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MASTER THESIS IN
EUROPEAN STUDIES

Standardizing CSR with current guidelines and standards

- The case of business-to-business service
enterprises in the EU and Sweden

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Abstract

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Background: Today, companies are engaging more and more in Corporate Social Responsibility (CSR). Due to globalization, CSR has become a natural consequence, which companies should adapt their business to. CSR is, today, only voluntary based and no regulatory framework has been demanded for, nor wished for, by the main stakeholders involved. Business-to-business service enterprises (B2BSEs) have an additional challenge when dealing with clients, when needing to provide sustainable solutions, fitting the company and the client. Standards and guidelines have been provided by various organizations, both national and international, and businesses have embraced them in their business strategies. Though, there is always a question of how much companies have included and being able to actually go through with standards and guidelines. The European Union (EU) market for B2BSEs has grown faster than the EU economy. And, Swedish firms, in particular, have shown great potential and become a forth runner of sustainable business.

Purpose: The purpose of this study is to find how CSR can become part of the everyday operations of B2BSEs and not something that requires special attention and efforts to incorporate. In addition, this study will look at what the government, on the EU level and nationally, focusing on Sweden, can adopt in order to make CSR a standard in the absence of a compulsory, regulatory framework.

Method: The main method used was document analysis on documents from the United Nations (UN), the International Organization for Standardization (ISO), The Organization for Economic Co-operation and Development (OECD), the EU, the Swedish Government, and other relevant documents concerning CSR. In addition, three interviews were conducted presenting “a Swedish perspective”, “a standardization body perspective”, and a “company perspective”. Combining these two methods gave a better conformation of information to further legitimize the study.

Conclusion: Based on the information and analysis, the conclusion derived to is that there cannot be a general standardization, but companies, in this case B2BSEs, themselves need to create their own standardization, by using the elements of CSR/CSR2, CSR communication/ Corporate Social Innovation (CSI), stakeholder theory, and all the relevant standards and guidelines. It is important to tailor make a CSR approach and to incorporate it in their core business, because CSR is not supposed to be an added value, but a natural part of every business. Also, there is no need for further standards or guidelines, but now all actors need to work together to implement the existing ones, and maybe, when that is done, we can see a way toward further CSR standardization.

Keywords: CSR, CSR2, CSI, CSR communication, stakeholders, B2BSEs, CSR standardization, UN, OECD, ISO, Sweden, the EU, standards, guidelines

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1. INTRODUCTION

“We reject an over-directive approach, which would stifle creativity” “[...] if government starts to legislate, this might slow down CSR” (Aaronson & Reeves, 2002, p. 21f). Most companies and their leaders in Europe are strongly opposing a legally binding, regulatory corporate social responsibility (CSR) framework, in the European Union (EU). The only outstanding group, who advocated for a regulatory framework, arguing that voluntary initiatives are not sufficient, were trade unions and civil society organizations (COM2002/347 p. 4f).

This has long been a debate in the EU and is a continuing dispute between the introduction of a regulatory CSR framework and keeping CSR on a voluntary basis; inviting companies to decide, themselves, to what extent they engage in CSR (Freeman, 1994-5; Friedman, in Broomhill, 2007; SNL, 2014). With the liberalization of markets, where the overarching core is relaxation of government restrictions, a distance stamp has been created on how involved governments should be.

As a result of the market liberalization, today, there is an increasing number of enterprises offering business-to-business services, so called business-to-business service enterprises (B2BSEs), fighting the battle over market shares and at the same time pushing to act in a corporate responsible manner toward the broad range of stakeholders surrounding them with critical eyes. B2BSEs are in an especially clutched position because their clients, who can range from small firms to the largest sharks on the markets, often require the offer to be within a certain frame. Even if the B2BSEs are to deliver an offer incorporated with full CSR, the clients might not always agree with this, which begs the question why (HLG, 2014)? B2BSEs are an interesting focus exactly because it is hard for firms to know how far the responsibility reaches in the supply-chain. How can you as a service provider ensure that the company who is your client is socially responsible; how can you communicate your responsibility within the company and out to your clients, to ensure an equal understanding of social responsibility, and thereby sustainable development so that you together with your client can make a better, a “good” business?

To narrow the study down even more, Sweden has been chosen as a “second” focus, together with the EU. Sweden is a member of the EU and a successful country in both business and CSR, in relation to the EU’s general and common standpoints for CSR (ICF GHK, 2013). Sweden is interesting because of their high sustainability involvement, proclaiming themselves as one of the leaders of sustainable development (ICF GHK, 2013).

Another reason for the choice of Sweden is because of the convenience of communication with the Swedish government, since the researcher resides studies in Sweden, also having relevant contacts within the Swedish government. Moreover, Sweden is an interesting focus because of their good reputation, and in this study it

can be seen what they do, both good and bad in order for other countries to learn, and/or for Sweden to improve.

1.1. Problem Discussion

First of all, many firms are very profit oriented, which makes them sensitive to additional costs. Second, they tend to fail to understand the purpose of CSR and how important it is. Third, they tend to see it as time-consuming, meaning it is not worth the time considering its effect. These companies, whether the producers of a product or service, need an extra push over the line to discover the actual benefits that CSR can offer (Broomhill, 2007; Freeman 1994-5; Albareda et al, 2007).

So, what can be done if no legally binding regulatory framework is to be introduced, while in the meantime not losing CSR to only be on a voluntary basis? CSR has been present in businesses for quite some time, and is no longer a new phenomenon. Scholars have agreed that CSR needs to be incorporated into the core of a business organization, reflecting the management idea defining the business. CSR is, arguably, supposed to be embedded in the nature of the business; and yet, CSR is still being treated with caution, giving it separate attention instead of considering it as a natural way of business – operating the business in a socially responsible manner (Jutterström and Norberg, 2011; Broomhill, 2007; Windell, 2006).

The solution could be to standardize CSR, to place it as a natural management idea (Jutterström and Norberg, 2011; Broomhill, 2007; Windell, 2006), which is what this study will investigate. The standardization of CSR could be a large step in a wide acceptance of CSR and for companies to start seeing it as a natural way of operating business. In the focus of B2BSEs, industry standards can play a meaningful role, binding firms, but not in a legal or regulatory manner (Mazurkiewicz, n.d; ISO, 2014). There are a couple of organizations whose documents will be central in this study. These documents have been thoroughly examined because of their wide reach and their immense importance in the field of CSR. These documents derive from: *ISO, the UN, the OECD, the Nordic Council of Ministers, the European Parliament, the EU, the Swedish Council*, and a policy brief on the ISO.

All these documents, especially the international based UN- OECD- and ISO- documents, are used extensively in all today's businesses. The EU's-, Nordic- and the Swedish- CSR documents are used to narrow down the research, and comply with the focus of the EU and Swedish ways of supporting and promoting CSR.

Based on the reviewed research, this thesis defines CSR as: “the way of doing business where internal (employees, labor rights, business) and external (stakeholders, environment, human rights) factors and actors are taken into account, together with moral business decisions (ethics, anti-corruption) which contribute to business and society without infringing any rights or causing any harm, contributing to economic growth and quality of life, with public scrutiny” (COM2011/681; Rahman, 2011;

Carroll, 1991; Bowen, 1953). Stakeholder dialogue has become a key element of CSR, which will also be covered in this study under stakeholder theory, the theory for the element *multi-stakeholder dialogue*. CSR in this modern era has been extended to CSR2 – Corporate Social Responsiveness, which will also be enclosed, presenting a part of the conceptual framework. CSI – Corporate Social Innovation, which is another dimension, specifically for B2BSEs, is also covered, which, supposedly is a path of communication and socially responsible behavior.

1.2. Aim, Purpose and Objectives

This study aims to investigate the standardization of CSR focusing on industry standards in the EU and Sweden. Since a binding regulatory framework is not feasible, CSR should be reached by some kind of standardization. CSR has for too long been perceived as a phenomenon, giving it special attention. What should have happened was to erase the division of business and social responsibility, and see business as a practice of corporate social responsibility and vice versa (Freeman, 1994-5).

The purpose of this study is to find how CSR can become part of the everyday operations of B2BSEs and not something that requires special attention and efforts to incorporate. In addition, this study will look at what the government, on the EU level and nationally, focusing on Sweden, can adopt in order to make CSR a standard in the absence of a compulsory, regulatory framework.

This study contributes both to political and business studies. The contribution to political science is to engage in the discussion of CSR, where the option of standardizing CSR can be the answer to the dilemma between a legally binding regulatory CSR framework and CSR on a voluntary basis. The study will contribute with an insight of industry standards and how they can impact the B2BSEs to standardize CSR in that area of business. For business studies, the study offers a suggestive solution to communication and promotion problems of CSR, and how B2BSEs can keep their CSR ambitions internally, as well as translating them to their clients externally.

1.2. Research Questions

RQ: How could CSR standardization in the EU and Sweden be reached with the existing international as well as national guidelines and standards?

Sub Q1: How can standards impact and bind firms to CSR without binding them judicially?

Sub Q2: What measures has the EU taken in the communication and promotion of CSR standardization?

Sub Q3: What measures has the Swedish government taken in the communication and promotion of CSR standardization?

1.3. Outline of the Thesis

This first chapter of the study covered an introduction trying to engage the reader in what this research will investigate. The first chapter clarified and justified what the focus is and why it was chosen, also why it is important and how it contributes to the academic literature. The research questions were as well presented, so as to keep a red thread throughout the study and answer them in the end.

The second chapter presents the previous research in the field of CSR, involving the focus topics; CSR, B2BSEs, the EU and governments with a focus on Sweden and a section called the Standardization Puzzle. This last part covers the current standards and guidelines, which have been launched, both on the international and national level, and also on the EU level. These tools are the ones, which are most crucial in the study, to help in the analysis of what is on the table, so to say, and what could be done for the future. This is a summary of relevant literature, which has been examined prior to this study to see what already exists and what is missing.

The third chapter is almost like a continuation of the previous research, in which the conceptual framework is outlined. In this chapter, the central concepts are explained and the ways in which they will be used throughout the thesis. These concepts are: CSR and CSR2; stakeholder theory (multi-stakeholder dialogu); CSR communication and CSI; and CSR standardization. These concepts are then framed into a figure that connects them all.

The fourth chapter covers the methodology regarding how this study was planned and conducted. The overall research design is outlined: how data was collected and sampled; how data was analyzed; and which methods were used to extract the relevant information from the data. The aspects of reliability, validity, generalizability, ethics, and quality are also justified, which are equally important. The last section is dedicated to criticize the chosen methods and self-criticism, to show that the researcher is aware of possible biases.

The fifth chapter contains the important empirical evidence where the documents that have been analyzed are explained. These documents derive from the EC, the UN, the OECD, and ISO. Also a subsection, called “Business Innovation” is included where other documents regarding companies are presented.

The sixth chapter covers an analysis and discussion regarding the presented documents and interviews, which will be based on the conceptual framework for this study (presented in chapter three). The discussion brings thoughts and suggestions correlating to B2BSEs, and aims to answer the research questions about standards for standardization, and how the EU and Sweden have contributed to a more extensive engagement in CSR by businesses.

The seventh chapter concludes the study, answer the research questions, and gives implications for further research.

2. PREVIOUS RESEARCH

In 1909, Ambrose Bierce defined the concept of corporations: “...an ingenious device for obtaining individual profit without individual responsibility” (Hartman et al, 2007, p. 373). This definition is eligible for businesses before CSR, but today, corporations are held responsible for the damage they make on society from their conduct of business. Today, business should, supposedly, go beyond the profit maximization ambition, and embrace objectives that are CSR inspired (Hartman et al, 2007).

With the emerging phenomena of globalization, CSR has derived as a normal challenge, and should, according to Albareda et al (2007), not be seen as any extraordinary political or economical encounter. Since globalization has brought the world together and made it smaller, businesses too, need to work together to encompass the challenges of the new world (Albareda et al, 2007; Steurer et al, 2012).

Many studies tend to be more prone to voluntary based CSR, as it is today, and others advocate for a compulsory, regulatory CSR framework, finding it is needed to make CSR effective (e.g. Broomhill, 2007; Albareda et al, 2007; Aaronsson and Reeves, 2002; Freeman, 1994-5). The following review of previous research for this study has mainly reviewed CSR in general –the pros/cons of CSR; voluntary based/regulatory framework; B2BSEs and how they have previously taken on CSR; the EU and governments – focusing on Sweden – and their contributions; and the currently existing CSR standards/guidelines. In order to enable a better overview of the focus area, four subsections: CSR, B2BSE, the EU and governments with a subsection on Sweden, and the Standardization Puzzle, respectively have been set out.

2.1. Corporate Social Responsibility

CSR started from around the 1980s, and has since then been a roller coaster with ups and downs, improvements and failures. Unfortunately, CSR has very often been underdeveloped and it has led to trade-off effects producing many worse conditions with only one positive intention (Utting, 2005). With the market liberalization, and minimal indication from the governments, CSR has become a voluntary take-on (Albareda et al, 2007). Though, Aaronson and Reeves (2002) found in their research that European firms want to work with governments to improve social conditions, and they are enthusiastic to work in a more regulated environment (Albareda et al, 2007). However, this should not be mistaken as public support for compulsory CSR policies. Companies fear that mandatory policies will stifle innovation and actually slow CSR development down (Aaronson, Reeves, 2002). As can be noticed, companies have a very big influence on the CSR issue; when, and how it is used. With this influence, companies have a tremendous opportunity to impact trends and organizations and steer them in new ways of engaging in CSR– creating new ways of doing business (Utting, 2005).

Gonzales and Martinez (2004) have outlined three main reasons why CSR on a voluntary basis is not the optimal alternative: 1) dispersion of *standards* – where there is a difference among codes and laws, which should be unified for all; 2) *monitoring mechanisms* – absent or weak – in 2001, only 27% of 246 cases had some kind of monitoring body (OECD, 2001); and 3) *enforcing mechanisms* are also weak or minor – where most standards, yet, do not include any penalties in case of breaking them. Some companies have internal standards but are often not accessible to the public – creating an information gap; questioning the core of corporate responsibility towards the general public (transparency and CSR Reporting).

To decrease the information gap and commit to credible communication, the company and its managers need to be aware of what CSR means for their company. Schmeltz (2014) indicates that, “European managers perceive CSR “to be difficult because of the complexity of fitting multiple stakeholders’ expectations while providing a concise message that is credible”” ((IE School of Communication & Global Alliance, 2010, p. 6) in Schmeltz, 2014, p. 188). Nielsen and Thomson (2007) conclude in their research, after analyzing six different CSR reporting cases that they all distinguish in the way they do their reporting, focusing more or less on respectively chosen aspects of CSR.

However, one very important aspect, which should be common to all companies, regardless of reporting methods is incorporating CSR as being a management idea, embedded in the business, never something that is “added” (Jutterström and Norberg, 2011; Broomhill, 2007; Windell, 2006). It should be in the “DNA” of the business, in the idea, operations, collaborations, views and opinions, nevertheless the leaders. Only then can CSR show its actual effect and benefit all the parts and surroundings of a company. However, not all companies do agree to fully turn their business toward CSR.

The increased influence of companies and the extension of CSR have raised both positive and negative thoughts. There is a continuing conflict between neo-liberalists (who tend to be against CSR) and neo-Keynesians (who tend to be pro-CSR), to what extent CSR is “good or bad”. The neo-liberals tend to see CSR as a threat to growth in both poor and rich countries, and that it also reduces economic freedom and undermines the market economy (Henderson, 2001 and Lantos, 2001 in Broomhill, 2007). Moreover, neo-liberals do in some aspects argue pro-CSR where they believe that CSR should be engaged in, only when it can increase the firm’s financial value. Another suggestion is that companies could derive risk management strategies from CSR, to protect the firm from potential threats occurring from stakeholders, civil activists, consumer or government attacks (Henderson, 2001 and Lantos, 2001 in Broomhill, 2007).

Milton Friedman (in Broomhill, 2007), a well-known monetarist and liberalist, as well opposes CSR strongly believing that philanthropic CSR is not an appropriate responsibility of business, it is in fact even immoral. Other researchers, who consider themselves neo-liberalists, continue in the spirit of negative views on CSR, claiming that any kind of regulation for businesses is banishment, let alone CSR regulations. Neo-liberalists tend to see corporate power as an opportunity and refer to it as corporate responsibility, while on the opposing side; the neo-Keynesians tend to see corporate power as a problem, referring to it as corporate accountability (Bendell, 2004 in Broomhill, 2007; Utting, 2005)

With greater freedom to take responsibility for CSR in their own way, corporations are applying CSR more and more in the aspect of philanthropy, which basically means *voluntary promotion of human welfare*¹ in the form of charity and donations, when philanthropy is essentially just one aspect of CSR (Zollo, n.d.). Zheng et al (2014) agree that firms today predominantly use CSR in a philanthropic manner, because it increases the legitimacy of their business.

Philanthropy is not the only “excuse” companies use to legitimize CSR within their business. While many companies are trying to engage in CSR, many, as well, fail to fulfill the actual purposes of CSR. Apart from the prevailing philanthropic aspect, the use of CSR activities as a Public Relations (PR) trick to refine the company’s image and reputation has also been largely noticed among companies (Gonzales, Martinez, 2004). Utting (2005) adds that there are organizations and groups who call CSR CSA (Corporate Social Accountability), criticizing the “mainstream” way of engaging in CSR where companies often use it for PR and fail to deliver what they have promised, describing what Lim and Tsutsui (2012) label as *organized hypocrisy*.

To avoid organized hypocrisy, companies need to address two main points of inconsistencies, which are commonly identified with regards to the involvement of stakeholders: 1) CSR is a process where there is a strong emphasis on the relationship with stakeholders in the aspect of decision making; and 2) all new challenges today must be solved through a *multi-stakeholder approach* (Albareda et al, 2007). Multi-stakeholder involvement means that *governments, businesses* and *civil society stakeholders* need to collaborate and create partnerships to join their knowledge and opinions for a more responsible act of business (Albareda et al, 2007; Steurer et al, 2012). In Sweden, the partnership model is the most common way of approaching the multi-stakeholder objective (Albareda et al 2007).

To fill these inconsistencies there are three drives of CSR, presented by Mazurkiewicz (n.d), which could motivate companies to go further with CSR: a) *economic* – reputation, improved risk assessment, increased competitive advantage, pressure from

¹ <http://www.vocabulary.com/dictionary/philanthropy>

business partners and investors; b) *political* – better relation with government, legal/regulatory drivers, political pressure, license to operate; and c) *social* – pressure from non-profit organizations (NGOs), local committees, research. What Mazurkiewicz (n.d) suggests is that a better integration of government regulations, law and voluntary approaches is needed in order to reduce these remarkable variations between companies. Utting (2005), agrees and adds that there is a demand of new communication of voluntary and law initiatives about CSR. It needs to be structured for the companies, in the form of structural and policy factors, and not solely relying on individual engagement.

2.2. Business-to-business service enterprises (B2BSEs)

Regarding B2Bs in particular in correlation to CSR, there is not a lot of research available. Though, the articles used in this study; Kubenka and Muskova (2009), Andreasen (2008), Voccaro (2009), and Davis et al (n.d); all represented very similar ideas about B2Bs and CSR. There is a difference between B2Bs' and B2Cs' (Business to Consumers) way of doing CSR, which will be explained in the following paragraphs.

B2Bs tend to be somewhat less known to the public, often only known by existing customers and business partners, as a result of their business-to-business focus. For them, it is especially important to strengthen their company image because attracting attention is fairly challenging (Andreasen, 2008). The focus for B2Bs needs to be directed to stakeholders in communities that are directly linked to them, e.g. customers, suppliers, NGOs, employees, the media, etc., excluding consumers, because B2Bs are not consumer oriented (Andreasen, 2008). It should be noted that there is a difference between customers and consumers, a) customers buy a product or service; b) consumers are at the end of the consumer chain, using the end product or service; a consumer is a customer, but a customer does not have to be a consumer.

Since B2Bs have a diverse target, they have to communicate their CSR in the form of functionality and innovation because their products or services are directed to other professionals, often expecting more (Andreasen, 2008). Moreover, higher financial investment is dedicated to B2B products or services, requiring additional attention and precision. This can be translated into CSI (Andreasen, 2008) i.e. acting and communicating CSR adapted to innovative B2B firms. CSI brings additional value to the company and legitimizes the business case of B2Bs showing their competences, which are primary to their customers. CSI communication allows the mediation of functionality as well as emotional values by illustrating their proficiencies and simultaneously getting positive publicity, which benefits the company's reputation. To increase publicity and reputation, B2Bs are encouraged to work closely with NGOs who have a strong influence and broad reach (Andreasen, 2008).

Another version of CSR for B2Bs is called CSR2 – Corporate Social *Responsiveness*, which has a slightly different focus than CSR. One can say that CSR2 is a continuation, where CSR is already a natural incorporation of the company. In Table. 1 the differences in focus are outlined from the article of Kubenka and Myskova (2009).

Table 1: Difference between CSR and CSR2

	Social responsibility	Social responsiveness
Major considerations	Ethical	Pragmatic
Unit of analysis	Society	The firm
Focus	Ends	Means
Purpose	“Window out”	“Window in”
Emphasis	Obligations	Responses
Role of the firm	Moral agent	Producer of goods and services
Decision framework	Long term	Medium and short term

(Kubenka and Myskova, 2009, p. 323²)

CSR2 adapts to social needs and excludes the discussion of ethics and social responsibility, but rather focuses on concrete reactions to social responsibility or social issues. It measures the degree of managerial action rather than the question of adopting moral responsibilities or not (Kubenka and Myskova, 2009). There are four degrees of CSR2 as can be seen in Table. 2. In the RDAP scale – Reactive- Defensive – Accommodative – Proactive scale; i.e. how much the company does to show their social responsibility.

Table 2: RDAP-scale

Rating	Posture or Strategy	Performance
<i>1. Reactive</i>	Deny responsibility	Doing less than required
<i>2. Defensive</i>	Admit responsibility but fight it	Doing the least that is required
<i>3. Accommodative</i>	Accept responsibility	Doing all that is required
<i>4. Proactive</i>	Anticipate responsibility	Doing more than is required

(Kubenka and Myskova, 2009, p. 324³)

Despite the modified CSR into CSR2 and RDAP-scale for B2Bs, it can be difficult at times for them to channel their focus and responsibilities. Davis et al (n.d) presented *the responsibility paradox* – where multinational companies face challenges with focusing and including actors in the supply chain of their business (Hoejmose et al, 2012). Davis et al (n.d.) suggest a global framework for how wide the responsibilities reach in the supply chain.

² Replicated from Kubenka and Myskova, 2009, p. 323

³ Replicated from Kubenka and Myskova, 2009, p.324

2.3. The EU and governments

Whether discussion CSR or CSR2, there is still no prevailing global framework and hitherto, explicit CSR has been ruling the European markets; CSR has been embraced in the spirit of voluntarism (Gonzales, Martinez, 2004; Albareda et al, 2007; Jutterström, Norberg, 2011). *Explicit CSR* is based on “corporate discretion, rather than reflecting either governmental authority or broader formal or informal institutions” where *implicit CSR* on the other hand would be about “corporations’ role within the wider formal and informal institutions for society’s interests and concerns: normally consisting of values, norms, and rules that result in (mandatory and customary) requirements for corporations to address stakeholder issues and that define proper obligations of corporate actors in collective rather than individual terms” (Matten, Moon, 2008, p. 409).

According to Matten and Moon (2008) the emergence of explicit CSR has been a response to the changes of the National Business Systems (NBS) of Europe, which were traditional institutional frameworks. The system started to change when the European political system took a turn in the early 1990s. Between the 1970s and 1990s there was a massive unemployment era, and the system needed a restoration to get in balance. Consequently, the government encouraged CSR focusing predominantly on the education and labor systems. Parallel to this, there was a concern about the own legitimacy of businesses, which pressed corporations to explicit CSR (Matten, Moon, 2008).

Since the 1990s, CSR has been on a voluntary basis and the governments’ have taken a minimal role in shaping the guidelines. There have been lively discussions whether CSR should be translated into a compulsory, regulatory framework, or if it should continue to be a voluntary option where companies themselves decide to what extent they want to engage in CSR. Governments are able to set minimum standards and shape the concept of CSR; they can also promote the usage of various soft means for managerial practices (Steurer et al, 2007). Though, with powerful companies, both public and private, the governments’ suggestions, or guidelines, can be lost and meaningless because these companies chose to not take the suggestive offers from the governments as something that has to be done (Johnston, 2006).

Steurer et al (2012, p. 207) adds that governments in the EU are “*democratically legitimate and a potentially powerful stakeholder group*” and if they are to co-shape CSR they are advised to seriously address CSR as a policy issue, especially at the EU level. Without a regulatory framework there are many free riders that use the term CSR and other concepts related to it on paper, without contributing to the society in their actions: “talk without walk” (Albareda et al, 2007). Many researchers use the common phrase “walk and talk”, to indicate that the companies are actually acting (leading their businesses) as they say and put on paper.

To walk and talk, and for the governments to be able to reach out to the companies, Barth et al (2007) suggest that first of all, there is a need for clear points of orientation. If governments and other regulatory bodies all give different orientations, confusion might arise and the companies will not be able to comprehend what is said and what needs to be done. Barth et al (2007) adds on that cooperation must exist between governments and companies rather than “governments say and companies do”. Mazurkewicz (n.d.) agrees and states that public-private partnerships should be encouraged. He adds that even the necessary laws that do exist lack the political will and/or effective tools to implement them. He states that there is actually no need for new regulations, but joining and combining existing instruments in one manageable framework to be adopted by countries. Barth et al (2007) adds that even though there is a framework for all countries there needs to be an issue – and sector specific approach, rather than a “one-size-fits-all”.

2.3.1. Sweden

When specifically looking at the EU member state, Sweden and how business and government has managed to collaborate on CSR, Gjørberg (2010) has done research on the Nordic countries and how they behave with CSR. She emphasizes that Sweden has a strong custom for private capitalism, though most of the companies in Sweden are state-owned which gives the Swedish government a high influential opportunity. And while CSR came to Sweden quite late, it came very explosively.

In 2002, the Swedish government, then led by Göran Persson and his social democrat party, introduced the “Swedish Partnership for Global Responsibility” which was based on the UN Global Compact and the OECD⁴ guidelines, to strengthen the work of Swedish companies in the areas of human rights, environment, anti-corruption and labor standards. Though, in 2006, when the liberal coalition came to power, the CSR initiatives got halted which blurred the previous priority of CSR engagement, leading Sweden to be the only Nordic country without a formal CSR policy area (Gjørberg, 2010).

Additionally, large Swedish companies assure that they can manage their business in a sustainable and responsible manner without the government’s regulations and policies (e.g. Volvo, IKEA, and H&M). Because most of the governmental guidelines of today’s CSR in Sweden are approaching the state-owned companies where the government is largely influential, and there are very few or barely any CSR initiatives toward the general business community in Sweden. Gjørberg (2010) suggests that the approach of Sweden toward CSR is a normative and ideological one where fundamental principles dictate the way business is done and legitimizes the power of large enterprises (Castka et al, 2004). Gjørberg (2010, p. 214) additionally argues that

⁴ International organization encouraging economic growth and world trade - <http://www.oecd.org/>

companies see CSR as being “[...] *conceptualized as a way to bypass politics by going via the corporate sphere*”.

However, companies in Sweden can influence policy-making processes as well. Stigson et al (2008) elaborates on the policy-making that in Sweden the historical tradition has been reflected with the participation of both NGOs and businesses at large. The Swedish government gives businesses and NGOs opportunities to take initiatives and suggest solutions or improvement to set guidelines in CSR. This is usually done through consultation meetings where representatives from the respective NGOs and companies meet with those responsible for CSR in the Swedish government and exchange thoughts and ideas for improvements in the CSR case.

2.4. The Standardization Puzzle

When exchanging thoughts and ideas and having a constant dialogue, what is important as emphasized by Porter and Kramer (2006) is to focus on the points of intersection between the governments and companies. Previously, business leaders as well as leaders in civil society have concentrated on the differences between each other so much that they have forgotten to stress their common values and strive for improvements there. Porter and Kramer (2006) suggest that both sides need to follow the “principles of *shared value*” which benefits both sides, creating a win-win situation. Many times, governments and NGOs forget about how much companies actually are contributing to society, in every aspect such as job opportunities; products and services; building up the society; and economic growth. The result of forgetting this very important factor is that governments and other bodies pump out guidelines, standards, suggestions and approaches for companies to adopt. This is obviously confusing for the companies and often the results tend to be mediocre in attempting to incorporate all suggestions (Porter & Kramer, 2006).

Mazurkiewicz (n.d) has suggested a puzzle of standards, which is currently dispersed and is causing confusion among companies and uncertainty of what and how to apply them. This puzzle consists of *assurance standards* (e.g. AA1000AS); *governance standards* (e.g. UNGC); *management systems* (e.g. ISO 26000); *performance reporting* (e.g. GRI); *performance standards* (e.g. SA8000); and *codes of conduct* (e.g. OECD, MNE). All these acronyms stand for different standards regarding the respective areas of action. There are many more than what is outlined here, but will be elaborated on in the analysis. Furthermore, the standards cannot solely work. Planning, implementation, monitoring and evaluation needs to be included if any of these are to be effective. Though, still today, there is an inexcusable lack of these elements, which leads to an inefficient and mediocre engagement of CSR (Mazurkiewicz, n.d; Castka et al, 2004).

Something that could improve and develop the lack of controlling elements is a highly valuable standardization body, which has a continuously increasing influence and importance regarding CSR: it is the ISO. The CSR strategy of the EU is *inter alia*

based on ISOs' guidelines, and is signed by countries and companies broadly all over the world. According to Castka et al (2004) ISO will likely be the most influential body when it comes to CSR standardization.

The currently most-talked-about ISO standard for CSR is the ISO 26000, which can be applied to all kinds of companies, wherever they are seated and wherever they operate (Schwartz & Tilling, 2009). Though, Schwartz and Tilling (2009) add that this kind of "one-size-fits-all" standard is questioned because of the prevailing results of symbiotic value rather than actual CSR outcomes. They argue that standardization of CSR is based on consensus and there should be those kinds of basic "rules of the game" for everyone, but to set all standards to fit all kinds of companies is too simple for the standard setters, and too complicated for companies to embrace.

Standardization of CSR is to be demanded because of the lack of efficient instruments of control and coordination (Schwartz & Tilling, 2009). As many of the reviewed scholars argue (Barth, 2007; Schwartz & Tilling, 2009; Porter & Kramer 2006; Mazurkiewicz, n.d.; Utting, 2005), there is no need for new regulations, standards, etc.; now the time has come to organize and bring this puzzle together, to ease and help the companies achieve what all parts strive for.

One possible way to bring this puzzle together, as well as to decrease the lack of CSR awareness, can be achieved through CSR communication (Du et al 2007). Du et al (2007) argue that there is a lack of CSR awareness, which is achieved by CSR communication. CSR communication is the key obstacle for companies who want to reach the beneficial layers of their CSR operations. Companies need to work "smarter" when communicating their objectives of CSR, emphasizing intrinsic (authentic concern) rather than extrinsic (profit aim) objectives. As for Sweden, they promote CSR with their "Swedish Partnership for Global Responsibility" and furthermore, encourage companies to sign and adopt the standards of the UNGC and the OECD guidelines.

A way of communicating CSR today is CSR Reporting, or sustainability reporting. This has grown in importance and has in 2013 been made official in the Directive 2013/34/EU⁵. This involves an annual, non-financial outline of the sustainability performance of the company; what they have reached during the previous year and what is planned for the next. This is mainly used so as to raise awareness and increase transparency.

Morsing and Schultz (2006) argue that the communication of CSR is very important for transparency and awareness, though it can also bring some negative aspects to business. This is often the most probable reason why corporations are cautious with CSR communication; "*research suggests that the more companies expose their*

⁵ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013L0034&from=EN>

ethical and social ambitions, the more likely they are to attract critical stakeholder attention” (Morsing, Schultz, 2006, p. 323). They add that companies often tend to “*overemphasize their corporate legitimacy and run the risk of achieving the opposite effect*” (Ashforth & Gibbs, 1990, p. 188 in Morsing and Schultz, 2006, p. 332). They argue that it is highly relevant for companies to communicate CSR in a “sense-giving” and a “sense-making” way, otherwise the message might come across as “talk without walk” where the various stakeholders might perceive it like the company has something to hide (which Morsing and Schultz (2006) present in their “*Three Communication Strategies*” p. 326).

Johnston (2006) suggests that general CSR reporting is not enough to be considered socially responsible. He argues that *market internalization* could be the solution. Market internalization means “*the capability of markets to both penalize and reward firms for their environmental health and safety performance*” (Johnston, 2006, p. 2). He implies that, for CSR to continue to be on a voluntary basis, the markets must include both rewards and punishments for corporate behavior. Otherwise CSR can get lost in the philanthropic concept, and the full purpose of it will vanish.

The studies have shown that CSR is no longer a new phenomenon; it is well known, though, very dispersed. Governments, however, seem lost in their role, as companies continuously push the voluntary CSR to stay, not wanting to be stifled by governments in *which way* and *how much* CSR activity they should have. Studies point to the importance of addressing CSR as something embedded within the whole business and not an add-on. Even though there are opposing lines of CSR, this study will try to find the possibility of reaching something between a regulatory CSR framework and the voluntary based CSR approach with the help of the current guidelines and standards, from respective organizations and institutions mentioned previously.

3. CONCEPTUAL FRAMEWORK

This section outlines the theories, which need to be noted for this study. These theories will provide the study with a foundation on which to base its findings and analysis. The sub-sections are divided according to the chosen concepts: CSR and CSR2; stakeholder theory (multi-stakeholder dialogue); CSR communication and CSI; CSR standardization; and a figure showing the connection of the conceptual framework.

3.1. CSR and CSR2

A range of definitions has been reviewed and one can most likely conclude that there is no concrete and adjudicated delineation of CSR. When CSR is discussed in this study it will refer to *“the way of doing business where internal (employees, labor rights, business) and external (stakeholders, environment, human rights) factors and actors are taken into account, together with moral business decisions (ethics, anti-corruption) which contribute to business and society without infringing any rights or causing any harm, contributing to economic growth and quality of life, with public scrutiny”* (COM2011/681; Rahman, 2011; Carroll, 1991; Bowen, 1953).

This is the perception accumulated from all revised authors and articles, and what CSR will stand for throughout this study. Voluntary basis is excluded because it is assumed that businesses are, as Jutterström and Norberg (2011) as well as scholars Broomhill (2007) and Windell (2006), agreeing that CSR should not be treated as an add-on but as a way of doing business, integrated within. CSR has been defined since the 1950s and many scholars have outlined their understanding of the concept. Howard Bowen, “the father of CSR” published, in 1953, his first book about social responsibility in business where he stated that CSR *“refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”* (Bowen, 1953, p. 6).

Carroll (1999) developed “the pyramid of corporate social responsibility” (see Fig. 4.). The pyramid goes from the bottom up, and sees economic responsibility as the basic business obligation, to sustain as a business. To obey the law is the second most relevant aspect, following what is right or wrong in the society. From the third step, ethical responsibilities start the “voluntary” basics. Here the company has the obligation to be fair and do what is “right to do”. And finally, philanthropic responsibilities, where a company contributes to the society, “gives back”, and shows they are working for the common good (Carroll, 1991).

Figure 1: The Pyramid of Corporate Social Responsibility

(Carroll, 1991)⁶

Apart from Carroll's four stages, Rahman (2011), investigated the major CSR definitions and brought out the most common perceptions of CSR in ten major dimensions: " 1) *Obligation to the society*; 2) *Stakeholders' involvement*; 3) *Improving the quality of life*; 4) *Economic development*; 5) *Ethical business practice*; 6) *Law abiding*; 7) *Voluntariness*; 8) *Human rights*; 9) *Protection of Environment*; and 10) *Transparency and accountability* " (Rahman, 2011, p. 173f). Finally, the European Commission (EC), which is relevant to observe since this study is principally on the EU, has in its renewed CSR Strategy for 2011-2014, defined CSR as "“a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (COM (2011) 681).

As an addition or a continuing process for CSR, we include CSR2 in the conceptual framework. This is because it is assumed that when CSR is a natural part of a business, CSR2 measures the action of managers' responsiveness to issues and situations concerning all societal and environmental aspects. Therefore, CSR2 is a kind of "continuation" of CSR and is included in this study as a response measurement.

3.2. Multi-Stakeholder Dialogue - Stakeholder Theory

Since CSR is largely about communicating and consulting with stakeholders, we need to look into whom they are and how they need to be regarded in a business. Stakeholders are all civil people, communities, NGOs, organizations, employees,

⁶ Figure replicated from http://www.strandtheory.org/images/321_Corp_Social_Responsibility_JPG.jpg

owners who are directly and indirectly affected by companies' business operations. Freeman (1984 and 1994) and Donaldson and Preston (1995) (will be referred to as D&P), conclude the most original versions of the stakeholder theory. These authors are important to recite because they present the key problems this study aims to investigate. Both articles add to each other, where D&P (1995) refer to Freeman and add to the notions of stakeholder theory being *descriptive*, *instrumental* and *normative*. Freeman later added (1994) one more aspect; *metaphorical*.

Freeman's core statement of the stakeholder theory, tells us what the basic implications are for the "new" management outline; "*The idea that business is about maximizing profits for shareholders is outdated and doesn't work very well, as the recent global financial crisis has taught us. [...] The task of executives is to create as much value as possible for stakeholders without resorting to tradeoffs.*"⁷ Freeman (1994) adds *The Separation Thesis*, which is talking about business and morality as two concepts independent of each other; when you talk about business decisions, there is no morality content; and when you have moral decisions, there is no business content. Freeman (1994, p. 414) argues that stakeholder theory is a concept, which has accumulated many theories with a normative core; meaning that there is a range of stories with "*how society ought to be structured*".

D&P (1995, p. 66f) argue that stakeholder theory can be delivered in three aspects; "*descriptive* (describes the corporation as a constellation of cooperative and competitive interests possessing intrinsic value); *instrumental* (establishes a framework for examining the connections, if any, between the practice of stakeholder management and the achievement of various corporate performance goals); and *normative* (acceptance of the following ideas: a) stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity; and b) the interests of all stakeholders are of intrinsic value, i.e. each group of stakeholders merits consideration for its own sake and not merely because of its ability to further the interests of some other group, i.e. shareowners)."

Freeman (1994) agrees but adds the *metaphorical* aspect, where stakeholder theory is a story and not a theory. He implies that the "*task is to take metaphors like stakeholder thinking and embed it in a story about how human beings create and exchange value*" (Freeman, 1994, p. 418). Furthermore, he implies that the most important thing for future businesses is to get rid of *The Separation Thesis*: the thought of morality and business to be two different things. It needs to be treated as one, where business is the definition of moral decisions and vice versa.

While they may seem outdated, these explanations are still central problems today. The business world has not yet been able to intertwine the business and moral

⁷ <http://redwardfreeman.com/stakeholder-management/> Edward Freeman

decision-making concepts, which we today call corporate social responsibility and we are still, today, standing with the same problems researchers discovered a decade ago. There have, naturally, been large improvements, but it is far from what it potentially could be.

Throughout this study the stakeholder theory, or involvement/approach, for companies will be looked at as *instrumental* – also called strategic stakeholder management where stakeholders are motivated expecting financial improvement (Castka et al, 2004). The ideal would be the *metaphorical* aspect where stakeholders are embedded in the business's day-to-day decisions and where business decisions and moral decisions are one and the same. Though, to be realistic, we need to assume the instrumental approach is the actual situation because companies' primary focus is to make profit and that we strive for the metaphorical aspect to prevail when standardizing CSR.

3.3. CSR communication and CSI

Whether on the instrumental or metaphorical aspect, it is rather important for a company to know how to communicate their CSR activities, especially in the discussion with their stakeholders. If companies fail to communicate their CSR activities effectively, they will lose the accompanying benefits they could gain by engaging in it. These benefits could for example be to create stakeholder appreciation, and a positive business image and reputation (Morsing, Schultz, 2006; Koep and O'Driscoll 2014).

The following theories of CSR Communication are important and include ways of communicating CSR that this study wants to emphasize throughout the empirics and analysis. These theories were chosen because they fit with the perceptions of all parties and are seen as the optimal ways of communication for CSR. In this study, CSR communication is when there is a dialogue – sent in a two-way manner (Morsing and Schultz, 2006), where business operations, stakeholder interaction and social – and environmental concerns are incorporated together for an optimal communication of CSR activities to be obtained (Podnar, 2008).

Podnar (2008) has defined CSR communication, which is acknowledged by a range of other researchers. He calls it a definition of *sustainability/CSR Communication*: "...is a process of anticipating stakeholders' expectations, articulation of sustainability/CSR policy and managing different organization communication tools designed to provide true and transparent information about a company's or a brand's integration of its business operation, social and environmental concerns and interactions with stakeholders." (p. 75)

Podnar (2008) created a model of CSR Communication (Fig. 2), which illustrates his definition. When all three aspects are integrated, encompassing the noise (*corporate capabilities and policies* from the Business operations side, and *shareholder demands*

Figure 2: CSR Communication

(Podnar, 2008, p. 76)

and expectations from the Stakeholders side), the business's CSR activities should be communicated with the truth – being careful not to promise too much, and not being able to deliver it in the end.

Morsing and Schultz (2006) add, that CSR Communication should be “sent” in a two-way manner. Today, there is a prevalence of the CSR message going one-way; corporations to the public (which Morsing and Schultz call *sense-giving*). Though, the two-way communication (*sense-giving + sense-making*) is the optimal way to reach good understanding between all parties. This two-way communication needs to be in terms of 1) pointing CSR information to all parties (stakeholders, internally-externally); 2) non-financial reports as indirect CSR Communication; and 3) engaging stakeholders as a proactive consentient in CSR Communication.

3.4. CSR standardization

In addition to CSR communication, since this study is attempting to find CSR standardization, it is relevant to define what standardization is and standardization related to CSR. Standardization generally refers to “*formulation, publication, and implementation of guidelines, rules, and specifications for common and repeated use, aimed at achieving optimum degree of order or uniformity in a given context, discipline, or field*”⁸.

All the standards and guidelines, rules and other means to steer companies to engage in CSR, should be gathered in, according to ISO “*a document, established by consensus and approved by a recognized body, that provides, for common and*

⁸ <http://www.businessdictionary.com/definition/standardization.html>

repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context” (ISO, 2007d in Schwartz and Tilling, 2009, p. 291). ISO describes the upcoming ISO 26000 standard as “striving for a voluntary, common basis for organizational social responsibility: “Our work will aim to encourage voluntary commitment to social responsibility and will lead to common guidance on concepts, definitions and methods of evaluation” (ISO, 2007c)” (in Schwartz and Tilling, 2009, p. 291f).

In this study, CSR Standardization will be based upon the formulations and suggestions made by Schwartz and Tilling (2009). Since standardization reflects a one-size-fits-all approach it is particularly hard to standardize CSR because of the conflicting and rather complex issues and interests of corporations. Schwartz and Tilling (2009) suggest that, as ISO 26000 is standing for, agreeing on a “lowest common denominator” so that it does not interfere with all business operations but accumulates and gives rational objectives that need to be fulfilled to legitimize the corporate responsibility in a company.

3.5. Connected framework

To connect all of the elements of the conceptual framework for this study, a figure (Fig. 3) was made, not necessarily showing any step-by-step process, but rather showing the important components when attempting to standardize CSR.

Figure 3: CSR Standardization for B2BSEs



Self-made figure

CSR has been defined with the complementary element of CSR2, which is a helping measure for CSR and B2BSEs. The multi-stakeholder dialogue is a very crucial element for CSR to be standardized because the company has to ensure to engage all stakeholders (multi-stakeholder approach) and take all into account when reaching decisions. Last but not least, and the element, which will keep the CSR connected, is the CSR communication and CSI for B2BSEs. Communication will enable the multi-stakeholder approach, and also reach transparency and legitimacy. CSI will help B2BSEs gain additional value for their business purpose where they are encouraged to be innovative and can communicate their functionality to their targeted groups. The surrounding organizations and institutions: the OECD, the ISO, the UN, the EU and the Nordic/Sweden council, represent all the current strategies, guidelines, public documents, policies and standards given to try to influence and support CSR in companies.

4. METHODOLOGY

Research design, data collection, sampling method, data analysis, and issues of the chosen methods, including biases, quality, validity, reliability and generalizability are included in this section. All of these aspects are relevant in research to make sure the reader understands how this study has been planned and conducted.

4.1. Research design

This study was conducted in a qualitative manner where the primary data was collected from documents, including policy documents; reviews on international, EU and national guidelines; and other documents found relevant to the topic, which are outlined in a table in section 4.3.1. The secondary data was collected from interviews. Content (text) analysis was applied as a tool for the analysis of both the interviews and the documents. This study is rather deductive where the topic, is it possible to standardize CSR was tested. It is a rather explanatory study, though, with implications of emancipation and critique because the study goes into the documents and interviews to see what is happening with CSR, and questions the standardization and approaches to CSR thus far.

4.2. Data Collection

This study used two main approaches to collect relevant data. The primary data was collected from a wide range of documents, which were carefully analyzed. The secondary data, collected in the form of interviews was mainly used to clarify and confirm data from the documents.

4.2.1. Primary Data

Document collection is a rather lucrative process. By choosing relevant documents, to the topic at hand, from different resources, it gives a more confirmative research because of similarities or differences when analyzing them (Silverman, 2011). Documents are the primary source of data because CSR is a broad topic that has been communicated and outlined mostly through documents and reports. However, making a choice of documents is a very time consuming process. Moreover, one can never be entirely sure if the right documents have been included, if other relevant documents have been overlooked, or if the documents already chosen are correct.

4.2.2. Secondary Data

The secondary data was collected from interviews. Since very few interviews were conducted, interviews are set as being secondary data, which will help in confirming and mostly clarifying the analyzed documents. The interviewees were offered anonymity but it was preferred that they chose not to be anonymous due to the higher reliability of the study. The interviews were semi-structured, with open-ended questions, where follow-up questions were enabled (Silverman, 2011). The sampling method is explained in the below subsection.

The interviews were informant and were conducted with interviewees who are professionals with sitting knowledge and who were able to explain the facts, rather than experimental beliefs. This allowed for candid responses during which time the interviewees were able to articulate and debate questions (Kvale, 2015). At the end of the interview, however, the interviewees were asked about what they believe could happen with CSR, which represented their personal beliefs and that can be looked upon as a respondent question (Silverman, 2011; Kvale, 2015).

4.3. Sampling method

The sampling method is crucial to explain because of the quality and transparency of the study. In the following two subsections, document sampling and interview sampling has been summarized to get an insight into how they have been respectively chosen.

4.3.1. Documents

Documents have been collected according to the relevance of CSR standardization and CSR communication. The documents were selected as such to stem from the EU, the Swedish government and the crucial organizations launching guidelines and standards: the UN, the OECD and the ISO. Another bonus document was included when searching for Swedish documents, which is the Nordic CSR strategy, developed by the Nordic Council of Ministers (NCM). Since some of the documents are not available to the public or are not for free, some of the documents were chosen to be as close to the original source as possible; e.g. ISO guidelines summary, GRI/ISO reporting and ISO policy brief. The International Labor Organization's Declaration on Fundamental Principles and Rights at Work (ILO), which is a very important document, is not included in the analysis in itself, because it is referred to in all other documents. This document is solely on the labor rights, which are stated and summarized in respective documents that are used in this study.

A couple of reviews, as part of these documents include critiques and suggestions, outlined from parliamentarians and other reviewers. Table 3 below staples the documents chosen for analysis. These critiques and suggestions are considered positive, since the study does not want to exclude any kind of information, whether positive or negative, as to enable a legitimized study, where the researcher is aware of "all sides of the story". Taking into account the negative aspects brings a more reliable result (Silverman, 2011).

Table 3: Documents for Analysis

EU	Sweden/Nordic	Other	Reviews
COM (2001) 366 GREEN PAPER Promoting a European framework for Corporate Social Responsibility	Nordic Strategy for CSR	Discovering ISO26000	A5-0133/2003 Bushill-Matthews
COM (2002) 347 Corporate Social Responsibility: A business contribution to Sustainable Development	Sustainable Business – A platform for Swedish Action	GRI G4 Guidelines and ISO 26000:2010 on reporting + ISO 26000 and the International Integrated Reporting <IR> Framework briefing summary	A5-0159/2002 Howitt
COM (2011) 681 A renewed EU strategy 2011-14 for Corporate Social Responsibility		OECD Guidelines for Multinational Enterprises 2011 Edition	N1/2012 ETUI Policy Brief, ISO 26000: The new face of corporate social responsibility?
Directive 2014/95/EU - Amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups		UN Global Compact Strategy 2014-2016	The European Alliance for CSR, Progress Review 2007
Europe 2020 Strategy - A European strategy for smart, sustainable and inclusive growth		CSI - Breaking through- How corporate social innovation creates business opportunity	
EUs guide to communicating about CSR			

4.3.2. Interviews

Interviewees were mainly selected by snowball sampling. First, centrally responsible contacts were reached by e-mail, and then they suggested who could be contacted further, and who was most probable to have the correct and reliable information needed (Kvale, 2015). Then these individuals were contacted, and interview dates were set. Representing the Swedish government, the CSR ambassador was successfully consulted and an interview was conducted. In regards to the EU, the crucial parliamentarian for CSR connected to Sweden, Richard Howitt was not successfully contacted, and therefore only documents were used in regards to the EU's point of view. To compensate for that interview, however, reviews from parliamentarians, among them Howitt's, have been included in the document analysis. In this way, the study can gain information also from the European Parliament (EP).

The representative from the ISO, who chose to be anonymous, gave an interesting interview about how ISO sees CSR. Unfortunately, no other interviews from, e.g. the UN or the OECD, were managed to be conducted, but documents from the respective organizations were analyzed. To get a view into how B2BSEs think and work with CSR, Nyamko Sabuni was interviewed. She was a minister in the Swedish government for equality, now working as a sustainability manager at a large private company, ÅF consulting, dealing with business-to-business services. Sabuni was chosen because she has a background within the government and now working for a B2BSE. Also, the researcher has contacts within ÅF, which eased the process of finding relevant companies for this study. In the below table, interviewees, their profession, organization, when and where the interview was conducted, and how long it took, are summarized.

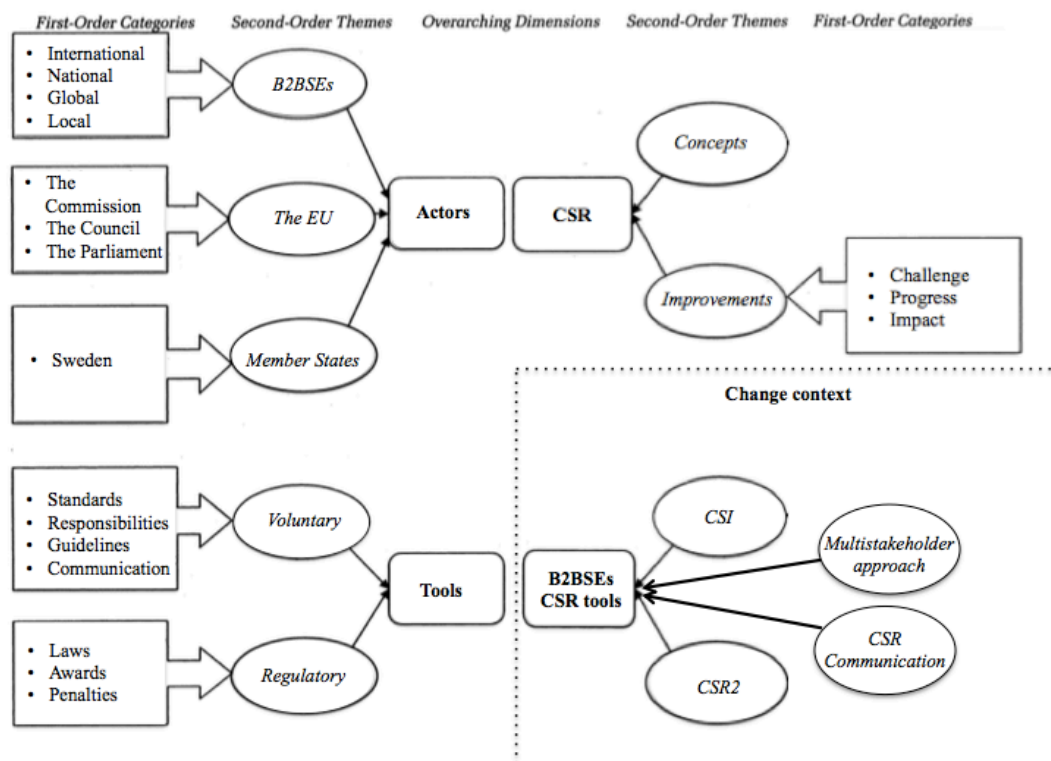
Table 4: Interview for analysis

	Profession	Organization	Date	Place	Duration
<i>Bengt Johansson</i>	CSR ambassador	Swedish Government, Ministry of Foreign Affairs	13 th March, 2015	Gothenburg University	60 min
<i>Anonymous Sustainability Consultant</i>	Owner and Senior Advisory Consultant	Sustainability Advisor	16 th April, 2015	Skype	65 min
<i>Nyamko Sabuni</i>	Sustainability Manager	ÅF Consulting	13 th April, 2015	ÅF headquarters Stockholm	35 min

4.4. Data Analysis

There are many ways of executing analysis on gathered data. In the following two sections, how the documents and interviews were analyzed and which methods were chosen and why are briefly explained. Both the interviews and documents were scanned for word-frequency in the software program NVivo, which was downloaded for the purpose of this thesis. It eases the coding process and allows for more detailed coding, which has also been done in order to ensure a better understanding of the occurrence of the concepts and relationship between them across the documents, including policy documents and reviews, and interviews. NVivo makes it easier to keep the coding organized, and have a clear and structured outlook on the results. Regarding word-frequency, it automatically finds frequent words, which saves considerable time.

Figure 4: Data Structure



(Inspiration from Nag et al, 2007, p. 828)

In order to more easily have an overview of the data structure subject to analysis, Figure 4 shows the main concepts and categorization. The first-order categories represent words, which are connected and assembled into second-order themes. These second-order themes are then categorized into four overarching dimensions. The three dimensions outside the dotted box represent key factors transforming into B2BSEs' CSR tools, which are involved in this thesis and are crucial in the analysis. Shortly, all concepts outside the dotted area are key elements, which are included in the "change context" where they transform into the adapted tools for B2BSEs to improve their

CSR activities and behavior, taking into account the obligations and responsibilities of CSR, taking help from relevant actors and using applicable tools. These tools will be carefully examined to a later arrival of a conclusion.

In the dotted box, change context, the information is ordered according to themes and overarching dimensions as the others, though without any first-order categories. This set of dimensions represent the “how it could be done”. The overarching dimension is “*CSR tools for B2BSEs*”, containing CSR2, CSR communication, multi-stakeholder approach and CSI. These represent a suggested solution, a framework that can be used for B2BSEs to increase the efficiency of CSR and its use in these companies, is analyzed and discussed in the following sections “empirical analysis” and “discussion and further research”. In the following two second-subsections, the analysis of the documents and interviews are explained.

4.4.1. Documents

The documents are analyzed to “elect meaning, gain understanding, and develop empirical knowledge” (Bowen, 2009, p. 27). They are the means for analysis to give ground for the study and provide historical context that is helpful to understand further development (Bowen, 2009). Since documents are the primary source of data collection in this study, it is not only providing a steady ground, but is also covering most of the information needed because of the large usage of CSR communication through documents and reports. “Documents may be the most effective means of gathering data when events can no longer be observed or when informants have forgotten the details” (Bowen, 2009, p. 31).

The method chosen for analyzing the documents is a textual analysis. There are many types of textual analysis, and the one fitting best to this study is *content analysis*. Content analysis focuses on words or concepts, how frequent they are in a text, and which meaning they have in - and across texts. To analyze content is very time-consuming where the core is to list concepts then count the number of times those concepts occur in every text that has been chosen for coding (Carley, 1993). The concepts are usually, then, narrowed down into groups, or categories, to make the analysis easier to understand and generalize (Rennstam and Wästerfors, 2011).

This study has been analyzed in a manner where 100 relevant words were chosen and then assembled into 17 coding categories: *actors, award/penalties, B2BSEs, challenges, communication, concepts of CSR, the EU, impact, international, MSs, progress, regulations, responsibilities, standardization, Sweden, tools and methods, and voluntary based*. Additionally, every document has been run through a word frequency test to acknowledge the top 20 most frequent words. Many of them were irrelevant and words such as *also* and *because* were included. To enable a significant word count, the 100 most frequent words were allowed, to later extract the top 20 relevant words in all documents, and 10 for reviews, fitting into the 17 coding categories mentioned above.

4.4.2. Interviews

Interviews were analyzed in the same manner, with relevant word counts, fitting in the 17 categories. Since interviews are not always as extensive as documents, expected words might not occur in the same sense as in the documents. Therefore, when doing the first, general word counts, of the top 100, the top 10 words are included, instead of 20.

4.5. The qualitative aspects of reliability

In the following subsections, quality, reliability, validity, generalizability, and ethics are outlined to explain the importance and awareness of these aspects in the study.

4.5.1. Quality

To ensure this study will be of good *quality*, the topic was considered first and foremost. It is a timely and highly popular topic, and it is relevant. Triangulation allows the study to use different methods and data combined to see if they correlate to give the study more objectivity and accuracy (Silverman, 2011).

Tracy (2010) represented, as she calls it, an “eight-point conceptualization of qualitative quality” which includes: worthy topic; rich rigor; sincerity; credibility; resonance; significant contribution; ethics; and meaningful coherence. In this study, as discussed in this section, all of these quality points have been considered and held in context throughout the research. To ensure all these qualities, it was important to, already from the start, have these in mind and consider them throughout the research as well as during the analysis and conclusion.

4.5.2. The trinity of reliability, validity and generalization

The trinity is explained very well in Kvale’s article from 1995, *Social Construction of Validity*. It is important to raise these aspects to ensure the study has a reliable ground, where all parts have been considered and respected, and measures taken to verify the research and the data extensively.

4.5.2.1. Reliability

Reliability focuses on the uniformity and trustworthiness of the findings and whether other researchers are able to reproduce the study (Kvale, 1995). The more information on the same topic the more reliable and justifiable it will be (Silverman, 2011). To make sure this study is reliable, information has been collected from verified sources such as the European Union, and the respective organizations own data archive. Also the interviewees have been chosen to be high positioned and relevant persons connected to the organizations/institutions in this research.

4.5.2.2. *Validity*

Validity is referring to the truth and how correct the findings are: is it strong enough?; is it justifiable?; and is it convincing and well grounded? But also, in the field of social science, validity is often connected to the question “are you measuring what you think you are measuring” (Kvale, 1995). Many resources have been collected in order to gain as much information as possible, which makes the study rich rigor, confirming information from different points of view. This in turn legitimizes the study and makes it more valid (Tracy, 2010).

To have valid *coherence* is a very vital factor, and since this study uses primarily different documents as resources, and only three interviewees as secondary for “clarification and support” of documents, it is important that the chosen interviewees are as “high up” as possible to ensure that as much quality information is gathered, from “the right person”. During the investigation, the question “are you measuring what you think you are measuring” appeared many times, and in order to keep a red thread and ensure the validity, the resources and literature had to be analyzed and reviewed many times.

4.5.2.3. *Generalizability*

Generalization refers to if you can transfer the study to other contexts and situations (Kvale, 1995). Since this investigation concentrates on Sweden, this might be problematic to generalize for the whole EU, because it is only one country. Hence, the study has a chance to generalize for B2BSEs within Sweden, but also for other member countries to see how the relation – member state-EU – can be clarified and strengthened regarding CSR in order to help one another. This study could be applicable to all companies operating with technological innovative solutions, being it products or services.

Though, when doing interviews, it may prove difficult to generalize the findings because too few subjects were interviewed. Since the interviews here are being used as secondary data - only to clarify and support the primary data, documents, the low sample number of interviews does not become a considerable issue (Kvale, 2007).

4.5.3. *Ethics*

Regarding the consideration of *ethics*, concerning mostly the interviews, Kvale (2010) mentions seven areas of issues throughout the process of conducting interviews: *thematizing, designing, interview situation, transcription, analysis, verification, and reporting*. Every step throughout the whole process needs to be considered in an ethical manner and correlated with validity.

When planning the interviews, the interviewees always need to be informed about the process of the study and which purpose it serves. Interviewees need to feel secure and confident where consequences need to be considered. When conducting the interviews, the interviewees were given all necessary information so that they felt

secure and while they were offered anonymity, they were also told that it would be preferable if they chose to state their names in order for the study to be more reliable and verifiable (Kvale, 2007).

When the interviews finally take place, some crucial facts need to be considered, amongst them also the state of the interviewee, e.g. stress. The mood depends on how “willing” the interviewee is to provide full information or only some parts of it, if they will have the strength to care too much to actually engage in the interview to help the researcher or to just respond to the posed questions (Kvale, 2007).

After the interview, when transcribing, there is an ethical issue of loyalty to the oral statements, but also confidentiality that needs to be protected. When analyzing, verifying and reporting, the researcher has a responsibility to make sure the interviews are verified and secure, and also has a responsibility of the confidentiality when reporting to the public, and the consequences of the report for the interviewee and the company (Kvale, 2007).

4.6. Critics to the chosen methods

As mentioned in many of the subsections above, there are issues that need to be taken into account in order for the reader to know that the researcher has done everything to make the study as reliable as possible and ensure good quality.

To avoid difficulties, documents have been chosen to comply as much as possible with the original source. For example, when it comes to the ISO 26000, it is not possible to access the full document, without paying for it, so a lack of total information is missing. Though to compensate for this lack of total information, reliable reviews and critiques were taken into account to see if users have come across any issues with the documents at hand. Additionally, the respective interviews serve to confirm and control what has been written, and to clarify any inconsistencies with the documents.

Regarding the interviews, as can be noticed only three interviews were conducted. This can question the reliability, though, as mentioned in the sections above, since interviews are secondary data, and the interviewees are responsible individuals coming from organizations that use the documents, they then serve as controlling sources. There is always a discrepancy regarding interviews. One can never be sure if what the interviewees state is the exact truth, if they are omitting information, or if they are refining it to avoid negative attention.

Content analysis, which is used for analyzing both documents and the interview, is a widely used method in qualitative research. Though, analyzing content is a rather time-consuming process: e.g. the preparation of data and difficulties when trying to relate the texts. There is also an essential theoretical issue when only extracting concepts – the meaning of the words might not be the same in all contexts because

one word can have very differing meanings to each person (Carley, 1993). Since there are not a lot of interviews, personal usage of words is not a big issue. Documents have a tendency to mean the same thing, especially when it is written from or for the same institution/organization.

A personal bias also exists, as the researcher is rather passionate about CSR and the wish to make corporations more sustainable and responsible. Additionally, regarding corporations' behavior and position – the researcher has a general opinion about capitalism and how bad it is for CSR; therefore, extra criticism may be sensed. Though, to minimize the bias, impartial individuals were consulted in order to neutralize the contrast. Furthermore, since this research is not about whether CSR is good or bad, but about which measures have been taken, and how it can be standardized, this bias will play a very little roll, theoretically.

5. EMPIRICAL EVIDENCE

Standards and guidelines have been active in the European Union since the 90s. They have been written, rewritten, added, and taken away ever since (Mullerat, 2013). More and more organizations, like the UN, the OECD, and the membership organization ISO, have written and published guidelines and standards that are today very well-known and widely used in most companies in, not only in Sweden and Europe, but also the whole world. Since the main analytical data has been exactly from these three organizations, and from the EU, the Swedish government and the NCM, they will now be presented document by document. Included in this presentation will be the three conducted interviews, covering the Swedish Government's CSR work, ISO 26000 standard, and a company view on CSR. Finally, the last three documents are two policy briefs on the EU Alliance and ISO, and a report from the High Level Group (HLG).

5.1. The EU

Regarding the EU, six major documents have been analyzed, two reviews from parliamentarians representing responses from the EP, and two additional documents from the European Alliance, and the HLG (see Table 3, p. 24). The first three documents are from the EC, whereby in 2001 a document was first published as a GREEN PAPER where the EC was promoting a CSR framework (COM (2001) 366). In this paper, the EC tried to explain the notion of CSR. To summarize their reflection, CSR is about companies integrating social and environmental concerns in their business and in their dialogue with their stakeholders, on a *voluntary* basis; CSR is about going beyond legal compliance and is relevant for *all* types of business – from micro-businesses to multinational enterprises. Additionally to this context of CSR, the EC has included internal and external dimensions of CSR, which states how to respect the internal business including labor rights, health, and safety; and the external environment including partners, suppliers, consumers, and how you affect human rights outside your business (COM (2001) 366).

While it is evident from the explanation and clarification that the EC was proposing a framework, they, however, did not clarify the nature of the framework, i.e. would it be regulatory or voluntary. In some parts they only state the mere existence of a framework, but in others they provide reasons as to why some countries should incorporate even a regulatory and legislative framework “in order to define a level playing field on the basis of which socially responsible practices can be developed.” (COM (2001) 366, p. 7). In another aspect, the EC states that if a strong framework is built, it can be used for promotion of CSR (COM (2001) 366, p. 11).

Apart from the framework confusion, the EC tries to stress the importance of a *holistic approach to CSR*, which basically means that all aspects of CSR: human rights including labor rights, Social Responsible Investment (SRI), environmental aspects, anti-corruption, socially responsible management systems, etc., should be

incorporated in all areas of a company's business, throughout the whole supply-chain, including reporting and auditing (COM (2001) 366). In the conclusion of this document, the EC asks questions about what the EU can do, which role it can play; and what the companies can do. Moreover, they are seeking advice from relevant stakeholders and actors, as well as relevant and efficient methods in implementing and evaluating CSR involvement (COM (2001) 366).

The EP, in 2002, represented by Richard Howitt, responded to the COM (2001) 366 stating that the EC needs to clarify and define CSR in broader terms, they ask for a clarification and proposal on reporting and auditing, transparency, social labeling, and on how companies' performance can be gathered and published. The EP suggested that the EC calls to conventionalize CSR in all areas of EU proficiency and for an *EU Multi-stakeholder Platform* to be created where companies and stakeholders can get together, present standards and guidelines and support each other in implementing them, as well as, undertake initiatives based on international standards. In this platform, relevant organizations presenting guidelines and standards, e.g. the OECD, were to be contacted to encourage partnerships and coverage of all current and coming standards/guidelines concerning CSR (Howitt, 2002/2069). Throughout the EPs' response, they suggest that the EC needs to mainly clarify all the statements and that they need to incorporate aspects such as relationships to third-world countries and a broader and more crucial approach to stakeholders and their role (Howitt, 2002/2069).

The next document is the COM (2002) 347 - "Corporate Social Responsibility: A business contribution to Sustainable Development" where the EU took the EPs', as well as other actors and organizations' responses into consideration. Enterprises stressed the voluntary nature and that there is no "one-size-fits-all" solution; investors sought for improved transparency and disclosure; and consumers asked for trustworthiness and complete information about social and environmental conditions, but also ethical, regarding products and services. Though there were two groups standing out in these responses: trade unions who did not believe in only voluntary initiatives and advocated for a regulatory framework including minimum standards; and the Committee of Regions who asked for the EU to provide a framework which would raise awareness and promotion (COM (2002) 347). The responses from the various actors, therefore, presented three main opinions: voluntary based; regulatory framework; and framework – uncategorized (not stated whether it should be voluntary or regulatory).

Based on the given responses from the various actors and organizations, the EC clarified CSR by writing that the main features are:

CSR is behavior by businesses over and above legal requirements, voluntarily adopted because businesses deem it to be in their long-term interest; CSR is intrinsically linked to the concept of sustainable development: businesses need to integrate the economic, social and environmental impact in their operations; CSR is not an optional "add-on" to business core activities - but about the way in which businesses are managed (COM (2002) 347, p. 5)

The EC also included a global dimension, where CSR is extended to worldwide consideration because of the globalization resulting in business and trade across borders.

Moreover, the EC stresses that CSR is the responsibility of companies, but that the whole community needs to work together in communicating and promoting the aspects, its implementation and evaluation. Therefore, they suggest an EU action framework for CSR, where knowledge needs to be increased through training and education to develop CSR management skills; exchange of experiences and good practices; and encourage the usage of tools, including standards, guidelines and codes of conduct (COM (2002) 347). The EC then goes further into relevant policies, e.g. the EU policy, enterprise policy, labeling policy, consumer policy, environmental policy, and the public procurement policy among others, so as to try to clarify the promotion and involvement of all aspects.

The EP, this time represented by Philip Bushill-Matthews, reviewed the second proposal and they found it more acceptable, which led the EP to confirm a creation of an EU policy framework for the *promotion* of CSR, but that it “must be firmly placed in the context of Sustainable Development and therefore take into account all of the dimensions of business impact on the economy, on society and on the environment in an integrated way” (Bushill-Matthews 2002/2261, p. 18). Further suggestions and guidelines were stated and this document provided the EC with the consent to begin creating a more precise and usable document for CSR.

The following years resulted in more detailed proposing of documents regarding, for example, trade and partnerships. A so-called political umbrella, the “European Alliance for Corporate Social Responsibility” was formed and launched in 2006, but *the Alliance is not a legal instrument to be signed by enterprises* (IP/06/358, p. 1). This “political umbrella” instead, gathers initiatives, both current and upcoming, from all kinds of companies and their stakeholders. The Alliance promotes partnerships and exchange of experiences and good practice in order to strengthen cooperation, improve integration, and together with companies and stakeholders improve knowledge about CSR for more effective implementation and the creation of a more sustainable corporate EU (IP/06/358).

After four years, from the launch of the Alliance, in 2010 the “Europe 2020: A strategy for smart, sustainable and inclusive growth” was launched. Europe 2020 emerged as a recovery solution from the economic crisis, which weakened growth and progress. This was an important step for CSR as well, since the key words of Europe 2020’s proposal for change were *smart, sustainable* and *inclusive growth* – connecting to CSR because all changes and goals are of the nature of sustainability. Five principal targets were set out, pointing to where the EU needs to be by 2020:

- 75 % of the population aged 20-64 should be employed.
- 3% of the EU's GDP should be invested in R&D.
- The "20/20/20" climate/energy targets should be met (including an increase to 30% of emissions reduction if the conditions are right).
- The share of early school leavers should be under 10% and at least 40% of the younger generation should have a tertiary degree.
- 20 million less people should be at risk of poverty.

(COM (2010) 2020, p. 3)

Europe 2020 sought for a change through a thematic approach – combining priorities and headline targets; country reporting – enabling help to MSs to develop strategies; small sets of integrated guidelines; and the partnership approach – extending from the EU down to the regional authorities and all stakeholders (COM (2010) 2020). Europe 2020 does not mention any international guidelines or standards, but concentrates on the recovery of the European economy and growth, being particularly difficult with globalization, thus in a smart, sustainable and inclusive way (COM (2010) 2020).

In 2011, the COM (2011) 681 “A renewed EU strategy 2011-2014 for Corporate Social Responsibility”, was launched, which is the current strategy that MSs are using. COM (2011) 681 came as a result of promises in proposals that a new strategy was coming up in *inter alia* the Single Market Act and the Europe 2020 Strategy. In this document, the EC invites all MSs to draw up a national plan to promote CSR. Apart from standing by their definition of CSR from 2001, they include a modern understanding of CSR, which incorporated two new main features: “businesses maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large; and identifying, preventing and mitigating their possible adverse impacts” (COM (2011) 681, p. 6).

In this renewed version of the strategy, there is an increased importance of stressing stakeholder dialogue, multi-stakeholder consideration, and social dialogue or simply a considerable increase of communication, information exchange and stakeholder inclusion. But, for their main agenda of action, eight points were raised: enhancing the visibility of CSR and spreading good practices; improving and tracking levels of trust in business; improving self- and co-regulation processes; enhancing market reward for CSR; improving company disclosure of social and environmental information; further integrating CSR into education, training and research;

emphasizing the importance of national and sub-national CSR policies; and, better aligning European and global approaches to CSR (COM (2011) 681).

In the COM (2011) 681, section 3.2 “Internationally recognized principles and standards”; the EC is referring to the OECD, the UN, ISO and ILO (these, excluding ILO, will be explained, their relevance and convenience in the following sections). The EC states that the European policy to promote CSR is based on the below principles, which is crucial aspect to keep in consideration:

For companies seeking a formal approach to CSR, especially large companies, authoritative guidance is provided by internationally recognized principles and guidelines, in particular the recently updated OECD Guidelines for Multinational Enterprises, the ten principles of the United Nations Global Compact, the ISO 26000 Guidance Standard on Social Responsibility, the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the United Nations Guiding Principles on Business and Human Rights. This core set of internationally recognized principles and guidelines represents an evolving and recently strengthened global framework for CSR. European policy to promote CSR should be made fully consistent with this framework (COM (2011) 681, p. 6f).

As a complement to a formal approach, in 2011 the European Union launched “A guide to communicating about CSR”. This short document answers questions about why it is important to communicate CSR; how it benefits businesses; to whom a business should turn to and how they should communicate. A company’s customers, employees, local community and the local press are the primary judges of what they are doing. It is important to tailor make the content of communication to the company’s varying audience; sort the information and organize how and to whom the company will distribute it to. The guide does not give specific directions on how companies should communicate, but instead gives examples of common tools, e.g. meetings, newsletter, websites, and brochures. Lastly, the guide gives an overview of how a business should communicate internally with their employees and staff. The EU even extends their suggestions under the sub-lines: company value statement; regular all-staff meetings; new employee orientation; suggestion boxes; posters and banners; newsletters; memos or emails; internal videos or brochures; and intranets (DGGROW, 2011).

The last document, and the only legislative act regarding CSR, is Directive 2014/95/EU, which amended Dir. 2013/34/EU “as regards disclosure of non-financial and diversity information by certain large undertakings and groups”. This Directive legally binds companies in terms of reporting, disclosure and transparency of companies’ operations, i.e. companies are bound to present their consolidated non-financial statements.

This Directive regards large parent undertakings with a minimum of 500 employees on average during the financial year...

...shall include in the consolidated management report a consolidated non-financial statement containing information to the extent necessary for an understanding of the group's development, performance, position and impact of its activity, relating to, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.

(2014/95/EU, p. 7)

Subsidiaries, who are also parent undertakings are exempted from the obligation of Dir. 2014/95/EU. In the Directive, it is included that:

The report shall also consider, taking into account developments in the OECD and the results of related European initiatives, the possibility of introducing an obligation requiring large undertakings to produce on an annual basis a country-by-country report for each Member State and third country in which they operate, containing information on, as a minimum, profits made, taxes paid on profits and public subsidies received.

(2014/95/EU, p. 8)

In 2013, the HLG on business service (BS) was launched, based on two initiatives: one by the EC's Industrial policy for the globalization era COM (2010) 614 "to examine market gaps, standards and innovation and international trade issues in industries such as logistics, facility management, marketing and advertising" (ECEU, 2014); and the other by the Single Market Act I COM (2010) 641 "Given the importance of business services (BS), the Commission will set up an HLG to study the shortcomings of this particular market" (HGL, 2014, p. 9).

The purpose of the HLG is to help policy makers better understand the current challenges in the sector and to identify ways to improve the level of productivity and innovation of business-services. The HLG specifically looked at the link between business services and manufacturing. Stakeholders from business service providers, industry, standardization, and unions are represented in this HLG.

(ECEU, 2014)

The HLG finished its work in April 2014, and the final report was analyzed for this study. The HLG has identified three factors that should be considered by the Commission: 1) the BS market is disintegrated which results in major challenges for policies and the business world; 2) there has been an increase of upcoming domestic BS firms on the strongest markets, e.g. China, and therefore the European BS firms need to secure and strengthen their current position, not to be overthrown by the new growing markets; and 3) because of the rapid usage and innovation on the world wide web, with everything becoming digitalized, it is important that the BS firms support firms who eventually will try to capitalize the "internet of things" or "we 4.0" - connects all devices in the real and virtual world in real-time (FWB, 2011) (HGL, 2014).

The HLG outline why it is so important to consider the BS market where it accounts for more than 11.7% of the EU economy. BSs have grown faster than the EU economy itself. In a ten-year period from '99-09' the growth rate for BSs was 2.38%, for the EU economy it was 1.1%. Regarding employment during the same period, the growth rate for BS was 3.54%, and for the EU merely 0.77%. The HLG believes that this trend will continue and have an even greater impact in the 4th industrial revolution – which will be enabled by the web 4.0 (HGL, 2014).

Figure 5: HLG's 2020 vision for Business Services

The High Level Group's 2020 vision is that *Europe should:*

- *drive an industrial renaissance through thriving Business Services that deliver innovation, growth and high quality employment...*
- *using a combination of technology and skills...*
- *to create solutions that are of value to business service firms themselves, as well as their clients, customers and society as a whole.*

Key to achieving this vision is Business Services being provided within:

- *a supportive regulatory and standards framework...*
- *including an integrated Internal Market...*
- *which enables them to exploit their full potential to capture a significant proportion of the global market opportunity...*
- *and therefore drive economic transformation in a sustainable European Society.*

(HGL, 2014, p. 12)

Figure 5. covers three points of HLG's 2020 vision, including BSs to grow and innovate, to create employment and solutions that are beneficial for themselves, as well as the society as a whole. Accompanying these visions are four key elements for achieving them, including standards, frameworks, an integrated internal market, discovering the global market, and contribute to a sustainable transformation of the European Society (HLG, 2014).

To be able to achieve the HLG vision for 2020 there are six particular issues that need to be dealt with: 1) *Reducing administrative burdens in the Internal Market*; 2) *capitalizing on the 4th industrial revolution*; 3) *changing the focus of public procurement*; 4) *addressing skills shortages and employment challenges*; 5) *internationalizing BS*; and, 6) *giving Business Services a voice through partnership and representation* (HGL, 2014, p. 14).

The HLG delivers extensive information of how this could be done, *inter alia*, outlining instruments that can be used, which are: regulatory instruments, standards, market-based instruments, informative instruments, cooperative instruments, and economic instruments. They stress the importance of building strong relationships between the supplier and client, but also between all stakeholders, especially in the decision-making process. The HLG also emphasizes the future growing use of outsourcing, because more and more firms will aim at concentrating on specific competences (HLG, 2014).

5.2. The Northern Countries and Sweden

5.2.1. The Swedish government

CSR became a part of the Swedish government in 2002. It fell under the premises of the Ministry of Foreign Affairs because they were already in conformity and contact with the OECD, leading to a natural belonging of CSR in that ministry (Johansson, 2015). Because of Sweden's forefront in aspects concerning CSR, Swedish companies have managed to get a better image of awareness and social responsibility (Mullerat, 2013). The leading Swedish document regarding CSR is "Sustainable Business – A platform for Swedish action".

This platform, published in January 2014, is seen as a response from the Swedish government to the EC's 2011 CSR strategy. The Government states in the very beginning of their strategy that, "yes, it is the Swedish CSR strategy, *but*, we will not call it CSR, we use the term sustainable business (hållbart företagande)", this is because they wished to use a Swedish term and not an abbreviation (SweGov, 2014). Based on the international standards and principles, sustainable business is important because it is vital to ensure long-term growth and value creation. Sustainable business is even more relevant since globalization, because of the need of conformity between the many international and national standards, which apply to the various countries involved in business and trade (SweGov, 2014).

Based on the principles of the OECD and UN, the core areas in this platform involve human rights; work requirements; the environment; and anti-corruption. The ground is that enterprises themselves need to engage in long-term business models, which are based on sustainability involving social and environmental concerns. The Government adds that investors and consumers are the most important stakeholders for companies because they can "strengthen and reward efforts undertaken by enterprises" (SweGov, 2014, p. 6). Also, the media has a role where they can act as a monitoring force raising public awareness regarding businesses' impacts on the society (SweGov, 2014).

Continuing on the international standards and guidelines, the Government refers, in the platform's fourth section, to the: OECD, UN, ILO, ISO, GRI, the EC's CSR strategy, but also the Nordic CSR strategy. In the fifth section they describe their own role in sustainable business: mostly mentioning state-owned companies and agencies,

and how much influence, impact, and support they can contribute with. The section 5.3 on “Social innovation and social entrepreneurship” was especially interesting (SweGov, 2014) because none of the documents directly discuss CSI, nor mention it by that precise name, so it was important to try to find similarities and this section showed a hint of that very concept.

This section of social innovation and social entrepreneurship is about how it is important to enhance the national innovation strategy, and increase the understanding and development of conditions constructive to social innovation and entrepreneurship (SweGov, 2014). Even though this part is about entrepreneurship, it can, essentially, very much apply to the B2BSEs. This is because B2BSEs need to constantly be on the edge and innovate new solutions for their clients, which can be seen as a parallel with entrepreneurship, because of the constant need to create new offers. Naturally, the offers can be very similar, but the innovations always need to be updated and modern for the services to be desirable to the clients. Therefore, *social* innovation is crucial, to encompass the sustainable business value.

In the last two sections of the Swedish Platform, the Government points out how to promote sustainable business and which advice and tools can be used. The Government stresses the importance of governmental engagement to always support companies in their pursuit to sustainable business behavior. Since the Ministry of Foreign Affairs is handling CSR issues for Sweden, they are the ones arranging consultations, conferences and meetings so as to offer companies a communication channel, where they can create a dialogue – not only between the companies and the government, but also in mediating it out to relevant stakeholders (SweGov, 2014; Johansson, 2015). Moreover, the Government is in constant contact and cooperation with contact persons for the respective organizations producing the international guidelines and standards (SweGov, 2014).

However, Johansson (2015) stated that many companies complain that the guidelines and standards are very unclear, which makes them harder to use. In the interview with the Swedish CSR ambassador (on duty until April 1st, 2015), Bengt Johansson, he stated that nationally, the Government could act as a support and information source, to help the companies gather information to adapt to in order to have a sustainable business. The Swedish Council arranges meetings, and important consultations, where all interested companies and NGOs around Sweden are invited to participate and exchange opinions. Companies are presented with the opportunity to state their concerns and make the Government aware of unclear points and issues that the companies come across (Johansson, 2015). This enables the Government to receive real-time information, and can act in accordance with real problems as stated by the companies. This is a very efficient way, both for the companies and NGOs, but also for the Government to exchange opinions and learn what is expected from each involved actor.

As for the international focus, meaning issues for Swedish companies abroad, Johansson states that the first contact the company should establish is with the Swedish embassy in the country at hand. The embassy can answer the basic questions needed at first, because they have to know what is applicable in the specific country they are situated in. If they, in any case cannot answer the company's problem, they have the knowledge to provide information on the right contact person, for the issue at hand. Though, if an issue comes up that is in terms of the law and a very sensitive matter for the hosting country, it has to be solved on a diplomatic level, due to the avoidance of any conflict between the countries (Johansson, 2015).

Another measure the Government has taken is regarding the GRI and the 2014/95/EU Directive on non-financial reporting; where it states that parent companies of a minimum of 500 employees on average during a financial year should make these reports. The Swedish Government has lowered this to 250 employees, making a considerable increase in the number of companies involved in reporting (Johansson, 2015).

5.2.2. The Nordic Council of Ministers (NCM)

As for the Nordic CSR strategy, which was published in 2012, it is not that much different from the Swedish Platform. It encompasses the countries: Denmark, Finland, Iceland, Norway, Sweden, and the Faroe Islands, Greenland, and Åland. The NCM's vision and two main objectives are:

Integration of social, environmental and ethical concerns into business operations and core strategy in dialogue with stakeholders will become mainstream practice.

(The NCM, 2012, p. 6)

1. to strengthen the long-term sustainable competitiveness of the Nordic business community
2. to strengthen Nordic co-ordination internationally in relation to CSR

(The NCM, 2012, p. 8)

The NCM's CSR "addresses the positive and negative impacts businesses may have on people, communities, society, the environment and future generations – and how these impacts in turn affect business itself" (The NCM, 2012, p. 5). On the top of their list for *areas of priority*, the NCM, as well as the Swedish Platform, outlines the international guidelines and standards written by the UN, OECD, ISO, GRI and the EC's CSR strategy; involving human rights, the environment, the society and anti-corruption. There are some additional initiatives they have taken into consideration: *Responsible business conduct in the Arctic*; *Nordic Ethical Trading Framework: CSR as a tool for sustainable mining in Nordic Countries*. These are very specific for the northern countries, which establishes a community in itself, creating partnerships and collaboration, in supporting each other in the process of becoming more sustainable and responsible (The NCM, 2012). The NCM states that their priority is to:

[...] support Nordic businesses' efforts to address risks and opportunities in global value chains with a special focus on capacity building of business partners, as well as peer learning and best practices sharing with business partners and stakeholders.

(The NCM, 2012)

Again, the exchange of information, partnerships, and co-operation among these countries are the most important factors, as is the involvement of stakeholders, which is of course a very crucial matter in sustainable business.

The inclusion of stakeholders is essential, not only to bridge societal expectations with traditional business needs, but because many of today's challenges are complex and more effectively addressed by engaging stakeholders.

(The NCM, 2012, p. 6)

An important aspect for B2BSEs is the *due diligence process* working like "a risk management tool that enables companies to "know, show and act upon findings" in concerning supply chain partners" (The NCM, 2012, p. 12). The supply-chain can be a very tricky consideration, and many companies ask themselves; "how far does my responsibility reach down the supply chain?" an aspect that will be discussed further in the paper.

5.3. The UN

As for the United Nations and their engagement of social responsibility, they have created, two, very useful, and widely used documents for that matter: *the UN Global Compact Strategy 2014-2016* and *the UN Guiding Principles on Business and Human Rights*.

5.3.1. The UN Guiding Principles on Business and Human Rights

This piece was published in June 2011 – "implementing the United Nations 'protect, respect and remedy' framework" (UNGPBHR, 2011). The UN stated that these guiding principles were grounded on the obligations to respect human rights, from states and businesses; but also because of the need to match all the rights and obligations to effective remedies if and when they are breached. These guiding principles are presented in three major headlines: *the state duty to protect human rights*; *the corporate responsibility to respect human rights*; and, *access to remedy*, all of which have several points that outline the obligations and duties and are followed by further commentaries (UNGPBHR, 2011).

It is the State's duty to always be informed of changes and help promote them, so that adequate measures are taken to protect and respect human rights in the country and their businesses, through domestic policies, legislation, regulation, promotion and guidance. Taking into account international human rights obligations, the State has the obligation to do everything in its power to make sure that, within their territory, appropriate measures and tools are used to ensure protection and respect of human rights (UNGPBHR, 2011).

Corporations – businesses of all sizes, sectors, ownership and structure – have the duty to respect human rights and not infringe upon them. They have the obligation to follow – at the least – principles set out by the International Bill of Human Rights and the ILO. They have to avoid entering into business operations where there can be consequences, which infringe on any human rights. They also have the obligation to reflect their obligations in a “statement of policy”, which is revised by seniors, internal/external expertise and should be available for all internal/external parties, follow relevant policies, and be reflected in all business operations (UNGPBHR, 2011).

In the third part, *access to remedy*, States have an additional obligation to ensure the adequate remedy of any breached human right within their territory. Included in this, are appropriate national judicial mechanisms, non-judicial grievance mechanisms and non-State based grievance mechanisms. Businesses should take part in the operational-level grievance mechanisms. Moreover, the UN explains how these mechanisms should be formed, who should be involved and how these mechanisms should be executed (UNGPBHR, 2011).

5.3.2. The UN Global Compact: Strategy 2014-2016

The most important base, and the principles that are most talked about, are the *UNGC's Ten principles* (see Appendix II). They encompass four main areas: *human rights, labor, environment, and anti-corruption*. Based on these principles, the UN created the UNGC - the 2014-2016 strategy, covering their ambitions to improve and strengthen their impact on countries and businesses around the world (UNGC, 2014).

The UNGC's main vision is “a sustainable and inclusive global economy that delivers lasting benefits to people, communities and markets” (UNGC, 2014, p. 5). Today the UN has over 8,000 corporate participants and they are aiming for 20,000, by 2020. For 2014-2016 strategies the UN's aim is:

During the next three years, the Global Compact aims to accelerate the initiative's transition from incremental progress implementing corporate sustainability to transformational action with significant impact across the financial, environmental, social and ethical realms.

(UNGC, 2014, p. 3)

Based on previous guidelines, created after the *ten principles*, the UN is now trying to concentrate on implementation and action toward a more sustainable and inclusive growth. In order for this to happen, there are six goals that are overarching the 2014-2016 strategy: effective participant engagement; empower local networks; ensure coherence of the global portfolio of issues and enhance the quality of implementation; engage in responsible business in support of UN goals and issues; strengthen the governance framework and accountability; and develop sustainable funding (UNGC, 2014, p. 3).

The UNGC has engaged in a range of projects, e.g. business for peace; caring for climate; CEO water mandate; and women's empowerment principles. Through these

projects, which are more platforms and frameworks, businesses can get support and guidance on how they can address the ten principles – requiring a model of “commit, act, report” which means that businesses have to report on their actions and engagements regarding the matter (UNGC, 2014, p. 6). Stakeholders are mentioned in every suggested action; communication with stakeholders can improve businesses and how they make day-to-day decisions. By following the UNGC’s *Framework and Overarching Goals* (see Appendix II) the UN can provide adequate support and guidance for businesses, and additionally improve and intensify their reach across the world.

5.4. The OECD

The OECD guidelines for multinational enterprises are together addressed by governments to multinational companies. They are not meant for overriding national law, because obeying national law is the primary obligation. These guidelines, like every other regarding sustainable business, are voluntary. In the 2011 edition of the OECD guidelines, they include concepts and principles; general policies; and disclosure obligations. Additionally, eight headlines are dedicated to outlining responsibilities in the areas of human rights; employment and industrial relations; environment; anti-corruption; consumer interests; science and technology; competition; and taxation (OECD, 2011). A very important factor for these guidelines, *inter alia* for promotion, are the National Contact Points (NCPs) agencies. These are established in order to enable a more efficient promotion and implementation of the given guidelines. These NCPs are of support to businesses and their stakeholders in the understanding and implementation of the guidelines (OECD, 2011).

The OECD gives the reader a thorough review of factors that an enterprise can make an impact on, and how they can act more responsibly to avoid negative consequences. Stakeholder involvement is a crucial factor to succeed and create better opportunities, and the most efficient way of creating a good relationship with the stakeholders is through two-way communication. The OECD mentions how important it is to maintain cooperation, and how common guidelines; principles and standards tie businesses across borders, countries and people together; as well as how the international characteristic of these guidelines enables equality, and terms and conditions, that are the same for every company, no matter the entity, size, or type of business (OECD, 2011). The last part of the document presents commentaries on the guidelines in order to try to clarify the wording to ensure better understanding.

5.5. The ISO and the GRI

Since the original ISO 26000:2010 document is out of reach, due to financial requirements, three documents belonging to ISO 26000 have been reviewed. These documents include the global reporting initiative and are: *Discovering ISO 26000*, *ISO 26000 and the IR Framework*, and *GRI G4 guidelines and ISO 26000:2010*.

In the document *Discovering ISO 26000*, as presented in the Fig. 5 are the seven core subjects:

Figure 6: ISO 26000 Seven Core Subjects



(DiscoverISO26000, 2014)

These core subjects represent the scope of social responsibility, which are relevant to consider for businesses in their every-day decision making process, and in their dialogue with business partners and stakeholders. These subjects are interrelated and complementary, and they need to be looked at and addressed in a holistic manner, meaning that they need to take into account all subjects, not only to concentrate on one (DiscoverISO26000, 2014).

ISO 26000 emphasizes, just like the other mentioned documents of the UN and OECD, that their standards are voluntary, and are assisting companies in going beyond legal compliance, influencing their impact on the earth (DiscoverISO26000, 2014). ISO in itself is an organization that is built upon 164 member countries, who decide how the ISO works. It could be therefore said the these ISO member countries have created these standards and are trying to incorporate everyone's issues and thoughts on how social responsibility can be pursued through standards (Anonymous Sustainability Consultant, 2015).

Anonymous Sustainability Consultant (2015), who participated in the development of the ISO 26000, gave an extensive explanation of how and who does what in the process of making a standard. ISO is membership-based and thus far includes 164 countries, from which any member can propose a standard, no matter what it is. This proposal needs to be justified and backed up by other members. If the ISO sees a big

demand, if they find it suitable and that the new standard does not overlap another one, they will consider it and make a standard. The stakeholders, approximately 450, who are arguably experts from 100 different countries, developed the ISO 26000 standard on social responsibility. In Sweden, e.g. a company, or other relevant stakeholders, can turn to SIS – the Swedish Institute for Standardization, and ask for a standard to become mandatory, and after required steps a standard can become a legal requirement.

The other two documents, including the ISO 26000 guidelines and GRI's reporting guidelines, are parallelizing guidance, which the two initiatives have launched. The *ISO 26000 and the IR Framework* explains how IR – International Reporting –, which was launched by the International Integrated reporting Council (IIRC) in 2013, is a process of an organizations behavior and thinking over time, which creates value on the already mentioned seven core subjects (ISO26000IR, 2013). The IR mainly reflects a business's integrated thinking and how it is presented, and should include the eight following key elements: *organizational overview and external environment; governance; business model; risks and opportunities; strategy and resource allocation; performance; outlook (for the future); and, basis of preparation and presentation* (ISO26000IR, 2013, p.6).

Whereas the IIRC provides an overarching framework to support integrated thinking and reporting, ISO 26000 provides detailed guidance on how the thinking aspect, in particular, can develop within an organization. Those looking to start their <IR> journey would be advised to consider using ISO 26000 as a complement to the International <IR> Framework.

(ISO26000IR, 2013, p. 9)

Regarding ISO 26000 and the GRI G4, which is the new global reporting initiative, this document contains a table fifteen pages long where parallels are drawn between these initiatives, discovering the use of different concepts, but with the same meaning.

The GRI Guidelines and ISO 26000 both aim at improving organizations' social responsibility and sustainability performance [...] Therefore, the full implementation of the GRI Guidelines should not be understood as offering full or adequate compliance on the implementation of the clauses of ISO 26000:2010. By using ISO 26000 in conjunction with the GRI Guidelines, reporters can synergize the two and have a practical set of tools to measure and report on their social responsibility performance and impacts.

(ISO26000GRI, 214, p. 6)

Apart from the summaries and overviews of ISO 26000, a critical policy brief by the European Trade Union Institute, questions the actual purpose and usefulness of the ISO 26000. Isabelle Schömann, who wrote this brief, brings up both positive and negative feedback regarding ISO 26000. Some state that it is an “unrivalled revolution framing activities of the society to sustainable development” (Schömann, 2012, p. 1) and others state that there is a “game of deceit derogatory procedure [...] confusion

between legal and social responsibility [...] generalization regarding issues and stakeholders” (Schömann, 2012, p. 1) and “confusion introduced between law and standardization” (Schömann, 2012, p. 5).

Basically, there are different views on ISO26000 and what and in which way they serve companies. Schömann (2012,) states that the ISO 26000 is nothing more than trying to set out a “framework for relationships between companies and society”. The ISO 26000 standards are, by some, believed to act as an incentive for business and if the ISO 26000 is enforced like all other ISO standards – which are in the form of a compulsory harmonization resulting from social responsibility by many organizations. Contrary to these positive views, others see ISO as not being able to “create a standard that is not technical but is political, universal and legitimate” (Schömann, 2012, p. 4). Even if ISO 26000 was made in the form of a contract to make sure that all actors were presented and that the ILO was there to contribute with some form of standardization, it did not conform or consider any core principles, which are required for every public organization that ratifies the law concerning democracy, defense of private and public freedom and human rights. This contributes to a lack of trustworthiness and legitimacy, which can drive some economic actors to take distance from the new standard (Schömann, 2012).

5.6. Business Innovation

This short section mainly covers the document *CSI - Breaking through - How corporate social innovation creates business opportunity*; and includes the interview with Nyamko Sabuni from ÅF technical consulting company, offering a “business perspective” on CSR.

The very first sentence in the CSI document says, “Companies must innovate to stay ahead in business”. This is a report on ten companies who have worked with CSI and it has outlined the challenges and driving forces these companies have faced. They state five common driving forces for CSI:

- Increasing awareness among companies;
- Increasing awareness among consumers;
- Scarce natural resources are creating incentives for alternative energy production;
- Current technology enables new solutions; and
- New markets in developing countries

(Bisgaard, 2009, p. 14)

CSI offers new opportunities creating new markets and competition, and also gives a great competitive advantage. The management of these companies in the report sees CSI as a way of making new innovative solutions but also combating global issues. Bisgaard (2009) defines CSI as

When companies innovate to develop new products, services, business models, processes, distribution channels, etc. while simultaneously being cautious of solving global challenges related to both environmental issues and social problems.

(Bisgaard, 2009, p. 10)

Today, consumers have become more aware when stating their opinion on what they want from the companies they choose. And today's increased technology efficiency has enabled greater innovation and better solutions. However, it is going rather slowly because more often than not, total adaptation that has to be made by companies is time-consuming and sometimes costly; especially when it comes to certification, which there is a lack of today. Companies can make their own certification, but it, as well, costs both money and time, though it is not impossible, and many times makes it much easier for companies. Also, when entering into unknown territories with new innovations and markets, new business models have to be created. This is not always a bad thing: this gives companies a chance to "start over" with an appropriate business model encompassing the aspects of social responsibility and sustainability (Bisgaard, 2009).

Bisgaard (2009, p. 28) states, "the companies cannot go the distance alone". She indicates that companies need help from other companies, public and civil sectors, consumers, NGOs and governments, both national and international. Companies can receive advice and knowledge from NGOs, by either hiring people, or just cooperating with an NGO. They can create partnerships with other companies and create valuable knowledge and exchange information. National governments can provide support in form of green taxes, public procurement, facilitate pollution measure, create common reporting systems, and cooperate with companies. Even cooperating with them on future regulation can help and can encompass regulations for the environment, construction, food, health and safety (Bisgaard, 2009).

When talking to Nyamko Sabuni, a sustainability manager at the consulting company ÅF consulting, she explains what they have to deal with and how they solve similar problems. ÅF consulting is a B2BSE dealing with engineering solutions to companies' worldwide. Sabuni explains that all the responsibility ÅF can take when having to do a project with a company in another country, is making it clear what ÅF expects from their client. ÅF as a company, or Sabuni as the sustainability manager, cannot control what the other company does, but they operate in the good faith that the other company is aware of their responsibilities. Sabuni also states that ÅF has in some cases backed out of projects because they saw that the company they were to enter into a project with was breaching points that concerned sustainability (Sabuni, 2015).

It could therefore be said that the responsibility reaches as far as a company is acting on it. The aim is not to control, or decide what another company in your supply-chain might do. But, instead, the company in itself can set requirements on how to behave and whether someone wants to be their client, manufacturer, or supplier.

6. ANALYSIS and DISCUSSION

In order to more easily connect the documents and interviews with the model of CSR standardization, the self-made figure is again shown to visualize the main aspects of this study.



6.1. CSR and CSR2

In section 5 (empirical evidence), the small boxes to the left and right in the figure (UN, ISO, OECD, the EU and Nordic/Sweden) were explained in terms of what these organizations/institutions have done regarding CSR, or as many of them wish to call it, social responsibility. There has been a conflicting conceptualization between all these institutions around the term CSR. As stated before, the Swedish Government preferred to use “sustainable business”; the ISO and UN talk about social responsibility; the OECD discusses responsible business conduct; and the EU talks about CSR. Though, they are all pointing to the same responsibilities, actions, and who it is concerning – businesses and organizations. The difference is mainly because the ones not talking about CSR have tried to avoid the corporate aspect, because they want to reach out to all organizations, and not only to corporations (Anonymous Sustainability Consultant, 2015). This reminds of Gjørberg (2010) statement where CSR is by many companies “[...] *conceptualized as a way to bypass politics by going via the corporate sphere*”, and standard- and guideline setters want to overcome that.

Whether or not CSR should be voluntary or regulatory, the majority of all actors (incl. businesses, institutions, organizations, and stakeholders) are stressing the importance of keeping it voluntary. Except, as we saw in the EU section of the empirics, the trade unions and the Committee of Regions who had different opinions. The trade unions

stated clearly that a regulatory framework is needed, because being voluntary does not give businesses enough incentive to engage in CSR. The Committee of Regions did not say “regulatory framework” per se, but they did mention that a framework could be used for raising awareness, for promotion, and for assistance to companies, similarly to what Steurer et al (2007) meant in their research.

Additionally, the HLG report from 2014, states that for BS firms, one of the key elements for achieving their vision is by regulatory and standards framework for free movement of services in the EU. Which points out that this group also sees a need for a framework of standards, even one of a regulatory nature. Hence, they are the only actors that are thriving for a framework, it being regulatory or not. As for Sweden and the Nordic region, they are stressing CSR to be voluntary. Also, the EC confirmed in its 2002 document that CSR should be voluntary based, though it is up to businesses to make sure that CSR is not treated as a value added, but something they actually incorporate in their whole business. CSR should be about corporate behavior and the state in which companies should be managed.

Results stress that CSR, or sustainable business, or social responsibility, is voluntary based, and it is the businesses duty to go beyond legal compliance and make that extra effort to give back to the society. What we often forget, though, and what Porter and Kramer (2006) discussed is that companies are already giving back quite a lot to society through new job opportunities and taxes. But, that is no excuse if their business is making a negative impact in the end, because then all of these other factors no longer matter.

Regarding the nature of CSR – being voluntary – one can argue, or debate, about why CSR should be regulatory. Though, according to the majority, we could summarize that, according to opinions CSR is voluntary and should stay that way. CSR can be called “social responsibility”, “sustainable business”, or “responsible business conduct”, but it all circles around the same context – minimizing the negative impact on the society, economy and environment. In order to keep it voluntary the three main reasons, which Gonzales and Martinez (2004) stated previously, needs to be addressed more effectively; dispersion of standards; monitoring mechanisms; and enforcing mechanisms.

Also CSR, if done right, should encompass the holistic approach – meaning involving all aspects of CSR, not only e.g. philanthropy, as Zollo (n.d) stated and Zheng et al (2014) agreed, which has been the main move made by companies. We can agree that CSR is important, and will continue to be relevant, if not more so in the future. This means that companies should engage in it as soon as possible, and if they are already engaged in it, they should integrate it further into their businesses to ensure a *long-term* positive impact on society. In this way we can move from what Matten and Moon (2008) called explicit to implicit CSR, including society’s interests and concerns.

Regarding CSR2, the responsiveness part of CSR, “the second step”, has not been mentioned in any of the analyzed documents. This might be because companies have not yet come that far. CSR2 is about how responsive a manager is, CSR being an already natural factor. As previously Kubenka and Myskova (2009) stated, CSR2 was explained as “adapting to the social needs and excludes the discussion of ethics and social responsibility, but rather focuses on concrete reactions to social responsibility or social issues. It measures the degree of managerial action rather than the question of adopting moral responsibilities or not”. This requires CSR to already be in the nature of management and where managers can predict social needs, thus, their ability to react to them.

Anonymous Sustainability Consultant (2015) questioned the need for companies to engage in CSR when there is no demand for it. However, a forerunning manager, will anticipate the needs of customers before they do it themselves, and in that way can steer its business to have those services (or products) ready for delivery immediately when demanded. So, even if the current documents have not talked about CSR2, it is an important next step, if a company wants to be a forerunner and take the lead in sustainable business in their markets.

6.2. Multi-Stakeholder Dialogue - Stakeholder Theory

All the documents outlined in the empirical section discuss the importance of stakeholders, how crucial it is to involve them and that they are a key factor in a company's/organization's CSR. Already from the EC's very first communication on CSR, they stressed the integration of social and environmental concerns in the companies' dialogue with their stakeholders. Early on, an EU Multi-stakeholder platform was created to enable a more accessible communication between companies and stakeholders. The EP gave feedback for a more broad and significant approach to stakeholders and their role. The EU created The European Alliance for CSR, which became a sort of political umbrella for the exchange of knowledge and skills between companies, institutions and stakeholders, and to support each other. Even the Europe 2020 strategy stressed that the partnership approach considerably included stakeholders.

As seen in the EC's latest CSR strategy, one of their two main new features was focused on stakeholders: “businesses maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large”. Throughout that document, they firmly emphasized stakeholder- “dialogue”, “inclusion”, and “consideration”. The HLG stressed a strong relationship with all stakeholders. The Swedish Government argued that, involving stakeholders could strengthen and reward companies' efforts. The NCM suggested that stakeholder dialogue should aim at becoming a mainstream practice, and that complex problems can be more effectively addressed together with stakeholders.

The UN as well stresses multi-stakeholder initiatives and engagement with relevant stakeholders to provide meaningful opportunities. The OECD encourages the relevance of working with stakeholders, together with businesses, to promote education aimed at improving consumer decision-making. And the ISO, whose standards are developed by stakeholders, also emphasizes stakeholder dialogue and involvement.

Not one single actor or document omits stakeholders, and it is strongly advised, even demanded that they are involved as much as possible, for the sake of companies. Stakeholder dialogue will ease their decision-making process, by providing extra expertise and support. This makes the stakeholder theory the key element connecting all actors affected or affecting a business, to work and think together. Companies should consequently embrace the fact that stakeholders should be a part of their business decisions, and that they will help the company, rather than be a burden.

According to Albareda et al (2007), an extensive stakeholder involvement can help improve, what Lim and Tsutsui (2012) called organized hypocrisy: when companies use CSR in the wrong way, as PR purpose, or only using philanthropy. By engaging in dialogue with all stakeholders that are being affected by the company, the company has a chance to minimize the risks of failing to go through with all aspects of CSR, and not only what suits the company best. Especially NGOs can help a company go in the right track, as Andreasen (2008) also mentioned.

Another aspect, regarding relationships with governments, as mentioned in the CSI report, is how the relationship can lead to jointly creating new regulations. Since companies are very much against any type of regulations or legislations regarding CSR, or sustainable business, it might be a good incentive for companies if they can *together* with the government, create new regulations based on what is needed, e.g. environmental -, food -, or construction regulations.

6.3. CSR Communication and CSI

Communication is important, of course, to be able as a company to communicate their actions, much through these non-financial reports, GRI and IR, and to increase CSR awareness (Du et al, 2007). CSI is included together with CSR communication in this model because of the focus on B2BSEs. These companies are already creating new solutions through constant innovation, and for them CSR, in fact, means CSI, because it is through their innovative solutions that they are conveying their sustainable business, their CSR.

The EU has made a guide to communicating about CSR where they have outlined ways a company can reach out, internally and externally. It is important to, in every way, make sure everyone understands what a company is doing, and how it is contributing to minimize its impact on the society, economy and environment. The Swedish Government is engaging in events and creating various conferences and important consultation meetings, so that they can communicate with companies, to

improve the promotion, understanding and usage of CSR. The NCM argues that communication, *inter alia*, improves a company's reputation, and is strongly advising non-financial reporting according to GRI.

The OECD also stresses the importance of reporting, and engagement in adequate and appropriate communication and consultation. A two-way communication with all stakeholders is relevant – as Morsing and Schultz (2006) discussed in their “sense-giving” and “sense-making” way of communication. ISO stresses the equal importance of internal and external communication, also mentioning the two-way method, and suggesting the development of communication systems. The UN stresses the creation of communication channels to enable the improvement of communication.

Communication is needed, and there are many tools for it today. But, as Johnston (2006) suggested, solely using reporting as a communication tool is not enough. Implementation is now the key word for action. What companies need to do more, though, is include their employees as much as possible. Some employees are more involved with this subject than others, but the least a company can do is give everyone the opportunity to be a part of idea generation and give suggestions. Then, it is up to every employee if they want to participate or not. This is one aspect which companies might underestimate when thinking about who they should “engage in communication with”.

6.4. The Standardization Puzzle

One aspect that has been confusing and controversial is the “there is no “one-size-fits-all” solution”. But, what all these initiatives, giving standards and guidelines, are doing is exactly providing a “one-size-fits-all” solution, because they are addressing all companies and organizations, of all sizes, in all sectors, with any context. It can then be discussed whether *all* these guidelines and standards are used by *all* businesses. That, could in case be seen as companies taking the guidelines and standards seeing fit with their business, and using only a couple and not every single guideline and standard. As Schwartz and Tilling (2009) stated, this kind of “one-size-fits-all” standards are needed to set out “basic rules of the game” for everyone.

Though, companies in Sweden are dissatisfied with the current standards and guidelines, because they are not clear enough (Johansson, 2015). Mazurkiewicz (n.d) also argued for this, and meant that there is a great confusion of what and how to apply them. This might also be causing businesses to just use standards and guidelines, which seem more understandable to them, and miss out on other important ones just because they are not clear enough, just as Mazurkiewicz, n.d and Castka et al, 2004 suggested.

As might have been noted, there are also no guidelines or standards directly pointed toward B2BSEs. Although, as the HLG (2014) stated, BS firms comprise a very big part of the European market, and today, it is becoming harder to satisfy customers

because, as Johansson (2015) stated customers overall, express their awareness and say, in theory, that they are “green”, but in practice, they are not acting on their “promise”. Also Anonymous Sustainability Consultant (2015) agreed that there is not enough demand for CSR in practice, so why should the companies make an effort to engage in it? Therefore, it is hard to meet the customers’ demands, if they are not going to act on it too.

Hoejmose et al (2012) stated that multinational companies face challenges with focusing and including actors in the supply chain of their business, and not only B2BSEs face a dilemma in this regard. As mentioned in the empirics, many wonder where their responsibility stops, or how far it goes. As Sabuni (2015) stated, “our obligation cannot go as far as to control our partners”. In the context of a company’s supply chain, if they see that the other party is subject to cause a negative impact, then they should take the necessary steps to prevent that from happening. Sabuni (2015) also stated that the company she works for, ÅF cannot always be there to control the situation and they have to trust that their partner will take the appropriate measures in their business so as to for example, not infringe upon human rights. ÅF consultants always have to make a risk assessment, and if they realize that it is not working and that the other party is not complying with their obligations, they will back out.

As for the standardization puzzle per se, the standards and guidelines that are existing are hard to measure if they are used or not, and if they are, how they are used. There is an issue on how to “control”, or mildly expressed “evaluate”. Indeed, there are reports, which are now obligatory for companies with over 500 employees, and 250 in Sweden, but there is no other way for the remaining stakeholders to know or be sure that companies are actually doing what they are claiming to do.

Vague standards and general guidelines cause more confusion for the companies than help to sort out CSR. Bodies supporting businesses are trying to solve this puzzle, but they cannot “tailor make” a solution for every single company. It could be said that no more standards or guidelines are needed, but they should now be translated by every business, to go together with their business idea. They need to be implemented correctly and thoroughly, and not only “on the surface”. Charity and philanthropy is not defining CSR, it is only a fraction of it, and communicating only that to stakeholders will not make you socially responsible. Thereafter, businesses need to evaluate every step of their operations and behavior to make sure they are contributing positively to society, and minimizing their negative aspects.

7. CONCLUSION

To refresh the memory of the research questions in the introduction, they are stated again:

- **RQ: How could CSR standardization in the EU and Sweden be reached with existing international as well as national tools?**
- Sub Q1: How can standards impact and bind firms to CSR without binding them judicially.
- Sub Q2: What measures has the EU taken in the communication and promotion of CSR standardization?
- Sub Q3: What measures has the Swedish government taken in the communication and promotion of CSR standardization?

What this study has sought to do is analyze documents from the EU, UN, OECD, ISO, the Swedish Government, and the NCM, but also relevant reports and reviews connected to CSR in the EU and Sweden. In addition to the documents, three interviews were conducted to get a view on “the Swedish perspective”, “a standardization body perspective”, and a “company perspective”. By analyzing chosen documents and interviews, information was accumulated on how these different organizations and institutions work to promote and communicate CSR for a greater engagement to make businesses more sustainable. To sum up the answers, the conclusion first beginnings with the responses to the sub questions:

1. **Sub Q1.** Standards are not laws, but they can become laws, if they are nationally enforced. But, they are not meant for legislation. ISO 26000 for example, is a standard, which cannot even be certifiable; much less can it bind firms. To legally bind firms to standards, they must be translated into legislation, which can be done. However, since the companies are not favoring compulsory regulations, there is no demand for standards to be transformed into laws – leading to firms not being bound by any standards and guidelines, except the Directive for non-financial reporting.
2. **Sub Q2.** The EU has created various documents assigned to CSR; they have made a communication guide of how to, as a business, best communicate CSR both internally and externally. The EU has launched a multi-stakeholder platform, a HLG, and a European Alliance for CSR, which increases the availability for companies, and countries for that matter, to get help and support from the EU, as well as from each other.

3. **Sub Q3.** The Swedish government has created a document – as a response to the EC’s CSR strategy, and their request for all MSs to make national plans – the Swedish Sustainable business platform. These involve the suggestions from the EU, UN – OECD – ISO- GRI – and ILO guidelines and standards. The Swedish government also has extra guidance from the Nordic Council of Ministers, contributing to better CSR engagement and relationships between the Nordic countries and their businesses. The Swedish government is arranging consultation meetings and events to hear the companies out and to try, together, to derive to appropriate solutions.

The main research question, labeled **RQ**, proved to be more challenging when trying to provide a straightforward answer. Standing by the “existing tools”, the most important task remaining is to clarify the current tools and implement them. If this is done, maybe it could result in a step closer towards standardization. No one has really defined what CSR standardization is, or what it could be. But, what has been done in this study is establishing a sort of model for B2BSEs on how they can incorporate, what is closest to, CSR standardization, by taking all those aspects from the CSR standardization figure and using those current guidelines and standards to create their own CSR standardization. A company really has to know their business, clients, operations, expertise, and skills, to be able to puzzle it all together, making sure it is the right strategy for their firm.

There are indeed, many solutions, and companies themselves need to find what suits them best. However, they do not have to do everything by themselves. It is crucial for companies to understand that, yes, they need to strive to be leaders in their markets and have great competitive advantage, but when working with multiple skills, and collecting knowledge from different sets of minds, better results will be gained. Therefore, as seen in many of these documents, it is advised that companies create partnerships with other companies, and NGOs; and also create a good relationship with the national, as well as, international governments, and also other stakeholders.

Regarding relationships with governments, it might be a dilemma of private and public companies, being under the government’s impact. However, what is meant by relationship here, is not about how much power the government has over the company, or how much right it has to influence a company’s decision, but about how a company can take help from the government and how the government can best provide support.

For further research, many different paths could be taken, concentrating on a very narrow topic, or going broadly looking at CSR for all firms, for example. But, what might be most interesting as a continuation of this study, is to see how and if it would be possible for companies to work with governments to create regulations on CSR aspects. Maybe if the companies feel that they are included in the decision of what is to be regulated, a compulsory framework is not so far away. Another interesting aspect would be to look at how consumers can influence B2C companies, and how far consumers can make an impact and drive B2C companies toward CSR, or sustainable business.

Whether it is called CSR, sustainable business, or any other term, the vision is still the same – creating a better world for tomorrow; a cleaner, smarter, healthier, fairer world that future generations will also be able to enjoy. The companies, especially the large ones such as B2BSEs, with the support from governments and institutions, can make a great impact for a change, and lead the way towards this vision. Sustainability is popular now, and hopefully it will not only be a “trend”, but also a reality, and a lifestyle that companies and everyone else as well can adopt to make this world a better place today, tomorrow, and for the future.

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APPENDIX I - Interviews

Bengt Johansson – Swedish CSR ambassador

(on duty until 1.4.2015)

- **What does your work as Sweden's CSR Ambassador mean? When did the CSR issue become part of the Government Offices?**

I develop common guidelines, consult with other ministries, read reports, and talk with companies and NGOs. I am involved in international work with embassies. Presentations take most of the time - they must be prepared and constantly updated with new statistics since the numbers are constantly changing. I must constantly be alert and not miss important changes.

The Swedish Council is a hierarchy in which we have the minister; then there is an advisor for the Minister. It is to this adviser we must report and present advantages and disadvantages, which should be presented all the way up to the minister. The Secretary of State can always say that it is a tricky question, which needs to be addressed by the Minister. The Minister advisor must read this and say yes or no. The Minister does not always have time to read all the documents personally.

CSR became a part of the Swedish Council in 2002

- **How does the Government Offices work with CSR?**

Nowadays, CSR lies within the responsibility of the Economic Development - and Innovation Minister, Mikael Damberg's. He is our political director of *inter alia* state enterprises. Earlier it was different ministers of the various departments that would agree on CSR issues, which was cumbersome and tedious. But now, since there is only one director it is much easier to work where everything is centralized under Damberg.

The Ministry of Foreign Affairs (MFA) primarily works in cooperation with the Swedish embassies in different countries. If the question is, for example, on child labor in Pakistan then we ask the Swedish embassy in Pakistan primarily - what their opinion is on the problem and how to solve it; what we can do or expect. They must be consulted first and foremost.

CSR involvement in the government is most visible when we compile the answers to the EU and the OECD. The ministries cooperate closely together to produce something as a team - that's the most important thing. If we are to develop a government decision we must send the proposal to all relevant ministries and we are obliged to wait and weigh all the answers. If the different departments have different perceptions, we must consult each other and agree on a joint decision, because everyone must agree. More than often it is difficult for the various departments to

agree. However, it is much better than in other countries. Here in Sweden all departments sit under one roof and it is much easier to work together and have a good communication, which in turn contributes to a natural thing for the government departments to consult with each other. In other countries the ministerial are far apart. The CSR responsibility ended up under the MFA because they were/are in charge of the OECD, from which CSR developed more and more within the EU. The MFA went on to conduct all negotiations with the OECD. In addition, there are several other agencies under the MFA that give heavy instruments, e.g.: ENK, SIDA, for example about legal and human rights.

Some big questions are how we talk to companies about exports in difficult markets, what we require of the companies that will have sustainable behavior. It's almost like a clash of cultures - we are working with those who have business contacts, it is the starting point, but they must listen carefully and consult with their colleagues who are involved in political reporting and human rights what the situation is, there should be no watertight bulkheads.

With Swedish companies working in Sweden, there is a system of working hours and working environment where agencies have regulatory tasks. When something special happens, there are a number of authorities that are called out and try to solve the problem. But when it comes to Swedish companies abroad, it is difficult to control, especially when it comes to the issue of work permits. There are so many factors to take into account when setting should issue such permits, which makes it difficult for us to make the right decision.

- **Ministry of Labor, Ministry of Industry and Ministry of Foreign Affairs are working with CSR issues. Is there any difference between these three ministries approach when it comes to the issue of CSR?**

The Ministry of Justice (MJ) keeps us updated in the beginning, but as soon as the legislation is in port, the MJ leaves MFA. Ministry of Labor calls in the social partners - a tripartite organization. The Ministry of Culture is involved sometimes, same with the Ministry of Education. State ownership unit only works with state enterprises spirit - as an owner's instructions - governmental unit.

- **To what extent does the government have the opportunity to influence Swedish companies to implement CSR work?**

The companies want us to make demands and guidelines. Sometimes companies find that we place high demands. It's one thing to authorise demands. We can say for example that human rights should not be violated, and then they figure out how they should ask themselves this in their corporate power.

Reporting is a very visible way in which we can influence companies. The voluntary work of the proverbs "name and shame", "show and tell" is where we do everything in

good faith. But who is sitting in the jury? Who says who is good or bad? It is very difficult to judge companies in this way. Why have we no international CSR price? The government cannot decide which companies are best. It is hard to measure CSR as it gives or does not give intangible results.

- **To what extent does the government have the opportunity to influence international companies to implement CSR work?**

We have had major problems with for example, Nestle, they do not keep much track of human rights. But we cannot do much about it when we cannot legislate for other countries' companies; it is not our thing. An example of this is in 2012 when an H & M employee passed out at work. Denmark called for H & M (Swedish company) to "help", for a better Nordic context. H & M has a couple of shops in Copenhagen they do not have anything else to do with the company, but still took them the right to call in the call, which is not met with approval from H & M's Page - precisely because it was not their thing to add into. So, no, we do not have any real opportunity to influence international companies because we have neither any instrument for that or any activity whatsoever when it comes to that.

- **Is there any Swedish parliamentarian in the EU Parliament that drives this kind of questions?**

No. Marit Pålson who advocated about the question regarding animal farming, was the only one who has been considered. Richard Howitt, who is the main Rapporteur on the European Parliament for the CSR issue is Sweden's first contact with EP. No Swedish representative is involved with these issues.

- **The CSR concept is extensive and there are many on going discussions on the subject right now. What do people from government quarters think the Swedish companies can contribute by adopting CSR concept?**

Many companies in Sweden today use the UN Global Compact, which guidelines of among other human rights, environment and anti-corruption. If their ten core principles are followed and fulfilled it holds well for the business. There is a great emphasis placed on reporting now. There is a new directive on reporting where the company shows what has been achieved within a sustainable business. And the Swedish government included all parent companies with 250 employees on average, instead of the EUs 500, which has included considerably more companies that have to engage in reporting. Gender equality is addressed in all businesses nowadays when trying to even out the imbalance between women and men. Generally, there is plenty that businesses can do: stop corruption; contribute to a greener future; stop bribes; not violate people's rights.

- **Sweden as a nation is often at the forefront when it comes to new, innovative concepts. Do you see any particular trends in the market right now and what characterizes businesses in the forefront?**

Human rights are at the top right now. Corruption is also examined further - no one

wants to embarrass themselves with receiving or giving bribes; this happened with Skanska and Petrobras in Latin America where the media made a great deal of the incident and Skanska backed out of the affair immediately.

- **Is it possible to standardize CSR - (Industry Standards for B2B Service Enterprises)?**

It is best to compare with ISO 26000. They are the Organization for Standardization and have great ability to influence all businesses and organizations extensively. Many go after their guidelines and they trust that the organisation know what to undertake to respect the objectives of their standards.

- **Active CSR work strengthens the company's relationships with employees, customers and shareholders - and moreover growth and profitability. Do you think customers and employees today provide adequate demands on companies they buy from/work for?**

Consultants must make careful consultation when it comes to CSR. You can say that if one is to be driven in an industry, you have to do this. ÅF employs politicians - Nyamko for example, more celebrity business than hard work. They have never been at the government's meetings, which mean that they miss the chance to influence or get answers to questions that might be important for many other companies and themselves. Consulting firms have to get involved and help with ambiguities.

From the customers' side food has had a breakthrough - organic food. It has been much easier to accept - for example, you live longer if you eat better food. Clothing on the other hand, had not been actively addressed in the same way. Sure, many will say that they would buy organic and eco clothes, but you do not see much in practice - this is mostly because we do not produce these items, we are not the ones on the field or in the factories, therefore we do not see any effects on ourselves. It is the same when it comes to technology. There are many examples and it varies from industry to industry, but I think it is important to the consumer to have information, lots of information. The altruistic aspect is not so strong; the selfishness is much, much stronger.

- **How aware are today's consumers, according to you?**

This would be similar response as above. It varies from industry to industry, but also, above all, from country to country. For example, in Germany, they are very good at recycling, in Sweden we are perhaps aware of nature and its power where you can throw stuff and it is believed that everything disappears. In China, for example you can throw garbage anywhere, but in Japan it has to be very clean. One more thing that is a bit tricky for consumers is the fact about locally produced food. Local production is believed to be good, but if you really look in detail at what locally grown products really mean, it is often worse for the nature with locally produced food: a tomato grown here consumes more energy from the greenhouse than being transported from Spain for example.

Anonymous Sustainability Consultant – Senior Advisor Consultant, AMAP

(Vice Chair of the ISO 26000 Post Publication Organization, representing Sweden in the ISO working group developing a Sustainability Guideline for standardizers)

“ISO is an international standardization organization, but the body is made up of a membership with 164 countries that basically sets the scope of ISO work. The rules are very clear: any member can propose any standard based on market needs but they need to justify the proposal based on market needs. If they propose a standard, and if five other member countries say, “yes, we agree, this could be adding value to the international market”. Then ISO will suggest this new standard to the full membership for a vote. ISO keeps an eye on all proposals, so there are no other overlapping standards being developed right now on that particular topic,

“ISO is very keen on adhering to the WTOs 6 principles of international standardization.”

“ISO is not always using the word “CSR”. ILO, and other big institutions are not always using the word “CSR”. GRI is not using “CSR” very much. WBCSD is not using “CSR” very often. Yes, the EU has a CSR policy, and in that policy they are asking their member countries to define and deliver, it is not a directive so they are not requesting it, they are inviting, to develop national CSR plans. Sweden replied, as many other member states, “you say “CSR plan”, we call it “sustainable business plan”, because we do not want to only speak of talk about CSR. Because CSR for me, as a consultant and a stakeholder in the matter, I don’t use it, I don’t like it, I don’t want to promote it. CSR is a thing from the US that is from the 90s. We have moved on to a higher level, which is about sustainable development and society. CSR is undefined, it is only about corporate, and it is kind of owned by companies.”

“If we talk about CSR, there has to be something called NSR – “NGOs Social Responsibility”, and there has to be something called MSR – “Municipalities’ Social Responsibility”. There are so many SRs, that it is better to call it SR – social responsibility, or even better, “contribution to sustainable development – or impacts on society”. “

What would you say is the difference between sustainable development and CSR?

“The short answer to this is: That is expressed in standards that have been developed by stakeholders. Companies that use CSR in for example developing countries are still sometimes confused when it comes to the definitions and how things relate to each other. For me I think it is easier, because I have worked in standardization. Many of my clients are not clear on how all these things relate and how they impact society. Often they are unclear on what definitions and standards they are using already. As for consultants, many offer the application of a standard, but they are not using the standard themselves.

The definition of social responsibility, from ISO26000 and other places, is “your impacts on society”. You can also call it “how the organization contributes to sustainable development”. But it is all about your impacts, not about how many

employees you train, and how many managers you have that have been audited, and how many sustainability reports you have produced – it is about your operational impact. So, how much impact – and you set the requirements based on the legal requirements – we have to follow the law – then you can set your own requirements that goes beyond the legal requirements. Then we have a management system where we put new requirements and we build new performance levels – i.e. our social responsibility performance, or impact on society.

As sustainable development is the current expectations from society, so right now the government is expecting many things from the company or organization, not only legally, but also expecting me to join the movement on everything from the sustainable development goals to unemployment. In the future there will be a state of sustainability, hopefully. We do not know what this state will look like but we are trying to define it through current work from sustainable environmental, social and economic development, based on fundamental principles such as good governance, human rights, decent labor practices, ecology, etcetera.

An individual organization tries to contribute through socially behaving, socially responsible – impacting and contributing in a socially responsible way, and we measure performance and communicate through that. So, accepting all this above, it is not a matter of C-SR, but about SR.”

“The EU promoted a policy in 2006 where they stated that CSR is a voluntary contribution from companies – focusing on through philanthropy, charity. Then in 2009 they launched the same definition again. But then in 2010, the definition in ISO26000 – developed by 450 experts from 100 countries – said that the definition of Social Responsibility is the responsibility of an organization for its impacts on society. This is very much different from the voluntary contribution. It is mainly your impact, much less about charity. And then, in 2011, the EU changed its definition – so, now the definition of CSR in the European Commission Policy, is very clear. It says that CSR is the responsibility of corporations for its impacts on society. They make reference to GRI, to OECD, the UN Global Compact and ISO26000. Sweden is taking it one step further. They don’t want to talk about CSR, they talk about *sustainable business*.”

“CSR is everywhere, CSR has been implemented in many places in the society and it is still lingering on. So, if you speak to SIDA, (national development and corporation agency), and many other public agencies, many of their employees use “CSR”. But then, when you ask them, “how do you define it? According to what standard?”, their answer is rather unclear. They do seem not have definitions and standards, but they like to use the word CSR, because it puts their responsibility on the corporate side. So, there is a challenge there because the question then should be “is it the best thing we can do in the Swedish society? Is it the best thing we can do for the future?” And is the best thing we can do for Sweden is to promote CSR? Sweden should promote, in international relations and trade sustainable business, not the buzzword “CSR”. The Swedish government has developed an excellent document. It is a balanced, well scoped, very honest, and open document, that describes the role of the Swedish government, and agencies, in public procurements, state-owned companies, and many

other things. So, it is an excellent document with which Sweden is promoting sustainable development and social responsibility.”

“ISO standards are voluntary, unless referred to through technical regulations. However, in many countries, as well as in Sweden, the government, of course, has the right to say, “We need a standard on...ex. Safety belts” – “we cannot produce cars in this country unless we have a standard for safety belts”. “Does anyone have a standard for safety belts?” And then somebody says, “Well, there is one in ISO”. So, we suggest that we use this; we discuss this with the Swedish car manufacturers and see if this standard is suitable for the Swedish market – they have a consultation. If all stakeholders states that the standard works well it can be adopted as a national standard – but it is still voluntary unless the government agency refers to it through the legal system.

All the standards that the SIS – the Swedish Institute for Standardization in Sweden – adopt, they can only adopt it if the stakeholders, which anyone can participate in because it is a membership, say that they adopt it because it is relevant. Then SIS has the mandate to adopt it and then we have a national standard. It is adopted by Sweden, but still does not mean it is mandatory – it just mean that it has been translated into Swedish, it has been checked by the stakeholders, and it is now available from the national standards body SIS. Anyone can go to the SIS and say, “can I please buy that translated, secure, stakeholder-checked, copy of –standard?” “Yes, of course”. Then, you pay per page – if it is a long standard, there is a bigger cost of maintaining. The government can then say, “Well, we think this issue of safety belts is so important, that we want to introduce the standard on safety belts as a part of legislation”. Then, suddenly it becomes a legal requirement. Basically, I guess the Swedish government can take any standard they want to, discuss it with the stakeholders, and say that it is no longer a voluntary standard, it is a mandatory standard. You can still call them standards, but formally they are definitions of what standards are. So, it is either a legal requirement, or not.”

“ There has to be an incentive i.e. for companies to use CSR – e.g. the money they can collect or for NGOs, the number of members they have, or other incentives. But there has to be an incentive. If we look at the area of CSR – in fact the corporate sector – the question is what drives the corporate sector? To only focus on profit is a very short term and silly reason to run a company. If you run a company and you offer a lot of value, you will make a lot of profit automatically. But if you focus on the profit, slowly but safely you will lose profit. You have to focus on the value you are creating – the quality, the customer satisfaction – if you focus on that, profit will automatically be generated.

“Consumers are not, morally nor ethically, driving for standardization of more environmental friendly- or sustainable options. There is little demand from the consumers for for more sustainable goods and services. So, why should the companies behave more sustainable? Why should ISO members standardize something where there is no market for it? Customers have started to ask for more sustainable goods and services over the past years, especially in income rich countries such as Sweden, but the world average on the damand is still low, So, what is the driving force? Why are we doing this CSR thing? What is the point?”

Even if there is a little demand for it, and we see it growing, is it no the companies responsibility to “meet the needs before they are asked for”?

“Most companies anticipate future markets, new segments, and they do so for more sustainable goods and services as well. But it is taking too long.

Thanks to joined forces through for example legislation changes, the many consultants, academic research, pilot cases from companies, the NGOs, there is let us say an increase from 1% market share for more sustainable cotton according to an acceptable standard, to 2%. Next year from 2% to 3%, to 4%... Hopefully there will then be a critical mass of people buying sustainable cotton, and children are not working in factories in China. We already have standards do we need more? Well, there could be some more standards needed. But the question today is about using the already existing ones. So, the question then comes down to; what are the incentives for using standards. Some people say it is a matter of certification – because they are so used to for example ISO14001 certification – and others say it is consumer behavior and pressure, future markets. Others are saying legislation – coming legislation will push and require you to do certain things. So, yes there are many drivers for using standards.”

“There is a difference between standards and standardization. Standardization is a process to which a standard is being produced, but when the standard is finished, it is about implementing and use. So, they are two different things in society. If you do not get the right stakeholders around the table to develop a standard, the standard will be weak. So, we need to get the right stakeholders to build standards. If it has been produced, and it is a good standard, then the question is much more about “how do we make sure that people use this standards”?

These stakeholders – how were they chosen for the development of ISO26000, because it was stated in the ISO26000 that there were experts from over 90 countries?

“This is the thing, and that is why I like ISO standards, I understand and have confidence in the process they use to develop the standards. There are many other standards that have been developed through good processes but there are others that have not. If you and I sit in a room in Gothenburg, and we say “lets find stakeholders”, we know a lot of people in Gothenburg, and we will call them and we will gather them in a room, and then we will be able to start standardizing. It would be our friends, we trust them, and they are good people. However, after six months when we are finished with out international standard we will realize that we did not have anyone representing developing countries, and only one person the unions, and not have any single person representing the consumer organizations. So, how strong was our process when we were producing this standard? Not strong enough. Did we follow the WTOs six principles on international standardization? Well, not really. So, perhaps lets not call it an international standard.

ISO builds on these principles, which means they say that everybody is welcome, open to everyone”, the member bodies are asked to identify and reach out to relevant

stakeholders, and then involve them in the standardization. So, the stakeholders were not chosen, they choose themselves.

“ISO is strictly based on members needs. They recently called for a new standard. It is called *sustainable procurement*. So, right now, a new international standard is being developed, and is ready within a year and there are 33 countries participating, some 100 people, and they are using the ISO26000 to developing this new standard on *sustainable procurement* – a standard that can be used by any type of organization in structuring and optimizing how their procurement processes become more sustainable. Next need, there was another need a year ago, “we need a management system for anti-bribery”. ISO, based on the market needs and member initiatives, is now producing an international standard on anti-bribery.”

“ISO does not have a mandate to promote standards in Sweden or in the EU, it is the role of the member bodies.”

“The Swedish government, in their consultation of CSR, addresses the companies in a good consultative way that partly includes other relevant stakeholders as well. The companies should protect themselves and their market shares and often argue, especially the business sector organizations, that new legislation and standards will make them us less competitive”. But some companies lately have been doing something smart, by simply welcoming new relevant legislation, and then quickly go beyond legislation, creating new markets, and protecting these new market shares as well.

“If consumers, that are interested in sustainability, start asking those questions more and more, which is happening, and the legislation is pushing a bit, and then business-to-business is pushing a bit, and things start happening, and slowly but safely, the companies that are better will get an advantage. So, that is great, that is what we are hoping for. But, the problem is not a lack of standards; it is simply a lack of use of standards. So, why are standards not used more? And, in fact how much are they used?”

How is that measured, and can it be measured, firstly, because it is clearly stated in ISO26000 that it cannot be certifiable. So, who is measuring it and how can we be sure that the companies are following them?

“That is the power of psychology, it is kind of one of those nice questions to ask. But the other question that is not as nice is “how do you know that my company is following the *law*?” You do not know that, because you do not have any objective evidence, there is no list of legal requirements that you can look at, there is no report regarding this. But still, you assume that they follow the law and you ask the question “how do I know that others are using the ISO26000?” which is beyond the law.

So, lets start with the law, lets start with creating a system, were we can see more transparently that all organizations, that all legal requirements for this country is followed. ISO26000 can be a very challenging standard but for a Swedish company or organization it is basically sais follow the law, and here are some other things that you should consider. So some parts of ISO26000, such as stakeholder engagement, value chain management, and social responsibility performance improvements – are highly

relevant for companies and organizations in Sweden, especially when they work with companies and organizations in other countries.

Nyamko Sabuni – Sustainability Manager, ÅF

- **What is your job in ÅF, which are your tasks?**

My job is to develop ÅF's sustainability work and performance. We have four working areas:

Equal opportunity

The process EVEN ODDS is about promoting equal rights and opportunities for all employees, regardless of gender, ethnicity, age, religion or sexual orientation. We consider this diversity to be one of our strengths. The core of our success lies in recognizing all our employees' competence, performance, collaboration and professionalism.

Walk the talk

In order to be reliable and trustworthy, we need to practice what we preach. The things we purchase and how we act must go hand in hand with our sustainability goals and policies. Sustainability is an important criterion when procuring goods and services. By working actively to adjust, update and follow up the sustainability work in our various processes such as HR, finance and management, ÅF can improve its overall sustainability performance. In order to reduce Carbone emissions we have a very strict emission limit when we buy company cars. From the top manager, down to the consultants, we are not allowed to buy company cars, which emit more than 129g/km.

Risk assessment in projects

Sustainability risks in projects will for natural reasons differ substantially between our different business divisions, business areas and even sections. ÅF has developed a number of tools to make sure that we do not violate the UN Global Compact and its ten principles.

Sustainable solutions

The biggest impact ÅF has on sustainability is within the context of the solutions we offer to customers. By ensuring that our solutions are truly sustainable, we contribute to the advancement of a sustainable society.

I see a development where the awareness of sustainability is so broad now, so almost all our clients, with growing potentiality, want to grow and at the same time decrease their environmental impact on the earth in differing ways. We need to be clear with

understanding this challenge and realize that we can make a contribution in dealing with it.

Three strategic target areas:

Develop Sustainable Solutions - ÅF contributes to a sustainable development by offering and implementing proactive solutions. Sustainable solutions are based on shared values. Every project should create value for ÅF, the client and to society.

Ensure responsible business agreements - All projects and assignments fulfil the principles of the ÅF Code of Conduct, which encompasses the UN Global Compact principles. ÅF ensures responsible business agreements through the Sustainability Risk Assessment (SRA) process.

Ensure an attractive workplace - ÅF's most crucial factor for success is human capital. We attract great people with drive. Teamwork is essential for us to be able to develop innovative cross-industry solutions.

- **How much does CSR matter to ÅF and why?**

It is decisive in the sense, where I believe that engineers are the ones who can create sustainability. Of course, when you say CSR, CSR is for me a quite limited area. CSR is what the whole sustainability concept started with; to take social responsibility. It ended up being much about – what can we do to sponsor? How can we get the local-community to grow? How can we give charity to a school in a developing country, and so on. Sure, it is an important part, though it is maybe not the most crucial thing for every company.

I think the most important development today is where it is said that sustainability has to be a part of your business, meaning - you cannot buy yourself out by building a school in a developing country; you cannot buy yourself out by sponsoring football for children locally; it has to be within the frame of your company, understanding “how you create sustainability through different ways of streamlining” - being about energy, raw material, people – how you take care of your employees and competencies. If you can turn it into a part of your business, I believe it is only then one can start talking about operating from within a sustainable perspective.

In ÅF we do not talk about CSR in the traditional way. We cooperate with the Childhood Cancer Fund (barncancerfonden), giving charity. We have a partnership with Olympic committees in several countries, where we educate athletes to be ambassadors. What we do in these different committees is to create sustainable events, i.e. their environmental impact – how does the event make an impact on the environment, how can we minimize that impact? These are important things – this builds a brand, but again when we talk about sustainability we talk about what our engineers, our consultants do with our clients.

- **How do you manage CSR in ÅF?**

One of the things I do is sitting in the management group, which means that the issue at question gets a central meaning in all our activities. We have coordinators and contact persons in every division. Every division has appointed a person responsible for this, with whom I am cooperating with. Since our divisions are active in different sectors, it creates different conditions to which we need to adapt when we try to implement things. But what is important is that we have common policies, we have common education, both on the internet but also for all newly employed, all managers, so that we all the time reach out to our people with it.

Then, it is important for us that our consultants always should, before we enter into a new project, make a risk assessment of what kind of client we have in front of us, what kind of country we are about to enter. Most of the time we do not have any problems with clients and projects we are about to cooperate with, but from time to time some specific project can arise which causes challenges; in these situations it is up to us to reason around how we can overcome these challenges – can we together with the client amend these issues, or not? It is only then, when we know that we cannot amend the problems when we can avoid entering that project.

All our consultants need to complete this, and these conversations are completed between the manager, the consultant, and me in consultation to reach a beneficial decision. On the other hand, we are also trying to become better at making our consultants realize a visualized picture of how much sustainability they should have within the frame of the services they offer the client, because they do not think about that. For many of our consultants, sustainability is very much connected to environmental issues: emissions, environment and energy efficiency. But sustainability is so much bigger than that, so reaching out with the bigger picture to our consultants is what I am trying to do.

- **How do you perceive ÅF (employees) are following through with the lines set up for CSR?**

They follow it pretty well. But we also need to develop our mechanisms for following-up. Of course, evaluation and follow-ups are time-consuming, and the starting point for me as the responsible for sustainability is not to control our consultants and our employees; the starting point is to be their support. I say “if you take care of your job, I will take care of my job, which is to support you in doing it right”. I think many sustainability managers are seen as the consciousness and the controlling mechanism of the company; though, for me, it is not my intention to be any of it – I cannot handle to control over 7000 employees and how they behave in their daily business.

I have to trust in the fact that they are educated, they read our policies; they know what the deal is. The day something goes wrong, we all also have to know that we are

sharing that responsibility; the responsibility does not only concern the sustainability manager. So, I assume that our consultants do what they should, and I mean that we share that responsibility. They do their job, and I can do mine, and we support each other in that process. But, again, I cannot guarantee that everyone always do the right thing. But the starting point is that everyone does.

- **How do you perceive ÅF is handling CSR with clients?**

- **Are clients welcoming ideas or rather being reluctant to them?**

Many clients welcome it, more today than maybe five years ago. Five years ago much was about if you want to make it sustainable it will cost, which is, I think, the first mistake one does – connect sustainability with cost, when actually it is about making more effective solutions in one way or another. And while streamlining your activities – if you now choose to use less material, or being more water saving, or streamlining – whatever it is, you will always in the long run save money.

Of course it is always an investment, but in the end it is actually about developing your business and also become more profitable. So, sustainability does not cost, it is profitable. Just like any other business development, just like when you start a company, you always need a starting capital. But in the end you need to understand why you invest in it. I think more and more people understand that today, just comparing with five years ago. There are many companies today who also describe their business strategies based on the sustainable perspective.

When we say that we want to double our turnover and that we want to half our impact, it means something. In that equilibrium it is a big challenge for both our clients and for us who are offering these services. And there we have to, in speak of communication, in ÅF, communicate this vision better; “we see your challenge, we can become your partner”; to reach this. And right now, we might not be there yet, because we all the time think that sustainability is something on the side, something extra, something only a certain group of engineers should do – which is not the case. We need to with all our competencies, with all its width, together, find solutions to a customer to reach increased profitability and growth, parallel with a minimized impact.

- **What measures do you take to make sure the employees are informed and updated about CSR activities, /guidelines/goals, ÅF wants to achieve?**

- **Do you think ÅF employees understand fully what is expected from them regarding CSR?**

One thing we have are educational trainings, which are compulsory, so we know who has done it and who has not. It is the closest managers to the branches, which have the responsibility to ensure that everyone has done them and understood them. The other thing is that we do employee research where we ask question about these issues: what they think of ÅF's sustainability work? Have they understood what it is about? This is

what we can compare over time and see whether we have improved or not. Hitherto, it is going forward.

Educational trainings are active all the time. You get training as a consultant, one as a manager, one as newly employed, a compulsory web program, which is sent out to everyone; so we have many layers of educational training, where sustainability is a part of it. I do not think everyone understands everything that is expected from them, but I do believe that more and more people understand. And most importantly is that everyone thinks sustainability is important. Then again it is also on me, and on the ones I work with, to together make our consultants understand the bigger picture, which I previously talked about. The ones working with streamlining think that they have understood that they are making a sustainable difference. Which they do, but many other consultants in our company do too: they create a safer working environment; they help the client minimize their availability of raw material in their products; all these create some kind of sustainability. Though, some understand it clearer than others, just because sustainability has not been connected to environment, emissions, and streamlining. So, the challenge is to get everyone to feel as proud over what they accomplish, by showing them how much sustainability they achieve in the frame of their mission.

Employees can ask, especially on conferences I speak on, how we can think in a sustainable manner? Usually, they are already doing it; they just need to realize what they have done, so that they can verbalize it to the client. Then, by being aware, one can also from the start, not only in the end, show the client how much we have achieved for them. We need to, from the start, realize these things, when we meet our client to engage in partnership, we need to be able to describe this: “we see that your challenges are like this or that”.

Many times I can see that our client’s sustainability goals are not always connected to their actual business. I think we could make a tremendous impact in this part, where we show our client “you can have sustainability goals, which are directly connected to your business – like this...”. Because when we deliver our services, they are always connected to the client’s core-business. There we think that the client could do better, especially in communicating and improving the connection to the core of their business. This makes it easier to talk and negotiate about, maybe even easier to accomplish.

- **What do you think ÅF can do better or what more can be done to improve ÅFs CSR behavior/activities/business, further?**

We can continue to develop this thinking of what sustainability is, to spread that knowledge. And this we do, but we need to continue with it, because we have not yet reached the whole way. When our consultants get knowledgeable enough, and aware of the bigger picture of sustainability, then they will too, I hope, get better at passing

it on to our clients when they meet them, because we do not always experience that today.

There are more and more requests of what we can deliver from a sustainability perspective, and it is a lot due to the fact that ÅF has a very good reputation, which is being “an engineering-consulting company with a high head when it comes to sustainability”. This reputation our customers want to understand, “ what is it that you offer?” and this we need to get better at communicating to them.

Is ÅF/you familiar with the guidelines of the Swedish government?

Yes, I know that new guidelines are coming up, however I do not believe that all employees know about the new ones coming from the government. Though, I am aware of it and it is of course my responsibility to, in time, spread it further to the management and what is important to us.

Do you think the Swedish government is doing enough to help companies with CSR? Do you think they can do more, and what in that case?

We participate in meetings, to which we are invited. Though, during my time in ÅF I have not been on those. However, we do participate on conferences, which the government is organizing, and also government representatives come and participate in our “green-day” which we have every year. Moreover, we keep good track of what the government does, since we have many public clients such as municipalities, state-owned companies and authorities. This means that we have to understand the politics. So, we do have much contact with politics, but mostly through these public clients.

All these governmental meetings need to be relevant for us too. We are a large company and we are two people in the “corporate” department that are trying to support the consulting activities, so we do not have so much time ourselves to only go and listen to conferences and consultations. We are trying to find our own channels through which we can do this. I am more than happy to consult with others, which are in similar situations as we are, with similar challenges and clients, when we together can develop these issues. But, it does not always feel meaningful to sit with representatives from other sectors, which are not connected or crucial to our activities – different sectors means more than often different languages and needs. In these situations there is not really any point, when we do not feel that these consultations give anything.

We are concerned of our clients and that they do the right thing, since they are our clients. But we cannot take their responsibility. We can only take our responsibility in that we say: “you mishandled this badly and if you cannot correct this we will back out”. Though, we cannot make sure that e.g. human rights will not be infringed in their name. This is one of the reasons it is important for us to hear their reports: What do they consider as challenges? How do meet them?

We do meet, since we build different kinds of power plants, clients who might need to move a whole society, village, to be able to build and establish a power plant. Then, it is important for us that we have a client who understands the weight of doing this the right way: how do we move people and in which condition they leave the people in after they have to leave their areas and move somewhere else? This is very important. But we can only hope and make sure that our clients realize the international guidelines that exist. But we cannot be responsible for the movement in itself.

- **Has it ever happened that you back out of a project because of these issues?**

Yes, it has happened.

- **Which points/goals have you achieved considering the ISO 26000? Peter Levin - *Peter.levin@afconsult.com***

The only goals we have for CSR are connected to ÅFs overarching sustainability goal – i.e. reduce our climate impact, and ensure that we in all situations choose the most sustainable solution for the client and that we are experienced to work and act in a sustainable way. The measurable goal is the one set for CO₂ where we yearly measure how many tons of CO₂ every employee in ÅF, in average, is responsible for.

We have not reached our highly set ambition to half these CO₂- emission, which were measured for the first time in 2009. What we have reached, on the other hand is increased awareness, a stricter standpoint regarding trips and company cars, prioritized choices of products (e.g. only environmental friendly IT options, changed functions for copying and printing, “green electricity” where it is possible for our offices, fair trade coffee, organic fruit, etc.) These choices have, after an increase of CO₂-emittance, brought us back to our 2009-level, which is approved with consideration of how much our activities have changed since then.

- **Do you exercise self-certification of ISO26000? If yes, who is your third party controller? Peter Levin - *Peter.levin@afconsult.com***

The policies and procedures, which are connected to CSR are always tested at internal revisions, which are conducted on approximately 100 units and 440 projects every year. We do not have any external third party controller, which do any kind of assessments on how well we are reaching the requirements form ISO26000. During the winter of 2015, Ernst&Young conducted a reviewing of our sustainability framework and came up with some interesting suggestions to reinforcements – but this is more of a one-time-thing and some additional third party assessment is not planned in the near future.

We are further aware of the fact that we with business management processes reach many of the core system requirements in ISO26000. These basic requirements on systematics are not much different from the different system standards (ISO9001/14001/18001).

- **What are the future implications for ÅF regarding CSR?**

We have to focus on many different things all the time. But what is mostly important right now are our risk assessments, which always have to be done, and done in the right way. The one thing I focus most on is, again, where we make the biggest difference regarding sustainability: which is our relations to our clients. There is the biggest focus; we need to develop it further, we need to get better at it.

- **Is there a bright future for CSR, or is it something that will remain prevalingly a refined image and a PR tool?**

No, I believe sustainability is real. I do not believe it is only about PR for anyone, even though it is important in order to build your brand. I believe that the more we understand what sustainability is and what it can mean to your business, the more important it will get, and I believe we are on the right path. Companies are starting to walk away from hearing a thousand voices and trying to follow them all, to the point where they alone analyze what it is they need? This journey makes sustainability more and more relevant.

I think it is absolutely fantastic when traveling around in developing countries, which are about to go through the same development as Europe did approximately 150 years ago. Everywhere “sustainability” as a concept is so important and exists everywhere. And these countries do not want to make the same mistake Europe did. We have learned the lesson, and realize how we can, in a more effective way can build sustainable cities and sustainable businesses of different kinds. This gives me much hope for the future: new ways to build; new knowledge of how to work more effectively and make things more sustainable, and that this knowledge is valued and used.

APPENDIX II – UN Global Compact

UN Global Compact's Ten Principles

Derived from:

- The Universal Declaration of Human Rights
- The International Labor Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

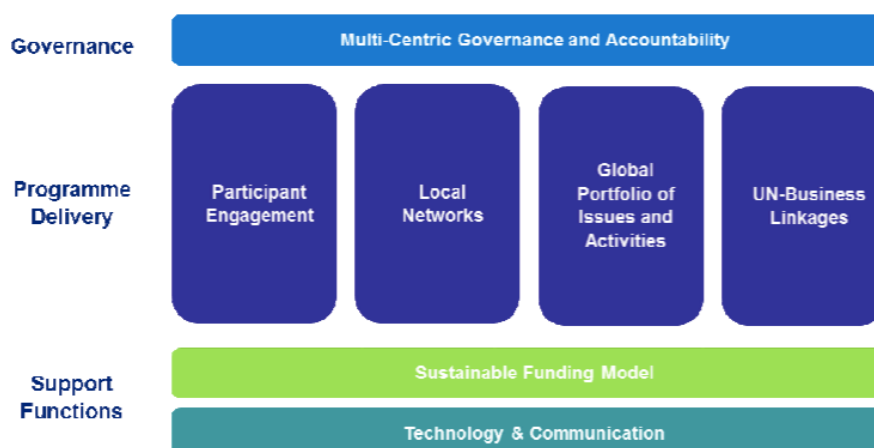
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

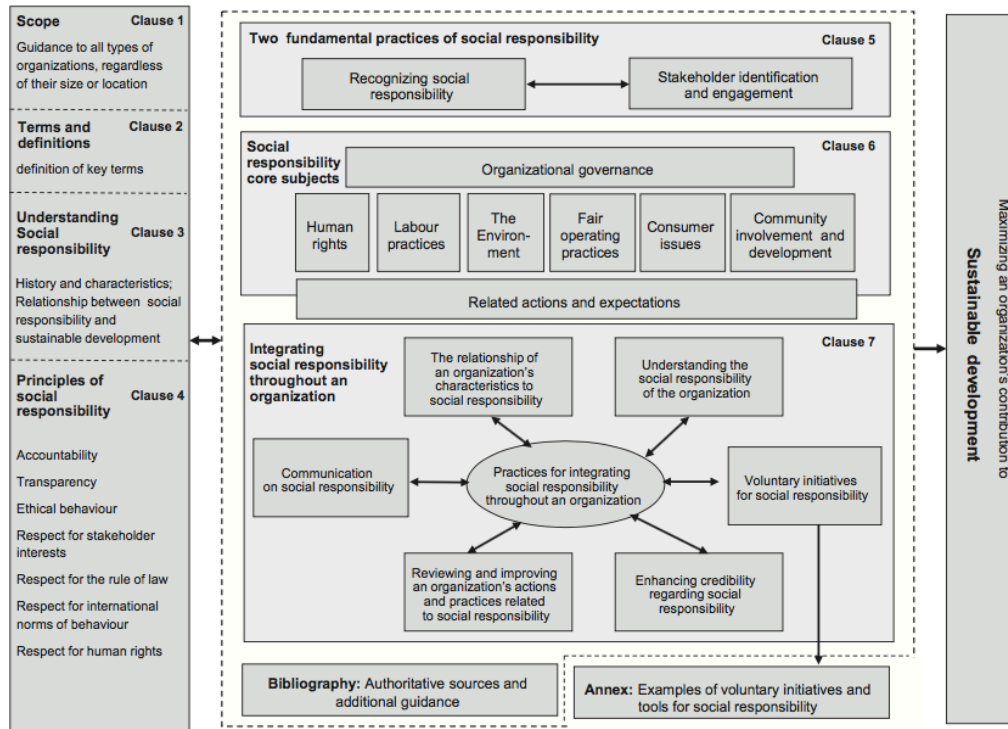
UNGlobalCompact, 2015 – www.unglobalcompact.org

UNGC– Framework and Overarching Objectives



Overarching Goal 1	Growing to Scale (13,000 business participants by 2016) Through Effective Participant Engagement
1.1	Introduce effective recruitment strategies to go to scale
1.2	Improve participant engagement capacity by enhancing internal operating capacity, developing effective technology infrastructure, and enhancing communication with participants
1.3	Improve the quality of implementation by increasing participant retention and reducing the number of companies expelled from the initiative for failure to submit their Communication on Progress (COP)
Overarching Goal 2	Empower Local Networks
2.1	Empower and support the Local Networks through improved communication and IT platform, capacity building, and enhanced governance in order to achieve 75 per cent of Local Networks with formal status
2.2	Expand Global Compact Local Engagement by launching at least 3 new Local Networks annually to expand the coverage of the Global Compact to underrepresented areas, including Africa
Overarching Goal 3	Ensuring Coherence of the Global Portfolio of Issues & Enhancing the Quality of Implementation
3.1	Position the Global Compact as the premier platform for business to learn, engage in dialogue, take action and disclose progress regarding corporate sustainability and commitments in line with the Ten Principles and furtherance of UN goals.
3.2	Accelerate significant uptake of participants in key established Global Compact Issue Platforms (e.g. increase the number of respective signers by 25-50 per cent)
Overarching Goal 4	Engaging Responsible Business in Support of UN Goals and Issues, especially in line with the Post-2015 Development Agenda
4.1	Improve the quality and quantity of partnerships undertaken by the Global Compact participants to advance UN goals – especially in relation to the Post-2015 agenda
4.2	Advance and disseminate the <i>Post-2015 Business Engagement Architecture</i> via UN processes, Local Networks, and Global Compact Issue Platforms and issue workstreams
4.3	Enhance the capacity of the UN System to partner more effectively with the private sector
4.4	Develop a vibrant Global Compact Business Partnership Hub

APPENDIX III - ISO26000: 2010



Source: ISO 26000:2010, Figure 1, p. ix

GRI G4 Guidelines and ISO 26000:2010 How to use the GRI G4 Guidelines and ISO 26000 in conjunction, 2014