

# What do we know about Corporate Social Responsibility?

- a sampling of Swedish research in the field

Workshop in Stockholm November 2005

Discussion notes by Malin Enström



## About the Swedish Partnership for Global Responsibility

The Swedish Government introduced the Swedish Partnership for Global Responsibility –Globalt Ansvar - in March 2002 with the purpose of promoting the *OECD Guidelines for Multinational Enterprises* and the principles set forth in the *UN's Global Compact*. One important aim of the initiative is to facilitate the ambitions of Swedish companies and organizations to implement corporate social responsibility in practice in the fields of human rights, environment, core labour standards and efforts to combat corruption. The production of studies on important issues, the arrangement of seminars and workshops for the dissemination of knowledge and sharing of experience as well as general promotion of information on existing global conventions and guidelines are important components of the work program of the Swedish Partnership for Global Responsibility.

This report has been commissioned by the secretariat.

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## **What do we know about Corporate Social Responsibility?**

*Discussion notes by Malin Enström*

In November 2005 the Swedish Partnership for Global Responsibility invited a number of researchers from different disciplines to a one-day workshop at the Ministry for Foreign Affairs. The purpose of the meeting was to try to get an overview of Swedish research in the field and to stimulate a dialogue between researchers.

The result was a highly rewarding day with presentations of the researchers and their work, both completed and pending, an exchange of experiences in the field and the identification of vital questions. The versatility of the researchers within the group showed how many different approaches there are to CSR.

This report is a presentation of some of the questions that were raised and discussed at the meeting. We would like to thank the participating researchers for their contributions, their engagement at the event and the presentations of their research included in this report.

This report together with references to Swedish research in the field of CSR will be available at the webpage [www.ud.se/ga](http://www.ud.se/ga).

## Summary of the discussion

### **1. Actors in the CSR arena**

Multinational companies constitute an enormous portion of the world economy. With an increasing awareness of corporate impact on social life, the number of actors on the CSR scene is growing. The relation between all the different actors is of interest to several of the participants. What role do the unions play in the debate concerning CSR? What is their position in relation to the NGOs? Some participants feel that the unions often take a defensive approach and that they have lost the initiative, for example with regard to labour standards. The unions are in a difficult position, faced with promoting their own interests at the same time as they have to show solidarity with the rest of the world.

One participant is of the opinion that there is a lack of discussion about positive externalities that no one pays for. Electrolux and their products, for example, have had a greater impact on women's lives than the women's movement, but do not figure in the debate.

Are there strategic reasons behind an involvement in CSR or is it a necessity for a multinational company today in order to attract the best human resources? Employees are becoming more aware of and engaged in these questions, and as a result these employees are demanding stronger commitment from their employers to conduct their business in a manner that is ethically correct.

What is the role of small and medium-sized companies in CSR? What view do they take of the issues? Big companies often have an interest in protecting a trademark that they have spent a lot of time and money building up and may have greater resources and stronger motivation to try to maintain their good reputation. Is the current development leading towards a commercialisation of CSR, where the word 'ethics' is used merely as a tactic mastered by PR agencies and consultants? Is concern about CSR issues becoming a PR fashion in the market?

One of the researchers has studied what he calls ‘CSR practitioners’, and how these actors engage in negotiations of companies’ social responsibility in relation to external actors like NGOs and internal actors like engineers.<sup>1</sup> The result of the study shows how these CSR practitioners started promoting external interests within the company in some sort of borderline territory between professionalism and idealism.

## **2. Rules and their creators**

The legal aspects of CSR are numerous. Human rights, labour standards and environmental issues are examples of important aspects of CSR, which are regulated by international conventions. But these conventions are binding for states, not companies. Corporations and their engagement in CSR are to a great extent governed by voluntarism. How can one design a system to promote good values?

Research in this field is often met with great scepticism, according to one of the researchers. He points out that it’s no longer merely a question of the environmental aspects of a company’s actions, or a matter of chasing environmental bad guys, as some people still seem to think. Today the public and private interests are emerging. Ten years ago human rights was seen as a providing protection against all forms of evil, but today HR is seen as something proactive that provides a person with the possibility to exert influence over public life.<sup>2</sup> One participant questions if there is a risk that companies might try to create a profile that only seems to live up to the social criteria. The market can be used as a tool, and be far more effective than the political system. But market sanctions are also much more severe than sanctions by the authorities and it can only be fooled once.

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<sup>1</sup> Karl Palmås, Center for Business in Society, School of Economics, Gothenburg.

<sup>2</sup> Håkan Hydén, Institut of Sociology of Law, University of Lund.

Another important question is how to follow up on the non-binding regulations. Are inspections a good way to try to follow a company's progress in dealing with CSR challenges? Should one use internal or autonomous monitoring systems?

One of the research projects presented at the meeting aims to study the extent to which corporate voluntarism enhances the capacity for good governance in developing countries (host countries) through partnership approaches.<sup>3</sup> The project aims to track effects of CSR on home and host governments, but also on unions and civil society groups in the host countries.

Another aspect of the legal question, which has hardly been researched at all but which is the subject of a coming article, is to take a look at the creators of different CSR standards.<sup>4</sup> Who are they and what are their interests in the matter? Why are there so many different standards, how are they financed and do the creators also represent other interests? Is it possible to separate "CSR producers" from "CSR practitioners"?

One of the researchers is part of an EU project that aims to research the effects of different CSR instruments and intends to end the project with recommendations to the EU on such matters as how to promote CSR in a way that creates a positive effect.<sup>5</sup>

Connected to the regulations and standards of CSR is the question, which some of the participants have devoted time to research, of the different terminology that is used when CSR is discussed.<sup>6</sup> Is there a material difference between corporate citizenship and corporate social responsibility? Why is the first term often used in the USA while the other is frequently used in Europe?

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<sup>3</sup> Radu Mares, Raoul Wallenberg Institut for Human Rights and Humanitarian Law. Håkan Hydén, Institut of Sociology of Law, University of Lund.

<sup>4</sup> Mats Jutterström, F-section/Score, Stockholm School of Economics

<sup>5</sup> Maria Bohn, RARE

<sup>6</sup> Niklas Egels Zandén, Gothenburg School of Economics and Tomas Brytting.

### **3. Ways of influencing a company to take action**

There are a number of ways to try to influence companies to take social responsibility. But an interesting question is what kind of approach should one use to try to bring this about? One of the participants in the research network has taken a closer look at the financial market and the possibilities different actors on the stock market, for example investors and NGOs, have to influence corporations to take social responsibility.<sup>7</sup> NGOs can present reports indicating the financial risks involved in certain kinds of behaviour, while investors can use the annual general meeting to make their opinions in these matters heard.

Several interesting questions connected to social responsibility and the financial market were posed at the meeting. Is there any difference between pension funds and other funds when it comes to social responsibility? In this case, it is often a question of large assets and a long-term investment, which makes it even more important to think about the social consequences. Another question is whether or not the buyers have a real chance of influencing a company and demanding accountability. This is something one of the participants will look into more closely in an upcoming study.<sup>8</sup> Something else that also interested the participants is what kind of follow-up mechanism could be used to ensure that the company in question honours its commitments. The essential thing for an investor is to be able to acquire enough information to enable him or her to question a company's actions. The Amnesty Business Group has an important role to fill here as a source of reliable information.

The increased awareness of the business case for corporate social responsibility and the role that investors can play in this matter has led to numerous initiatives aimed towards the financial market. The 'Who Cares Wins' initiative, launched by the UN Global Compact in June 2004, is one example where financial and industry leaders work together to advance current thinking in investment research.<sup>9</sup>

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<sup>7</sup> Emma Sjöström, D-section, SuRe Sustainable Sesearch Group, Stockholm School of Economics

<sup>8</sup> Above mentioned researcher.

<sup>9</sup> For futher information, visit [www.unglobalcompact.org](http://www.unglobalcompact.org)

A question that often arises, not only in the financial market, but also in the general business world when it comes to ways of influencing a company, is whether or not one should stop doing business with a company if the company does not live up to the social standards posed, for example, by an investor. Should one keep the business connection to gain a position from which one could exert influence over the company? Should a company that is not happy with the way a supplier, for example, treats its employees take their business elsewhere or should the company stay and try to encourage the supplier to change? One of the participants raises the question of organisations like the WHO recommending investors to refrain from investing in the tobacco industry. What consequences will this have for underdeveloped countries dealing with tobacco?

#### **4. CSR – a new form of imperialism?**

The last part of the meeting resulted in discussions concerning legitimacy. Are all ways to try to bring about positive change justifiable? Is CSR a way to impose our own values on others in some kind of new imperialism? Some of the participants have been known to use the word imperialism in this context, but point out that the values in question are often expressed in universal agreements, containing an ethical minimum. As a member of, say, ILO, one has an obligation to observe the commitment that such membership entails. One of the reasons we are here today is that certain countries do not honour these commitments. One participant feels that sometimes we do not listen to the actors we are trying to help. Another risk is that a programme on an international level stays the same regardless of the changes in the society it is designed to support.

What legitimacy can a large multinational company in Sweden call on to start building workplace development in India? What motivates public policymakers in these questions? There are some countries, like China, that feel that CSR is just a trade barrier in disguise. How can one strengthen the position of southern countries within the CSR debate? What role does development cooperation play in this? One participant thinks there are better ways to include southern countries in the debate. The important thing is to try to strengthen their voice and to realise that our perspective is one of many.



### **List of over researchers**

**Magdalena Bexell**, Department of Political Science, *Lund University*

**Maria Bohn**, *Stockholm Environment Institute*, Rhetoric and Realities: Analysing Corporate Social Responsibility in Europe (RARE)

**Pontus Cerin and Staffan Laestadius**, Unit of Industrial Dynamics, Dept. of Industrial Economics and Management (INDEK), *Royal Institute of Technology (KTH)*

**Bo Enquist and his crew**, Service Research Center *Karlstad University*

**Pauline Göthberg**, Department of Business Studies Huddinge, *Södertörn University*  
College/Uppsala University

**Håkan Hydén**, Institute of Sociology of Law, *Lund University*

**Radu Mares**, Raoul Wallenberg Institute for Human Rights and Humanitarian  
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**Mats Jutterström**, F-sektionen/Score, *Stockholm School of Economics*

**Monica Macquet**, Sustainability Research Group, *Stockholm School of Economics*

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In my doctoral dissertation in political science, *Exploring Responsibility. Public and Private in Human Rights Protection* (May, 2005), I examine how the public-private distinction is manifested in controversy concerning the character of corporate social responsibility in zones of massive governmental human rights abuse. The dissertation is located at the intersection of the academic fields of study of international relations, human rights and corporate social responsibility, with the purpose of bringing the CSR topic into the study of international relations.

The analysis demonstrates that the study of responsibility, accountability and authority in the field of international relations is confronted with new challenges through the examination of corporate social responsibility in a global governance setting. A range of political, legal and moral tensions arise from boundary-drawing processes between public and private in debates on the distribution of responsibility for human rights protection. The boundary between public and private responsibility is found to be a site of struggle, where boundary-drawing leads to charges against companies of complicity in human rights abuse. Reconfigurations of authority and power relations thus question the state-centric focus of the international human rights regime.

More specifically, manifestations of the tensions involved in the CSR issue are explored in critical debates concerning responsibility in the case of transnational oil corporations operating in zones where human rights violations are committed by states. A closer examination is undertaken of the controversy surrounding a Canadian headquartered oil company, Talisman Energy, that operated in Sudan between 1998 and 2002. The oil extraction contracts between the company and the Sudanese regime was criticized by a range of NGOs, as well as by shareholders and politicians, while company representatives argued the company did more good for human rights by remaining in Sudan than by leaving the country.

In the debate concerning Talisman Energy's Sudan operations, examples of powerful accountability mechanisms drawing upon the private moral authority of international NGOs and upon the market authority of shareholders and investors were seen. Through the influence of NGOs and media, connecting to a powerful global discourse on human rights, demands for accountability were placed on the agenda of a more general audience as well as company shareholders. The divestment campaign in which large institutional investors decided to sell their shares points to private regulatory authority as a form of governance of the human rights area, testifying to a pluralization of authority relations in this field.

The expansion of private sector self-regulation challenge the association of authority with public actors that are accountable through political institutions. This diversification of authority relations is increasingly scrutinized in light of principles of democratic accountability, representation and legitimacy. Though important in a theoretical sense, those principles are found to be less challenging with regard to the practice of CSR in a non-democratic setting such as Sudan. Efforts at self-regulation, as well as the development of mechanisms for holding transnational corporations accountable for their impact on social conditions, expand the terrain of accountability in zones of human rights violations where transnational corporations are present. This indicates that the territorial boundaries of accountability systems related to human rights are becoming recast into a less territorially defined transnational sphere of influence, contestation and answerability.

In 2006, I will examine the development of an EU-policy on corporate social responsibility. Building on the theoretical framework used in my dissertation, the aim is to examine how the dilemmas involved in CSR are handled by the EU when formulating a common CSR-policy, primarily through the EU Commission's *Communication on Corporate Social Responsibility. A Business Contribution to Sustainable Development* in 2002 and the creation of a "European Multi-Stakeholder Forum on CSR". Such dilemmas regard legal, ethical, economic and political tensions, for example between voluntary and mandatory approaches to CSR, between spheres of responsibility for public and private

actors respectively, and between different channels of accountability. The aim is also to examine what effects EU policy in this area has in daily practice for individual corporations, nongovernmental organizations and trade unions, and how EU policies on CSR relate to other major CSR initiatives in the international arena, such as the UN Global Compact.

### **Publications**

- *Exploring Responsibility. Public and Private in Human Rights Protection*. Doctoral dissertation. Lund: Department of Political Science, 2005.
- “Föreställningar om offentligt och privat i internationell debatt om företags ansvar för mänskliga rättigheter”, *Nordisk Tidsskrift for Menneskerettigheter*, volym 22, nummer 3, 2004.
- “Distribution of Responsibility for Human Rights Protection: The Public-Private Distinction”, *Die Friedens-Warte. Journal of International Peace and Organization*, band 79, heft 1-2, 2004.
- “Statsvetenskap och studiet av mänskliga rättigheter”, *Statsvetenskaplig tidskrift*, nummer 3, 2003/04.
- “Corporate responsibilities beyond borders? The debate on corporate social responsibility in the EU” in *Whither Europe? Human Rights*, Björnberg, Ulla (ed), 2003. Göteborg: Centre for European Research at Göteborg University.
- “Recension: *En värld. Globaliseringens etik* av Peter Singer”, *Tidskrift för politisk filosofi*, nummer 3, 2003.
- “Transnationella nätverk - en ny potential för den humanitära rätten?” in *Mänskliga rättigheter- aktuella forskningsfrågor*, Gunner, Göran & Åkermark Spiliopoulou, Sia (red), 2001. Uppsala: Iustus förlag.
- “Globalisering, internationell politik och humanitära normer”, in *Politik i globaliseringens tid*, Stenelo, Lars-Göran & Jönsson, Christer & Jerneck, Magnus (red), 2001. Lund: Studentlitteratur.

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The central research question of the research project is: what is the impact of CSR instruments on sustainable development?

The research project (2004-2007) is financed by the EU 6<sup>th</sup> Framework Programme. The project is co-ordinated by the Oeko-Institut, Germany, and is a co-operation between the Fridtjof Nansen Institut, Norway, Fondazione Eni Enrico Mattei, Italy, Budapest University of Technology and Economics, Hungary, Institut für sozial-ökologische Forschung, Germany, Peter Wilkinson Associates, England, and Stockholm Environment Institute, Sweden. The project will end with recommendations to the EU about among other things how to work to promote CSR impacts.

CSR instruments are defined within the RARE project as international or company specific systems ( for example the Global Compact, ISO 14000, codes of conduct, internal reporting systems) for voluntary, beyond compliance activity.

The delimitations are:

1. impacts that contribute to the realisation of EU policy goals;
2. EU policy goals in four areas: climate/chemicals, natural resource management, gender equality, anit-bribery;
3. impacts from corporations in three sectors: oil, fisheries, banking.

Two methodologically important components in the project are a model for impact assessment, developed by the Fridtjof Nansen Institute, and a model to explain CSR impacts (a model for driving forces and success factors), mainly developed by Fondazione Eni Enrico Mattei. In late 2005 the empirical part of the project starts. An initial survey of about 20 corporations in each of the three sectors will be followed by

case studies of corporations where the greatest impact has been observed (in each of the three sectors). Awaiting any empirical results, below are glimpses from the methodological components:

#### *Impact Assessment*

One part of the impact assessment is to establish causal relationships between instruments and impact. Three steps are singled out: output (change in corporate strategies), outcome (change in corporate practice) and impact (change in corporate behaviour with consequences for the problem or problem-solving capacity).

#### *Explaining CSR Impact*

This model is formulated around four questions and a series of hypotheses. The questions are:

What factors determine a company's instrument choice?

What factors drive an effective implementation of CSR strategies and instruments within companies?

Why are some instruments more conducive to impact than others?

Why do certain instruments create impacts by some companies but not by others, even though as effectively implemented?

The success factors and drivers that are involved in the hypotheses are both internal and external to the corporation, and include both actors and structures.

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SEI:s main responsibilities in the project are the EU policy goal areas of climate and chemicals and case study of the oil sector. For the policy goals we have tried to divide them into three objectives or strategies. In this way it becomes more clear which corporate activities and impacts we are looking for. For climate policy, main goal "Mitigate climate change" these objectives or strategies are: reduce emissions of greenhouse gases; develop alternative energy sources; carbon removal and storage. For chemicals policy, main goal "Minimizing the risks from chemicals" the three objectives or strategies are: reduce the use of chemicals; substitute to less hazardous chemicals or to use no-chemicals alternatives; chemicals risk management.

## **Environmental Strategy and Policy**

*Unit of Industrial Dynamics, Dept. of Industrial Economics and Management (INDEK), Royal Institute of Technology (KTH), Assistant Professor Pontus Cerin and Professor Staffan Laestadius*

The Royal Institute of Technology, KTH, is responsible for one-third of Sweden's capacity for engineering studies and technical research at post-secondary level. KTH conducts education and research from natural science to all branches of technology, including architecture, industrial economics, financial mathematics, urban planning, work science and environmental technology. A large number of competence centres are housed at KTH such as the Environmental Strategies Research Group, the Centre for Environmental Science and the Centre for Bank and Finance. The KTH researchers involved in this consortium are from the department Industrial Economics and Management and head the research group Corporate Sustainability Management (CSM)<sup>10</sup>. These two researchers have numerous published articles, are both involved in several academic journal editorial boards in the fields of environmental and sustainability management/economics, but also in mainstream management and economics journals.

Being a top European University of technology and the in Sweden the largest technical research organisation at post-secondary level, KTH is to create new knowledge, give insights into scientific work and engineering science and develop ability to apply this knowledge for the benefit of society. The role is also to include a critical examination of social development and societal phenomena. KTH's research has increasingly come to focus on activities motivated or initiated by the needs of industry and society; here problem formulation often occurs jointly between the university and industry. At the same time KTH meticulously maintains basic long-term research, as this will form the basis of future development. The interaction between industry and academia in KTH's

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<sup>10</sup> For more information about the Corporate Sustainability Management (CSM) group, go to the Research at KTH description – KTH in your Pocket:  
<http://www.kth.se/forskning/pocket/project.asp?id=19285>

network is more intensive there than in any other environment in Sweden, and this produces immense synergy effects. The vast numbers of competence centres at KTH serves as an information bridge between academic research and industrial applications and that is also the case with the social science based centres that are housed at KTH. Such centres are the Environmental Strategies Research Group, the Centre for Environmental Science and the Centre for Bank and Finance. Pontus Cerin the research leader of Corporate Sustainability Management (CSM) research group at KTH. He is conducting reviews for five academic journals and has been/among other things a member of the board of ISO Environmental Communication and GRI Economic Indicators. The research findings of Cerin on sustainability communication and Cerin and Dobers (MDH) on sustainability investments have been presented to practitioners by the magazine Tomorrow, the CEO of Dow Jones Indexes and by Australian Financial Review, but also used in teaching all over the world in e.g. Quebec and Insead. A prominent textbook on business ethics by Crane and Matten is, according to the authors, basing much of its social responsible investment section on the writings of Cerin and Dobers<sup>11</sup>. Cerin is currently guest editor of a special issue on the Contribution of Sustainable to Sustainable Development in the academic journal *Progress in Industrial Ecology* (with Professor Peter Dobers, MDH). His research is commonly cited within journals aimed for Swedish industry, both by mainstream industry sectors and those with environmental foci. Cerin is also consulted by practitioners in Sweden e.g. on ethical investment matters.

Staffan Laestadius, Professor in Industrial Dynamics, is the primary spokesperson for KTH's Management for sustainability<sup>12</sup> and a member of CSM described above. One central aspect in Laestadius' environmental research is that the current environmental management systems to often are too complex and not adopted to industrial needs. Quite uniquely in this research area, all his PhD students have been financed by industry. The sustainability management research carried out here is, hence, truly motivated or initiated

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<sup>11</sup> The book *Business Ethics* (Crane and Matten, 2004) is basing its entire section on Socially Responsible Investments on the writings of Cerin and Dobers, and Knöpfel.

<sup>12</sup> For more information, see KTH's presentation of Sustainability research, subsection Management for Sustainability: [http://www.kth.se/eng/research/sustainable/techno-social\\_systems/laestadius.html](http://www.kth.se/eng/research/sustainable/techno-social_systems/laestadius.html)



by the needs of industry. Professor Laestadius is, moreover, an initiator of the European research programme PILOT (Policy and Innovation in Low-Tech) which sheds lights on the fact that perceived low-tech sectors may in fact be the extremely high-tech. He also runs PhD projects on New Industrial Economies (NIS). Together with his Chinese network his research on Chinese ICT explores how their telecom industry has emerged with investments from West and by joint ventures with foreign firms to the case now where Chinese telecom companies are competitive internationally and investing in e.g. European ICT industry.

Pontus Cerin, PhD, is moreover, working with the IVL Swedish Environmental Research Institute on Environmental Strategy and Policy issues, focusing on dealing with threats and business opportunities from environmental regulation. The importance of regulators and industry associations to adopt a competitive strategy for the global market is stressed – a strategy that incorporates the drastically changing solutions that will be needed by tomorrow's enormous latecoming economies.

More information about this research is found in the Swedish EPA publication Environmental Strategies in Industry: Turning Business Incentives into Sustainability. A Brief description: In this report some of the concepts, tools and instruments that firms are using to respond to the global challenge of sustainable development are being reviewed. The review is made with a critical eye and the many barriers and limitations in the use of corporate environmental management tools are revealed. By widening the scope involving a larger group of actors and stakeholders in the development and application of corporate environmental management tools and policy instruments this book contributes to more holistic theoretical development in its field.

To download the report, visit the homepage of the Swedish Environmental Protection Agency (Naturvårdsverket):

<http://www.naturvardsverket.se/bokhandeln/pdf/620-5455-4.pdf>

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SERVICE RESEARCH CENTER (CTF) is the leading research centre in the Nordic countries focusing on management in the service sector. It was founded in 1986 and is a part of Karlstad University. Today 45 researchers and doctoral students are actively involved in the centre, covering different topics in Service Research and with a multidisciplinary approach. CTF also coordinates the international network IASRE, International Academy of Service Research and Education. IASRE consists of 25 service research centres in 12 countries: Belgium, UK, Finland, France, the Netherlands, Ireland, Japan, Mexico, New Zealand, Sweden, Germany, USA.

Corporate Social Responsibility (CSR) and Sustainability Development (SD) are two of the topics within CTF linked to the Service Research Area: Value Creation Processes with the vision that *strong values drive value*. CSR and SD can be seen as driving forces of “value in use” and “value creation processes” in a stakeholder view (with the business ethics question value for whom?) CSR and SD can be seen as culture expressions of such strong values. To attract and retain customers, and thus make a profit, companies are continuously searching for innovative ways to create value and differentiate their market offerings. According to the service-centred view, value is defined by, and co-created with, the customers rather than being defined by output or the quality attributes of products. Moreover, many contemporary companies are attempting to remain competitive and create value through their ethical values and social responsibility. In our research we see the differentiation between making a *true business* case of CSR and making a *normative* case of it. We argue for that the true business case and the normative case of CSR should be embedded in the same values. These values should be communicated by co-workers and/or other sources in the network through ‘living the brand’. The external and internal communication has to correspond and fit together.

CTF has started up the research of CSR and SD from a business perspective with focus on the service logic in different contexts as:

- Financial Institutes as Swedbank (Sweden), CFS (UK), Rabobank (Netherlands)
- IKEA
- Private enterprises for certification, quality improvement and value creation processes
- Sustainable Public Transport
- Regional Development
- Public Service

The current projects of CTF are funded by KK-foundation, Vinnova and others. In May 2006 a subgroup of CTF becomes an Excellent Center of International Public Transport Research founded by Vinnova, University and Partners.

Associate Professor Bo Enquist is the research leader for the CSR and SD research in CTF. Two doctoral students are also working full time within these topics and other researchers also support the research field by being co-authors of research papers. As an example, Professor Bo Edvardsson and Associate Professor Bo Enquist are developing what they label *values based service management* with a triple bottom line thinking (economic, environmental and social perspective) illustrated by narratives from IKEA.

[Bo.Enquist@kau.se](mailto:Bo.Enquist@kau.se) Dr Enquist is Associate Professor of Business Administration. He holds a Ph. D. in Organization and Management Accounting from School of Economics and Commercial Law, Gothenburg University in Sweden and is Research Fellow of the Service Research Center (CTF) at Karlstad University, Sweden. He has published a number of articles, research reports and conference papers and is author/co-author of 2 books. Bo Enquist used to work in twenty years as professional in business. He had a position as Corporate Controller and some years later as Senior Vice President. Enquist has been working with business- and organizational development, business- and financial controlling and change agent processes. As senior Lecture and later as Associate Professor Bo Enquist has published several articles in scientific business journals as author and co-author such as *Journal of Service Research*, *Managing Service Quality*, *The Service Industries Journal*, *TQM-Magazine*, *Quality Research in Accounting and*

*Management*. He had worked in different research contexts: Public Transport, Public Service, Regional Development, Banking Service, Volvo, IKEA. His research areas have been Service Research, Value Creating Stakeholder Network, Values Based Service Brands, Corporate Social Responsibility, Sustainability Development, Management Accounting and Control, Contractual Governance, Service Quality and TQM.

[Mikael.Johnson@kau.se](mailto:Mikael.Johnson@kau.se) MSc Mikael Johnson is a Ph.D. candidate in Business Administration at Karlstad University. He graduated from the International Master in Service Management Research at Karlstad University in 2002. Previously, he has been working with sales in values driven family business for twelve years. The research interest of Johnson is a prolongation of his business experiences with focus on sustainable business quality and values driven socially responsible management. The research covers aspects of both public and private organizations as well as the interface between them and pays attention to the complex relationship and interaction between organizations and stakeholders. Johnson has written a research paper on banking: *Re-conceptualization of CSR based on true sustainability - The case of banking* (a comparative case study of Swedbank and Rabobank). He has been co-author of another paper on Swedbank: *Adoption of Corporate Social Responsibility - A Stakeholder View*. Further co-authored papers on public transport: *Contractual Governance for Sustainable Service; Adjusting Contracts of Service – Improving Quality and Sustainability; Sustainable Public Transport*. About the Swedish Road Administration: *Customer Feedback - Striving Towards a Sustainable Public Service; Service Quality Dialogue for a Sustainable Public Service Logic*. For the moment Johnson is in the end of the dissertation process and is also about to conclude a report on multicultural banking in an international perspective. The following financiers his dissertation: The Swedish Road Administration; The KK-foundation; The Savings Bank Foundation Alfa; and The Savings Bank Foundation Skåne.

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graduated from the International Master in Service Management Research at Karlstad University in 2005. He has held employments in the fishing industry in Eritrea, Eritrea for Red Sea Fishing & Marine Products P.l.co. and Leda Fisheries Ltd. in different management positions. The main area of study for Samuel Petros Sebhatu is environmental sustainability, with focus on ISO 14000 standards and beyond, of businesses' in co-creation value for stakeholders through different means at service management research. He has a special focus on factors that affect sustainability and quality of businesses; the strategic thinking and approach in which changes in environment affect an organisation's vision, strategy, product development, value chain, information requirements and standardization systems. This will also give considerable focus on creating sustainable business in the developing countries. Further more, the contribution of Non Governmental Organizations (NGOs'), such as Miljöcentrum, as a "Change Agent" in altering businesses stakeholder thinking and creating strategically sustainable successes, is part of our research concern. Miljöcentrum is the main financier of his PhD studies.

**Skandia and Ideas for Life – Trying to be a responsible corporation**

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The question of what role business should have in society seems to be dependent on what obligations society puts on corporations. There are other groups than shareholders that make demands on corporations. Governments, civil society organizations, customers etc. make more and varied demands covering a broad spectrum of areas such as human rights, labor rights, gender-equality, ethnic inclusion, safety regulations, ethical issues, child labor, corruption, pollution and environmental responsibilities. Other groups than investors are affecting the governance of corporations, and corporate roles and responsibilities seem to be dependent on what these groups consider being a fair and responsible corporate behavior.

Institutional theory emphasize that organizations are open systems, which are affected by, and develops with, the environment. However, the corporate environment is not only interested in products and services being efficiently and competitively produced but organizations are also judged and valued on whether they act in accordance with what the environment consider to be rational, efficient, fair or modern (Meyer & Rowan 1977, DiMaggio & Powell 1991, Brunsson & Olsen 1990). It is thereby not only a matter of what corporations does but also how they do it.

One example of normative expectations directed at corporations could be found within the area of corporate social responsibility (csr). Although the demands are voluntary to follow, and corporations are only expected to comply “beyond the letter of the law”, the idea seems to have a great impact on corporations.

The subject of my research project is to study the csr-phenomenon on a company level. Generally one tends to think that corporations comply with demands by translating them into practice (Czarniawska & Joerges 1996). The demands on corporations to be socially responsible should thereby initiate new practice. The point of departure in my research is however the opposite, where I am studying an existing activity that has only recently been presented as a csr-activity. Important questions for the research are: How does a social commitment endure within a corporation and in a constantly changing environment? How can corporations combine the dual challenge of being socially responsible and economically competitive when means and ends differ? How does a social commitment affect the corporation itself?

In order to answer these questions an in-depth case-study has been undertaken at Skandia Insurance Company Ltd, a company that has expressed a particular ambition to comply with the demands on being socially responsible. The empirical work of the project is a longitudinal case study, where the process of Skandia’s work of being socially responsible in the period 1987-2005 is in focus. The fieldwork has included interviews with persons both within Skandia and within civil society organizations and municipalities. It has also contained participant observation in internal meetings, courses and conferences where SifL has been represented. In addition secondary data such as

internal reports, protocols, annual reports and media coverage have been used for the research.

Primarily Skandia consider its line of business i.e. finding financial solutions for individuals, which in turn contributes to long-term stability in society, as their foremost responsibility. In addition Skandia has committed itself to proactive work on environmental, social and ethical issues. Of these especially one project - "Idéer för livet" (Skandia Ideas for Life; SifL) - concentrates on Skandia's social responsibility. SifL has worked in partnership-projects for children and young people since 1987. Internally Skandia has linked SifL to its general mission and each month Skandia employees devote time to SifL activities. Internally Skandia has separated the activities directed at children and young people from marketing and sales so that its legitimacy should not be questioned.

Externally SifL has over the years established itself as a legitimate organization within the field that works preventively on behalf of children and young people. SifL cooperates with the government, municipalities and non-profit organizations, and has had representatives on the boards of several non-profit organizations. They have also cooperated with the government in reducing bullying in schools. Another example is a partnership project with Swedish municipalities. It has implied the development of a model for municipalities to more effectively coordinate their efforts for children and youths. However, the legitimacy of SifL is dependent on the standing of Skandia, and recently it has been negatively affected by serious media criticism for non-ethical transactions and high executive remunerations. The diminishing trustworthiness of the Skandia management team thereby affects the trust and legitimacy of SifL.

The empirical studies obtained so far will now make it possible to put the results in a more general theoretical context.

## **BUSINESS AND HUMAN RIGHTS**

**– An analysis of the interface corporate voluntarism – public policy –**

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In the last decade, the protection of human rights in developing countries has become an important segment of CSR debates. Rather recently international organizations such as the United Nations (the Global Compact), the European Commission, the gathering of states at the World Social Summit in Johannesburg (2002), the OECD and the World Bank have all come to see CSR as a policy option to advance development. This position of policymakers draws on the progresses that a number of MNEs have made in implementing CSR.

Understanding the interface between CSR and public policy is essential for understanding the future development of CSR. This project approaches CSR in a manner consistent with a human rights law perspective and holds that it is important to account for established actors (states) and to reinforce their capacity to discharge own responsibilities. We aim to study the extent to which corporate voluntarism enhances the capacity for good governance in developing countries (host countries) through partnership approaches. We aim to track the effects of CSR on *home and host governments*, and secondarily, on *trade unions and civil society groups* in the host country. The working hypothesis for this project is that the practices of leading businesses might support host governments to fulfil more effectively and fairly their mandate, and empower human rights-holders through strengthening and opening new protective channels.

This research develops new indicators and evaluation templates that highlight more indirect and subtle, yet important effects of CSR. Focus will be on the ways in which the voluntarism of leading MNEs triggers and/or facilitates public policy in host countries in



two broad contexts: first, *partnerships for compliance*<sup>13</sup> with labour standards throughout the supply chain), and second, *partnerships for development*.<sup>14</sup> The main point in this evaluation task is not simply to assess whether a certain CSR program improved labour standards or the delivery of a certain service; rather did the process in which protection was delivered facilitate good governance dynamics? In the case of monitoring the supply chains, did CSR empower worker representatives; did it help public authorities enforce their regulations? In the case of partnerships for development, did the partnerships facilitate dynamics for participation, decentralisation, accountability, fairer priority-setting etc? It is about creating capacity in social actors to bring other businesses (suppliers) into compliance, respectively to engage other businesses in future partnerships. Thus CSR may have effects on regulation (public regulations, but also expectations of private actors with leverage on business), or on the capacity of public interest organisations (states, unions, NGOs) to function more effectively.

The main preoccupation here is to move companies indifferent to CSR towards compliance with human rights standards. In doing that, we emphasise the role of leading businesses as well as the regulatory dynamics their CSR practices may trigger. Thus we want to assess what is the impact of leading businesses on the regulatory infrastructure (actors and rules) which constitute the regulatory environment of indifferent companies. We conceive this regulatory environment not as constituted merely of public authorities implementing laws and regulations, but as composed of public and private actors, and of laws, rules and expectations.

Our premise is that as leading companies implement CSR they have *operational impacts* on rightholders and inevitably some *institutional, systemic effects* on the regulatory environment. Our interest lies with understanding the institutional effects of CSR. As a result the emerging CSR regime gains strength from leading businesses and exercise influence over indifferent businesses. The challenge, from a public policy point of view,

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<sup>13</sup> Asian (China, Vietnam, and Cambodia) and Central American countries and two substantive issues – worker representation in supplier factories (freedom of association) and health and safety – are selected in search of case studies or illustrations of good business practice.

<sup>14</sup> Here we draw on the vast case study literature regarding the extractive industries (oil, minerals). Gold extraction in Ghana is one case study and also CSR practices of large TNCs in Latin America due to the high decentralization specific to the region.

is to better understand both the impacts of leading companies on the CSR regime as well as the impact of the CSR regime on indifferent businesses. The CSR regime can move indifferent companies towards compliance with human rights standards through persuasion (dissemination of knowledge) and/or deterrence (exercise of pressure). A CSR regime combining state action and good practice validated through business practice creates the premises for making the gains brought by leading businesses lasting and for containing laggards.

The purpose of this kind of research is to allow more nuanced evaluations of CSR. By drawing attention to the effects (sometimes discrete, intangible and long-term) of CSR on public policy, this research can influence the general environment where CSR evolves and attract the contributions from otherwise sceptical stakeholders. Thus it contributes to building an enabling environment for CSR. As this research draws upon best practice, it can also offer guidance to businesses to take some counter-intuitive steps, and thus to strategically position their CSR efforts on a more effective and sustainable path. George Kell, Executive Head of the UN Global Compact Office, noted that CSR initiatives are not a panacea, but ‘primarily an effort to fill the gap and therefore must be formed and fashioned in such a way as to simulate improvement in public policy so that the root causes of the problem are tackled.’

From a theoretical viewpoint, this study accounts for the transformative potential of the corporate voluntarism of leading TNCs in terms of an *emerging norm* – the stakeholder norm<sup>15</sup> – that seeks to replace the *established business norm*,<sup>16</sup> which denies a role for businesses in tackling human rights issues. In view of numerous complicating factors that have changed the environment in which TNCs operate, the established norm does not serve business executives well anymore, while the stakeholder norm can more reliably assist executives in tackling the complexity of their profit-making mandate. For our

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<sup>15</sup> The new norm is grounded in *stakeholder reasoning*: managers are responsible to take a more impact-inclusive and longer-term view of their business in order to manage effectively new business risks and opportunities.

<sup>16</sup> The *established norm* articulated by Milton Friedman states that the sole responsibility of business executives is to bring goods and services to the market on most profitable terms; all resources of a company should be used for this purpose and not be diverted toward fulfilling questionable ‘social responsibilities’.

purposes, a norm is defined herein as a set of attitudes, beliefs and guidance for how to approach complexity; a norm can be seen as a ‘tendency for individuals to adopt a particular strategy or pattern of behavior within a broader social context.’

The starting observation is that the emerging norm is being incrementally institutionalised by specialised organizations in a highly decentralised manner. Therefore this study looks at whether, and to what extent, the new stakeholder norm is about to replace the established norm. For this purpose it will seek to identify elements that are important for the institutionalisation of the emerging norm: the *standardisation of CSR*, *regulatory approaches* (disclosure-related and non-binding regulatory approaches), and *private enforcement* by market actors. As leading businesses promote the new norm and its voluntary institutionalisation, states have an important stake in this process. Our perspective introduces a new set of variables between law and desired corporate behaviour; the regulatory equation is significantly more complicated than states employing the coercive power of law to alter corporate behaviour. Consequently, the role of law appears more complex than regulating corporate free-riders and overseeing self-proclaimed responsible businesses; that role deals with managing a network of social actors and using the regulatory potential of private actors.

## **Corporate Social Responsibility**

### **- The supply side of CSR-standards-**

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### **Introduction**

Rules are important instruments of co-ordination in society. They govern what many should do, individuals as well as organizations. Rules therefore represent important explanations to what is done, or at least said. In order to understand more about where rules come from and why they take certain forms and not others, the making of rules becomes a relevant topic for research.

In this article I will focus on rules and rulemaking in a specific area – an area that is often referred to as *Corporate Social Responsibility* (CSR). There is no exaggeration to say that CSR has gained a lot of attention in recent years. A simple search for “Corporate Social Responsibility” on the Internet, gave 0,296 million hits with the search engine Evreka, and 4,560 million with the search engine Google.<sup>17</sup> There is also an abundant of articles and reports about CSR. Such written material mostly relates to implementation of CSR, to the use of CSR in daily practice or to the importance for business firms and other organizations to adapt to the concept of CSR. Simply put, there is a general focus on the user side of CSR-standards.

However, the principal organisations behind CSR-standards for others to follow - the *supply* side of CSR-standards – have been much less dealt with. Many relevant questions about the organizations on this supply side may be raised. For example: Why are they so many? How are they financed? What other interests participate in their construction of standards? What relations do they have to each other? To what extent do their rules, activities and relations change over time?

Instead of answering all or some of the abovementioned questions, the ambition of this article is more modest. The main question that will be dealt with is a more basic although important one: who are the principal organisations behind CSR-standards for others to follow?

In order to be able to present a population of organisations producing CSR-standards, what is “CSR” and what is not, will have to be elaborated on. Also the term “standard” - a generic type of rule - will be discussed and defined in order to make the perspective on CSR clearer. The purpose here is to present a “platform” of information concerning the supply side of CSR-standards together with the definitions of some basic notions concerning CSR, a platform to be used also for further research. In the paper, a list of 100 principal organizations behind CSR-standards is presented.

The study was conducted mainly by searching information on the Internet. In several cases information that could not be found on the Internet was collected by e-mailing or

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<sup>17</sup> This search was done 2005-09-28 in all languages, ([www.evreka.se](http://www.evreka.se) and [www.google.se](http://www.google.se)).

phoning organisations behind specific CSR-standards. Observations at several CSR-seminars and a two day international CSR-meeting organized by International Standard Organization (ISO) in Stockholm 2004, together with 5 interviews with participants in the ongoing CSR work of ISO, contributed to my contextual understanding of the subject.

### **The Translation of Sustainability in Multi-Stakeholder Partnerships**

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#### **Introduction**

The meaning of sustainability has been developed after the 1987 definition, and is today referred to as the integration of the social, economic and ecologic values. It is however in the local and regional context that the meaning and the practice of the global agreements, and conceptual ideas are to be translated and practiced.

I study the regional and local translation and implementation of sustainable development in partnerships from different sectors of the society. The main purpose of the thesis is to follow the processes in two multi- stakeholder partnerships for sustainability. The empirical cases will be presented shortly on next page.

To study this translation process, I am using the actor- network approach (Callon, 1986; Latour, 1993). One important stage in this process is the one of enrolment, where it is the process of getting both human beings and non-humans to participate in the process. (Callon, 1986)

The empirical part consists of two case studies, where I follow the process of translating sustainability, how the actors are enrolled, and how upcoming conflicts between the economic- and the ecologic system is treated. The methodology is qualitative, and data-collection is done through observations, interviews and written material.

## **Purpose**

The main question in this project is: How are system conflicts between economy and ecology constructed and treated, both in theory, and through processes in partnerships for sustainable development.

## **Theoretical framework**

The theoretical framework used to study the empirical processes, and to structure the data is actor-network theory (e.g. Callon, 1986; Latour, 1993). The actor-network theory is suitable, because it uses no pre-established identity of actors, compared to many other approaches, e.g. the stakeholder model. (e.g. Freeman, 1984) It also put focus on the process of translations. For the framing and understanding of the concept of sustainability in business, I use management literature in that area, as well as some more deep ecology approaches (e.g. Naess, 1976). Since the empirical change-processes are related to supply chains and chains of distribution, relevant literature in that area is used as well. The phenomenon of partnership is captured through literature on governance.

## **Empirical setting**

The empirical setting consists of two case studies including different stakeholder groups in partnerships. They cover a network of actors related to each other through goods distribution, production, products and consumption. The projects intervene in existing industrial network relations since implementation requires that new ties between independent industrial networks must to be created. Since the process of the partnerships is followed, it is appropriate with a qualitative approach. Data is being collected through interviews, observations and written material. The written material includes information brochures, protocols, reports, and articles.

### Government- Companies- Municipalities:

The first case is a dialog project initiated by the Swedish Government (called Future Commerce), as a way to test a new governing mechanism. The major actors in this process are the Swedish government, companies from the food supply chain,

and municipalities. The project has resulted in a voluntary agreement between the partners.<sup>18</sup> I have followed this partnership since the autumn 2001, through participating observations. The next step in this partnership is to start concrete activities, leading to goals set up for 2025. The observations are here complemented through interviews and written material.

#### Municipalities - Companies- University:

The second case is a now ended project called SAMTRA, and was started in 1999 in Uppsala with a logistics company, the municipality, and the local university. It was an attempt to co-ordinate the distribution of goods into the city centre. The idea was to enrol shops in three shopping malls in the city. This turned out to be complicated, since the shops were reluctant to join the partnership. The data is here collected through interviews and written material

#### **The research group "Economy for Sustainable Development" at the School of Business at Mälardalen University, Västerås, Sweden.**

The research group includes two professors, four doctors and three doctoral candidates. Some of the members' research interests are described below. The research group work also within a three to four year undergraduate program which started in 1995 under the name Ecological economics (now under the name Economy for Sustainable Development) and was then the first programme of this kind in Europe. Since 2004 the group is also responsible for a one year international Master's programme, Ecological economics: studies in Sustainable Development

#### **Professors**

##### ***Peter Dobers***

Peter Dobers is professor in business administration since 2005. He took his undergraduate in Germany and his PhD in management at Gothenburg Research Institute at the Göteborg School of Business in 1997, where he became associate professor in

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<sup>18</sup> Information on this project can be found on <http://www.framtidahandel.se/>.

2001. During the period of 2000-2005 he was senior lecturer in organisation and management at the Royal Institute of Technology in Stockholm. At the Mälardalen University, he has engaged in creating a profile of sustainable development in all aspects of undergraduate, graduate and postgraduate studies, as well as research over departmental borders. He has published extensively in areas of corporate environmental management, and widely in the field of sustainability, big city management and modern IT technology. About 20 articles have been published in journals with double blind peer review, and more than 25 book chapters. His most recent research covers areas such as aesthetic consumption and sustainable development; city management and city images; talent and tolerance in suburbs. Current information can always be found on [www.dobers.se](http://www.dobers.se). Most recent publications include:

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***Peter Söderbaum***

Peter Söderbaum is professor emeritus in ecological economics at the School of Business, Mälardalen University. His interests include paradigm issues (theoretical perspectives) in economics and business management and he advocates pluralism in economics. Institutional economics is regarded as an alternative to neoclassical economics. An actor perspective based on Political Economic Person (PEP) assumptions rather than



neoclassical Economic Man is proposed as a basis for Sustainability Economics. Organizations are similarly regarded as Political Economic Organizations (PEOs). Markets are understood in social and multi-functional terms and Positional Analysis (a multidimensional and ideologically open approach) is suggested as an alternative to neoclassical Cost-Benefit Analysis.

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Moore information is available at; [www.eki.mdh.se/personal/psm](http://www.eki.mdh.se/personal/psm)

**Doctors**

Birgitta Schwartz

Ph. D. Birgitta Schwartz is a senior lecturer at the School of Business of the Mälardalen University. Her current research interest focuses on organizational behaviour and strategy in relation to environmental and social responsibility issues. Her doctoral thesis focuses on the environmental strategies of three companies, Volvo, The Body Shop, and Tarkett, and describes their management of the environmental demands within their organization fields. The thesis concludes that the three companies followed different strategies in managing environmental demands, and the strategy each used applied a specific sense of “dependency”. The strategies can be explained by institutional automorphism, which

means that the companies imitate themselves; they employ strategies similar to those they have previously used when tackling other changes in their organization fields. The thesis shows how an institutionalisation of the companies' strategies influences, and is influenced by, the environmental institutionalisation process in their organization fields.

Another project regards animal treatment issues and the Swedish food industry's explicit interest for corporate social responsibility (CSR). The purpose is to understand which obstacles and opportunities there are in changing institutions and actions which support bad animal treatment. The CSR issue related to an animal treatment perspective in the food industry shows the conflict between the business ideology of growth and profit maximisation and ethical and moral considerations. CSR seems to be attractive from its possibilities of legitimating an organization but not really challenging the dominating institutions based on profit maximization.

In another research project Birgitta Schwartz works together with Ph.D candidate Karina Tilling with the standardization of environmental and social responsibility in organizations. They argue for the need of a critical analysis of working for Sustainable development through tools, models and techniques. They focus on the concept of Environmental Management Systems and the ongoing work with ISO 26000 standardizing corporate social responsibility (CSR). The question is, what happens with the complex issues of environmental and social responsibility when standardized i.e. how the language and logic of a standardized management system influence the issues it aims at managing? The preliminary interpretation made is that the ISO 14001 and the coming ISO 26000 are legitimating and accepted ways of dealing with complex issues. At the same time something happens with the interpretation of what environmental and social issues *are*, beyond or in parallel to the management activities themselves. It is fruitful to see the ISO 14001 and ISO 26000 as being social representations and defining what environmental and social responsibility *is all about*. It is important to stress the need today of asking and analyzing *what doesn't fit* in the generic management systems for environmental and social issues, e.g. to problemize the concept of sustainable development.

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### ***Magnus Linderström***

Ph.D. Magnus Linderström is a senior lecturer at the School of Business at Mälardalen University. His main research-interest is on questions on how organization and knowledge-interest interacts and forms sustainability issues. In his thesis Linderström analyse how industrial interest-organizations and labour-unions in Sweden have been involved in the national policy-processes of environmental policy and legislation during the period 1965-2000. As a senior lecturer Linderström have courses in globalization and sustainable development.

### **Doctoral candidates**

#### ***Anna Boman***

Anna Boman is a Ph.D candidate at the School of Business at Mälardalen University and her research project regards local and regional strategies for development. In the European Union as well as in Sweden the region has been pointed out as a possible and better core platform for development policy than the national level. A greater share of responsibility is given to local and regional actors in a number of political issues. In the future local and regional actors will have more possibilities to influence regional

development and thereby the issue of sustainable development. Besides political decisions you can also expect regional thoughts and ideas of development, to a greater extent than today being constructed and mediated by actors like county governors, municipal commissioners and managing directors of larger companies. Actors will use their power to make their image of development and sustainability in a region the dominating one. When the interest in regions and their possibilities is growing, I find the speeches and conversations from and between local and regional actors, exciting and important to analyse. Another opportunity to analyse how the society is affected of changed conditions, is to study local and regional strategies. In that way, it is possible to show on a dominating discourse of development and ask the question if sustainability has a role in it, and if, what kind of role.

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***Boman, A., 2005, Regionala utvecklingsarenor i Mälardalen.*** Paper presented at Mälardalen University, Sweden, April, 2005.

***Markus Larsson***

Markus Larsson is a PhD candidate studying social, ecological and economical aspects of sustainable development in relation to land use – including organic farming and wetlands – in the Baltic Sea region. The last two years he has worked within the project Baltic Ecological Recycling Agriculture and Society financed by the EU. During spring 2006 he joins another EU project called Governance and Ecosystem Management for the Conservation of Biodiversity.

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### **Karina Tilling**

Karina Tilling, Master degree Business studies in Ecological economics, PhD candidate in Industrial Economics and organization. Her research project originates from former business studies in ecological economics and working with strategic issues concerning Agenda 21. Her research focus is on organizational management for sustainable development. In her PhD project she studies the ongoing Environmental Management Systems Project in the Swedish government agencies from an organizational perspective and on the history of ideas perspective. She is especially interested in the figures of thought guiding this project since it can contribute to the understanding of what is done and why in relation to the goals of sustainable development. The field study is mainly conducted in the National Road Administration. Besides the PhD project she is also involved in research on the standardization of CSR together with Birgitta Schwartz (see description above).

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**Centre for Business in Society (CBiS) at Handelshögskolan in Göteborg**

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**Research overview**

The Centre for Business in Society was established in 2005 at the School of Business, Economics and Law, Göteborg University, and is currently a joint venture between the School of Business and Chalmers University of Technology.

The centre is founded on the presumption that the roles and responsibilities of corporations in society are changing, and thus aims to study several diverse aspects of this phenomenon. For instance, it studies emerging organisational practices related to Corporate Social Responsibility, new forms of partnership between corporations and civil society, as well as the emergence of new forms of enterprise which straddle the traditional delineations between privat, public and civic sectors.

The centre approaches these issues from an open-ended social scientific perspective, the main theoretical influences being organisational theory, economic sociology, Science and Technology Studies, and cultural studies. In terms of methodology, the centre primarily works with empirically-informed, often ethnographic, methods.

Centre collaborators have thus conducted general comparative studies of CSR practices inside large corporations (Morsing, Midtun & Palmås, 2006), as well as new social partnerships between corporations and NGOs (Palmås, 2005a), as well as between NGOs and unions (Egels-Zandén & Hyllman, 2006). Other studies have focussed on corporate responsibilities in developing countries, for instance in relation to impact on local communities (Egels, 2005b), and the trials and tribulations that surround ethical codes of conduct (Ählström & Egels-Zandén, 2006).

CBiS also strives to engage in more popular debates on the CSR phenomenon (Egels, 2003a; Egels, 2003b), on the changing role of corporations in society (Palmås, 2005b) and on new modes of economic governance (Palmås, 2006).

As mentioned before, another strand of research concerns the emergence of new forms of corporate structures, such as Public Interest Companies (Palmås, 2005c) and social enterprises (Palmås, 2003)

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## **The role of the financial market for corporate social and environmental responsibility**

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”Socially responsible investments” (SRI) is a way for investors to complement traditional financial analysis with environmental and social analysis. This is becoming increasingly common not the least among pension funds in Europe and the US. One way to do this is for example to only include in the investment portfolio those corporations that have an action plan for reaching environmental goals, ethical codes of conducts for suppliers, or that have signed international conventions regarding environmental and social responsibility, and so on.

In addition to methods for selection for the stock portfolio, there are also more confrontative methods for SRI. One such method is to submit shareholder resolutions (formal proposals) to Annual General Meetings, where investors (or for example NGOs that have bought shares in the company) can express demands on the company. They may for example demand that the company produce a report about how they plan to mitigate risks from CO2 emissions, or adopt a policy against discrimination if it is known that the company is weak in this area. This approach is particularly common in the US and the UK, where coalitions of institutional investors, environmental groups, religious groups, labour unions, and others often join together around shareholder resolutions. The aim is primarily to create awareness around the matter among investors and media that are present at the shareholder meeting, in order to put pressure on the company to act.

Another way that for example is used by NGOs is to write reports that highlight financial risks with environmentally or socially harmful projects. This is a way to influence investors to in turn put pressure on corporations.

Since it is in the interest of publicly listed corporations to please their shareholders and other actors that can make themselves heard through the financial market, pressure through this particular arena can be a powerful way for different actors to influence corporations to work in favour of an ecologically and socially sustainable development.

The research question for my doctoral thesis is this: *How do corporations respond to pressure from socially responsible investments?* I deliberately choose to say *investments* and not *investors*, since other actors than investors can also use the financial market, for example NGOs as I mentioned above.

My analysis is leaning heavily on neo-institutional theory<sup>19</sup>, and I am using a framework developed by Christine Oliver<sup>20</sup>. It is a typology of companies' strategies and tactics for responding to institutional pressure.

I will conduct a number of different studies that together will make up the thesis. One such study will be carried out in China, where I will focus suppliers that are asked to comply with expectations from those who invest in the purchasing company, via codes of conduct for CSR. In another study I will focus how Amnesty Business Group is using the financial market to pressure companies to work for human rights. They have posed questions at the Annual General Meeting of Swedish companies regarding why they do not have a policy for human rights. My interest is in how the companies respond to the pressure.

I have been a PhD student since August 2003. Besides research I also teach, for example on the undergraduate course "Sustainable Management". In spring 2006 I will do research at Hong Kong University.

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<sup>19</sup> See Meyer, J. W. & Rowan, B. (1977) Institutionalized organizations: Formal structure as myth and ceremony. In: *The American Journal of Sociology* 83(2): 340-363 and DiMaggio, P. & Powell, W. (1983) The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. In: *American Sociological Review* 48(2): 147-160.

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## **What Business is the Business of Business? Narrative Constructions of Corporate Responsibility**

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In my currently on-going thesis project I am studying processes where conflicting ideas about corporate environmental and social responsibility are contested against each other. The thesis is ontologically based on the perception that society is constructed through conflicts and compromises between various interests and worldviews. One issue having a wide range of interpretations is what role and responsibility corporations should have.

Today there are numerous initiatives on both international and national level discussing the role of corporations in society and which division of responsibility should be the new norms in the globalised economy. One example is the UN organisation Global Compact, which also have daughter organisations at regional levels, producing guidelines and urging corporations to do business in an environmentally and socially responsible way. Various actor groups are engaged in the discussions about the role and responsibilities of corporations in society. One such actor group which has increased in size and power during the last decades is civil society organisations (CSOs). The CSOs have become fairly influential when it comes to creating opinions about corporate environmental and social responsibility and can be seen as an actor group which has triggered these debates, questioning corporate financial value creation when it violates environmental and social values. Tension between corporate financial value creation and other values is as long as the history of the corporation.

In the Industrial Revolution, unions were formed to protect workers' rights. The same way capital creation was questioned in the Industrial Revolution, it was questioned again in the 1960s when it was discovered that industrial production could have severely

damaging effects on the environment and on human beings. The issue of workers' rights came back on the agenda in a new form in the 1990s when the outsourced production of the western shoe- and garment industry to low cost labour countries was criticised.

The focus in my thesis is to look closer at the narrative processes occurring after civil society organisations have criticised corporations for lack of corporate environmental and social responsibility.

I have followed two processes where corporations have been criticised due to lack of environmental (first process) and social (second process) responsibility. The study is delimited to a Swedish context, when the environmental question was raised in the 1960s and the question about social responsibility in outsourced production was raised in the 1990s. By following processes where CSOs trigger a redefinition of corporate responsibility, the main research question is hence: How is corporate responsibility constructed and which actors take part in the construction process?



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