

Communicating CSR Between Businesses

Where do reports fit in?

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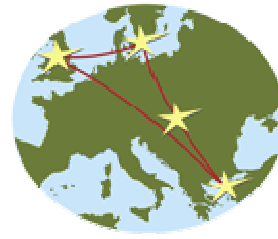
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Abstract

The successful implementation of CSR depends on the ability to ensure that the communication efforts associated with the programme are effective. As more and more companies practice CSR reporting, it is interesting to look at how CSR reports can have a potential to become useful in the b-t-b communication realm. With implications that relate to the core motivations of CSR implementation; enhanced risk management, enhanced reputation, competitiveness and market positioning, the potential impact that reports can have in the communication efforts between businesses is great. This thesis looks at how reports are read in the b-t-b communication context; if there is a demand and a willingness to supply reports to fellow businesses as a means of corporate communication, as well as explore the challenges and opportunities for the potential increase in use of reports in communication efforts within this context. Findings show that reports are mainly read between companies for benchmarking reasons, that they lack strong demand and a willingness to supply in other cases. This is attributed to the existence of other preferred channels of communication between businesses, and to having their information needs satisfied through other means.

Keywords: *CSR, CSR communication, b-t-b communication, CSR reporting stakeholders and communication*

Executive Summary

Background

With increased claims for transparency and accountability for corporations from a wide range of organisations and entities, the concept of CSR has emerged as a tool in an effort to promote environmentally and socially sound business behaviour. It has subsequently evolved and become a mainstream corporate business practice, which reflects the values, purpose, functions and outcomes of businesses. The effective implementation of CSR has emerged as an issue that will enable the long-term maintenance of the practice, with CSR communication efforts as a key element in the success of the programmes. Reports are the main means of communication of CSR performance, with reporting having significantly increased over the past couple of years.

Stakeholders representing the overall audience for these reports, they become instrumental in defining areas of interest and priority, gathering of information, compiling and publishing reports. Within a set of given stakeholders, businesses emerge as stakeholders themselves; business customers, business partners or even at times competitors, thus engaging in business-to-business corporate communication and potential transactions.

Problem definition

As more and more companies practice CSR reporting, it is interesting to look at how CSR reports can have a potential to become useful in the b-t-b communication world. With implications that relate to the core motivations of CSR implementation; *enhanced risk management, enhanced reputation, competitiveness and market positioning*, the potential impact that reports can have in the communication efforts between businesses is great. With that in mind, the thesis aims to look at how reports are read in the b-t-b communication context. If there is a demand and willingness to supply reports to fellow businesses as a means of corporate communication, as well as explore the challenges and opportunities for the potential increase in use of reports in communication efforts within this context.

Methodology and Theoretical framework

The thesis is based on a qualitative, descriptive/ exploratory study. The background was formed with a literature review and primary data was collected through in-depth interviews with company representatives. Two theories are used in the study in order to identify specific areas of inquiry, formulate questions, gather data, outline major findings and discuss the results. Stakeholder theory, referring to the attributes of power, legitimacy and urgency of business stakeholders provides the general framework within which the demand/ supply of reports in the b-t-b context is assessed. A communication model outlining three CSR communication strategies is used in order to discuss company responsiveness, engagement and management efforts of their stakeholders, through CSR reports.

Findings

The study identifies *benchmarking and learning purposes as the main reason for reading* reports in the context of two businesses. Businesses informally seek out other companies' reports, in order to gain insights on how to best it themselves. Formalising the unofficial process of the practice presents a good opportunity for the learning process to evolve.

Other *reasons for reading are not strong* and thus do not drive the demand or promotion of these reports between businesses, strongly. This is attributed to companies having *other preferred*

channels of communication that are long established and used, as well as companies having their *information needs satisfied* through these other means.

They are *points of reference for information* and help define *key corporate messages* that are to be passed on and be used in the b-t-b context, and thus have indirect roles. Another indirect role is that *drive the collection and improvement of data*, thus enabling companies to have more knowledge and thus increase the ability and willingness to communicate with fellow businesses regarding these issues through the use of other means.

A key-contributing factor to the potential use of these reports between businesses for communication purposes will be the type of reporting they chose to undertake. *Depending on the type of report, audiences will be set*, and in the case of companies pursuing CSR reporting as part of their Annual Report, *b-t-b communicative use of these reports will be limited*, due to the limited set of intended audiences that these particular types of reports have, that of shareholders and investors.

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1 Introduction

This chapter aims to introduce the general research area of the thesis. The background and problem area are introduced, as well as the justification for the thesis research. It outlines the goals and research questions, specifies the audience, sets the scope and considers the limitations of the work. It concludes by outlining the structure of the thesis.

1.1 Background and problem definition

The failings of unregulated or under-regulated markets over the past decades, in ensuring the well-being of societies, have prompted calls for more state interference and more socially and environmentally responsible behaviour from businesses (Lawrence, 2007). Corporate scandals have emerged relating to human and labour rights in global supply chains, impacts on local communities around the world, environmental degradation and social erosion; all stemming from a combination of unsustainable business practices that violate ethical responsibility codes (Waddock, 2006).

Much has been said about the prospects of responsible business behaviour being able to contribute positively to society and economy. Within that realm of thought, Corporate Social Responsibility (CSR) refers to the concept of businesses improving their social and environmental performance aspects of their company activities, which go beyond the compliance and regulatory demands put upon them by bodies that have such authority (Epstein, 2008). It encompasses a variety of issues that relate to the operations of an organisation and that could have an effect on various groups of stakeholders; people or groups of people that have something to gain or lose from the operations of a company within society (Friedman & Miles, 2006). CSR translates into a mixture of “values, purpose, function and outcomes” for businesses (Zadek, Raynard, & Oliveira, 2005).

With increased claims for transparency and accountability for corporations from a wide range of organisations and entities, the concept of CSR has emerged as a tool in an effort to promote environmentally and socially sound business behaviour. It has subsequently evolved and recently become an important element of today’s major companies’ corporate management, who, having realised the potential of CSR programmes, have subsequently started implementing them in order to achieve long term sustainability (Epstein & Hanson, 2006; Porter & Kramer, 2006).

Just over the past couple of years, the number of companies engaged in some form of CSR activity have increased dramatically. This is manifested by the increased interest of companies to be part of initiatives, such as the UN Global Compact, characterised as the world’s largest voluntary corporate citizenship initiative that aims to encourage the implementation of a set of principles relating to responsible business activities and achieve the Millennium Development Goals¹ (Zadek et al., 2005).

¹ MDG’s are UN backed set of 8 goals, which countries and development agencies around the world have committed themselves to, ranging from eradicating poverty to reaching environmental sustainability. For more information see: <http://www.un.org/millenniumgoals/index.html>

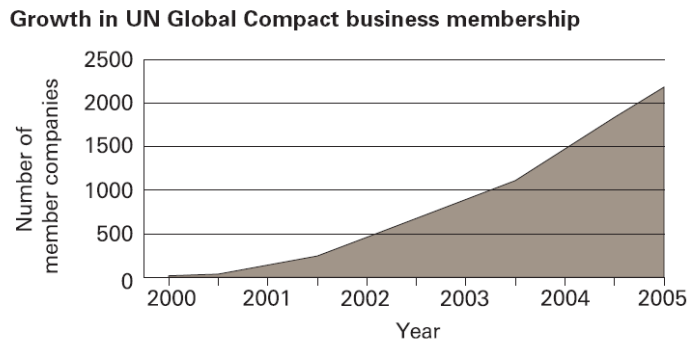


Figure 1-1 Growth in UN Global Compact business membership (Zadek et al., 2005)

Still, what are the expectations from businesses regarding CSR behaviour and practices? Different organisations and societal bodies have different focus areas, yet they all go back to the same core principle; encouraging the operation of companies within society in a responsible and accountable manner. Figure 1-2 summarizes some the major global CSR related organisations’ perceptive of what CSR is and can mean for businesses around the world.

While CSR has arrived, a debate about the core concepts it relates to still remains. Its validity, legitimacy, worth, purpose and ability to improve the performance of companies is sometimes put in question (Epstein & Hanson, 2006).

Business for Social Responsibility: Business decision-making linked to ethical values, compliance with legal requirements, and respect for people, communities, and the environment.

CSR Europe: A new business strategy in which companies conduct business responsibly by contributing to the economic health and sustainable development of the communities in which they operate, offer employees healthy, safe, and rewarding work conditions, offer good, safe products, and services ... are accountable to stakeholders ... and provide a fair return to shareholders whilst fulfilling the above principles.

European Commission defines Corporate Social Responsibility as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”

Instituto Ethos defines the practice of CSR as being “driven by a company’s constant concern with the ethics in its relations with collaborators, clients and suppliers, with the community in which it’s inserted, with government and with the environment.”¹⁷

UN Global Compact expects signatories to, “embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, environmental sustainability and anti-corruption; and engage with partners in other projects that give concrete expression to the Global Compact principles, in addition to advancing the broader development goals of the UN.”¹⁸

World Business Council for Sustainable Development defines corporate social responsibility as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

The World Economic Forum affirms that “corporate citizenship is about the contribution a company makes to society through its core business activities, its social investment and philanthropy programmes, and its engagement in public policy.”¹⁹

Nevertheless, having gained prominence in the academic as well as business world, as Epstein and Hanson (2006) note in their introduction, “The question is no longer should companies include CSR and stakeholder concerns in their decision-making processes. The question is how to do it” (Epstein & Hanson, 2006).

The implementation question has emerged as the one that will pave the way for the future of CSR. Success and subsequent sustainability of the practice is dependent on the question of effective implementation and of the directions that these programmes have the potential of taking.

While a wide range of suggestions emerge from academics, as well as, practitioners; the integration and alignment of CSR with core corporate strategies has gained the most attention. This has subsequently led companies to adopt CSR policies, which reflect their core business values and also implement CSR reporting initiatives that

Figure 1-2 Defining corporate social responsibility; various bodies talk (Zadek et al., 2005)

highlight their triple bottom line² (Morsing, 2005; Epstein & Hanson, 2006).

Reporting takes centre stage in the communication realm. Establishing and investing in CSR programmes would not be viable for companies if they did not communicate their efforts later on. At the same time, they are assigned with the difficult task to try and balance the use of information as to avoid claims of self-promotion and greenwashing³.

Past, current and future performance and commitments, special issues of concern and areas of focus are outlined and talked about in these reports. Audiences vary, but it is generally presumed that CSR reports are for stakeholders and parties that have an invested interest in learning about the activities of an organisation (Kolk, 2004).

Stakeholders are at the centre of CSR programmes and CSR reporting initiatives. Representing the overall audience for these reports, they become instrumental in defining areas of interest and priority, gathering of information, compiling and publishing these reports. Stakeholder theory, as will later be discussed, represents the framework within which many of these companies operate their CSR reporting programmes, and so, stakeholder identification and engagement are in turn two managerial aspects that become of core strategic importance for companies to successfully proceed with their reporting initiatives (Burchell & Cook, 2006; Morsing & Schultz, 2006).

Within a set of given stakeholders, businesses emerge as stakeholders themselves; business customers, business partners or even at times competitors, thus engaging in b-to-b corporate communication and potential transactions (Friedman & Miles, 2006). The nature of the interaction is different and unique; similar organisational and institutionalised entities are interacting within the CSR realm, communicating and potentially conducting transactions.

With calls from academics and practitioners, for the future of CSR to be aligned with core business strategies and business decisions in a more substantial manner (Epstein, 2008), and to become more instrumental in the decision making processes of companies regarding all aspects of their operations (Epstein & Hanson, 2006); on the communication front, the effectiveness and legitimacy of these reports comes in question. Their ability to provide not just accurate, but relevant information to interested parties, reach designated audiences and potentially be able to instigate a change in business behaviour becomes of interest.

As more and more companies practice CSR reporting, it is interesting to look at how CSR reports can thus have potential to become useful in the b-t-b communication world. With implications that relate to the core motivations of CSR implementation, *enhanced risk management, enhanced reputation, competitiveness and market positioning* (Porter & Kramer, 2006) all potentially impact the communication efforts between businesses.

With that in mind, the thesis aims to look at the current situation of the readability and potential use of CSR reports in b-t-b communication efforts.

² Triple bottom line, a term coined by Elkington (1994), is defined as a way of conducting business that reflects not just financial but environmental and social considerations as well. Triple bottom line reporting, is again reporting that reflects on the accounting efforts of financial, environmental and social impacts of business activities.

³ The practice of promoting and advertising products on false claims of positive environmental attributes.

1.2 Goals and research questions

The goal of the study is to answer the following question:

Are CSR reports used in the b-t-b communication efforts by companies, and if so, how?

Specifically, the thesis aims to answer the following sub-questions that will contribute in clarifying the main research question:

- Is there an *expressed demand* for reports between firms and their business stakeholders?
- Do businesses *provide* these reports during b-to-b communication and if there is a *willingness/interest* to promote them to business stakeholders specifically?
- Are CSR reports *read* in the context of b-t-b communication?
- What are the *challenges and opportunities* for the use of these reports as part of b-to-b communication?

The communication occurring between two business entities (business-to-business) through CSR reports is identified as being relevant to this study due to the role of business as stakeholders for other companies. The demand/ supply aspect of reports in these cases will be explored, as stakeholder demand (or at least the perception of it by the companies themselves) has been cited as being the driving factor for companies to establish, produce and use these reports in certain ways (Golob & Bartlett, 2007). Internal company perspectives will be gathered and analysed. Based on these, barriers and opportunities of the use of these reports as part of b-to-b communication will be discussed.

1.3 Intended audience

The intended audience of this thesis is namely an academic one, with a research area interest of CSR reporting and communication through the stakeholder perspective. In addition, it can also appeal to businesses and industry currently involved or intended in getting involved in such reporting initiatives, or has an interest in improving their CSR communication efforts. It assumes that the reader will have a basic knowledge of the concepts relating to CSR, CSR practices and CSR reporting.

1.4 Scope and limitations

The term CSR reports and reporting, which is used throughout the thesis, refers to a set of reports and reporting styles that are used by companies, reflecting their sustainability and corporate responsibility performance. These include but are not limited to, Sustainability Reports, Corporate Responsibility reports, CSR reports or triple bottom line reporting. In this thesis, the term CSR report/ reporting may refer to any of these, unless specified otherwise. The decision is based on the interchangeable use of the terms that was observed in the literature and in practice, where these reports are often discussed under the umbrella name of CSR reports.

This thesis focuses on CSR reports and reporting, and not CSR performance or activities per se. The concept of CSR is covered to a certain extent in the theoretical background in order to provide the reader with an appropriate background of the topic, but the focus of the work remains the communication aspect of the programmes.

The perspective of the firm was explored, with the sender of the message (in this case, the report) being the interviewed companies, and the receivers being their business stakeholders. Given the nature of the firm being a stakeholder in the eyes of another company, some questions and answers did overlap, and thus receiver perspectives are also included.

Limitations arise due to the nature of the topic; the focus of the study being on corporate communication efforts regarding CSR activities, corporate headquarters and corporate representatives were the only ones that were included in the study, and not specific operational sites or locations. While some information may have been possible to get from representatives of those sites as well, the information gathered at the corporate level is deemed sufficient given the time frame of this study, since such communication strategies are decided and reports are prepared at the top-management levels.

Another limitation is that the scope of the study is contained in gathering and analysing information that mainly reflects internal company perspectives and self-reported interest of what the influence of CSR reports is in their communication strategies. This represents a drawback, since self-reporting, especially when done through departments and representatives of companies that are to deal with such inquiries may not be truly reflective of the entire company's operations or of the perspectives in individual departments. Nevertheless, due to the type of expertise and thus knowledge, they do represent appropriate sources of information, capable of providing information deemed relevant for the study.

The study is also limited in talking to and obtaining an overall picture of handful of companies, mainly from the sustainability or communications department. While the in-depth interview method used enables to gather information and the perspective of a variety of companies that operate in a similar way, it restricts the study in terms of the ability to reflect in an extensive manner on the situation and activities, of one company specifically. Generalizations of the study are limited as well, again because of the number of interviews conducted.

The report assumes that the companies have identified business partners and business customers as key stakeholders and that there is a channel of corporate communication established between them. The assumption is based on an initial review of the companies' reports, where these particular stakeholders were in fact identified.

The geographical scope is limited to companies, which although multi-national and having operational sites around the world, are headquartered in Scandinavia, namely Sweden and Denmark. This gives rise to two different implications; it limits the scope to this region, thus excluding perspectives from other areas in the world, which can vary due to business, societal, political and cultural norms; yet it enables the study to come to a common set of conclusions that are comparable and possible to aggregate.

1.5 Thesis Outline

Chapter 1 *Introduction*

As seen above, the general background for the work is provided, the goals, research questions and scope are set, limitations are discussed and the intended audience is specified.

Chapter 2 *Methodology*

Provides an overview of the methodology and its justification for the study.

Chapter 3 *Theoretical Background: Corporate Social Responsibility and CSR reporting*

Presents an overview of the theoretical background of the concepts and practices relating to CSR and CSR reporting. It covers debates, controversial issues, current and future trends and challenges ahead. It also provides an overview and discusses the stakeholders and audiences for reports, their information needs and the way they use this information.

Chapter 4 *Theoretical Framework: Stakeholders and Communication*

Presents the theoretical framework for the study. Stakeholder theory and a CSR communication model are discussed based on which a framework for data collection and analysis is put forth.

Chapter 5 *Main Findings*

Presents the main findings of the study, summarized under a set of thematic sections, which reflect the framework that was synthesised in Chapter 4.

Chapter 6 *Analysis and Discussion*

Analyses and discusses the findings according to the theoretical background and the theoretical framework. Based on the literature, theories and empirical findings, a set of barriers and drivers for the readability of these reports in the b-t-b context are identified. The challenges and opportunities regarding the use of these reports in the context are then outlined and discussed.

Chapter 7: Conclusion

Concluding remarks are made, and areas for future research are recommended.

2 Methodology

This section provides an overview of the methodology used for the study. The research area is described, as well as the research framework and the research strategy that were utilized in the study.

2.1 Literature review and research area

The literature review was conducted using books, journal articles, newspaper articles, company annuals, corporate responsibility and sustainability reports, on-line resources and CSR related websites. Focus was placed on the different elements that cover the research area.

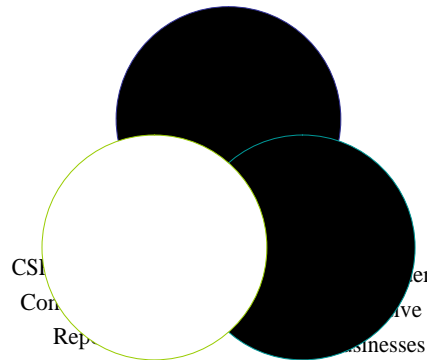
As a starting point, the concept of CSR itself was at the centre of the review, focusing on the theoretical aspects, main contributions and the evolution of the definition of the concept, as well as its application in a variety of geographical and time contexts. In addition, the various arguments for and against the concept and application of CSR were explored in order to gather different stakeholder views of what CSR is, what it can achieve, and what has been proven to accomplish within the business world and within society as a whole.

Next, the focus was placed in the area of CSR reporting and communication strategies, in respect to stakeholders.

Business to business communication and businesses acting as stakeholders were then explored in order to gather information of such activities and its CSR related implications.

In order to develop a theoretical framework within which the collection of the information and the discussion of the results is to be reviewed, journal

Figure 2-1 Schematic representation of research and literature review area



articles examining similar topics were scanned, and based on those, two theories were picked, having been deemed appropriate for the conducted study. Stakeholder theory, at the centre of organisational responsiveness to CSR related issues and communication theory with an emphasis of CSR communication models and strategies towards stakeholders. Overall, the literature review enabled the study to focus and gain an understanding of the characteristics that are of importance in firm and stakeholder communication.

Major keywords included: *Corporate Social Responsibility, CSR communication, CSR reporting b-t-b communication, corporate communication strategies, corporate strategy, stakeholder theory, stakeholder reporting, and stakeholder engagement.*

2.2 Research framework

The methodology consists of an initial literature and scoping stage. The literature review was conducted and the general goals of the thesis are described in order for the study to proceed.

In the second stage of the thesis writing process, major companies within the Scandinavian region were identified and subsequently contacted with the purpose of interviewing company representatives either in the CSR, investor relations or communication departments, all of which represent knowledgeable sources of information regarding the research questions. The third stage of the thesis involved the actual gathering of the information, where in depth semi-structured interviews were conducted through telephone conversations; the interviews were transcribed and the information was compiled according to major themes and findings. The fourth and final stage of the thesis was the review and analysis of the gathered information, within the context of the theoretical framework, the identification of issues, subsequent challenges and opportunities, based on which concluding remarks are made. Figure 2-2 outlines the flow of the research framework used throughout the process of the thesis.



Figure 2-2 Major stages of the study

2.3 Research strategy

2.3.1 Type of study

The type of research undertaken in this thesis is qualitative. It is a combination of descriptive and exploratory research, where efforts are placed in trying to describe the attitudes as well as application towards CSR reporting within the business-to-business communication context and try and gain an understanding in an area that is not very familiar (Kumar, 1999). A cross sectional *study design* was picked as appropriate for the type of the study, since these types of designs are characterised as being best suited for research aimed at finding out the existence of a phenomenon and attitude towards a given situation at a given time. They are useful as they provide an overall “picture” of the issue under question and allow a descriptive analysis of the issue, at one point in space and time (Kumar, 1999).

2.3.2 Research tools

The basic research consisted of gathering information from a variety of *primary and secondary sources* of data and combining both types leading up to the findings of the study (Riley, 2000).

The research tools utilised for the secondary sources is the literature review and company CSR reports. For the collection of primary data, semi-structured interviews, where flexibility in terms of structure, contents and questions is guaranteed within the framework of ten to twelve working questions. Open-ended questions were used in the interviews. In some cases, the questions were sent to the interviewee beforehand as requested, and in some others, they were directly used during the actual interview. Please refer to Appendix B, for the questionnaire used in the interviews.

Interviews were chosen as a means for gathering information because they are more appropriate for complex situations; they are useful to collect in-depth information, the collection information can be supplemented and it enables complex questions to be better explained and expanded during the interview according to the receipt and response of the interviewee (Kumar, 1999). There are also disadvantages such as time-constraints, the quality of the data might not be consistent throughout all the interviews since it depends on the personal interaction achieved as well as the ability of the interviewer to probe for questions and subsequently get answers. There is also the possibility of interviewee bias as well as the introduction of bias from the interviewer (Kumar, 1999). Nevertheless, this research tool was deemed the most appropriate for the study. Conscious efforts were made to minimize the possible negative outcomes mentioned above, by careful phrasing of questions, and avoiding leading the answers.

Following the initial interview, certain questions were removed, modified, expanded and better articulated according to the responsiveness level of the interviewee, thus positively contributing to the following set of interviews that were then conducted. The overall secondary data collection process can at best be characterised as ongoing and dynamic, where improvements were made as opportunities arose. Interviewee privacy was guaranteed and permission was asked for them to be included in the list of companies interviewed.

In depth interviews were conducted with one person from each of the following four companies:

- **Danisco:** A global supplier of food ingredients, sugar and industrial bio products. Based in Denmark, they have 9,700 employees in over 47 countries. Their products enter other companies' product chains; products such as ice cream, cheese, bread, detergents, feeds, toothpaste and plastics (Danisco, 2007).
- **Novo Nordisk:** A global healthcare company, with an emphasis on diabetes care, which manufactures and sells pharmaceutical products. Headquartered in Denmark, they have 26,000 employees in 79 countries. Their products are sold in 180 countries (Novo Nordisk, 2007).
- **Trelleborg:** A global industrial group that is involved in advanced polymer technology. Based in Trelleborg, Sweden, they have 25,000 employees in over 40 countries. Their products are used for industrial purposes, and can be generally categorised as some that go in the supply chain of some of the following industries: automotive, construction, marine, offshore oil and gas, transportation and machine tools (Trelleborg, 2007).
- **Atlas Copco:** A global industrial group, based in Stockholm, Sweden. They develop and manufacture industrial tools, compressed air equipment, construction and mining

equipment, assembly systems, and offer related service and rental. They have 33,000 employees and manufacture products in 20 countries (Atlas Copco, 2007).

In addition, a CSR consultant, specializing in working with companies in establishing CSR and CSR reporting programmes was interviewed, in order to gather some external viewpoints to the companies.

The list of the interviewees and their positions in the companies is described in Appendix A.

2.3.3 Theoretical framework

The theoretical framework uses two theories that are deemed relevant to the study conducted. They are used in order to support certain assumptions, attribute certain qualities to the stakeholders in question and provide a theoretical foundation for the data collection and discussion of the findings of the research.

The two theories used are: stakeholder theory and communication theory, with an emphasis on a CSR communication model. The stakeholder theory is a theory often used in the field of CSR. It provides the framework within which organisations operate with internal organisational actors as well as external entities (Friedman & Miles, 2006). Communication theory is a wide theory that encompasses many different areas of research. Communication strategies developed within the field of CSR and CSR reporting is focused on; the one selected has stakeholders and stakeholder relationships as a core element to it (Morsing & Schultz, 2006).

The theoretical framework will be discussed in detail in Chapter 4.

2.3.4 Data analysis

The gathered information from the secondary sources - the company reports - as well as the data from the primary sources - company and expert interviews - were first aggregated according to the research components, which were developed based on the theoretical framework. These will be discussed in Section 4.4.

While all interviewees granted disclosure of names and companies, some in terms of associating statements with their specific companies made reservations. In addition, the purpose of the study being to inquire about a general situation and provide an overview, and not necessarily point out which company says what, findings are reported in a general manner that reflects common answers and interesting points of discussion, that contribute to answering the research questions.

The interpretation and discussion of the findings is conducted according to the theories and the literature review material. It is presented according to major areas of discussion, which are organised according to the research questions. Based on the findings and the discussion, the challenges and opportunities for b-t-b CSR communication through reports are identified and discussed.

3 Theoretical Background: Corporate Social Responsibility and Reporting

This section first presents the theoretical background of the concepts and practices relating to Corporate Social Responsibility (CSR), the different streams of thought, possible directions the concept might take in the future all of which give rise to different implications regarding current and future CSR communication efforts. It then proceeds by focusing on CSR reporting, where the corporate communication efforts regarding CSR practices are outlined and discussed. It concludes by discussing stakeholders and audiences for reports. These slightly different yet interrelated areas are discussed in order to provide the reader with relevant information for the better understanding of the discussion part of the thesis.

3.1 The business case for CSR explored

3.1.1 The debate over CSR

3.1.1.1 Different approaches

In many respects, CSR is a product of industrialisation and more recently of globalization. Changing natural, social, political and economic environments have all contributed into shaping the concept over the past decades, leading up to our current understanding of what it is and how it can be applied (May, Cheney, & Roper, 2007). While it is argued by many that CSR is now well founded as a substantial force within the business world, driven and supported by companies themselves, there still remains a debate regarding the direction that CSR should and can take for its current application form and more fundamentally in respect to its future (May et al., 2007).

There is a set of different approaches to CSR that have been outlined in the literature. Some cite that the greater framework to which the concept of CSR belongs to is that of “behaviour towards ethical and social issues in business management” (Windsor, 2006). The concept is not alone. A variety of theories such as stakeholder theory, corporate social performance, sustainable development, corporate citizenship⁴, corporate governance⁵ and business ethics exist and are all inter-related; giving rise to a variety of possible interpretations of CSR (Windsor, 2006).

The following are a set of three main approaches to CSR, which are indicative of the types of arguments that ensue given the main standpoint in each.

⁴ Is defined as a business corporation considered in terms of its responsibility to society as a whole, with expectations for its behaviour. From:
<http://www.oxfordreference.com/views/ENTRY.html?subview=Main&entry=t150.e15603>

⁵ Is defined as the way in which companies are managed and organized, ensuring in particular that the interests of shareholders are given sufficient weight. From:
<http://www.oxfordreference.com/views/ENTRY.html?subview=Main&entry=t20.e4337>

Table 3-1 Three approaches to CSR

Approach	Characteristics
The business and society approach	<ul style="list-style-type: none"> - Carroll's model of CSR frames business responsibilities into four components: economic, legal, ethical, discretionary - Focus on trying to make profit and be a good corporate citizen and this show responsibility towards society as a whole at the same time - It relates to: corporations operate within society and are dependent on it, so there needs to be a form of responsibility
The economic approach	<ul style="list-style-type: none"> - Separation of social and economic functions - Basic responsibility of profit maximization, and then other forms of additional responsibility - Profit-oriented form of CSR - Friedman: "the business of business is business"; "make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical customs"
The stakeholder approach	<ul style="list-style-type: none"> - While maximising profits, stakeholders are affected by corporate activities → stakeholder approach - The corporation is "a set of interrelated, explicit or implicit connections between individuals/ and or groups of individuals" - Corporations are responsible in responding to the interests of stakeholder, at a variety of levels and degrees

Source: (Sriramesh, Wee NG, Ting Ting, & Wanyin, 2007)

The approaches are not mutually exclusive, and one can find common elements in all, such as the acceptance that the core role of businesses is to operate within societal systems by making profits. What differs is the extent of the additional set of responsibilities towards society that each approach advocates.

The *business and society approach* relates to the resource-based view, which implies that since companies are dependent on societal resources, such as human and natural capitals, they thus have a responsibility to ensure that the sources of those capitals are maintained, for their own well-being.

The *economic approach* mainly focuses on the core role of businesses of making profits; citing that focusing on anything other than profits for shareholders, would be an act of irresponsible business behaviour on their part. It advocates the separation of social and economical factors. It doesn't necessarily say that companies are not responsible towards society, but their responsibilities should never intervene or compromise with their profit maximization goals.

The *stakeholder approach*, views the firm as part of a microenvironment, within which it exists and operates. It utilises the social contract theory, where firms have an unofficial social understanding that they are allowed to operate within society and use resources, but in return they have to provide society with positive contributions and ensure that all stakeholder needs are satisfied. This reflects back to the companies' personal well-being, due to the positive reinforcement and support they receives from stakeholders (Sriramesh et al., 2007).

This thesis focuses on the stakeholder approach to CSR, and considers the assumptions put forth in this specific approach as the basis for the study.

Paine (Paine, 2003) in her book Value Shift, incorporates elements from the above mentioned approaches and sets forth a set of business as well as one normative argument for the adoption of CSR.

The “business case” is motivated based on the following four benefits that may arise for a company:

- *Risk management*, since it provides companies with the ability to prevent and manage CSR related crisis
- *“Licence to operate”*, since civil society, when in good terms with corporations, can provide companies with legitimacy and acceptance that ultimately enables them to operate more easily and effectively within a given context
- *Market positioning* which relates to establishing and maintaining a competitive advantage within a market, based on a CSR performance and profile, and
- *Higher employee retention and better organisational functioning*, which relates to companies being able to develop desirable and attractive workplaces and cultures to attract and maintain qualified people.

There is one normative argument put forth as well, which the author believes also can contribute for the case of CSR, which is an intrinsic organisational drive to act responsibly towards society (Paine, 2003).

In practice, it is often the combination of the business as well as normative arguments that drives the adoption of CSR by corporations (Morsing, Midttun, & Palmas, 2007).

Taking a step back and looking at CSR within the wider context of Sustainable Development⁶ (SD), the “business cases” for both concepts share similarities. The following table summarizes the two, with the common elements that can be observed, put across each other.

Table 3-2 The business cases for CSR and SD

Business case for CSR (Paine, 2003)	Business case for SD (Wade, 2006)
Risk management	Reducing financial risks Reputation enhancement
Maintaining licence to operate	Reducing costs through efficient use of materials and energy
Market positioning	Steering the portfolio for the future: anticipating new socially and environmentally responsible markets Attracting more royal customers Influencing product and service innovation
Higher employee retention and better organisational functioning	Attracting and motivating employees

Source: (Paine, 2003; Wade, 2006)

⁶ Sustainable development as defined by the Brundtland Commission is: development that “meets the needs of the present without compromising the ability of future generations to meet their own needs” For more information: <http://www.un.org/documents/ga/res/42/ares42-187.htm>

The interrelationship between the two business cases indicates that CSR can be viewed as one of the tools for the application of the concept of SD at the firm level. The set of common themes that are observed, relate to the same principles of managing risk, enhancing reputation, maintaining a licence to operate, be pro-active in terms of future markets and improve organisational functioning by managing relationships with employees better.

3.1.1.2 Framing the debate

Framing the discussion of CSR has been another important step, which has enabled the debate to be constructed with a multitude of layers.

Windsor (2006) has put forth a discussion framework for the debate by centering the concept of CSR at the heart of two major opposing directions:

- Prioritised responsibilities towards *stakeholders vs. shareholders*;
- The major external force of influence that determines corporate behaviour, that of *markets vs. governments*

Depending in the affinity to either one of these, the concept as well as practice of CSR seems to take different directions and subsequently give rise to different results.

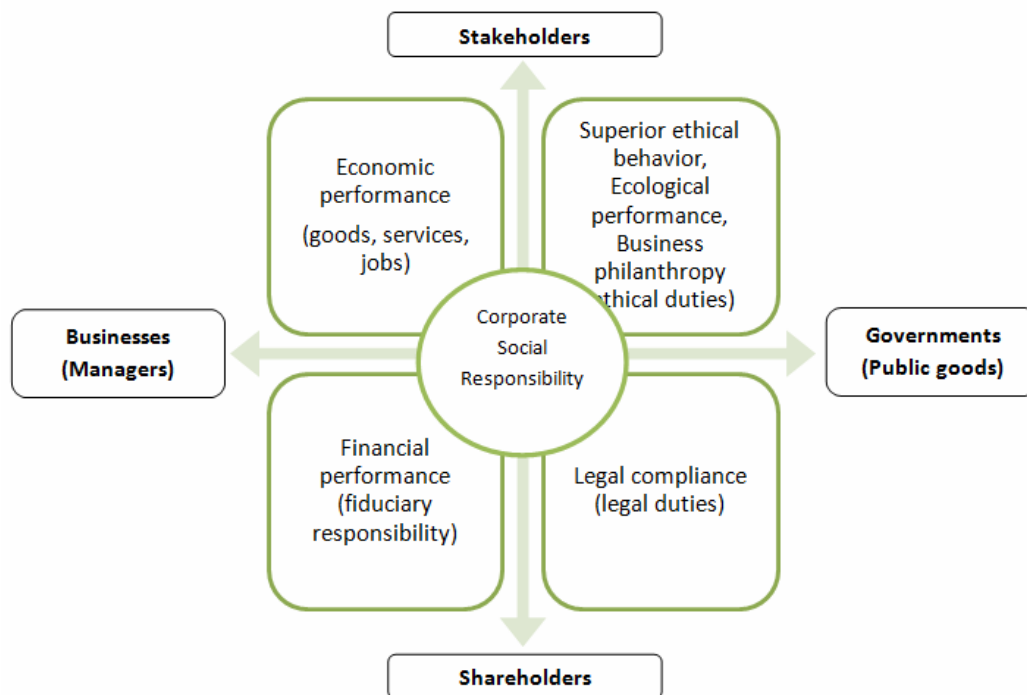


Figure 3-1 Schematic representation of the framework of the debate (Windsor, 2006)

The *stakeholders vs. shareholders* debate relates to the primary duty and responsibility of a corporation as a private profit making entity to either focus on share owner wealth creation, or place more importance on the creation of social benefits for society as a whole (which some would say also contributes to greater shareholder wealth) (Windsor, 2006).

CSR programmes are not valid and lack legitimacy, because they tap into shareholders' money in order to contribute to stakeholder well-being. They are a distraction to the core of businesses, which is to operate profit making organisations and contribute to shareholder wealth. Yet, it can be argued that CSR does not advocate philanthropy in expense of shareholders, but encourages companies to prioritize. First and foremost come shareholder and investor interests, which sustain a healthy company, which is in its turn necessary and beneficial for society. By prioritisation of stakeholders, in terms of stakeholder importance and interest, companies can identify win-win situations where investing company and shareholder money can lead to company as well as CSR benefits ("The next question," 2008)

On the other side of the debate, the issue of *markets vs. governments*, the opposing tendencies relate mainly to who should determine and regulate corporate behaviour and in this case CSR behaviour. Are market forces strong enough to provide short-term as well as long-term financial incentives for companies to adopt and maintain CSR, or a regulatory framework where there is the combined use of public policy and criminal laws that would create a better and more effective framework of operation for such programmes?

It is argued that efforts spent on establishing and maintaining CSR programmes are diversions that only promote the erosion of responsibility on the behalf of governments that have the primary responsibility of setting and enforcing the rules of engagement in the regulatory and public policy setting. The propagation and support of this behaviour stemming from a variety of stakeholders, including NGO's, lobbyists and at times governments themselves has a strong driver behind it, since private companies tend to respond to such demands faster, and at the same time governments tend to take advantage of the situation and let these pressures be exercised on private organisations, thus establishing a burden sharing relationship. Opponents of CSR tend to criticize this behaviour as being irresponsible and state that in democracies, elected governments should bear the responsibility for such activities ("The next question," 2008). On the other side of this argument, since governments often times fail in practice, such as in the case of the Kyoto protocol for example, it is up to private companies or industries to make up for that failure, by committing themselves to carbon emissions reduction targets, since they are major contributors themselves.

It can also be argued that private sector involvement and burden sharing strategies could be a means to initiate, or support, efforts against corruption and the promotion of transparent behaviour within the private, as well as public spheres. This process then empowers governments and puts them in a position of legitimate authority capable of effective rule-setting for law and policy implementation.

This debate itself is sometimes attributed as being the root cause of ineffectiveness of many of the CSR programmes established; efforts tend to pin business and societal goals against each other rather than integrate them, and they encourage companies to think CSR in generic rather than specialized ways (Porter & Kramer, 2006). This means that it is not necessarily by pinning one against the other that the decision of how to best do it will come about, but rather coming to terms that it is the integration of elements from all aspects that need to be considered in order for CSR to succeed in practice.

3.1.2 CSR in Scandinavia

Since all the companies included in this study are from the Scandinavian region, a brief overview of CSR in Scandinavia is interesting to discuss, since it can provide a cultural context.

There is a Scandinavian model of CSR that has emerged based on certain cultural, political and societal values that Denmark, Sweden and Norway seem to share. Based on these values, these three countries have been clustered together as having the following qualities relating to work behaviour: value towards collectivism, power sharing and participative modes of decision making that basically characterise the leadership style in all three. These result to flat hierarchies, project management and a high level of employee involvement and dialogue (Morsing et al., 2007).

Looking at their sustainability performance, Nordic companies tend to integrate rather than separate sustainability and profitability issues by making sure that there is some sort of an alignment between CSR initiatives and profit making strategies. While there is an interest and application of CSR based on profitability, it is argued that, this interest has only recently started to be driven by the “business case”, and that so far, the normative case of “doing good because that is the responsible thing to do” was the dominating driver.

On the communication front, since the countries are characterised by characteristics of strong negotiation and dialogue forming behaviour, even with low incentives. Based on perceived demands there is a high responsiveness level for these companies in implementing CSR related programmes. In addition, given the size of the economies, responsiveness to newly emerging demands, international standards and regulations is fast and effective. These factors, even though weak at times, are the main drivers of CSR programmes within this context (Morsing et al., 2007).

Currently, a high level of discussion and debate is emerging, in the media, academia as well as internally within organisations. The following set of traits are identified as being of importance within the Scandinavian context which are expected to contribute positively to the propagation of CSR: “a general competence in dialogue, critique and negotiation; a willingness to engage; and a broad sense of trust are cultural traits sought in the quest for increasing sensitivity toward a variety of stakeholders” (Morsing et al., 2007).

The outlined traits of engagement, dialogue, critique and negotiation all relate to the core question of this study that is focused on communicative action between stakeholders.

3.1.3 Challenges and the way ahead

3.1.3.1 Which direction to take?

While efforts have focused on researching and improving the application and practice of CSR initiatives, different suggestions have emerged, challenging the direction that CSR will take in the future.

On one end, there are calls to *link CSR to development*, arguing that international and national; governmental as well as non-governmental efforts have so far been largely ineffective in achieving substantial positive contribution to poverty alleviation, public health and food security issues. Private corporations, often having more monetary, human and physical resources as well as power given market and positioning, can pave the way for effective, long-term development efforts that can really make a difference (Hopkins, 2007; Sharma & Starik, 2003). While this concept is newly emerging and is being contested on many different grounds that mainly relate to the over-expansion of the firm’s role, one can notice the “business and society” and “stakeholder” approaches embedded in the concept; since corporations are dependent on societies in terms of resources, and since they are inherently able to be more responsive at a faster rate, development can and should become part of their business agenda; since healthier societies entail more stable source of resources for them in the future.

Another trend is represented by the continuous efforts of academics and practitioners to strengthen the relationship between *profitability and CSR*. This is manifested in the success of the “business case” for CSR, which is essential for the acceptability of the concept by private organisations. While the relationship has been established, studies have proven that the “profits” and benefits to be made stemming from CSR are to a certain extent marginal and might only really make a difference in terms of profits in the long-run (Sharma & Starik, 2003).

Another aspect that is also being explored relates to the major call of *integration and alignment of CSR programmes with core business strategies*. While corporate governance has been usually cited as being rather separate from social and environmental responsibility, with the emergence of Socially Responsible Investment⁷ (SRI) funds and company screening by investment firms based on CSR performance, the integration of the two, or rather the incorporation of considerations regarding the two seem more and more probable. Corporate governance reforms could also contribute to establishing and maintaining a synergistic relation between CSR and economic viability (Deetz, 2007).

In addition, there is a growing trend of promoting CSR programmes and activities in Small to Medium Enterprises (SME's), which has been lacking so far. Currently, the vast majority of companies that are active in the CSR field are big corporations. SME's represent a good opportunity for the promotion of CSR and CSR reporting because they in fact represent a major part of the economy in industrialised as well as developing countries. Drivers for SME's to adopt CSR can be similar to the ones that encourage corporations to do so; enhance reputation, customer retention, responsiveness to pressures from banks and insurers, cost and efficiency savings, networking opportunities, and product/market development (Grayson, 2006).

3.1.3.2 How deep to go?

CSR programmes are stated that in the future will be viewed much like today, on a continuum which signifies the degree of commitment and style of adopting and implementing them by industries as a whole as well as specific companies. The continuum is viewed at certain instances as one ranging between two major end points: promotional programmes and institutionalised programmes.

Institutional programmes tend to emphasise on the comprehensiveness of the initiative, the inclusion of all stakeholder groups and the programme being an active part of the entire organisation's activities that is capable of generating policies that support different stakeholder positions (Pirsch, Gupta, & Grau, 2007). Promotional programmes at the other end of the spectrum do not have the broad stakeholder approach, and are mainly characterised for implementing CSR programmes for short term product sales increases and PR initiatives (Pirsch et al., 2007). Some have outlined the continuum in a more detailed manner, stating different levels of commitment and action. The following diagram summarizes the continuum.

⁷ Socially Responsible Investment is an investment strategy that screens potential investments according to financial as well as socially responsible factors and expects returns that reflect those aspects. For more information: www.socialinvest.org



Figure 3-2 CSR programme continuum adapted from (Pirsch et al., 2007) and (Strandberg, 2002)

The continuum represents the strategic possibilities that are available for firms in terms of what kind of programmes to adopt. The different options give rise to the different levels of commitment that corporations have the possibility to adopt, according to their market position, strategic planning, management decisions as well as core business strategies and goals. The choice between the different types of programmes available, can be indicative of the type of strategic planning they have adopted; whether they view CSR as an immediate short-term profit oriented tool to manage stakeholders, hence being on the CSR Lite or Compliant side, or a long term, company value contributing, stakeholder relationship management tool, thus being placed on the Integrated, Deep side (Strandberg, 2002).

3.1.3.3 Voluntary or mandatory?

The trend for the future seems that programmes are to remain voluntary but disclosure to become mandatory. For companies belonging to the World Business Council for Sustainability, reporting on social and environmental performance is now a requirement (Lawrence, 2007), and some governments in Europe such as Denmark, have taken steps in making reporting a legal requirement (Kolk, 2005); but for most cases, reporting still remains voluntary.

The role of the government then becomes of interest. There is a belief that governments will at a minimum encourage CSR adoption through means such as information exchange networks, support for networking and cooperative action. The disclosure of CSR performance will take centre stage, with governments requiring, with a likelihood of third party verification or assurance as part of the scheme. Transparency and subsequent accountability through communication requirements, as a driver for better social and environmental performance can be singled out as a key future trend (Strandberg, 2002). With reporting possibly becoming mandatory, the direction which reporting is to take becomes of importance on the communication front.

3.2 CSR reporting and corporate communication strategies

3.2.1 Reporting as a means of corporate communication

Corporate CSR communication has been widely established as being of importance in enhancing corporate reputation, contributing to managing reputation risk and establishing as well as maintaining better employee and stakeholder relations (Smith N Craig, 2003; Morsing & Schultz, 2006; Kolk & Pinkse, 2007). It is an essential part of any CSR programme, where information dissemination and stakeholder communication is key.

Reporting is defined as “the practice of measuring, disclosing, and being accountable for organizational performance while working towards the goal of sustainable development. A sustainability report provides a balanced and reasonable representation of the sustainability

performance of the reporting organization, including both positive and negative contributions” (GRI, 2006).

Strategic corporate CSR related communication can be conducted through various forms of media: press releases, on-line statements, written statements, PR exercises and activities, presentations, consultations, briefings, and CSR reports (Line, Hawley, & Krut, 2002). All these represent different means of communication that companies may employ in order to convey messages to their stakeholders.

Focusing on reports, which are discussed under the umbrella of CSR reports in some of the literature (Reynolds & Yuthas, 2008), as well as in this thesis; there are a variety of different publishing styles that are available for companies to choose from.

The table below summarizes the major types that are found across regions, sectors and companies, with a brief description of each type.

Type of report	Sustainability Reports (SR)	Corporate Responsibility Reports (CR)	Environment Health and Safety (EHS) reports	Social performance reports	CSR part of Annual Report (AR)
Qualities	<ul style="list-style-type: none"> - Reflects on social, environmental and economic performance - Also referred to as triple bottom line reporting - Encouraged by the emergence of GRI guidelines for reporting 	<ul style="list-style-type: none"> - Reflects on social, environmental and economic performance - Greater focus on corporate governance and responsibility 	<ul style="list-style-type: none"> - Focus on environmental, health and safety issues - Social issues mainly relating to employees 	<ul style="list-style-type: none"> - Only include social performance information - Not common 	<ul style="list-style-type: none"> - Shorter versions of SR, published as part of AR - More integrated and reflecting financial information

Source: (Kolk, 2004; Line et al., 2002; KPMG, 2005)

Currently, the most common types are Sustainability Reports (SR), driven by the GRI guidelines and the promotion of triple bottom line reporting style initiatives. There are also Corporate Responsibility (CR) reports as well as SR that are published as part of the Annual Report (AR). SR and CR are similar in scope, yet CR tends to focus on corporate governance issues and behaviour as well as environmental and social performance. SR's published as part of AR's is more concise, and tends to be integrated with financial information, thus making their format different (Line et al., 2002; Kolk, 2005). This gives rise to implications in terms of intended audiences for each of these reports, which will be discussed further down in Section 3.3.

Internet based publishing of reports is on the rise, with printed material either being completely phased out or an executive summary of the report being actually printed (Line et al., 2002). With this trend, the publishing and dissemination of the information becomes faster

and available globally, to interested parties, who would tend to seek out such information on the internet.

Style wise, reports can vary according to sector and geographical context; some being designed according to stakeholder groups and their interests as identified by the companies or according to major issues and areas of concern that emerge according to the type of operations of each company (Line et al., 2002; Kolk, 1999).

According to the different types of communication undertaken by companies, different stakeholder reactions and perception have been reported as being common. Morsing and Schultz (2006) identify the differences between perceptions of stakeholders regarding information presented as part of corporate advertising and corporate releases, as opposed to “minimal releases,” where the information is presented as part of an annual or sustainability report. Non-conspicuous communication, which is that of CSR reports, is suggested to increase the legitimacy of the CSR information as well as of the company in the eyes of stakeholders. The importance of CSR reports lies in ensuring that companies are able to communicate effectively and at the same time ensure that their legitimacy is established and protected on the long-run (Morsing, 2006). Increased legitimacy of reports, in terms of the information they present, reflects positively on the ability of the company to build and maintain a positive company and brand reputation and manage it accordingly.

3.2.2 The development of environmental and social reporting

Trends in terms of the types of reports published are indicative of a significant increase in triple bottom line style reporting. As opposed to 2002, when 70 percent of global and national reports of the Global Fortune 250 companies (G250)⁸ were of EHS type, in 2005 that percentage was shifted down to 13 percent, while triple bottom line reporting increased to 70 percent (KPMG, 2005).

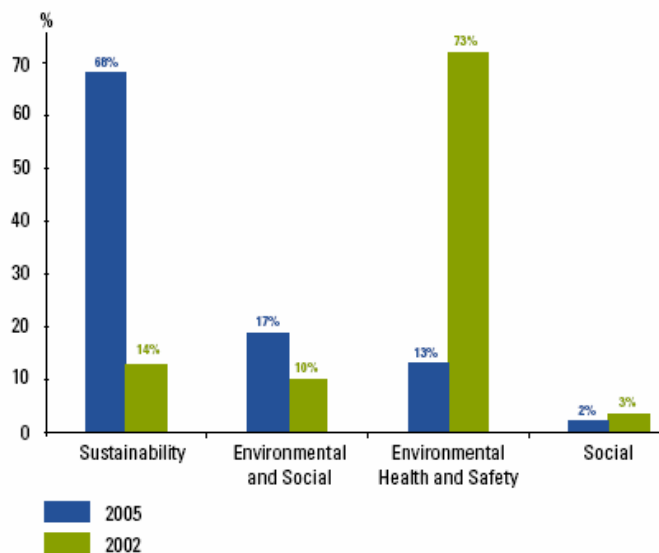


Figure 3-3 Types of CSR reports published by the Global 250 in 2002 and 2005 Source: (KPMG, 2005)

⁸ The Global 250 are the top 250 companies of the Fortune 500. For more information: <http://money.cnn.com/magazines/fortune/fortune500/>

Overall, the trend shows a clear decrease of interest of companies to publish EHS type reports, and a sharp increase in publishing reports that reflect environmental, social and financial information (Kolk, 2004). The emergence of “triple bottom line” reporting is substantiated by the need to track, measure and manage performance that relates to environmental, social and financial activities, which ultimately represent an expansion of the traditional company accounting and reporting framework, into one that needs to reflect on their activities in such a manner (Elkington, 2006; Lawrence, 2007). Even though at this current stage, separate CSR reports are the most common types in most of the countries, KPMG reports that there has been an increase in the number of companies that are now integrating these reports into their AR (KPMG, 2005).

Although there are clear differences between countries and sectors in terms of reporting frequency and content, reporting has overall increased in European countries and is continuing to rise, while in countries such as the US, where reporting was clearly on the rise in the 90’s, ahead of their European or Asian counterparts, it has started stabilizing (Kolk 2004). According to KPMG, Japan and the UK are in the lead of countries publishing separate CSR reports; while overall, in countries such as Italy, Spain, Canada and France, CSR reporting has increased by two-fold, from 2002 to 2005 (KPMG, 2005).

Trends in terms of publishing by sector show that the major increases in reporting have occurred in the financial and insurance sector, which have traditionally been characterised as lagging behind. Other major reporters are the trade and retail as well as metals, engineering and other manufacturing sectors (KPMG, 2005).

Looking at the future of reporting, on the social front, one of the most important contributions to the social responsibility arena is expected to come through the planned release of ISO⁹ 26000 series; the International Standards Organisation’s set of social responsibility standards which are currently in the making. With the planned release date of 2010, they could prove instrumental in redefining the way the social performance of a company is assured, measured and reported. Nevertheless, the standards are set to be voluntary, without any requirements thus not being able to give out certifications. Their aim is to provide guidance and work in conjunction with other guidance and legislative text such as that of the International Labour Organisation¹⁰ (ILO) (International Standard Organisation, 2008).

3.2.3 Drivers and barriers for CSR reporting

In practical terms, Kolk has outlined reasons of companies for voluntary reporting and not reporting; they can be identified as stemming from a variety of sources, reflecting internal company attitudes and organisational policies, as well as external influences.

Table 3-3 summarizes the main reasons.

⁹ International Organization for Standardization. For more information: www.iso.org

¹⁰ For more information: <http://www.ilo.org/global/lang-en/index.htm>

Table 3-3 Reasons for reporting and non-reporting

Reasons for reporting	Reasons for non-reporting
Enhanced ability to track progress against specific targets	Doubts about the advantages it would bring to the organisation
Facilitating the implementation of the environmental strategy	Competitors are neither publishing reports
Greater awareness of broad environmental issues throughout the organisation	Customers (and the general public) are not interested in it, it will not increase sales
Ability to clearly convey the corporate message internally and externally	The company already has a good reputation for its environmental performance
Improved all-round credibility from greater transparency	There are many other ways of communicating about environmental issues
Ability to communicate efforts and standards	It is too expensive
Licence to operate and campaign	It is difficult to gather consistent data from all operations and to select correct indicators
Reputation benefits, cost savings identification, increased efficiency, enhanced business development opportunities and enhanced staff morale	It could damage the reputation of the company, have legal implications or wake up 'sleeping dogs' (such as environmental organisations)

Source: (Kolk, 2004)

These reasons emerge due to a variety of drivers and barriers that are identified in the literature as providing either favourable or a non-favourable conditions for companies who may or may not chose to report.

Drivers can be internal or external to the organisation and either work synergistically or separately. They also vary across geographical areas and cultural differences have also been attributed as being contributing factors (Kolk, 1999). The following are some of the major drivers that can be observed across sectors and countries:

- **The promotion of voluntary guidelines:** In many countries, voluntarily adopted guidelines are the only type. Voluntary guidelines have been prominently encouraged at the EU level, as well as in countries such as Japan. They can be issued by governmental bodies, such as the Ministry of Environment or Ministry of Trade and Economy (Japan) or non-governmental bodies such as the widely used GRI guidelines, where industry involvement is also prominent (Kolk, 2004).
- **Securing and enhancing reputation** is has been identified as the prime motivator for reporting for many of these companies (Pleon, 2005; Middlemiss , 2003).
- **The establishment of regulatory reporting requirements:** In many countries, reporting on environmental performance is mandatory. In Denmark and Sweden, the two countries where the companies in this study are located, it is a legal requirement to have a section on reporting on environmental issues in the annual report. In Denmark since 2001, while in Sweden since 1999. Some other countries such as France, have also included social performance reporting along with the environmental aspects as part of the legal requirements to be included in the annual reports (since 2002) (Kolk, 2005). Legal requirements not only drive reporting as a whole, but given the legal

implications, they are also identified as important drivers for the quality improvement of reports.

- **Media and ranking institutions:** The emergence of ranking institutions and the media attention that companies end up getting due to them has also been a recent driver for increased and better reporting. Ranking initiatives such as the Dow Jones Sustainability Index or the FTSE4Good Index Series¹¹ and Fortune's¹² "10 most accountable big companies" (which reflect more on social performance) have all motivated big corporations to further improve their reporting initiatives. Sustainability rankings have also been attributed in contributing to providing key information to investments and lending decisions (WBCSD, 2001), which mainly relate to shareholder activism and market demands which are discussed below.
- **Market based drivers:** Market based drivers such as the emergence of social and ethical investment funds, or the practice of Socially Responsible Investment (SRI) can also be identified as drivers. These practices have also lead to an improved incorporation of social and environmental performance information into that of financial, fulfilling calls of integration (Kolk, 2008), (Solomon & Lewis, 2002).
- **Stakeholder and shareholder activism:** Increasing stakeholder and shareholder demands, which have been fuelled in their turn by corporate governance as well as environmental related scandals that have been widely covered in the media as well as in academic circles, have played an important role in the promotion of reporting. It mainly goes back to an increased expressed demand for wider accountability and transparency, which translates into more and better reporting. Fulfilling stakeholder and shareholder demands, has been an key objective for many corporations, who have correlated reporting with risk management, maintenance and enhancement of reputation and maintaining legitimacy and licence to operate (Knight, 2007).

Barriers to CSR communication can also be traced back to be stemming from similar sources. They have been characterised as inherent, due to the fine nature of corporate CSR messages, which can be under the scrutiny of the public for many reasons.

- **Public cynicism:** the credibility of social, environmental and ethical issues is often put in question within the wider context of society, driven by wide spread public cynicism of company motivations behind the reporting efforts (Sriramesh et al., 2007).
- **Credibility issues:** in order to maintain credibility, the efforts that companies undertake as reflected in their reports, have to be reflective and fitting to their brand image. Their corporate behaviour overall has to be consistent as well, in order to avoid the risk of being branded by the media and the general public as prime examples of unethical behaviour (Dawkins, 2005).

¹¹ For more information: http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp

¹² For more information: <http://money.cnn.com/magazines/fortune/bestcompanies/2008/>

- **Different stakeholder needs:** the barrier to overcome here is ensuring that different stakeholder audiences, having different information needs, with different expectations of companies and responsiveness is satisfied (Dawkins, 2005).

3.2.4 Guidelines for reporting – the Global Reporting Initiative

There are a variety of initiatives that have been established in order to provide companies with reporting guidelines. Standards are sought to assure the quality, consistency, comparability and usefulness of disclosures.

Following is a listing, in chronological order of some of the leading examples in the field of environmental and social reporting (relating to communication) and auditing (relating to verification):

- EMAS; European environmental management and audit
- ISO 14001; international, environmental management certification
- SA 8000; Social Accountability International labour standard
- Copenhagen charter; international standard that involves stakeholder communication
- Global Reporting Initiative (GRI), international sustainability reporting guidelines (Reynolds & Yuthas, 2008).

The GRI guidelines, which have gained world-wide support, are currently used the most. They are also the most relevant for this study, since all the companies interviewed follow these.

The Global Reporting Initiative guidelines

Established in 1997, the Global Reporting Initiative¹³ (GRI) is an international, multi-stakeholder approach-based initiative that aims to provide a set of universally applicable reporting guidelines that cover economic, social and environmental performance. It incorporates the participation of a variety of stakeholders, such as NGO's, corporations, accounting organisations, business associations, labour organisations and academics among others for the development process of the guidelines. The framework used for the reporting places an importance on the ability to establish comparable reports, but at the same time is flexible enough to enable organisation to adapt the reporting according to their own practical considerations. Flexibility is assured by the provision of sector supplements that enable the “standard” to be applicable according to each company’s operational context.

In order to *define the report content*, companies are asked to look at the following areas:

- **Materiality;** represents what the company thinks it should cover in its reporting effort. It refers to the efforts that companies should place in identifying and prioritizing the relevant environmental, social and financial issues that specifically relate to their operations. The identification and prioritization process is important since it determines the type of information that is important for each company to cover, and thus points out the indicators that the reporting effort should focus on using. Based on materiality, issues are weighed relative to each other, with the most important ones requiring more attention and coverage (GRI, 2008).
- **Stakeholder inclusiveness;** represents what stakeholders think is important to be covered in the reporting initiative. It refers to the identification and prioritization of stakeholders of interest for the companies, whose concerns and expectations are to be addressed with the report (GRI, 2008).

¹³ For more information: www.globalreporting.org

- **Sustainability context;** represents the efforts required by the companies to contextualise their reports and reported performance within the wider framework of sustainability. This is deemed important, since the reporting initiatives are essentially established in order to understand past, current and future company operations and how they have failed or aim to contribute to the sustainability of their business, as well as society. The contextualisation effort is important, since it enables companies to view themselves as part of a bigger picture, which is in a way necessary in order to assess their operations and goals within the wider context of society (GRI, 2008).
- **Completeness;** refers to the coverage level of the issues of concerns and related indicators. It specifically relates to the scope, boundary and time element of the reports. The scope, refers to the different sustainability topics covered in the report; the boundary to the different entities whose impacts on the company have been covered and included in the report (subsidiaries, joint ventures, sub-contractors); and the time element refers to information in the report to relate to a specified time frame which is agreed upon (GRI, 2008).

Stakeholder inclusiveness is of special interest for this study, as it reflects to the motivation behind the choice of companies to either target fellow businesses with their reports and thus decide to either use these reports as part of their b-t-b communication efforts.

The guidelines outline the following set of specific considerations, when referring to the stakeholder inclusiveness area;

On stakeholders and audiences:

The guidelines define stakeholders as entities that are affected or can affect an organisation and its related operations. It specifies, that the “reasonable expectations and interests of stakeholders are a key reference point for many decisions in the preparation of the reports, such as the scope, boundary, application of the indicators, and assurance approach” and are to be met. And it is advised to remember that not all stakeholders will be interested in using the information, and thus the balancing the type according to the main audience of the report is of importance.

On stakeholder engagement:

Stakeholder engagement tools such as surveys, meetings, consultations and panels, are suggested as important since they are essential for the understanding of stakeholder expectations and subsequent decision of how to prioritize issues according to demands. It can be for informational purposes, or for the purpose of gaining knowledge that is to be used for the preparation of the report.

On stakeholders and assurance of report

In order for the report to be able to go through the process of assurance, there is a requirement for the documentation of the stakeholder engagement process. The documentation requires information regarding which stakeholders were involved, how the engagement took place, when did it take place and how the process contributed to the content of the produced report. Conflicting demands and expectations are to be addressed in the report.

Overall, in respect to *stakeholder inclusiveness*, the guidelines argue that accountability and engagement contributes to trust between the reporting organisation and its stakeholders, which in turns straightens the credibility for the report (GRI, 2006).

Organisationally, the report content has the following structure:

- *Categories*; representing groupings of economic, environmental and social issues of concern to stakeholders
- *Aspects*; referring to general types of information related to a specific category
- *Indicators*; which are the specific measurements of an individual aspect that is reflective of performance. There are indicators in over thirty categories (GRI, 2008).

Other things in the report include but are not limited to: CEO statement, profile of the reporting organizations, an executive summary and key indicators, vision and strategy, policies organization, and management systems and performance. Characteristics of the reports that need to be reflected on and then reported are: entity, scope, period, materiality as well as relevance, reliability, clarity, comparability, timeliness, and verifiability (GRI, 2008).

There are requirement assurances. Depending on the level of indicator coverage and external versus internal auditing procedures, companies are assigned GRI report grades, which are in turn mentioned in the report. The grades provide a general standing of the company's performance and reporting initiative. The scores are improvable and thus provide companies with the motivation to do so (GRI, 2008).

There are different ways of publishing the report; separate environment report, separate social report, separate community report, combined social and environmental report, three pillar integrated report or inclusion of social and environmental information within annual reporting to shareholders. Sectors supplements are provided, in order to enable users to truly be able to able the reporting guidelines according to their business practices. The availability of different options, some have argued is an indication of one of the shortcomings of the guidelines; since they represent a lack of integration, which goes against basic sustainability concepts (Moneva, Archel, & Correa, 2006), yet one can argue that this flexibility is needed at this point in order to further drive the implementation of reporting initiatives on a global scale.

Nevertheless, the guidelines have had a significant impact in helping the wide acceptance and implementation of CSR reporting, and have helped in the communication of these issues to reach much wider audiences.

3.3 Stakeholder identification and audience setting

This section aims to provide a brief overview of the intended audiences for these reports, the type of information they require, their use and the ways that companies interact with their stakeholders for the purpose of information exchange. It concludes by discussing business stakeholders.

3.3.1 Who reads CSR reports, why?

3.3.1.1 Intended audiences

Overall, intended audiences have been cited as being all stakeholders, or even just interested parties that are in search of this type of information. Stemming from stakeholder management practices, prioritization of stakeholders and areas of interest, which is an encouraged practice, inevitably affects and in a way determines the audiences for these reports.

More specifically, audiences can be determined by a variety of factors. Publishing styles can be a deciding factor. When published as part of the annual report, the audience thus becomes that of financial analysts and shareholders. While it has been reported that some companies aim to integrate the reports, others chose to keep them separate, so that financial analysts can

have access to “bare financial data,” while sustainability reporting can be made available to a wider range of audiences (Line et al., 2002). Purely sustainability reports would have a much wider set of audiences, inclusive of all types of stakeholders.

A major challenge is trying to address all targeted audiences, which many companies set as all their identified stakeholders. Reports thus become, either too long, because they have covered too many issues; too generic, due to the lack of a specified audience that enables tailoring of information; lack consistency and flood readers with information which becomes counter-productive to the communication effort (Line et al., 2002). On the other hand, limiting your audience to a very specific set of stakeholders, would limit your ability to communicate with the rest of your stakeholders through reports, prompting for the need for other forms of communication. Additionally, it also entails the challenge of having to figure out which stakeholder to address; prioritization thus becomes a key factor.

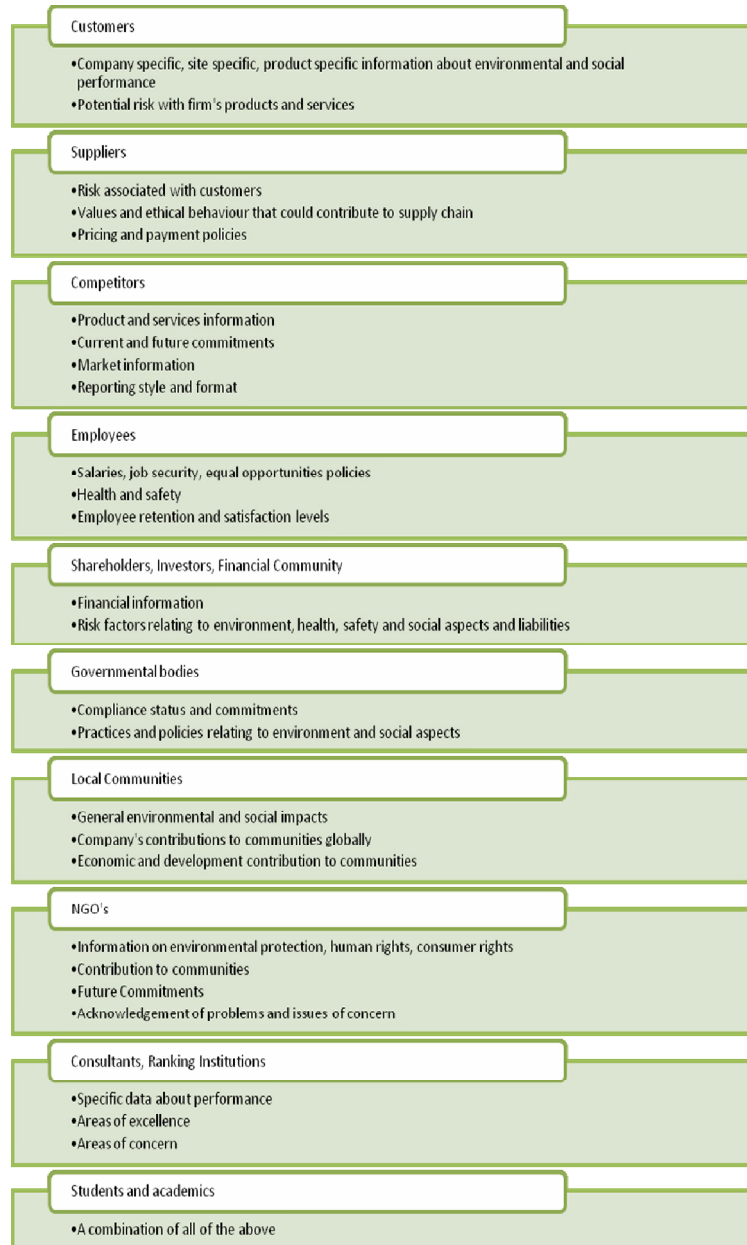


Figure 3-4 Types of information required from different stakeholders
Source: (Pleon, 2005; WBCSD, 2005)

Auto-communicative action and spill over effects are observed as well in certain instances. Studies have shown how messages directed towards external stakeholders, often reflect back and get absorbed by internal organisational audiences, such as employees (Morsing, 2006). This indicates that at times, even if audiences are set, information can still be passed on to unexpected entities.

A further implication that emerges is the ability of verifying and keeping track of whether or not audiences are reached. Internally monitoring on the intranet, and by counting log-ins and downloads is a means to achieve that. Externally, downloads and accesses of electronic versions of reports are at times counted (WBCSD, 2002).

3.3.1.2 Information needs and use

Different stakeholders have different needs in terms of type and depth of information. Challenges thus emerge in terms of where to focus, how and what to report. As mentioned before, there is no “single way” to do it. Companies are expected to use guidelines in order to proceed with their reporting efforts; base themselves on them and branch out into directions that they see most fitting for their businesses (Line et al., 2002; Kolk, 2004).

Figure 3-3 summarizes the major information requirements from different stakeholders, found throughout the literature.

Focusing on customers and suppliers, who are fellow businesses, company specific and site specific information regarding environmental and social performance, is needed, as well as information regarding potential risk associated with the products and services of the company that might stem from CSR related issues (WBCSD, 2002).

The use of the information in each case is not strictly defined. Stakeholders may or may not choose to use the information they receive. Yet each, given its unique characteristics and relationship with the organisation, as well as their unique role within society, can use the information differently.

Epstein and Wisner cite some of the following stakeholder reactions to information received (or not received) that relate to environmentally and socially responsible behaviour of the firm;

- *Customers* can increase willingness to purchase from companies they perceive to be sustainable, or avoid the procurement of products that they perceive to damage society
- *Employees* can use the information in order to form certain reputation perceptions about a company and subsequently decide which organisation to work for. Internally it can increase employee morale, which reflects back positively to the organisation, by increasing productivity, reducing lost work days and tardiness
- *Governments* can pass regulations, tighten enforcement of existing regulations, or may even create barriers or opportunities to business profitability by rewarding good positive behaviour within markets
- *Shareholders and investors* can influence corporate activities by pressuring companies they believe are not managing their resources effectively to maximize organizational as well as sustainable performance
- *Community activists* can exercise their power by increasing media attention, by staging protests, writing letters and being vocal within society (Mark ,J. Epstein & Wisner, 2006).

One has to also keep in mind that these stakeholders do not exist in society in mutually exclusive ways and that stakeholder reaction to information almost always interacts, to either get re-enforced or suppressed. Media coverage can greatly affect stakeholder perceptions and thus create either positive or negative effects (Middlemiss , 2003). An example of that would be local community reactions to negative information in the media, which can spill over to the perception and the subsequent use of information by another stakeholder group such as employees, thus resulting to negative employee perceptions of the company they work for and thus reduced worker morale.

Overall, information is power and in a way a means to manage stakeholder relationships and their reactions to the activities of an organisation.

3.3.2 Information flows: stakeholder and company interaction

On the communication front, stakeholder engagement, dialogue and inclusion are crucial elements to consider. Engagement has been cited as being key in effective communicative action, where the process of communication is no longer limited to one way flow of information; a weak form of engagement, but rather a constructive two-way dialogue based exchange of ideas that could contribute to not just information exchange but to knowledge building (Burchell & Cook, 2006).

The purpose of engagement is the foundation of a long-term relationship between the firm and its stakeholders, who would in its turn lead to long-term value creation for the company. This as mentioned before enables a desired shift from the idea of managing stakeholders by having reactive responses, to a rather proactive stakeholder relationship management (Morsing & Schultz, 2006).

A two-way communication channel is necessary for the purpose of engagement and relationship building, also determining the nature of the relationship. It is implied, that by focusing on the management of stakeholder relationships, the firm-stakeholder interaction goes beyond public relations and marketing strategies, and that they evolve into being communicative procedures of strategic importance. It has also been suggested that in this case, a firm gains competitive advantage within a given market, due to the ability of these strong relationships to promote stronger relations between organisations, firms or institutions, all of which relate to the business case for CSR (Morsing & Schultz, 2006; Paine, 2003). A root cause for that is that they are now in “a better position to develop rational rents through relation-specific assets, knowledge-sharing routines, complementary resource endowments and effective governance” (Morsing & Schultz, 2006).

In practical terms, engagement is used for scoping, focusing and learning purposes. Companies engage with stakeholders, in order to gather ideas and learn about their needs and demands, thus enabling them to focus on certain aspects of their CSR programme, responding to their needs by first targeting their programmes in certain areas of concern, and then fulfilling their information needs by publishing appropriate reports (Epstein & Wisner, 2006). Synergistic effects of high stakeholder involvement and high information exchange have been proven. These lead to knowledge forming and a better understanding of stakeholders and their demands. The theory is contextualised by placing various CSR communication strategies that relate to flow of information within its realm of the theory, ranging from the simplest and least effective ad-hoc communication style to participatory interactive decision-making process (Hund & Engel-Cox, 2002).

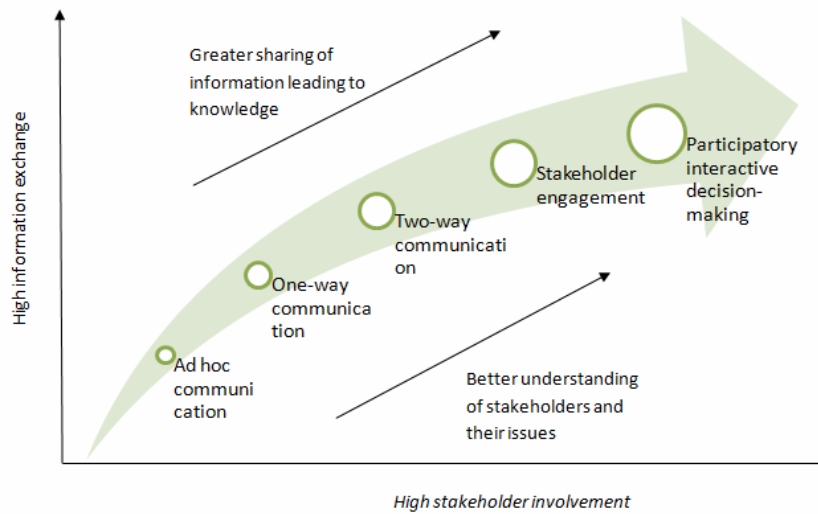


Figure 3-5 Types of communication adapted from (Hund & Engel-Cox, 2002)

Engagement through dialogue is common and encouraged. A number of different formats for dialogue exist: it can be instigated by a company with a select or wider set of stakeholder; or on an industry/ sector wide basis. An independent body acting as a facilitator can also initiate the dialogue. And it can also be held, in formal or informal manners between companies (Burchell & Cook, 2006). Regarding business stakeholders, the literature suggests that information exchange regarding CSR initiatives and reports occurs through the form of dialogue, for learning purposes. Company representatives identified the dialogue and information exchange process as one that is constructive and an important networking tool, which enables an informal benchmarking to occur (Burchell & Cook, 2006).

There has also been a recent movement towards the inclusion of stakeholder panels in the *assessment* of CSR reports. PricewaterhouseCoopers reports that stakeholder panels and traditional assurance providers, such as auditing firms, can have complementary roles. By working together they can increase the legitimacy of reports; auditors focusing on “reporting things right”, while stakeholder panels commenting on “reporting the right things” (PriceWaterhouseCoopers, 2007).

Overall, the engagement process contributes to information exchange that contributes to the process of compiling reports, as well as the communication of reports after they are published, since they can be reviewed, commented and given feedback on.

3.3.3 Who are business stakeholders?

Within the set of stakeholders, businesses are often themselves classified as important stakeholders. They can be business customers, business partners or business suppliers thus engaging in a form of transaction with the firm; or business competitors or simply fellow businesses within the similar markets, who are not necessarily competing.

Within the below depicted common form of a stakeholder model of a corporation, the b-t-b communication context can be between suppliers and the firm, the firm in this case being the stakeholder; the firm and its business customers, or businesses as part of trade associations. Competitors are also be in the map, but are categorised as secondary rather than primary stakeholders because they don’t transact directly with the firm (Friedman & Miles, 2006).

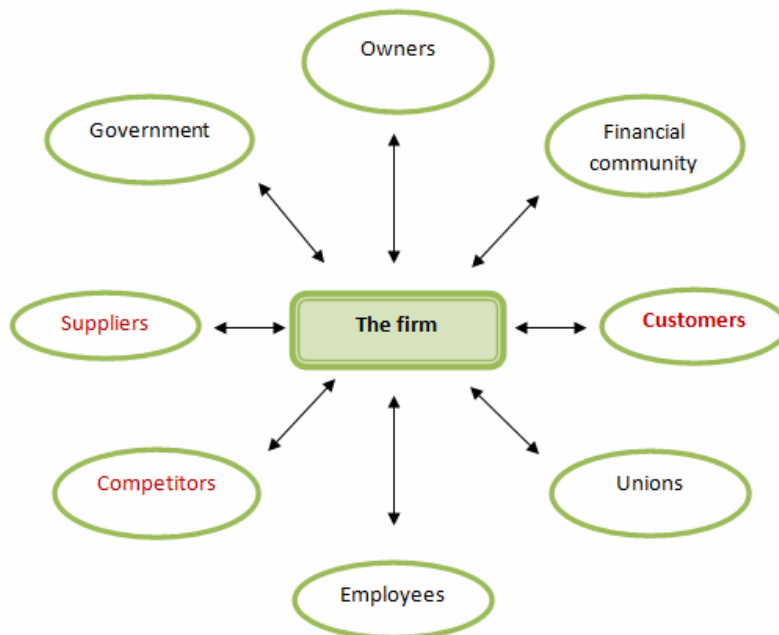


Figure 3-6 Selected stakeholder map, adapted from Freeman’s stakeholder map (Friedman & Miles, 2006), with relevant stakeholders for this study in colour red

Implications that arise relate to the core reasons why many of these firms are motivated to communicate their CSR performance; *enhanced risk management, enhanced reputation, competitiveness and market positioning* (Pleon, 2005; Porter & Kramer, 2006). All these motivations become even more re-enforced given the b-t-b relationship, which entails possible transactions between companies, as well as maintaining an edge on your competitors.

For the purpose of this study, focus was placed on communication occurring between businesses and their business customers, although other forms such as that with secondary business stakeholders who do not necessarily engage in business deals with the firm, were inevitably brought up and thus discussed to a certain extent during the interviews, as well as the discussion.

4 Theoretical framework: Stakeholders and communication

This section aims to formulate the theoretical framework of the study. Stakeholder theory is first presented. Then, the theory is used to characterize business stakeholders. Next, communication theory is described, with an emphasis on a CSR communication model. The two are then used in order to form a framework for the formulation of questions, the data collection and analysis of the information.

4.1 Stakeholder theory

Stakeholder theory suggests that the long-term survival and sustainability of a firm is highly dependent on the ability of the firm to satisfy economic as well as non-economic objectives and in order to do that the organisation needs to respond to the various needs of its stakeholders (Pirsch et al., 2007). Thus it demonstrates the importance of stakeholder identification, prioritization, engagement and subsequent information communication (Morsing, 2006). Stakeholders represent a source of resources for organisations, which are essential for their survival, such as capital, customers, employees, materials and legitimacy. For companies, satisfying the needs of their stakeholders ensures that their resources are maintained and guaranteed on the long run (Golob & Bartlett, 2007).

Caroll (1993) defines them as: “Individuals or groups with which business interacts, who have a stake or vested interest in the firm. Asserts to have or may have more of the kinds of stakes in business [...] may be affected or affect [...] power and legitimacy” (Friedman & Miles, 2006).

Stakeholders can be divided into primary and secondary groups based upon the extent to which a firm depends upon their participation for their survival.

- *Primary stakeholders* are defined as those who are essential for the survival of a corporation. They refer to entities engaged in formal relationships with the organization, such as employees, suppliers, customers, and shareholders. The stakeholders in question in this thesis would be classified under primary stakeholders.
- *Secondary stakeholders* are defined as those who influence the corporation, but are not necessarily engaged in transactions and are not essential for its survival. They include actors such as the media and special interest groups (Friedman & Miles, 2006)

Institutional pressures can be exerted by several stakeholders. Institutional pressures are usually framed within the realm of institutional theory, which talks about “the relationship of an organisation and the broader context within which it exists” (Scott, 1995). It relates to the process of conformity of organisations, referred to as isomorphism, as a response to different types of pressures that get exercised upon them. Stakeholders are often the source of these pressures, and institutional behaviour can be affected by their needs or expressed demands (Scott, 1995). Based on the definitions of types of stakeholders and the pressures they can exert at the organisational level, different connotations of the interaction between stakeholders and organisations arise. Based on the interaction, the demand/ supply relationship of information between stakeholders and firms can be determined.

The interaction is defined by the variety of qualities that stakeholders as well firms have. Mitchell et al (1997) define stakeholder relationships by the perceived attributes of *power, legitimacy and urgency* by the organisation, the combination of which contribute to the **salience** levels of the stakeholder.

This aspect of the theory relates to whom and to what managers will pay attention to based on the *perception* of the relative presence of three features:

- *Power*: “an actor has power if it is able to impose its will in the relationship” (Mitchell, Agle, & Wood, 1997);
- *Legitimacy*: “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Mitchell et al., 1997); required to provide authority to the stakeholder (Friedman & Miles, 2006).
- *Urgency*: “the degree to which stakeholder claims call for immediate attention” (Mitchell et al., 1997); necessary for execution, implying that the stakeholder needs to be aware of its power and willing to exercise it (Friedman & Miles, 2006)

The level of salience is in turn a determinant factor of the level of the ability of stakeholders to demand certain things (Mitchell et al., 1997). For instance, one might argue for CSR reports or information related to CSR performance.

While these stakeholder-dependant attributes determine the interaction process and the subsequent established relationship between a stakeholder and a firm; on the other side of this relationship, there are certain managerial activities stemming from the firm that can also influence this relationship; *participation, dialogue and involvement*. These three have been outlined as being of key importance in stakeholder engagement and subsequent relationship building, that firms need to undertake and promote in order to achieve long-term stakeholder management related success and successful communication efforts (Morsing & Schultz, 2006).

Stakeholder theory does have its critics, who emphasize that the theory diverts attention from the “true stakeholders” of a company; the owners, and that it does not address stockholder and property rights properly (Phillips, 2003). Other criticisms focus on the lack of support and thus incomplete linkages between internal and external variables, inadequacies of the explanations of the process for the application of the theory (Key, 1999).

The stakeholder theory, with emphasis on Mitchell et al.’s (1997) definition is deemed appropriate for this study, because the theory is focused on the *perceived* presence of these attributes in stakeholders by companies, which is exactly what the field work for the thesis is focused on.

4.2 Characterization of business stakeholders

This section discusses and makes an effort to theoretically characterise business stakeholders based on the stakeholder theory, and the elements of power, urgency and legitimacy. Statements are made based on arguments that stem from general facts about businesses and business transactions, and are not meant to be all exhaustive, but simply cover certain aspects that are thought of being of relevance to this study. The characterisation was motivated by the lack of business stakeholder attribute characterisation in the literature; and by the need to assess and understand the possible motivations behind this specific stakeholder behaviour, help formulate interview questions and contribute to the discussion of the findings.

As mentioned in the section above, stakeholders must have salience in order to be able to demand things from firms. Salience is determined by the elements of power, legitimacy and urgency; which overall contribute to the ability to set pressure on organisations who tend to be influenced by institutional factors, which lead them to behave in certain manners, to either conform or not, based on the exerted demands (Friedman & Miles, 2006).

The nature of the interaction between two businesses engaging with each other can be characterised as unique because businesses and their business stakeholders are two isomorphic entities; similar organisational and institutionalised units interacting within the CSR realm, communicating and possibly conducting transactions on contractual basis.

They tend to operate in similar ways, intra and inter organisationally; have similar structures of governance, signing contracts and business deals, purchasing and selling products at wholesale level and communicate through a variety of other platforms such as advertising and PR initiatives (Kotler, 2003).

These are only some of the elements that make this relationship unique from the relationships that the firm may have with other stakeholder, such as local communities for example.

On the communication front, there are different implications that arise. Due to the business relationship, the formalised ways of communicating can give rise to different possible situations;

- a) they can facilitate the flow of information, thus influencing the ability to directly and more easily express demand;
- b) their demands can have more legitimacy in the eyes of the firm since they echo “business” concerns or inquiries that relate to business related interests.

A negative implication of this relationship is that the demanding ability of a business stakeholder can be influenced by the established power dynamics that exist between big corporations and smaller subsidiaries, business partners and customers; dependencies that relate to purchasing power, and buyer attributes, market positioning and economic leverage. Thus business stakeholders might be reluctant in expressing direct demands towards firms.

So, regarding **power and communication** of the business stakeholder,

There might be a reluctance to express demand of reports/ information due to power dynamics, but if the expressive power is decided to be used, the transmission of the message from the stakeholder to the firm would be more effectively and rapidly accomplished due to formalised channels of communication, that do not necessarily involve stakeholder involvement initiatives.

Legitimacy referring to the relationship of the stakeholder with the firm is another attribute to look at. Narrow stakeholder definitions, which have been criticized for focusing on a very limited types of relationships of stakeholders and thus excluding a wide range of stakeholders who might also be legitimate, emphasise legitimacy as being established due to relationships which are based on contract, direct exchange, legal right (Friedman & Miles, 2006). Even within this narrow definition, business stakeholders can be concluded to have legitimacy in the eyes of the firm, since their relationship is often defined by possible contractual agreements. Companies are often obliged to respond to inquiries and demands regarding information, since there is that contractual or potential business agreement situation.

So, regarding **legitimacy and communication** in the b-t-b context:

Business stakeholders would technically have legitimacy established in the eyes of firms, due to the business to business nature of their relationship. Communication would be facilitated because of the supposed legitimacy of the claims, as well as because of the established channel of communication that supposedly exists, making the transfer of the message easier and further re-enforcing the legitimacy of stakeholder claims.

Urgency, which is necessary for the execution and use of power, relates to stakeholders on two different levels; first that they have to be aware of the power that companies perceive they have and there has to be a willingness to use it on their behalf (Friedman & Miles, 2006).

In respect to urgency and communication, the relationship dynamics and channels of communication come into play. Willingness to use power is in a way dependent on the personal perception of the ability and the positioning in respect to the firm.

So, regarding **urgency and communication** in the b-t-b context:

Business stakeholders would have access to high levels of urgency given their business relationship but willingness to use power, can be restricted due to power dynamics. It could also be driven by felt interest and need to request certain things.

Another comment that can be made about businesses acting as stakeholders is that they can also have a role of a customer. Communication wise, this implies the presence of an information flow through other means such advertising and promotional materials that may or may not interfere with CSR related communication.

Overall, it can be inferred that business stakeholders have a specific form of relationships and subsequent communicative power influencing the potential type and flow of information that gets underway.

Statement inferred in this section may be used in the discussion part of the thesis, in section 5.

4.3 CSR Communication models

Communication theory in its simplest form refers to a sender (the firm) transmitting a message containing information (report) to a receiver (business stakeholder) who after internalising the information may or may not send back feedback. The process can be active or passive and can involve more than one party at the same time.

The effectiveness of communication between entities and the validity of the message transmission is affected by the following qualities of the message: *truth* (the objective truth of the propositions made), *sincerity* (the subjective truth of the propositions), *understandability* (the comprehensiveness of the propositions), *appropriateness* (the extent to which the propositions comply with norms) (Reynolds & Yuthas, 2008).

Morsing and Schultz (2006), categorize CSR communication strategies according to a model from which three types emerge. The different aspects, which are the determinants of the types, are mainly based on the kinds of relationships that companies establish with their stakeholders, and the general manner of engagement and participatory action that ensues. The communication mainly relates to the contribution that on-going dialogue between the two parties can have on the initiation, establishment and maintenance of a CSR programme and as part of that of a CSR report.

The determinants aspects of the three proposed strategies are to be later used in the development of the research components in section 4.4.

Table 4-11 summarises the three different types of strategies that can exist. Company efforts do not fall exclusively under one of these categories.

Table 4-11 Three CSR communication strategies

Strategies	Stakeholder information strategy	Stakeholder response strategy	Stakeholder involvement strategy
Aspects			
Communication ideal	One-way, public info communication Sense-giving	Two-way asymmetric communication Sense-making → Sense-giving	Two-way symmetric communication Sense-making <-> Sense-giving
Stakeholders	Ask for more info	Ask for reassurance for ethical and socially responsible behaviour	Co-construct corporate CSR efforts
Stakeholder role	Stakeholder influence: support or oppose	Responsiveness to corporate actions	Involvement, participation and suggest corporate action
Identification of CSR focus	Decided by top management	Decided by top management. Feedback gathered via opinion polls, dialogue, networks and partnerships	Negotiated while in interaction with stakeholders
Strategic communication task	Inform stakeholders about favourable corporate CSR decisions and actions	Demonstrate to stakeholders how the company integrates their concerns	Invite and establish frequent, systematic and pro-active dialogue
Corporate communication department's task	Design appealing concept message	Identify relevant stakeholders	Build relationships
Third party verification	Unnecessary	Integrated element of surveys, ranking and opinion polls	Stakeholders are themselves involved in corporate CSR messages

Source: (Morsing & Schultz, 2006)

In summary, the main differences between the three CSR communication strategies relate to the direction and symmetry of the flow of information and to the differences of stakeholder-company engagement and interaction. They can be generally categorised as being direct or indirect, symmetric or asymmetric, telling or dialogue based. The “sense-giving” refers to one way public communication, while the “sense-making” refers to a more collaborative and dialogue based interaction where feedback and subsequent reflection on the information is essential (Morsing & Schultz, 2006).

4.4 Synthesis into a framework for information collection and discussion

Sections 4.1, 4.2 and 4.3 presented information that was used in order to develop the framework for the data collection, analysis and discussion.

Stakeholder theory and the qualities of power, legitimacy and urgency provides the wider context from within which the information was gathered and the basis for some of the interview questions about the perceived levels of those attributes from the interviewees.

The CSR communication strategy model, by Morsing and Schluetz (2006), is used by taking the different aspects outlined, adjusting some elements, and thus enabling them to reflect specifically on communication through reports. The different aspects are aggregated into five research components of inquiry. Those areas of interest are also used to guide the findings and discussion part of the thesis.

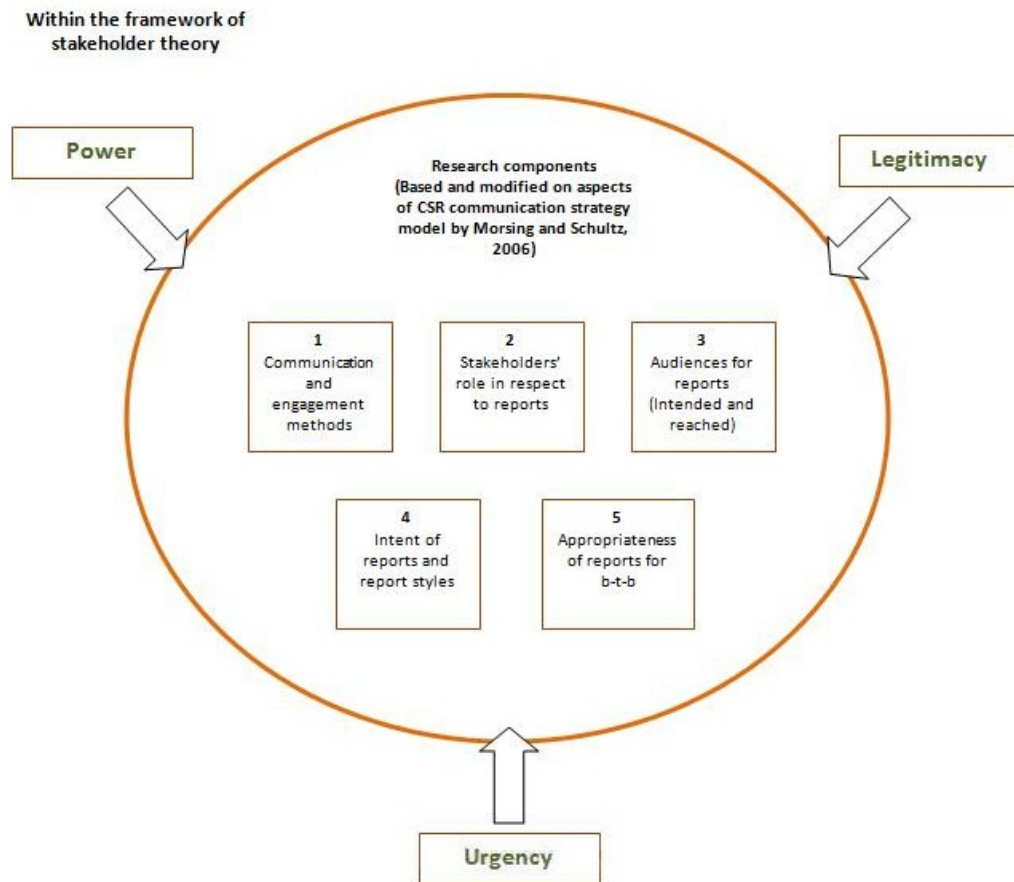


Figure 4-1 A framework for information collection and analysis based on stakeholder theory and CSR communication strategies

Five Research Components are designed. Each of the component was used in *identifying areas of inquiry, formulating questions, as well as presenting the findings and doing the analysis*. They represent the headings under which the findings are presented in the following Chapter 5.

Figure 4-2 lists the different elements under each of the five Research Components that are designed.

The Five Research Components in Detail

1. Role of sustainability department, role of communication department, common channels of communication in b-t-b, closeness of the work relationship, current and potential collaboration
2. Stakeholders identified, perceived stakeholders role in communication, perceived business stakeholders role in communication, actual business stakeholders role
3. Intended audiences for reports, perception of audience reached, means of accounting and verification of audiences reached, internal feedback, external feedback
4. CSR focus, report type, past reports, stated purpose of report (strategic communication task), assurance of reports, future actions and commitments for reports
5. Adequacy, legitimacy, relevance, usefulness, perceived interest from business stakeholders to use reports in b-t-b, perceived appropriateness of reports in b-t-b communication, perceived legitimacy of information in reports for b-t-b communication, perceived adequacy of information in reports for b-t-b communication, interest in using reports for b-t-b communication, perceived usefulness of information in reports for b-t-b communication

Figure 4-2 Research Components in detail

Although the GRI guidelines on stakeholder inclusiveness, which were discussed above in section 3.2.4 are not directly used in order to develop the above mentioned framework; most elements of it are nevertheless covered in the communication model that was chosen. The decision to not use the GRI guidelines, was based on the fact that the chosen model provides more specific aspects that are to be considered, thus enabling the identification of areas of inquiry, questionnaire development and analysis to be conducted in more detail.

5 Main Findings

Section 4 of the thesis presented the theoretical framework. It also helped in framing communication efforts according to different types of engagement and flows of information, thus setting the tone and providing the general framework within which the following section is to be presented.

The following section presents the major findings that contribute in answering the main research question of ‘To what extent are CSR reports used in b-t-b communication efforts?’ With that purpose in mind, the findings are summarized and presented under thematic divisions, which reflect the Research Components, which were outlined in section 5.4.4. The themes reflect an aggregation of the most common responses and point of discussion that came up in the interviews conducted and they ultimately give rise to different implications relating to the use of these reports for CSR communication purposes in the b-t-b context.

Findings are presented without referring to specific companies for anonymity purposes, which were guaranteed. For a summary of the findings in a tabular form please refer to Appendix C.

5.1 Communication and engagement

This section presents the findings under Research Component 1, which relates to the communication and engagement manners as well as roles of the tasks of the communication and sustainability department.

5.1.1 Reports and information use

All companies identified businesses as primary stakeholders of interest.

Direct use of reports was reported as not being actively done. Although some instances where reports were sent to fellow businesses were acknowledged.

There were two levels of communication in the context of b-t-b regarding CSR mentioned by the companies, which *indirectly* involved reports.

First, there is CSR related engagement with businesses with communication in mind regarding existing CSR performance through presentations and specialised meetings with other company representatives. One company representative stated that this is one of the major parts of his job; travelling around and conducting presentations about their company’s sustainability performance. Information used in these presentations was reported as being based on the same source of information as that of reports. One company reported that the reports act as a blueprint, from which the information is extracted from and subsequently used in different setting and for different purposes, and another one focused on the “*information recycling*” that occurs within organisations; information included in the reports, re-formatted and re-used in other forms for internal as well as external communication purposes. One company also referred to the report as a “baseline from which to branch out of” indicating the perceived need to tailor information according to audiences. In these cases, the active role of communicator is the sustainability department representative, who has experience with such information and thus influences the way the message is communicated.

Secondly, there was a reported perception that the engagement at the sales or promotional level, which usually entails a form of communication that has to do with information

provision for the purpose of sale and business transactions is adequate in respect to providing a business stakeholder with a general environmental/social image of the product they are purchasing, which relates to the overall image of the company that they are buying from. The set up in this case is different, with the “engagement” being for different purposes that does not necessarily reflect a pre-occupation or specific interest in social or environmental issues, but rather information provision regarding products. CSR related information inevitably gets included at times in such communication efforts, as was reported by three out of the four companies; environmental performance was preferred over social performance related information. The active role of the communicator for these messages in these cases is a sales representative, which in turn entails that first, the knowledge he/ she has and thus transmits, would not be as extensive or maybe even adequate as that of a sustainability manager, and more importantly, the purpose of the communicative action in this case being sales and promotional, the way and the type of information that is transmitted would be different. It was stated that reports, as well as other materials such as presentations and data sheets, in these cases would be used to educate and inform employees who work in these departments, who in turn would take on the responsibility to convey the message to other businesses.

The internal use of on-line material placed on companies’ intranet is a way of enabling employees to have access to this information, for self-educational purposes as well as in situations where they would need to refer to some information in case an individual, such as a business customer, inquired about an aspect of their CSR performance. It was stated that the seeking out the reports and these materials with the information was left upon the employees’ initiative.

5.1.2 Perception on demand

There was a small perception of an expressed demand coming from business stakeholders for these reports. All companies reported sometimes having CSR communication with another company, in the context of a business customer asking for a report from them, or an employee within the organisation seeking out reports in order to answer a business inquiry.

Focus is still very much so on quality assurance. Inquiries relating to environment are almost always regarding ISO 14001 certification, (something that can be found in reports as well, but the information is not sought out there, which means that the reports are not read online either), or quality assurance. Regarding social performance of products, no interest or questions is perceived.

One has to keep in mind though, that these reports are in fact available on-line and accessible to businesses who would be interested in reading them.. Since no external verification means were reported, the perception on demand that relates to the readability of these reports, was formed by companies, based on the lack of questions and feedback regarding aspects or details of the reports.

5.2 Audiences

This section presents the findings that relate to research Components 2 and 3, which relates to stakeholders role in respect to reports; and intended as well as reached audiences.

5.2.1 Business stakeholders

It was reported that the interviewed companies themselves acting as stakeholders would most likely read other companies’ reports, as a form of idea/ method exchange rather than in the context of a business transaction relationship. In fact, one company explicitly mentioned one

of the other companies that are included in this study, as one whose reports have been read by them, because of a perception that they had a good reputation in the CSR reporting area. The report was sought out and read in order to gather ideas and methods reflecting good practices. The process was referred to as being an unofficial one, and was done upon the sustainability department employees' initiatives.

The expert interview revealed that as CSR consultants to companies, they are often faced with a situation where companies openly acknowledge that they are not sure which direction to take, what their reports should be and who they are supposed to be specifically addressing these reports to. This was reported as being present in companies that are usually at the beginning stages of implementing their initiatives. Audience setting seems to be an issue; while stakeholders are identified at the general level and they usually include the same set of groups. Three out of the four companies, had the exact same stakeholders identified in the same order of importance, while only one placed clear emphasis between their priority stakeholders of shareholders and investors as an intended audience and a set of secondary which included students, NGO's and governments as being of importance), prioritization of stakeholders as well as of report audiences was reported as being tricky.

One company reported that they at times read their supplier reports (if existent) in order to gain some sort of general idea about their CSR related activities. This is done upon the sustainability department's initiative and did not reflect any formalized ways or procedural approaches of conducting business deals and did not involve other departments within the companies.

5.2.2 Types of reports and audiences

Audiences were discussed by companies in relation to the type of reports they produce. There was a set of different publishing efforts undertaken by the companies in question. One company has placed its focus on developing and improving a Sustainability Report (SR) while two companies have geared their efforts in preparing SR that are incorporated and are part of their Annual Reports (AR). One company has made a recent change and has published a 2007 Corporate Responsibility Report (CR), a departure from their previous published materials (till 2006) which were SR.

Each publishing effort has different motivations and justifications behind it provided by the interviewees: SR publishing is justified by saying that, a holistic sustainability approach is part of their core way of doing business, and thus the report, is a good way to articulate all matters relating to their business operations accurately. The SR provides an appropriate sized medium through which the information can be communicated accurately and extensively, without having to worry about the size of the report. A summarized version of the SR was also included in the AR as required by law in the country.

The incorporation of the SR in the AR is justified by saying that, sustainability matters are part of their core business, which cannot be really separated, and as such, the SR cannot be published separately; they are essentially part of and supported by the rest of the AR content, which provides a business context that enables the SR to be understood correctly. The AR in these cases includes the financial report and a corporate governance report.

In the last case, the change from SR to CR is justified by saying that, while sustainability reporting had worked for them in the past years, they had come to realize that CR is a more

appropriate medium of communication, because if it helps them focus on specific issues that are truly relevant for their business operations. It was argued, that SR are too broad and don't provide a focused attention to issues that need to be reported on, and that the name CR more accurately depicts their reporting initiative.

One company had structured the report according to major stakeholders identified, so audiences could seek out information regarding them in a more accessible way. Others instead divided things according to thematic issues that they felt they needed to cover. When asked about their audience, two stated all their identified stakeholders as intended audiences. Emphasis was put on by two of the companies on shareholder and investors and then the rest. In these cases where SR is part of the AR, investors and shareholders were mentioned as their main audience, and the rest of their stakeholders were referred to as potential readers that they are not necessarily or actively trying to reach.

There are two different types of interests by companies for the future of their reports. First, there is a tendency to focus on further improving existing reports. Of the interviewed companies, two reported that their interest was to focus on improving their SR's/ CR's which are published separately on an annual basis. In this case, one company stated an interest in the possibility of using the report actively as part of their communication strategy towards "business customers" since a lot of the information found in prepared report was viewed as being relevant by the company, and there was an expressed perception that their business customers would also find the information in that format relevant. The response was motivated mainly by the relevance of the social indicators aspect of the report, which the interviewee believed, could enable the "customer" to form an overall impression of the company. The environmental aspects were believed to be covered in other situations as well, such as in information exchanges as part of their quality assurance programmes and so on.

Actual effects on business decisions were not expressed as felt at any level, since decisions on business deals are not geared towards incorporating any such aspects into them.

Second, there is an interest in reformulating and re-considering the report styles and thus directly or indirectly redefining the core functions that they are supposed to undertake. By redefining reports and changing the publication style, one of the companies stated that they did not expect all stakeholders, including their business customers, to read these reports. Since, SR's are part of the AR's, the company expected that readers of the AR's would thus become the logical audience for the SR's as well. These included shareholders, investors and investor auditing firms. The company also implied, that they thus had no interest in promoting/ supplying these reports, which once part of their AR had become a "legal document" to a wide range of stakeholders; nevertheless, they did mention that the reports were available for them to access upon their own initiative. Due to the publication style, the audience is thus set by default.

Based on all the responses, there is no indication that the publishing format of the reports is in any way determined by external pressures or demands of stakeholders. The decision to publish either one of these was found to be stemming from the core business strategies of the companies in question stemming from top management, rather than a need to be responsive to any type of external stakeholder demand.

5.2.3 Intended audiences

Only one company clearly made a reference to their intended audiences, using the word "audience" in the report itself, and even in that case, the list included all their stakeholders identified; shareholders, investors, employees, customers, suppliers, authorities, NGO', media,

local communities; an all exhaustive list that is more indicative of an effort to cover all grounds, but not necessarily pointing out a specific audience desired to be reached. When asked about, the two companies publishing SR in AR referred to financial stakeholders as their audience, while the other two referred to all their identified stakeholders, including business customers as one.

There were no mechanisms of verification about who reads these reports externally. Internally, intranet monitoring and counting of report downloads by employees was a verification mechanism mentioned. Based on that, one company explicitly expressed doubts about the extent to which these reports are read by internal stakeholders, and stated that the company's experience so far was that employees, who they had identified as audiences, did not really read these reports.

5.3 Perceived appropriateness

This section presents the findings that relate to Research Components 4 and 5, which relate to the overall level of perceived appropriateness of reports by companies, to be used in the context of b-t-b communication.

The appropriateness level was broken down into the following elements: adequacy of the information in the reports to be used in b-t-b context, relevance of reports to be used in the b-t-b context, usefulness of the reports for other businesses and the overall perceived level of legitimacy that would enable the use of the reports within the same context.

5.3.1 Adequacy

All companies reported that the information they had included in their reports were adequate to satisfy general stakeholder demands, in terms of being able to convey a general message about their CSR activities and commitments. The self-perceived adequacy of the information is determined by what companies themselves view as of importance to communicate and the answers mainly reflect on the completeness and accuracy of the information that has been reported on, as opposed to the overall adequacy of the report in terms of areas of interest covered in respect to business stakeholders. This mainly reflects to the perception that the reports themselves are adequate in a general context, but not necessarily in the b-t-b context. Some of the companies reported the need to expand certain areas of interest. Others insisted on their interest to shorten their reports, without compromising the amount of information included. The adequacy of the reports was discussed by the companies within the current context of intended audiences. Whether that of all stakeholders, or in the case of shareholders and investors as specific intended audiences. Reflections were made, regarding the provision of tailored information, which they were aware of. When asked about the adequacy of the report to provide tailored information to businesses specifically, they all had their doubts.

5.3.2 Relevance

All companies identified forms of communication other than reports as being more relevant to their business to business communication efforts, within the context of a potential or an actual transaction. Their answers related to the ability for the reports to provide sufficient information to businesses. Focusing on the reports, two of the companies acknowledged that the information was not very deep enough due to its format and style, and that it covered issues that might not necessarily be of specific interest to their business stakeholders.

5.3.3 Legitimacy

Regarding legitimacy of reports, all identified verification procedures, especially external ones, as being of key importance for these reports to be more strongly considered and gain

legitimacy in the eyes of business stakeholders. When asked about how they viewed other companies' reports, they all acknowledged that report assurance plays a key role in providing credibility to the reports, indicative that the verification efforts are not just targeted towards gaining legitimacy in the eyes of the general public, but that they hold an important role in increasing the legitimacy of the reports within the business realm as well. They themselves considered reports that have verification standards and seals of approval as more credible, and thus they were more willing to read and consider them in business situations, and use them in order to gain a general idea regarding a firm's CSR activities. When asked about questions reflecting on perceptions on how to increase legitimacy of reports, verification was again as a key factor. Other means of increasing legitimacy were not mentioned or considered. Companies also reported the receipt of questions from fellow businesses regarding verification assurance of the reports by external auditing bodies.

5.3.4 Usefulness

While the usefulness of these means of communication is not put in question, three out of the four companies opted to say that they do not see a place for sustainability or CSR reports to be used for strategic communication purposes with other businesses for the purpose of influencing business transactions or business behaviour, due to their inability to convey tailored information to businesses who they view as current or prospective customers. In addition, all reported that they believed that the reports did contribute to their reputation enhancement, yet did not want to purposely target the reports towards fellow businesses that could be customers, as they did not see the reports as advertising material.

One company used the term "information recycling" to describe the extent to which these reports were useful in the b-t-b communication context; that is to say, information included in these reports is used as a starting point when deciding the types and kind of messages and information to provide to their business customers or partners. Direct communication through presentations was cited as being the most important one. Communication was done at the sales level, where the purchasing or sales department is involved, as well as general promotional level, where one company representative indicated that presentations regarding CSR activities around the world were part of his common tasks. Reports were mentioned as a point of reference from which to branch out of, tailoring and fitting it better to relevant contexts. They did perceive the usefulness of these reports for general reputation building and maintenance in respect to the general public.

5.3.5 Overall appropriateness

Upon inquiry, if they nevertheless saw a potential or had an interest in using these report actively to communicate with other businesses the following answers were received:

Two companies openly expressed their doubts about the appropriateness of these reports to be used in the b-t-b context. Due to the format of the publishing of the report, the company report's main audience had been identified as that of shareholders and investors. The relevance was thus put in question, due to the nature of the report; efforts had been made to reduce its size, integrate it and make it part of the annual report, and that was found as being conflicting to the ability to disseminate information to all stakeholders. The audience in this case had been set by default. One company expressed doubts about the appropriateness of their report to convey that type of information at the current stage, but did not rule it out as a future point of consideration. One company, expressed interest in doing so, and mentioned that the reports were talked about and promoted as part of their sustainability programme in respect to all stakeholders, including businesses.

6 Analysis and Discussion

This section aims to synthesise all the findings and present the major implications. The discussion follows the elements that need to be covered in order to answer each of the research questions.

6.1 Perceived demand of reports

“Is there a perceived and expressed demand for reports between firms and their business stakeholders?”

Theory	<ul style="list-style-type: none"> • Businesses are stakeholders • They can have different levels of power, legitimacy and urgency thus ability to ask for reports
↓	<hr/> <ul style="list-style-type: none"> • Businesses have legitimacy, power to a certain extent, but low urgency • Lack of expressed demand for reports • Lack of perceived demand for reports
Reality	

Figure 6-1 From theory to reality: perceived demand of reports

6.1.1 Relationships and salience

The perceived demand of reports, as reported from the companies was low. As elaborated in section 4.2, b-to-b relationships, which set the ground for b-t-b communication, have unique characteristics, which give rise to different implications in terms of stakeholder salience levels. Business stakeholders, even with their position as fellow businesses in respect to the firm, do not express their potential power and actively ask for the reports, as deduced from the interviews. While their legitimacy is high, given the contractual agreements many have with the firm as well as the reported importance that the companies attributed to them when asked, their urgency seems to be low. Their willingness and interest to use their expressive power seems to be lacking.

This could have a variety of reasons behind it. One has to consider the *power dynamics* of the relationship between companies, which entails that, while they do have established channels of communication that would make the transmission of the demand easier, the inter-dependent relationships that exist between companies, might hinder the expression of the demand. All the companies interviewed were major corporations selling their products to other businesses around the world. Purchasers may chose not to inquire about reports given the size of the companies and the business implications it can give rise to.

Interest might also be low due to the content of the “message” transmitted: the report. As mentioned in the findings, the information in the reports is at the general level, lacking product specific data and characteristics, which is something the business stakeholders, who are foremost customers, look out of. This might be indicative of the general attitude, where businesses would not necessarily be interested in knowing what the general CSR performance of a company is, but rather only focus on the products they buy.

Another hindering factor for the expression of demand for these reports may be the fact that there are already other means of communication established between companies, and thus there is already a transmission of messages regarding CSR.

6.1.2 Other ways to “talk”

Being business partners or customers also implies that there are *other formalised ways of direct communication* between companies. As mentioned in the literature, companies communicate with other companies through a variety of platforms such as advertising, sales promotion, PR and publicity, personal selling efforts, direct marketing and so on (Kotler, 2003). Respondents themselves in fact acknowledged that they viewed direct communication with their business customers, through meetings or directly answering inquiries, doing presentations as being the common and at the same time preferred way of communicating in this context. The use of reports, as additional sources of information, which covers a variety of areas, was not deemed necessary or of great interest, neither to the respondents, nor to their business customers according to their perceptions, since these other means were already being utilized extensively. The implication regarding this point is that some of the key positive contributions that the business case for CSR and CSR reporting usually advocates for companies; that of enhanced corporate and brand reputation (Paine, 2003), has been proven in the literature as being better substantiated when communication is occurring through non-conspicuous means such as reports (Morsing & Schultz, 2006). The reported focus on using other communication means, which may or may not be subtle with fellow businesses, might be indicative of these companies passing up an interesting opportunity of using these reports to their full potential with business stakeholders, in order to further promote a good reputation based on their social and environmental profile. One has to acknowledge though, the importance and practical value that these other means of communication have in the b-t-b realm, without which communication would essentially break down between businesses.

Based on the above discussed point, it can be inferred that there is a high likelihood that in the b-t-b communication realm, that stakeholders are having their *information needs already fulfilled*, and thus reports do not necessarily represent a useful source of information. The wide variety of communication means, and the extensive self reported use of them by the companies, is an indication that information is in fact flowing between interested parties, and thus there is an exchange of understanding. Information transmission being the core objective of reports, one can argue that since this task is already being fulfilled through the other mentioned means, reports can thus be better and more extensively utilised in the communication efforts in the case of other stakeholders, who might not have other channels of communication available for them to use.

These points greatly reflect on the issue of prioritization that has been extensively mentioned in the literature and is an element of the GRI guidelines themselves (GRI, 2006); since companies are assigned with the task of identifying areas/stakeholders that require consideration, their attention would be subsequently shifted towards stakeholder who lack information yet have interests that need to be addressed. In this case, it is evident, that the focus would be shifted from business stakeholders to other stakeholders, given the reasons outlined above.

Another implication relates to the main purpose of communication in CSR reports vs. other forms of b-t-b communication, the former being to provide relevant information of a company's environmental and social performance, while the latter mainly focusing on the promotion of the company and its products. Another aspect that one can mention is convenience. It is often more convenient for a business stakeholder who is also a customer to

directly ask regarding a specific aspect that they are interested in. It should be noted, that the fact that businesses focus only on specific aspects of products in terms of environmental and social qualities, is indicative that their information needs are product specific, rather than company image wide.

So where does that leave reports in this respect? The term “Information recycling” mentioned by interviewees, referring to the extent to which reports are used in the b-t-b communication context, is a good way of summarizing the situation at this stage. Reports, which are designed by the collaborative efforts of the communication and sustainability departments of a company, become the basis for the key messages to be transmitted and information to be communicated by employees and managers to fellow businesses. The information is thus taken, re-shaped and re-channelled to internal as well as internal stakeholders. This is indicative of an indirect role that reports have within the b-t-b context, and the extent to which they contribute internally to an organisation’s knowledge, which gets passed onto external stakeholders as well.

Another comment that can be made is how these reports, to be published externally, can in fact be considered as a key driver for the increase in knowledge for companies. Reporting, with its increasingly stricter guidelines and requirements for verified data, in fact contributes to the information collection effort of a company’s environmental and social performance, which inevitable increases the amount of knowledge that a company has about its current operations and future challenges. With that increased knowledge, companies are more likely to communicate about their performance and be able to manage their relationships with stakeholders, including those of businesses, through other means.

6.2 Willingness to supply reports

“Do businesses provide these reports during b-to-b communication; and if there is a willingness/ interest to supply them to business stakeholders?”

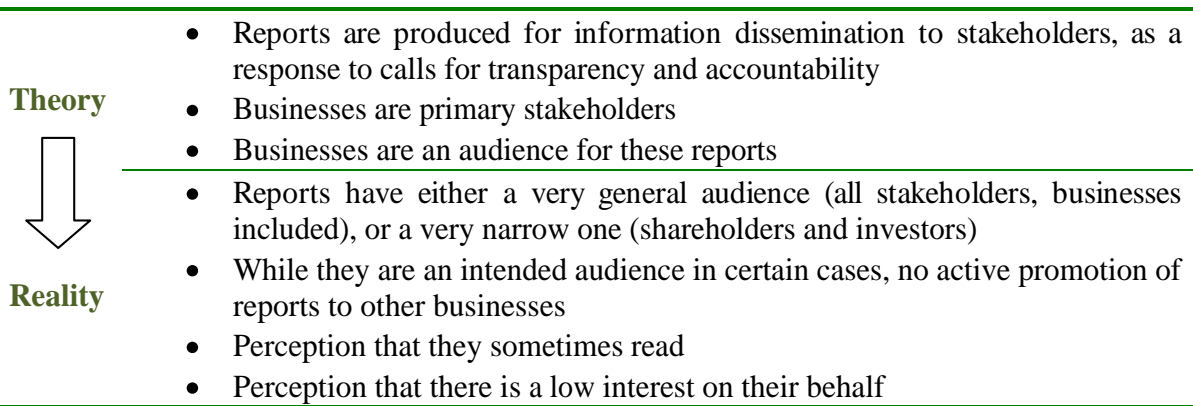


Figure 6-2 From theory to reality: willingness to supply reports

Findings showed that while at the generic level, fellow businesses are an intended audience for some of the company reports, companies are nevertheless not actively sought out and the reports are not directly promoted to them. Reasons for these may be again, the lack of perceived interest from fellow businesses asking for reports, as well as the other forms of formalised communication channels that businesses prefer to use. Lack of perceived stakeholder demand, may be attributed to the lack of supply. Reports are cited as being for a

general communication purpose fulfilment that does not include active promotion of them targeted towards other businesses. The perceived urgency of business stakeholders was reported as being low.

6.2.1 Different types of reports – different interests

In terms of the willingness to use these reports more actively in b-t-b communication efforts, there were two streams of answers: some expressed interest; while some others did not. The varying factor between the two set of answers is identified as being the type of the reports produced. As mentioned in the findings, different companies produced different types of reports, all of which had different motivations behind them.

The literature suggests that according to the type of report, audiences are set accordingly. SR are usually directed towards a wide range of stakeholders, including businesses in the forms of customers, suppliers and competitors, while CSR reporting through AR delimit the audience to financial actors such as lender, investors, shareholders (Line et al., 2002). This was substantiated by the study, where each of the interviewees identified their main readers according to the type of report they produced.

A further implication that this study brings forth, is that the willingness to promote the reports onto business stakeholders, is again determined according to the different direction that the reporting initiatives have taken for each company. Companies that have undertaken CSR reporting as part of their AR, are not interested in using these reports towards their customers, reasons being that the reports are not designed to do so, or in some cases, the reports being part of AR, were now considered legal documents, which would not allow its use towards customers. The willingness for those producing SR was different. The format being wider and less technical, they saw a potential for the reports to be used more strategically towards their business stakeholders.

6.2.2 Businesses as stakeholders and businesses as customers

Based on the answers of the interviewees, an implication arises regarding business stakeholders who may also have customer roles. With efforts to separate CSR performance reporting and use of CSR related media from PR initiatives; and CSR messages being proven to be more credible when communicated in subtle ways and outside the realm of PR (Morsing & Schultz, 2006); what place can reports really have in the b-to-b context?

While businesses are stakeholders, it is not possible to completely separate their role as customers, which is the primary reason why they have a relationship with the firm in the first place. Some of the companies themselves seemed reluctant to go down that road, and were aware of the implications that active promotion of the CSR report towards their business stakeholders could entail. They thus mentioned a preference of other means of communication about their performance to be done in an active way, and were content to have the reports communicated to them in a rather passive way; reports are out there for stakeholders to read, and thus if business are interested they can read.

Passive uses of the report, which was reported as being, that the report is produced and available for interested parties to read, was preferred by companies, indicating that there was caution on their behalf in terms of being able to build or maintain a good reputation, yet avoid self promotion.

It is acknowledged, that the type of relationship between the firm and its stakeholder determines the demand of the type of information, but it is a challenge to not only supply

information, which is deemed relevant, but also some that the stakeholder might not even be aware it exists.

6.3 Readability and audience for reports

“A re CSR reports read in the context of b-to-b communication?”

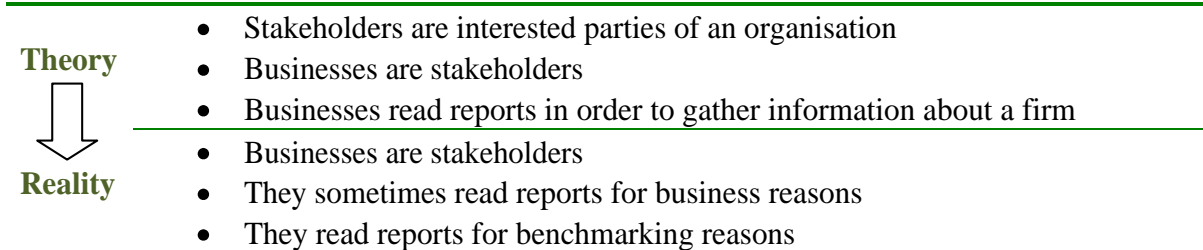


Figure 6-3 From theory to reality: readability and audience for reports

Findings showed that the perception is that, on the general level, business customers and partners sometimes read these reports, and thus within that realm of b-t-b communication reports are not instrumental in communicating messages.

This perception can be attributed to the self-reported lack of questions received about the reports and lack of feedback or comments received during engagement exercises from fellow businesses that are customers. Implications from these statements can be traced back to other parts of the discussion in the above sections, which relate to the appropriateness of these reports to be used in b-t-b communication efforts.

6.3.1 Reading for benchmarking

It was acknowledged that reading occurs in the b-t-b context for benchmarking purposes. Taking on a stakeholder role in respect to other businesses, it was reported that at times they read fellow organisations’ reports, and have had experiences in engaging with other company sustainability departments in reading and discussing them.

In the literature, it was mentioned that that engagement and dialogue with peers from other companies is considered by many sustainability managers as an important tool of informal benchmarking of CSR practices, and that a high level of them practiced it (Burchell & Cook, 2006). Adding to this, this study suggests, that apart from direct dialogue and meeting leading to benchmarking, there is also an informal benchmarking practice occurring regarding reports specifically, where companies *read* other companies’ reports, for learning and method sharing purposes.

Implications arise; the reports that are sought out are from companies that have good reputations and are known in business circles as the leaders in the field. A form of mimicry is bound to arise, which may or may not lead to positive contributions, since often times, reports need to truly be adjusted to particular companies, and can vary significantly across countries and sectors.

Another implication is that these reports and thus the information are flowing between the sustainability management circles of organisations, from one such department to another. Stakeholders are not necessarily exercising power in this case, and the information transaction is occurring on the sidelines. This also is indicative of the lack of involvement of other levels and departments within organisations in respect to reports, and that those who are sharing and exchanging the information are the ones who are already the most knowledgeable about these issues in the first place; sustainability managers. This is a weakness, since the intended main purpose of these reports, as reported by the interviewees and the literature, is to disseminate CSR related information to stakeholders who lack it and thus might perceive they need it.

It is interesting to note, that these forms of report reading and information exchange are unofficially done, without any formalised ways of conducting the knowledge exchange. A potential for industry backed benchmarking and knowledge building regarding reports might emerge, where lesson learning from each other can help companies improve their reporting initiatives at much higher speeds and efficiency levels.

6.3.2 Relevance questioned

Some questioned the relevance of the reports in these reports in satisfying the information needs of their business customers, and thus did not see the lack of interest as a problem. The general view was that the reports, although produced for stakeholders, they were not instrumental in communicating with their business customers, even in respect to CSR issues, and that other forms of communication, that have been undertaken for many years are more fitting.

Lack of reading of the reports can also either be attributed to the general lack of interest and low urgency levels on behalf of the stakeholders or lack of interest in promoting these reports on behalf of the organisation, both of which are discussed in detail in the sections 6.2.1 and 6.2.2. Interest can be built and re-enforced, but there needs to be an initial force that creates that interest in the first place.

Other forms of communication were quick to be acknowledged, as being of key importance for b-t-b communication; an indication that there might already be enough means of transmitting these messages that have been long established and tested and so reporting does not represent an opportunity for communicative action willing to be undertaken by either parties.

Looking at the situation through the stakeholder theory, lack of interest translates into lack of urgency (willingness to use power) on behalf of the stakeholder; which a crucial element for the establishment of higher salience levels, for which businesses have a potential of doing so since, they have power and legitimacy.

6.4 Summary of main findings

The main findings of the study are:

The study identifies *benchmarking and learning purposes as the main reason for reading* reports in the context of two businesses. Businesses informally seek out other companies' reports, in order to gain insights on how to construct them.

In other situations, there is a self-reported perception that the *readability of these reports between fellow businesses is relatively low*, given the lack of questions and feedback they tend to receive from fellow businesses. The urgency levels of the stakeholders are thus low, since there is a lack of perceived demand and willingness to read from the companies. questions tend to focus on product specific information, rather than general CSR practice related information.

Other *reasons for reading are not strong* and thus do not drive the demand or promotion of these reports between businesses strongly. This is attributed to companies having *other preferred channels of communication* that are long established and widely used in order to communicate about issues, including CSR related information. These channels are preferred both by the firms and the business stakeholders.

The presence and extensive use of other means communication is indicative of companies having their *information needs satisfied*. Given these circumstances, reports thus might prove more useful in other efforts of communication, directed towards other stakeholders who do not have other communication channels extensively established with companies.

They are *points of reference for information* and help define *key corporate messages* that are to be passed on and be used in the b-t-b context, and thus have indirect roles. Another indirect role is that they *drive the collection and improvement of data*, thus enabling companies to have more knowledge and thus increase the ability and willingness to communicate with fellow businesses regarding these issues through the use of other means.

A key contributing factor to the potential use of these reports between businesses for communication purposes will be the type of reporting they chose to undertake. *Depending on the type of report, audiences are set*, and in the case of companies pursuing CSR reporting as part of their Annual Report, *b-t-b communicative use of these reports is limited*, due to the limited set of intended audiences that these particular types of reports have, that of shareholders and investors.

Continuous efforts on more effective *audience setting* which has been identified as being problematic in certain cases, is only indicative of the future of the reports; audiences will become narrower, as information becomes more relevant to the specified audience. There will thus be the need to introduce other means of communication regarding CSR issues, in case there is a void that needs to be filled in the cases for certain stakeholders. This is not identified as being the case for fellow businesses, since other channels of communication are already established and are being extensively utilised.

Table 6-1 Main findings

Main Findings
Reading for benchmarking
Indirect use of reports in the b-t-b context; “information recycling”
Businesses are stakeholders but not necessarily an audience
When businesses are an audience, perception that they are not reached extensively
Even though an audience, low expectations for the reports to be read
Businesses are audiences with preferences on different channels of communication that are

already in place

Different types of reports in place and thus audience limitations discussed by some

Appropriateness of reports for b-t-b communication questioned

6.5 Drivers and barriers identified

Based on the answers gathered and analysed above, one can identify a different set of interests and different communicative behaviour that emerges within the context of b-t-b communication and CSR reports.

The following sets of factors that drive and hinder the reading of reports in the b-t-b context are identified based on the results.

Table 6-2 Identified drivers and barriers for CSR report readability in the b-t-b context

Drivers CSR report readability	Barriers CSR report readability
Need for knowledge exchange and learning regarding reports and reporting initiatives	Information needs of business stakeholders fulfilled through other means
Subtle need to gather a general idea of a company's profile; stemming from sustainability departments	Main interest is product specific information, not found in reports
Social aspects found in reports	Types of reports are not appropriate for information needs
	Other communication channels, that are more convenient are preferred
	Other communication channels that are better established are preferred
	Interest is limited within sustainability circles; lack of interest in other departments

Barriers identified are more than the drivers pointed out and indicative of the rather low level of potential for these reports to be used in this specific context.

These also give rise to some of the challenges and opportunities for the strategic use of reports b-t-b communication efforts, which will be discussed in the following section.

6.6 Challenges and opportunities for increased CSR communication through reports between businesses

Following the discussion in the section above, an overall image reflecting the perceptions of companies regarding reports and CSR communication with businesses has been established. This section adds to the research work, by presenting the major challenges and opportunities, which are identified, based on the findings and the literature, regarding the potential for increased use of CSR reports in the b-t-b context.

Challenges

- *Different streams of publishing formats, lead to different challenges (and opportunities).* Since there is no unifying direction that the reports are taking in terms of publishing format, there are different sets of implications that arise regarding the potential b-t-b communication efforts through reports. Some companies may choose to actively use these reports towards fellow businesses such as in the case of SR, others may not, such as in the case of AR due to legal or technical barriers. That in it is a challenge, because a common movement that supports the use would encourage the practice more substantially.
- *While the flexibility of reports, in terms of style, content and depth encourages the adoption of reporting initiatives by companies, it inevitably also contributes to the lack of uniformity and consistency across reporting initiatives from different companies.* The lack of uniformity is a significant challenge to overcome, if b-t-b communication through reports is to be considered as a strategic communication mean. The communicative potential of each report would inevitably be different based on the message, the firm, and the business stakeholder in question, depending on their own personal attributes.
- In relation to the point above, there are challenges relating to the ability of these reports to satisfy a *variety of stakeholder needs* and *tailor to specific audiences*. In order for the reports to be viable in b-t-b communication context, they would need to specifically reflect business stakeholder information needs, something that at this point is not happening. The challenge thus becomes, to decide how to balance the information in a case where there is a willingness to promote these report to other businesses, with the information needs of other stakeholders not being compromised. The audience-information balance issue is one that is relevant in other contexts as well, and is considered as one of the key challenges to overcome regarding reports in general.
- On the communication front, there are *cultural barriers* that can affect the potential for CSR communication through reports between businesses, relating to the understandability and usefulness of the reports. Different cultural understandings of CSR programmes and they represent give rise to implications in terms of how these reports might be interpreted in real life business situations. The literature already suggests cultural norms being a significant factor of the differences of how companies report on the same things; cultural norms that relate to society and their perceptions, as well as to corporate culture (Kampf, 2007). Thus, the perception of the information communicated differs from one situation to the other, making the process of communication complex.
- *Linguistic barriers*, relating to the cultural ones mentioned above, can also reinforce the situation. Corporations operate and have business relations across the globe, and thus often times, the ability to comprehend the language might be lacking, making the communication through reports not a viable option.
- *Overcoming power dynamics*, which are inevitable between stakeholders and companies, also represents a challenge. As discussed above in section 5.2.1, they can affect stakeholders' ability and willingness to pressure companies and demand things. In that respect, it is interesting to note that they can only really be overcome, with increased

communication, dialogue and active participation in decision-making processes, all of which can be contributed to by the increased amount of information that reports can provide.

Opportunities

- An opportunity is to *tap into the unofficial benchmarking process* of report reading that has been occurring between businesses and their business stakeholders. Formalising this process would enable the benchmarking and learning to occur at a much higher rate and an effective way. Companies may directly provide feedback or ask about best practices to each other. This also gives rise to a significant driver for report reading, one that could spill over to other departments within organisations and thus not just restrict itself to the sustainability departments, thus helping the process to become more institutionalised within companies.
- Another *opportunity stems from the indirect use of these reports* and the information they contain which companies identified as being of use. This is indicative that the information is in fact useful, thus in addition to providing it to their business stakeholders in other formats which are preferred, companies might feel motivated to also directly promote the reports to business, thus ensuring that a more holistic message of the company's activities is transmitted, building upon their company's reputation.
- *Increasing the legitimacy of these reports* through their use in the b-t-b context may also be possible. By providing and using these reports in this context, perceptions about the increased importance and validity of these reports might emerge, since they will have a business value attached to them. This could indicate their importance not just in the eyes of just general stakeholders, but businesses as well. By gaining wide business support, the legitimacy of the report would increase since the reports would gain some sort of business backing.
- *Increased brand reputation*, presents an opportunity as well. Strong reputations are founded on information that does not constitute PR and advertising, but rather an expressed form of genuine interest in having a good environmental and social performance attached to your company's profile. CSR reports have been proven instrumental in informing stakeholder about the company and attached brand name to it, but not try and sell something to them at the same time (Austin, Leonard, Reficco, & Wei-Skillern, 2006). This is an especially interesting opportunity since b-t-b implies that in certain cases those businesses will also be customers; thus making the brand reputation opportunity even stronger.

7 Conclusion

This concluding chapter aims to provide an overview of the main findings, present some concluding remarks and recommend areas for future research.

7.1 Overview of main findings

How are CSR reports used in the b-t-b communication efforts by companies?

Reading for benchmarking and learning purposes was identified as being the main reason for reading within the context of two businesses. Businesses acknowledged that they tend to informally seek out other companies' reports, in order to gain insights on how to best do it themselves. This represents a good opportunity for the learning process to evolve. Formalising this practice and enabling companies to share their reports and feedbacks on their reports more actively could prove a strong contributing factor in further promoting not just the improvement of the reports, but also the reading on the reports in the b-t-b context, which might go beyond the sustainability departments.

Information wise, they represent points of reference, where companies extract selected information from, in order to inform fellow businesses through other means of communication, which are preferred. This indicates that informational needs of business stakeholders might be satisfied through other means, thus making the readability and willingness to promote these reports specifically in the b-t-b context not urgent.

Another indirect role is that reports, which are to be published, and often times verified and audited by third parties, are the drivers for the collection and quality improvement of information relating to environmental and social aspects of a specific company. With the propagation of reporting initiatives across industries and companies, firms have now acquired and continue to acquire a vast amount of data and knowledge regarding their own activities that they may not have had before. Information gathered for accountability and transparency purposes, which apart from being published in reports, is now a source of communicable knowledge to fellow businesses, regardless of the medium of transmission.

Overall, the decision to pursue one form of reporting rather than the other will be a key contributing factor in enabling reports to reach their full communicative potential towards designated audiences, such as business stakeholders. Depending on the type of report, audiences will be set, and in the case of companies pursuing annual reporting, b-t-b communicative use of these reports will be limited, due to the limited set of intended audiences that these particular types of reports have, that of shareholders and investors.

In essence, reconciling differences between different CSR communication efforts and making sure that they do not become part of advertising is a challenge when dealing with stakeholders who are at the same time customers. In an effort to be on the safe side, companies may choose to avoid directing their reports to these audiences, and thus drawing a clear line between CSR reports and information and PR efforts. Yet reports may contain additional information that might be of relevance to business stakeholders that provide a great opportunity for enhanced reputation and brand management, that companies may choose to further pursue by

strategically directing their reports to fellow businesses, who can be potential partners or customers.

While the relevance of these reports to convey appropriate information in the b-t-b context was put in question in the study, interests might evolve, especially on the side of social performance of companies, in which case reports are interesting sources of.

In the wider context, a challenge for the fulfilment of the communicative potential of reports rests upon efforts directed at active, rather than passive, endorsement and promotion of these reports, with efforts being tailored to specific stakeholders, and not just stakeholders in general. Setting an audience is important, and avoiding criticisms about not being able to reach your intended audience would only be realised, if set audiences are limited rather than expanded. AR represent an example of that, where intended audiences being that of a very specific group of stakeholders, the type of information and the format has been truly adjusted to fit the audience need and the outcome of that has been that the communication efforts has become much more effective and positive.

A challenge is trying to avoid the flipside of narrowing down your audiences, creating a vacuum of information. This would not necessarily be the case for business stakeholders, since in these cases, other channels of communication already exist; but in the case of other stakeholders (NGO's, local communities), who might be bumped out of the list of intended audiences for these reports (thus not have appropriate type of information available to them) yet they do not have another appropriate stream of information coming in to replace the potential void.

While efforts will continue to be targeted towards further improving reports, their long-term sustainability will be proven if their communication potential is achieved and their usefulness in terms of being able to achieve measurable changes in business accountability, transparency and behaviour is proven in the real world.

As a concluding remark, a statement from one of the interviewees is quoted: "Reports are important yes, but keep in mind; they are not supposed to do everything". But they should do what they intend to do; reach specified audiences and fulfil their communicative intention to convey information that matters to the people who matter.

7.2 Areas for future research

Areas for future research could include further exploring the readability and usability of these reports by fellow businesses, in actual situations of business transactions or even in more substantial business operations such as mergers and acquisitions.

Following up and exploring the area of the unofficial practice of reading for benchmarking reasons that seems to be occurring between businesses would also be interesting to explore.

Breaking down the different types of business stakeholders, into customers, suppliers, competitors and even institutional investors (as part of a firm) and exploring differences between these actors in terms of perceptions and use of CSR reports of a firm may also be interesting, since they all can give rise to very specific implications, that can relate to supply chains and global markets.

Another more theoretical area of research could be to explore ways to increase the legitimacy of reports through means other than external assurance, where current efforts and interests are placed.

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Appendix A

List of interviewees

Companies

Atlas Copco: Ms. Karin Holmquist – Sustainability/Non-financial Controller, Public Affairs and Environment.
Date: May 5th, 2008, Stockholm, Sweden

Danisco: Mr. Soren Vogelsang – Vice president of Sustainable development department
Date: April 16th, 2008, Copenhagen, Denmark

Novo Nordisk: Ms. Suzanne Stormer – Vice president of Sustainable development department
Date: April 28th, 2008, Copenhagen, Denmark

Trelleborg: Mr. Rosman Jahja - Public Relations Manager of Corporate Communications department
Date: May 13th, 2008, Stockholm, Sweden

Professionals

CSR consultant; focusing on corporate strategies for sustainable business and stakeholder engagement, and the integration of corporate responsibility in business plans and strategies - Anonymous
Date: April 17th, 2008, Stockholm, Sweden

Appendix B

List of Questions

The following set of questions was used as a guideline for the interviews. Actual questions during the interviews were expanded, shortened or modified according to needs.

Question 1: As reflected in your report, you have identified your stakeholders, as well as focused on the most relevant issues in your business.

- What is the main purpose of your report?
- How have you set the audience for your report? Who do you think is your main audience? Do you think you reach this audience? Can you verify it?
- What is your motivation behind the reporting style, which you have undertaken?

Question 2: In your experience, do you think your business partners and business customers read these **reports**? Why? How can you verify this?

- Does your company read other companies' reports? If yes, what is the main purpose for that? Which department reads these?

Question 4: To what extent has your CSR report been incorporated in your main corporate communication strategy (geared towards you business customers)? How do the corporate communications and sustainability departments work together?

Question 5: Within your company, what kind of feedback have you received from the various departments (which are not related to health, safety and environment) regarding the content and format of your report? What is your opinion of the relevance of the information? How about regarding the amount of information?

Question 3: How do you usually communicate with your business partners and business customers regarding CSR? What means do you use (what forms of media?)

Question 6: Have your business partners actively asked for your reports (or do they ask for CSR information regarding only specific issues by other means)? If yes, how do they communicate this demand?

Question 7: How do you respond to this demand? (Do you provide demanded information through reports? Are there other means of communication that you see as more fitting?)

Question 8: Within your company, do you see a relevance of CSR reports (yours and others' reports) to be read, when signing new deals with businesses or establishing new long-term customers? Do you feel the information in these reports is adequate in order for it to be useful in such situations?

Question 9: In your experience, do you think that these reports have an influence on business to business interaction/behaviour? How?

Question 10: Do you use your CSR report to attract and keep new customers? In what manner? Part of advertising?

Question 11: What are the next steps that you will be taking regarding your report? Do you see a potential for expanded use of your report in establishing business deals/transactions? If yes, what do you think needs to be improved/changed in order to achieve that?

Appendix C

Summary of findings from interviews grouped under the Research Component stemming from the theoretical framework. The table aims to summarize answers. For more in depth description please refer to Section 5.

		Company One	Company Two	Company Three	Company Four
Research Component 1	<i>Role of sustainability department</i>	Prepare 2-3 pages on sustainability issues, to go into the annual report. Sole responsibility in preparing SR	Preparation of report, in close contact with communication department, in cooperation of the board of directors and group of executives that have to contribute to report. With the communication department—define key messages, areas to be covered and technical stuff, layout format.	Preparation of the sustainability report to be included in the annual report. Works in conjunction with sustainability department. Matching layout format as well as matching messages and consistent information to be put out there	Preparation of CR in accordance with the main/key corporate messages that are agreed upon by with the communication department. Communication and sustainability departments are very closely related in terms of operations
	<i>Role of communication department</i>	Work with sustainability department; ensure homogeneity of the info put out there. Coordination in layout of reports and messages, so the different messages relate to each other			
	<i>Common channels of communication in b-t-b</i>	Meetings, presentations and direct communication through questions and answers	Meetings, presentations and direct communication through questions and	Direct communication, answering of questions. Sales people usually involved. Outside the department (as	Direct communication and meetings, inquiries and subsequent answers. Development and sales

		most common	answers most common	reported)	departments deal with them. No CR related sessions specifically, but information regarding these issues passes along as well. Expectation from employees to be able to cover such issues as well when dealing with other companies, since they are part of our business
	<i>Engagement methods</i>	Meetings and dialogue based presentations	Stakeholder panels, meetings and participatory engagement and dialogue with almost all stakeholders reported	Stakeholder meetings, and discussions	Stakeholder meetings and discussions. Through the sales department and
Research Component 2	<i>Stakeholders identified</i>	Employees (globally) as most important. Shareholders and investors second most important. And then the rest (all possible mentioned; with a focus on specific NGO's; environmental Greenpeace and human rights related Amnesty International)	Shareholder and investors main one. Then customers and partners. Then the rest.	Shareholder, investors, employees, customers, suppliers, authorities and local communities	Investors, employees customers, suppliers, society in general (NGO's, media and local community)

	<i>Perceived stakeholders role in communication</i>	Provide questions	Provide questions and feedback on communication effort	Provide questions and feedback on communication effort	Provide questions and feedback on communication effort
	<i>Perceived business stakeholders role in communication</i>	Ask questions about CSR related issues. Focus on environment, to a certain extent social	Provide questions and feedback on communication effort	Provide questions and feedback on communication effort	Ensure transparency toward them. Report structured according to stakeholders and their specific interests.
	<i>Stakeholders and reports</i>	Promotion of CSR performance more than actual reports to stakeholders. Promotion is done as a PR tool, yet info from report used, not report.	Maintain built reputation, though open communication of performance. Not through reports, but other means of communication	Appease general areas of interest, that appeal to a wide range of stakeholders (no specific groups)	Main reason why produced thus they are instrumental in defining areas.
Research Component 3	<i>Intended audiences for reports</i>	Same set of identified stakeholders. Same order of importance.	Shareholders and investors, analysts, insurance companies.	Mainly shareholders and investors. Although other audiences (rest of stakeholders) not excluded. And expectation for them to read as well to a certain extent	Shareholder and investors, then employees, then students and researchers
	<i>Perception of audience reached</i>	Internally, yes. Externally not sure.	Yes	Not really. Feeling that only certain audiences like the shareholders or investors are reached.	Yes, in accordance with the audiences set

<i>Means of accounting and verification of audiences reached</i>	Internally, keep track of log-in per employee. Externally by counting downloads.	Evaluation procedures in place. Two types of readers identified; professional reader who read because it is their job, and private retail shareholders. Reports not read entirely. Each reader seeks out relevant sections.	Data missing	Data missing
<i>Internal feedback</i>	Some. Most relevant departments, provide the most feedback. Positive, since info found useful	Yes. Employee feedback. Surveys and assessments	Lack of internal feedback reported and more needed. Perception that the reading of the reports internally is low	Positive from employees. Surveys conducted. Comments taken and incorporated for the next report to be produced
<i>External feedback</i>	Some, through engagement. Questions about assurance and verification procedures	Positive. Through established stakeholder engagement practices.	External feedback is low as well. Usually reported through the amount of question or inquiries received about report, which is reported to be low	Rather low. Active seeking out of feedback through meetings and exercises in order to gather opinions
<i>Stated potential for businesses stakeholders as audiences</i>	To a certain extent. Reference to receiving specific CSR questions from fellow businesses, though other means of communication though. Questions relating to	Limited. Great efforts and many years were spent to decide on the current format and audience. Belief that this is the proper one. Businesses have other communication means.	Limited. Since main audience is determined to be financial actors. Yet not excluded, since they are stakeholders and thus if interested they can gather some information from reports	To a certain extent. They are one of the stakeholders that are addressed in a way (customers) in our report. Yet are not actively seeking to promote the

		EHS and social issues.			reports to them.
	<i>Read other company reports</i>	Yes. At a weekly basis. Receive and seek out reports. to see how everyone is doing and learn. Within the Sust Department	Some. For inspiration and because we want to know how other similar companies like us are doing. Within Sustainability department.	Yes; personally seek out reports, that have good reputations, to see what/how they have reported and thus accomplished. To learn and try and do the same. Look at companies that are on sustainability indexes.	Somewhat. Mainly to see how other companies in the field are doing and how they are reporting.
Research Component 4	<i>CSR focus</i>	Four pillars – Health, safety, environment, and quality – product safety – environmental ethics – social issues and business integrity	Economically viable, socially responsible, environmentally sound Focus on corporate sustainability and stakeholder engagement	Society and the environment – separate stakeholders	Corporate governance and sustainability
	<i>Report type</i>	Sustainability report	In Annual report	In Annual report	Corporate responsibility report
	<i>Past reports</i>	Sustainability, since 2002. Significant expansion in content since then. Latest one is 2006.	From 1994 - 1998. Environmental, then Env and Social in 1999, then Sustainability (TBL)in 2001, 2003 till now into annual	Since 2001. Sustainability report and corporate governance report, as part of their annual report.	Since 1998 - Environmental report. In 2002 – Sustainability report. In 2007 Corporate responsibility report
	<i>Stated Purpose of report (strategic communication task)</i>	Demonstrate to stakeholders how the company integrates their concerns	Invite and establish frequent, systematic and pro-active dialogue; enhance shareholder	Invite and establish frequent, systematic and pro-active dialogue	Invite and establish frequent, systematic and pro-active dialogue

			valuation of company		
	<i>Third party assurance of reports</i>	Yes	Yes	No (GRI checked, internal auditing)	Partially third party checked (selected indicators)
	<i>Future steps to take</i>	Refocusing of issues, efforts to respond to media and stakeholders. Efforts to minimize the PR element in report, which is admitted as being prominent in the past. Changes in layout – readability. Felt need to manage brand image, even if it looks like PR. Efforts to align with financial info and core business strategies.	Make shorter yet comprehensive. Decide which information to give depth to. New commitment: have a sustainability report in which financial info is a core part, rather than have annual/ financial based report with sustainability in there. Serious commitment that is aimed to be accomplished in the future	Improvements in reporting style are needed. Efforts to reach more audiences. Auditing and third party assurance is an important area of focus.	Improve accessibility, make the content more simple for employee stakeholders and incorporate highlights sections, as there is a perceived demand on it from a variety of stakeholders who don't want to read the whole report, or look for the information in the report
Research Component 5	<i>Interest in using reports for b-t-b communication</i>	To some extent. Brand reputation identified as key in b-t-b communication → if a deal is struck it leads to long-term contracts, which are essential. Reports viewed as a good way to do so. But no current stage since,	No. They are not intended for purpose. Main audiences are shareholder and investors. Other means are more applicable. In addition to legal restrictions.	No. Since the audiences are set for shareholders and investors. Other means are more effective	No. Perception of a high risk in being branded as using CSR for advertising, and so refusal to do so. Preference to use reports in passive ways. Other means are more appropriate. Yet focus on building a

		the current one is more on PR side.			reputation in fellow businesses as being a sustainable business and so interest for these reports to be somehow read.
	<i>Perceived interest from business stakeholders to use reports in b-t-b</i>	Interest in information rather than report	Interest in information not report	Low interest in report. Focus on the company products and quality assurance	Product related quality assurance asked about, rather than general company image wide related questions
	<i>Perceived appropriateness of reports in b-t-b communication</i>	Not sure. But belief that they might be interested in the social aspects of the report	Not appropriate	Not appropriate	Not appropriate
	<i>Perceived legitimacy of information in reports for b-t-b communication</i>	High legitimacy. Associated with assurance procedure	High legitimacy. Legal document, in annual report. External assurance.	High legitimacy, since efforts to gather accurate data and internal auditing procedure is standardised. But belief that verification efforts that are to be pursued in the near future will help the increase of the legitimacy of the reports	High legitimacy. Continuous efforts on the assurance front, which will make report even more legitimate
	<i>Perceived adequacy of information in reports for b-t-b communication</i>	To a certain extent. Yet feels to answers questions directly	No. Not right type of info	No. Not right type of info	No. Not right type of info

	<i>Perceived usefulness of information in reports for b-t-b communication</i>	Useful in providing only a general image. Business stakeholders require more.	No. Not right type of info	Only on a superficial level. More information needs to be asked in order to make use of the information	Information useful as a starting point, in order to know which issues to further look into. Reportedly done by company itself→ looking at other companies' reports to see what kind of questions to ask
	<i>Additional comments of interest</i>	Assurance was mentioned a lot. As a reason why would their business partners or customer read reports. Use of information in reports, through other means, most important.	Since part of annual report, and given the sector of the company, the report is a legal document, which is forbidden to be used for promotional purposes. Information recycling most important role of reports. they define key corporate message that are to be passed onto other stakeholders.	High reliance on reputation that has to do with the company being old, and having good quality products. Not a felt need to promote products based on a green or social profile, since that is not their strong point. Interest in sustainability is high, but reliance on it for market positioning is low. Referred to another company's report as one that has been read for benchmarking reasons	There are other standard procedures and means of communication that need to be utilised, since that is the procedure. Reports are not truly relevant, because they often time report areas that are good to be reported on. Research teams are available in house, who are in charge of looking into areas of concern, and gathering information through direct communication. Reports are viewed as good starting points, in deciding which areas to focus on when inquiring

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