing that prosperity is not sustainable marks how a wedge of disparity has been driven between the prime beneficiaries of stock price and increasing income, and the large number of people that receive no advantage by these actions (ibid). Prosperity is not just to be seen in an economical perspective but also socially, combining economic development with social generosity.

3.3 Who will benefit from CSR

It has been discussed how and if a company should seek favourable attention from stakeholders as well as from shareholders. By strategically practicing a Corporate Social Responsibility approach to its business, companies can do very well by doing something good (Falck and Heblich, 2007). Researchers have studied whether management should uphold a certain approach and a certain style of leadership in order to justify and legitimate their CSR activities. Therefore researchers such as Mintzberg argue for an engaging leadership style to gain recognition for CSR activities.

3.3.1 Shareholder or stakeholder approach

Milton Friedman (1970) argued that the only responsibility the company has is its responsibility to increase its profits. Hence, managers are obliged to see to shareholder value with the primary task of maximizing the value for the company. Value creation for shareholders should therefore be the only value maximized, whereas managers who want to address social issues should do so as private individuals and not on the expense of the company. Therefore, Friedman rejected the need for social commitment as he believed that the relevant question was if the society provided incentives for a company to act in a socially desirable way, rather than if the company behaved in such a way or not.

During the past decade, stakeholder theory has become more than a simple strategic management approach and has reached acceptance as a core idea in management theory (Freeman and McVea, 2005). In addition to Friedman, Edward R. Freeman and John McVea argue for a stakeholder driven approach (2005). With the basis of Freeman’s earlier work in 1984, a new conceptual stakeholder
driven approach was sprung out as they found that traditional relationships are shifting (Freeman and McVea, 2005). According to their framework, stakeholders could be divided into clusters depending on their relation with their company. This is in line with Mintzberg et al. (2002) who argues for the need of balancing different set of stakeholders. The approach of Freeman and McVea furthermore points out that the external relations are critical to the company’s current and future success (ibid). Freeman and McVea argued therefore that the traditional stakeholder theory called for a new direction or a new interpretation, whereas the traditional theory captures some rather standard business assumptions. It rests on the assumption that stakeholders are those who play a critical role in the ongoing success of business; customers, suppliers, employees, communities as well as shareholders. The traditional approach is too simplistic as structure of businesses has changed over the years. A customer might be well involved in the production and development of a new product, providing a new approach to create value for the business. A group of stakeholder who are also shareholder may act differently from those who are not (Freeman and McVea, 2005).

Perfect basic order is therefore no longer valid due to shifting relationships, but nevertheless due to increasing global sourcing (Falck and Heblich, 2007). Companies are confronted with various laws and regulations, and there are no legal standards that can act as a global network as we have no worldwide governing. In the absence of a perfect order, companies could contribute if they all agreed to close the gap between laws and regulation around the world by committing themselves to a long-term cause, and doing it collectively (Falck and Heblich, 2007). According to the framework of Freeman, anyone who might affect the business objective and anyone who might be affected by it are considered to be a stakeholder, wherefore external relations and their impact on stakeholders are important to the company’s future success.

The figure below illustrates the two theories of Friedman and Freeman, and how Freeman’s stakeholder theory approach provides a theoretical framework trying to understand how we can create value for both parts. Hence, by making CSR dependent on stakeholder as well as on shareholder approach, management can employ a CSR strategy as an instrument that will satisfy both parts (Falck and Heblich, 2007). The awareness of how they all integrate with on another, illustrates how strategic CSR can be introduced and creating a win-win situation (ibid.). Strategic CSR will be further discussed in this chapter by Porter and Kramer (2006).
3.3.2 Corporate engaging management

The perception of business as usual changed dramatically after the event of September 11th, where self-interest and obsession for shareholder value gave way to a collective effort to act responsible for our society (Mintzberg et al. 2002). Concerns for other will not, however replace self-interest but the events of September 11th illustrates that there has to be a balance between them (ibid.). As pointed out by Freeman and McVea, the traditional approach is changing but other events in society clearly have its effect on the role of business as well. Mintzberg et al. (2002) also challenge the traditional approach and found that real prosperity is a combination of economic development and social generosity, contrasting two styles of management; heroic and engaging management.

Engaging leadership is about addressing a long-term perspective and building the organization collectively, and one of two ways to manage according to Mintzberg et al. (2002). Heroic management, on the other hand, glorifies the managers and is top-down and controlling where strategy emanates from the top managers and everyone else implements what has been decided. Managing is defined as analysing and calculating and rewards often goes to the top managers since they are the risk takers. In contrast to the heroic style, engaging leadership style emerge its strategies from the people involved. New initiatives are taken into consideration while working with product development and problem solving, and formulation goes well in hand with implementation. Managers therefore try to bring out the best in every co-worker through constructive management. Engaging management proclaims the importance of acting ethically, emphasising the interests of a number of stakeholders (Verschoor, 2003). This is in line with Freeman and McVea (2005) who argue that stakeholders can be divided into clusters, facilitating the choice for which value shall be created.
3.4 How to address and create a successful approach

By addressing certain principles and guidelines, businesses can adapt a how-to thinking enabling the commitment to social, environmental and economical activities included in the triple-bottom line. Thinking strategically about CSR will provide an awareness of present and future activities (Porter and Kramer, 2006).

3.4.1 Understanding CSR strategically

As mentioned earlier, we have already seen that companies have placed CSR on the agenda, trying to improve their social and environmental consequences of their business. However, according to Porter and Kramer (2006), the efforts of businesses today aren’t as sufficient and productive as they could be since they pressure companies to think of CSR in generic ways instead of focusing on what is most appropriate for the companies’ core business and overall strategy. The authors argue that companies can be much more successful if they were to analyse their prospects for social responsibility with the same framework as they do for their strategic choices for the core business. Porter and Kramer (2006) propose a new way of looking at the companies’ possibilities for corporate success and its relation with social welfare: they need to decide which ones and what to address, looking at effective and strategic ways to do so. Corporate Social Responsibility can be a remarkable source for corporate success and social progress. Furthermore, it can be a source of innovation, opportunity and competitive advantage, rather than simply a cost or a charitable deed for society (ibid). Activist organisations have put a tremendous pressure on companies for taking a stand, in particular large and successful ones, simply to draw attention to an issue, even if the company actually had little impact on that specific issue. An increasing governmental demand for social responsibility reporting, demonstrates how stakeholders are seeking to hold companies accountable for social issues. At the same time, companies have become more aware of the financial risks by carrying out its performance in an unethical manner.

3.4.2 Justifying CSR

Porter and Kramer (2006) present four arguments that have been used to justify CSR: moral obligation, sustainability, license to operate, and reputation. The moral obligation argues that employees should achieve commercial success in an ethical manner whereas sustainability refers to the environmental aspect and emphasise the need for sustainable development. License to operate emanates from the obvious fact that companies need permission from the government, society and other stakeholders to do business. Companies are also in great need of its reputation to justify its social initiatives while also strengthening its image and working strongly to enliven morale in the business. Working with CSR involves a complex balance between moral obligations, competing values,
interests and costs. For that reason, companies need to weigh one social benefit against another or against their financial targets. Companies are more conscious about the principle of sustainability and should therefore operate to secure long-term economic performance by avoiding short-term behaviour that can damage the company’s social and environmental issues. However, the notion of sustainability can become so vague that it becomes worthless and contributes little to balance long-term objectives against the short-term costs. This is especially true with managers without strategic thinking of CSR which can lead to far greater costs for violating its social obligations (Porter and Kramer, 2006). In addition to the challenge for management to understand CSR strategically, the license to operate offers a more concrete way for a business to identify social issues that will engage their stakeholders and gain continuous confidence to nurture a constructive dialogue. Porter and Kramer (2006) argue also that the view of stakeholders is clearly important but can never fully understand and interpret what the company should do and not do. Stakeholders rarely have the understanding to view the company’s capabilities, competitive positioning or the need for trade-offs. Hence, the authors present a CSR strategy with concern to shareholders. However Porter and Kramer are not as extreme in their shareholder approach as the view of Friedman (1970).

In consumer-oriented companies, like the insurance industry, companies are certainly concerned about their reputation. Nevertheless, it is difficult to benefit strategically simply from the reputation of your company. Focus lies therefore in satisfying external stakeholders by cause-related marketing campaigns. However, even companies like Ben & Jerry’s and Shell who have positioned themselves with a long-term commitment for CSR, show that it’s hard to determine and measure the effects for business benefit. Having no system to measure the benefits from these social investments puts corporate social responsibility on an uncertain ground.

According to Porter and Kramer (2006) all the four arguments share the same weakness; they all focus on the tension between the company and the society instead of accepting the fact that they also are interdependent. As a result, none of the four principles above is enough to identify or address the social initiatives that are most appropriate for the business. Managers have focused too much on the tension and not enough on the points of intersection. The mutual dependence of business and society implies that both parts must follow the principle of shared value, whereas choices must benefit both sides and must not benefit one part at the expense of the other.

3.4.3 Principles for Corporate Social Initiatives

In line with Mintzberg et al. (2002), Pearce and Doh (2005) also point out the Asian tsunami as an evidence for the need of corporate response and when businesses are expected to take action for the welfare of society. They argue that businesses have come so far with their CSR activities that we should start off with the hypothesis that all businesses should be eager to improve their effectiveness.
of such activities. In their studies, Pearce and Doh (2005) found that managers had difficulties balancing low engagement and high commitment while initiating corporate social activities. Low engagement such as cash donations and charitable gift giving didn’t enhance brand awareness of the donating company, nor did it engage the employees to fully commit themselves for the cause. Nevertheless, they found that too high commitment ran the risk of taking the attention away from the company’s core business, where some observers believed that trouble stemmed from excessive commitment to CSR (ibid). Out of their research, Pearce and Doh (2005) have extracted five principles for enabling successful corporate social initiatives, CSI’s. Initiatives that include several of these elements can maximize the impact of their social contributions while progressing with broader strategic goals. According to Pearce and Doh (2005), companies gain the greatest benefits from their social contributions while addressing these five principles. They have long-term objectives; they provide a package of benefits that adds value to the company and are sufficiently large for the company to handle and to specialize in (ibid).

Figure 3 –Collaborative Social Initiatives, Source: Pearce and Doh, 2005

Primarily, companies must identify an important and long-lasting challenge; hence providing the organisation with the right premises to create a great social contribution (ibid). Well implemented and effective CSR initiatives sometimes lead to the situation where the company is directly connected to its external mission. It is important for the business to identify limited scope projects and shorter-term milestones to address problems that are clearly important but also a reasonable challenge for the company to tackle (ibid.) Pearce and Doh (2005) point out that there will always be social challenges such as famine, poor education, health problems and degradation of the environment, but that are too large for one company to handle. The operation and collaboration of global networks and standards play an important coordinating role for supporting companies in their work to make the world a better place to live.
Secondly, the authors argue that it’s most important for companies to engage in activities that leverage their core capabilities and that contribute to products and services generated by their normal operations. Companies must therefore work with projects, not necessarily synonymous with the core business, but should be built upon some aspect of its strategic competencies (Pearce and Doh, 2005). The second principle is, according to Pearce and Doh (2005) by far the most important one, as companies must apply what they do best in their normal operations before addressing their social engagements.

The third principle explains the importance of contributing specialized services to a large scale undertaking and therefore not to be tempted to engage in a specific cause that runs the risk of only being associated with its own contributions (Pearce and Doh, 2005). Companies should therefore undertake a project for the broad mass in which a range of players have important interests. Companies can in the long run benefit from these activities.

Pearce and Doh (2005) also acknowledge the importance of government influence and its willingness to support CSR, which is the fourth principle. Governmental influences include tax incentives and other forms of direct and indirect support for businesses participation and their contribution to successful CSR.

The fifth principle points out how value is being created by assembling the total package of benefits where benefit is gained by putting a price on both the social contributions delivered and the reputation effect that enhance its position in the marketplace. Positive reputation is driven by genuine commitment rather than by sporadic interest in order to acquire short-term goodwill. In particular larger companies must keep away from the easy option of charitable donations but nonetheless avoid overachieving commitments (Pearce and Doh, 2005). Their research further shows that projects can be broad in scale and scope, suggesting that companies should view their social engagements as apart of their overall strategy. Companies can reach success while engaging in social initiatives by including the five principles. Maintaining ongoing commitments can have a tangible impact on a specific issue the company desire to address while also meeting their obligations to shareholders and employees (ibid).
3.5 Where value creation takes place

When studying where value is created, a number of models can be used to understand how activities are organised and the order in which they are prioritised. Hence, models can be used to study and visualise where value emanates from.

3.5.1 Organising responsibilities

As mentioned earlier, the challenge for management is to ensure that different stakeholders achieve their objectives. However, to create a win-win situation is not always possible but the desirable goal contributes to pursue its long-term interests. To understand and be able to embrace the entire range of responsibilities, and to visualise where value is created, Corporate Social Responsibility can be depicted as a pyramid (Carroll, 1991).

![Figure 4 – The Pyramid of CSR, Source: Carroll, 1991](image)

It portrays the four components of CSR, four different responsibilities with the notion that economic responsibilities underlie all other components. Finally, seen on top of the pyramid, companies are expected to act as a good citizen. The pyramid is to be seen as model for all the components of CSR, constituting the whole as well as a way for manager to address the different types of obligations and the tensions between them. To understand and identify the company’s social responsibilities against their stakeholders, Carroll (1991) presents a conceptual approach, a stakeholder/responsibility matrix for examining these issues. The matrix should be used as an analytical tool for establishing a data base.
and to organise the managements’ thoughts and strategies for the different levels of the pyramid with regard to every stakeholder. Stakeholder management however, may be extremely time-consuming but despite its complexity, management can use this approach to integrate values with its financial targets (Carroll, 1991). The stakeholder perspective provides an identification of the opportunities and threats posed by the stakeholders and what economic, legal, ethical and philanthropic responsibilities that needs to be addressed. Corporate Social Responsibility can only become a reality when the vision of a “good society” becomes embedded in the overall strategy and a regular preoccupation of management (Carroll, 1991).

3.5.2 The Diamond Framework
Furthermore, Companies must integrate a social perspective into their core business to be able to understand and guide its business strategy by identifying the point where society and business intersect. These inside-out linkages show where business interacts with society through its normal operations, which can be shown by mapping the social impact of the value chain. The impact the company has on society can also change over time as we react to trends in technology and as social standards evolve over time. Hence, companies do not only affect society but society also influences corporations, through outside-in linkages.

Figure 5 – The Diamond Framework, Source: Porter and Kramer, 2006

In line with Pearce and Doh (2005), Porter and Kramer (2006) acknowledge the importance for businesses to choose what social issues to engage themselves in. In addressing competitive context, companies should carefully choose a few social initiatives that will have the greatest strategic value. The outside-in linkages can be understood by using the diamond framework which identifies what social issues that will generate great value. Hence, it explores how value is created to benefit both society and the company’s own competitiveness. The framework shows the conditions at a company.
and its ability to create or sustain competitive advantage. The competitive context can be divided into four broad areas; quantity and quality of available business inputs, such as HR, infrastructure or transportation. Rules and incentives that govern competition, that protects intellectual property and encourage investment. The framework also regards the size of local demand influenced by standards for safety and quality, and local availability of supporting industries, such as business and service providers. This diamond framework gets much less attention than the value chain but can have far greater strategic importance for both the company and society (Porter and Kramer, 2006). The framework of Porter and Kramer suggests that the social issues fall in different categories and therefore affect the companies differently; generic social issues, value chain social impacts and social dimensions of competitive context. The last category mentioned, are factors in the external environment which affects the drivers of competitiveness. Porter and Kramer (2006) also points to the importance for companies to sort and rank their social engagements in these categories to analyse which ones that contribute to strengthen their competitiveness. Issues that apply for the whole society can have greater impact for some industries than for others, while realising that no business can solve all of the problems that they are facing in today’s society nor bear the cost of trying to do so (ibid). A corporate social agenda must look beyond the expectations of society to be able to attain social and economical prosperity simultaneously and be responsive to stakeholders. Responsive CSR is about being a good corporate citizen, where employees take pride in doing well and addressing all social issues surrounding the business. Responsiveness is also about mitigating existing or anticipated undesirable effects from the business’ activities, as there are numerous possible impacts for each business unit. Companies must therefore address the possibility for social and environmental risks (Porter and Kramer, 2006).

3.5.3 Value through a selective approach

In addition to Carroll’s pyramid, Porter and Kramer (2006) stretch CSR further than good corporate citizenship and calls for a more selective approach through strategic CSR. Companies must therefore go beyond best practises, beyond responsive CSR, and develop a strategic CSR, choosing a unique position while doing things differently, better and at a lower cost. Strategic CSR is based on both inside-out and outside-in linkages and it is here that shared value is being created. While addressing both perspectives, a symbiotic relationship develops and value is created by investing in social aspects that strengthens the company’s competitiveness. Furthermore, the more closely the connection is between the social issue and the company’s core business, the greater is the opportunity to leverage the company’s capabilities and resources while also benefiting the society (Porter and Kramer, 2006). People who are responsible for CSR initiatives must have the ability to understand every activity of the value chain and incorporate these activities into performance measures. The outline of Porter and Kramer (2006) clearly emphasise the importance to make the right choice and to establish a strategic CSR that is far more selective than responsive CSR. Being called to address several social activities,
companies must build focused social initiatives in concert with their core strategies that will distance them from their competitors, hence position themselves more distinctively on the market (Porter and Kramer, 2006). When well-run businesses make use of their expertise to understand problems, the shared value that is being created will lead to self-sustaining solutions that can have greater impact on social good than any other charitable organisation (ibid).

3.6 Previous studies: CSR at a crossroad

A study made by Smith & Ward (2007) showed that CSR calls for a change. The study wanted to investigate whether CSR had a future and if someone really cared about keeping a CSR agenda. The authors found that businesses too often felt that CSR had turned into a problem rather than to be a source of inspiration for change. The authors argue further that there are several problems with CSR; one argues that CSR has no relevance as long as we have capitalism as there will always be a question of the main responsibility of the business. Another problem is the lack of a clear and common definition of the term CSR which has turned into a blockage in creating understanding on how to take the next step. According to Smith & Ward (2007) there is a large amount of consensus for setting the CSR strategy, but also points out that there is still ambiguity when the company can claim that there has been a success, thanks to their CSR strategy. The authors point out that CSR needs to be understood, and practised, at more than one level. One is at a conceptual level and provides space for high-level activity, in which the business obligations to society can be examined. The other is at an operational level and divides CSR into distinct sub-agendas; human rights, corruption. The authors believe that CSR needs to become more embedded within the organisation and also closer to the interest of stakeholders. The study also emphasises a possible move away from shareholder capitalism to a radically different model where social purpose is placed above profit, exemplifying a stakeholder-driven approach rather than a shareholder-driven one.

3.7 International initiatives

With the ambition to set up responsible business practices, several global initiatives have been launched in order to contribute to broad-based development and sustainable markets.

The UN has therefore created the Global Compact Programme26, a network for companies that are committed to social issues. The Global Compact is a voluntary initiative, formed by six UN agencies,

26 http://www.unglobalcompact.org, note 4
together taking on the advanced role as a global political forum for addressing these issues. The purpose of the programme is to establish a responsible corporate citizenship among businesses around the world while meeting the two objectives. Mainstream the ten principles carried out by the UN agencies to businesses worldwide, and to catalyse actions in support for broader global achievements. The network should not be seen as a regulatory instrument but rather as a framework to enforce and improve the corporate actions and behaviour of companies. The programme has over 3000 members that are obliged to report their improvements annually, and several companies were excluded last year for not meeting these objectives. Some argue that is has a clear connection to the difficulty of doing profitable business while addressing social responsibilities. According to the UN, the framework offers numerous benefits why companies should engage themselves and address the ten principles. The Global Compact is voluntary and will therefore serve as guidelines, divided in the four areas of human rights, labour standards, environment and anti-corruption. The first two principles affect the responsibility for human rights, both in the workplace and within its sphere of influence. The principle for human rights touches the growing moral imperative that acting responsibly goes hand in hand with the recognition that a good human rights record can improve business performance. A proactive approach facilitates risk management and can therefore reduce the potentially negative impacts of destructive publicity from consumers or interest groups. Due to global sourcing and an increase in access to global information, companies need to be more aware of the links in their supply chain. Hence, supply chain management must therefore promote best practice upstream as well as downstream, to select appropriate business partners. The Global Compact strives to be of guidance and facilitate for businesses to face the many uncertainties in our rapidly changing global market. OECD has also given out recommendations for good practice in corporate behaviour while rebuilding and maintaining public trust in companies and stock markets. The original principles were released in 1999 as a response to a growing awareness and concern for good corporate governance for investor confidence and national economic performance.

Another non-profit organisation, the Global Reporting Initiative, GRI, also holds the vision that reporting on economic, social and environmental performance should be a routine and comparable to financial reporting. The GRI provides guidance for stakeholders as universally-applicable framework to understand disclosed information. Due to the fact that many stakeholders find that financial reporting no longer satisfies their needs, the importance of reporting for sustainability, or triple-bottom line reporting, is a process for publicly disclosing the business’ social, economical and environmental engagements.

27 ibid
28 http://www.oecd.org
29 http://www.globalreporting.org
3.8 Criticism of Corporate Social Responsibility

No theory or strategy for organising CSR has proven to be universal. As mentioned earlier, Corporate Social Responsibility has faced a lot of criticism due to the fact that there is no universal and common perception of what CSR really is or how business should achieve successful CSR. Problems of measuring the effects of CSR have also been pointed out, reflecting the ambiguity for businesses to justify success with their CSR strategy.
This chapter contains the findings from the research conducted from our interviews with five Swedish insurance companies. Initially, we introduce the companies in a table presenting basic information. This will be followed by the results from the interviews where each company is presented under each one of the themes.

<table>
<thead>
<tr>
<th>Company</th>
<th>Folksam</th>
<th>Skandia</th>
<th>Trygg-Hansa</th>
<th>Salus Ansvar</th>
<th>Länsförsäkringar Halland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent</td>
<td>Emilie Westholm</td>
<td>Hans G Svensson</td>
<td>Dorthe Eckhoff</td>
<td>Karl Henrik Nanning</td>
<td>Johanna Stakeberg</td>
</tr>
<tr>
<td>Date of Interview</td>
<td>11th of December</td>
<td>5th of December</td>
<td>28th of November</td>
<td>11th of December</td>
<td>14th of December</td>
</tr>
<tr>
<td>Main Product</td>
<td>Non-life &amp; Life Insurance</td>
<td>Pension &amp; Life Insurance</td>
<td>Non-life &amp; Insurance</td>
<td>Non-life &amp; Life Insurance and Banking</td>
<td>Non-life &amp; Life Insurance</td>
</tr>
<tr>
<td>Turnover in SEK, 2006</td>
<td>12 billions$^{30}$</td>
<td>19 billions</td>
<td>10 billions</td>
<td>204 millions</td>
<td>213 millions</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>Approx. 3400</td>
<td>Approx. 5800</td>
<td>Approx. 2000</td>
<td>Approx. 215</td>
<td>Approx. 147</td>
</tr>
<tr>
<td>Resources Allocated to CSR projects</td>
<td>8-9 people fulltime</td>
<td>1 person fulltime + around 420 Ambassadors</td>
<td>1 person fulltime</td>
<td>10 people with divided responsibility</td>
<td>1 person fulltime + 5 million SEK/year</td>
</tr>
</tbody>
</table>

$^{30}$ Folksam Life: 4770 million SEK, Folksam Non-Life 7592 million SEK
4.1 Company Presentations

4.1.1 Folksam

Folksam was founded in 1908 and remarkably every second Swede has some type of insurance with Folksam. Besides they sell 25% of all car insurances in Sweden. Folksam is owned by its a bit more than 4 million customers; consequently the profit does not go to shareholders. It stays with its customers. The Folksam group consists of two companies, Folksam Non-Life and Folksam Life and both of these also have their own subsidiaries.31

Historically, Folksam has played the role as “the insurance company of the people”. During the 2000th century, they’ve helped to spread the insurance idea to the vast majority of the people. It has been their wish that everyone, no matter if you are rich or poor, should have insurance. Along with supplying collective solutions, they have played an important role at the private insurance market. As said to be a politically independent organisation, they’ve still had a strong connection to the Swedish social democratic party (Larsson et al, 2005).

In total, there are around eight to nine people working with CSR at Folksam. These include two people at Corporate Governance, one at Environment Research along with five or six people at the Traffic research team. Their overall vision is “to contribute to a long-term, lasting society, where the individual feels safe”.

4.1.2 Skandia

Skandia is an active player in roughly 20 countries on four continents; their main markets are Great Britain and Sweden. In 2006, Skandia became a part of the international group Old Mutual with headquarters in London. Old Mutual is specialized in financial services within saving and capital investments. Skandia offers products and services in order to secure quality saving and safety, always with a long-term thinking. Their main product is fund insurances, which represents approximately 70% of their total premium turnover. Skandia’s own definition of fund insurance is: “A pension- or life insurance where the customer has the opportunity to choose between different investments alternatives in funds.” In addition to fund insurance, fund saving is a vital part of the business. Their own definition of fund saving is: “Where the customer can choose between a large amount of investment alternatives and generally do deposits and withdrawals whenever wanted. Fund Saving has nothing to do with insurance.” On some specific markets, they are also active within bank services and health- and medical insurances.32

31 http://www.folksam.se  
32 http://www.skandia.se
4.1.3 Trygg-Hansa

With approximately 1.8 million customers and around 2000 employees, Trygg-Hansa is one of the largest non-life insurance companies in Sweden. Since 1999, they are owned by the Danish insurance company Codan, a subsidiary to Royal & Sun Alliance, based in Great Britain. Royal & Sun Alliance is considered as one out of six leading insurance companies in the world; with a strong focus on non-life insurances. They are currently running businesses in 30 countries along with collaboration contracts with insurance companies in additionally 130 countries. Consequently, Eckhoff points out that the way Trygg-Hansa and Codan work, is now strongly influenced by Royal & Sun Alliance. Trygg-Hansa was founded in 1979, as a result from a number of fusions, although the history of the company goes all the way back to 1828.

The group has a large range of brands, each targeted to a specific target group. Their Danish brands include Codan, PrivatSikring and Tre Kroner, their Swedish brands are Trygg-Hansa and Aktsam while Trygg-Hansa is also a Norwegian brand. Moreover, they operate in the Baltic countries where they are locally present with their own offices.

4.1.4 SalusAnsvar

SalusAnsvar supplies insurance and banking services to organisations which represent their primary customers. Through them they reach their end customer, the members of these organisations. In December 2007, SalusAnsvar was acquired by the Norwegian bank DnBNor. Until then, SalusAnsvar had been listed on the OMX Nordic Exchange, Small cap-list. SalusAnsvar’s intention with this acquisition is for them to get an extended product offer within different banking products. Originally Salus and Ansvar were two different companies, created in 1904 and in 1932. During Ansvar’s glory era, they existed in 14 countries. Currently SalusAnsvar has 540 000 customers.

4.1.5 Länsförsäkringar Halland

Halland is one of Sweden’s 24 provinces, thus Länsförsäkringar Halland is a small, local company. It is owned by its customers and offers life and non-life insurances along with banking to private persons”. In Halland they hold a market share of approx. 45%. The Länsförsäkringar group consists of 24 independent regional companies which all mutually own the group Länsförsäkringar AB where Länsförsäkringar Halland holds 2,4 % of the shares. Their overall vision is “A safe Halland to live and to stay in”.

33 http://www.trygghansa.se
34 Annual Report 2006, SalusAnsvar
35 Annual Report 2006, Länsförsäkringar Halland
36 http://www3.lansforsakringar.se/Halland/
4.2 CSR Activities

4.2.1 Folksam

Folksam’s definition of CSR: CSR is something that is part of a company’s core business, something Folksam takes into account in their daily business, in their every day life throughout the company. CSR is not charities. While working with these questions, it is possible for companies to contribute to a better world.

As mentioned above, CSR is generally categorised into three different areas: economical, social and environmental responsibility. The economical responsibility includes aspects such as corporate governance, insider business, protection of patents, principles against corruption and bribes, consumer protection etc. The social responsibility includes areas such as employees’ safety and health, union representatives, collective agreements, labour legislation, human rights and children labour. The environmental part is about everything that directly and indirectly affects the company’s business, activities, services and product manufacturing (Loimi and Dahlgren, 2005). Folksam considers all of these important, no area is more important than the others. However, the economical area is important for our customers since Folksam has to provide good pensions and insurances.

Moreover, responsible investments are incorporated in Folksam’s business. Folksam has decided that their investments should comprise ethical investment criteria. They define two groups of criteria: Firstly, “Influencing criteria” which describe their environment, human rights and the corruption criteria which the companies they decide to invest in have to follow. The second criterion is “exclusive criteria” which explains the fact that there are companies in which Folksam does not want to invest, no matter how good their “influencing criteria” are.37

Westholm explains that Folksam works with CSR in three different areas called their three surplus values. The first one is Corporate Governance, which explains how all their investments are subject for ethical criteria such as human rights, anti-corruption and environmental criteria. This is also the most recent area within CSR, added about seven year ago. The second one is Safety and Traffic Research, through this research customers can among many things learn about environmental friendly cars. This is not open only for the customers, but for the whole society and it has been conducted for the last 40 years. Environmental research is the third pillar where they have developed recommendations for their customers regarding construction and paint. Besides these activities, they plant trees in Africa to compensate for their carbon dioxide goals and more recently now also offer a climate neutral home insurance for houses. Here the premiums are used to plant trees. This insurance

37 http://www.folksam.se
along with an ethical fund excluding tobacco companies, are examples of how Folksam constantly is trying to find new types of products linked to their three surplus values.

4.2.2 Skandia

When it comes to CSR, Skandia avoids talking about CSR projects. For them, CSR represents a way of doing business. They define CSR as follows: “CSR, a vital part of delivering business success where we voluntarily integrate social and environmental considerations into our business and exceed our legal obligations to our stakeholders. The key measure of this approach is the combined result of our financial, environmental and social performance” The economical, social and environmental pillars of CSR are all important; however the financial questions are of great importance in their day-to-day business. The second distinction would be the social responsibility. It is only during these last years that these engagements have been called CSR; however Skandia has been working with them since 1855. Journalists have now forced a label, earlier there was no need to put a term since it was a part of their business. During the fifties and the sixties, Skandia was working with travel matters, what to think about when planning a trip such as preventing diseases and stress. For the last 20 years, Skandia has been working with Ideas for Life which aims to support good projects for children and youth. This is partly a foundation from which local projects in Sweden apply for contributions. They give away a few million Swedish crowns every year. It is also an ethical fund with restrictions, such as no investments in the tobacco, alcohol or arm industry. Moreover, Ideas for Life has a division which allows employees to work with voluntary organisations a few hours per month. These are called ambassadors. In addition to these, there are also senior ambassadors who have the right to work 20 hours per month. Moreover, Ideas for Life organises adults as “nightwalkers”.

4.2.3 Trygg-Hansa

TryggHansa’s CSR strategy is brand new; it was developed in September 2007. Their purpose is to maintain the same strategy for the following three years. Trygg-Hansa’s definition of CSR is taken from the European Union’s: “Companies’ voluntary work on integrating social and environmental considerations in their business activities and in their interaction with the stakeholders”. Moreover it’s defined as anything that Trygg-Hansa does within the social and environmental area that goes beyond the law. Trygg-Hansa’s approach is to concentrate on the social and environmental parts of CSR. They believe that the actions taken on these sides will benefit the economical part. TryggHansa recently signed the UN Global Compact Programme, aiming to strengthen their business by addressing the ten principles of the programme. The CSR projects exist within four areas: marketplace, workplace, community and environment. Within each area, action areas are defined. An example of an action area is community: Anything that Trygg-Hansa sponsors has to do with children, health or safety. CSR is integrated in the sponsor budget and in different foundations. There is no separate CSR budget. In the future, CSR will also be integrated in marketing and communication. Resources man wise, there is one
person employed as well as people from business lines working with integrating CSR in the other activities.

Below we are presenting some of Trygg-Hansa’s more important CSR projects in Sweden.

Children shall be visible – free reflex vests. 300 000 reflex waist coats have now been distributed to daycares and kinder gardens.

Children Accident Foundation, collaboration with Astrid Lindgren children hospital in Stockholm. The foundation supports research on safety, education within safety and it will also make sure to support families that are hurt from some kind of accidents.

Safe Animals & Safe Children, a project at Kolmården Animal Park where the animals in the park are used to educate children on safety. They use the shell of the turtle to teach children that children also need to protect themselves.

Donating lifebuoys is collaboration with the Swedish life guard association where they promote safety on beaches and wherever there is water. This is what Trygg-Hansa is most famous for, something they plan to continue with.

Safe traffic through the project Stop damage within heavy transportation in Sweden. TryggHansa holds a sort of consulting role where they have different campaigns for drivers on how to prevent accidents. This project has been exported to Denmark.

All of the projects above are considered external; however they also have internal projects. I care is an employee campaign which also is connected to the external campaign Correctly insured. Even though the CSR strategy was first developed in 2007, nevertheless TryggHansa has been working with lifebuoys and children swimming lessons for many years.

4.2.4 SalusAnsvar

SalusAnsvar does not have a clear definition of CSR, for them it is a way of taking responsibility in the society along with delivering safety, security and social welfare to their customers while trying to link those concepts to their products. For SalusAnsvar, the most important pillars of CSR are the environmental aspects along with the environmental way of thinking. The social part is their second priority, which includes the aim to reach surplus value and quality for the members. Historically, especially Ansvar has been working with CSR. Their mission was to take care of suffering individuals. In 2002, CSR was put back on SalusAnsvar’s agenda, now the aim is that CSR should be a long-term solution. They are working from a welfare perspective, which is how they’ve chosen to position themselves. The concentration is on relations, communication and packaging. As an example we can mention that they themselves do not take the risk when it comes to their non-life insurance products.
For this purpose, they have a contract with a subsidiary to Folksam. Below we will present SalusAnsvar’s more important CSR projects:

A cooperation with the *Nature Conservation Association* where the members of this association have the possibility to save money with SalusAnsvar to a higher interest. The excess amount goes to climate research.

They offer a reduced price on traffic insurance if there are alcohol specific interlocks installed in the car. This is a co-operation with *the drivers’ temperance society* (MHF). MHF support is linked to this project. This is for people who are not teetotallers but however want to support soberness in traffic. They are offered to buy insurances to reduced prices.

In co-operation with *the Swedish anglers*, they have developed a project aiming to increase the water quality in the Baltic Sea.

SalusAnsvar contributes to the organisation *My big Day* which is a project where severely sick children get the opportunity to have an extraordinary experience where their dreams come true.

Every year the employees donate an amount to a *developing country foundation*, in return SalusAnsvar donates three times the money put in by the employees.

To be able to create the best possible work climate, a *reference council* has been created. People holding important knowledge within equality, behaviour and work environment are there to provide expertise. They aim to help the executive group with questions concerning communication, social engagements, internal problem and domestic violence.

### 4.2.5 Länsförsäkringar Halland

Within the company, CSR is called society engagements. Consequently, when we below mention CSR, it is equal to society engagements. The company’s work with CSR is divided into four core values: Safety, anti-crime, security, and health promotion. Their aim is to contribute to greater safety and decreased crime rates. Länsförsäkringar Halland considers all the three areas of CSR as important. However, their focus is on the social responsibility, second is the environmental and the economical is the third priority. They are working with a long-term thinking; yet specific projects can have short-term objectives.

Their CSR projects are always held in co-operation with serious partners. Some activities have been held for a long time, but it was in 2005 that they started to work more seriously with CSR. There are
seven major towns in the province of Halland, Länsförsäkringar Halland organises projects in every town. Below we present the company’s most important CSR projects:

*The Golden Globe Games*, which is an indoor bandy tournament for students in seventh grade. Länsförsäkringar Halland provides the prize money. The money goes to the winning class and is there to contribute to health promoting work within the school. A project which has been going on for eight years.

*Neighbour co-operation against crime*. In co-operation with the police, Länsförsäkringar Halland holds courses in housing areas on how to prevent burglary.

*Sandboxes*. This is new for 2007. In co-operation with local authorities, they’ve put designed sandboxes to prevent slippery roads. 70 new boxes have been put in the city centres and in neighbourhoods.

*Sea Swimming school*. Since Halland is a coast-province, this is a co-operation with lifeguards where children and youth learn how to swim. The courses are open to everyone; yet customers get a reduced price.

*Smart tanning*. A co-operation with the county council, which is a project to promote safe sun-bathing. During 10 days, they’ve educated the public in how to tan, swim and use boats cleverly. At the end of the summer, this project was evaluated and it turned out that 89% out of 1000 visitors increased their knowledge about smart tanning, swimming and how to behave on the sea. Additionally, 95% ended up being positive about the project as a whole.

4.3 Core Business

4.3.1 Folksam

For Folksam, it is important that there is a link between CSR and its core business, Westholm also believes that there indeed is clear existing connection. The CSR strategy was developed for their customers and there is a long-term thinking in this. However in the end it is about contributing to the whole society.

Regarding the Corporate Government department which keeps in contact with the companies that Folksam invests in, there have been situations where Folksam has protested and companies giving in for Folksam’s demands. There are also examples of companies which contact Folksam asking them what they can do better within CSR. A Coca-Cola example: In South America, a union representative was killed. Initially, the Coca-Cola Company didn’t take action. Folksam, along with other investors
around the world, gave them negative critique and eventually Coca-Cola gave in and decided to change their procedures.

4.3.2 Skandia
It is important that there is a clear connection between CSR and their core business, it is all about credibility. Likewise there is a well communicated policy regarding these questions. The CSR is developed for defined stakeholders. Skandia is working in the same way towards all of these.

4.3.3 Trygg-Hansa
It is very important that there is a clear link between their core business and their CSR. This is also one of the reasons why a CSR strategy has been developed this year. During this implementation all stakeholders have been taken into consideration. However their external CSR reporting will focus on potential employees and customers as target groups.

4.3.4 SalusAnsvar
Nanning finds it especially important that the company communicates what and why they are working with CSR. It is also important that the link to their core business is clear, since if the members feel that CSR makes a difference they will give more money to valuable projects. There is no definition of what CSR should and should not include, although it has to be linked to their business concept. Their CSR is developed for customers and members, such as organisations as the Swedish Anglers or the Nature conservation association.

4.3.5 Länsförsäkringar Halland
Stakeberg finds it both important and not so important that there is a clear link between their CSR and their core business. However it is well defined what CSR projects should include and should not include. Without exceptions, it has to comprise one of their core values. Their CSR is primarily developed for the people living in Halland and secondly for the customers. Their employees live in Halland and thus take part of the main target group.

4.4 Communication of the CSR Strategy

4.4.1 Folksam
Externally, the CSR strategy is communicated through commercials and different indexes such as equality, ethical or climate index. Moreover, communication goes through the homepage and an environmental guide. Internally, it goes through campaigns and visits at Folksam offices around the
country. They do struggle a bit to attain recognition, not all employees are fond of the diversity issue and can not really see the connection between CSR and insurances or pension funds.

4.4.2 Skandia
The CSR strategy is not communicated in words of CSR, as mentioned above; it shall be a part of Skandia’s way of doing business. This way of doing business is externally communicated through letters, articles, and magazines. Next year it will also be stated on their webpage. Currently, employees have access to it through intranet. Svensson points out that they’re operating in a confidence industry where it is hard to keep uniqueness in the product since everything’s easy to copy. There are two ways to compete: Either with extremely low charges and very high returns, or with the fact that the brand stands for something additional. It is a fact that CSR has attained acceptance among the employees since 1/3 of the employees are ambassadors.

4.4.3 Trygg-Hansa
Internally, it is important that the right people are involved in meetings and workshops. Furthermore communication goes through intranet. Next year they plan to put a column about CSR and strategy in the employee magazine. So far, they are not communicating the concept CSR externally; something they will start with next year, especially through their webpage. Eckhoff believes that CSR is the normal way of doing business today; not working with it will result in negative consequences for the company, such as bad press stories and trials etc.

4.4.4 SalusAnsvar
There are four values which are strongly communicated within the company. These are Cooperation is the potential, 100 % responsibility, Constant improvement and Confidence strengthens relations. Through these and through the link to the effect of the projects, CSR has reached a large acceptance among the employees. A few times per year it is communicated internally about the ongoing CSR projects, why they’re doing this and what the outcome is.

4.4.5 Länsförsäkringar Halland
Ever since Stakeberg started at the company two years ago, fifty percent of her work has been devoted to spreading the acceptance of CSR within the company. The remaining time, she has been working with the communication of the CSR strategy externally. The employees take part of the CSR work through intranet, newsletters and information flyers. It is also communicated externally through actual projects such as Christmas cards to customers and invitations to the sea swimming school. Their CSR is always spread externally in connection with an actual project. In every city in Halland, there is one contact with which Stakeberg holds meetings with. This contact is responsible for collecting ideas and
thoughts about CSR among the employees. In 2008, lunch meetings are planned to be held in every office around Halland where it is voluntarily for the staff to come and listen to either Stakeberg’s presentation on CSR or an organisation / activity from the local town.

4.5 Future

4.5.1 Folksam

Most of the time, Folksam has the ambition to be ahead of its competitors. Westholm especially points out their traffic research as innovative; that is not something insurance companies normally work with. Neither does she believe that other insurance companies work with corporate governance in the same way as Folksam does. She argues that insurance companies along with banks and the rest of the financial sector tend to be very old and slow when it comes to CSR, she is hoping for changes. There has to be a way of making money with CSR to make it a success.

4.5.2 Skandia

Skandia’s ambition is to be one step ahead of their competitors in CSR. Svensson declares that they are working differently with this topic compared to competitors. This is not a temporary activity in view of the fact that it’s modern. Regarding the future, he believes that non-life insurance companies will work with CSR and risks connected to the climate threat. For life insurance companies, the biggest question will be the policy of how to raise funds. There will be an increased focus on transparency and in what the industry should invest. The focus in the future will be “to what purpose do we invest the savers’ money”, “what does the product look like” and “what companies should the life insurance companies funds invest in?”

4.5.3 Trygg-Hansa

TryggHansa is aware of the fact that they’re up against hard competition in Sweden. They had the feeling that they had to start somewhere with CSR. At the moment they are trying to do the same things as some of their competitors, although they’re hoping that some of these activities will make a stronger profile in Sweden. The aim for the future is to connect the CSR projects with the core product, which will probably be safety and health. By 2010, they plan to develop and launch at least three new CSR projects which might be a discount on insurance to environmentally friendly cars.

4.5.4 SalusAnsvar
Nanning still thinks that CSR in the insurance industry is a bit stiff, sometimes projects equal charity. In the future a bigger regard has to be sent to climate and equality. What does the premiums for men and women respectively look like? How do we create good conditions?

### 4.5.5 Länsförsäkringar Halland

Länsförsäkringar Halland absolutely wants to be one step ahead its competitors when it comes to CSR. Their ambition is to be identified as the socially engaged company in Halland. Stakeberg believes that there does not have to be competitiveness between the insurance companies, they can all make an effort for increased safety, however concentrate on different projects. Moreover, she finds it important that there is a win-win perspective between society and the company, withholding the importance of good intentions; it can not be a marketing trick. She also believes that it’s the safety approach that will lead the way for insurance companies in the future. It is no longer only about protecting your house from burning down or your dishwasher not to cause water damage; it will be about letting the children grow up in a safe environment etc. In addition, they have also got ideas about starting a project for people over eighty years old, aiming to increase the quality of life for this group.
5. ANALYSIS

We will in this chapter analyse our empirical findings linked to our theoretical framework. We will analyse the five studied insurance companies as a whole with the models and theories presented in chapter three.

Our purpose of this thesis has been to study how Swedish insurance companies work with Corporate Social Responsibility and to analyse what underlying strategies there are to create value. We will now analyse the empirical findings having our purpose in mind:

To analyse where, how and for whom value can be created with Corporate Social Responsibility through the study of five Swedish insurance companies.

5.1 Recognition for Corporate Social Responsibility

The world has become aware of the fact that today’s society is a consequence of our own actions, and that we need to act quickly and take our responsibility. We have seen that the respondents emphasise that CSR has to be embedded in the whole organisation not only within top management, which is in line with Mintzberg’s theory of engaging management. Mintzberg argues that companies need to justify their existence by contributing to the society as a whole. This is especially noticeable at Länsförsäkringar Halland who has positioned themselves to meet the demands of a specific region. Their main objective is to make Halland a safe place to live in.

As earlier mentioned, consumer loyalty for Swedish insurance companies is decreasing which calls for a reinforcement of the companies’ brand strategies. An engaging management, as argued by Mintzberg, emphasises employee involvement and an ethical way of doing business, which we have seen examples of while studying our empirics. Moreover, Folksam also aims to contribute to the whole society, even though their CSR strategy is developed to target their customers. Where else in our empirics do we see signs of engaging management? We believe that this takes place at Länsförsäkringar Halland. Their small local company inspires the employees to engage in CSR by having one CSR contact in every office in Halland. Having in mind that these offices are small, situated in little towns, it is quite remarkable. At Folksam, we have seen that they are trying to engage employees by offering office visits, although have had difficulties to attain recognition. Could the
difficulties with gaining recognition be a consequence of the limited amount of resources allocated to CSR? However, calculating a precise number of how much money CSR generates to a company is not an easy task to solve. However, in our empirics we can observe this matter from another perspective. Let us look at table on page 38. From here we can draw one important overall conclusion concerning resources allocated to CSR. CSR is a small activity. The total turnover for the five companies included in our study reaches approximately 41 billion SEK. Resource wise, we have 12 people fulltime, 10 people with divided responsibility, along with 420 ambassadors and 5 million SEK spent per year. We can therefore come to the conclusion that money spent on CSR activities only consist of an insignificant part of a company’s total turnover. We would consider this as an important remark while having in mind the positive effects achieved by working with CSR.

5.2 Organising and visualising CSR

To understand and identify the company’s responsibilities, Corporate Social Responsibility can be depicted as a pyramid and used as an analytical instrument. All of the interviewed companies have said that their CSR work is for the benefit of their stakeholders, mainly customers and employees. However, none of the companies have expressed that they have developed a different approach with regard to every stakeholder. By using the pyramid of Carroll (see fig 4, p. 32), as well as the Diamond Framework (see. fig 5 p. 33), we can establish a base to organise thoughts and strategies to different stakeholders. In our empirics we have distinguished a lack of CSR differentiation towards the various stakeholders. It is more common to apply the same CSR strategy towards all stakeholders. Therefore, companies should instead divide the stakeholders into clusters depending on their relation to the company, as argued by Freeman and McVea. These authors also point out that those traditional relationships are shifting, which consequently calls for a flexible stakeholder management. Due to the fact that traditional roles are changing and as customers surely will become more and more involved in product development as employees will be in the decision-making for upcoming CSR projects, will bring a new source of inspiration to the business. Moreover, effects of our global climate change can have great impact on the future products of insurance companies as customers even in Sweden realise that we need to act and protect ourselves from unpleasant incidents. We believe that businesses need to look for inspiration with support from their stakeholders to extend their business with far more innovative products that will respond to changes and expectations of the society. Possible future products will be further discussed later in this chapter. Despite the fact that stakeholder management can be extremely time-consuming and complex, Carroll argues, that it can create great value. However, Porter and Kramer believe the opposite. They argue that the view of stakeholders is
important but they rarely have the understanding to overlook the company’s current position, capabilities nor need of strategy.

At Skandia, there is one full-time employee to manage the work for CSR. With the help from figure 2 (see p. 27), we can illustrate the work at Skandia. However, Skandia does not want CSR to be a separate function, but to be a vital part in their daily work. The figure can nevertheless illustrate their CSR function as over-looking the whole organisation, with the objective to keep stakeholder and shareholder satisfied and in harmony with each other. For example, at Skandia as well as at Folksam, all three pillars of the triple-bottom line are just as important, even though the financial perspective comes first. As shown in the pyramid, the economical responsibility underlies all the other; the company must first be profitable before taking on other responsibilities. Folksam also points out that they are taking an ethical responsibility by incorporating ethical criteria into their decision-making for future investments. Most of the companies withhold that they try to contribute resources to the community and improve the quality of life for the citizens. We believe that many of the companies stress the process of reaching good citizenship which is the top of the pyramid. The last layer is the one of philanthropic responsibilities that points out the importance to assist voluntarily to important projects. If companies do not pay enough attention to the other components, the desired effect will be left out as discontent and bad publicity might emerge if companies fail to see the components as a whole.

5.3 Strategies for corporate engagement

We can clearly observe that all the five studied insurance companies have integrated a Corporate Social Responsibility into their business strategy. It is of great interest to analyse why companies have chosen to take an active stand for a social responsibility, and therefore it is furthermore interesting to analyse the strategies behind this approach. According to Porter and Kramer, pressure from society is increasing and companies must focus on issues that are appropriate to their core business.

Westholm believes that Folksam’s overall business strategy is linked to their work with CSR. Folksam’s work for CSR strictly follows their three surplus values. Giving the example of planting trees in Africa is clearly a way to compensate and to reach their goal to contribute to the reduction of carbon dioxide. Folksam values better traffic safety by providing their customers with a recent traffic research. This in an innovative approach from Folksam as it’s not traditionally an issue for an insurance company. In line with Porter and Kramer, Folksam has addressed a moral obligation, justifying CSR by referring to the environmental aspect when emphasising the need for sustainable
development in Africa. The premiums from the climate neutral home insurance, a product of Folksam, finance the tree project in Africa, integrating CSR and the core business.

According to Porter and Kramer, the challenge for management is to understand CSR strategically. Addressing a selective and narrower strategy for CSR is therefore critical to create competitive advantage for Skandia as well as for the other insurance companies. Even if Skandia reject the term project, they have worked with the long-term project *Ideas for Life* that offers employees to work with voluntary organisations during working hours. The CSR strategy is therefore communicated through its employees, in the role as ambassadors, and not through a written code of conduct. For this reason, *Ideas for Life* is an *inside-out linkage*, as described by Porter and Kramer (2006), showing how Skandia interacts with society through its normal operations. Porter and Kramer further point out that the fact that society changes over time might intensify the *outside-in linkages* where society can have a greater influence on the business. For this reason, we believe that Skandia can receive great benefits as employees are in direct contact with society, bringing reality into the business. The mutual dependence, as mentioned by Porter and Kramer, is created between business and society; Skandia can bring improved products to customers through the feedback gained from *Ideas for Life*. Consequently, customers will receive a better service. Mutual dependence is however based on the notion that both sides must benefit from the cooperation, then shared value can be created.

TryggHansa, on the other hand, has adopted a strategy based on the present market trends, doing what their competitors do. This makes TryggHansa unique compared to the other companies as they are not trying to be ahead but hoping that a collective effort will create a stronger profile in Sweden. TryggHansa has addressed a *responsive CSR*, trying to face several of those issues surrounding their business by launching several projects.

At Folksam, we can also distinguish a complex balance between their values and costs while trying to strictly follow their surplus values. This company has incorporated a value of responsible investment where investments could be rejected according to their so called exclusive criteria. Placing ethics above profitable investments is an admirable action which according to Porter and Kramer, strengthens Folksam’s image while working strongly to enliven morale into their business.

What’s interesting and unique with the core business of SalusAnsvar is that the end customer is not one of their stakeholders as they are an insurance company for professional organisations with whom they have launched several projects. SalusAnsvar contributes to a better environment through the cooperation with the Nature Conservation Association where the high interest goes to climate research. Again by using the *Diamond Framework*, we can see that SalusAnsvar falls in a different category compared to the other companies. The external environment has clearly affected the drivers
of competitiveness as SalusAnsvar has chosen not to invest in projects that are not linked to the interests of their customers. The majority of their CSR projects are funded through the members of the organisations, the end customers, which consequently lowers the cost for SalusAnsvar in their commitment to CSR. Strategic CSR is, nevertheless about doing something different and unique but also at a lower cost than your competitors.

All of the interviewed companies withhold their values as a solid base for addressing Corporate Social Responsibility, trying to integrate their vision in their commitment for social, environmental and economical activities. As Länsförsäkringar consists of independent companies, they are selective in terms of respecting local demands from the population in Halland. Their strategy is defined exclusively for the specific region and a solid base for their CSR strategy which facilitates the choice of what activities to invest in.

As mentioned in the theoretical chapter, a successful CSR strategy can be developed by using the Diamond Framework, identifying the different interests among the stakeholders. A successful example of this is the one of Shell. They analysed their strengths and weaknesses which made them aware of the external factors they had to face. Through the analysis, Shell encountered several dilemmas and identified the tools needed to solve them. By setting up a matrix to distinguish the different interests the company is surrounded with, companies can adapt a selective approach creating strategic CSR as argued both by Carroll, Porter and Kramer.

5.4 Empirical findings analysed and connected to the principles of CSI

John A. Pearce and Jonathan P. Doh underlines that Corporate Social Responsibility is best carried out in harmony with partners. By concentrating on the five principles below, companies can obtain great value creation. Let us now discover how well the Swedish Insurance Industry addresses these five principles.

1. “Pursue a Long-term Durable Mission” – To benefit from CSR, the strategic goals should be seen in a long-term perspective. While studying our empirics, we see that all of our studied companies claim having a long-term thinking in CSR. At Folksam we’ve seen the example of premiums used to buy tree plantations in Africa, moreover their most recent CSR project was started seven years ago, which must be seen to be in the long-term interests of the organisation. Even though all of our interviewees claimed a long-term forward looking CSR was of importance, the evidence is clearer in Skandia’s
case. Their foundation *Ideas for Life* was established 20 years ago and is still up running. Another, yet recent initiative has been taken by Trygg-Hansa by signing the Global Compact programme.

2. “Leverage Core Capabilities: Contribute “What we do”” – This second pillar represents the most critical one. There has to be a strategic fit between CSR and their core strategy. The empirical implication here is that all the interviewees argued for a strong connection between CSR and their own products. However, this does not mean that we have observed this to be reality within all the companies. We find that Folksam is the insurance company where this is most evident. The correlations between traffic research and car insurance along with ethical corporate governance and investments are strong. Moreover the importance of this is even emphasized in Folksam’s own definition of CSR where it is declared that there does not only have to be a link between the core business and CSR; the CSR should be a part of the core business. On the other hand, we have seen one example of a project where the company in question might have to pay attention. Every year, Länsförsäkringar Halland donates the prize money to the tournament *The Golden Globe Games*. In line with Pearce and Doh’s argument for low engagements and cash donations, we consider this as a true cash donation and it is doubtful whether this will benefit brand awareness. However, we do see the overall connection to the company’s core strategy, since the tournament contributes to promote a healthier school environment.

3. “Contribute Specialized Services to a Large-scale Undertaking” – This pillar explains the importance of every company’s contribution with expertise which in the long run will benefit the big majority of people. We believe that it can be tempting for a company to start smaller projects for which only the company itself will be recognized. We identify SalusAnsvar’s project *My Big Day* as a good example of a project that indeed has a good thought, however does not contribute to a large-scale undertaking. Nevertheless, we have seen good examples that support this third pillar such as Shell’s *step-by-step plan* to implement human rights principles in the company’s daily activities, Skandia’s *Ideas for Life*, Folksam’s *Safety and Traffic Research* or Trygg-Hansa’s *lifebuoys*.

4. “Obtain Government Support or Minimize Interference” – Companies should enjoy government support. Länsförsäkringar Halland has several projects in cooperation with authorities. The *sandboxes* provided in traffic to prevent accidents along with the *smart tanning* days are good examples of the government’s willingness to support CSR and Länsförsäkringar Halland’s motivation to cooperate with authorities. Having in mind that this theory is created by Americans, we believe that this fourth pillar is more relevant to apply on companies in societies where companies risk more serious consequences if interfering with government laws.
5. “Assemble and Value the Total Package of Benefits” – If companies concentrate on social initiatives that reflect the four pillars above, a good reputation can be generated. It is a lot about doing activities that are legitimate. We have found that our studied companies legitimise their business towards their stakeholders by preventing unpleasant events from occurring. Events such as flooding, storms, burglary and traffic accidents are costs for the customers as well as for the insurance company itself. In this way, the business legitimises its actions towards the shareholders since a non-active prevention strikes back to the companies as they have to compensate their customers. However, we believe that a good reputation is hard to measure in terms of value added to the company. When companies realize that it is about putting a value on all of these five principles, then sustainable value will be created. Among the five studied insurance companies, we believe Skandia is fulfilling the five perspectives in a good way. If we look at their foundation Ideas for Life, we can see that it is well embedded within the organisation. The concept is linked to the every day work. We can not see any reason not to continue with this foundation.

5.5 Future engagement in the Swedish insurance industry

What will CSR in the insurance industry look like in the future? Can we be expecting changes and innovation? Porter and Kramer argue that CSR can lead the way to competitive advantage and innovation if companies work with it in a strategically way. In the future companies will need to be selective, so that CSR does not turn it into a charitable deed for society. Have we been able to see any value creation through innovation within our studied companies? We believe that we can see traces of innovation in some of the studied companies’ products. Let us look at Folksam’s newly introduced climate neutral home insurance for instance. Not only does it contribute to an environmental sustainable development, it is also a new innovative approach trying to renew the normally rather stiff home insurance industry. We have seen that most companies aim to be ahead of their competitors when it comes to CSR. However, Trygg-Hansa is aware of the hard competition and does not at the moment strive to be as innovative as the others do. In line with Cramer, Länsförsäkringar Halland believes that the future within CSR will be about safety. Skandia and SalusAnsvar argue that future demands for CSR connected to the risks with climate change, which we also consider correspond to Cramer’s theory.

Smith & Ward and Porter along with Carroll all argue for the fact that future demands a stakeholder driven approach. Among our theories studied, only Friedman argues for a shareholder’s approach. Regarding the stakeholder / shareholder approach, the empirics have shown that today’s focus is towards a stakeholder perspective.
Moreover, Smith and Ward indicate that there is a problem with the fact that the definition of CSR is not unified. The United Nations, the European Union along with other organisations all have their own definitions of what CSR is, should include and how companies should work with it. This is also reflective in our empirics; all of our interviewees identify and define CSR in different ways. We identify this as a possible source of confusion.

We believe that there will be an increasing competition to attract customers, as we see an increasing awareness in society of both regional and global issues that need attention. People have opened their eyes especially for climate issues, putting a pressure on companies to deliver creative and innovative products that respond to the changes and expectations of today’s society. The products offered by insurance companies have a clear connection to the changes affecting our society today, especially environmental changes. Therefore, it is in the interest of the insurance companies to make an effort to prevent such disasters from occurring, since there will be immediate consequences for insurance companies when the world is struck by global warming or increasing crime rates.
6. CONCLUSION

In this chapter, the conclusions of the thesis will be presented.

Adapting an engaging leadership style will strengthen the image of the insurance industry as it requires recognition for new trends and changes alongside a respect for the core business. We have seen the importance of implementing an engaging CSR approach. By emphasizing the communication of the CSR strategy within the organisation, the chances for accomplishment are higher. The aim of this thesis has not been to make comparisons, however we consider Länsförsäkringar Halland to have the best communication strategy.

One of the main findings from this study is that Corporate Social Responsibility is not a new phenomenon in the industry. It has existed in greater or smaller extent for many years. However, the world has become more transparent as stakeholders such as owners, customers and employees, closely and critically follow the companies’ next step for action. Therefore, we have seen that the insurance industry has experienced a call for labelling their social activities. As already seen in other industries, there had to be put a universal term on these activities, which are now called CSR. In spite of the external pressure, CSR is consequently not an activity that has been forced upon the company. CSR is a voluntarily activity which can be easily linked to the insurance companies’ products and services. However, we found that the connection between the particular CSR projects on the Swedish insurance market and the companies’ core business could be more distinct.

We have distinguished that value is created through a strategic process. First of all, a trend emerges in society and its impact on the business is dependant on the society’s ability to proclaim action for a certain issue. The trend emerges because of the increasing awareness of ethical and moral standards for business behaviour. New trends need to be considered wisely and companies shall only focus on issues that are appropriate to their core business. Companies must then find effective and strategic ways to incorporate the activity into the present value chain. This illustrates a filtering process where value is created.

Secondly, we have observed the importance to address a stakeholder driven approach, for the business to gain trust and credibility among the various groups of stakeholders. The business must ask themselves for whom value can be created by addressing this specific issue. Due to the fact that traditional roles are shifting, the Swedish insurance industry must stay alert to the fact that one group of stakeholders might have interests in another. Since stakeholders and shareholders are dependent
upon each other, a mutual dependence is essential to gain trust and credibility for one another. By making stakeholders dependant on each other as well as on shareholders, will most likely lead to a mutual respect. Therefore, we believe that value can be created when a mutual dependence is established between both parts. Value creation will consequently emerge in terms of shared value as the ones who create value must receive recognition as well as resources from the stockholders to be able to uphold a Corporate Social Responsibility strategy. For who is then value created? The insurance companies have adapted their CSR strategies towards stakeholders. However, they are working with the similar strategies towards all of them. There is a call for a change; CSR needs to be custom-made to fit the single stakeholder or the cluster of stakeholders holding the same qualities.

Furthermore, in order to launch the proposed CSR activity, every stakeholder needs to be taken in consideration. However, satisfying every group of stakeholder is a true challenge, choices need to be done as well as well communicated.

Moreover, we have been able to distinguish that the majority of companies have been selective in their choice of what CSR activities to engage in. They all support projects launched on their own initiative, which makes them selective in their approach however not through a collective effort. Consequently, we have seen that the possible way of value creation through a large-scale undertaking has not been carried out. How is then value created? Among our studied companies, value is created through a long-term thinking along with strong inside-out and outside-in linkages to the society. We consider these linkages as points of intersection providing a valuable feedback, critical for creating a sustainable commitment to CSR. Corporate Social Responsibility can then turn into a remarkable source for competitive advantage and innovation. Value will emanate from the companies’ abilities to make trade-offs, focusing on the essence of their business and commit themselves to a project that will leverage their core capabilities along with increasing the loyalty among the stakeholders.

Corporate Social Responsibility is a necessity for the insurance companies studied in this thesis as it legitimises their core business towards both shareholders and stakeholders. However, we have observed that the link between their core business and CSR strategy could be more distinct. Value is created through a strategic process supported by a long-term thinking along with strong inside-out and outside-in linkages to society. Furthermore, a mutual dependence between shareholders and stakeholders is required to create value. Value can then be added into the business if CSR is addressed selectively but carried through collectively.
7. REFLECTIONS AND FURTHER RESEARCH

In this chapter, we will present our personal reflections and lessons learnt from studying Corporate Social Responsibility in the Swedish insurance industry. Suggestions for further research will also be presented.

7.1 Personal reflections

CSR has been more and more acknowledged due to the fact that stakeholders have declared the urgent need for action. For this reason, companies can choose from a range of issues that need attention. However, we believe that there is an increasing risk by being too eager; companies that react too fast from the society’s expectations run the risk of doing the wrong strategic choices, having little or no impact on the business. The insurance companies need to analyse and evaluate if doing good can turn into a profit and whether they can address it in a long-term perspective. We believe that charitable deeds can be valuable if a short-term goodwill is the only thing desirable. We further believe that there lies a tremendous challenge in turning short-term engagement into a long-term commitment and making the bridge in between steady enough to hold for suspicious stakeholders.

On the other hand, we consider it as a necessity for insurance companies to engage in CSR. If insurance companies do not respond to burning issues such as climate change and increasing crime rates, this will affect them directly. Consequently, if they do not work actively to enlighten their customers of the importance of protecting themselves through insurance against unforeseen events, it will damage the company’s relation to its shareholders. We believe that shareholders will call for an increase in CSR activities when realising what the future will demand from the insurance industry.

Recently we have all learnt that Sweden also has been affected by environmental and social changes. Therefore, it is our belief that Swedish customers will demand more customized products from insurance companies aiming to protect their vulnerability.

7.2 Further research

During this journey, we have become aware of the complexity of the term Corporate Social Responsibility. The United Nations, The European Union along with other international organisations
all define CSR in different ways. Being struck by all these available definitions, we believe that it would be of great interest to analyse whether CSR calls for a united definition. What aspects regarding CSR should companies in the insurance industry and other industries concentrate on?

Theories have taught us about the important link between a company’s core business and its CSR projects. It would be interesting to further discover how to create CSR projects that are tied to the core business. Having in mind that our empirics include companies that are and have subsidiaries in other Nordic countries, an interesting perspective could be a comparable study between these countries.
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http://www.shell.com

http://www.kvalitetsindex.se


Note 2: UN Global Compact – a presentation
http://www.unglobalcompact.org/AboutTheGC/index.html

Note 4: The ten principles
http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/
Definitions of key concepts

**CSR according to the European Commission**
http://ec.europa.eu/enterprise/csr/index_en.htm

**Corporate Sustainability according to the Dow Jones Sustainability Index**

**Stakeholder – according to the European Commission**

**Interviews**

Interview with **Dorte Eckhoff**, Communications Consultant, Codan, November 28th, 2007 Copenhagen
Phone interview with **Karl-Henrik Nanning**, Head of Information, Salus Ansvar, December 11th, 2007
Phone interview with **Johanna Stakeberg**, Safety Developer, Länsförsäkringar Halland, December 14th, 2007
Phone interview with **Hans G. Svensson**, Senior Vice President and Head of Public Affairs, Skandia, December 5th, 2007

APPENDIX 1
Interview Guide

Respondent’s name:

Respondent’s position

Company:

Respondent’s background:

1. How would you define Corporate Social Responsibility?

2. In general, CSR is categorized into three different areas: economical, social and environmental responsibility. For company X, would you consider one of these as more important than the others?

3. Could you present company X’s most important CSR projects?

4. For how long has company X been working with CSR?

5. Would you consider it important that there is a clear connection between your different CSR-projects and your own core business?

6. Is there a well defined definition what your company’s CSR-projects should include and should not include?

7. For who is your CSR developed? Who is the main target group? Employees? Customers? Society? Maybe someone else?
8. Is your purpose to maintain a short-term or long-term CSR strategy? Is there any specific reasons? Are there goals with these activities?

9. Regarding your earlier CSR projects, have they reached their objectives? Can you give a concrete example of the effects and results of the project(s)?

10. How do you attain recognition and acceptance for your CSR projects within the company?

11. How do you communicate the company’s CSR policy internally and externally?

12. How much resources are allocated to CSR projects?

13. Is your ambition to be one step ahead your competitors, that is being innovative, when it comes to your CSR-projects? If yes, in what way?

14. Regarding CSR of tomorrow, what type of projects do you think insurance companies will work with? Changes?

15. Would you like to add something?

Thank you for your participation!