



LUND UNIVERSITY
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From Corporate Social Responsibility to Creating Shared Value

A Case Study from Tetra Pak in Sweden

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Abstract

While more and more businesses incorporate sustainability in their core business strategy, there has recently been a shift from corporate social responsibility (CSR) to the notion of creating shared value (CSV). The thesis investigates this paradigm shift, aiming to understand the underlying dynamics and the impact CSV has on the company and its stakeholders. An analytical tool in form of a framework has been developed to analyse the creation of shared value along the internal as well as external value chain, to be applied to the case study of Tetra Pak in Sweden. The discussion will comprise of an analysis of Tetra Pak's CSR strategy, two CSR campaigns, two expert interviews, analysis of recycling statistics, and environmental indicators such as energy efficiency and carbon footprint. The main findings suggest that shared value has been created along the entire value chain for different stakeholders in form of sustainability awareness, reputation building, brand awareness, and reduction of environmental footprint.

Keywords: Corporate Social Responsibility (CSR), Creating Shared Value (CSV), Tetra Pak, Value Chain, Sustainability, Strategy, Recycling

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List of Abbreviations

3Ps	People, Planet, Profit
B2B	Business-to-Business
B2C	Business-to-Consumer
CED	Committee for Economic Development
CSR	Corporate Social Responsibility
CSP	Corporate Social Performance
CSV	Creating Shared Value
EU	European Union
FSC	Forest Stewardship Council
FTI	Förpacknings and Tidnings Insamlingen
ISO	International Organization for Standardization
NGO	Non Governmental Organization
TBL	Triple Bottom Line
UN	United Nations
WWF	World Wildlife Fund

1 Introduction

1.1 Background

With the rapidly changing pace of business due to globalization, the need to constantly adapt and innovate becomes a necessity. Internal and external stakeholders as well as new legislations due to social, environmental and economic concerns put novel expectations to businesses all over the world (Dahlsrud, 2006). In fact, corporate social responsibility (CSR) has become increasingly popular in the twenty-first century as a response to these challenges and opportunities, changing business practices, corporate cultures and value chains. Being aware that nowadays businesses are not solely being judged by their financial performance but also by their social responsibilities, highlighted in the 3P's (People, Planet, Profit), managers do not regard CSR as an add-on anymore but as a means to enhance business profitability, competitiveness and societies welfare (Okpara & Idoqu, 2013).

The “business case for CSR” as termed by Kotler and Lee (2005) emphasizes this new role, suggesting that by engaging in CSR activities businesses can create a win-win situation enhancing societal environment and business interests. Adapting the notion of a win-win situation, Porter and Kramer (2011) introduced the new concept of creating shared value (CSV). It goes beyond the notion of traditional CSR, focused on improving existing business practices, to extending the role of companies to advance social progress, and helping to advance social and economic conditions in the communities where companies operate. This idea is reflected in the necessity to create shared value at each step of a company's entire value chain (internally and externally) identifying the present and potential sources of competitive advantage (Porter, 1985) and differentiation (Porter, 1980).

With this trend, CSV has gained credibility, legitimacy and momentum as a new way of doing business. Hence, an increasing number of the world's leading companies started to acknowledge CSV as a new driver to achieve successful business and thus have aligned their CSR strategies with a CSV concept, such as Tetra Pak, Nestlé, Intel or Unilever. Moreover, CSV also reached the private sectors of government, NGOs, civil society and academia (Moore, 2014). While today's external stakeholders have more and more power and influence on a company's internal operations, it becomes essential to account for this relationship, thus capturing the enormous value that can be accumulated in the external value chain. In order to create shared value for business and stakeholders at the same time, the focus of the CSR strategy expanded to new fields such as rural development, nutrition and human rights, which represent operational challenges and business opportunities (Nestlé, 2015).

While European countries are at the forefront when it comes to implementing CSR and CSV in their business strategy, Scandinavian countries hold one of the leading positions, with Swedish-based companies doing exceptionally well in CSR performance measurements (eg. number two in the Global Sustainability Competitiveness Index and number three in the Transparency International Corruption Perceptions Index in 2013) (Strand et al., 2015). The reasons behind this strong stance have been pointed out by Strand et al. (2015) as being a historically strong stakeholder engagement and a feminine culture, with embracing equality, quality of life and cooperation, which tend to have deeper CSR roots. Yet, while Sweden and other Scandinavian countries are in this favourable position, it also poses challenges to Swedish-based companies as expectations rise. Accordingly, Sweden becomes an interesting country to start analysing the concept of CSV, given its already high standing on CSR in Europe and globally.

The thesis will investigate the popular concepts of CSR and CSV and if and how companies can create shared value for both the company and its stakeholders. Definitions of both concepts will be provided and the difference will be explained. The authors will present a framework for the analysis of CSV with the Swedish company Tetra Pak serving as a case study for analysis, looking into their CSR and sustainability efforts and CSR campaigns. Further, the thesis provides an investigation of Tetra Pak's efforts to create shared value across its entire value chain, both internally and externally, differentiating and giving the company a competitive advantage over its competitors. Concluding, a discussion of CSV will be presented derived from the case study, showing the relevance to other companies and research, thus suggesting potential arrays for future research.

1.2 Research Purpose

The purpose of this study is to look at how a company's CSR strategy can create shared value along its entire value chain, both internally and externally, with a focus on the company and relevant stakeholders. It will be conducted by developing a framework which helps to analyse CSR strategies and CSR campaigns. Accordingly, this thesis is comprised of three sub-purposes, which constitute a three-step-process with the aim of answering the overall research purpose. The three sub-purposes are as follows:

- i. Give an understanding of the core concepts of CSR and CSV and their interrelationship
- ii. Develop a framework to analyse CSR campaigns and strategy
- iii. Apply the framework to determine if and how these campaigns and strategies can create shared value for the company at its stakeholders

The first sub-purpose will be accounted for in the literature review under point 3.3 "CSR and the Emergence of CSV" and continuously referred to throughout the thesis, with special reference to CSV in the analysis and discussion part being the main concept. The second sub-

purpose, the framework, will be introduced in the same section under point 3.2.3 “Framework for CSV”, explaining the development of the framework and its application. Lastly, the third sub-purpose, application of the framework, will be discussed in chapter 5 “Analysis and Discussion” under point 5.2 “Application of the Framework”, applying the framework to the two CSR campaigns of the case study and evaluating the creation of shared value across the company’s entire value chain.

1.3 Research Limitations

The theoretical contribution of the thesis is presented in the form of a framework developed by the authors. However, the results of the empirical part are limited to the case study of Tetra Pak and the Swedish market, as the framework was only applied to this case. Observations and analysis regarding the creation of shared value as a result of CSR campaigns is thus only applicable to this specific case. A methodological limitation is the qualitative approach, with a focus on two CSR campaigns and interviews with environmental executives at Tetra Pak. Accordingly, variety in terms of scope and geography is not given. Yet, this research is an in-depth case study of Tetra Pak’s CSR strategy, incorporating different stakeholders’ perspectives, especially the company’s and consumers side. Furthermore, the framework developed in the thesis can be applied to other cases and serve as the basis for analysis of value chains and the creation of shared value, given the theoretical foundation and the inherent relationship between corporate’s internal value chain and external stakeholders and environment.

1.4 Outline of the Thesis

The thesis is divided into six parts, starting with a general introduction to the topic. The background and interest in the topic will be discussed briefly in the introduction and provide a comprehensive starting point for the following thesis.

The literature review will give an overview of the historical background to CSR from 1950-2014, reviewing the key concepts and scholars who have contributed and written on the topic and developed the notion of CSR, sustainability and related concepts over the decades. It will be discussed further by providing different definitions and viewpoints. The concept of the creation of shared value will be illustrated by providing an overview of the debate on CSR and CSV, followed by Michael Porter’s notion of the value chain and differentiation strategy. These concepts will build the basis for a framework which will be presented at the end of the chapter. It will consist of an extended version of Porter’s value chain by incorporating the external environment and stakeholders in the value creation process.

The empirical part will provide an introduction to the case study of Tetra Pak, presenting the company, its CSR strategy and the two CSR campaigns which will be analysed in the discussion and analysis chapter.

The thesis ends with an in-depth discussion and analysis of the case study of Tetra Pak. The framework developed in the thesis will be applied to the two CSR campaigns and strategy. Thus, different data sources will support the analysis, such as Tetra Pak's homepage, Facebook, and Youtube channel, recycling statistics and the sustainability report 2014 and 2015. The interview responses will be used to develop a clear understanding of the processes, objectives and motives for Tetra Pak's CSR strategy and the reason for implementing these campaigns. The aim is to understand if and how Tetra Pak and different stakeholders can create shared value along the entire value chain.

The conclusion will summarize and state the main findings, thus providing suggestions for future research on the topic that could not be covered in the thesis.

2 Methodology

2.1 Research Approach

Two types of research approaches are commonly mentioned in the literature, quantitative and qualitative research. Whereas quantitative research is concerned with a high quantity sample of numbers (Easterby-Smith et al., 2012), qualitative research is interested in an inductive view of the relationship between theory and research. It holds an epistemological position which is interpretative in nature and a constructionist stance, which implies that “*social properties are outcomes of the interactions between individuals*” (Bryman & Bell, 2011, p. 380).

For this thesis, a qualitative research was chosen because the research interest is aimed at gaining a rich understanding of the concept of creating shared value by talking to CSR practitioners in the field. The concept of CSR and CSV is vague and no universally agreed definition exists. Therefore the topic as a whole is biased towards specific opinions and interests. Accordingly, it is important to capture those viewpoints from both a theoretical and practical angle. As value creation in this context is difficult to measure, a qualitative approach was found more suitable, yet in combination with an analysis of different measurable data to add further validity to the findings.

2.2 Research Design

The research design provides a framework for the collection and analysis of data. According to Bryman and Bell (2011) there are five types of research designs, including the experimental design, cross-sectional design, longitudinal design, case-study design and comparative design.

For this thesis a descriptive approach has been applied in order to present an accurate view of manager’s works in organization, in other words, describing the phenomenon of “what exist” (Easterby-Smith et al., 2012). An instrumental case study, which is the use of a case study to understand a broader issue, is used to draw conclusions from a specific situation to the broader context (Bryman & Bell, 2011). Drawing on two CSR campaigns on recycling from the case study of Tetra Pak, an understanding of the value creation across the entire value chain has been generated. Critics argue that case studies rarely allow making generalizations from specific cases to the general population/issue and are not objective due to the high level of interpretations made by the researcher (Bennett, 2004). Yet, according to Ragin and

Amoroso (2011) the use of big-picture representation may sometimes fail to represent social phenomena, thus single case studies may be used to get an in-depth view of a specific situation/case. Siggelkow (2007 cited in Easterby-Smith et al., 2012) supports this view, suggesting that a single case can be uniquely interesting since a company might have unique features.

2.2.1 Choice of Case Study

After reaching out to different companies, we were faced with the decision to choose one company which would best suit our topic and research purpose. Upon careful consideration based on availability and interest from the company's side, Tetra Pak was chosen as a case study. Not only is Tetra Pak the market leader in the beverage and food packaging and processing industry but also at the forefront when it comes to implementing a coherent CSR strategy. Tetra Pak is constantly innovating new sustainable packaging solutions and renewable materials. Furthermore, the company is raising awareness about recycling in the general public by implementing recycling campaigns in Sweden. These campaigns have an impact on multiple stakeholders, making them suitable for analysis. As a result, it can be justified that significant social and environmental consequences derive from Tetra Pak's CSR campaigns, and therefore Tetra Pak greatly serves the purpose of applying the framework developed in the thesis to analyse if and how Tetra Pak can create shared value across the entire value chain for different stakeholders.

2.2.2 Framework for CSV

In order to analyse the creation of shared value through CSR campaigns and strategy, we developed an analytical tool in the form of a framework. The framework is based on different models and theories, including the CSR communication approach and Michael Porter's value chain (Figure 1), differentiation (Figure 3) and his outside-in linkages model (Figure 2). Combining these theories and models, the framework consists of different parts, comprising of a company's internal and external value chain, which are connected by a CSR stakeholder involvement communication approach. The inside-out and outside-in linkages symbolise a mutual value creation process between internal and external forces. The framework can be applied to different companies and industries and will in this thesis serve as the basis to analyse the case study of Tetra Pak, including the two respective CSR campaigns to understand how and if shared value can be created for Tetra Pak and its stakeholders.

2.3 Data Collection Method

The data we collected stemmed from multiple sources. In a first instance, a literature review was conducted to gain an understanding of the main theoretical concepts underlying the research purpose and to give an overview of the existing literature up to date. The term CSR and CSV were introduced and concepts such as the value chain, differentiation and outside-in linkages presented.

In a second instance, data relevant for the case study was drawn from FTI (Förpacknings and Tidnings Insamlingen), Tetra Pak's homepage, Tetra Pak's sustainability report of 2014 and 2015, Tetra Pak's recycling report of 2005, Tetra Pak's Facebook page "Återvinnarna", Tetra Pak's YouTube channel and the answers provided during the interviews.

Two interviews were conducted with the two persons responsible for CSR and the sustainability strategy at Tetra Pak, Erik Lindroth, the Environmental Director Tetra Pak Northwest Europe and Lina Kristoffersen Wiles, Project Manager and Environmental Executive at Tetra Pak Nordics. The choice of selecting these two persons was based on the responsibilities, expertise and availability and accessibility. Lindroth is responsible for the overall CSR and sustainability strategy for Tetra Pak's markets North West Europe and the Nordics, specialising in environmental marketing strategy and B2B communication. Kristoffersen Wiles is responsible for building competitiveness of sustainability and environmental performance, CSR strategy communication, and together with Lindroth for implementing the respective CSR campaigns in Sweden. The interviews conducted were structured and semi-structured. Because of access and availability, the interview with Lindroth was conducted through questions via email, whereas the interview with Kristoffersen Wiles was conducted in person through a semi-structured interview. A semi-structured interview was chosen because it leaves more room for the interviewee to elaborate on thoughts and ideas and for the interviewer to ask follow-up questions and explore or discard questions in response to significant replies (Easterby-Smith et al., 2012; Bryman & Bell, 2011).

Moreover, we tried to reach the winner of the carton-folding competition in order to gain a consumer's point of view, but were not able to reach him after several attempts through phone and Facebook. Given the time constraints, we could not consult other stakeholders for interviews, yet the two persons responsible for CSR at Tetra Pak provided a rich understanding of the questions at stake.

2.4 Data Analysis

The data was analysed in different ways to get a coherent picture of the phenomenon.

First, the framework was applied to the case study of Tetra Pak with primary and secondary data, representing the theoretical foundation for analysing the case study. In specific, we analysed and evaluated two CSR campaigns on recycling, “the carton-folding championship” and “the hunt for the forgotten cartons”, referring to their impact on creating shared value. In order to analyse the campaigns we used the framework as an analytical tool to evaluate how they can create shared value for Tetra Pak and its stakeholders.

Second, a narrative analysis was applied to interpret the primary data, which are the interview responses from the two CSR practitioners. Studying organizational narratives in order to identify issues relating to strategy, change and the nature of management is an important element in the analysis of data analysis according to Bryman and Bell (2011). This means that for this thesis a constructivist method was employed over a positivist method, as the interest lies not necessarily in providing validity of a theory but to gain a rich understanding of behaviours, ideas and motives behind CSR (Easterby-Smith et al., 2012).

Third, a secondary analysis was conducted, which is the analysis of data others have collected. This included the analysis of data on carton recycling trends. According to Bryman and Bell (2011) these datasets used as secondary sources are useful since they are often of high quality. Yet, it is important to acknowledge potential problems with reliability and validity given variations of data. This dataset includes the FTI - the Swedish packaging and newspaper collection service - in order to show the increasing trend of beverage carton recycling in Sweden. Further, we considered graphs and figures from Tetra Pak’s sustainability report 2015 for the analysis. In order to identify the creation of shared value, different stakeholder perspectives were examined and quoted in the thesis, mostly stemming from articles and interviews in Tetra Pak’s sustainability report 2015. Voices for Tetra Pak were expressed during the interviews conducted. In the case of the campaign “the hunt for the forgotten cartons” voices from the children and teachers of the participating schools were drawn from interview responses in the sustainability report 2015 and interview responses from CSR practitioners. In the case of “the carton folding championship” videos on Tetra Pak’s YouTube channel were considered and reviews from Facebook users on the CSR campaigns evaluated as an important element of consumers feedback.

2.5 Validity, Credibility and Reliability

How to measure the validity of constructionist designs is debated in the literature. Scholars rarely use the term instead refer to authenticity, plausibility and criticality (Golden-Biddle & Locke, 1993 cited in Easterby et al., 2012). The framework developed in the thesis can be used to analyse different industries, thus can be generalized to other settings (external validity). Further, valuable and credible interviewees give credit to the research in question (internal validity). In specific, interview partners were chosen on the basis of person’s knowledge and expertise in the field, in the case of Tetra Pak the two persons responsible for

implementing Tetra Pak's CSR strategy in Sweden. Both interview partners are consequently a reliable and credible source for complementing the analysis and discussion of the case study.

2.6 Chapter Summary

In this thesis, a qualitative study approach was chosen to understand the phenomenon of CSR and CSV. The framework we developed in this thesis was used to analyse the case study of Tetra Pak, including an evaluation of two CSR campaigns to see if and how shared value can be created between the company and its stakeholders. Datasets and interview responses supported theory and data and added credibility and validity to the research.

3 Literature Review

3.1 Historical Background to CSR, 1950 - 2014

The idea that businesses have a social responsibility is not a new one. Its roots date back to the nineteenth century and found its way into academic writing in the early twentieth century, with its first reference in Bowen's (1953) book "social responsibilities of the businessman". The concept of CSR gained awareness in the 1950s and philanthropic actions were accepted in the corporate world. Philanthropy continued to stay the main concept in the 1960s, underlying the first attempt to define CSR by Howard Bowen (1953, p. 6) as "*it refers to the obligations of businessmen to pursue those politics, to make those decisions, or to follow those lines of actions which are desirable in terms of the objectives and values of society.*"

In the 1970s the focus shifted towards a managerial perspective on CSR, an approach recommending that managers forecast and plan CSR, assess social performance and postulate a CSR strategy. This developed against the backdrop of international scandals and wrongdoings, such as Nestlé's marketing of bottle feeding as an alternative to breast feeding in third world countries (Muller, 2013). A counterargument was brought forward by Friedman (1970) who rejects the idea of CSR commitment altogether, postulating that the only social responsibility of businesses is to increase profits and maximize value for its shareholders. He stresses that creating value for society should be done by managers as private individuals at their own expense and not be seen as a corporate responsibility.

New concepts of CSR started emerging in the 1980s, such as corporate social performance (CSP), corporate social responsiveness, public policy, and most notably stakeholder theory and business ethics. A noteworthy contribution to strategic management was published in 1984 by Edward Freeman who rejects Friedman's (1970) theory, saying that business should create not only value for its shareholders but also its stakeholders. Freeman (1984) influenced the discussion on stakeholder theory and business ethics in the following years. Accordingly, the main issues of concern during this period were questionable practices by businesses, environmental pollution, employment safety, discrimination and the relationship between CSR and firm's profitability.

In the 1990s only a few contributions were made, rather some fundamental concepts such as CSP, stakeholder theory, business ethics and sustainability started to advance. Many companies developed excellent reputation for their CSR strategies, including big multinational corporations such as Johnson & Johnson, Nike, IBM, Coca-Cola or UPS and smaller companies such as Ben & Jerry's, Sonyfield Farms or The Body Shop. It became

common for these companies to employ CSR managers to manage their respective programs and postulate a coherent strategy (Carroll, 2008).

With the beginning of the new millennium theoretical contributions paved the way for empirical research. The interest shifted from the theoretical approaches of CSR to the fit between a firm's social commitments and its profitability, embedded in the concept of CSP (Carroll, 1979). Schwartz and Carroll (2003) identified a three-domain approach resting on the CSP approach to examine company's CSR activities in economic, legal and ethical dimensions. In order to measure CSR, Elkington (1994) proposed the framework of "the Triple Bottom Line (TBL)", measuring a company's performance along the 3Ps. Even though there does not exist a universally agreed measurement for TBL, today many renowned companies such as General Electric, Unilever or Proctor & Gamble have implemented TBL scorecards (Slaper & Hall, 2011).

Throughout the last 60 years CSR has developed into a global phenomenon, with a notably strong presence in Europe. There exist stark intra-regional variations in CSR programs and practices and differences in commitments and motives across countries. The importance in terms of societal benefits have been pointed out continuously, yet Margolis and Walsh's (2003) investigation of the link between CSR and corporate financial performance was inconclusive. A meta study by these authors comprised of 127 companies between 1972 and 2002 revealed mixed results. This raises the question if a "business case" of CSR can be made. Yet, steps towards a global business conduct have already been taken. Not only companies have embarked the concept of CSR but it has gained considerable attention in the consultancy industry, investment community and higher education (Carroll, 2008).

Assessing the future of CSR, a pessimistic (Vogel, 2005) and an optimistic view (Lydenberg, 2005) guide the debate. Vogel (2005) in his book "The market for virtue: the potential and limits of corporate social responsibility" talks about the limits of CSR in terms of firms profitability hence having a marginal impact on firms value. On the other hand, Lydenberg (2005) in his book "Corporations and the public interest: guiding the invisible hand" sees CSR as a development guided by a long-term re-evaluation of corporations role in society. While particularly strong in Europe, his claim is that it is hard to resist the European influence in the long run. Carroll (2008) concludes that in the long run CSR can only survive if it adds value to a firm's success. Given that society has a tremendous impact on firm's success, CSR will likely continue to play a significant role in the future, given among others the rise in global competition, rise in consumers consciousness towards sustainability, increased stakeholder involvement and public pressure on adopting sustainable practices. Precisely, CSV is a popular concept to describe this mutual responsibility, which will be explored in more detail in this chapter.

3.2 Defining CSR

Although CSR is a widely accepted concept, there is a lack of a universally agreed definition. The question lies in the confusion on what can be considered as CSR, hence many authors claim that it is a contested and fuzzy concept (Okoye, 2009; Amaeshi & Adi, 2007). According to Dahlsrud (2006) the problem is that there is an abundance of definitions biased towards specific interests, problematizing the tendency that people will talk differently about CSR given these diverging biases. Therefore, CSR needs to be seen as a social construct where a universal definition cannot be developed. Yet throughout history many scholars have tried to define CSR (among others Davis, 1960; McGuire, 1963; CED, 1971), mostly alongside environmental, social, economic, stakeholder and voluntary pillars.

Archie B. Carrolls four-part definition which he proposed in 1979 continues to shape the CSR debate today. Based on the notion of CSP, he postulates “*the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time.*” (Carroll, 1979, p.500). He emphasized that the economic responsibility is not something solely tied to business but what a business does for society as well. This definition later found use in Carroll’s famous pyramid of CSR with economic responsibility forming the base line (Carroll, 1991). With the emergence of new concepts such as CSP (among others Carroll, 1979; Wood, 1991; Wartick & Cochran, 1985); stakeholder theory (among others Freeman, 1984; Donaldson & Preston, 1995; Clarkson, 1995), business ethics and corporate consciousness (Epstein, 1987; Goodpaster, 1991) and sustainability, new definitions were formulated.

A landmark event took place in 2000 when the United Nations (UN) Global Compact was announced by former UN Secretary-General Kofi Annan and has since then become the largest voluntary corporate responsibility initiative with over 12,000 corporate participants. Businesses aligning themselves with the UN Global Compact adhere to ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. In Sweden, 194 Swedish companies have ratified the compact, among others Sandvik AB, Systembolaget, Atlas Copco AB, Ikea Group, AB Volvo Group and Tetra Pak Group (UN Global Compact, 2015).

Upon consideration of different definitions, the underlying definition for this paper is based on the Commission of the European Communities and the World Business Council for Sustainable Development, being the two most prominent definitions throughout the literature (Dahlsrud, 2006). The former states “*A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*” (World Business Council for Sustainable Development, 2001). The latter refers to CSR as “*The commitment of 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*” (World Business Council for Sustainable Development, 1999, p. 3). Both highlight a company’s responsibility towards

society, environment and stakeholders which are building the basis for the emergence of the new concept of CSV.

3.3 CSR and the Emergence of CSV

3.3.1 The Interrelationship between CSR and CSV

In 2011 Michael Porter and Mark Kramer introduced “creating shared value” as a new concept that focuses on the connection between societal and economic progress. Specifically, shared value is created when corporate policies and operating practices enhance the competitiveness of a company while simultaneously advancing social and economic conditions in the communities where it operates (Porter & Kramer, 2011). Porter and Kramer (2011) argue that shared value is not about personal values, nor the values that have already been created by the company. Instead, it is about expanding or redistributing the value pool involving societal and economic aspects. Nowadays, the CSV perspective has been widely spread as a new way to run business and is being highly accepted by many governments, non-governmental organizations (NGOs) and top-ranking companies in the world such as Nestlé, Intel or Unilever (Moore, 2014).

Many scholars and organizations have tried to define the differences between CSR and CSV, yet there remains a considerable amount of confusion and debates over the past years. In 2011 Michael Porter presented his view in an interview, emphasizing that CSR is about taking and investing resources from business in order to be a good corporate citizen through recycling, giving money to social and environmental causes, while CSV aims at changing how the core business operates through strategy, structure, employees, process and rewards in order to deliver triple bottom line returns (Moore, 2014).

“I think the idea of shared value is fundamentally about the ability to both create economic value and let us call it social or societal benefit simultaneously. It is really not about doing good and not about charity. Fundamentally, it is about business. Businesses create shared value when they can make a profit— create economic value—while simultaneously meeting important social needs or important social goals like improving environmental performance, reducing problems of health, improving nutrition, reducing disability, improving safety, and helping people save for retirement. The basic idea of shared value is that there are many opportunities in meeting these societal needs to actually create economic value in the process. Shared value is where you do both” (Porter, 2011, cited in Driver, 2012).

Fundamentally, CSR separates the CSR initiatives from the business of a firm and CSV tends to integrate societal and environmental impacts into the business to enhance the economic value. Nevertheless, from the perspective of CSV, CSR and value creation are not diametrically opposed. As Kim and Dam (2003) assert, the interests of shareholders and

stakeholders are not in contradiction but in line with each other. They propose a model of value-based management where companies need to align their internal management system with the external views of shareholders in order to create added value as market value, reputation value and long-term parenting advantages.

Moreover, Porter and Kramer (2011) and Bhattacharya and Luo (2006) explore how CSV initiatives could increase the firm's reputation and customer satisfaction through enhancing the productivity and output quality, which in turn promotes a company's profitability and competitiveness. As Bhattacharya and Luo (2006) argue, profitability is not only based on the historical performance and market value, but also hinges on growth prospects and sustainability of profits that could be equipped by the shared value from CSR. However, Jonikas (2013) holds the contrary view that CSR can often create use-value for stakeholders and society yet little value for companies in terms of profit increases.

Critically, when making a choice to give priority to CSR or CSV, the consideration on the proper role of business in society presented by Moore (2014) shows that individual's value, knowledge, belief and worldviews determine the answer. Moreover, Bhattacharya and Luo (2006) point out that discovering the boundary conditions under which companies may derive positive or negative market value from CSR, will allow companies to avoid the traps of CSR. It is because that generally companies with a low corporate ability (such as innovativeness, product quality and productivity) could be affected negatively by conducting CSR initiatives. Besides, considering the subtle interrelationship between CSR and CSV, Jonikas (2013) questions the relevance of CSR and CSV when private profits and public welfare are in harmony, and CSR seems to become irrelevant even if shared value is created. Nevertheless, the author claims that CSR should become more oriented towards CSV, which could help companies gain a sustainable competitive advantage. These potential sources of competitive advantage can be found when looking at companies value chains, as suggested by Porter (1985).

3.3.2 CSR and the Value Chain: A shift to CSV

Michael Porter presented the term "value chain" in 1985. It is a model that describes the business process of value creation with a series of activities from raw materials processing to the sales of products. The value chain of a firm's business process is divided into component activities consisting of primary activities that are directly related to the creation or delivery of products or services and support activities which help enhance the effectiveness or efficiency of primary activities (Figure 1). The price for the goods or services that customers are willing to pay more than the sum of costs of all activities in the value chain is a profit margin (Porter, 1985). Using "value chain" instead of the idea of "supply chain" means that each step in the chain should generate value rather than solely move the product from the manufacturer to the consumer (Jonikas, 2013).



Figure 1. Porter's Value Chain, 1985

By using a value chain analysis, a company can gain clear insights into the assets, costs and elements of products and service differentiation through all value creating activities, helping to identify the present and potential sources of competitive advantage (Kluyver & Pearce II, 2012). However, as Porter (1985) argues, the competitive advantage comes not only from the ability of performing particular activities but also from the correlation of each activity, because organizations are arranged into systems and systematic activities where seamless cooperation and information flow are essential. This counter argument is supported by Sahay (2003) and Swink (2006) who claim that it is evident that companies can gain shared value and sustain competitive advantage through collaborative partnerships with suppliers, and seek innovative means to release the creativity and exploit the expertise from their suppliers.

Moreover, by conducting a value chain analysis in the whole value system (organization, suppliers, distribution channel and consumers), a company can gain a comprehensive understanding of its competitors, consumers and suppliers and collaborate with them to improve business process and cost efficiency, which could further help companies shape responses towards rapid changing marketing conditions (Kluyver & Pearce II, 2012).

For CSR, the value chain can be seen as a tool for organizations to systematically identify the social impacts. Porter and Kramer (2006) emphasize the interrelationship between a corporation and society in CSR value chains and identify two forms of *inside-out* linkages and *outside-in* linkages.

When looking *inside-out*, it is essential to utilize the value chain in CSR activities as a framework to figure out the positive and negative social consequences of companies'

activities, creating an inventory of problems and opportunities that need to be investigated and addressed. On the other hand, the *outside-in* linkages showcase that there are also social influences on companies' internal value chain since every company operates within a competitive context which can be divided into four areas: i) factor (input) conditions, meaning the presence of the high-quality, specialized inputs available to companies; ii) context for firm's strategy and rivalry, such as the rules and incentives that govern competition; iii) related and supporting industries and iv) local demand conditions from consumers (Figure 2) (Porter & Kramer, 2006).

An effective CSR strategy asks for an understanding of the social dimension and a company's competitive context, affecting the ability to improve productivity and implement a strategy. Hence, when integrating these two practices to pioneer value chain innovation and solve the social restraints on competitiveness, CSR could have a greater impact for daily business. By doing this, a company can adopt a strategic approach - from mitigating harm from value chain activities to transforming the value chain activities to benefit society while reinforcing its strategy at the same time (Porter & Kramer, 2006). Besides, Porter and Kramer (2006) and Bhattacharya and Lou (2006) also support the view that better inside-out corporate abilities such as product quality and innovativeness can generate more market value from outside-in strategy initiatives.

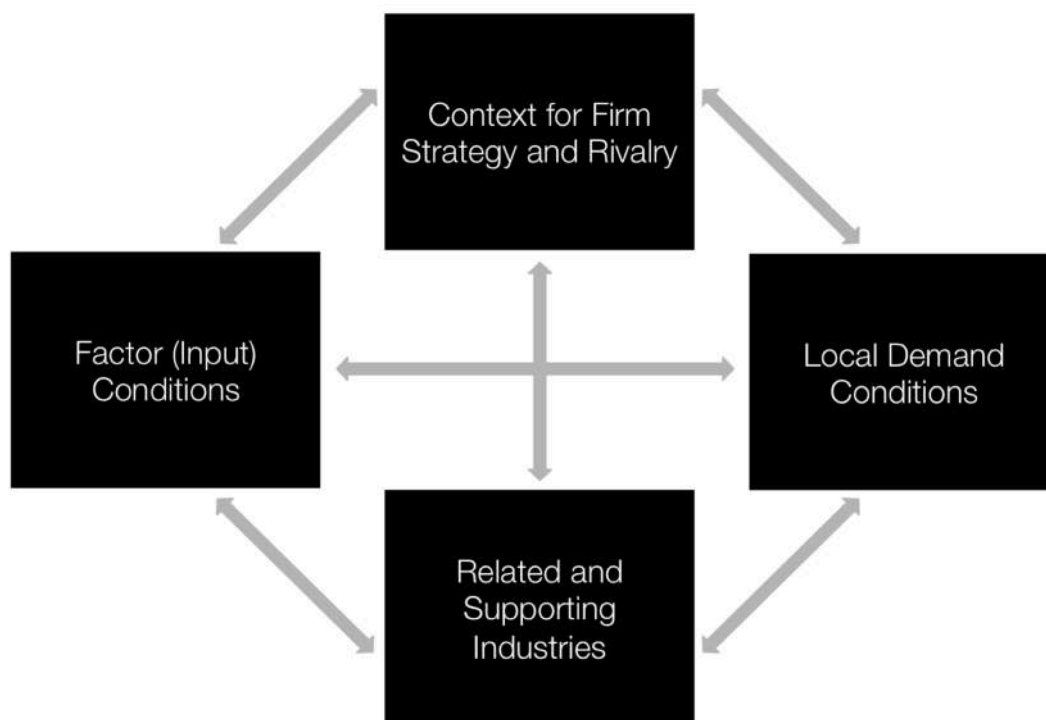


Figure 2. Outside-in linkages: Social influences on competitiveness, Porter, 1990

Given the interplay of internal and external stakeholders who govern the value chain and set the rules for CSR, value chain analysis could guide companies to reap the fruits at the same

time as reducing the constraints of CSR. Through the value chain analysis, the company can see which functions or activities profit from CSR and favour them in their CSR strategy. Moreover employees in the organization can thus better understand and learn about the firm's respective CSR strategies and their potential long-term benefits (Porter & Kramer, 2006). Hence, in order to facilitate and consolidate the inside-out and outside-in linkages between a company and its stakeholders to gain a sustainable development, effective CSR communication is essential.

CSR communication

CSR communication is a process that anticipates stakeholders' expectation, and it takes place in the interplay between business operation, societal and environmental concerns and stakeholder interaction (Podnar, 2008). In effective CSR communication, an appropriate stakeholders dialogue asks for a shift from the unsymmetrical communication to a two-way communication between the company and stakeholders as equal partners (Ihlen et al., 2011). By identifying the key stakeholders and understanding the mutual relationship in business, companies could successfully conduct a stakeholder involvement strategy that aims at mutual dialogue. Since persuasion on changes in this strategy comes not only from companies but also from its stakeholders, companies can better keep up with expectations of stakeholders and in turn facilitate long-term value creation (Morsing & Schultz, 2004; Cornelissen, 2011). However, stakeholders often perceive CSR initiatives sceptical as cosmetic for reputation building. In order to overcome this scepticism, Internet and social media can create a framework for a new type of relationship between companies and stakeholders in the digital era (McGovern & Norton 2002; Andreasen, 2008). CSR and online communication can support and complement each other since online communication companies can influence public opinion while the pull communication allows stakeholders to fully control which content they want to receive and when (Andreasen, 2008). Consequently, with effective CSR communication, companies could better implement CSR initiatives optimized via value chain analysis, in turn allowing companies to conduct a differentiation strategy for products.

Differentiation

When pursuing a differentiation strategy companies differentiate (Porter, 1985) themselves from competitors and position themselves as "preferred suppliers" with higher productivity or output quality. Differentiation becomes more important with the increasing concern and worry about social and environmental impacts and customers' preferences for sustainable products and brands. Differentiation, as one of Porter's three generic strategies can help companies gain a competitive advantage and outperform competitors in their respective industry (Figure 3) (Porter, 1985).

CSR as a brand's differentiation strategy is a benefit that consumers cannot find to the same extent in another brand. The positive effects of CSR as previously mentioned are manifold, among others a positive reputation, new market opportunities, attraction of new investment, avoiding risk regarding future restrictive legislation and brand loyalty (Vilippo & Lindberg-

Repo, 2011). The latter is especially important as Porter (1980) emphasizes that brand loyalty can provide insulation against competitors and create higher barriers of entry.

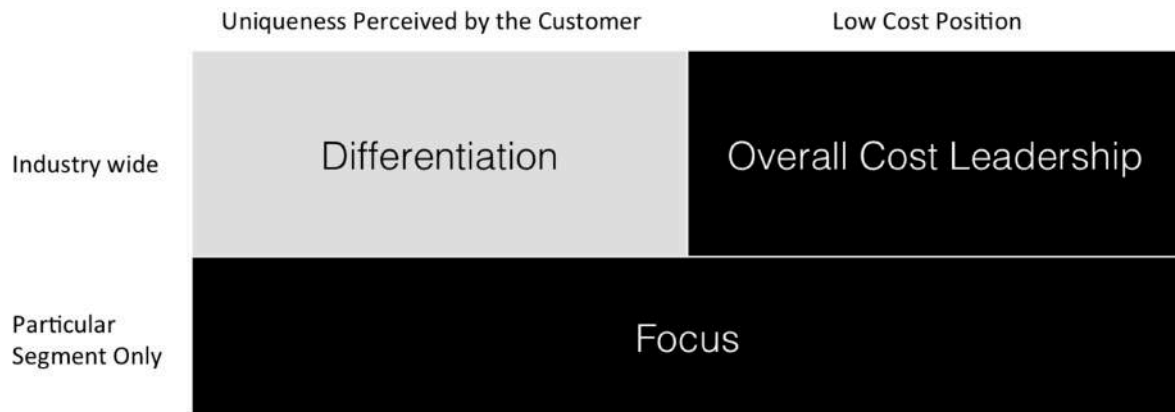


Figure 3. Porter's Generic Strategies, 1980

If a company can create a distinctive feature, customers are more likely to pay a premium price for the product (Porter, 1980). In the case of CSR, research revealed that customers are not necessarily willing to pay a premium price for environmentally friendly brands and products if they have to sacrifice other product benefits. Yet, considering everything else equal, consumers show preference towards the responsible brand. Moreover, customers knowledge and familiarity with a company's sustainability strategy can have positive effects on the company's image, thus adds to the brands value. A positive image can in turn make customers feel good about their choice. The brands associations can hereby be divided into profile associations (consumers thinks that brand user is kind) and personality and values associations (consumers believes that company's employers are caring and genuine) (Vilppo & Lindberg-Repo, 2011).

In conclusion, employing a value chain analysis can help to identify social impacts and to generate a coherent CSR strategy. However an obvious limitation of a value chain analysis is that the quantitative analysis is time consuming and hard to implement. This is proved by Raikes et al. (2000) who point out that the profit measurement is problematic and lacks quantification. Lalonde and Pohlen (1996) also assert that the available measurement on performance do not cross the boundaries of each function in the value chain. Similarly, Porter (1980) indicates the pitfalls of a differentiation strategy. He claims that if the difference between low-cost competitors and the high-cost differentiated company is too big, customers will sacrifice the distinct feature. In other words, if customers have to pay a too high price for responsible brands they will most likely switch to alternative brands. On the other hand, a high-cost differentiated company needs to be aware of other responsible brands and highlight the brand's key distinction in relation to them (Vilppo & Lindberg-Repo, 2011). Yet, the biggest obstacle according to Du et al. (2010) is consumer's low awareness of a company's CSR activities. This makes it difficult to reap the profits from a differentiation strategy and maximize business returns, again highlighting the need for an effective CSR communication.

3.3.3 Framework for CSV

By reviewing Porter's value chain theory, comprehensive outlooks are gained on how value is created within and between each function (Figure 1), and the impacts of the competitive context on a company's internal value chain envisioned in the outside-in linkages model (Figure 2). However, when considering the implications of CSV, a connection between the internal and external value chain is missing in Porter's value chain model. Accordingly, it is necessary to customize a framework involving the entire value chain to understand the big picture, accounting for all stakeholders involved in the value creation process.

Therefore, the authors developed a framework, integrating Porter's models via inside-out and outside-in linkages to become a fusion of the value chain, social influences on competitiveness, and the CSR communication approach. Further, Porter's differentiation theory was also considered when developing the framework. The new framework allows for a better understanding of the interrelationship between internal and external forces and interdependencies for value creation.

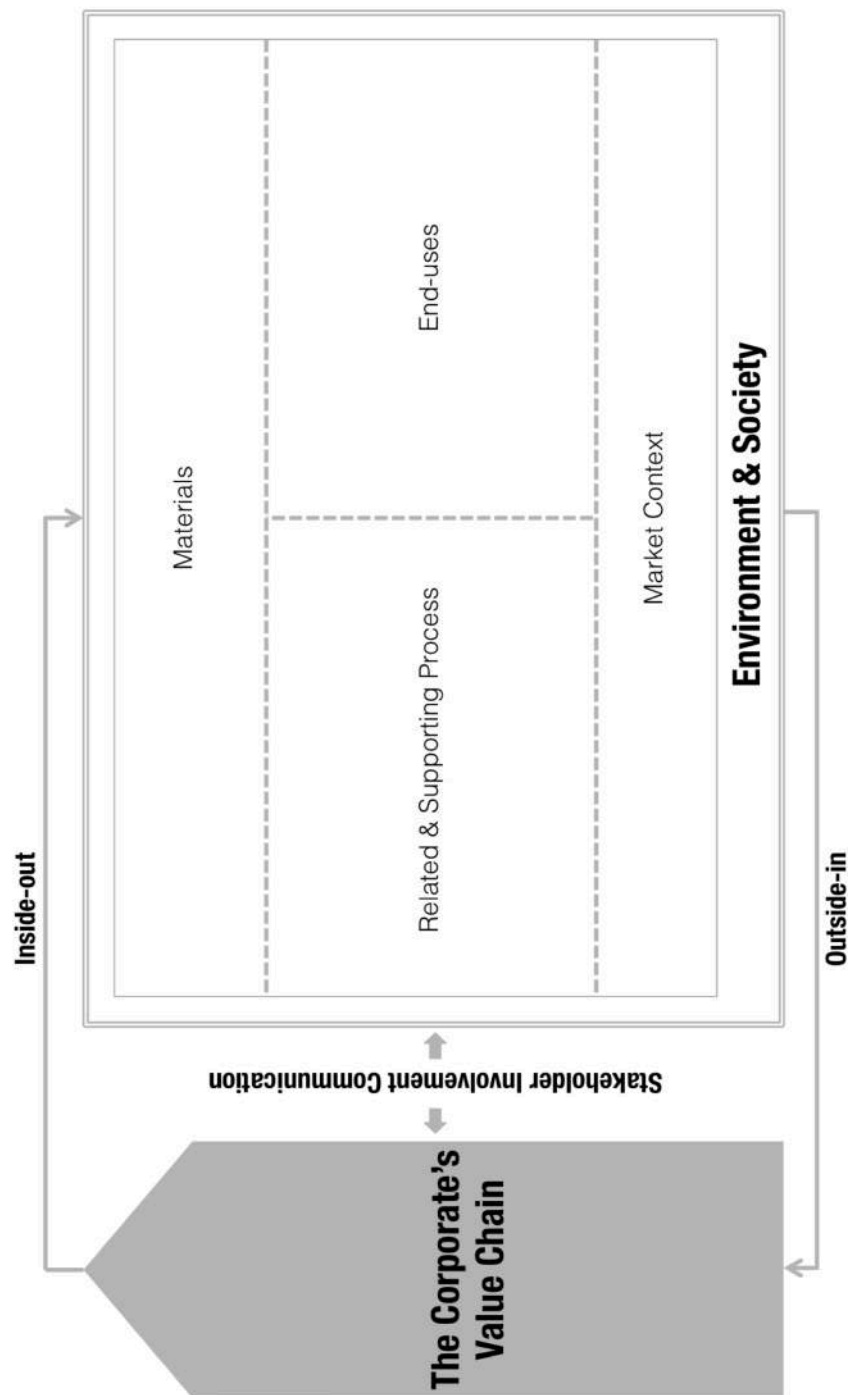


Figure 4. Framework of CSV

Specifically, the framework consists of the corporate part with the internal value chain and its societal and environmental counterpart, including materials, related and supporting process, end-uses and market context indicating the four dimensions of competitive context. The four dimensions of competitive context are embedded in the environment and society at large in the external value chain. Between inside and outside parts, the stakeholder involvement CSR communication builds an effective channel that facilitates the generation of shared value.

Through the process, value is created and mutually shared through both inside-out and outside-in linkages, benefiting the corporate and the society and environment at large (Figure 4).

With prominent theories forming the basis of the newly developed framework, it can be applied to different companies and industries. Firstly, given the inherent interrelationship between inside-out and outside-in linkages, in other words the increasing influence of internal forces to external stakeholders and vice-versa has been acknowledged by many companies in different industries. Secondly, Porter's value chain has already been applied to different industries as well as the differentiation strategy. Accordingly, the framework is applicable to a wide range of organizations being a fusion of these concepts, such as B2B companies, B2C companies, private sectors of government, NGO and civil society, etc. By applying this framework to specific internal and external business processes, organizations can easily understand where and how shared value is created through CSR initiatives, helping them to realise their competitive advantages, differentiation strategy and evaluate if their CSR strategies can benefit business in the long run.

In the next chapter, the framework will be applied to the case of Tetra Pak. By analysing the interview and other relevant data, an in-depth understanding on how Tetra Pak's CSR strategy creates shared value for the company and its stakeholders will be presented.

3.4 Chapter Summary

The chapter provided an introduction to the topic of CSR, by giving an historical overview on the concept and presenting different definitions. By reviewing the theories on CSR and CSV an in-depth understanding and foundation for the analysis part was provided. The introduction of CSV and its distinction to CSR prompt to rethink the positioning of CSR in a company's strategy. By reviewing the CSR value chain analysis, the two-way linkages of value creation between internal and external stakeholders can be understood. The differentiation strategy deriving from value chain analysis is also pointed out, suggesting that a company can distinguish itself from competitors by conducting effective CSR initiatives. Moreover, the importance of stakeholder dialogue in CSR communication, and challenges and opportunities in modern CSR communication are also worthy to mention. Porter's concepts of the value chain and social influences on competitiveness were presented to lay the foundation of a framework which was developed in order to analyse shared value creation along a company's entire value chain. It serve as an analytical tool to guide the analysis of creating shared value in the empirical case of Tetra Pak. Therefore, the theoretical base helps to support the analysis work and the framework could facilitate and inspire further studies.

4 Empirical Part-Case Study Tetra Pak

4.1 Company Profile

Tetra Pak is of Swedish origin with headquarters in Lund, Sweden and Lausanne, Switzerland, and has over 23,500 employees around the world. With a company history of over 70 years, the Tetra Pak group is today the leading producer of beverage and food packaging and processing (Sustainability Report, 2015). In 2014 over 180 billion standard packages were produced, and 78.2 million litres of food and beverage products were delivered in packages from Tetra Pak in more than 170 countries (Figure 5).

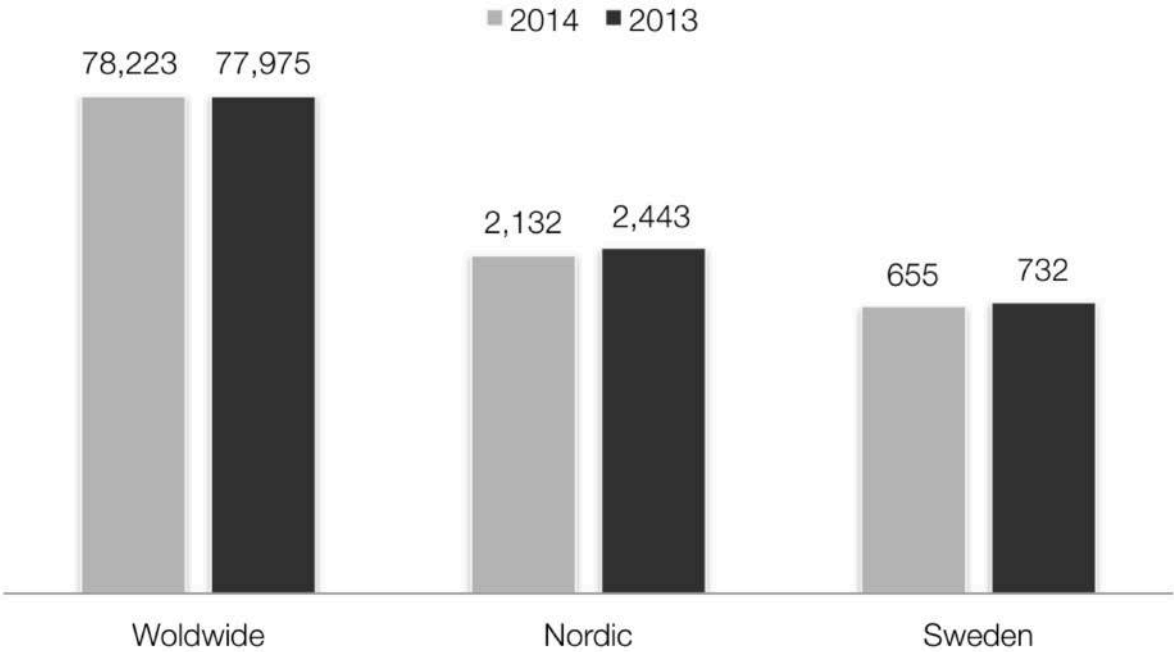


Figure 5. Delivered packages from Tetra Pak in 2013 & 2014 (million litres)

Tetra Pak holds their promise that rests on three pillars: i) *protecting food* with market-leading technology and solutions to make food safe and available everywhere; ii) *protecting people* by supporting and creating opportunities for employees and taking social responsibility for communities it operates in, and iii) *protecting futures* via insight and expertise to drive environmental excellence (Tetra Pak, 2015c; Sustainability Report, 2015).

Given the aim to remain greenhouse emission levels at or below 2010 figures by 2020 while simultaneously continuing to develop business, Tetra Pak has been putting significant efforts to enhance energy efficiency of district heating, natural gas, electricity, and travel and transportation, reducing the climate impact throughout the value chain. Recycling is another area of importance for Tetra Pak. While Tetra Pak's business is not recycling, the company aims at improving recycling to turn carton into assets that can be reused. Acting as a catalyst to make recycling happen, the aim is to work closely with stakeholders along the value chain in order to reach the company's global recycling goal (Tetra Pak, 2015a). Hence, Tetra Pak incorporates environmental targets that comprise three aspects: i) continuing to increase the use of renewable and certified raw materials to *develop sustainable products* with least environmental impacts; ii) *reducing the environmental impact* throughout the value chain from supplier to their customers and consumers and iii) *increasing the recycling rate* of all packaging from Tetra Pak to 40% by 2020 (Sustainability Report, 2015).

With integrated management systems, Tetra Pak is continuously improving its environment and quality work. In the Nordic countries, all production activities of Tetra Pak were certified in accordance with the International Organization for Standardization (ISO) label, ISO 14001, ISO 9001 and hygiene standard BRG/IOP in 2011. Moreover, the company and factory managers are responsible for environmental issues within their own operations. Noteworthy, Tetra Pak publishes its Nordic sustainability reports since 1999 which is aligned with Global Reporting Initiative's guidelines (Sustainability Report, 2015).

4.2 CSR at Tetra Pak

Embedded in its core business strategy through environmental targets, sustainability plays a key role at Tetra Pak. While the company admits that it has been silent for too long, it is now committed to making a change as environmental responsibility is not only an add-on anymore but a driver of business profitability. As Erik Lindroth, Environment Director Tetra Pak Northwest Europe & Nordics says "*The overall strategy is to ensure that Tetra Pak's environment activities add competitiveness for the company and our customers. This is essential today and in the future*" (Lindroth, 2015). Hence, the company has been working hard to achieve these goals by constantly innovating new sustainable products, raising awareness of recycling and food waste through various CSR campaigns and reducing their environmental footprint.

2014 was an important year for Tetra Pak. Not only did recycling rates reach record levels in Sweden, also sales for Forest Stewardship Council (FSC) labelled beverage cartons increased and appeared in store shelves in the Baltic countries and Finland for the first time. Further, renewable plastic screw caps, which entered the market in 2013, accelerated sales. The Norwegian company TINE was the first Nordic customer to implement them in 2013 and Swedish customers Arla and Oatly and Finish customer Valio followed suit in 2014. Sales of bio-based screw caps increased from 9 million in 2013 to 483 million in 2014. Another

milestone in 2014 was the introduction of the world's first fully renewable beverage carton - Tetra Pak Rex - a package consisting of a plastic layer of bio-based low-density polyethylene, a bio-based screw cap high-density polyethylene and FSC-certified paperboard. Coca-Cola Brazil was the first customer to launch the fully renewable beverage carton in 2014 with more than 13 billion packages sold in one year. In January 2015, Tetra Rex was launched with Valio in Finland and in April with Arla Foods in Sweden (Sustainability Report, 2015; Tetra Pak, 2015b).

Additionally, various CSR campaigns (including “the carton-folding championship” and “the hunt for the forgotten cartons”) have been implemented alongside the areas of “choice of raw materials” and “recycling” in Sweden. The latter is particularly relevant. While Sweden is being a role model in the European Union (EU) in terms of recycling, with 99% of Sweden's garbage being recycled (The Huffington Post, 2014), the rate of carton recycling in 2014 is with 38.7% below the EU average of 42%. However, the increase rate in Sweden (+5% from 2013) is higher than the EU average (+3% from 2013) (Sustainability Report, 2015). Tetra Pak aims at increasing this rate further, among others by implementing these CSR campaigns.

Accordingly, the ambitions and stakes for the future are high. With the backdrop of changing consumer behaviour and increasing environmental awareness, expectations for companies to take actions and responsibility towards integrating environmental sustainability into business practice rise drastically.

“Swedes have clearer consciences than the global average when they do something that isn't environmentally friendly because our environment is so clean and unspoiled that it doesn't significantly affect our daily lives. Compare this to a big city in China where people have to have air purifiers in their homes because the air is so polluted. Guild is a good incentive to change behaviors” (Sustainability Report, 2015, p. 54).

Hence, Tetra Pak is dedicated to understanding how consumer trends affect Tetra Pak and gain inspiration to launch new products or improve business. One of the main goals is to have 100% FSC-certified packages. In 2014, worldwide 24% of packages were FSC-labelled, the Nordics account for 39% with a tendency to increase continuously. Further, the use of bio-based plastic is expected to rise. Tetra Pak is looking for local collaborations for bio-based plastic, produced from Swedish forest products. The launch of the world's first renewable package in 2014 should thus be a starting point for expanding the range and scope of renewable materials. Sustainability communication is also an important pillar of the future strategy. Tetra Pak will continue to work with customers to communicate sustainability on packages, such as the kick-off project in spring 2015 “Juice i en god förpackning” (juice in a good package) (Sustainability Report, 2015). Other initiatives, such as the school competition “the hunt for the forgotten cartons” will be held in the following years and extended to primary schools according to Kristoffersen Wiles (2015).

4.3 Campaign I: the Carton-Folding Championship

In the summer of 2013, Tetra Pak organized a “carton-folding championship” via “Återvinnarna” (the Recyclers) Facebook page. The campaign was aimed at encouraging people to continue recycling cartons during the summer months. Generally, recycling rates for cartons drop during summer holidays since people are in their summer home or travelling (Sustainability Report, 2014). *“We wanted to do something together with one of our customers [Bravo] and focus on the summer months, where activity levels are generally lower, because people go on holidays, thus do not recycle that much.”* (Kristoffersen Wiles, 2015). By conducting this campaign, a clever way of saving space was presented—folding the cartons before taking them to the recycling stations.

The campaign was launched on BRAVO juice cartons with a guide on how to fold a carton, and the winner received an IKEA gift voucher worth SEK 10,000. To take part, participants needed to make a video about folding Tetra Pak’s cartons following the criteria: speed, creativity and number of likes, and upload it to the Återvinnarna Facebook page (Sustainability Report, 2014). In the winning video, three teenage boys were inspired by the movie *The Karate Kid* to create the storyline on how you can become a world-class carton folder. With more than 100 entries, this campaign gained a big success and significantly increased the carton recycling rate during the summer of 2013 (Återvinnarna, 2013). The results will be elaborated in the analysis and discussion chapter.

4.4 Campaign II: the Hunt for the Forgotten Cartons

Over a period of three years, 130,000 children in Sweden participated in “the hunt for the forgotten cartons”, which makes it Sweden’s largest school competition so far. The project was implemented by Tetra Pak in collaboration with the World Wildlife Fund (WWF). *“The issue in Sweden was that the recycling rates of our packages was much too low. It is basically due to a lack of knowledge in the general public, because people did not know how to recycle packages and if packages can be recycled. So this [campaign] was a way of reaching homes through kids”*, says Kristoffersen Wiles (2015).

The aim was to raise awareness about recycling and educate children. During a period of two weeks, school classes were asked to monitor and report on recycling of beverage cartons. Classes who were able to reach a recycling rate of over 50% (which is also Tetra Pak’s national target for 2020) entered the prize lottery stage and could win a contribution to a class trip or to a greener school environment (Sustainability Report, 2015). The campaign generated positive outcomes, most notably influencing the recycling rate in Sweden positively.

5 Analysis and Discussion

In the following chapter results will be analysed and discussed on the basis of the interview responses, recycling statistics and two CSR campaigns. The framework will serve as the basis for analysis.

5.1 Interview Analysis

Interviews were conducted with Lina Kristoffersen Wiles, Environment Executive and Project Manager at Tetra Pak and Erik Lindroth, Environment Director Tetra Pak Northwest Europe and Nordics. Both are responsible for implementing and conducting the CSR strategy for Tetra Pak in Sweden and together with their PR agency for the CSR campaigns. During the interviews four main themes were discussed: CSR strategy, leadership, creation of shared value and future CSR strategy.

Regarding Tetra Pak's CSR *strategy* Kristoffersen Wiles (2015) and Lindroth (2015) both emphasize that their sustainability work is business-related and not based on good-will or charity, rather it drives the company's business and profits and "*it adds competitiveness for the company and our customers*" according to Lindroth (2015). While on a global level the Tetra Pak group sets the goals for the CSR strategy, each market aligns their initiatives with the market needs, in the case of the Nordics market (includes Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania and Iceland) the "choice of raw materials" and "recycling". Tetra Pak in Sweden aims at leveraging their environmental credentials from a legislative and advocative point of view thus adding value to their business. "*It is a fact that environment and financial value go hand in hand, it is all about resource effectiveness when it comes to the end of the day*" (Kristoffersen Wiles, 2015).

Talking about *leadership*, Tetra Pak aims to be at the forefront to leverage their responsiveness and competitiveness, as Kristoffersen Wiles (2015) says "*We cannot follow, we have to lead*". Lindroth (2015) supports this view, adding that Tetra Pak is very familiar with their competitors CSR strategies and determined to "*remain a leader in this area*". This determination stems not at least from changing consumer patterns as Kristoffersen Wiles (2015) reiterates, emphasizing that consumers are becoming more aware of the importance of sustainability, including the reduction of their environmental impact or carbon footprint.

Another point of discussion was the *creation of shared value*. Both Lindroth and Kristoffersen Wiles emphasized that the whole idea of their CSR strategy is to stay competitive, create

business profits and add value to customers. Kristoffersen Wiles (2015) gives the example of helping their customers to communicate recycling through their packages, “*by doing that we add value to them and that makes us a strong partner for them*”. The “carton-folding championship” was such an initiative, adding value not only to Tetra Pak’s customer (BRAVO) but also value to consumers and society in terms of raising awareness of recycling.

Regarding Tetra Pak’s *future CSR strategy*, Kristoffersen Wiles (2015) emphasizes that sustainability is deeply integrated in the business strategy, visible across the entire value chain, as “the environment” being one of their four top strategic areas. Lindroth (2015) emphasizes that sustainability is essential today and in the future, “*we set targets on e.g. recycling rates, FSC labeling share, bio-based cap sales (...) All sales teams have environmental targets in their annual plans and the results are followed up on a monthly basis in our management team*”. Illustrative examples are Tetra Pak’s newest innovations, bio-based plastic cups and fully renewable packages. Although the change from fossil-based to bio-based plastic will take its time, the change is necessary to stay competitive in the future according to Kristoffersen-Wiles (2015). While Tetra Pak’s global 2020 targets are highly ambitious, with the climate goal being a scope three priority, she claims “*At the same time, we don’t have a choice, this is the reality we live in, limited resources, limited energy, rising temperature, expanding populations. Face the music. If you want to be there tomorrow, do the work here today.*”

The interview responses highlight the importance of CSR and the present and future impacts businesses have on the environment and society if they do not act responsibly today. Although Tetra Pak’s CSR strategy is highly business oriented, the company acknowledges the impact society has on business profitability, thus the creation of shared value is an essential concept Tetra Pak wishes to embark on, highlighted in their recycling campaigns and new sustainable innovations.

5.2 Application of the Framework

In order to clarify how shared value is created in the process of Tetra Pak’s CSR initiatives, the first step is to apply the framework to a whole process of carton production and recycling (Figure 6).

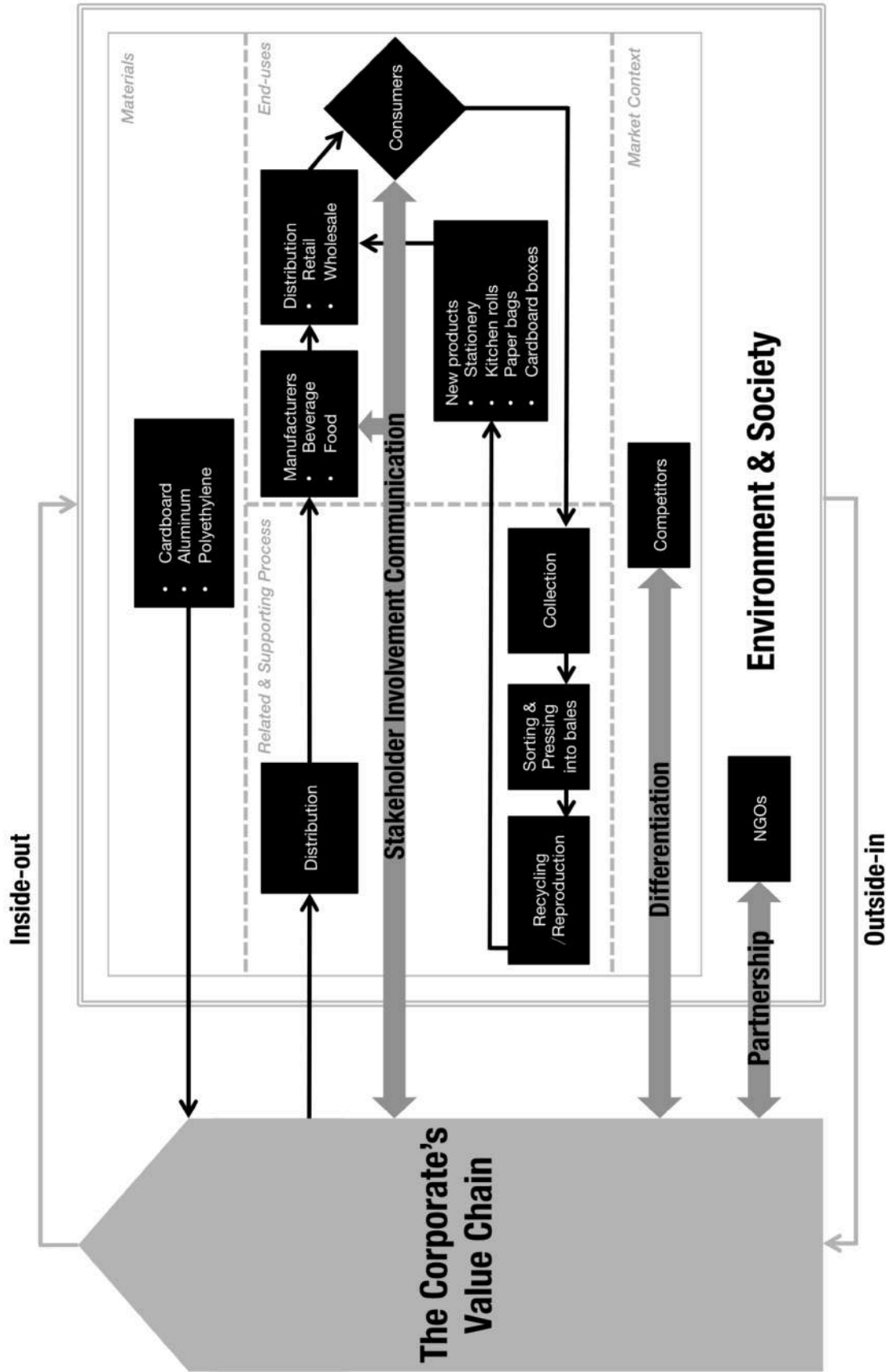


Figure 6. Framework of CSV. Application to Tetra Pak's business process

The process starts from the materials stage of the production process where material suppliers provide cardboard, aluminium and polyethylene for beverage and food packaging and processing companies such as Tetra Pak. Although these companies manage outbound logistics by themselves, the distribution is usually outsourced to independent distribution companies. Upon arrival at beverage or food manufacturers, the process enters the end-uses phase. Through retail and wholesale beverages and food reaches consumers.

After the food and beverage consumption the recycling process starts. Recycling companies are mainly responsible for the process. Used cartons are collected from consumers, followed by the sorting and pressing stage. In the next step of reproduction, the recycled carton fibres are used in products ranging from stationery, kitchen rolls and paper bags to cardboard boxes which again reach consumers via distribution channels (Recycling Report, 2005).

By conducting a stakeholder involvement strategy through CSR communication, consumers are encouraged by Tetra Pak to recycle more cartons. Hence, value is created and mutually shared through both inside-out and outside-in linkages, benefiting the corporate and the society and environment at large. Moreover, with the shared value created throughout the process by implementing CSR initiatives, Tetra Pak can adopt a brand's differentiation strategy that differentiates them from competitors.

In the next part, the two recycling campaigns will be analysed in more detail to present an in-depth understanding on how shared value is created for the company and its stakeholders. Hence, the framework will be analysed deeply to understand if and how two campaigns and strategy create shared value, fulfilling the third sub-purpose of this thesis at the same time. Besides, interview responses and recycling statistics will serve as a complementary source for the analysis of data.

5.2.1 The Carton-Folding Championship

Tetra Pak (the corporate) adopts a stakeholder involvement communication strategy to communicate the message (on how to fold a carton) on the beverage cartons of their customer BRAVO to reach the consumer. By folding the cartons, the consumer participated in the "Related and Supporting Process Stage" through the collection and folding of cartons. Mostly students and young adults were reached and participated in the championship. With over 100 video uploads, the campaign yielded positive results, mostly in terms of word of mouth on Facebook. Furthermore, on Tetra Pak's YouTube channel, a video "Vik mera! En hälsning från Återvinnarna"(Fold more! A greeting from the recyclers) was uploaded to show how much space can be saved if people fold cartons properly. To date the video has 569 views on YouTube (Tetra Pak Sverige, 2014).

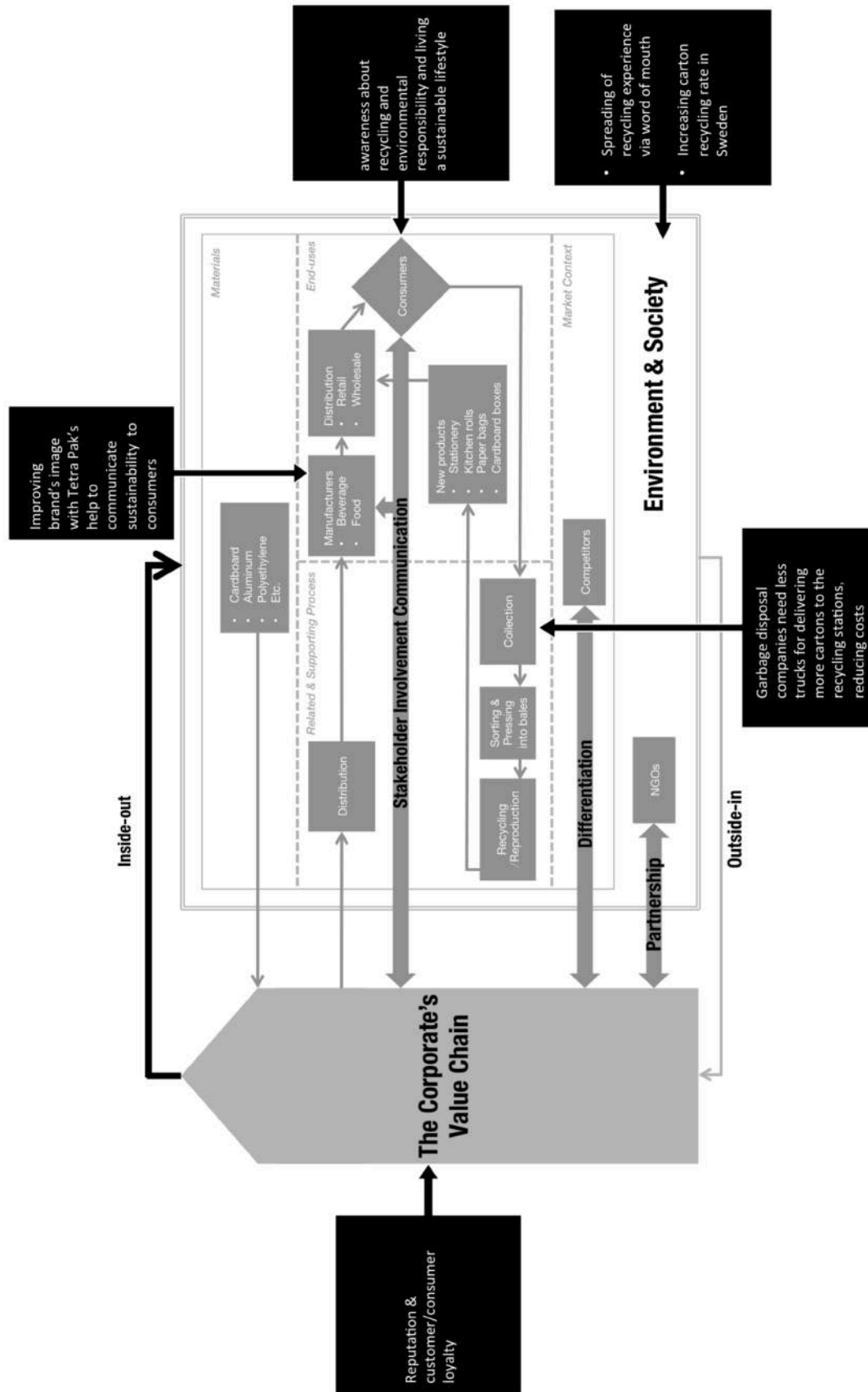


Figure 7. Inside-out: Value creation within Tetra Pak's external value chain

By implementing this campaign, Tetra Pak positively affects their external stakeholders via inside-out linkages (Porter & Kramer, 2006). Hence, value is created in the external value chain at the “End uses stage”, the “Related and supporting process stage” and the environment and society.

On the *consumer* part, value means awareness about recycling and environmental responsibility and living a sustainable lifestyle. For *society* value is created when participants spread their experiences through word of mouth. The winner of the championship said “*The competition inspired us to recycle. And it is simple. You just do it*” (Sustainability Report, 2014, p. 34). At the “Related and Supporting Stage” *garbage disposal companies* can benefit from folding cartons, as they need less trucks for delivering more cartons to the recycling stations. Using an ordinary Ikea bag, 28 non-folded cartons compared to 118 folded cartons fitted in the bag, suggesting that if people fold properly four times more space can be saved (Tetra Pak Sverige, 2014). Lastly, value for the *company* is mainly translated in terms of reputation and customer/consumer loyalty, since according to personality and values associations, consumers believe that Tetra Pak’s employees are caring and genuine (Vilppo & Lindberg-Repo, 2011). As a B2B (business-to-business) company, Tetra Pak does not deliver its products to consumers directly. When customers, such as BRAVO, want to market their products with a label of sustainability Tetra Pak can help communicate it through messages on their packages. Therefore, Tetra Pak adds value to its *customers* and is seen as a strong partner for them (Kristoffersen Wiles, 2015). This can potentially increase both the reputation for Tetra Pak and their customer. By further engaging consumers in this campaign, Tetra Pak builds a brand’s loyalty that consolidates a sustainable relationship with its customers and consumers.

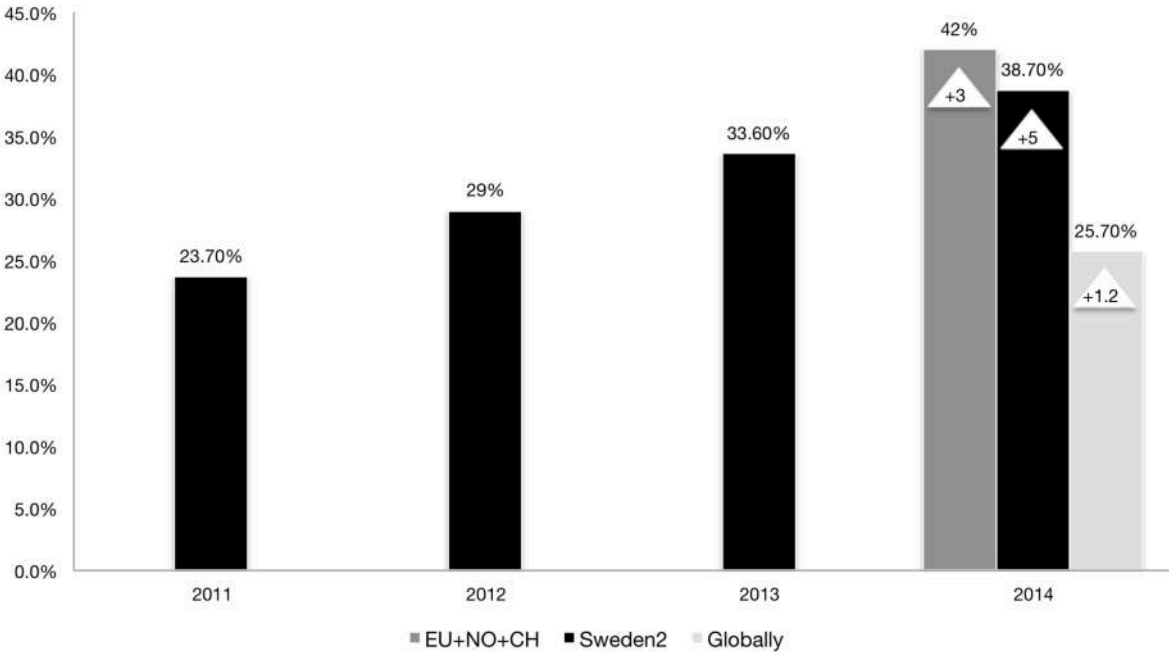
5.2.2 The Hunt for the Forgotten Cartons

Tetra Pak (the corporate) communicated the message (recycling of beverage cartons) through learning materials given to the schools, reaching primarily school children and indirectly school teachers. Over the period of three years, the competition has shown tangible results, indicating the social and environmental consequences of Tetra Pak’s CSR campaign through inside-out linkages as Porter and Karmar (2006) suggest. Value is created in the external value chain at the “End uses stage”, the “Related and supporting process stage” and for the environment and society.

On the *consumer* part, value is created for both children and teachers. The feedback from the teachers was overwhelmingly positive, especially since they reported that children were excited and they got very positive responses from the parents of the participating classes. One of the teachers at Mariehage preschool in Malmö said that the competition not only benefited the children but also inspired teachers to rethink recycling. Emma and Hugo who are attending Kulparkskolan in Lund said that “*Reusing means that you use things over and over again. A beverage carton can become a cereal box*” (Sustainability Report, 2015, p. 45).

Beyond value creation for children and teachers, the campaign further created value for Swedish society and the environment. As Kristoffersen Wiles (2015) reiterates “It has been a very effective way because basically each kid who has been in the participating classes brings it [knowledge] home. Accordingly, you reach homes and reach people who make the purchasing decisions and who recycle. So it is an indirect way of reaching Swedish households.” Håkan Wirtén from WWF adds “the children show amazing commitment and often influence their parents and other adults to change their behaviour. Younger generations have an important role to play” (Sustainability Report, 2015, p. 47). Facebook users feedback was overwhelmingly positive. One user said that she admires the effort of the children and hopes that adults can learn from them (Återvinnarna, 2015).

This year’s average recycling rate among participating classes was exceptionally high. Whereas in 2012 the recycling rate was 74% in the classes, in 2014 it was 84% (Tetra Pak, 2014). “I am full of admiration for the results that all of these schoolchildren managed to achieve, and an average recycling rate among participants this year of 84% shows that it is possible to significantly increase recycling on a national level, with the right knowledge” says Lindroth (Sustainability Report, 2015, p. 48). Over a period of three years (2012-2014), over 130,000 children participated in the initiative and the national recycling rate for beverage cartons in Sweden increased by 15 percentage points, from 24.7% to 38.7%, speaking in tonnes from just under 10,000 tonnes in 2011 to 12,500 tonnes in 2013 in Sweden. The success certainly reduces society’s environmental footprint (Sustainability Report, 2015).



*Source: FTI sweden, Tetra Pak and The Alliance for Beverage cartons and the Environment

Figure 8. Recycling rate of beverage cartons

Although it is difficult to measure the impact of the campaign on these figures, Kristoffersen Wiles (2015) believes that the project had a huge impact in Sweden, adding value both to the environment and society at large and not lastly to the *company* given the success and good PR. By partnering with WWF in order to enhance its CSR communication and to have a credible partner on its side, Tetra Pak could further gain reputation and credibility. Explaining why Tetra Pak partnered with WWF, Kristoffersen Wiles (2015) says “*WWF are very strict in how and where they engage in, that is why they are credible, because they have high standards. They expect things from us and challenge us but they also give us their leverage in exchange*”. By leveraging the collaboration with WWF, Tetra Pak gained high quality press during the campaign, promoting its reputation as a leading company who dedicates resources to environmental sustainability.

5.2.3 Overall CSR strategy

As discussed above, through inside-out linkages Tetra Pak creates shared value for its external stakeholders by conducting CSR campaigns. The key messages of those initiatives are aligned with Tetra Pak’s CSR strategy which is business-based and drives competitiveness and business. According to Porter’s (1990) (Figure 2) outside-in linkages concept, shared value from the social dimension and a company’s competitive context via outside-in linkages would be eventually created for Tetra Pak’s internal value chain, promoting its business development in the long run (Figure 9).

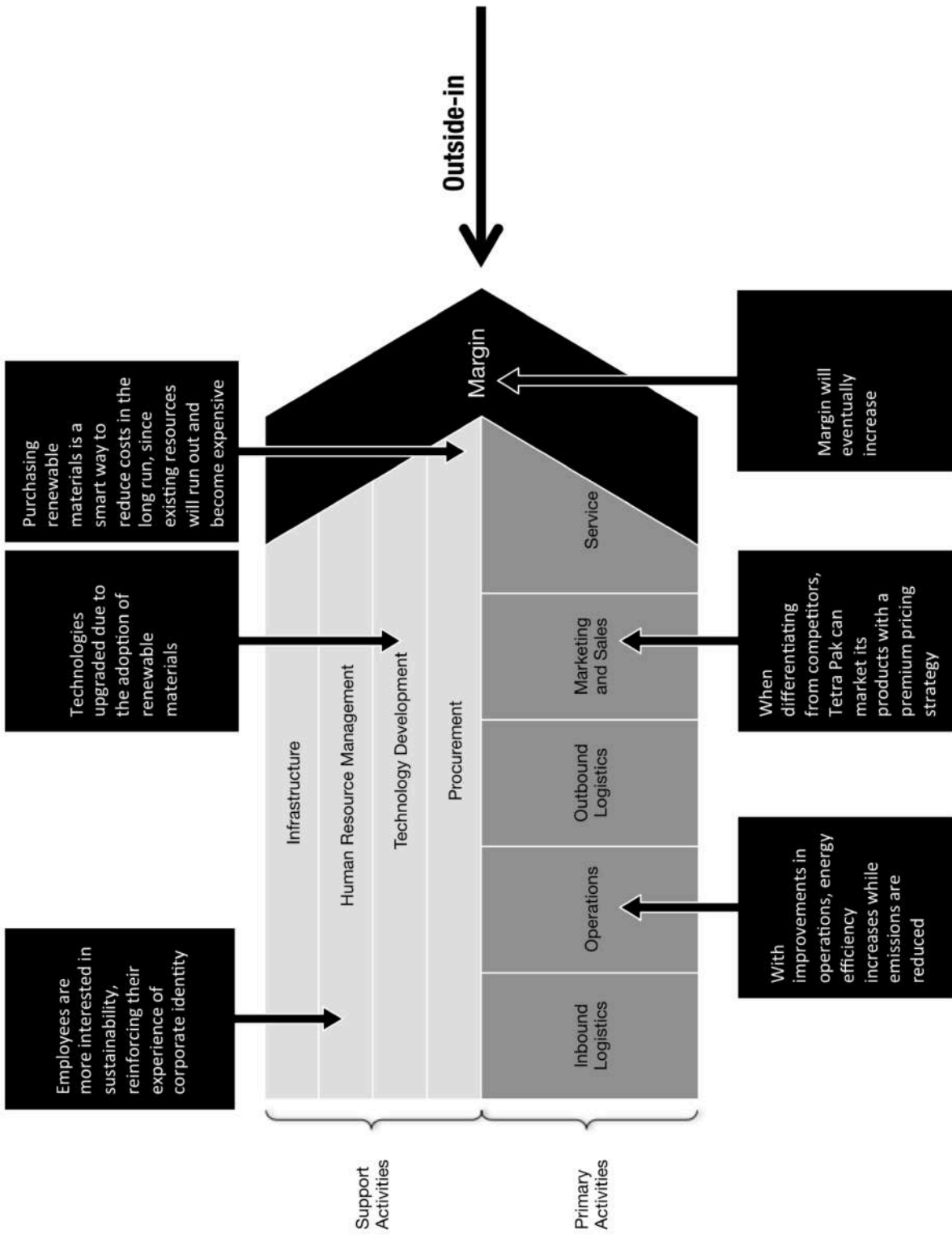


Figure 9. Outside-in: Value creation within Tetra Pak's internal value chain

Tetra Pak can see a decrease cost in *procurement* of its internal value chain by implementing a CSR strategy that can create shared value. In order to reduce the environmental impacts of a company's value chain, Tetra Pak adopted bio-based plastic derived from Brazilian sugar cane and renewable cardboard in its production process. Although purchasing new materials is always expensive to start with due to the imbalance between supply and demand, it helps to decrease the material cost for Tetra Pak in the long run. As Kristoffersen-Wiles (2015) says “*It is a fact that environment and financial value go hand in hand, it is all about resource effectiveness when it come to end of the day – the less resources you can use, the smarter you use them, the less impact it will have on the environment and the less it will cost you*”. In the future, Tetra Pak will look for local suppliers who can provide such materials for them in order to sustain production and further decrease cost, gaining environmental and economic benefits at the same time. Moreover, this transition also pushes Tetra Pak to update *technologies* in the production process, reinforcing its leading position in the industry.

Besides the new materials used in production, Tetra Pak also improved its *operations* in order to be more energy efficient. With the efficiency improvements in compressed air, ventilation and steam, Tetra Pak significantly reduced the CO₂ emissions, contributing to approaching the 2020 goals gradually. Specifically, Tetra Pak made remarkable progress, for instance, in 2014 the energy efficiency improvements of Tetra Pak in Lund reduced CO₂ emissions by 104 tonnes, and the Facility Management company further reduced the total energy consumption in Lund by over 7 million kilowatt-hours and more than 1,100 metric tons of CO₂ (Figure 10) (Sustainability Report, 2015). By utilizing integrated management systems, all *employees* are engaged in the sustainability work and become even more interested and curious about environmental sustainability, which in turn reinforces their experience of corporate identity (Lindroth, 2015).

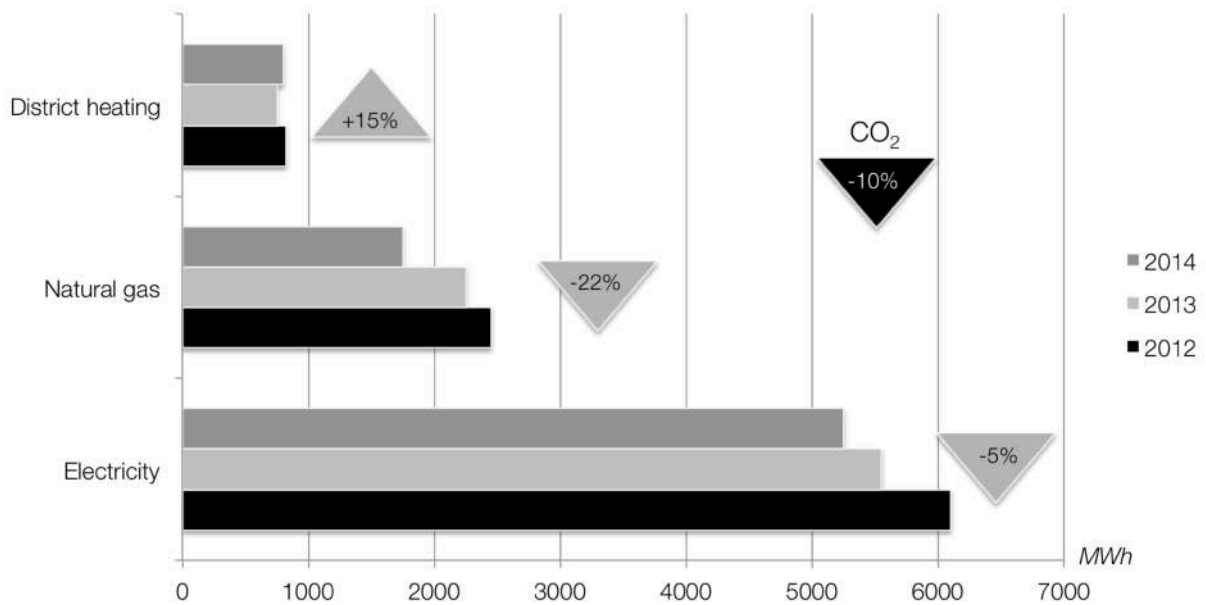


Figure 10. Energy Efficiency of Tetra Pak in Lund from 2012-2014

By acquiring shared value as mentioned above, Tetra Pak formed growth prospects and sustainability of profits in the long run (Bhattacharya & Luo, 2006). Moreover, according to the differentiation strategy (Figure 3), Tetra Pak can also differentiate its brand as a pioneer in sustainability work from its competitors, obtaining a competitive advantage and outperforming competitors in the beverage and food packaging and processing industry (Porter, 1985). As a result, Tetra Pak can conduct a *marketing* strategy with a premium price for its products, thus attracting more manufacturers who have common values with Tetra Pak. Hence, the *margin* for Tetra Pak can eventually increase and a sustainable relationship between business and environment will be achieved.

5.3 Results and Future Implications

After careful analysis and discussion, the implications for future research and contribution to the existing literature need to be discussed in more detail.

The thesis's contribution to the existing literature is a new framework developed by the authors which combine Porter's models through inside-out and outside-in linkages, and takes the CSR communication approach and differentiation strategy into account. Given the widely proofed theoretical foundation, significance of this research area and the inherent relationship between a corporate's internal value chain and external stakeholders and environment, the framework can be leveraged as a model for further studies. Moreover, the importance of CSV for successful business and the concise structure of this framework suggest that companies can also utilize the framework as a new analytical tool, helping to evaluate the creation of shared value in CSR campaigns and strategy.

There are several lessons that can be learned from applying the framework to different companies. In the case study of Tetra Pak, by analysing two CSR campaigns in more specific, interesting findings could be generated. The analysis revealed that through CSR strategy and CSR campaigns value has been created for multiple stakeholders. This means, first of all, that CSR initiatives not only have an impact on the external value chain but also on a company's internal value chain through inside-out and outside-in linkages. Accordingly, external forces have a direct impact on internal operations, as suggested by Porter's (1990) outside-in linkages model adopted in the framework. What can be learned is that the environment and society, embedded in the external value chain, have an enormous impact on businesses and firm's profitability. The value that can be created in the external value chain has thus a direct impact and should be of immediate concern to businesses. In other words, CSR is not a mere add-on anymore but an essential part for companies if they want to understand the influence of external competitive forces and want to reap the benefits from the value created in the external environment. Another lesson-learned is that in order to capture value, companies need to adopt an effective CSR communication strategy as suggested in the framework. Without an effective CSR communication strategy stakeholders engagement is low or nonexistent and communication is simply a one-way channel unable to benefit from value creation (Ihlen et al., 2011).

Additionally, other companies can learn valuable lessons from the case study. The thesis shows that if companies implement a coherent CSR strategy, including an effective CSR communication and stakeholder involvement strategy, value can be grasped along the entire value chain. Accordingly, this case study shows that the framework can be seen as a natural guide for other companies who want to adopt CSR at the same time as creating value for stakeholders. As previously mentioned, the impact of stakeholders and the external environment should not be underestimated but embraced as a means to add value for stakeholders, for instance competitiveness and differentiation for the company, sustainability awareness for consumers or reduction of environmental footprint for society. Accordingly, companies can learn that instead of simply adopting CSR, the concept of creating shared value is a new way of driving business, which will eventually increase the profit margin for companies.

Regarding the weakness of the study, firstly due to time constraints the framework was only applied to one company. As the authors believe that the framework can be applied to other companies, it would be interesting to see it applied to multiple case studies. Secondly, as the case study is a B2B company, it is advised to apply the framework to a B2C company to understand how the creation of value for consumers benefit a B2C company differently than a B2B company. Another shortcoming of the case study is that due to time constraints the authors did not have time to interview more stakeholders, most notably those directly affected by the two CSR campaigns. In order to gain a comprehensive understanding of value creation for different stakeholders more people need to be interviewed and different viewpoints gathered.

5.4 Chapter Summary

Summing up the most important findings on value creation both for Tetra Pak's external as well as internal value chain, the following can be said. Closely examining the two CSR campaigns, the "the carton-folding championship" and "the hunt for the forgotten cartons", value is created for multiple stakeholders, including consumers, society and environment, distributors and customers in the external value chain. Consumers value is mainly translated in sustainability awareness and a sustainable lifestyle. Society's and environment's value can be measured in terms of increasing rates of beverage carton recycling in Sweden. Customers gain value by partnering with Tetra Pak in CSR initiatives (for instance BRAVO), building up their reputation as a responsible brand. Lastly, value for Tetra Pak is the most difficult to quantify since campaigns are not commercially oriented. Accordingly, the benefits for Tetra Pak are of an intangible nature in terms of reputation building and brand awareness (Figure 7).

Discussing Tetra Pak's overall CSR strategy, value is created for Tetra Pak on a different scale. With the aim to switch to 100% renewable packaging material, 100% FSC-labelled cartons, and reducing the overall environmental impact by cutting CO₂ emissions and improving energy efficiency, Tetra Pak is adding value to its internal value chain. Precisely, value can be created in the areas of procurement, human resource management, technology development, operations, and marketing and sales which will eventually increase the profit margin for Tetra Pak in the future (Figure 9).

Furthermore, it was shown that the framework can be applied to different companies and settings and thus act as a natural guide for future research, helping to advance new findings in this area.

6 Conclusion

While CSR has become increasingly important with many well-known companies implementing a coherent CSR strategy in their core business model, the concept has developed further, shifting from being considered as a mere add-on to a value adding strategy for companies and its stakeholders. Termed under the name “creating shared value” the idea is to add value across the entire value chain, both internally and externally to create mutual benefits in terms of reputation building, sustainability awareness, reducing environmental impacts and not at least increasing the profit margin for the company.

The overall research purpose of this thesis was to look at how a company’s CSR strategy can create shared value along its entire value chain, both internally and externally, with a focus on the company and relevant stakeholders. In order to reach the overall research purpose a three-step-process was applied with three sub-purposes forming the basis:

- i. Give an understanding of the core concepts of CSR and CSV and their interrelationship
- ii. Develop a framework to analyse CSR campaigns
- iii. Apply the framework to determine if and how these strategies and campaigns can create shared value for the company and its key stakeholders

The overall research purpose and sub-purposes were met and accounted for in this thesis. An understanding of the differences between CSR and CSV, with a suggested growing shift towards CSV, was presented in the literature review (sub-purpose I). The shift to CSV was considered when developing a framework for CSV, incorporating the interrelationship between a company’s internal and external value chain through outside-in and inside-out linkages, which can be applied to different markets and companies (sub-purpose II). Applied to the case study of Tetra Pak in Sweden an overview of the different business stages was generated, helping to identify the potential sources of value creation in the internal as well as external value chain. The analysis revealed that value has been created for multiple stakeholders along the entire value chain through the campaigns, including Tetra Pak, customers, consumers, distributors, and the environment and society. Value has also been added to Tetra Pak through their overall CSR strategy aimed at reducing their environmental impact by cutting emissions or increasing energy efficiency (sub-purpose III). Accordingly, the three sub-purposes were accounted for, leading to fulfil the overall research purpose.

Critically looking at the results and discussion, it is however important to note that the creation of shared value is a fuzzy concept thus difficult to measure and quantify. Accordingly, in the case study of Tetra Pak, the authors supported their claims by adding credibility and validity through interview responses to gain a richer understanding of the

drivers of CSR and Tetra Pak's understanding of the benefits and opportunities. National statistics on carton recycling further supported the analysis, suggesting positive impacts most notably for the environment. Although it was proven that shared value has been created, it is difficult to measure to what extent it impacts Tetra Pak's business and can lead to an increased profit margin in the future. Given the subtle relationship between CSR and a company's profits, it is suggested to look at other measurable variables to add credibility and legitimacy to the research. However, as Tetra Pak is the main supplier of beverage cartons in Sweden, it can be assumed that the impact of the campaigns and the statistics has a direct positive correlation. A shortcoming of this thesis is that due to time constraints not all stakeholders involved in the CSR campaigns could have been consulted. Moreover, in order to make generalizations it would be advisable to apply the framework to additional companies in different markets and settings.

Additional research is therefore essential to add further value to this study and allow generalizing the research at stake. Considering the increasing importance of environmental sustainability, more Swedish companies than ever have implemented CSR strategies in different areas. Given the ongoing trend, sustainability work in Sweden will keep advancing in terms of policy and technology, and become an essential part in people's daily life. For instance, in the area of recycling Weine Wiqvist (2015), CEO of the Swedish Waste Management and Recycling Association, says: "We are trying to "move up the refuse ladder", as we say, from burning to material recycling, by promoting recycling and working with authorities". Hence, companies need to rethink their position and renew CSR strategies to align with social and environmental trends, helping them to keep meeting the needs for stakeholders in the future.

Given the dichotomy of public and private sector contribution to sustainability, it will be interesting to see the role and efforts of private sector companies like Tetra Pak with the rising pressure of the policy side to adhere to environmental norms. Considering that a B2B company was chosen for the case study, CSR initiatives conducted by a B2C (business-to-consumer) company are also worth being studied, to prove that the framework can be applied to other companies and industries. This could show potential shortcomings of the framework that have not been taken into account in this thesis and need to be developed further. In a business context, the question of quantification is always of interest, accordingly it would be interesting to measure value creation from a quantitative point of view if possible. This could complement the qualitative approach of this thesis.

In summary, the outlook of a transition from CSR to CSV proposed in this thesis as well as the research contributions provide a high-level guideline for future research. This thesis can lay some of the accessible avenues as a starting point for the generation of new knowledge.

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Appendix A

Interview Tetra Pak, 27.04.2015

Lina Kristoffersen-Wiles, Environment Executive and Project Manager at Tetra Pak Nordics

- Do you remember when you started publishing the CSR reports?
- What are your focus areas today in the Nordics?
- How do you organize these activities? Who is responsibility for implementing the campaigns?
- Who comes up with the ideas of the campaigns?
- In the case of the Nordics, you check the focus areas in order to align it with the Swedish goals?
- Why are you implementing these campaigns? Why do you think it is useful for the company and consumer?
- Do you think you can create shared value with these campaigns for you, the society and other stakeholders and customers?
- How do you think you can create this shared value?
- Can you say that CSR is a competitive advantage for your business?
- What is your main channel of communication for these campaigns? How do you communicate them?
- Why did you decide to cooperate with WWF?
- You have a project with a school class on recycling. Why did you decide to focus on school classes?
- Over the years you reached 130,000 children, how can you measure the success of this campaign?
- When you saw these developments you decided to continue the following years?
- You also had another campaign, the cartoon folding competition, what was the main objective of this campaign?
- How many times did you have this campaign?

- What do you think will be the future of your CSR strategy? Or your goals for the future of your sustainability efforts? How do you see it develop?
- Do you believe it will continue to stay an important element of your business strategy?
- Do you think your product and business will directly benefit from CSR?
- Why did you decide to go even further, involving the society in your CSR campaigns?

Interview Tetra Pak, 04.05.2015

Erik Lindroth, Environment Director Tetra Pak Northwest Europe & Nordics

- What is the overall CSR strategy of Tetra Pak in Sweden? What are your target areas in your CSR strategy and why?
- Are you familiar with your competitors CSR strategy? Do you think you can gain a competitive advantage through CSR?
- Do you believe you can create shared value by your CSR strategy for Tetra Pak and key stakeholders (buying company, distributor, end customer,...)?
- How do you see the future development of CSR at Tetra Pak in Sweden? Do you think it will be an integral part of your business strategy?