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“It’s always better to do something than nothing at all”

A study on CSR culture within Icelandic power companies

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Abstract

In a world of increasing demands of energy, sustainable natural energy resources have never been more important. Power companies aspiring to harness this energy must now showcase their commitments to corporate social responsibility (CSR). The term CSR has gone through various changes throughout the past fifty years, and the change in definitions has been influenced by various actors, stakeholders and interested parties, with the most influential definition coming from Archie Carroll's CSR pyramid in 1979. In Iceland, the term has not received much attention. Icelandic power companies possess a great deal of experience in harnessing sustainable energy, both hydro and geothermal. Recent initiatives from the Icelandic government reveal future intentions of partnership with developing countries within the energy sector. Thus, the question comes to mind how Icelandic power companies view CSR and how these views will be implemented in projects in developing countries. This study seeks to achieve an understanding of the current situation of CSR within Icelandic power companies. For this purpose, a qualitative methodological approach is employed with interviews and observation. The findings indicate that CSR within Icelandic power companies is still in development, and the financial crisis in 2008 had a big financial influence on future plans for CSR.

Keywords: Corporate Social Responsibility (CSR), Sustainable Energy, Iceland, Power Companies, Developing Countries.

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Table of contents

Acknowledgments	1
List of Abbreviations	3
1. Introduction	4
1.1. The Subject of the study	4
1.2. The Purpose and the Problem of the study	6
1.3. The structure of the study	6
1.4. Delimitations of the study.....	7
1.5. Relevance to the field of sociology.....	7
2. Background	9
2.1. Definitions of development	9
2.2. Theoretical and literature review	12
2.2.1. The 21 st century and new initiatives	15
2.2.2. Measurements of CSR	20
3. CSR in Iceland	23
3.1. Development Aid	24
3.2. Hydro power and geothermal power.....	25
4. Methodology	26
4.1. Methods applied.....	26
4.1.1. Interviews	27
4.1.2. Observation.....	28
4.2. Biases and ethics	28
4.3. Overview of companies	29
4.3.1. Landsvirkjun.....	29
4.3.2. Reyjavik Energy	30
4.3.3. Reykjavik Geothermal	31
5. Analysis	32
5.1. Interviewees.....	32
5.2. Analysis of interviews.....	33
5.2.1. Financial crisis.....	34
5.2.2. The stakeholder/owners	36
5.2.3. Measurability.....	40
5.3. Observation.....	44

5.4. Summary of the analysis	46
6. Conclusion	48
7. Bibliography	51
Appendix 1-Interview guide.....	56

List of Abbreviations

COP	Communication on Policy
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
DIREC	Delhi International Renewable Energy Conference
EEA	European Economic Area
EU	European Union
GDI	Gender Development Index
GDP	Gross Domestic Product
GNP	Gross National Product
GRI	Global Reporting Initiative
HACCP	Hazard Analysis Critical Control Points
HDI	Human Development Index
HPI	Human Poverty Index
ICEIDA	Icelandic International Development Agency
ILO	International Labour Organization
IMF	International Monetary Fund
ISO	International Organization for Standardization
MNC	Multinational Corporation
NGO	Non-Governmental Organization
NEA	National Energy Authority
ODA	Official Development Assistance
OHSAS	Occupational Health & Safety Advisory Services
REI	Reykjavik Energy Invest
SAI	Social Accountability International
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme

UNU-GTP	United Nations University Geothermal Training Programme
WB	World Bank
WBCSD	World Business Council for Sustainable Development
WCED	World Commission on Environment and Development

1. Introduction

1.1. The Subject of the study

There is a growing interest for sustainability in the world. The concept has been applied to many situations and contexts, but perhaps the most applied definition is the one for *sustainable development*. Ever since the concept was introduced into the public discourse by the Brundtland Commission of the United Nations in 1987, sustainable development has been on people's minds. The Brundtland Commission defined sustainable development as following: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987, ¶ 1). The report further states on matters of energy resources:

The ultimate limits to global development are perhaps determined by the availability of energy resources and by the biosphere's capacity to absorb the by-products of energy use [...] Some of these problems can be met by increased use of renewable energy sources. But the exploitation of renewable sources such as fuelwood and hydropower also entails ecological problems. Hence sustainability requires a clear focus on conserving and efficiently using energy (WCED, 1987, ¶ 60).

Now, some twenty years later, these concerns have been somewhat confirmed, although there are conflicting debates about the seriousness of the matter, especially regarding the responsibility and accountability of various actors. Shortly after the Brundtland Commission report, there was a rapid growth in privatisation in electricity and water supply, based on the belief that the private sector could deliver growth and efficiency more effectively than the public sector. Recently, however, there has been a rapid retreat from the belief that corporate activity would bring the necessary infrastructure investments into developing countries as the pursuit of corporate interests often does conflict with the public interest in these sectors (Hall & Lobina, 2004). Businesses have responded to these changing situations, and the term *corporate social responsibility* (CSR) has gone through radical and extensive changes along with it. In fact, some have argued that corporate social responsibility is one of the greatest global challenges of the 21st century (Horrigan, 2010). Organisations, whether private, public, or third sector, are now responsible for the long-term consequences of its operations and see CSR, to some extent, as a bridge connecting the arenas of business and development and are increasingly discussing CSR programs in terms of their contribution to development (Blowfield & Frynas, 2005). Globalisation of markets further highlights the need to address the organisational world when discussing development, sustainability, and responsibility, especially when it comes to natural energy resources where stakeholders are so many and so diverse.

The discussion on CSR has primarily taken place in the Western world (Carroll, 1999; Newell, 2005; Dobers, 2010). The Nordic countries have been active within the field with experience dating back at least fifty years (Lauring & Thomsen, 2010). In Iceland, the concept of CSR is relatively new, and has received less attention than in the other Nordic countries. Despite that, Icelandic companies and businesses operate in accordance with strict environmental and social standards in line with those of EU (European Union) countries. The country benefits and profits from sustainable natural resources, which will be important for existing sectors, as well as new and innovative sectors in the future. Some have speculated that the sustainable energy sector can help Iceland in reviving the economy and regaining the trust of the international community after the collapse of the three biggest banks in 2008, followed by a major financial crisis (Thorsteinsdottir, 2010).

In May 2008, mere months before the financial collapse of the Icelandic banks, the Icelandic Ministry for Foreign Affairs held a bi-annual meeting where the Minister for Foreign Affairs and External Trade met with Icelandic businesses in order to discuss matters of common interests. The topic of the meeting was CSR. At the time when the meeting was held, Icelandic officials and businesses were very much concerned with Iceland's image to the outer world, and Icelandic companies were relative newcomers in the internationalised business community. The Minister for Foreign Affairs and External Trades at the time, Mrs. Ingibjörg Sólrún Gísladóttir, stressed in her address to the meeting the importance of Iceland's image and the role Icelandic business companies play in regards to that: "One way to further solidify Iceland's image internationally has for example, in close co-operation with local business organisations and the companies themselves, worked towards increasing awareness and information about the fundamental strength of the Icelandic economy" (Ministry for Foreign Affairs, 2008). She also added that one way to further solidify Iceland's image internationally is to encourage Icelandic companies to take the lead in corporate citizenship, and that it is one of the Ministries duties to inform about guidelines from the international community.

Also, in a recent speech given at the 65th General Assembly of the United Nations (UN) in New York by the Icelandic Minister for Foreign Affairs and External Trade, Mr. Össur Skarphéðinsson placed emphasis on the unique position Iceland holds, with regards to the country's expertise in sustainable geothermal energy. The minister suggested that Iceland, being a small nation with a considerable amount of experience in the field, could be in the forefront of assisting developing countries in utilising sustainable geothermal energy. Shortly after, in continuance with the DIREC 2010 (Delhi International Renewable Energy Conference) held in India in October 2010, the Icelandic government issued a press release, stating that co-operation had been established between Icelandic power companies and Indian companies concerning assistance in utilising sustainable geothermal energy. Thus, this discussion illustrates the relevance of the subject.

Consequently, the subject of this study is CSR in the context of Icelandic power companies, their view on the concept, and how they apply it. Moreover,

these companies engage or have plans to engage in collaboration with project in developing countries and therefore the dimension of developing countries will be incorporated into the discussion. This dimension is very important as it addresses the important issue of management of energy resources in developing countries in a sustainable manner and the role of international actors, specifically energy companies. Many developing countries are very rich in natural energy resources and it is recognised that many multinational companies have not been and are not treating these resources in a sustainable and responsible manner. Companies endeavouring for collaboration in developing countries need to consider all aspects of CSR, and not only adopt CSR policies representing a business case and thus serving as a PR instrument. Companies also need to incorporate societal and community aspects as well as ensuring that there is no discrepancy between CSR claims and the reality of what is being done. If done right, and adequately articulated, CSR could be an important strategy for fostering positive development in developing countries rich in natural energy resources.

1.2. The Purpose and the Problem of the study

Subsequently and in the light of preceding discussion, the purpose of this study is to explore the ideas and executions of CSR within Icelandic power companies; how they address it and apply it, and moreover, how they regard it in the view of collaboration with projects in developing countries. For this purpose, qualitative methods are applied in gaining and analysing data. Interviews with employees of Icelandic power companies were conducted along with an observation of one of the company's annual general meeting.

In light of this discussion the following *research questions* are presented:

- What is the position of Icelandic power companies on CSR and
- How do they implement and promote CSR in their present or future projects in developing countries?

1.3. The structure of the study

The proposed research questions will guide the structure of this study. The second chapter includes a theoretical framework, where the concept of development is introduced and reviewed through theoretical discussion. The concept of development is a very broad and multi dimensional concept and it is not my intention to attempt to begin to cover all the aspects of such a concept. Thus, for the purpose of this study, the focus will be on development theory and changes in discourse, trends and paradigm shifts on a global scale, dating back to the late 1940's until our present time. Following is a review of the concept of CSR and how the definition has been shaped and changed through global discourse, thus the discussion on development is linked with the discussion on corporate social

responsibility. The third chapter consists of a review on Iceland, and the current situation of CSR in Iceland. In chapter four, the methods applied for this study are introduced, along with discussion on biases and ethics. Chapter 5 features the analysis of the interviews and observation. Finally, chapter 6 summarises the study and what conclusions may be drawn from it.

1.4. Delimitations of the study

At the beginning of my study, I wanted to explore the impacts of Icelandic power companies' CSR, particularly in developing countries. It quickly came to my attention that such an idea would require much work, time and resources. However, I realised in my pre-liminary research how interesting, and perhaps much needed, it would be to explore the current status of CSR among Icelandic power companies, particularly in the light of recent developments within the Icelandic energy sector and assistance in developing countries. Conversely, there are some limitations to this study. First of all, it was not possible to represent the views and examples of every Icelandic power company due to time limits and accessibility of material and persons. However, it may be argued that the results presented in this study reflect the current situation among Icelandic power companies as the ownership of those who are not represented is very similar to the ones that are featured in this study, and they all operate within the same sector under similar conditions. Secondly, all the interviews were conducted in Icelandic; thus all the quotes are my own translation and are to be taken with provision regarding misinterpretation. Third of all, the concept of CSR is a relatively new one, it emerged into public debate some twenty years ago and its definition is still very much debated and under constant construction. Therefore, the discussion of the concept presented in this study is tainted by that. This study aims at placing the practice and ideas of CSR of Icelandic companies within the global discourse of CSR, and where they are situated.

1.5. Relevance to the field of sociology

The field of sociology has paid considerable attention to CSR. After all, it affects many layers of the society and many aspects, whether it may be on the macro or micro level. In the early days of its practice, business scholars were primarily employing the concept and contributing to its development, but with increased recognition and in need of a deeper and broader dimension, social scientists began to explore the concept. Although, the dimensions of CSR can all be related to sociology and classical theorists. The main actors within CSR are the state, the market, and the society. The classical theorists have different views on their roles, respectively. Marxists would argue that it is the responsibility of the state to set laws and regulations regarding CSR, and even doubt the concept itself, as they argue that companies are only profit driven as they own the commodities and the

means of production. Therefore, the society and the community cannot purely benefit from CSR (Ritzer & Goodman, 2004). Weberian thinkers would argue that CSR can be looked at in terms of its cultural roots, reflecting the belief that culture affects capitalism. In this sense, CSR is viewed as an offspring of capitalistic culture. Most CSR approaches today may be regarded as specifically Anglo-Saxon where the “social” concerns for business stem from a more rigid division between social and economic affairs and the stress on individualistic, rather than communitarian values (Blowfield & Frynas, 2005). Therefore, this study seeks to elucidate that social values do in fact influence CSR culture and practice (or malpractice) of it. CSR reflects the values of the society, the market and the state, the interdependence between them and how they interact.

2. Background

2.1. Definitions of development

Before the concept of CSR is explored it is important to put it in a broader perspective, namely how the formation of the concept has been influenced by changes in discourses and paradigm shifts in development theory on a global scale. Sustainable development and corporate social responsibility are concepts of our time. They interact within the same context, particularly within the economic and social systems, and more specifically with the processes of globalisation; internalisation of business and development of global flows of trade (Roome, 2010). Thus, it is essential to address the issue of development before the latter is reviewed.

The developmental project arose as an offspring to colonialism, where the Third World needs were met through dependence on First World finance and technology. A key speech, given by U.S President Harry S. Truman in his Inaugural Address in 1949, set the tone for the post-war development paradigm that was to reign for the next decade with the main actors being the nation-state and economic growth. In his speech, Truman said:

We must embark on a bold new program for making the benefits of our scientific advantages and industrial progress available for the improvement and growth of underdeveloped areas. The old imperialism – exploitation for foreign profit – has no place in our plans. What we envisage is a program of development based on the concepts of democratic fair dealing (McMichael, 2004, p. 22).

With this proclamation, the world was divided between those who were modern and those who were not; the development project was born with the emphasis of development being something that is pursued and incomplete rather than an evolutionary outcome (McMichael, 2004). This was the area of *modernisation theory* with Rostow's take-off theory at the fore front. In his book, *The Stages of Economic Growth: A Non-communist Manifesto*, Rostow presents five stages through which all countries pass in the process of economic growth with the criterion being measurable progress such as capital gross national product (GNP) (McMichael, 2004; Binns, 2008). Modernisation theory's focus is on the deficiencies in the poor countries; the absence of democratic institutions, of capital, of initiative, and of technology and then speculate about possible ways to repair these deficiencies. Thus, underdevelopment is a state or a condition that needs to be mended. The concept of traditional society is an important idea within modernist theory. Modernists believe it to be stagnant and unchanging, just as

Western Europe was for a long period of time before modern economic growth and cultural change. Values are spiritual, not sensible, and daily work is carried out to maintain one's place in the society, not to secure a profit. However, it's an integrated life in which the spirit, the family, the larger group, and the work tasks all combine a whole where there is no estrangement and no alienation (Isbister, 2006). Durkheim describes this society as a mechanical society, where its inhabitants share the same norms and values. They are engaged in similar activities and have similar responsibilities. Later the society would evolve into an organic society, a modern society, with the increasing division of labour and different tasks and responsibilities (Ritzer & Goodman, 2004). The modernists argue that poverty of the third world can simply be understood as the failure of those societies to kindle the same sparks of creativity and so it is at the responsibility of the richer countries to help them. The task in hand for the developing countries is to transform themselves from tradition to modernity, follow in the footsteps of the now-developed countries. As Leys (2005) argues:

They believed that in the transition from "traditional" to "modern" forms of social organization, already completed in the industrialized West, the complex interactions between social change and economic development, mediated by politics, could be traced with some precision, using "structural-functional analysis" and a typology of social structures derived from Weber by Talcott Parsons (Leys, 2005, p.111).

In the 1960's, after an era of emphasis on economic growth, following the establishment of the World Bank (WB) and the International Monetary Fund (IMF)¹, criticism began to rise against this economically driven agenda. *Dependency theory* emerged as the answer to this critique. It materialised as a critique of the development paths, policies and strategies in Latin America, and elsewhere in the periphery. As a consequence, the dependency theory was a product of Latin American scholarship rather than Western scholars. Later it transformed and informed, by more critical dependency notions and the spread of Marxist and neo-Marxist critiques of imperialism. Dependency theorists argue that the economic growth in advanced capitalist countries created third world poverty and view underdevelopment as a process, an active process of impoverishment. The situation of the third world is created and formed by their interaction with the world's rich countries. Neo-colonial capitalist domination still remains and developing countries still continue to be dependent on the developed world. The poverty of the third world is therefore a necessary companion to the richness of the developed countries as the example of cheap raw materials shows. They can be found in the third world, and the usage of them in the expansion of the industrial world shaped the structure of the emergent third world; rendering it incapable of balanced development. Dependency theorists do not agree with modernists' claims of traditional society, rather they believe that the societies were fundamentally uprooted and changed by centuries of slave trade, as in the case of West African societies (Conway & Heynen, 2008). Thus, eventually the

¹ The establishment of the WB and the IMF, otherwise known as the Bretton Woods Institutions, occurred in 1944. They were the first fully negotiated monetary order intended to govern monetary relations among independent nation-states.

international “development community” accommodated some of its perspectives, for instance, with International Labour Office’s (ILO) call for redistribution with growth in 1972 and the WB’s adaptation of the principle of meeting “basic needs” in 1973 clearly mirrors the dependency thinking (Leys, 2005). Out of this thought emerged Wallerstein’s formulation of world-system analysis. His claim was that since the rise of the sixteenth-century European capitalist world economy under colonialism, the world had been a hierarchical system organised into unequal zones of specialisation with Europe at the core and the colonial and postcolonial world in the periphery. The middle-income states represent a buffer zone between the poles; the semi periphery which in the post war world newly industrialised countries such as Australia, Canada, southern European states and the Soviet bloc countries joined. Wallerstein was also very critical of the developmental model, in which he argued it to be a “misapplication as a national strategy in a hierarchical world, where only some states can “succeed”, and because it has displaced other, more equitable, notions of social organizations” (McMichael, 2004, p.299).

The late 1970’s saw a shift in the development paradigm towards *neoliberalism*, with removal of national and international controls of capital movements, “drastically curtailing the power of any state wishing to promote national development, while the international “development community” threw itself into the task of strengthening “market forces” (i.e. capital) at the expense of states everywhere, but especially in the Third World” (Leys, 2005, p.110). The WB shifted their focus from economic specialisation within a national framework to specialisation in the world economy, thus making development “as participation in the world market” (McMichael, 2004, p.299). The WB and the IMF introduced structural adjustment programs which sought to reduce the state’s role in the economy and called for reductions in the state expenditures on social services such as health care and education, trade liberalisation, privatisation of state owned enterprises and financial and labour market deregulation and currency devaluation. These conditions have often been labelled as the Washington Consensus². In the mid-1990’s these structural adjustment programs were reconsidered and modified and the last decade of the century witnessed a converging of ideas (Edelman & Haugerud, 2005). The Brundtland report in 1987 (WCED, 1987) brought with it new ideas and new concepts on how to define sustainable development. The environment increasingly became an important variable as the Commission suggested steps such as conserving natural resources, encouraging grassroots involvement in development and adapting appropriate technologies. It also recommended continued emphasis on economic growth to reduce the pressure of the poor on the environment (McMichael, 2004).

The last two decades or so have witnessed a considerable change in definitions of development, perhaps as a result to increasing globalisation. The works of Amartya Sen and other prominent scholars have influenced the construction of alternative measures of economic and social development, which has replaced the unidimensional economic measures that neoclassical economists favour such as

² The Washington Consensus was a neo-liberal orthodoxy that influenced the international financial institutions and many developing-country governments. The term was initially coined by John Williamson in 1989.

GDP (gross domestic product) growth or economic rates of return to particular projects. Sen (1999) has argued that development should focus on, and be judged by, the expansion of people's entitlements and the capabilities that these entitlements generate. Freedoms are not only the primary ends of development, they are also among its principal means; political freedoms help to promote economic security, social opportunities facilitate economic participation and economic facilities can help to generate personal abundance as well as public resources for social facilities, "freedoms of different kinds can strengthen one another" (Sen, 1999, p.11). With this, partly, in mind, the UN suggested alternative measures for economic and social development. The human development index (HDI) and the human poverty index (HPI) are compiled by the United Nations Development Programme (UNDP) and are published in its annual *Human Development Report*. The HDI combines indicators of health, life expectancy, literacy, formal education, political participation, and access to resources. Also, the gender-related human development index (GDI) was introduced, encompassing the recognition that gender equality is a measure of and means for human and national development (Edelman & Haugerud, 2005; Elliot, 2008; Thirlwall, 2008). Elliot (2008) argues that these "developments are evidence of how, increasingly, "development" became conceived in terms of human rights and freedoms and of the recognition of the interconnectedness and multidimensional nature of these component issues" (Elliot, 2008, p.43). Now, poverty is understood as human rights violations and the Millennium Development Goals encapsulate that. The WB and the IMF now require recipient countries to establish coherent plans focused on poverty reduction, based on these indexes, and to identify the financial needs required.

2.2. Theoretical and literature review

After having reviewed the major construction and developments of the concept of development, it is time to take a look at the concept of CSR.

In the academic and business world there are many different definitions circling around corporate responsibility. A widely agreed notion is that it defines the duties of business enterprises towards societal stakeholders and the natural environment and how managers should handle these duties. It is also assumed that companies sometimes have responsibilities that go beyond legal compliance. Corporate responsibility has many sister terms such as corporate sustainability, corporate citizenship, and corporate social responsibility. Many business scholars refer to the term corporate responsibility rather than the term corporate social responsibility. This different usage of terms and concepts often highlights the dissimilar expectations and emphasis of CSR. It has been argued that this complication of concepts is aimed variously at replacing, redefining or complementing the CSR concept. For some reason, the term corporate responsibility is more favoured by business scholars than corporate social responsibility (Blowfield & Frynas 2005; Halme & Laurila, 2009). This study

employs the term corporate social responsibility as it incorporates the social dimension.

Over the past decades, the discourse on CSR has become increasingly prominent in several fields, such as government and public policy, company policies and within the academic world. This broad discussion has consequently led to different definitions of the concept as they represent diverse interests of the stakeholders and interested parties. Still, to many, CSR remains a vague and intangible term (Panayiotou, Aravossis & Mochou, 2009). In a recent study (Dahlsrud, 2008) on different conceptions of the term CSR it was noted that this abundance of definitions, often being biased toward specific interests, may prevent development and implementations of the concept. Diverse definitions make people discuss CSR differently and thus prevent productive engagements. In his analysis, Dahlsrud gathered CSR definitions through a literary review and identified five different dimensions of the CSR through a content analysis. Based on that, a coding scheme was developed and definitions were applied to relevant dimensions. Subsequently, he compared frequency counts of different definitions of the term from Internet search engine. In total, thirty seven definitions of CSR were found and analysed, and from that, five dimensions appeared; environmental, social, economic, stakeholder, and voluntariness. The dimensions that received the highest dimension ratio were the stakeholder and the social dimension. The most commonly used definitions of CSR came from the Commission of the European Communities in 2001. The definition is as follows: “Whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on voluntary basis” (Dahlsrud, 2008, p.7). Another commonly used definition comes from the World Business Council for Sustainable Development (WBCSD): “Corporate social responsibility is the commitment of business to contribute to sustainable economic development, working employees, their families, the local community and society at large to improve their quality of life” (WBCD, 2002, p.2).

However, the author comments that although the environmental dimension received a significantly lower dimension ratio than the others, it might be influenced by the reason that the environmental dimension was not included in early definitions and that may have influenced current definitions of not including it either. The author also notes that none of the definitions actually define the social responsibility of business, but rather describe CSR as a phenomenon. He concludes by arguing that on the conceptual level CSR is nothing new, businesses have always dealt with regulations, had their stakeholders view in mind, and been concerned with their social, environmental and economic impacts. However, on an operational level, matters are quite different. With globalisation comes a new world and, with it, a new context in which businesses operate. New stakeholders and different national legislations are putting new expectations on business. Therefore, CSR management tools are needed to develop and implement a successful business strategy. His final argument stresses the challenge that businesses face when it comes to CSR “the challenge for business is not so much to define CSR, as it is to understand how CSR is socially constructed in a specific

context and how to take this into account when business strategies are developed” (Dahlsrud, 2008, p.6).

Carroll’s literary review of CSR definitions in academic literature is perhaps the most known attempt to develop a more robust definition (Dahlsrud, 2008). In his article, Carroll (1999) traces the evolution of the CSR construct, from the 1950’s until the end of the 20th century. He argues that although the business community’s concern for society has been around for centuries, it is not until the mid 20th century that formal writing on the concept emerged, notably in the United States. This timing is no coincidence, as this is in accordance with the formation of the developmental project, following Truman’s inauguration speech in 1949. In fact, a great deal of the formal writing on the concept comes from the developed countries. At the beginning, CSR was referred to more often as social responsibility. The pioneer work of Howard R. Bowen, *Social Responsibilities of the Businessman* marks the beginning of the writing on this subject. Carroll even goes as far as calling him “Father of Corporate Social Responsibility” (Carroll, 1999, p. 270). In his book, Bowen presented a definition of the social responsibilities of businessmen: “It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 1953, cited in Carroll, 1999, p.270). In the 1960’s, the concept had gained a considerable amount of attention and support. Keith Davis, the runner up to Bowen for the Father of CSR designation, as referred to by Carroll, then entered the scene with his definition of the concept. Davis’s definition was as follows: “Businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (Davis, 1960, cited in Carroll, 1999, p.271). This definition differs from Bowen’s definition, as it entails that firms should on certain instances act beyond their own direct interests, i.e. some socially responsible business decisions may result in good chances of bringing long-run economic gain to the firm.

These early definitions of CSR - or social responsibility as it was referred to during that time - are still far from what we now define CSR to be. They bear the influence of modernity theory, with emphasis on economic growth and profit. Still, there is no mention of environment, politics or ethics, or even social issues for that matter. Not even the matter of voluntarism, which some have argued to be the key distinguishing feature of CSR had emerged (Blowfield & Frynas, 2005). The beginning of the 1970’s witnessed a change into that direction, scholars and researchers felt that this stagnant situation had to be changed, in accordance with shifts in paradigms in the broader discourse. This occurred at a similar time as dependency theory began to gain recognition. Henry Eilbert and I. Robert Parket’s research on CSR’s affect on organisational structure and budget was one of the first ones to suggest that CSR is composed of variety of different activities (Carroll, 1999). As the concept gained more recognition and practical application, other sister concepts began to emerge such as corporate social performance (CSP) and CSR.

In 1979, Carroll proposed a four-part definition of CSR. His argument was that there was a call for a definition that extended beyond making profit and obeying

the law, which up until then previous definitions had addressed. Carroll's definition is the following: "The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time" (Carroll, 1999, p.283). Two years later, Carroll further elaborated his four-part definition and added the words voluntary and philanthropic instead of discretion. That elaboration emerged following Thomas M. Jones's definition of CSR, where he emphasised that the obligation corporations have towards groups in society other than their stakeholders, must be voluntarily adopted. Furthermore, Jones argued that CSR should be seen as a process, not as a set of outcomes. Here, we can see the influence of neo-liberalism, withdrawal of the state and privatisation along with increasing demand from businesses and corporate to become active actors on a global scale, thus having to rethink their roles in society.

In 1991, Carroll once again visited the four-part CSR definition, this time attempting to present a graphical depiction of CSR rather than adding new meaning to the definition with his pyramid of CSR. The economic category acts as a base upon which the legal, ethical, and philanthropic categories rest and each category should be fulfilled at all times. In the conclusion of his article, Carroll is optimistic about the future of the CSR concept. However, he is doubtful that new concepts could develop apart and distinct from the groundwork that has been established over the past half century and predicts that "we will see new realms in which to think about businesses responsibilities to our stakeholder society, particularly at the global level, and in new and emerging technologies, fields, and commercial applications" (Carroll, 1999, p.292).

2.2.1. The 21st century and new initiatives

The beginnings of the 21st century have proven to be quite so, as Carroll predicted, and perhaps now, more than ever, there are concerns and different approaches towards the concept and practice of CSR. Similar to the debate on development, the debate on CSR has been influenced by many different actors and causes. Due to corporate scandals and corporate misbehaviour increasing attention is being brought on multinational corporations (MNC's). MNC's of the 21st century bear little resemblance to its forebears, due to dramatic changes such as global competition, transnational markets and multi-sector institutional sectors (Horrigan, 2010). Fritsch (2008) argues in his article on the UN Global Compact and MNCs, that societal expectations relating to MNCs are undergoing unusual and rapid changes. It is generally recognised that MNCs are an important driving force of economic globalisation. However, they carry a disputable reputation. Often they are described as exclusively profit and productivity driven and unsocial, playing states off against each other in their global quest for low tax and wages, not forgetting the lack of environmental protection. On the other hand, they are valued for "their significant contributions to the national economic development by providing for investments, creating jobs, and transferring

technology, skills and knowledge, thereby enabling host countries to improve their competitiveness and increase the overall welfare level of their citizens (Fritsch, 2008, p.1). With this in mind, Fritsch's definition of CSR which is based on Archie Carroll and Ann Buchholz is as follows: "Social responsibility is the obligation of decision makers to take actions which protect and improve the welfare of society as a whole along with their own interests" (Fritsch, 2008, p.7). Fritsch concludes by saying that this definition builds on the pyramid of CSR which consists of four components; economic, legal, ethical, and philanthropic responsibility, which is in line with Carroll's pyramid of CSR (Carroll, 1999).

In response to this increasing attention given to MNCs and their practice, and sometimes lack of practice of CSR, international initiatives, in some cases with the support of national governments have been launched aiming to recombine the basic principles of an international liberal trade order with social legitimacy and better institutional foundations. This response is in accordance with the shift in paradigm by the international community concerning the developmental project with the construction of alternative measures of economic and social development. One of the most prominent examples is the *UN Global Compact*, which is "a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption" (UN, 2011). The initiative was originally launched in a speech given by UN Secretary at the time, Kofi Annan, at the 1999 World Economic Forum in Davos. Since its launch, the overall participating corporations and small and medium-sized enterprises have grown with now over 8000 signatories in 135 countries. In terms of development, the annual report from 2010 states that the survey from 2009 shows that approximately half of participants on the Global Compact are engaging in such work, through their core business, social investments and advocacy campaigns. The Global Compact requires its participants to report to them the progress that they've made and lessons they've learned in putting the principles into practice in their own corporate domain. This report is called Communication on Policy (COP) and each year it is posted on the initiatives website. By the year 2010, over 7000 COPs were available on the website, but many companies do struggle to meet the reporting deadlines and therefore the initiative is under constant review with companies being removed from the Global Compact if they fail to report (UN, 2010). Another initiative very much related to the Global Compact is the *Global Reporting Initiative (GRI)*, which started in 1997 as a project of Coalition for Environmental Responsible Economics and the United Nations Environment Programme (UNEP). It became independent in 2002 and works now in cooperation with the Global Compact as the practical expression; businesses can use the GRI Guidelines as a template to report on their CSR performances (Panayiotou et.al, 2009).

The debates on CSR in the recent decade have also questioned the role of the state, and as a consequence it has been incorporated once more as an active actor. Horrigan (2010) argues that governmental CSR concerns in the 21st century are national, regional and global in focus. The discourse has moved away from the native country, with emphasis on social, economic and political development,

towards more universal concerns about environmental integrity and global welfare. Governments can influence businesses and set the standards by committing themselves to CSR as a matter of policy and develop an overall framework for promoting CSR outcomes across the public, private and not-for-profit sectors. An example of a government initiative is the Copenhagen Centre which is an international, autonomous institution established by the Danish Government in 1998 in response to growing international interest in new social partnerships and corporate social responsibility initiatives. It conducts surveys, organises and facilitates networks, establishes interactive knowledge centres, publishes reports and brings together business leaders and political decision-makers to debate the changing role of business in society (Michael, 2003; Copenhagen Centre, 2011). Furthermore, companies around the world have joined hands in establishing forums and membership organisations where they can share their viewpoints and adopt a common ground for socially legitimate business practises. WBCSD is one of the most noted member-based organisations in the field of CSR. Its members consist of some 200 international companies in a shared commitment to sustainable development through economic growth, ecological balance and social process. The members are drawn from more than 30 countries and 20 major industrial sectors (WBCSD, 2011). Their definition of CSR is as follows: “Corporate social responsibility is the commitment of business to contribute to sustainable economic development, working employees, their families, the local community and society at large to improve their quality of life” (WBCSD, 2002, p.2).

These initiatives from different interested parties showcase such diverse viewpoints and perspectives each one of them has on CSR and its role. Nevertheless, the common denominator for them respectively, is their relation to development. They are all concerned with CSR's role in international development. This echoes in scholar's debates on the same topic. Bryane Michael (2003) argues that within the literature, focusing on CSR's role in development, there seems to be three schools of practice emerging, despite the vagueness of the concept³. The three schools of practice are the neo-liberal school, the state-led school and the third way school. Michael's discussion is somewhat similar to the discussion Luring and Thomsen (2010) present in their study on the link between social responsibility and business, and thus, for the purpose of this study, these two discussions will be integrated. The neo-liberal school is based on the presumption that CSR policies will attract product demand and factors of production such as labour and capital and will therefore be profitable in the long run, if not in the short run. This is line with what Luring and Thomsen call the classical view, when the social responsibility of the business is to increase its profits. Social responsibility primarily contributes to attaining the goals of the company, often in the form of long-term value creation for the owners of the company. From this point of view, CSR can be seen as a branding strategy and a product certification.

³ Blowfield and Frynas (2005) discuss the vagueness of the concept and its meaning to different people, e.g. to practitioners, researchers and NGOs.

Horrigan (2010) argues that the 21st century has brought the cycle of an explosion, fragmentation and rationalisation of CSR standards in a variety of areas. He explains that “transition through phases of non-state market driven governance of standard-initiation, standard-enhancement and standard-legitimation, there occurs much proliferation, divergence and consolidation of standards, ultimately resulting in the mass acceptance and practical adoption of leading standards that outlast the rest” (Horrigan, 2010, p. 9). This entails that the world of CSR has witnessed many standards, with some of them being more accepted and adapted than others. Companies’ engagement in CSR programs may result in attracting parties that are particularly interested in social issues, and therefore, some companies strive for attaining some of these standards and certifications. The concept of sustainable development can also be related to this; by viewing sustainable development as a set of ideas objectified via international standards. Thus, this makes organisations act alike by applying standardised concepts in order to make complex issues manageable in legitimate ways (Schwartz & Tilling, 2010). One example of these standards and product certification, companies try to seek, is GRI. Likewise is the Social Accountability 8000 (SA 8000) standard, a global, multi-stakeholder, standard setting organisation whose mission is to advance the human rights of workers around the world (Social Accountability International, 2011). The most recent standard is the *ISO 26 000*. The ISO 26 000 standard is an international standard from the International Organization for Standardization (ISO) giving guidance on social responsibility. It is intended for organisations of all types, in private and public sectors, both in the developed and developing countries. Notably, the standard is meant to work as guidance based on voluntary, not requirement, and therefore differs from other ISO standards such as ISO 14001 which is the environmental management standard. The ISO 26 000 standard also differs from the GRI, because unlike ISO 26 000, companies that have signed the Global Compact are required to apply to the standards of GRI.

The neo-liberal school has received some criticism, most notably in lacking attempts to address the resource misallocations caused by CSR. Interested parties may be misled by CSR initiatives by some businesses. Consequently, the international standards are not without criticism. According to Schwartz and Tilling (2010), standardising these complex issues, environmental and social, comes with its own risk; the issues becoming one-dimensional and oversimplified for the sake of taking some action, in fact any action, to reverse environmental degradation and improve social conditions. They question the one-size fits all approach “for being slippery and, more importantly, for shifting attention to a symbol away from actual results” (Schwartz & Tilling, 2010, p. 92).

The second school that Michael proposes is the state-led school. The supporters of the state-centred school believe that the state should be at the forefront of promoting the creation and enforcement of CSR obligations on companies. This view can be connected to the modernists view on development, with economic growth as the goal and the state being the main actor in providing it. First of all, they believe that CSR creates positive externalities, such as higher consumer welfare, environmental protection and employee satisfaction. These externalities

may not be appropriated or internalised by companies in their investment decision and therefore CSR will compensate that. Secondly, governments should initiate CSR as a part of its regulatory and tax framework where CSR compliance serves as a method of solving collective action problems, as opposed to a branding strategy as the neo-liberal school suggests. Lastly, governments should facilitate companies taking up CSR strategies, rather than regulate, by for example, establishing rewards for CSR programs (Michael, 2003). One example of a state-led initiative is the Copenhagen Centre, as discussed previously. This second view is somewhat similar to Luring and Thomsen's (2010) second approach, which they refer to as the stakeholder perspective, but it also, features some elements from their classical view. The stakeholder perspective argues that companies are accountable to politicians who can curb the activities of the company by proposing legislation on CSR. However, the classical view also argues that social responsibility is the primary responsibility of the government.

International policy makers have increasingly played a greater role in promoting state-led CSR. This includes initiatives from the UN, namely the Global Compact which has been previously discussed; the WB has conducted a number of seminars and workshops on this subject; and the EU has done notable work. In 2001, the Commission of the European Communities released a green paper outlining a number of recommendations about a European CSR action framework. The aim was to launch a wide debate and seek views on CSR at national, European and international level, with the hopes of a new framework for the promotion of CSR (Commission of the European Communities, 2001).

As with the neo-liberal school, this approach is not short of criticism, which is worth mentioning. Michael (2003) presents a few issues of caution regarding state-led CSR. The governments are frightened of regulating CSR policies, making them more vulnerable to critiques of over-bureaucratisation and politicisation. Therefore, they follow the more safe facilitation approach. They also tend to act as agents of their national corporations and, in a world of the rich and the poor, there is little governmental pressure on corporations to act in a socially responsible manner. Lastly, there is the concern that these strategies and initiatives are merely bewildering attempts in support of business interests. Blowfield and Frynas (2005) also express their concern for state-led initiatives. They ask how the needs to build corporate and developing-country government capacity to engage in CSR, which the WB and the UN have emphasised, can be achieved if the underlying dimensions of CSR are not made clear? They further question the implications of voluntarism for the developing world and say that the history demonstrates many failures of formal approaches to international, social and environmental justice, which may have been ignored by NGO (Non-governmental organisation) appeals.

The last school Michael (2003) presents is the so-called third way school, which focuses on the role of non-profit and for-profit NGOs. The commonalities for these organisations are that they represent civil society, as they seek to influence policymaking without attachments to the government or the industrial sector; they inform consumers, business and policymakers; and they work in collaboration with government and/or business. This view is in correspondence

with Lauring and Thomsen's (2010) third approach, the societal in which companies are considered to have a responsibility to society in general; companies are a part of society. They join organisations, non-profit membership organisations or for-profit membership organisations, to be characterised as good corporate citizens. However, this taxonomy may place the organisation in a different classificatory category than one that represents the main income stream of the organisation. Organisations may define themselves as charitable when indeed they receive donations from corporate members, as is the situation for Social Accountability International (SAI). Also, partnership in the third sector may cross organisational types, i.e. non profit NGO may go in partnership with a profit making NGO, and definitions of classification of NGO may be blurry such as the government-established Copenhagen Centre. Consequently, the highly politicised and conflictual nature is ignored and not addressed. It has been said that the third-sector school appears to signal a new approach with co-operation between business and government which is intermediated by representatives of civil society. However, CSR is a site of social contestation, just as it is a site of political contestation, and underneath the discourse lie many tensions between different actors such as managers, consumers and social activists. Thus, in that light CSR can be seen as "the rejection of the exercise of power by corporate managers to the detriment of other stakeholders such as consumers or environmental interests" (Michael, 2003, p.125).

2.2.2. Measurements of CSR

At this point, it is important to recognise the measurements of CSR and its possible impact. Due to the absence of a commonly agreed definition of CSR, there has been a lack of ways to measure its impact. One of the measurement tools that have been used is the one of Balanced Scorecard. In a recent article, Panayiotou et.al (2009) propose a new CSR measurement framework based on the adaptation of the Balanced Scorecard. In it, they combine the use of the Balanced Scorecard Method and the GRI performance indicators repository. In their case study, in which this particular framework was used, the main findings were that CSR has no real meaning for an organisation unless it is incorporated in the corporate strategy and directly affects them, and if so, it should be measured and controlled by the top management. As Porter and Kramer argue (2006), the most effective CSR models start by only considering social issues that are directly relevant the company's operations, and thus it is understandable that CSR is only really adopted by a company as far as it is in line with its business. Somewhat contrary, or elevating the discussion to a broader level, are Halme's (2010) critical points regarding the impacts and outcomes of CSR. Halme says that most of the research focuses on the influence of CSR on the financial performance (the bottom line). Despite some studies providing evidence of a positive relationship, the evidence remains mixed. One of the reasons behind that is the monolithic view

of CSR, which also ignores the fact that CSR can be implemented in many ways, and what kind of responsibility is practised. The question “what kind of CSR improves financial performance and under what conditions” should rather be asked. Halme calls for the need to study the outcomes of CSR for the societal stakeholders and the society at large.

To date, little research has been done on the contribution of CSR to various stakeholders and Blowfield and Frynas (2005) argue, that particularly among business scholars, it is taken for granted that CSR is automatically advantageous to society. In developing countries, the experience is on the contrary, as the business case tends to override the development case. Recent study noticeably demonstrates those claims. In his doctoral thesis, Lekunze (2007) explores to which extent CSR can be expected to contribute to economic development of oil-rich communities, with focus on Chad and Cameroon. His findings indicate that the current market-driven structures that govern societies worldwide does not appear to be beneficial to the local communities in Chad and Cameroon, unless a marked change in the strategies and policies of MNC’s occurs through more thorough and adequate use of CSR. The government in Chad seemed to be more concerned with matters of survival than long-term outcomes of oil exploitation. On that note, Lekunze argues that “ any form of CSR that fails to take account of long-term interests in connection with oil and of the future needs of the people cannot be regarded as sustainable” (Lekunze, 2007, p.149). He concludes by arguing for a change in current ethos within oil companies, achieving profit for the shareholders cannot be the only aim, but also factor in as part of their basic business strategies, goals of bringing genuine benefits to these communities.

In their study on social responsibility and business, Luring and Thomsen (2010) revealed, using a thorough qualitative approach that the relationship between CSR and business is a complex one, and the balance between business/profits and responsibility can be disturbed in many ways. For companies to achieve balance, they should focus more on the definition of CSR at the strategic management level. The authors suggest from their case studies that a successful implementation of CSR is based on a process-oriented or dialogical approach “focusing on inviting internal and external stakeholders to participate in this dialogue” (Luring & Thomsen, 2010, p.214). They also suggest that companies should focus more on involving the different functions or departments in their development of the strategy, acting proactively and think in stakeholder-serving terms. This means that companies should be more responsive and need to change their CSR approach in order to thrive in today’s globalised world. Their concluding notes stress the need for companies to take the practice and communication of CSR more seriously and to practice what they preach (Luring & Thomsen, 2010).

Correspondingly, Welford (2010) stresses the importance of looking at links between CSR and poverty reduction and the attainment of the other MDG’s. Much more work ought to be done in how this is measured and outcomes and impacts to be linked to a measure of human well being. One-size fits all solutions are unable to address the key issues of processes by which a company’s social and environmental obligations come to be determined, enforced and made locally

relevant. Community based strategies represent an important element where state intervention, global interest and corporate responsiveness are all lacking and mainstream CSR approaches are Western based ideas and those conditions do not exist in the developing world (Newell, 2005).

3. CSR in Iceland

As was stated earlier, the concept of CSR is relatively new in Iceland, and has received less attention than in the other Nordic countries. Despite that, Icelandic companies and businesses operate in accordance with strict environmental and social standards in line with those of EU countries. The country benefits from sustainable natural resources which will be important for existing sectors, as well as new and innovative sectors in the future. Some have speculated that the sustainable energy sector can help Iceland in reviving the economy and regaining the trust of the international community (Thorsteinsdottir, 2010).

Iceland is an island of 103,000 sq.km with around 320,000 inhabitants, as of 2010 (Hagstofa Íslands, 2011a). Iceland has an abundance of natural renewable energy resources, primarily in the form of geothermal and hydro energy and as of 2009, around 85% of the country's total energy usage originated from geothermal and hydro energy (Hagstofa Íslands, 2011b). This abundance of energy has made the country an attractive location for foreign energy intensive industry, most notably aluminium production. After centuries of poverty and poor living standards, Icelandic society developed rapidly in the 20th century as the Icelandic economy and welfare system grew. Cooperatives were a popular form of enterprise in the beginning of the 20th century and they embedded some aspects of CSR in their operations such as support for education and culture. This philanthropic aspect has remained prominent in Icelandic companies and forms the basis of many CSR initiatives (Thorsteinsdottir, 2010).

To date, little emphasis has been put on the concept of CSR in terms of voluntary corporate practices in Iceland. Thorsteinsdottir (2010) has reviewed some of the possible reasons for this current situation. They include: the small size and generally limited international operations of Icelandic companies with hardly any operations in the developing world; generally high standards for environmental protection, labour, and human rights; limited demand for CSR from the stakeholders of Icelandic companies beyond legal requirements; dominance of centre right politics with a key emphasis on economic growth and less on social and environmental issues; Iceland is outside of the EU and does not have the same exposure to CSR related guidelines and debate in the EU, although it adopts many of the EU's directives through the EEA (European Economic Area) agreements; and the absence of serious corporate scandals involving Icelandic companies, until the collapse of the financial sector in 2008. In 2008, Iceland saw the establishment of the first CSR focused institute. Unfortunately, that institute is now out of service. However, few companies that had the initiative of establishing this institute are now in the process of revoking it, in collaboration

with other companies along with Icelandic universities as well⁴. Integrated CSR reporting compliant with internationally recognised standards is not yet practiced by Icelandic companies⁵, but many companies operating in environmentally sensitive sectors publish environmental reports, according to national legislation on environmental reporting (green accounting) instituted in 2002. The Icelandic subsidiaries of the international aluminium companies put more emphasis on voluntary CSR. Both Alcoa and Rio Tinto Alcan have extensive CSR programs and practices at their headquarter levels, which are extended to their Icelandic operations, and Alcoa's subsidiary, Fjardaal, has initiated an ongoing multi-stakeholder sustainability initiative linked with its production, a project that is one of its kind in Iceland (Thorsteinsdottir, 2010).

Thorsteinsdottir (2010) argues that ethics in companies, which have not been a focus in the national debate until the current economic crisis, will play a larger role in Icelandic companies in the future as a result of the economic crisis. Relevant investigations have been launched to determine the causes of the failure of the three main Icelandic banks and Althingi, the Icelandic Parliament, commissioned a special investigation commission to investigate and analyse the processes leading to the collapse of the three main banks in Iceland. The Working Group of Ethics came to the main conclusion that

although several individuals, in the financial, administrative, political and the public sphere, showed negligence and sometimes reprehensible action, the most important lessons to draw from these events are about weak social structures, political culture and public institutions. It is the common responsibility of the Icelandic nation to work towards strengthening them and constructing a well functioning democratic society (Rannsóknarnefnd Alþingis, 2010).

Consequently, there are increasing demands from every aspect of the Icelandic society to increase the value of ethics, and perhaps even more so in Icelandic companies and banks.

3.1. Development Aid

Regarding Iceland's development aid, the government decided in 2004 that official development assistance (ODA) as a proportion of GDP should rise from 0.19% to 0.35% by 2009. In 2008 it went up to 0.43% but for the year 2010 it went back down to 0.19% due to the general reduction in government budget. One of the pillars of Iceland's development cooperation is sustainable development and during the last years, increased focus has been placed on geothermal energy and cooperation with countries with untapped geothermal resources with the objective of assisting them to develop their renewable energy resources. Through the Icelandic International Development Agency (ICEIDA), the country is

⁴ One of my respondents revealed this during my interview with him.

⁵ As of May 2nd, no Icelandic companies report according to the sustainability reporting guidelines of the Global Reporting Initiative (GRI) according to the GRI database <http://www.globalreporting.org/ReportServices/GRIReportsList/>

engaged in development cooperation in several countries, including Uganda where it supported a geothermal project for several years and Nicaragua, where preparations for geothermal projects in cooperation with geothermal organisations in Iceland were initiated. In addition to this, the Geothermal Training Programme of the United Nations University (UNU-GTP) was established in 1978 when the National Energy Authority (NEA) became an Associated Institution of the UNU. The UNU-GTP offers professional scientists and engineers from developing and transitional countries, six months of highly specialised studies, research, and on-the-job training in geothermal science and engineering. From its establishment until 2008, some 400 scientist and engineers from 43 countries have completed the six months specialised course offered. This initiative can be viewed on Iceland's contribution to (un)official development aid (Orkustofnun, 2010).

3.2. Hydro power and geothermal power

In order to link sustainable development to the management of resources, it is necessary to make clear the relevance of renewable energy and sustainability. As has been stated, sustainable development refers to meeting the needs of the present without compromising the ability of future generations to meet their own needs (WCED, 1987). The term renewable describes the ability of a resource to be replaced, whereas the term sustainable describes the mode of utilisation of a resource. Therefore, geothermal energy is a renewable energy resource that can be utilised in a sustainable or excessive manner. To avoid excessive production, which can only be maintained for a relatively short time, stepwise development is initiated which takes into consideration the individual conditions of each geothermal system, and minimises the long-term production cost. By using the stepwise development method with the concept of sustainable development of geothermal resources, “results in an attractive and economical way to utilise geothermal energy resources” (Orkustofnun, 2010, p.9). Hydropower stations are likewise renewable and sustainable. The advantages of hydro power are that it does not pollute, compared to many other energy resources. The hydro power stations take advantage of the natural water cycle to produce electricity by harnessing the energy inherent in the fall of the water on its way to the sea. By harnessing the water, pollution-free energy is delivered in a sustainable manner without depleting the energy resources (Landsvirkjun, n.d.).

4. Methodology

4.1. Methods applied

At this juncture, it is important to review the methods that are used in this study. The study is based on two primary techniques used in qualitative research, i.e. interviews and observation. Before reviewing the methods, a brief discussion on knowledge is necessary. The dichotomy of positivism and relativism is well known within the debate of what constitutes knowledge and science. Between them lies realism which seeks to provide “middle-ground”. Positivism seeks to discover one truth and one reality which are measurable by applying logical reasoning and empirical evidence. It is also important that the researcher is as objective as possible and independent of the research. Relativism maintains that meaning is constructed and there are multiple realities which can be experienced, thus there is no one truth and no objective reality. The researcher is subjective and not independent of the research. In between lies realism, which recognises that reality exists independently of the researcher and that it is impossible to establish the truth about what is real; knowledge is a social construct. The researcher can only describe the reality as he is an independent observer and not independent of events. Many diverse theories are based on these epistemological assumptions which in turn have different methodology and methods. Qualitative methods have been associated more with relativism and realism, i.e. non-positivistic, as they seek to describe and explain, rather than looking for one truth (Sumner & Tribe, 2008).

Lauring and Thomsen (2010) argue that to investigate such an ambiguous, contested and debatable concept as CSR, researchers need a rather sensitive data-collection tool, and a qualitative approach provides that possibility. According to Ragin (1994) qualitative research is especially appropriate for several of the central goals of social research, which include giving voice, interpreting historical or cultural significance and advancing theory. The goal that is of most relevance to this study is the one of advancing theory. In-depth knowledge provides rich raw material for advancing theoretical ideas. When much is known about a case, it is easier to fit together the different aspects of a case. In this respect, it is important to clarify the concepts and ideas that frame the investigation. During the process, the researcher may find that the initial goal of knowing as much as possible about a case may give way to an attempt to identify the features of the case that seem most significant to the research questions. This shift in thought requires an elaboration and refinement of the concepts that encouraged the study or even the development of new concepts. The researcher has to be open to this development, however, he cannot forever remain open to all the information his cases may offer

as it may result in unreadable and sometimes contradictory evidence. Related to this, advancing a theory may also be in its emphasis on the commonalities that exist across cases. Identifying commonalities among different cases may require that the researcher look at the cases in a different way and perhaps discover new things about them. By doing that, the researcher develops new insights that advance theoretical thinking.

Related to this is the discussion and formation of a grounded theory approach, which is based on an inductive approach; when the researcher begins with observations of the world and moves towards more abstract generalisations and ideas, i.e. develops a theoretical understanding only after the data has been collected. The grounded theory approach is “a qualitative research that uses a systematic set of procedures to develop an inductively derived theory about a phenomenon” (Strauss and Corbin, 1990, p.24, cited in Neuman, 2003, p.52). The way to categorise data depends upon the aims of the research and theoretical interests, thus the researcher should be open to modification and challenge by the data (May, 2001). Generalisations can be used as a tool by making comparisons across social situations where the researcher compares unlike phenomena with the goal of learning similarities. This is accomplished by using micro-level events as the foundation for a more macro-level explanation thus allowing for more generalisations (Neuman, 2003). However, the purpose of this study is not to make broad generalisations, but to describe the current situation of CSR and explain the situation with the assistance of the grounded theory approach. Several methods of collecting data can be employed when following the grounded theory approach. This study conducts *semi-structured interviews* and *observation*.

4.1.1. Interviews

According to Jary and Jary (1995), an interview is a method of collecting data at the individual level. Furthermore, May (2001) says “the methods of maintaining and generating conversations with people on a specific topic or range of topics and the interpretations which social researchers make of the resultant data, constitute the fundamentals of interviews and interviewing” (May, 2001, p.120). Interviews may provide rich insights into people’s experiences, values, attitudes, opinions and feelings. However, it is important to consider that there are some limitations and criticisms to this method. One important limitation is the interviewer bias, which may occur when the social background of the interviewer affects the respondent. In addition, it has been claimed that the description of an action and the action itself cannot be linked directly as it provides the researcher with minimal information about the reality external to the interview. Generally, these critiques can be made towards each type of interview, which are commonly classified into structured, semi-structured, the un-structured interview and the group interview (May, 2001). As mentioned above, this study conducts semi-structured interviews. In semi-structured interviews, the researcher employs questions that are normally specified but allows him to probe beyond the answers in a manner which would appear prejudicial to the aims of standardisation and

comparability. Thus, the researcher enters into a dialogue with the interview person. With these types of interviews, the interviewees are allowed to answer more on their own terms. Inevitably, the researcher must be aware of the content of the interview, as well as the nature of the interview and the manner in which they asked the questions (May, 2001). For this study I interviewed seven people, all of which were employees of Icelandic energy companies. They all have diverse roles within their companies and are of different age and background. The interviews were in-depth and allowed me to engage in a conversation with my interviewees. The interview guide was meant to guide the interview, not to serve as a structured questionnaire. I have given all my interviewees one pseudo name to protect their identity. Although this study does not reveal any sensitive personal or political views and issues, I felt that it was needed out of respect to my interviewees. Their names were chosen with the purpose of reflecting their character and describe them as persons.

4.1.2. Observation

The second method employed in this study is observation. Through qualitative observations and interviews, the researcher can gain information on issues that the interviewees may take for granted, issues that are not mentioned but can be observed in action, and issues relating to the relation between ideals and practices of CSR (Lauring & Thomsen, 2010). As Neuman (2003) notes, the practice of observation entails some meticulous steps. First of all, gaining access to the field is of primary importance. Once the researcher has gained access to the field, the process of observation would entail a detailed study of the physical setting, the people and their actions, and the context in which the event takes place. Equally critical is taking proper field notes and careful analysis of them (Neuman, 2003). This study conducted an observation of an annual general meeting. Fortunately, one of the companies was holding its annual general meeting in Reykjavik at the time of my fieldwork, and I had the opportunity to observe in person how the relation between the idea of CSR and the actual practice of CSR takes place. It was not problematic to gain access to the field for this study, quite the contrary. I was encouraged by many of my interviewees to observe the meeting, as they revealed to me that it would be ground breaking in terms of the future vision of the company.

Like interviews, this method has its weaknesses as Flick (2006) states “it is an attempt to observe events as they naturally occur. How far this aim can be fulfilled remains doubtful because the act of observation influences the observed in any case” (Flick, 2006, p.219).

4.2. Biases and ethics

My main motivation for this study is my background. Being an Icelander myself, and having worked for a power company for many summers, I naturally had

several pre-assumptions about the topic, and previous knowledge as well. As May (2001) argues: “background assumptions upon which research decisions and analysis are based, should be open to scrutiny” (May, 2001, p.67). That being said, it is important for researchers to reflect upon ones position and how they relate to others, especially for those whom they claim to speak for (Haritaworn, 2008). When conducting my interviews, it became clear to me that some of these pre-assumptions did in fact exist. In many ways it was very helpful. I was able to relate to my interviewees when they spoke of happenings occurring within a national context; thus, I was more sensitive to specific social and cultural norms and practices. However, my pre-assumption also may have influenced me in the way that it was at times difficult for me to distance myself from the topic, as I have experienced some of the same events as my interviewees and this may have influenced the questions that I raised and how I collected and analysed my data. Considering this, there may be an unrecognised bias infecting the research, but as Ragin (1994) notes, there is no automatic safeguard and “social scientists cannot designate evidence as relevant if their unrecognised biases persuade them to ignore it” (Ragin, 1994, p.68).

Within qualitative research there are codes of ethics, as in any other research field. With the research methods that are employed, it makes it difficult to foresee what sorts of data will be collected as well as asking for the consent of those being researched as observations are done in open spaces. The research should be based on informed consent, and it should avoid harming the participants. It is important that the researcher is honest with the research’s aims and that he does not invade the participant’s privacy. Thus, it is vital that the researcher reflects upon these ethical issues while conducting research, as they do not often come with easy and general solutions (Flick, 2006).

4.3. Overview of companies

Before I continue with my analysis, it is important to give a brief description of the companies in question.

4.3.1.Landsvirkjun

Landsvirkjun is an energy company owned by the Icelandic State and produces energy from renewable hydro and geothermal sources. It owns five subsidiaries; including *Landsvirkjun Power* who’s goal is, among others to seek opportunities internationally through direct participation in energy projects on other countries. Permanent staff of Landsvirkjun and its subsidiaries is just over 300 people. Landsvirkjun was founded in 1965, at a time when there was a growing interest for the Icelandic government in increasing the utilisation of hydroelectric energy resources by attracting foreign investors for power-industry in Iceland. The first decades in the company’s history were marked by heavy construction, and at the end of the 1970’s the company had built three power stations along the South Iceland Rivers of Thjórsá and Tungnaá. The subsequent decade was characterised

by a small increase in electricity demand while foreign interest in power-intensive industry projects in Iceland was little at that time. Nonetheless, Landsvirkjun built Blanda station with many criticising the surplus supply of electricity. In the 1990's, circumstances became favourable for foreign investment in heavy industry, and Landsvirkjun acted upon that by increasing its production by about 60% in five years. In 2008, Landsvirkjun's biggest construction was finalised, the Kárahnjúkar Power Plant, and it increased the company's electricity production by another 60%. Today, Landsvirkjun processes 75% of all electricity in Iceland and is the country's biggest electric generator. It produces electricity in sixteen power stations, all situated in Iceland, with thirteen being driven by hydropower. Two are geothermal and one is a fossil-fuelled reserve station, all in all with a total installed capacity of 1,895 MW. The company has received certifications in accordance with ISO 9001, ISO 14001, ISO 27001 and OHSAS 18001 (Occupational Health & Safety Advisory Services). Moreover, the company produces internationally certified green energy. In 2010, the company established a community fund for its grants, in which the principle is economic, environmental and social sustainability. In 2010, Landsvirkjun embarked on a new journey with the aim of shifting their focus from a construction-oriented company to a market-driven company (Landsvirkjun, 2009; Landsvirkjun, 2011a; Landsvirkjun 2011b).

4.3.2. Reykjavik Energy

Reykjavik Energy (Orkuveita Reykjavíkur) is an independent service company that produces and distributes electricity and distributes geothermal water for heating and cold water for consumption. It also operates sewage systems and fibre-optic cable system in its service area. Reykjavik Energy is owned by the City of Reykjavík and the municipalities of Akranes and Borgarbyggð. It was established in 1999 through the merger of Reykjavik District heating and Reykjavik electricity. Reykjavik Energy's service area extends to twenty communities, containing 67% of the Icelandic population. The company generates two geothermal plants at Nesjavellir and Hellisheiði and the company's heating utility is the world's largest geothermal heating utility. Hellisheiði Geothermal Plant is the company's largest project, with current production of capacity of 213 MWe and the estimated production capacity for the completed plant is 300 MW electricity and 400 MW geothermal energy. Hellisheiði Power Plant is the company's latest power plant, with electricity production beginning in 2006. The plant's purpose is to meet increasing demand for electricity and hot water for space heating in the industrial and domestic sectors. Reykjavik Energy owns two subsidiaries, including *Reykjavik Energy Invest* (REI), which is Reykjavik Energy's international business development and investment arm and puts emphasis on using the experience, geothermal knowledge and technology, gained in Iceland, with finance from reliable partners, to develop potential projects worldwide. Reykjavik Energy Invest is not operating at present. Reykjavik Energy operates in conformity with the following international standards: ISO 9001, ISO

14001, ISO 27001, OHSAS 18001, and HACCP (Hazard Analysis Critical Control Points) for which it was the first waterworks in the world to implement and obtain a certified HACCP system for waterworks. In 2006, the company established a fund for energy-and environmental research. Since the financial crisis in 2008, Reykjavik Energy has experienced some difficulties in its operations and management. That, and along with frequent changes in board members and CEO's, has led to severe changes in the company's policy, including the sale of assets that were not part of the company's core operations (Orkuveita Reykjavíkur, 2007; Orkuveita Reykjavíkur 2010; Orkuveita Reykjavíkur, 2011).

4.3.3.Reykjavik Geothermal

Reykjavik Geothermal was founded in 2008 by experienced geothermal management teams, many of whom had previously worked at Reykjavik Energy and/or REI. The objective with its foundation was to harness the vast untapped investment and development opportunities worldwide, particularly in developing and emerging markets. Reykjavik Geothermal's vision is to work with local partners to harness this resource by developing a utility-scale geothermal power plant. Thus providing an inexpensive, clean and indigenous energy source for the benefit of local economies, in addition to providing attractive return for investors. Reykjavik Geothermal is certified by ISO 9001, and according to its website it is currently working on implementing the international social accountability standard, SA 8000. Reykjavik Geothermal is currently active in Africa, Asia, Russia, China, South America, Oceania, and the Caribbean. Its current focus is on building its pipeline of development projects in East Africa and across the world. Reykjavik Geothermal has offices in four countries with around thirty employees. Recently, it entered into a partnership with Ambata Capital Partners, a renewable energy-focused private equity firm founded by investment banker Michael Philipp (Reykjavik Geothermal, 2010; Reykjavik Geothermal, 2011).

5. Analysis

Initial contact was made to the key informant in Landsvirkjun, Emma. She is the head of corporate communication. The other interviewees from Landsvirkjun were chosen based on her suggestion; therefore, it was based on snowball sampling. Also, initial contact was made to Reykjavik Energy through their website where I was directed to make contact with Kristján and he assisted me in gaining contact to other informants at Reykjavik Energy and Reykjavik Geothermal; thus this was also based on snowball sampling. Although the interviews were semi-structured and based on an interview guide with some key questions and themes, they were all more constructed as dialogues and most of the questions and the order in which they were asked were tailored to specific people and situations. The interview guide can be seen as an *Appendix 1*. Overall, seven interviews were conducted. They are all being given pseudo names, so the anonymity of the persons is conserved. The interview person's age ranges from mid thirties to late fifties. All the interviews were recorded and they range from 40 minutes to 60 minutes. All the interviews took place in Reykjavik but the location of them varies, in some cases it took place at the interview person's office and others were conducted in a special meeting room. Overall, three women and four men were interviewed. They are all experts in their field and have different educational background and positions within their companies.

5.1. Interviewees

As stated above, seven interviews were conducted. The first interviewee was *Emma*. She is in her late thirties. She is the head of Landsvirkjun's corporate communication and has worked at Landsvirkjun for one year. She is the head of the company's steering group on CSR and has previously worked with issues relating to CSR.

The second interview person was *Katrín*. She is in her mid fifties and has worked at Landsvirkjun for thirteen years. *Katrín* is Head of Environmental Affairs and is a member of the steering group on CSR.

The third interview person was *Ólafur*. He is in his late fifties and has worked for Landsvirkjun for twenty eight years. His job title is Head of Sales and Marketing. He is also a member of the company's steering group on CSR.

The fourth interview person was *Sólveig*. *Sólveig* is in her late forties and works for Landsvirkjun Power, which one Landsvirkjun five subsidiaries. Her job title is Financial Manager and she has worked for the company for three years.

Similar to the other interviewees from Landsvirkjun, Sólveig is also a member of the steering group on CSR.

The fifth interview person was *Kristján*. He is in his early forties and works as Project Manager for Reykjavik Energy. He has worked there for five years. Kristján previously worked for one of Reykjavik Energy's subsidiaries, REI, as a Managing Director for Africa and was a project manager for a project conducted in Djibouti.

The sixth interview person was *Stefán*. He is in his late fifties and works as a Project Manager. Stefán has worked for what is now known as Reykjavik Energy for twenty three years. When Reykjavik Energy was established, Stefán managed internal and external communications as Head of Communication. He is in the lead of the company's involvement in establishing an Icelandic research centre in CSR along with the participation of other companies.

The seventh interview person was *Ingvar*. Ingvar is in his early fifties and works as a Managing Director/Head of Geoscience for Reykjavik Geothermal. He has worked for Reykjavik Geothermal since its establishment in 2008. Previously, Ingvar worked for Reykjavik Energy and is a long-time lecturer at the UN Geothermal Program.

5.2. Analysis of interviews

In my analysis of the data, three main themes quickly emerged as a common thread in all my interviews, as they kept appearing to me in different contexts. These themes are *the financial crisis*, *the stakeholders/the owners* and *measurability*. Thus, the structure of the analysis will be based on these themes.

When conducting my interviews, it became quite clear to me early on that all the companies in question were taking their first steps in the matter of CSR. As has been previously discussed, the background these companies have is quite diverse and some of them have been operating for as long as a century, while others have just begun their operations. When asked why her company decided to pursue strategy and policy on CSR, Emma (from Landsvirkjun) replied:

The company is undergoing an extensive change concerning its purpose and goals and strategies and because of that we are reconsidering our policy in CSR and how we can follow that policy through. We had a new CEO coming in with different opinions and viewpoints concerning the practice of the company with a more market driven view and that the company operates in accordance with its owners, the Icelandic nation (Emma, personal communication, April 11th 2011).

Katrín (from Landsvirkjun) says a similar thing when asked the same question:

There comes this new employer who has a background in this. [...] and maybe this was just a natural development. We had been working a lot on affairs concerning environmental, safety and quality matters but there was always this piece missing in the overall picture [...] Landsvirkjun has always been a very well run company and has been

in the lead of adopting and working according to the legislation of environmental affairs so therefore it is a natural thing to start working on CSR (Katrín, personal communication, April 12th, 2011).

Both Emma and Katrín look at the company's work on CSR as a natural development of the company's operations and with a new CEO bringing in new ideas, an opportunity presented itself to start working on these matters⁶.

Stefán (from Reykjavik Energy) says on the same topic that: *the foundations of this company are over 100 years old so there must be a certain order by now how things are done* (personal communication, April 13th, 2011). He says that the reason why he wanted to establish some kind of regularity around this was that [...] *things were not as they were supposed to be* (personal communication, April 13th, 2011). Here Stefán is referring to the fact that the company was handing out all kinds of grants and he wanted the board of directors to make it more professional. He says that he and his team are working on defining the company's policy on CSR, but it has been difficult to reach the attention of the board members, especially because of the financial and political crisis the company has been going through.

5.2.1. Financial crisis

Here Stefán touches upon one of the themes that have emerged through the analysis; *the financial crisis*. Late in the year 2008, the three biggest banks in Iceland collapsed with severe consequences. Among these consequences have been great deals of cut backs in public funding, which one of the companies here in question has experienced. Ólafur (from Landsvirkjun) says that *the financial position of the company or Iceland for that matter hinders them in foreign investments which many other power companies have been doing, buying entire supplies and distribution systems and all things possible* (personal communication, April 12th, 2011). Sólveig (from Landsvirkjun) talks about how the crisis affected the company's plans for foreign investments and selling its service and expertise knowledge:

The purpose was to invest in foreign countries and sell our service to foreign countries where we could share our knowledge and at the same time preserve and build up new foreign knowledge to bring back here but with this collapse everything concerning the capitalisation shut down (Sólveig, personal communication, April 12th, 2011).

Ingvar (from Reykjavik Geothermal) says that in the early days of the company, when it had just been established, they had found an investor in the United States and

we started working on October 1st and Iceland collapsed on October 8th [...] he (the investor) sent us a message saying that his comfort

⁶ Landsvirkjun's working group on CSR was established early in the year of 2011. A report on their work, including the company's new policy on CSR, is to be published by the company in May 2011.

zone had dropped to zero and so he disappeared so there were no investors so we started counselling and got a big job in Abu Dhabi and that kept us alive for 2 years (Ingvar, personal communication , April 14th, 2011).

From what my interviewees say, it is evident that the financial status of Iceland and Icelandic companies affected companies' plans for foreign investments and counselling. The collapse of the banks impacted the image of Iceland in a severe way and foreign investors were afraid to invest their money in Icelandic companies. The collapse also affected internal work that had been going on in some bigger companies concerning CSR, including Landsbankinn, one of the three big banks that collapsed which according to Katrín had signed the Global Compact just days before the collapse of the banks. Since the crisis, it seems as if little has been done in these matters within Icelandic companies. Emma:

It is natural that it takes time for companies to get back on their feet and it was very difficult to discuss these things when some companies didn't even know that they could pay off their debts tomorrow [...] possibly in the next two or three years this will start again, hopefully (Emma, personal communication, April 11th 2011).

When discussing the lack of Icelandic companies' interest in CSR in relation to the financial crisis, it is inevitable to discuss the atmosphere that was dominating within Icelandic companies in the years before the collapse. Ólafur: *[...] this society before the collapse was not that transparent, things were happening, which have now been revealed that were not that exciting for everyone* (personal communication, April 12th, 2011). Here Ólafur is referring to things happening behind the scenes which the public had no knowledge of, things that ended up affecting the whole nation. Sólveig: *Before the collapse, everything was up and running. Companies were pumping out money [...] everybody thought that everything was okay, we lived in a made-up world* (personal communication, April 12th, 2011). Stefán is even more critical: *[...] what happened in the nation's upbringing, the elders and your grandma would say to you "we don't do these things" and what failed was that we did things that we shouldn't have done* (personal communication, April 13th, 2011).

All of the respondents see a bright future in the matters of CSR within their companies, and Icelandic companies in general. Some of them talk about the need for collective actions within Icelandic society. Stefán: *The nation is calling for this [...] the special investigation commission's report talked about that this needs to be reinforced* (personal communication, April 13th, 2011). Emma says: *Within many companies, there has been a certain reconsideration and adjustment on companies' values and ethics and certain companies have decided to go strongly for CSR policies while others simply don't have the capacity to reflect upon this* (personal communication, April 11th 2011).

Emma is here referring to her company being one the companies in the forefront of the preparation for an Icelandic research institution on CSR. Landsvirkjun is a big company with over 75% market share of all electricity in Iceland, and therefore it may feel certain expectations from its owners, the Icelandic Nation, to take actions and initiative. In the words of Sólveig:

Concerning what happened in 2008, Landsvirkjun has probably, even more, felt its responsibility after the collapse because Landsvirkjun is one of the companies that are still stable and is in the government's possession or the nation's possession and has therefore a relatively bigger role than companies that went overboard and are now being more careful (Sólveig, personal communication, April 12th, 2011).

5.2.2. The stakeholder/owners

This quote from Sólveig touches upon the next theme, which is connected to the crisis; *the stakeholders or the owners*. Two of the companies that are a subject to this study are in public ownership, and one is sole proprietorship. This indicates that the stakeholders are a diverse group, respectively. Both Emma and Katrín often touch upon the subject that their company has a diverse group of stakeholders and it is important that the company acts responsibly in accordance with its owners. Emma:

It is very special that such a big and dominating company is in the ownership of the nation; of the state [...] we have identified our main stakeholders which are the staff, the customer, the owners which are the Icelandic nation, the suppliers and service providers (Emma, personal communication, April 11th 2011).

Emma remarks that it is important that companies give profit to their stakeholders. That is the foundation because if the company does not deliver profit then it cannot have a positive impact on the society. The profit is important, but there must be other viewpoints which are considered in the decision making, namely environmental issues and social and community issues, and if the company neglects one of these foundations then it may affect the company in a negative way. As Katrín states:

Now there is some recognition that we must look at the environmental issues, not just the profit [...] this is very important, especially important for a company that is a property of the state, it is important to attend to these things and to the social issues (Katrín, personal communication, April 12th, 2011).

Stefán says that he gives great importance in having good relationships and communication with the company's stakeholders:

The biggest group is our costumers which are very diverse, half the nation is our stakeholders [...] now downstairs [in the building] there is a presentation of our newest harnessing project where introduce the environmental impacts, there is transparency to say what we are going to do and how we are going to that and what affect it will have on the society and the environment (Stefán, personal communication, April 13th, 2011).

Some of my interviewees expressed some concerns in how far companies should go concerning transparency in relation to its operations. Sólveig shared some concerns:

Should companies constantly be pumping out information to people about its operations? We don't really know what that [transparency] is, it's a problematic word and one of the buzz words now, I don't like it, what in the world is transparency? [...] you are opening doors to many things like competition (Sólveig, personal communication, April 12th, 2011).

Ólafur says that the call for transparency comes as a consequence to the state of the Icelandic society before the collapse: *My opinion is that this [transparency] can act as a double-edged sword, there has to be some kind of a middle ground (personal communication, April 12th, 2011).* He further expresses some concerns regarding the advertisements from the company about its upcoming annual general meeting:

On the bottom it reads, "in ownership of the Icelandic nation", and this is perhaps a part of what they are trying to do [...] before, Landsvirkjun had the stamp of being the ivory tower [...] but this needs to be done carefully, are we going to take this under the whole population of 330 thousand people or is there some hierarchy in this? (Ólafur, personal communication, April 12th, 2011).

Sólveig concurs by saying:

Okay, Landsvirkjun's ownership is the nation, but Landsvirkjun is far away from the nation, the nation has nothing to do with Landsvirkjun, it is of course the government on behalf of the nation that can impact how the company is operated [...] I feel here that this CSR is being used in a wrong way (Sólveig, personal communication, April 12th, 2011).

On the contrary, Emma does not share the same position and feels that because of its ownership, the public has the right to know about how the company is operated, and that it is very important that the company reports upon both the positive and the negative effects of its operation:

The company's operation can benefit both the society as well as building up a stronger energy sector in Iceland which is based upon progressive knowledge, so it is both the legacy and the knowledge that the company can contribute as positive effects, besides supporting good causes (Emma, personal communication, April 11th 2011).

Stefán concurs with Emma. He feels that transparency is very important and that: *we act on all the rules in the society which is very important with power stations and preferably go one step further then the rules and regulations instruct (personal communication, April 13th, 2011).*

Clearly, the interviewees have different meanings on how far the demands on transparency should be taken. Perhaps the positions which the interviewees hold in the companies play a role in this. Both Stefán and Emma are working with these issues on a daily basis and are more familiar with dealing with the stakeholders and feel that transparency is very important when it comes to informing on the company's operations. Also, these companies in question are

publically owned. However, Ingvar emphasises that they (Reykjavik Geothermal) want to be an open company, where transparency is in high regard:

When we go and drill, we let people know through meetings [...] these projects are supposed to serve the public, it is better they know more than less, there is no threat in letting people watch and follow as much as they can, just look out for the expectations, rather let them be pleasantly surprised (Ingvar, personal communication, April 14th, 2011).

Ingvar touches upon an interesting issue here when he says that these projects are supposed to serve the public. Although his company is in private shareholding, they still choose to focus on their main stakeholders, the public and what the geothermal power station will do for their community. He continues talking about their current project in Papua New Guinea:

We have to instigate social mapping because the land is not owned by individuals but lineage and then we have to go out there and get birth certificates and it's just real genealogy to trace to whom the land belongs to and this is what you have to do in order to know who to talk too about the project within a certain area (Ingvar, personal communication, April 14th, 2011).

Ingvar says that they do social mapping before they start investing in drilling wells *but that is not enough, then we come back and ask what they (the indigenous) want to see [...] they are very excited and see this as an opportunity, they are solution driven people* (personal communication, April 14th, 2011). Ingvar comments further on what geothermal power stations can mean to a community:

If people are solution driven, a geothermal power station can bring about very positive social benefits and in some ways it is better not to pay money but create opportunities for the people. Let the people discover them (Ingvar, personal communication, April 14th, 2011).

From what Ingvar says, his company is very aware of the responsibility that they take on when they commence a concession and decide to take on a project. They want the local people, the indigenous, to benefit from the power station. It is very important for them that the electricity is not directly sent away through high voltage lines and the neighbouring village gets nothing. He gives me an example of the biggest goldmine in the world that has its own power station, but the village next to it does not benefit from it and is without electricity: *we would never have done that, [...] when you operate a power plant you always have to be in dialogue with the indigenous people and moderate the expectations* (personal communication, April 14th, 2011).

Sólveig's experience differs from Ingvar's experience when it comes to projects in developing countries. Their experience with projects in developing countries has been divergent, some have gone well and others not so well. She explains that *now we try to pick Western countries where everyone sort of speak the same language [...] but there are clearly opportunities in Africa and*

elsewhere [...] we just haven't gotten that far in thinking about these CSR matters (personal communication, April 12th, 2011). She admits that if they would have thought about it (CSR and social mapping) at the time of the project, then they may have realised the problems they encountered before and could have responded to them.

The example Sólveig gives is clearly not a unique incident, as Kristján's (from Reykjavik Energy) experience shows. He worked on a project in Djibouti where they had big ambitions concerning development aid, along with harnessing the geothermal energy. According to Kristján there were plans in assisting with matters concerning garbage disposal, drinking water, and infrastructure; all kinds of ideas and very elevated: *It was always the plan to build upon and include CSR but these elevated goals about development aid, they were just forgotten, nothing happened* (personal communication, April 13th, 2011). When I asked him why nothing happened, he said he did not really know and that he thinks that this was all a big mess: *This was all just some hype and people thought this was so clever and cute* (personal communication, April 13th, 2011). Kristján says that when people started realising that this hype and the peculiar atmosphere in the society could not go on forever, they gradually began to realise [...] *that this was maybe not what we should be doing right now so this all fell through and wasn't discussed any further* (personal communication, April 13th, 2011). He also adds that they did not do any kind of social mapping or evaluation of the society before they began the project. In fact, they only did some kind of a risk assessment after the project had been launched: *That was a bit like, oh yes that sounds clever, let's do that!* (personal communication, April 13th, 2011).

Evidently, the crisis affected the company's plan in foreign involvement. Not only did it affect it financially, but also ideologically. Grand plans and ambitious projects characterised the atmosphere within this sector, but it seems that although they rushed, they were aware that something needed to be done concerning CSR. Kristján:

Maybe we were especially aware because we were coming into a poor country with a business model that has a very high required rate of return and it is very easy to be labelled as some exploiter [...] that's why this was done before the project was completely confirmed (Kristján, personal communication, April 13th, 2011).

According to Kristján, in collaboration with the Icelandic Ministry for Foreign Affairs, he constructed some kind of a CSR document where they informed that they could fulfil 6 out of the 8 Millennium Development Goals, but this was done whilst they were conducting feasibility analysis, but not before. Consequently, this was all abolished when the company had to back out substantially and new investors were brought in with a more profit driven agenda, which the government in Djibouti was not keen on. This document was not built on any official company policy on CSR since there was none at the time. Kristján says that he was basically allowed to do it according to what he thought it should be:

I felt that it should be done like this and that it fitted the overall policy within the company [...] ultimately, this (CSR) is about behaving in a

responsible matter towards the people that live in the project's surroundings, treating them with respect and consideration [...] if we would have been in charge then we would have done this [development aid], that was very clear (Kristján, personal communication, April 13th, 2011).

From this it can be argued that the interests of the investors exceeded the interests of other stakeholders, namely the indigenous people. The profit driven agenda did not suit the government so they withdrew their support from the project. Indeed, there was some will among the company to carry out CSR but once powerful investors were brought into the picture, all was forgotten. All theories on CSR agree on the notion that the ultimate driving force of all CSR must be profit, and that view is mirrored in every single one of my interviewees. However, the responsibility must also lie elsewhere, not merely to give profit to certain stakeholders but let everyone benefit from the profit.

Emma emphasises that certainly profit is the foundation:

because without profit companies are unable to generate positive affects into the society [...] but there must be other viewpoints in the company's operations which are taken into consideration when decisions are made, namely environmental and community issues (Emma, personal communication, April 11th 2011).

5.2.3. Measurability

Almost all of my interviewees expressed some concerns regarding the measurability of CSR, which consequently serves as the third theme of the analysis. Sólveig expressed the most concerns: *I think most of the companies out there aren't thinking about this [CSR] and signing the Global Compact because it is so difficult to measure this [...] for companies to participate in GRI and Global Compact it is important that this can be measured* (personal communication, April 12th, 2011). On the international standards and certifications she comments:

When we are out in the big world it is very important to be able to flag these certifications, but whether or not the world has come that far in noticing these CSR standards [...] besides, this is not a certification only guidelines, we can't be evaluated on it (Sólveig, personal communication, April 12th, 2011).

It seems as she places more value on the international standards and certifications that the company holds, which can be measured and companies strive for attaining. This point of view is further strengthened when she says that they have *these quality management systems where everything is defined and documented on how you want to operate and then they evaluate us and this is the same thing [...] just another angle; more softer matters* (personal communication, April 12th, 2011). With this comment, Sólveig clearly separates matters concerning CSR and other “real” matters, such as security and safety work processes and

environmental management. This is in contrast to what Emma feels when she stresses the importance of CSR:

There are these three foundations; the environment, social community and the capital or profit [...] if one of these is neglected then it may affect the company in a negative way and thereby increasing the company's operational risk (Emma, personal communication, April 11th 2011).

Ólafur seems to be more positive towards the idea of bringing in a standard on CSR:

although this is the kind of standard that does not offer any measurements, which is weakness in my opinion, but that's how it is with this CSR, you are always comparing yourself to others to see where you stand [...] this (ISO 26 000) seems to be a nice tool to rely upon (Ólafur, personal communication, April 12th, 2011).

Ólafur even reflects upon that if they decide to adopt the ISO 26 000, they might even evaluate potential customers based on whether or not they work according to standards on CSR. Still, he doesn't believe that CSR or

projects based on CSR are really that profitable if you look at it with the costumers perspective, however, the customer may have the requirement that you have some kind of a minimum operation in these matters and may wonder why you would not have any at all (Ólafur, personal communication, April 12th, 2011).

According to Katrín, her company has made a model of how they see things evolving and the adaptation of standards and protocols. This is related to their upcoming climate report:

These institutions, EU or UN, come up with these regulations and edicts and we react to that, which is what we're doing now (with the CSR work), we can also sign Global Compact [...] we may use regulation standards like ISO or Blueprint [...] and GRI to compare ourselves to others to become more competitive to sell our product (Katrín, personal communication, April 12th, 2011).

Therefore, this always comes back to the foundations of CSR; profit, and companies want to be competitive because ultimately they are selling a product and want customers to buy it and stay in business with them. Katrín: *This is the way we want to go, this is how other companies are doing it and we want to be a part of that* (personal communication, April 12th, 2011). Despite some concerns about the measurability of CSR, Landsvirkjun has decided that this is the road they want to tread and these actions are based on the newly adapted goals and roles. Katrín stresses the importance to always keep in mind the company's goals and roles: *We always have to ask ourselves, will this lead to us being in the lead of using renewable energy, is this based on sustainability, is this prudence or progress?* (personal communication, April 12th, 2011)

Stefán does not seem to be much concerned about the difficulties in measuring CSR:

We haven't been using this ISO 26 000 as some guidelines but I believe, although I haven't looked at it thoroughly, that we already have implemented many of the things [...] first we want to finish our own work here but due to frequent changes in CEO's not much has been done (Stefán, personal communication, April 13th, 2011).

He continues by saying that they have defined all their stakeholders and given them values: *We also report success measurements in our annual reports, I wanted to implement the balanced scorecard [...] we could have that because that is a measurement but we don't report in our reports why goals were not achieved* (personal communication, April 13th, 2011). With this comment, Stefán reveals some criticism towards his own company. He feels that the company's operations should be more transparent and has pointed out means to measure it and therefore make it more transparent. Stefán also expresses some similar criticism towards other companies that he knows that are working on some kind of policies in CSR:

Still, I find it a bit weak and poor, nowhere is it proven what they are doing, you write something on a paper that you want to do this and that and it isn't checked out [...] I believe you have to say this is what we did and we act on this [...] we may sign the Global Compact or GRI or Triple Bottom Line (Stefán, personal communication, April 13th, 2011).

Evidently, Stefán is motivated to continue the company's work on implementing a company policy on CSR, but what is lacking is the support of the board and his supervisors. The reasons behind the lack of support may be because of financial reasons, as has been previously mentioned, but they may also be due to political reasons. Stefán: *I wanted them (members of the board) to sign confidentiality agreements, but then information had been leaked to the media [...] the purpose was only political; they did not have the company's interest in mind* (personal communication, April 13th, 2011). From what Stefán expresses, it can be argued that the main stakeholder's interests, i.e. the customers, the population of Reykjavik metropolitan area which consists of some 67% of the Icelandic population, were not kept in mind when these decisions were made.

Here, we return to the issue of transparency. Obviously, there was some lack of transparency in Stefán's company, as Stefán says: *[...] especially at the top, and the board did not do a good job* (personal communication, April 13th, 2011). He feels that the public can benefit from transparency through reports, however: *I feel that CSR has been misinterpreted both amongst the public and companies; they think that it only revolves around handing out money and grants* (personal communication, April 13th, 2011). This appears to be the general impression of what the public believes CSR to be, based on what my interviewees have expressed. Sólveig: *I think that it is very common in Iceland, and perhaps elsewhere as well, that CSR equals some funding and charity work* (personal communication, April 12th, 2011). She further continues by putting it into the perspective and referring to the atmosphere that was dominating in the company world a few years prior to the financial collapse:

When I was doing my degree, I did a project about CSR and I was looking at these companies [...] the approach towards these matters was so much different then, it was all about defining some grants and whether they should support the KR football team or some cultural activity or whatever it was (Sólveig, personal communication, April 12th, 2011).

Katrín summarises this up:

Before (the financial crisis) there was a strong link between CSR and charity work and giving grants, but since then, there has been a considerable change in values and ethics within many companies and certain companies have decided to pursue CSR with great effort following the crisis (Katrín, personal communication, April 12th, 2011).

When asked about what they believe CSR is, what it represents, how it should be executed by companies and generally how they view CSR regarding future co-operation within developing countries, I received many different answers. Emma sees CSR as being transmitted through the company's actions and operations, utilising the resources in which they are trusted in a responsible and sustainable matter so that it may result in profit and knowledge for the whole nation; *everybody needs to benefit from this* (personal communication, April 11th, 2011). Along these lines, Ólafur notes that not everything is included and invested in the core operation but also what it can generate into the society: *We have to be careful in generating as positive an effect as possible without losing sight of our role and goals which are creating profit and sell and harness electricity* (personal communication, April 12th, 2011). Sólveig feels that CSR is simply exactly as the words indicate: *That we contribute something to the society whether it is in the form of money donations or something else, that companies contribute something to the society other than making money [...] this should become a part of companies operations* (personal communication, April 12th, 2011). She says that she sees this as a future matter, and that everybody has to be involved within the company. Kristján also places emphasis on the society and the community in which their projects are situated, as he explained when they were preparing for the project in Djibouti. Stefán draws his definition of CSR from the document that they are currently working on: *CSR is multiple, not just one thing, not just charity work, it's the environment, the community, the market, the stakeholders* (personal communication, April 13th, 2011). Stefán's vision on CSR is not very concrete but he feels very strongly about the importance of it and stresses the importance of constantly keeping in mind the role and goals of the company. His company's operations are based on natural resources, therefore they have to take care of the environment, and the foundations have to be good and responsible procedures; good governance. To Emma, the most important concern when it comes to CSR is that

there is not a gap between company management and the society, but there is a continuance that needs to be integrated so there is an acceptance to the fact that responsible company management and operation not only entails making profit but also minimising the

negative effects and maximising the positive effects into the society (Emma, personal communication, April 11th 2011).

Emma stresses a very important point in this debate which is the continuance, power companies, and companies in general, need to recognise that their operations affect people's lives in so many different ways, and that it is in everyone's best interest and profit if they behave themselves in a responsible and sustainable manner. Emma:

It is in everybody's best interest if companies are dealing with this (CSR), however they choose to do so [...] it is important that companies do not look at this as a liability, but rather as an opportunity because obviously there is an opportunity invested in operating in accordance with the society rather than in opposition to it, therefore as soon as companies realise that this will function [...] it is always better to do something then nothing at all (Emma, personal communication, April 11th 2011).

5.3. Observation

As my second method, I decided to conduct an observation in the field. Many of my interviewees had stressed the importance of transparency in companies operations, and argued that one way of ensuring transparency was to inform its main stakeholders, i.e. the public, on the company's operations and future visions. Conveniently, one of the companies was holding its annual general meeting in public in Reykjavik and I decided to attend the meeting with the intention of seeing how the opinions of my interviewees could be related to the reality and whether it reflects the happenings during an annual general meeting where the CEO presents the company's future visions and prospects. As Neuman points out, "a field researcher carefully scrutinises the physical setting to capture its atmosphere" (Neuman, 2003, p.381). Thus, I begin with the description of the physical setting of the conference room that formed an integral part of my observation. The meeting was said to start at 2 o'clock in the afternoon. However, due to the late arrival of some guests and the unexpected number of guests attending, it started fifteen minutes later. I had noticed excitement about the meeting with my interviewees, as some of them had been told that the CEO was going to mark a new direction and strategy for the company to embark on. That excitement was noticeable at the meeting, not only by the employees but also by other guests as they conversed about their anticipations for the meeting. I arrived just before the meeting started and sat at the back of the room. Some 360 people attended the meeting, which according to the company's website, is a new record. Some guests had to sit outside the conference room where they could only hear the persons speaking, and some guests had to stand due to lack of space, so it is clear that the attendance exceeded everyone's expectations, including my own. Guests, who managed to get a seat, sat in long rows with tables in front of them across the room and on the tables, there were notepads and pens with the company's logo on them. Where the podium stood, there were two big screens with interchanging pictures of Icelandic landscape.

The next vital part of the observation consisted of observing people and their actions, noting each person observable physical characteristics: age, sex, race, and stature (Neuman, 2003, p.381). The attendants mainly consisted of middle aged people; some younger and some older. Most of them were white and a fair majority were Icelandic, barring couple of attendants who were of Asian origin, and some were of different nationalities and thus needed translation which was provided via headphones. The gender composition of the attendants was also observed as “gender insensitivity occurs when the sex of participants in the research process is neglected” (Eichler, 1988, p.51, quoted by Neuman). A vast majority of the attendants were male, about 70%. It can be said that many parts of the Icelandic society were represented at the meeting. I recognised many faces which had been highly exposed in the media before the financial crisis and even more after the financial crisis. These were former prominent bank and financial figures. Also, there were many politicians among attendants, both present and former, as well as ministers. Furthermore, influential people in the Confederation of trade unions and Confederation of Icelandic Employers were present. In addition, there were other stakeholders present such as farmers and other civilians. Almost all of the attendants were formally dressed, men in suits or jackets and women in formal skirt or pants suits. Some of the guests took down notes during the meeting. As Neuman (2003) notes, what people do is also significant.

After everyone had been seated, or taken their position, the chairperson, who was a woman, introduced the agenda for the meeting. Four speakers were on the agenda, two of which were women. As the meeting continued, the chairperson introduced each speaker. A second important thing to observe during the meeting was the language that each of the speakers used, or special phrases and words. The chairperson set the tone when she informally, after having greeted the attendants, told everyone they were free to speak their mind as we were all there to listen to what others have to say and to express our opinions. After all, this is a public company and in the ownership of the Icelandic nation. This comment is in accordance with what all my interviewees from this company expressed, and thus reflects their emphases on transparency. This was to be heard from all of the following speakers. The first speaker, Iceland’s Minister for Industry, said that as a public sector company, Landsvirkjun needs to do all it can to continue to be trusted by the public and that government must, in turn, make it as easy as possible for the company to expand with everyone’s interest at heart. She further added that the ministry was working on a clear definition of the company’s precise role, goals, ownership and operational model which will add to the company’s trust and transparency; the Icelandic nation should never doubt that the company was not working with its best interest at heart.

These words, trust, transparency and everyone’s interests represent certain things that the officials and the company want to make visible, namely new values and that the ultimate “owners” of the company is the Icelandic nation. Therefore, these words are carefully chosen and have duplicate meaning. The next speaker, the Chairman of the Board of Directors, emphasised the company’s goal, which is to maximise returns on the energy resources entrusted to the company with sustainable use, value creation and efficiency as the guiding light. Here, the key

word is entrusted. The company is entrusted by its main stakeholders and “owner” the Icelandic nation, to make use of its energy resources. She also mentioned the importance of CSR and that there are increasing demands from the public discourse that companies, especially public companies, open up their operations and make them more transparent to the public, and this annual meeting is a valid proof of them responding to these appeals. The CEO’s speech further emphasised this role, as he said that the company is no longer the sole decision maker in deciding where to plan the next power plant project, but officials as well as the nation. As the CEO presented the company’s vision and strategy for the future, with maximisation of the return (or the surplus profit) for stakeholders, he said that landowners have priority when it comes to claiming surplus profit.

However, the most important thing in the process of claiming surplus profit is reasonable, fair and above all transparent division, where everyone will profit. This usage of the word transparency is very important and is constantly being brought up, but what is lacking is how they will secure and provide transparency. Granted, this annual general meeting is certainly one way of providing transparency, and as the CEO noted, this work on the company’s new strategy and vision for the future has newly begun, so it is still under construction how they will ensure transparency in their works. I noticed that many guests left after the CEO had finished giving his speech, among them the Icelandic Prime Minister. Attendants were expecting the CEO’s speech to be singularising, as it was, and therefore some of them left as if they had thought that they had seen and heard the most important thing or some of them had prior engagements.

Also speaking at the annual general meeting was the Chief Financial Officer, who spoke after the CEO, and he noted that 2010’s financial results were some of the best in the company’s history. The company is still indebted, but the foundations are solid and its revenue base is steady and reliable. At the end of the meeting, attendants were allowed to address questions. Most of the questions were proposed to the CEO regarding the company’s new strategy. The meeting was over at four o’clock sharp, and guests were invited to some refreshments afterwards.

5.4. Summary of the analysis

To summarise, the analysis of the gathered data has shown that the phenomenon of CSR is still not yet rooted and fully established within the Icelandic energy sector. All of my interviewees believe that it is important that companies adopt a policy in CSR and showcase their commitment. However, their opinions differ in which manner it should be done, and to which extent. Those who work in close contact with the stakeholders believe that much should be done, as what can be read from Emma and Stefán’s comments, and that transparency is the key concept. My observation of the annual general meeting clearly showcased that, much emphasis was put on providing transparency and openness during the meeting, as the company sought to showcase itself as a responsible and leading

force within the Icelandic energy sector, using specific language just as some of my interviewees did during the interviews. Clearly, the financial crisis has affected all the companies, and any plans for CSR strategy were in many cases put aside immediately. Although some of my interviewees expressed concerns for the measurability of CSR, it does not seem to put their work with CSR policy on hold. In fact, they all share the sense of importance when it comes to CSR, a national call for CSR and that this is a response to what the nation needs, and they feel that they have the responsibility to their stakeholders to act upon it. After all, their stakeholders are the most important thing, whether it may be the Icelandic nation or indigenous people in Papua New Guinea, everybody should benefit.

6. Conclusion

The concept of CSR has gone through great changes since its early days, as it represents diverse interests of varying stakeholders and interested parties. In the beginning, the concept mainly incorporated ideas of businessmen obligations and economic interests. Carroll's pyramid definition of CSR brought new dimensions to the term as he introduced the importance of legal and ethical matters. New international initiatives, represented mainly by the UN in the past twenty years, have influenced the evolution of the concept, and perhaps now, more than ever, its definition is controversial. The controversy mainly rests on practice of CSR in the developing world. Clearly, with globalisation and less barriers in the business world, more demands and responsibility has been placed on corporations wanting to operate in the developing world.

My analysis of Icelandic power companies' position on CSR has revealed that their views on CSR is still being modified, constructed, and developed, along the lines the concept of CSR itself. The findings also concur with some of Thorsteinsdottir (2010) possible reasons for the current situation of CSR in Iceland, namely small size and generally limited international operations of Icelandic companies with hardly any operations in the developing world and generally high standards of environmental protection, labour, and human rights. As has been revealed, there is no clear definition of CSR and many have argued that the lack of it has affected its intentions and expectations (Blowfield & Frynas, 2005). Corporations must, however, showcase their responsibility to the community in question and let them benefit. Conversely, as the examples indicate, unfortunately that is not always the case. Companies fail to act upon their own policies, and fail to provide transparency. As my data has revealed, the financial crisis that hit Iceland in late 2008 has proven to have drastic impacts on Icelandic power companies' strategies for CSR. Now, some three years later, some of them seem to be determined to commit to CSR and have made great efforts in order to do so. This is within the line of what Dobers and Halme (2009) argue for, the link between CSR and development should be based on structural and institutional development rather than on the basis of single visible activities such as building hospitals or roads. The Icelandic power companies' vision on CSR is to change the common view on CSR; that CSR is more than some funding and charity work, as many of my interviewees commented on. Icelandic power companies want their main stakeholders, the public, and the communities to benefit from their projects, in whichever form the benefits may be. Ingvar's notions of CSR can be traced to the current debate within development theory and Sen's notion of freedom and capabilities; his company wants to assist the indigenous in helping themselves by providing opportunities for them, thus helping to promote their economic security and strengthen their social opportunities (Sen, 1999). That view

takes after the definition of the WBCSD, where the emphasis on the local community is expressed and is certainly in the line of Lekunze's (2007) argument of incorporating CSR in business strategies in order to bring genuine benefits to communities. However, the means and ways to ensure that communities will benefit are lacking. It is not enough to produce a document on CSR. Companies must showcase the means and ways on how they will ensure that everyone will benefit. In order to ensure transparency, which all of the companies in this study put high emphasis on, companies not only need to report achievements of their goals, but also when they fail to achieve their goals and reasons for failure.

Surely, all of my interviewees recognise that the foundations of CSR are always economical, as Carroll's pyramid of CSR clearly explains. They also agree with Carroll's definition that the legal, the ethical, and the philanthropic responsibility must also be recognised. Hence, the Icelandic power companies vision on CSR, although still very much under development, mainly takes aim after Carroll's definition of CSR, though influences of other definitions such as from the WBCSD and the EU are visible. The voluntary factor is still very strong within Icelandic power companies, as the data shows, also with the recent establishment of community funds and environmental funds. These projects are all on a national level, as most of the companies have reported that for the present time being, they will focus on their core operations by strengthening the domestic market. As has been revealed through the data, the main reason for this change in emphasis is the financial crisis. I do express some concerns regarding this change and trust that in the near future the intended operations in developing countries will be realised. That is why it is of the utmost importance that Icelandic power companies are one step ahead and mark their policies on CSR. Indeed, some of them are in that process, and hopefully, they will set the standards. All of them foresee the future in developing countries and Reykjavik Geothermal has chosen to exclusively focus on large relatively unexplored geothermal territories. They hold in great regard that local communities benefit from their projects and perform social mappings in order to understand the composition of the community and their needs. However, to ensure transparency, this information must be accessible to stakeholders and companies need to discover ways to ensure that. One of those ways is to participate in global partnership, such as the Global Compact and GRI. In order to do that, companies must commit themselves to follow these guidelines and act upon them. More importantly, a support from the board is vital and employees must all be on the same page for this to be accomplished. As what the definitions of CSR have in common and is mirrored in many of my interviewees' views on CSR, this must be integrated into the operations of the company, in the same way as the security standards were integrated.

Further research needs to be made on the practice of CSR among Icelandic power companies, and how they will ensure transparency. Also, the possible effects of CSR on local communities need to be further explored. More importantly, the practices of CSR within Icelandic power companies in developing countries and the outcomes need to be investigated.

The appeal among the Icelandic nation is for visible responsibility from all sectors of the society, and perhaps the greatest among companies. Thus, the demand to act upon that is great. There is also the demand from the government side for a further partnership with developing countries within the energy sector, as recent initiatives witness. Iceland came relatively late into the development debate, and has, just recently, participated in development practices. The contribution has mainly revolved around utilisation of sustainable energy resources. Years of experience and expertise knowledge regarding harvesting sustainable energy are invested in Icelandic power companies. Experience that could be utilised where it is much needed and could bring benefits to everyone. Geothermal power stations are based on renewable energy resources and are utilised in a sustainable manner and have proven to be very good for the economic systems of developing countries as they bring so many side projects such as production of consumption water. Undoubtedly, the evidence highlights that this contribution needs to be further emphasised as it is the most sensible solution for the scarcity of energy resources and the current environmental issues.

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Appendix 1-Interview guide

I'm going to start by asking you some general questions about this company and about your work here.

1. Let's start by you telling me about this company and its operations.
2. What is your job title at the company? Tell me a little bit about your job here.
3. How long have you worked here for?

Now I will ask you a few questions about international standards.

4. Does the company operate according to any internationally recognised standards? If so, which are they? Could you explain those to me and what they are for?
5. Do you have any knowledge of why these standards were adopted? Who is responsible for that decision making? Do you have any part in that?
6. Why do you think the company sought after these international certification standards? Do you think that it is important that companies adopt these standards, and if so, why?

Now I want ask you some questions about CSR.

7. Do you know if your company has a policy concerning CSR?
8. What comes to your mind when I say CSR? What is your understanding of CSR?
9. What do you consider to be important when companies implement CSR?
10. Do you believe that the results of CSR are visible? Is it important? If so, why?
11. If we now discuss the current or future projects the company has engaged in developing countries, how important is it that the company maintain its policy concerning CSR?
12. Have you been a part of any foreign projects for the company?
13. In your opinion, what are the main issues the company needs to take into account when deciding to take on a project in developing countries? What about community and social issues, such as type of society, language etc?
14. Concerning projects abroad, how has the experience been? What has the company gained from it?
15. Do you believe it is important for the company to take part in projects abroad? Why?
16. If we now discuss energy matters in general, what is your opinion on that? Where do you think the future lies?
17. Do you believe that Icelandic power companies will be approached in sharing their knowledge of utilising sustainable energy resources?