



Bachelor Thesis
FEKK01
June 2008

Corporate Social Responsibility in corporate Sweden:
Drivers and business Impact from a strategic
management perspective

Advisor:
Gösta Wijk

Author:
Richard Hallgren

Title: Corporate Social Responsibility in Corporate Sweden: Drivers and Business Impact from a Strategic Management Perspective

Seminar date: 28th of May 2008

Course: FEKK01, Degree Project Undergraduate level, Business Administration, Undergraduate level, 15 University Credits Points (UPC)

Author: Richard Hallgren

Advisor: Gösta Wijk

Key Words: Corporate Social Responsibility, Strategic Management, Sustainability, PESTEL, Stakeholder

Purpose: This thesis purpose is to contribute to knowledge which could explain the driving forces behind Corporate Social Responsibility in corporate Sweden and their strategic impact from a management perspective.

Methodology: The method used to archive this research is a qualitative interpretative study conducted by interviews.

Theoretical perspectives: The thesis is based on descriptive theories of drivers for CSR, concepts of strategy and CSR and normative/instrumental theories suggesting a strategic approach to CSR and stakeholder management.

Empirical foundations: The empirical study is based on interviews with Swedish business managers in a strategic board position as well as consultants working with CSR strategies, supported with internet information from companies' webpage.

Conclusions: This study proposes that factors in the macro-environment are drivers behind the increased focus on business responsibility. Swedish business managers' rationales to adopt CSR were according to this research to fulfilling stakeholders' expectations. CSR has influenced businesses to meet the obligations but in some cases also to lift strategic opportunities.

1. INTRODUCTION.....	1
1.1 Background.....	1
1.2 Problem statement.....	2
1.3 Research questions and objectives.....	3
1.4 Definitions	3
2. METHODOLOGY	5
2.1 Why I chose this subject	5
2.2 Epistemological considerations	5
2.3 Scientific approach	6
2.4 Data collection	7
2.5 Trustworthiness.....	8
3. THEORETICAL FRAMEWORK	10
3.1 Changing factors	10
3.1.1 Trends in the macro environment	10
3.2 Corporate Social Responsibility	13
3.2.1 Corporate Citizenship	14
3.2.2 Sustainability	14
3.3 Drivers for CSR	15
3.3.1 Risk management.....	15
3.3.2 Organisational functioning	16
3.3.3 Market positioning.....	16
3.3.4 Civic positioning.....	16
3.4 Strategic CSR and Stakeholder Management.....	17
3.4.1 Strategic CSR.....	17
3.4.2 Managing for Stakeholders.....	19
4. EMPIRICAL STUDIES	21
4.1 Introduction of the Respondents	21
4.2 Changing factors	22
4.3 Drivers for CSR	25
4.4 Generally statements of CSR and Strategy.....	27
4.5 Strategic CSR and Stakeholder Management.....	28
4.6 The Business Cases for CSR	28
4.6.1 Electrolux case.....	28
4.6.2 Vasakronan Case.....	29
4.6.3 Teliasonera Case	30
5. ANALYSIS	31
5.1 What are the key drivers behind the increasing focus on CSR?.....	32
5.1.1 Changes in the macro environment	32
5.2 What are Swedish business managers rationales to adopt CSR?.....	33
5.2.1 Fulfilling stakeholder expectations.....	33
5.3 How is CSR influencing the strategic management?.....	36
5.3.1 Meeting obligations or lifting opportunities	36
6. CONCLUSION	41
6.1 Suggestions for further research	42
7. REFERENCES.....	43
7.1 Books	43
7.2 Articles.....	43

7.3 Verbal sources.....	44
7.4 Internet sources	45

1. INTRODUCTION

The purpose of this chapter is to familiarize the reader with the phenomenon called Corporate Social Responsibility and how it influences the businesses of today. In addition to this I will formulate my research question and follow up by a discussion on the objective of the study.

1.1 Background

In a global business world it is expected to be a good corporate citizen with social responsibility for stakeholders as well as have a sustainable thinking and behaviour.

Corporate Social Responsibility (CSR) has emerged as a significant priority for businesses in every part of the world. Many managers have put a lot of hard work on improving the social and environmental consequences of their activities. At present, several thousand companies around the world report information on their economic, environmental and social policies, practices and performance (Crane & Matten 2007).

Many argue that there actually is a change going on in the world; trends in the macro business environment have twisted the traditional way of making business around. This progress of changing values and attitudes has turned the executives attention to ethical values, addressing CSR related questions, their rationales seems to be for different reasons.

An eminent case is Shell now committed to sustainable development and triple-bottom-line reporting against environmental and social as well as business performance after being driven by the non-governmental organisation (NGO) Greenpeace for their plans to dispose the Brent Spar platform in the North Sea. These commitments are after some time of disorder integral to Shell's business principles and strategy (www.shell.com).

Some writers mean that there is a lot of effort done on CSR that in strategic terms not have been nearly as productive as they could have been. *"The prevailing approaches to CSR are so fragmented and so disconnected from business as to obscure many of the greatest opportunities for companies to benefit society"* (Kramer and Porter 2006)

The present framework that managers use is not particularly useful anymore; managers have over the past twenty-five years experienced exceptional changes. *"We need a new way of thinking about business"*. The problem with CSR is that it makes a distinction between the business effects and of an action and its social effects. (Freeman et al 2007).

Still, after a quick search on the internet you will find plenty of companies now using a strategic approach on CSR. A Nordic example is the health care approached Danish company Novo Nordisk (www.novonordisk.com) with a clear message of integration with their stakeholders needs. They were actually scoping the future development of issues by making a scenario analysis in 2002 called Diabetes 2020. Companies are responding to stakeholders' expectations differently.

There are also many Swedish companies using a strategic approach to CSR, such as the home product retailer IKEA which believes that taking responsibility for individuals and environment are a qualification for doing good business (www.ikea-group.ikea.com). In a global and open world the corporate brand and identity become central elements. Managing the corporate reputation and running CSR is also positive correlated with the stock market exchange value. (Tidström 2008)

In the auto industry Swedish Volvo has chosen to make 'safety' a central element of its positioning while Toyota has built a competitive advantage from the environmental benefits of its hybrid technology. Every company is unique and the set up and mind set of CSR as well. This leads me into my problem statement.

1.2 Problem statement

Most of the CSR theories are stated by American writers, but could this be transferred into a Swedish context? Are Swedish managers absent the strategic opportunities within the CSR context? The Swedish corporation Ericsson's CEO Carl –Henric Svanberg means that corporate responsibility is about more than meeting obligations, it is also about lifting strategic opportunities. (Ericsson Corporate Responsibility Report 2006) What I want to know is how managers and consultancies working within this context interpret these issues and possibilities. How CSR has influenced the business strategies and what business managers' percept are the drivers behind CSR.

The assumption of that Swedish corporations could use CSR in a way that would be more strategic, gave me an idea of investigate how this really work in practice. What are the management board, CEOs and consultancies thinking of social responsibility? Are Swedish managers using CSR and managing stakeholders in a strategic matter, not only meeting obligations, but also lifting opportunities like Svanberg state? How is CSR influencing managers and strategies in corporate Sweden?

1.3 Research questions and objectives

This leads to the overall research question:

What are the drivers behind CSR and how is it influencing the strategic management in corporate Sweden?

Answering this comprehensive overall research question will require a separation into three distinct questions that would be analysed in this research:

- 1. What are the key drivers behind the increasing focus on CSR?**
- 2. What are Swedish business managers rationales to adopt CSR?**

3. How is CSR influencing the strategic management?

This research will contribute to knowledge of strategic corporate social responsibility management in corporate Sweden. By providing a description of how the strategic manager's and consultants think of stakeholder obligations, opportunities or risks and what they think are the changing factors and drivers for adopting CSR in business Sweden. By compare the secondary data with the empirical data, I will generate knowledge that replies these questions.

1.4 Definitions

Here are some key definitions that might be helpful for further reading.

Business Ethic is the study of business situations, activities, and decisions where issues of right and wrong are addressed. (Crane and Matten 2007)

Corporate Social Responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. (European Commission)

Corporation is a business organized as a separate legal entity owned by stockholders. (Brealey et al 2007) In this thesis I will also use expressions like companies, enterprises or businesses as an expression for corporation.

Multinational Corporation (MNC) is characterised by the globalisation of its management system, perspectives and approaches to strategic decisions. (Millmore et al 2007)

Non-Governmental-Organisations (NGO) or Civic Society Organisations (CSO) include the whole plethora of pressure groups that are neither business nor government organisations, but which are involved in the promotion of certain interest, causes and/or goals. (Crane and Matten 2007)

Stakeholders are those individuals or groups who depend on an organisation to fulfil their own objectives and on whom, in turn, the organisation depends. (Johnson et al 2008)

Strategic Management is processes adopted and decisions and actions taken by an organisation that results in formulating, implementing and evaluating its chosen strategy. (Millmore et al 2007)

Strategy is the course and scope of an organisation over the long term, which achieves advantage in a changing environment through its configurations of resources and competencies with the aim of fulfilling stakeholder expectations. (Johnson et al 2008)

Sustainability refers to development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (The Brundtland Report 1987 www.un.org)

Values refers to the underlying principles that guide an organisation's strategy (Johnson et al 2008)

2. METHODOLOGY

This part provides a description of the chosen method in search of an answer to the research question, together with a brief background of why I choose this subject. This information is presented consecutively to create an understanding for the methodological choices, and an insight in what can be expected throughout this thesis.

2.1 Why I chose this subject

When an individual begins to explore a new research topic, it is likely that the subject cannot be approached without any kind of previous knowledge. These preconceptions could influence the way information is composed and interpreted within the thesis writing process. (Bryman and Bell 2005) Reasons for choosing this subject appeared when I started my business studies in Copenhagen Business School in fall 2007, and selected a course named '*Corporate Social Responsibility and the ethical aspect of doing business*'. The whole set up with courses I attended had a focus on strategic management, therefore a thought about the connection between strategy and CSR management emerged. Another reason is because this combination of subjects is somewhat new for me and has a different mindset about how to do business from what I have learned before. After initial broaden the perspective of business thinking I also started to pay incrementally attention to media news concerning social responsibility. This subject is challenging, interesting and hopefully something I could discover further about in the future, that is the reason why I choice this theme.

My personal preconceptions are that leadership and management are determining the business development in a very strong sense and that CSR must be a part of the management board strategies to become a part of business. Bryman and Bell (2005) means that individual values could influence many parts of the research process, the choice of subject, the research question, the methodology, the design, analyses, interpretations and the conclusions.

2.2 Epistemological considerations

In accordance with Bryman and Bell (2005) an epistemological issue concerns the question of what is viewed as acceptable knowledge in a discipline. Epistemological considerations therefore determine the perspective in which researchers interpret the development of knowledge. The interpretative perspective of epistemological considerations believes that there is a need for a strategy which regards the differences between social and natural-science object of study. In this thesis I will try to find the subjective implication of the social

action. This is a more philosophic direction asking how the individuals understand the world. In consistence with this discipline the researchers issue is to get access to the individuals 'common sense' and from that interpret their actions and social world from their perspective. (Bryman and Bell 2005) I will try to reflect the respondents 'common sense' and interpret what their perspective means.

Questions relating to ontological stance are study the conceptions of reality and the nature of being. One stance is the objectivism which implies the social categories and their means have an existence independent of social actors. The other stance means that social phenomena and categories constitute from social constructions. (Bryman and Bell 2005) My stance in this thesis is more familiar with the later, that the interpretation of the manager's social construction of reality and the nature of being and my own interpretation of the theories will construct a contributing knowledge to interpret for the reader.

2.3 Scientific approach

Before starting to conduct any research, it is of importance to set up what type of scientific approach will be used. The role between theory and research can be considered to be either deductive or inductive. Deduction is seen as a theory testing process; according to Jorgensen and Rienecker (2004) a deductive approach means using theories to rationalize answers of the questions. To work in a deductive matter is to test, verify or refuse a theory, to go from generic to specific. Induction involves the collection of data and development of theory as a result of the data analysis. According to Bryman and Bell (2005) deduction entails an element of induction, and the inductive process is likely to entail a degree of deduction.

I am testing the theories used in the framework with an empirical study meaning that I am deductive in this thesis. But I am also constructing or designing a knowledge which could be contributing to the theory. In that matter I am inductive. In Figure 2.1 I have tried to illustrate how I conduct my research, starting with a research question, finding the right theories where I start with the descriptive theories, and then I explain the concepts. Finally in the theoretical framework I describe the theories that give suggestions how to be strategic in the CSR management. The empirical data from interviews and internet sources are then analysed and generate new knowledge to the existing theories.

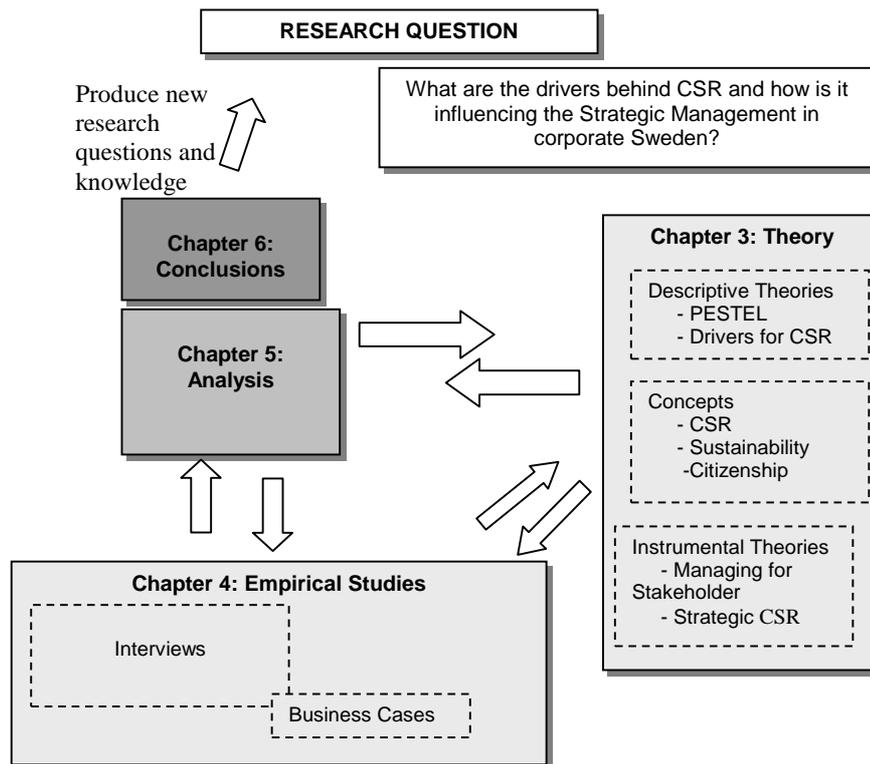


Figure 2.1 The basic idea and disposition of my thesis

Donaldson & Preston (1995) believe that it is important to distinguish the instrumental perspective from the normative and descriptive. The normative theories are more determine telling what to do than descriptive theories. Instrumental explain what tools and techniques that could be useful. The theories by Porter and Kramer (2006) and Freeman et al (2007) are something between these two, but according to me more instrumental in their nature. The first part of my theoretical framework is more descriptive theories explaining what lies behind the CSR concept, and then I explain the concepts of CSR, Corporate Citizenship and sustainability. The last two theories from Porter and Kramer and Freeman et al are based on more normative or as I think; instrumental theories, meaning that they tell in what way to mange these issues in a strategic sense.

2.4 Data collection

The scientific foundations on which this thesis is build were brought together through an extensive literature research. The main focus lies on books and scientific articles but also on Internet sources. The figures in the theory framework is interpreted and drawn in the Microsoft software 'Power Point' by me.

A question of whether a research strategy is qualitative or quantitative is something that needs to be put in place. The main scientific debate is whatever it is important to divide these two scientific strategies. The quantitative strategies focus on quantification when talking about the collection and analysis of data. It's also important for these strategies to verify the natural science especially positivistic approach. Qualitative strategies is more concerning of the interpretative view which I mentioned earlier was my approach. Some sciences mean that the qualitative strategies could support the quantitative methods. The qualitative methods could be good or necessary to get knowledge of contexts. (Bryman and Bell 2005) For me it is important to get an understanding of the specific context concerning my research question, therefore I used a more qualitative method.

The collection of empirical data is conducted by qualitative interviews. My interview approach was semi-structure which means that I used an interview-guideline where the sequence could be different for the questions depending on the respondents answer (Bryman & Bell 2005). A semi-structured interview can take place face-to-face but also via the phone. I have selected by phone, primarily because of time, but also of geographic and financial motives.

Besides the three motives mentioned, phone interviews have other advantages, like for instance that it minimizes interruptions, and it lets the interviewer comes to the point quickly and establish a businesslike climate without the interviewee feeling rushed. Although respondents are not able to read the interviewer's physical expressions, this disadvantage is evened out by the advantage that the interviewer can more easily keep a neutral tone in the questions. (Frey and Oishi 1995) I have also used internet as a source to support these interviews and imbed three cases that was brought up in the interviews. This was a technique used to illustrate companies that uses a strategic CSR approach.

The persons I talked to illustrates a group of experts, by that meaning that they constantly working with these types of questions every day and have the experience that qualify them to contribute with the production of knowledge. They are in position that gives them a specific insight of the context the research aim to understand.

2.5 Trustworthiness

In this kind of research it is important to understand the importance of the specific context which the research is framing. Questions concerning external validity consult in what way the research could be generalized into other contexts. This research will just contribute with a very small piece of understanding of how managers think about drivers and strategic management within CSR. This is a very small sample of all the managers leading Swedish companies. Qualitative science prefer to be more descriptive in their research, it is often an underlying interest of understanding for political and economical interests which underpin the organisational actions. (Bryman and Bell 2005)

The methodology I used was functional way to get insights of how strategic managers think. The interviews were primary assorted from social network connections of mine; the reason for this was to get a fast access within the timeframe. The aim was to get leaders from a wide spectrum of sectors and industries. The qualification was that they would be in a strategic position handling strategic issues in large or medium sized corporations in Sweden.

Regarding reliability, attention is being paid to the precision, or consistency, of measurements from interview to interview of the data collected by each mode. Validity concerns the accuracy with which the research measures what it is suppose to. (Frey and Oishi 1995) In qualitative research many sciences believe that it should be other criteria, these are; credibility, transferability, dependability and conformability. Behaviour, values or whatever it concerns have to be interpreted in that specific context in this research. It is obvious that the specific context, meaning the small sample group of business managers, is unique and that this research does not strive to be generalizing. (Bryman and Bell 2005)

Based on their experience and knowledge, I interpret their information into an empirical framework where the interviewees are clustered together as a collected voice. It is this collected voice I base the empirical statements of. I am aware that this means a weak link by letting my own subjective interpretation deciding the outcomes. The anonymous approach was important in my interviews meaning that the respondents gave me more insights when they were aware that they were not going to be quoted. An issue in this research could be the syntax in language, my native language is Swedish and the interviews are conducted in Swedish as well.

The language is a significant part of the business research. (Bryman and Bell 2005) The interpretation of the interviewees could also be a weak link. There could be some significance misunderstanding between the researcher and the respondents which could affect the reliability as well as the validity.

Bryman and Bell (2005) state that a secondary data collection will to some extent decrease the control of quality. I have tried to find the basic source to control the quality, but sometimes the definition of theories fits better in presently literature, as interpreted into current conditions. I am also aware that the sources have different characteristics; there is for instance more sugar-coat and subjective information on a corporate webpage driven by commercial forces than in an 'objective' academically research article or literature.

3. THEORETICAL FRAMEWORK

This chapter has an objective to involve the reader in the theories, concepts and models, useful for analysing the empirical study. I start with the descriptive background story followed up by the concepts, the last two theories are instrumental meaning they give suggestions how to work with CSR in a strategic matter.

3.1 Changing factors

For me it is important to get the whole picture. There are not always but often a logic explanation underpinning why things are like they are. To give the reader a description of how corporate social responsibility (CSR) and ethical values could have become such a widespread concept in business, we will start from the macro perspective.

3.1.1 Trends in the macro environment

The surrounding environment gives organisations their means of survival; companies need appropriate positioning and anticipation to their environment. To analyse trends or the key drivers of change in the macro level, companies could use the *PESTEL* framework meaning mapping factors in the frame of; political, economic, social, technological, environmental (climate) and legal forces. (Johnson et al 2008) In this part I try to structure the indication of macro change from the theories within this framework.

Political

The collapse of communism at the end of the 1980s resulted in a revolution in markets. Over three billion consumers have entered the global market economy and we have seen a persistent process of liberalisation, privatisation and globalisation. In turn, this has meant that privatised organisations have to create new corporate cultures and employee loyalty; more firms are also internationalised and have to operate in culturally diverse markets (Grayson and Hodges 2004). Crane and Matten (2007) argue that only twenty years ago it was still largely impossible to enter the countries in the eastern bloc without a lot of procedures and interaction between people from the two sides where very limited. But now, with the fall of the iron curtain and other liberalization effort elsewhere, (as with EU) national borders have been eroded.

Economic

Of the 100 largest economies in the world year 2000, 51 were corporations and the rest of them countries. General Motors turnover is for instance greater than the GDP of Denmark. The combined sales of the world's Top 200 corporations are far

greater than a quarter of the planet's economic activity. (Anderson and Cavanagh 2000) There is a rise in corporate power, which has been illustrated in street demonstrations and targeting attacks against multinationals (MNCs) like Shell, Nike and McDonalds, many of these come from undertones of global economic inequity (Crane and Matten 2007).

Grayson and Hodges (2004) means that the increase in wealth, choice and education emerged in some parts of the world have resulted in that for the first time in history a large number of people are free to express their own values. People also do express their values, in formless, random and spontaneous ways. Trust has to be produced and continuously reproduced.

As an outcome of the technological development; companies can now move operations to lower-wage-economies, often countries with less advanced environmental, health, safety and labour standards and regulations. More businesses will find themselves present in distant locations impacting touchy environments and indigenous citizens.

Social

Europeans are living longer and having fewer children and without immigration, the population of the European Union states will fall from about 450 million to the poor number of 400 million in 2050. As a consequence of the elderly populations in Western Europe, the companies' personnel practices and assumption about what staff can archive physically and mentally in different ages have to change. (Grayson and Hodges 2004) Nonetheless, in the same time; the population of the 49 least developed countries is expected to rise from today's 668 million to about 1.7 billion persons by 2050. The main threat to life in the developing world is AIDS, 40 million people are at present infected with HIV and 2.5 million of these are kids. This disproportion is also getting more visible because of twenty-four hour satellite TV and internet, thus going right into people's hearts. (Grayson and Hodges 2004)

Technological

"All the communications that we saw in the entirety of 2000 will be delivered in no more than a few seconds in 2025. Annually, we now generate as much knowledge about science as has been created throughout human history to around 1950. The entire output of the world in 1900 is matched by two weeks' production in 2000 and, on trend, will be surpassed by the product of a single working week in 2015 and that of few days in 2025" (Dr Oliver Sparrow, 2003; Grayson and Hodges 2004)

Modern communication technology opens up the possibility to connecting and interacting with people everywhere in the world. But the communication growth also means easier global access to information about the companies, which means no hiding place. According to Grayson and Hodges (2004) it is not that easy to keep secrets these days as it was in the past. The technological and IT development are maybe the most influencing factor, giving fuel to all the others. In addition, the development of transportation technologies allows us to

straightforward connect over the globe. While Marco Polo had to travel many months to finally arrive to China, people can today step on a plain, have a nap and a lunch, and some time later step out on the other side of the world. People we do business with do not necessarily have to live in the same part of the world as we are. (Crane and Matten 2007)

Environmental

Freeman et al (2007) also claim that people have realized that we have to take better care of the climate of our planet. Newspapers and other media are filled with scarifying pictures of the climate change. The scientist disagrees on many of these media-facts, but do agree that global warming and the production of greenhouse gases and the overall health of the ecosystems are real problems.

The Kyoto Treaty on global climate change is an evidence of the impact environmentalist has on modern life. Businesses have responded differently, some business have taken an approach of 'wait until all facts are in', some have used all there political muscles to lobby against environmental laws and regulations. Others like 3M, General Electrics or Shell have instead adopted a serious 'green' change of there business. (Freeman et al 2007)

Legal

The power of a government has traditionally been confined to a specific territory, as soon as a corporation move parts of there production chain to a third world country, the legal framework will be different (Crane and Matten 2007). After the great published corporate scandals recently there has been a loss of corporate trust. Attitudes against business are getting more negative, there is a paradox in the fact that while companies make evermore pretentious claims of environmental and corporate responsibility, the employees and customers do not trust them. (Grayson and Hodges 2004)

The immediate response to the corporate scandals at the early twenty-first century was to pass a piece of legalisation in the United States, the Sarbanes-Oxley Act of 2002, also called Sarbox. In Corporate Sweden 2004 one of the business stakeholders, the government, applied a corporate code of governance. The idea of the code is to modify a clearer distribution of responsibility and roles between owners, boards, managers and auditors. A driver for that was like in US to generate a restored trust after some media highlighted scandals. (Magasinet KPMG 2005) In 2003, it was discovered that the Swedish insurance and bank company Skandia was dealing with illegal internal affairs and addition provided executives with subsidized apartments in Stockholm and misuse SEK 13 billion from the company, this is probably the most noticed scandal in Sweden. Still, Sweden belongs to the most trusting of business in the world rankings. (Grayson and Hodges 2004)



Figure 3.1 Macro factors for change

3.2 Corporate Social Responsibility

The outfit and concepts used for tackling ethical values are often called corporate social responsibility or only corporate responsibility, because the expression 'social' also mean environmental or climate issues as well as economical.

The systematic reasoning about corporate social responsibility awaked in America half century ago, throughout this time plenty of concepts and principles have been designed and debated. Johnson et al (2008) define CSR as the ways in which an organisation exceeds its minimum obligations to stakeholders specified through regulation. The stance for a corporation to CSR could be all between the *laissez-faire*; meaning make profit, pay taxes and provide job, with a peripheral ethic leadership, a middle management responsibility and a defensive mode to outside pressure. Or as the *shaper of society*, meaning that financial considerations are the secondary importance, the mission for this kind of organisations is more of a social contributor. (Johnson et al 2008)

In 1970, just after the first major sign of business social movement in the US, the Nobel –Price winning economist Milton Friedman published an article that since has become a classic text questioning the social responsibility concept. He meant that the only social responsibility of business is to increase profit. The arguments were based on three main premises. First, the corporations cannot be responsible; it is only the humans within the corporation that are individual responsible. Second, managers solely responsibility is to make profit for the shareholders. There are laws taking care of the social interest. The third argument is that social issues are in the hand of politicians rather than corporations. Managers should not and cannot decide what is in society's best interest. (Crane and Matten 2007)

This idea is according to Freeman et al (2007) borrowed and corrupted from the economist Adam Smith and not imposing current business and societal conditions. Smith meant that under perfect conditions, shareholder profit maximization would

contribute society throughout equity in the economy. Under the actual current global economic conditions of capitalism, this thought is not useful anymore. The ownership of businesses have become more and more diffuse, created a 'shareholder capitalism' meaning that executive performance is appraised in short term profit, even if it damage stakeholders.

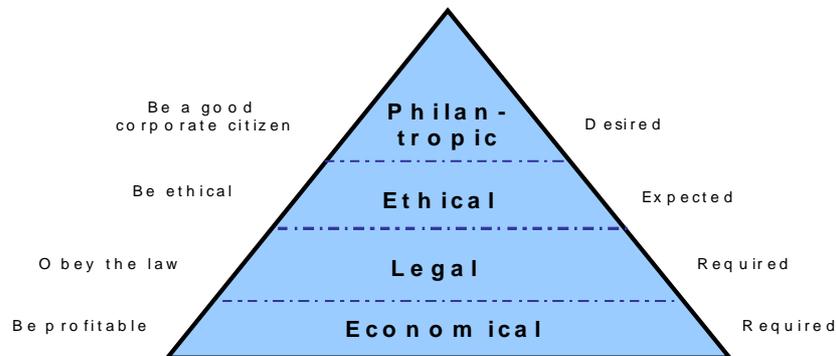


Figure 3.2 Carroll’s Four Part Model of CSR (Crane and Matten 2007)

Carroll is one of the of the established CSR writers. His Four-Part Model of Corporate Social Responsibility as a multi layered concept (figure 3.2) defines what the nature of CSR is. He differentiated CSR into four interrelated aspects; - economic, legal, ethical and philanthropic responsibilities. Carroll defines CSR like this: *“Corporate Social Responsibility encompasses the economic, legal, ethical, and philanthropic expectations placed on organisations by society at a given point in time”* (Crane and Matten 2007)

3.2.1 Corporate Citizenship

To address the social role of a corporation, the concept of Corporate Citizenship (CC) emerged in the middle of the 1990s. This concept established generally after the joint statement on ‘Global Corporate citizenship –The leadership Challenge for CEOs and Boards’ signed by CEOs from around 40 of the world’s largest multinational corporations (MNCs) at the annual World Economic Forum 2002. Numerous companies in Europe have now committed themselves to CC, among them major European companies such as ABB, Deutsche Bank, Diageo, Phillips, Renault and UBS. (Crane and Matten 2007)

3.2.2 Sustainability

Sustainability has become an increasingly common term in the rhetoric surrounding CSR, and has been widely used by corporations, governments, consultants, pressure groups, and academics alike. Probably the most common usage of sustainability is the relation to sustainable development. By focusing sustainable development on the future generations to satisfy their needs, sustainability also surface considerations of intergenerational equity which means, equality between one generation and another. (Crane and Matten 2007)

For long time sustainability as a concept was largely synonymous with environmental sustainability, more recently though, the concept has been broadened to include economic and social considerations as well; this phenomenon is called the triple bottom line and comes from the director of SustainAbility strategy consultancy John Elkington. (Crane and Matten 2007)

3.3 Drivers for CSR

An increasing number of managers are turning their attention to values by for instance adopting CSR and other concepts alike. Companies become more attentive to their stakeholders and more concerned about the norms that guide their own behaviour (Paine 2003). This part is focused on a strategic management perspective of the drivers behind CSR.

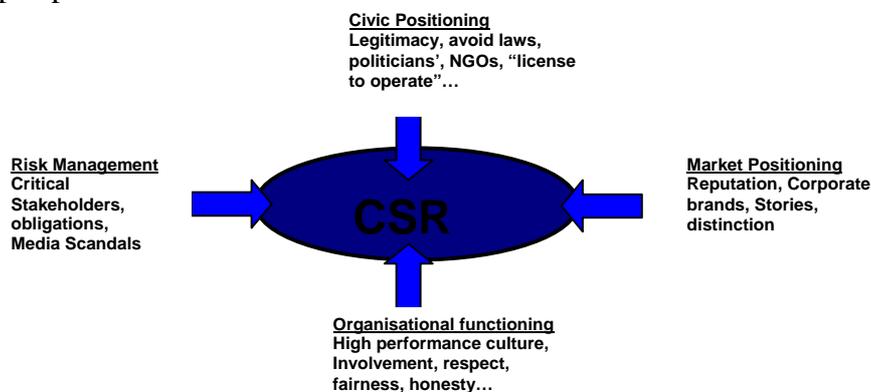


Figure 3.3 Drivers for CSR and Values (Paine 2003)

There are many explanations why managers tend to focus on CSR. Paine (2003) writes that their rationales tend to be collected into four main areas; reason relating to **risk management**, **organisational functioning**, **market positioning** or **civic positioning**.

3.3.1 Risk management

Governments, activists and media have become experts at holding corporations accountable for consequences of their activities. Therefore, one of the greatest drivers causing business managers to adopt CSR is the *fear factor*, which means avoiding trouble rather than seeking for opportunities with CSR (Grayson and Hodges 2004).

The justification for management of ethical values could be as risk management which is driven by the fear of corporate crises. Risk management is associated with eliminate certain risks, particularly those linked to misconduct. Risks associated with corporate misconduct are concerning for the managers. This is when someone in the company's name act immoral of its behalf. In recent years these risks have escalated to the point that even minor misdoings can generate problems of crisis proportions. Misconduct of these kinds does not just threaten

the company but also individual executives, board members and corporate officers who can find themselves blamed. (Pain 2003)

3.3.2 Organisational functioning

Some managers talk about social responsibility and ethical values as essential for encouraging cooperation, increase commitment and to fostering creativity and innovation. To put social issues and values on the agenda could aid to build blocks for a high performance culture. Proponents argue for organisational functioning talks about involvement, respect, fairness and honesty to create a winning team (Pain 2003). Without a loyal support from corporation's members, the stakeholder corporation will be an *empty shell*. When the corporate norms and individual norms are connected it leads to member identification. It has been evidenced that external communication of CSR efforts is a powerful strategy to improve member identification, meaning that the main reader of external CSR communication is the organisational members, which leads us to next driver. (Morsing 2006)

3.3.3 Market positioning

Managers adopting CSR because of market positioning think about shaping a market identity increase fine reputation, building brand to get trust of certain stakeholders. For example; creating stories of superior value behaviour could create a special market position to get a competitive advantage. (Pain 2003) Customer identification is not only connected with products, but also with organisational norms. Morsing (2006) means that market positioning becomes more and more important driver for CSR. But each country has its own unique institutional and cultural characteristics; Scandinavian companies are generally not that aggressive in marketing as their European rivals. (Barsoux 2003) Some studies argued that if companies focus too much at their CSR associations, customers could believe that they try to hide something. A study from Morsing & Schultz (2006) shows that 47 percent of the Swedish consumer thinks that corporations should publish their CSR through advertising and releases, 46 percent think they should publish through the annual reports and webpage and 8 percent of the consumer think that they should not report the CSR at all.

3.3.4 Civic positioning

Some companies seek to establish their business as progressive force for social betterment, to be shaper of a better society without legal frameworks and therefore become freer to operate without interference from governments or NGOs or others that influence regulation. Others simply want to build good relationships with non-market or civic constituents such as governments, non-government organisations (NGOs) and local communities. By doing so they could establish their business as a solid citizen that obey the law, pay its taxes and respect society's basic ethical standards. (Pain 2003)

3.4 Strategic CSR and Stakeholder Management

None of the theories above have really presented a strategic solution for CSR, the following two theories states what companies could do to become a strategic social actor and anticipate to the new macro environment in a according to the authors' efficient way. Both of the further concepts declare that CSR and stakeholder management need a more strategic approach than have been the case so far. So let us take a look at the suggestions they got.

3.4.1 Strategic CSR

'The prevailing approaches to CSR are so fragmented and so disconnected from business as to obscure many of the greatest opportunities for companies to benefit society'.

(Kramer and Porter 2006)

Many managers have put a lot of hard work on improving the social and environmental consequences of their activities. Kramer and Porter (2006) means that there is a lot of efforts done on CSR that in strategic terms not have been nearly as fruitful as they could have been. First argument for confusion is that it is pointing at responsibility in generic terms. Secondly it pits society against business when they actually are interdependent.

Business must root CSR in understanding of the interrelationship between the corporation and the society; Kramer and Porter call it the principle of shared value. Putting this broad principle into practices, companies must integrate a social perception into the core framework they already use to understand competition and channel its business strategy. Kramer and Porter give more concrete suggestions on how to do this:

Identify the points of intersection

Every activity in a company's value chain touches on the communities in which the firm operates, creating either positive or negative consequences. All companies also work within a competitive context, which affect the company's ability to achieve its strategy.

The competitive context concerns four main areas:

- The quality and quantity of available company inputs such as human resources, technological resources or transportation infrastructure.
- The rules and incentives that control competition for instance policies that protect intellectual property, support investment and guarantee transparency.
- The size of local demand like standards of products, customer rights.

- The local availability to support the company such as providers of service and producers of machines.

By ensuring the health of the competitive context the company will benefit both themselves and the community they work within. The population, education systems or health condition in the community will for example influence the pool of superior workers. If business harm society –society will harm business, and if business support society –society will support business.

Choosing which social issues to address

A company cannot solve all problems in the society; therefore they have to select issues that intersect with their particular business. First there are a lot of generic social issues which are important to society but don't intersect with the company and don't influence the company's long-term competitiveness. Value chain social impacts are those that are significant affect by the activities in the regular route of business. Third, is the prioritizing social issues; these are also called social dimensions of competitive context. These are drivers of a company's competitiveness in the locations where it operates. To get clear of what to do, the company must use these three aspects and analyse them in each business unit. They vary from unit to unit and industry to industry.

Creating a corporate social agenda

An agenda can work as a way to categorize and rank social issues, these issues change over time and need to be redefining constantly. The CSR agenda is responsive to stakeholders, but goes also beyond best practice and choosing a unique position, something competitors cannot imitate. Many companies have adopted a CSR checklist to inventory social issues. Kramer and Porter are for example suggest that companies can use the Global Reporting Initiative (GRI) which lists over 140 CSR issues, that list together with the unique value chain could be a good starting point to identify the social opportunities.

Integrating inside -out and outside -in practices

What Kramer and Porter calls inside –out and outside- in practices are to both distinguish external social possibilities and the same time investigate internal value chain capabilities to create values.

Pioneering value chain innovations or addressing social constraints to competitiveness are something separately could create economic and social value, but those two could also work together. Two examples are Merriot and their 180 hours paid classroom education to unemployed job candidates creating a strength workforce or Nestlé who works directly with small local farmers and create premium products. It is all about finding integration in the internal value chain and the external stakeholder expectation analysis.

Creating a social dimension to the value proposition

The unique value proposition is in the heart of every strategy; peoples demand which the company can supply in a specified way. Companies could build their whole value statement around social concerns, but all companies cannot build their value propositions around society issues. What they can do is to add an extra

social dimension to the value proposition which offers a new advantage to the competitive positioning.

Organizing for CSR

Companies must shift from a fragmented defensive attitude to an integrated, shared core value, with a focus on substance rather than emphasis on image. Many managers have a defensive mindset of we-against-them, and that could be dangerous. Organising for CSR means looking at it like a long term investment in a company’s future competitiveness. The responsive CSR is to be a good corporate citizen and addressing any harm that the company creates. Strategic CSR is more selective, choosing the issues with an opportunity to create a competitive advantage.

3.4.2 Managing for Stakeholders

Management role in this new changing environment we talked about before will be to create value for and satisfy key stakeholders and to balance stakeholder interest. The priorities is not essential the customer or the shareholders, key stakeholders could be community as well. Freeman et al (2007) separate two sets of stakeholders, first, it is the primary stakeholders; those vital to the continued growth and survival of any business, communities are primary important in free societies. If activists go to government for relief it could result in regulation strangling the possibilities to act. Secondary stakeholders’ means that managers have to look at the broader business environment on a routine basis, especially those that can affect the primary relationships.

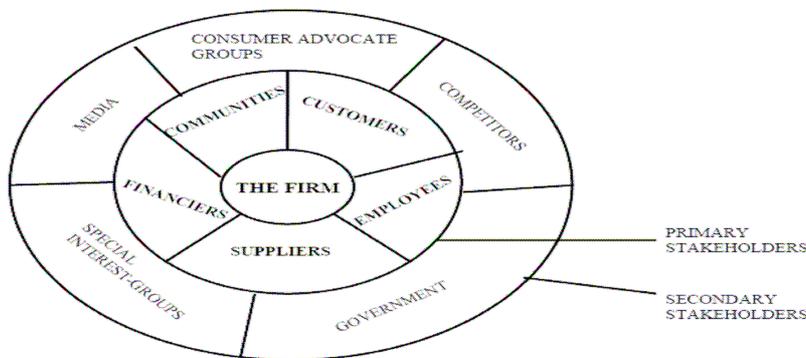


Figure 3.4 Basic two-tier stakeholder map (Freeman et al 2007)

Managing for Stakeholders (MFS) theory has four main components or elements which are interrelated: (1) purpose and values; (2) stakeholders and principles; (3) societal context and responsibility and (4) ethical leadership. This is the basic framework for stakeholder management.

The purpose dimension asks questions like what the company stands for, what the aspirations are, for whom they will creating value, how to make each stakeholder better off and what the company will leave behind for others. The stakeholder and principle component concerns about; how to manage fruitful stakeholder relationships and how principles and value commits with how stakeholders are

supported. The societal context and responsibility focus on societal trends or critics. Managers should listen to essence critics and discover opportunities, start up a dialogue and try to learn from them how to comprehend their purpose and principles. Last component of the strategic MFS perspective is that the management must be ethical. Manage for stakeholders in a successful way require that the executives notice the stakeholders as human beings. This bottoms through the argument that for example employees not just are 'human resources' or customers just 'buyers', they are actually persons with names, faces, children, hopes and desire.

The practical model Freeman et al (2007) suggest is called 'the enterprise strategy'. Managing stakeholder according to the 'enterprise strategy' would be to create an in dept understanding of stakeholder strategies and behaviour. By analyse competitive threat and cooperative potential among the stakeholders, the manager could set up strategies for each and one of the stakeholders. An important question to ask is 'which groups could help us most reach our goals'? It is about spotting and ranking them by low or high competitive threat and cooperation potential. This is what the Freeman et al (2007) call the different 'postures'.



Figure 3.5 Stakeholders and strategic postures (Freeman et al 2007)

The bottom line for the Enterprise strategy is to transactional level of analysis. There is where the actual value could be created in a daily basis. It would be to interact, engage, have a frequent dialogue and negotiate with the stakeholders and to develop integrative value creation strategies. (Freeman et al 2007)

4. EMPIRICAL STUDIES

This chapter will provide an insight in the empirical data that has been collected with the intention of answer the research question, based upon the earlier generated theoretical framework. This data has been collected through webpage's but mainly from phone interviews.

4.1 Introduction of the Respondents

I have made interviews with established Swedish business managers in a strategic board position that constantly take strategic decisions. I have also interviewed consultants working with questions regarding CSR, some longer than others. All these pose my group of experts or committee expressing a collected voice from their experience in business. I have strived to get a broad spectrum of different industry sectors, sizes, and owner structures. Here are the respondents which participate in my research:

1. **Håkan Thorell** has a current position as managing director for the shipping company **Ahlmark group**. A family owned company founded 1847 with a yearly turnover for about SEK 2 billion and almost 1000 employees working in eight countries. Håkan has been a strategic manager since beginning of the 1990s
2. **Anders Löfberg** is a third generation leader of one of the biggest coffee roaster in Nordic region, **Löfbergs Lila** founded 1906. Löfbergs Lila has around 200 employees and enjoys sales of around SEK 1 billion. Anders has experience from working with strategic management for about thirty years.
3. Two consultants at **Hallvarsson&Halvarsson** named **Miriam Thunborg** and **Carina Silberg**. They are mainly working with the CSR communication; meaning services like stakeholder relation, dialogue, and external CSR contact.
4. **Björn Ulfberg** from the Finnish multinational communications corporation **Nokia** founded 1865, was interviewed as well. He has a position as head manager at the global customer and consumer insights and brand management department at Nokia. He also has a background as vice president at Duni and Findus.
5. **Anders Wallin** is the head manager for communication and board member in the high-technology engineering group **Sandvik**, founded in 1862. It is a world-leader in tooling, materials technology, mining and construction. Sandvik has about 44,000 employees in 130 countries, with annual sales of approximately SEK 86 billion. Anders has worked with CSR related questions the last five years.
6. **Lars Olle Larsson** is the head manager for the CSR service at **Öhrlings PricewaterhouseCoopers**. He has since 1977 worked with environmental,

business ethics, communication, market and brand strategies in an amount of Swedish management boards and since 1995 in the auditor service. He has a number of missions for instance as a special member of the FAR SRS and represents them in the FEE Sustainability Policy Group, member of the Management Committee in European Sustainability Reporting Association (ESRA) Advisory Council in Amnesty Business group.

7. **Gunilla Hadders** is working in the value driven consultancy firm **Respect** that inspires and assists the business community in becoming responsible corporate citizens. They are offering strategic management consulting within the field of sustainable business. Respect has long-term contracts with 30 multinational companies and with 20 large companies at the Swedish market. Respect also works with small and medium size enterprises (SMEs).

8. **Steve Fredriksson**, CEO for **Konsum Värmland** . This member owned organisation has around 1.700 employees, an annual sales of approximately SEK 3.6 billion. Steve has positions in a number of boards and an experience from strategic management since beginning of the 1990s.

9. **V&S Group** is one of the world leading spirits companies founded 1917. I have talked with their CEO; **Bengt Baron** with around 2,100 employees and sales 2007 for approximately SEK 10.3 billion on 126 markets. He has been in current position since 2004; former positions include Stepstone, Kodak, McKinsey and Coca-Cola.

With respect for these interviewees integrity, anonymous will be used in the following interpretation. This means that I interpret the collective voice and transfer the specific opinions as italic text.

4.2 Changing factors

When American concepts like CSR arrive to Sweden it seems to be received in different ways, many companies seem to use the original definition while others understand the context and put their own words on it. It is important to understand that when we talk about CSR, we talk about the context. CSR is therefore an expression used to describe the responsibility and engagement in social, economical and environmental issues. Hence, many of the interviewees seem to view CSR as an acronym for the whole context of questions arises from the corporations' social responsibility.

In the same way as I structured the macro factors or trends for change underpinning the managers interest for CSR issues I will here start with the PESTEL framework to outline what the respondents view as changing macro factors behind CSR.

Political

A political trigger for CSR was according to some of them I talked to the ethic code proposed in 1999 of the United Nations Secretary-General Kofi Annan called UN Global Compact. One interviewee means that *this set of nine 'globally acknowledged' principles concerned with human rights, labour and the environment and that it was a great force for especially the larger corporations in Sweden like Volvo.*

European Union is also a contributing factor behind the increasing focus on CSR. *A lot of drives come from EU political actors as well as the Swedish politicians that 2004 resulted in the corporate code of governance. This code impact a clear statement of business behaviour and responsibility against stakeholders one of them stated. This code implies all public corporations in Sweden. The code has consequently created a guideline for how businesses have to take responsibility for economical issues but indirectly also for social and climate concerns. And many of the respondents believe that if someone should take the responsibility, it is the business. Businesses have the power and the decision flexibility which politicians haven't in the same amount; therefore the businesses have to become role models in how to act.*

Economical

More recently, some parts of businesses in Sweden have realized that CSR create economic value or a better value in form of stock-exchange-rate meant one and continued the institutional investors but also other shareholders start to put pressure that ethical values have to be communicated and integrated in the business decisions, and the logical correlation is that the ability to bring investors to you is the same as exchange rate. The foreign investors with shares in Sweden also lift the question of a more ethical value and sustainable approach of businesses. One interviewee means this development started around two years ago and an increasing number of business managers have started to adopt this kind of work in much greater extent than before and consider that I am not sure that Swedish business managers in general understand that CSR create value and that could be a dangerous pitfall.

One of the respondents also explained how large corporations *building empires* as a strategy meaning that *merges and acquisitions are getting more common. It is a focus on size and growth that means eat or get eaten. Corporate power increase and that is a reason why business need lift social and climate issues, business have the ability to change things, and the large MNCs should be leaders, followed by the horde* one of them told me. Another of them talked about the ethic values as an incremental rating factor in the due diligence report, *no one wants to have a black sheep in the portfolio.*

Social

Industrialization in new regions means that *you move the operation from domestic to global communities and, outsourcing is often cheap but it is also a risk* said one of the interviewees. When you are involved in a developing country, you also have a greater responsibility, many of the persons I talked with means that a

responsible managing of businesses in poor developing countries are positive for the regions. *Globalisation of business is the best way to reduce poverty in the world, in that way capitalism archive justice* one of them stated.

Technological

Information Technology is according to the interviewees' an eminent factor for changing stakeholder values and attitudes. One opinion is that *it is no longer sufficient to make large strategic business decisions, without an open and transparent reporting about what we do and how we do it, people will be suspicious*. Many of the media headed corporate scandals have speeded up the process. One said *the media attention and the public opinion have been turning against business; but do you think that we really refer to do harm, is there any business who wants that? The generation of people born in the 80s and 90s has other expectations; they are born and raised in the information technology society. For them it is natural that corporate homepages should inform them and entertain them constantly. I assume that business managers will be even more policed in the future* said another.

Environmental

One respondent declare that *the industrialization of large populated regions of the world like south East Asia and India has caused an emergent climate issue*. Globalization is a factor that many respondents declared. *Globalization means that transnational businesses have to be even more careful, especially with the climate*. One perspective was that *the 'green wave' that arrived first time in the 80s was brushing back to the businesses in Sweden, but now from a different part of the world in another quantity. When these developing countries are developing the same industry climate in fifteen years as we in for instance Sweden built in over hundred years. Of course there will be a reaction and the outcome will be an enormous waste and climate change as well as many social issues*.

The public population in Sweden also understands that we have concerning climate effects which are a contributing factor for change which some of the interviewees talked about. One of the interviewees talked about the standardisation of environmental production processes as a complex question. *In the same way as standards were developed and have been settled before, new knowledge will always turn things around again. In the future it will be new standards which businesses have to anticipate to. This change cost a lot of money, and to get economic of scale in production again takes time* a respondent claimed.

Legal

One of the interviewees told me that *the 'license to operate' dedicated twenty years ago the business of regulation, standards and laws were conducted by politicians and industry branch bodies in US, demanded responsibility of the business. Media and public were not expected more from the firms, and if they followed that it was acceptable. But then the environmental NGOs like Greenpeace considered that businesses could do even more, and through lobbying they produced a new legal framework, in this way other NGOs like human rights*

and work condition rights were drivers for new forms of legal standards of doing business.

4.3 Drivers for CSR

The model I used in the theoretical framework to describe why **business managers** turn their attention to values and CSR are stated here.

Risk management:

Many of the interviewees said that they first responded to CSR with Risk Management associated with defensive thinking. This rationale is consistent with the respondents conducted with risks linked with media scandals. *CSR takes energy from us to control risks instead of doing business, if everyone in the organisation act responsible there is no need for CSR.*

One said: *Shareholder priority cannot be on the behalf of the global climate or the humans the business interfere with. Therefore it must be a greater dialogue with internal stakeholders, like employees or suppliers, about what kind of risks the company lives with. If one supplier or manager takes an unethical decision the whole corporate body will be accused, but also the individual management board members. And continued: Therefore a significant driver for CSR is to shield the corporate identity, reputation and brand and the risks that emerge when individual managers do not follow the corporate ethical values or code of conduct. This will also make the media blame top management and in some cases also influence the stock price.*

Organisational functioning

One of the persons I discussed with said: *Today it is hard to recruit new excellence students without having a good reputation, brand and identity that are shared with the employees.* Another said that *working with CSR will strengthen the employer brand* which is a major success factor in business of today. A lot of the interviewees are mention that internal employees are demanding a CSR approached strategic effort. One of the respondents thinks that *the younger generation of the workforce, mainly born in the 70s and 80s has other expectations than the older generation, expectations that also concerns social and environmental ethical values* thinks one of them.

These kind of questions are also something that speaks to the heart of people said one and continued; *to work in an organisation which makes a difference in the world gives a strong reason to work better and harder. It makes people proud of what they do, and give them a responsibility which they are ready to take, for the climate, the society and thereby for life. This includes business managers as well as other employees.* Consequently organisational drivers are according to the interviewees very important.

Market positioning

Taking strategic decisions is about be sensitive to trends in the society, if a strategic manager has the courage and resources to anticipate to these trends in an earlier phase than the competitor, the company can take a first mover advantage –in my case it was clear that climate friendly products were about to growth and that social contribution gain our business. But not all trends actually influence the sector of business, and there is always certainty points were to meet new trends. It is about aiming right in factor and time. If the manager gets that first market mover advantage, other good things will accompany; you strengthen the brand and meet the customer needs in an early stage one of the respondents said.

However, when we talked about market reasons for turning to values, lots of them I talked to were of the opinion that Swedish managers are different in an international perspective. *Many managers actually do good things for the society and the environment without external communication.* One of the reasons could consistent with one of the interviewees be the complexity in many of these cases. It is always a question of what is really true or false. The interviewee gave me the following illustration of this:

Toyota profiles them with their hybrid technology as an environmental alternative. Toyota strives to become climate friendly and that is a good idea, but are they really walking the talk? If we for instance compare a Hummer car with a Toyota Prius, probably the obvious consumer choice for the climate will be the Prius with a friendly approach to CO₂ waste. However, new studies have shown that if you compare the cars from the write desk to the junkyard, the Hummer is more climate-friendly. The reason for this is because the Prius components are transported around the world, from one production plant to another. So when this study compares the two cars after 15.000 Swedish miles, Hummer is the most environmental friendly choice. This illustrate that there are always journalists, sciences and others who will ‘smash’ you when you profile the CSR case to aggressive. The respondent finish by saying that what is accepted knowledge of true today, could be turned around tomorrow.

Another aspect brought up during some of the interviews is the Swedish mentality as a factor for not profile CSR in wider extent. This opinion refers to the old Jante Law, sound ‘do not think you're anyone special or that you're better than us’. So when you profile yourselves and say to the public that you are approving an excellent CSR case, *the media will hunt you until they find something to blame you for.* These critics are risky for the company and to avoid get involved, many companies do not communicate their CSR case externally. Therefore, many of the interviewees do not think that market positioning for turning to CSR are that strong force as many of the other forces.

Investors

The last two years, a change has emerged in corporate Sweden; many of the respondents have a perception that the most driving force for CSR nowadays is the investors' expectations. One interviewee said that *the focus have moved from NGOs as drivers of climate and later also human issues, to the shareholders which has become more interest in ethical issues. This development has increased rapidly recently two years, expectations increase particularly from institutional investors' both for climate and human right improvements for the companies. When large parts of the heavy investors start to lift these questions on their agenda, the business managers have to do that as well.* Most of the respondents agreed on that as a business manager the main responsibility is fulfilling the owners. One of the interviewed means that *power is the same as capital and when the investors want us to invest their money in social and environmental projects; we will satisfy that require. In generally Swedish business managers are ethic and morally in nature* another interviewee said. *There is a change of how the shareholders expect how to manage a corporation today, both the corporate governance and how to conduct business.* Many of the respondents explain that this is the strongest force why CSR has become a strong influence on Swedish business of today.

4.4 Generally statements of CSR and Strategy

The expression *CSR had become widely misinterpreted of many*, a lot of business managers still view CSR as a philanthropic action similar to charity. Many of the interviewees are admitting that first time when they were in contact with the concept they thought CSR was about charity. *In fact*, one of them said, *CSR related issues are strategic questions, the questions that bring up society and the climate we live and do business within.* Most of the respondents' remarked that society and business belong together.

As I settled before there are different ways of perceive and adopt American concepts and expressions. In the group of interviewees, the CSR context was understood but some of the managers have put other words on the same kind of context. One of them I talked to calls CSR an *'etiquette' for the whole range of questions we talk about* another called CSR an *acronym like many others used within this context, it is about meet expectations.*

One of the respondents who handle consumer products told me that the *strategic management in that type of business is about read the trends and reacts on them. To be sensitive for these kinds of trends and understand their means and ends is what strategy is about.* It is about *understand future expectations and attitudes.* And in relation to that *hit a specific point of time as well as place.* In this interviewees case *it was so obvious that CSR would be an integrated part of future business that changing the strategic approach was an investment with logical payback.* Integration is a part that comes back when they talked about CSR, one of the respondents said; *it is not enough to do like Axfood is seems to do and hire an old 'green' politician to take care of the environmental issues without put her in*

the management board and be a part of all strategic decisions. That seems like a PR trick without any integration in the strategic management.

One important statement also conducted in this discussion is how different it is to set up strategies in different owner structures. *The more owners, the more people you have to convince and argue that the strategy is a good idea.* The decision process is therefore obviously easier in for instance family owns businesses compared with public owned corporations.

4.5 Strategic CSR and Stakeholder Management

Finding innovative solutions or strategic gaps, possibilities in products, service and markets, will according to many of the interviewees be a determine success factor in the future strategic management. New stakeholder expectation means that managers have to be open and aware of problems emerging in the business activity and respond them in an early phase. *Some large Swedish corporations have conducted a successful CSR by lifting opportunities* meant one of the interviewed. Still, many of the respondents think that the mass of Swedish business managers are far from notice the change. *Many Swedish companies are still far from strategic with their CSR* said one and continued *but there are cases where Swedish businesses are in the frontline with CSR as well.*

The successful corporations working strategic with CSR are according to the interviewees collected voice much more open, with more alignment of communication and dialogues and incorporated with ethical values as a hygienic and strategic part. But also embedded with more cooperation and innovation, a stakeholder driven management integrated with the societies, and a larger focus on long-term business investments.

These are the collected views of strategic management in the CSR context all taken from the interviews I had. Many of the respondents were also talked about certain cases for strategic CSR; therefore I want to illustrate some of them here. I have chosen not to bring up the interviewees own specific company cases, but randomly picked some that was mentioned as examples in the interviews.

4.6 The Business Cases for CSR

These cases brought up during the interviews will end this chapter of empirical studies. To underpin the information I perceived from the interviews I have also used the internet as a support to illustrate these business cases for CSR.

4.6.1 Electrolux case

Electrolux is a global leader in home appliances and appliances for professional use, selling more than 40 million products in 150 countries. Their focus on sustainability emerged from the strategy that been in place since 2002. Electrolux mean that focus on sustainability generates in growth. For them sustainability is

about creating value for themselves and the people who come into contact with the group's products and operations. By spotlight on sustainability they will generate business opportunities. By being a responsible group they have already archived a lot of outcomes. For instance by being a preferred supplier among retailers like Wal-Mart, Sears, Migros and IKEA. Reason for this is mainly because of their social and environmental performance. They are tackling climate change, working to endorse universal ethical, social and environmental standards around the world and managing reconstructing processes in a responsible matter.

An example of the cutting cost activities that also benefit the climate is the improving energy-efficiency Electrolux use in the group's operations. As a goal for 2009, they are about to reduce CO₂ emissions with 100.000 tons and thereby estimate savings in operational cost of approximately SEK 100 million annually.

The group also has a product-led approach for both environmental and business advantage; by for instance developing products that consume less energy and water. These kinds of products increase in demand and gain a higher profit margin. They mean that there are trends in health and wellness that affect demands as well as environmental considerations; demanding climate-smart options, for instance products that preserve food stuffs so that nothing have to be thrown away, as well as alternatives to bottled carbonated water.

They address the success of diversity among employees. Diversity gives the opportunity to be better equipped to satisfy the demands of different markets and consumer needs. There expansion in growth markets such as Eastern Europe, Latin America and large part of Asia were disposable income rises are no coincident. In the emerging markets, demand is growing as more people can afford modern kitchen appliances. Their sales in Latin America growth rapidly and the operation has showed record high income. Electrolux strategic approach to tackle the low working condition standards in countries like China is to consultant with the regional unions to improve higher democratic standards for environmental and social issues. They are also consulting with unions in areas where they moving from by offering programmes for unemployment. Electrolux is constantly consulting a wide range of stakeholders to get knowledge of the business impact. Recently, they reconstructing production from areas like Sweden towards low-wage and developing regions like Poland, Thailand and Mexico. The production relocating analyses included considering proximately to future growth markets. Relocating production to other countries gives Electrolux access to new markets (www.electrolux.com)

4.6.2 Vasakronan Case

Vasakronan is one of the leading property companies in Sweden. They focus on offices and stores. They got 160 properties in their portfolio; these are placed in Stockholm, Gothenburg, Malmö, Lund and Uppsala. They employ 398 staff and had 2006 an annual sale of 2.7 billion.

For them sustainable development involves conducting operations and managing their properties with minimal impact on the environment, adopting an ethical

approach to the treatment of the employees, customers and their other stakeholders. Vasakronan's sustainability work is based on the aspects identified as properties through internal environmental assessments for instance. By a perceptive dialogue with their stakeholders, they are sure that they address the right issues.

This year Vasakronan has reduced an amount of oil by 30 percent, saving SEK of 1.6 million. They have reduced carbine dioxide emission by 40 percent; they have a higher heating energy efficiency which is 25 percent better than the Swedish average. They also have a gender distribution of 46 percent woman and 54 percent men, and since their sustainable strategic approach was known they have got more engaged and satisfied customers and employees (www.vasakronan.se).

4.6.3 Teliasonera Case

TeliaSonera is the dominant telephone company and mobile network operator in Nordic and Baltic region, they have 10.000 employees in Sweden and 26.500 globally. To address the problem with unemployment for many non-prioritized social groups in Swedish society and at the same time get a diverse workforce that might reflect and meet the consumers needs they are running a diversity-project. TeliaSonera has started the diversity project in cooperation with the governmental organisation AMS for unemployed in Sweden. The aim is to get ten candidates with a foreign background, educate them in the Swedish language and TeliaSonera services This could consequently lead to recruitment after three month.

January 2008 was the opening date for this project, these candidates where men and woman in different ages with roots in countries such as Cuba, Philippines, Iran, Iraq, Tunisia, Mongolia and Eritrea. They all have a university education in common as well as competence in telecom. These persons have a lot to contribute with means the HR director, and that's why we run this project. The eventually problem is the language, the communication is an important quality, but with this project we give these people chances to overcome that problem and become an important resource for Teliasonera (www.teliasonera.com)

5. ANALYSIS

In this chapter I will analyse the research question with help from the two past chapters. This is the chapter where I contribute knowledge to the existing theories, trying to give suggestions for further research in this context.

What are the drivers behind CSR and how is it influencing the strategic management in corporate Sweden?

In the theoretical framework I was settled up an approach that trends in the macro environment have changed attitudes and values, meaning that the stakeholders' expectations for business have changed. The rationale for business managers to turn their attention to values, drivers from their perspective, was approached in Pains (2003) theoretical framework. Then I explained the concepts of CSR. Finally I conducted two theories which gave suggestions of how CSR could be strategic and how to manage stakeholders in a strategic sense. This was my preconception of drivers behind CSR from the beginning illustrated in figure 5.1.

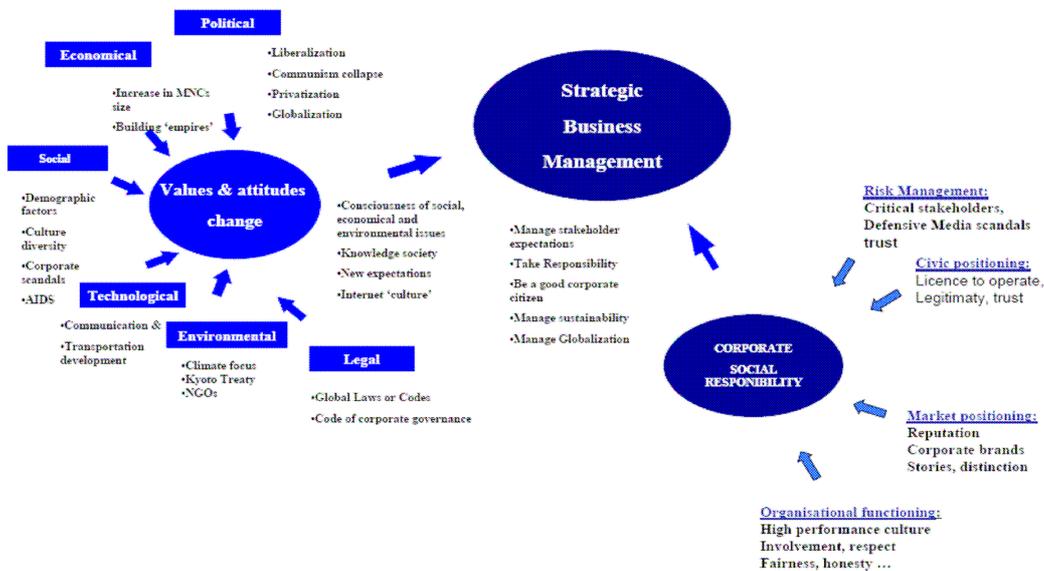


Figure 5.1 The theoretical basic approach

From the empirical study I tested these theories and asked the respondents how they interpret how it works in corporate Sweden. They gave me a lot of information of what they percept as drivers behind CSR and how it is influencing the strategic management in Sweden, which I translated in the empirical chapter. They talked about their own CSR cases but also about others, in the empirical chapter are therefore some of the other cases illustrated with support from internet sources. Here is the analysis of the secondary data compared to the primary data I

received from the interviews. I will analyse this overall question by using the three distinct questions I wrote in the introduction chapter.

5.1 What are the key drivers behind the increasing focus on CSR?

5.1.1 Changes in the macro environment

Some of the factors or trends described in the theoretical framework were also portrayed in the interviews. It appears to be technological development that fuels the new business climate; it opens doors for a global world and turns the way of doing business around. In corporate Sweden it has been changing attitudes and values toward business as well. This would raise focus on responsible business behaviour.

Information Technology

Grayson and Hodges (2004) suggested that the development of technology influence stakeholders' values and attitudes. This is also confirmed by the empirical framework in this thesis. Development of information technology has changed business in corporate Sweden and influenced businesses to become more open to increase commitment. Commitment and trust are recommended to be improved because the overall supply and demand of information from stakeholders'. There is for instance a suggestion that the younger generation of Swedish conduct an internet culture with changed values. I think that is true in many ways; especially people born in the 80s like me expect that corporations have a transparent business. Internet is a window to the world, and the Swedish young generation is constantly connected to the world which increases the focus on a global business responsibility.

Globalization in Sweden

The theoretical framework described macro factors that have opened up a global field to operate within. Many Swedish corporations are already transnational, and many of the people I talked to work global. Forces for an increasing focus on responsibility in Sweden seem to come from global political actors such as European Union and United Nation which in turn influence Swedish government. Swedish managers seems to respect and pay attention to these organs.

Swedish businesses are moving from domestic to global markets, and in the same time, many foreign investors put their capital in Swedish corporations. Influences from other parts of the world are affecting Sweden as well. Questions regarding responsibility have according to this research to be improved because of the widespread communication of news around the world. I believe a proof of that the globalization process influence Swedish companies is the annual reports and information on the internet corporate homepage's that are written in global languages to meet the needs for the customers, employees, investors and other stakeholders.

Industrialization

In PESTEL framework it was stated environmental dangers as well as social injustice as a factor for business change. Media and other information sources are feeding Swedish people with news about climate and human right issues. It seems like business are confronting two challenges of faith; climate issues and poverty. These two challenges are according to this thesis different in characteristic because the industrialization contributes to a decrease of poverty in areas where business set up their activity. In the same time, industrialization increases the need for environmental concerns. Here is according to me a need for innovative solutions and businesses with a climate-smart approach will probably gain competitive advantage.

'Empire builders' MNCs giants and their portfolio strategies

The interviewees talked about the tendency for large multi national corporations to build empires through mergers and acquisitions. And that is also backed up with the study from Anderson and Cavanagh (2000) showing that 51 of the 100 largest economies in the world are corporations with higher growth development speed than the countries. This development also point at the fact that corporations, especially large multi national corporations, will have greater expectations of contribute to the society, and without support from society they cannot build larger empires. One of the respondents also talked about the due diligence as a way to measure if the ethical values interfere with the buyers, this is also a driver for ethical business because MNCs have increase in power and influence smaller corporations to take care of their brand reputation by being ethical. Economic factors are therefore suggested to contribute to an increased focus on CSR.

These factors could according to this thesis influence stakeholders' values and attitudes consequently also expectations meaning putting new demands on Swedish corporations.

5.2 What are Swedish business managers rationales to adopt CSR?

5.2.1 Fulfilling stakeholder expectations

In the introduction strategy was defined as the course and scope of an organisation over the long term, which achieves advantage in a changing environment through its configurations of resources and competencies with the aim of **fulfilling stakeholder expectations** (Johnson et al 2008). My interpretation is that fulfilling expectations is rationales for business managers to adopt CSR. I will no elaborate that reasoning.

As was settled earlier; stakeholders could be a widely variety of groups and individuals. *Stakeholders are those individuals or groups who depends on an organisation to fulfil their own goals and on whom, in turn, the organisation depends* (Johnson et al 2008). Investors, consumers, media and employees are

stakeholders, and the strategic aim is according to above definition to fulfil their expectations.

Swedish Investors

The Swedish corporate code of governance is a legal force motivating for transparency in addition to CSR; it has caused a message to businesses that the responsibility has to be distributed. Investor relation as a driver for business managers to turn to CSR has according to the respondents increased the last couple of years. Recently an increase of expectation from institutional investors to improve responsibility has driven corporations to adopt an approach of CSR, but who are these shareholders really? They are after all people like you and me, with money on the bank, insurances, and pension funds etc. Brealey et al (2007) are for instance states that: *The ultimate source of financing is individuals' savings*. In Sweden banks play a dominant role in ownership. Historically Swedish firms were privately owned or in the hand of family controlled foundations, holding companies and investment companies. However institutional ownership has increased and in 2005, less than 15 percent of the market capitalization was held by individual owners (Skog 2005). This could indicate that the public population in Sweden is becoming aware of their legal voice in business, and when their values and attitudes change they expect business to take responsibility. Strategic purpose is influenced by the governance structure and the corporate responsibility towards stakeholder expectations. The corporate governance refers to the regulatory factors decide the strategic purpose, this raise the question of who the strategic management is accountable to in legal terms. Shareholders which in fact also are stakeholders have a legal voice to influence the strategic direction.

Employees

Pain (2003) wrote that organisational functioning could be a driver for corporate responsibility. This study shows that in corporate Sweden, organisational reasons in form of expectations from the staff and future employees are a strong force for adopting CSR from a management perspective.

According to many of the interviewees the organizational driver, caused by employees' expectations are a really strong reason for implement this concept. CSR related issues talk to emphatic people's heart; it is issues that concern all of us. Many of the persons I talked to also have a positive attitude to these kinds of question, they are doing more than just compete, they are now committed to question concerning their children's future and grandchildren's as well. Many of them feel that their job change in a direction impacting engagement with communities, like politicians. And what is really most important in life, to be as rich as possible or to know you leave a good heritage behind you? Organizational reasons could mean that CSR is the core for keep employees committed, involved, making them proud of what they do and thereby create a high performance culture. The new incentives for the generation might be engagement in global issues. The Swedish well-fair system often said to be built of solidarity and egalitarianism is not longer enough to involve young individualists; it is not longer an incentive to work hard as a solidarity act for the country. The future incentive for a performance culture with strong member commitment is to work

hard for global justice, for instance for people with HIV, development of democratization or for the climate or other issues that speaks to people's heart. Solidarity is on its way back again, in a new package, maybe called CSR?

Media scandals

Risk management was approached as a rationale for business managers to adopt CSR. This is concerned with risks that could damage the corporate reputation. Risk also seemed to be a driver for CSR in Sweden. Many respondents were talking about risk management as a first step in their CSR efforts. This is regarding to them because everyone expect to get an insight of in what way business managers in Sweden act and behave, media are constantly searching for new scandals; a scoop will mostly credit the journalist with trust and honour because of their role in society. To deal with these new circumstances the businesses have to insure an ethical corporate culture, the dialogue of values and moral has to increase.

Many businesses already have their own strong core values and codes, but when the organization grow and move to other unexplored areas, values could get lost on the road and culture could clash etc. And one single manager's mistake could cause huge damage. That could be a reason to why it is such a need for codes of conduct and global reporting initiatives; to communicate trust internally as well as externally.

Market reasons

Market positioning was one of the suggested rationales for business managers to adopt CSR. Expectations from consumers and customers are the core of every business, meeting needs and expectation is one thing, positioning about it through aggressive commercial external communication is another. Market positioning in form of external stakeholder communication seems to be a factor that Swedish business managers do not count as a strong reason for adopting CSR. Scandinavian companies are generally not aggressive in marketing compare with the international competitor's means for example Barsoux et al (2003). This could also influence how to profile and communicate the CSR cases. Even if the aggressiveness varies for how to conduct CSR externally, the CSR for market positioning reasons could also be a driver. The customers are demanding sustainable products and services, meaning that their needs have to be supplied. In that concern market positioning is a driver for CSR. And at the same time as some of the interviewee insinuate that the Swedish mentality could be a reason for Swedish corporation to not communicate CSR external and that market positioning not is a driving factor for CSR, some of the corporations use external communication in a strong sense. The cases I bring up in the empirical framework are an example of Swedish companies that communicate CSR aggressive. But this is a question hard to really get any wiser of. What is interesting is that for instance Vasakronan is communicating their CSR effort with environmental and social issues, and in the same time they get critics for their management compensation deals. This is just one case of companies that profile them self as CSR corporations, without covering the whole concept. Regarding to this discussion it is interesting to have in mind that the study from Morsing & Schultz (2006) shows

that 47 percent of the Swedish consumer thinks that corporations should publish their CSR through advertising and releases. This could confirm the external CSR communication in corporate Sweden.

5.3 How is CSR influencing the strategic management?

5.3.1 Meeting obligations or lifting opportunities

According to this thesis responsiveness to stakeholder expectations are different in corporate Sweden. This means that some companies take responsibility in a more offensive way than others. The CSR concept has according to the interviews been received in many ways from a management perspective. Some managers have received CSR defensively by set up a risk management approach to meet obligations whereas others restructure the strategic attempting by imbed CSR and stakeholder management in their core business strategy.

Many CSR writers have been explaining social responsiveness in different ways. I choice to separate the respond to stakeholder pressure in corporate Sweden into two strategic stances; meeting obligations as a defensive stance or lifting opportunities as an offensive strategic stance.

The interpretation I got from the interviews was that responsiveness is a progress. The progress seems to reach a mind-set from risk management and a more defensive strategic respond to a more or less proactive approach meaning set up strategies for future demands. What drives managers thought the progress has changed, from meeting obligations from mainly media and NGOs to expectations from investors, employees, customers and other stakeholders. Those more familiar with the concept CSR have already been through the progress long enough to explore the concepts positive future possibilities. These corporations tend to have a proactive strategic approach, meaning that they go beyond the industry norms and anticipates future demands.

Defensive strategies

Some business managers respond to CSR in a defensive mode. Some said that they feel that it takes energy out of their core business. This is concerned with the obligation attitude to stakeholder pressure, doing CSR to avoid the risks for scandals. Some business managers take the responsibility without doing so much more; my interpretation is that many business managers are confused about the CSR concept. Porter and Kramer stated that *'The prevailing approaches to CSR are so fragmented and so disconnected from business as to obscure many of the greatest opportunities for companies to benefit society'*. My interpretation is that this corresponds with my research results of how many Swedish business managers percept CSR.

According to the empirical framework there is an assumption of CSR that is not truthful with how the context is conducted in a strategic sense. I think that this also leads to the fragmentation and disconnection that obscure many

opportunities. I chose to collect these assumptions in three myths that surround the CSR concept and contribute to the fragmentation.

Myth of CSR as charity; some managers still think that CSR is mainly concerning philanthropic actions, charity or sponsoring from the corporation to get a better public relation. One of the respondents was clear with the opinion that *CSR is not charity, it is not about sponsoring a TV show with a check of 1 million, but still, some people unfortunately think that*. Philanthropy in form of economic contribution is not a long term strategy, from their perspective business managers mean that it is better to give a net than a fish.

Myth of CSR as only social issues; the expression 'social' is sometimes confusing, many companies choose to remove the 'S' and call it corporate responsibility because of the disorder. The expression 'social' responsibility is like Elkington and others also state, the responsibility towards individuals of the planet from one generation to another. CSR refers to the sustainable responsibility for economic, environmental as well as social issues. One of the respondents said that *CSR is just an acronym for the whole mind-set and context emerging when we talk about these issues*.

Myth of CSR as only risk management; the last myth that has to carry out before we move on is the assumption that CSR merely is associated with risk management. Risk is a concept that denotes a potential negative impact to some characteristic of value that may arise from future event. But risks often got two sides, the other positive side is the one characteristic the possible opportunities that could rise, in this context from new demands and expectations. *It will take some time before the mass of business managers understands that* stated one of the interviewees.

Offensive strategies

The business Case for CSR illustrates how business and society actually could benefit each other when the corporation lifts the opportunities that appear in the CSR context. Electrolux is according to the normative theories an excellent example of how to work strategic and sustainable with CSR related issues. There is an integrated view of CSR, which means that it imbue every decision in the operation. Electrolux also pointing at the possibilities emerge in the new context and the opportunities to succeed through creation of new market knowledge, and to find innovative solutions for society as well as the environment. Normal substance business behaviour where responsibility for the stakeholders' is taken and coherent humanity-approach to business is accomplished is actually gaining and supporting both society and business.

Electrolux strategy has a lot in common with the suggestions made by Porter and Kramer (2006). They are identifying the points of intersections by strengthen the competitive context. By produce their products in developing or emerging markets such as Mexico or Poland they contribute with a growth of higher standard and disposable income, meaning feeding the pockets that will need their products. In the same time as, for instance Poland get new jobs by an Electrolux

plant, they can raise their standards and payment-level, maybe just a small piece, but still an incremental improvement. Electrolux is gaining advantages by having cheaper production costs in Poland, because of low-paid-workers compared with for instance Swedish costs and standards for production. And at the same time, Electrolux get insight of the Polish consumer behaviour which are a region in a developing phase with increasing buyer power. By that Electrolux is into the blue ocean strategy, finding new open market space by an innovative and sustainable strategy.

Teliasonera illustrate how good partnering with stakeholders result in a win-win situation. In 'Enterprise strategy by Freeman et al (2007) it is pointed out that cooperative potential is important, government and the community has a high potential in this case. Teliasonera have become conscious that diversity among consumers have to be support with diverts workforce. By helping people get opportunities to work and learn the language, they will also get skilled cultural insight of how to work. 20 percent of the population in Sweden has a diversity cultural background, and in 15 years, that number will increase to 30 percent (www.diversitychallenge.se).

Vasakronan is a case showing that an internal value chain evaluation as well as external stakeholder dialogue could lead to incredible cuts of costs. In this case they can observe the outcome in an early phase, and when the emission of gas is decrease with such a size we could only imagine the competitive advantage.

These cases are just a random pick of the large amount of companies that in strategic terms have been influenced by the CSR concept and responded offensively. It might be opening up possibilities for new innovations as well as savings in both short and long term. There is also indications in this study that point at that the long term strategies with less aim for fast value outcomes also become further acceptable because of more sympathetic long term-investors. It is easy to find more correlations between the two instrumental theories from Freeman et al (2007) and Porter and Kramer (2006), and the strategic management appearing in the chosen cases. Think for instance of the strategic cooperative potential between Teliasonera and the unemployment organisation AMS, Electrolux connection to IKEA and others or Vasakronan and the strategic link to their employees. All these stakeholders are different postures with cooperative potential as well as competitive threat. It could be easy to forget that stockholders also are stakeholders, with a low cooperative potential but a high competitive threat.

These cases in addition to the interviewees generally statements of CSR and strategy have collected a range of new thoughts of how to manage a responsible business in corporate Sweden.

More open, cooperative and communicative management leads to stronger stakeholder commitment. To get more commitment from employees and other important stakeholders, the manager has to share thoughts and has a dialogue with many others. We are according to this hypothesis moving away from the authorial

and closed leadership to a more open and holistic, as a consequent of the new information society. This also refers to that people have to identify with what kind of values the company stands for. My perception is that the communication skill will be to make people believe by feed information that everyone understand. A strategic manager openness will according to this assumptions be required and preferred in the information society, to be open for a dialogue with the stakeholders as well as communicate what you are about to do, constantly. Transparent management is also characteristic the typical multinational CSR companies that you find on the internet, there is often an overload with information about the corporation and its activities and achievements.

Understanding of social and environmental issues has to be approved and reproduced; more investments in knowledge could be archived through many sources. It is often lack of knowledge that causes environmental waste and social harm rather than evil or hunger for profit. When awareness about these issues is generated, the change are logical, think for instance about the problem with the Baltic Sea where over-fertilization caused by lack of knowledge rather than evil. Expectations from the new generation stakeholders' seems to be that corporations engage in global issues such as poverty and climate change. By making research and develop innovative solutions that contribute to take care of these challenges, commitment will be archived.

Collaborations refer to how managers could work together with different stakeholders and other in the network, and to share knowledge. As an example of this, some of the interviewed talked about how they run projects together with NGOs and government, were all three partners are equally important. Lobbying also increase in Sweden, according to the respondents, lobbying and competence network are emerging more and more for CSR related knowledge.

Strategic management will involve a strive to change human and climate issues by conduct a responsible approach

'Restating corporate purpose in terms of social needs rather than solely of maximizing profit is the surest way, in this sceptical environment, to distinguish oneself from competition, regain public trust and ultimately increases stakeholder (not merely shareowners) value' (Wilson 2004)

Is it always defensible investing in social and environmental projects? Just like Kramer and Porter (2006) state; many of the generally CSR issues could gain business and many of them are not. But if corporations turn this question around particularly for the MNCs building empires, like those 51 multinationals on the top 100 list of economies, how could they approve and keep their expansion without take responsibility and fertilize their own resources?

Sustainability refers to economical survive, but business does not have just one single objective. My perception is that new mindset is that corporations in Sweden as well as in other countries have a responsibility towards future generation not only to survive but to contribute to a better world as well. I believe business

managers have a responsibility to future business managers, to nurse the corporate brand and be a part of the global development. Some argue that CSR takes ‘the eyes of the ball’. But I know that in sport, all successful players control the ball even when they lift their eyes of the ball. They call this split-vision, that is what I think will be the strategic impact in the future management.

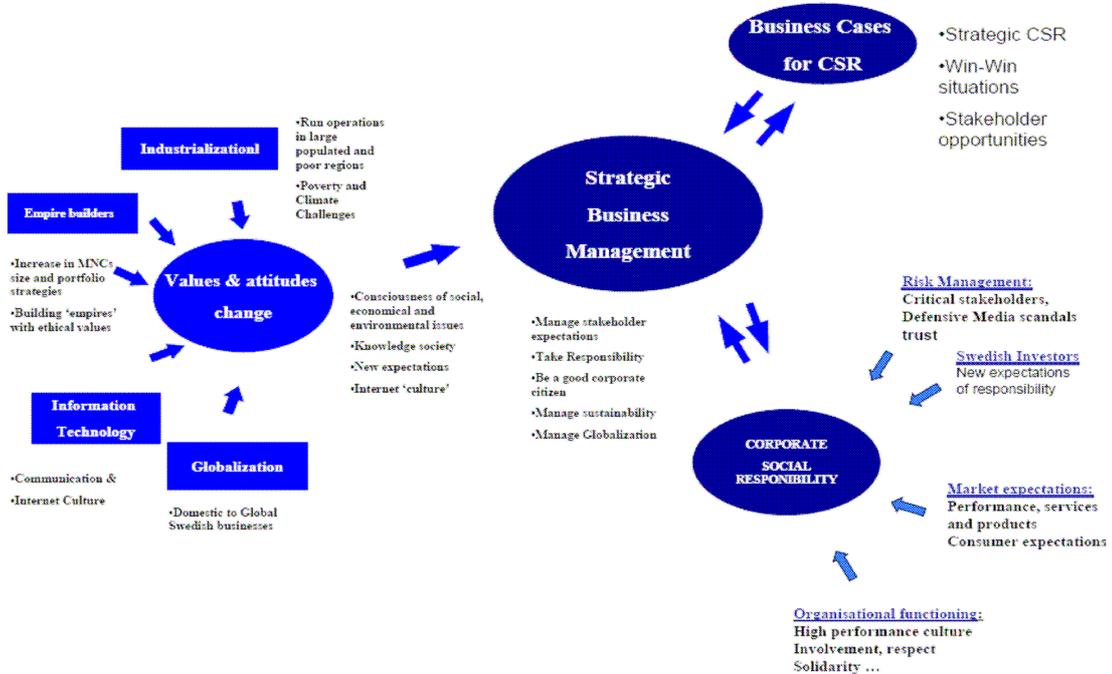


Figure 5.2 The analysis basic approach

Here is the finale analysis illustrate what I have come up with (Figure 5.2). On the left side shows the four macro key drivers for a changing focus on CSR in Sweden. People gets conscious of global issues like extreme poverty and hunger, climate issues, war, diseases and other terrible heart speaking things. Since corporations grow in power and size and start operate globally, the pressure and expectations on them increase.

Expectations could come from a several directions. The model on the right side of the figure demonstrates which stakeholder expectations most driving in corporate Sweden. Employees (Organisational), investors, media (Risk Management) and consumers (Market) drive for change from a management perspective; their expectations force Swedish business managers to turn their attention to ethical values. In the upper front corner there is a arrow down from ‘Business case’ which illustrate that the strategic manager starts to understand opportunities within the context, by explore how other corporations make their case and success with CSR.

6. CONCLUSION

Here is a wrapping up of the most central things conducted in this research, answering the research question.

This thesis has proposed that macro factors such as development of information technology, globalization of Swedish corporations and industrialisation of large populated regions have changed Swedish business stakeholders' values and attitudes. This change of attitudes means that expectation of businesses responsibility have increased, particularly from media and a young generation Swede entering the labour market. Recently two years, powerful institutional investors' (mainly Swedish banks) and the Swedish code of corporate governance have forced business towards responsibility. At the same time giant MNCs grow and their interest and engagement in social issues increases as well. All these factors are key drivers for changing expectations.

Business managers respond to these expectations in multiple ways, it seems like a progress where responsiveness begin with a defensive risk management approach to avoid corporate scandals and meet obligations, maybe because that CSR is a concept that has been misunderstood by many Swedish business managers. The development also point at a change in shareholders attitudes in corporate Sweden which also is a significant driver. Institutional and international investors expect social responsibility in greater extend. All this is explaining drivers behind CSR. As a sketched in the introduction of this thesis; every corporation is unique with their own set up and mind set.

Consequently, some Swedish corporations have reached a point where they use an offensive strategic CSR approach that lifts opportunities and future expectations from a wide rage of stakeholders. Strategies with responsibility and sustainability in heart appear, according to this research, from open-minded, collaborating, holistic and communicative management, with focus on substance and win-win benefits. Offensive corporations try to archive an attractive performance culture by lifting opportunities that speaks to people's heart. Challenges like poverty and climate change creates incentives for employees and commitment from other key stakeholders which strives to benefit business and society in short as well as long term. Therefore this thesis campaign that the concept of solidarity that encouraged businesses and constructed the Swedish well-fare society is on its way back in corporate Sweden, in a new package called CSR with a global lens rather then a national.

6.1 Suggestions for further research

This study suggested business cases for CSR, strategies with successful outcomes and innovative solutions. The most interesting cases are according to me the social entrepreneurs that appear in this context. Many small or medium sized entrepreneurs move their attention not only to emerging markets like Brazil, Russia, India and China (BRIC) but also to the markets that needs them most, the most poor regions in the world. These are called 'bottom of the pyramid' (BOP) and when managers seek to explore new open space, strategic market innovations; these are called 'blue ocean' strategies (Kim and Mauborgne 2004). A superior example of a 'blue ocean strategy' in a social context is the Nobel Peace Prize winner of 2006 Muhammad Yunus which invented the micro-credit loans to poor entrepreneurs through his Grameen Bank (www.nobelprize.org). These markets seem to be more interesting to explore for the small or medium size corporations or entrepreneurs so far, but in what way would MNCs involve in BOP markets? Would that be successful strategies or are there already business cases with MNCs strategies covering these aspects?

Further research of the organisational functioning approach for CSR rationales would be a suggestion. Is CSR really what Swedish students need as incentives for commitment to organisations? This might be a quantitative study with a broad base of Swedish students' perceptions of CSR and other incentives.

Another interesting topic brought up in this thesis is the largest MNCs called 'empire builders'. I would be fascinated reading a comparative study of historical empire-builders like the rise and fall of the Roman Empire and their ethical values contrasted with the business MNCs empires and strategies of today.

The fourth suggestion is also a comparative study, this time the cultural differences concerning Swedish and international CSR. What are cultural characteristics for Swedish firms and how are they conducting CSR compared with other countries? The Swedish government will according to the politician Maud Olofsson (www.csripraktiken.se) profile Sweden as a 'green' environmental friendly country. Could sustainability therefore be a national Swedish characteristic for competitive advantage internationally? A study of that character could be a fascinating research to explore.

7. REFERENCES

7.1 Books

- Barsoux J L, Schneider S C (2003) *Managing Across Cultures 2nd Ed.* Prentice Hall/ Financial Times
- Brealey R A, Myers S C, Marcus A J (2007) *Fundamentals of Corporate Finance 5th Ed.* McGraw-Hill/Irwin
- Bryman A, Bell E (2005) *Företagsekonomiska forskningsmetoder.* Liber, Lund
- Crane A, Matten D (2007) *business ethics –managing corporate citizenship and sustainability in the age of globalization 2nd Ed.* Oxford University Press, New York
- Freeman E R Harrison S J Wicks C A (2007) *Managing for Stakeholders – Survival, Reputation, and Success* Yale University Press
- Frey J H, Oishi S M (1995) *How to conduct interviews by telephone and in person* SAGE Publications Inc, London
- Grayson D, Hodges A (2004) *Social Opportunity! Seven Steps to Make Corporate Social Responsibility Work for Your Business'* Greenleaf Publishing
- Hassel L G, Larsson L O, Ljungdahl F, Tidström G (2008) *CSR –från risk till värde* Studentlitteratur, Lund
- Johnson G, Scholes K, Whittington R (2008) *Exploring Corporate Strategy 8th Ed.* Prentice Hall/ Financial Times
- Jørgensen P S Rienecker L (2004) *Att skriva en bra uppsats.* Liber, Lund
- Millmore M, Lewis P, Saunders M, Thornhill A, Morrow T (2007) *Strategic Human Resource Management; Contemporary issues* Prentice Hall/Financial Times
- Pain L S (2003) *Value Shift –Why Companies Must Merge Social and Financial Imperatives to Archive Superior Performance* McGraw-Hill

7.2 Articles

- Anderson T, Cavanagh J (2000) *Top 200: The rise of corporate power* Institute for Policy Studies, Washington DC

- Burchell J, Cook J (2008) *Stakeholder dialogue and organisational learning; changing relationships between companies and NGOs* Business Ethics: A European Review, Vol 17, No 1; p 35 -46
- Dahlström H, Ljungdahl F, Sivertsson K (2005) *Magasinet KPMG* No. 2; p. 8 -10
- Donaldson T, Preston L (1995) *The Stakeholder Theory of the Corporation: Concepts, Evidence and Implications* Academy of Management Review Vol 20, No 1; p 65 -91
- Kim W, Mauborgne R (2004) *Blue Ocean Strategy* Harvard Business Review, October 2004; p 76 -84
- Morsing M (2006) *corporate social responsibility as strategic auto-communication: on the role of external stakeholders for member identification* Business Ethics: A European Review, Vol 15, No 2; p 171 -182 Blackwell Publishing
- Morsing M, Schultz M (2006) *Corporate social responsibility communication: Stakeholder information, response and involvement strategies* Business Ethics: A European Review, Vol 15, No 4; p 323 -338, Blackwell Publishing
- Porter M E, Kramer M R (2006) *Strategy & Society- the link between competitive advantage and corporate social responsibility* Harvard Business Review, December 2006; p 78 -92
- Skog R (2005) *A remarkable decade: the awakening of Swedish institutional investors*, European Business Law Review, Vol 16 No 5 pp. 1017 -1031
- Thomsen S (2006) *Corporate governance as a determinant of corporate values* Emerald Group Publishing Limited, Vol 5, No 4; p 10 -27
- Wilson I (2004) *The agenda for redefining corporate purpose; five key executive actions* Emerald Group Publishing Limited Vol. 32, No 1; p 21 -26

7.3 Verbal sources

Interview with:

1. Håkan Thorell (28 April 2008)
2. Anders Löfberg (6 May 2008)
3. Miriam Thunborg and Carina Silberg (6 May 2008)
4. Björn Ulfberg (7 May 2008)
5. Anders Wallin (8 May 2008)
6. Lars-Olle Larsson (8 May 2008)
7. Gunilla Hadders (12 May 2008)
8. Steve Fredriksson (12 May 2008)
9. Bengt Baron (27 May 2008)

7.4 Internet sources

1. http://ec.europa.eu/enterprise/csr/index_en.htm (2008-06-04)
2. http://www.un.org/esa/sustdev/csd/csd15/media/backgrounder_brundtland.pdf (2008-06-07)
3. http://www.shell.com/home/content/responsible_energy/integrated_approach/dir_integrated_approach.html (2008-04-07)
4. http://www.novonordisk.com/sustainability/stakeholder_engagement/stakeholder_engagement.asp (2008-04-17)
5. <http://www.ikea-group.ikea.com/?ID=14> (2008-04-17)
6. http://www.ericsson.com/ericsson/corporate_responsibility/cr06/index.shtml (2008-04-17)
7. <http://ir.electrolux.com/html/annual2007-1-en/20080304/?mode=100&page=26> (2008-05-08)
8. <http://www.vasakronan.se/sv/Om-Vasakronan/Miljoansvar/> (2008-05-13)
9. http://www.teliasonera.com/about_teliasonera/vision_and_strategy/shared_values (2008-05-14)
10. <http://nobelprize.org/mediaplayer/index.php?id=146> (2008-05-14)
11. <http://www.diversitychallenge.se/> (2008-05-14)
12. <http://www.csripraktiken.se/2008/05/14/maud-olofsson-internationell-forebild/> (2008-06-07)