Sustainability Reporting and the Global Reporting Initiative

Antecedents and Motives Affecting the Practice in Five Swedish Companies

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Abstract

Sustainability reporting has emerged as an outcome of corporate social responsibility, giving companies an opportunity to show transparency towards their stakeholders. The Global Reporting Initiative, a largely voluntary sustainability reporting standard, has become increasingly popular, providing a framework making reports consistent and comparable. However, Holmen, SAS, SKF, Vattenfall and Vin & Sprit were the only Swedish companies complying with application level A, the highest level of compliance, of the GRI framework in their 2007 sustainability reports. The purpose of this thesis is therefore to analyze why these five Swedish companies are sustainability reporting and why they are doing so according to the GRI standard.

A theoretical background regarding CSR, sustainability and GRI is provided in order to get a basic understanding of the context of the thesis. The theoretical framework for the study is based on the stakeholder concept and the legitimacy theory, utilizing the internal marketing and brand identity theories for the analysis. Semi-structured interviews were conducted with the five managers of the companies in order to gather the relevant data.

The study showed that the five companies investigated are sustainability and GRI reporting as a result of their company size, industry type, reporting tradition, ownership structure and various stakeholder-driven motives. The motives were found to be specific to either sustainability or GRI reporting, where the majority were linked to the practice of sustainability reporting.
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1. Introduction

1.1. Background

The interest in corporate social responsibility (CSR) has increased recently, partly because of the intensified debate about climate issues and labour rights (KPMG (1), 2008:99). Globalization has made the world’s markets more interconnected, and the development of information technology has further made information accessible (Iammarino & Michie, 1998:335). Both factors contribute to companies’ operations being influenced by a larger number of stakeholders, who have an interest in reviewing their activities. Hence, the companies’ actions receive greater and more widespread attention, compelling companies to become more aware of their processes and partnerships. The CSR movement has thus increased the demand for company transparency and accountability (Ellerup-Nielsen & Thomsen, 2007:25).

As a way of increasing environmental, economic and social transparency, organizations have started to practice sustainability reporting. There is no clear definition, but the Global Reporting Initiative (GRI) defines sustainability reporting as:

“...the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development” (KPMG (2), 2008, p. 8)

The primary intention of practicing sustainability reporting is to make organizations more transparent towards their stakeholders (Ellerup-Nielsen & Thomsen, 2007:25). However, since no single sustainability reporting framework has been accepted as a standard (Thomas, 2007:1), reports have been rather inconsistent, making them difficult for stakeholders to compare and review (Ellerup-Nielsen & Thomsen, 2007:25). In the light of that, the Global Reporting Initiative, a largely voluntary framework, has emerged, designed to facilitate the process of making sustainability reports credible, consistent and comparable (GRI, 2008).
GRI is an independent, global non-governmental organization, acting as a mediator in the process of designing and formulating guidelines for sustainability reporting. The first generation of the GRI standard was released in 2000, and since then two revised versions have been made available. Through collaboration with stakeholders such as large corporations, governmental and non-governmental organizations, the GRI organization employs a consensus-seeking approach in creating the guidelines (GRI, 2008). It is suggested that businesses need to have a combined set of goals, adding social and environmental as well as economic value for their stakeholders (Crane & Matten, 2007:25). That suggestion is appreciated in the GRI framework, where social, economic and environmental performance indicators are used to assess compliance with the guidelines. Organizations are then rated based on the number of indicators accounted for, where three application levels are provided (GRI, 2008). Application level A represents the highest and application level C the lowest level of compliance with the standard (ibid).

1.2. Problem Discussion
In January 2008, the Swedish government made it mandatory for government-owned companies to sustainability report in accordance with the GRI guidelines. The intent was to create a benchmark for other Swedish companies, encouraging them to do the same (Regeringen, 2007). This government initiative has increased the pressure on the larger Swedish companies to align themselves with the Global Reporting Initiative (Sidea, 2008). Implementing the standard can however be a costly operation; a study made by GRI on 30 major companies in 2002 suggested that the company with the highest GRI implementation cost, Shell Oil Co, spent nearly 3 million dollars on the operation (Evans, 2003:16). Further, CSR and sustainability reporting are voluntary concepts, which make the effects of the GRI standard less prominent (Ellerup-Nielsen & Thomsen, 2007:29).

In spite of that, a steady increase in the number of sustainability reports during the last years could be seen as an indication that companies consider the practice to be of strategic importance (McLean & Rebernak, 2007:1). However, Swedish companies are sustainability reporting to a lesser extent than their international competitors
“Swedish companies have annual reports of world class but have of reasons that are hard to understand, not followed the international development in the area of sustainability reporting”, claims Lars-Olle Larsson, Swedish representative of the European Sustainability Reporting Association (Ibid).

According to CorporateRegister.com (2008), the most exhaustive source of sustainability reports (Ringland, 2008), only five Swedish-owned companies; Holmen, SAS, SKF, Vattenfall and Vin & Sprit, achieved application level A in their 2007 sustainability reports. Those five companies have voluntarily aligned their sustainability reports with application level A of the GRI guidelines, making them forerunners in the GRI reporting field within Sweden.

1.3. Purpose

Given that there were only five Swedish companies sustainability reporting in compliance with application level A of the GRI framework in their 2007 report, the purpose of this thesis is to analyze why these five Swedish companies are sustainability reporting and why they are doing so according to the GRI standard.

1.4. Disposition

This thesis consists of a background of the field and the actual study conducted. The background part describes the theoretical background and provides secondary data about the Global Reporting Initiative, to present the necessary information for the subsequent sections. The actual study consists of a theoretical framework, a methods section, the results, analysis and conclusions drawn.

2. CSR and Sustainability in Theory

Sustainability reporting is argued to be tightly linked with CSR activities, since the information reported has to do with the company's economic, operational, social, philanthropic and environmental objectives (Ballou et al, 2006:65-66). In order to gain an understanding of why companies are sustainability reporting, it is therefore important to first understand the nature of CSR.
2.1. Carroll’s Pyramid of Corporate Social Responsibility

One of the most established and acknowledged CSR models is the ‘The Pyramid of Corporate Social Responsibility’ initially published in 1979 by Archie Carroll (Crane & Matten, 2007:49). The model has since then been revised in later publications by the same author (ibid). Carroll’s model attempts to explain the nature of CSR by proposing a multi-layered concept, shaped as a pyramid, containing four interrelated layers. These four layers represent the companies’ economic, legal, ethical and philanthropic responsibilities.

![Figure 1: The Pyramid of Corporate Social Responsibility (Crane & Matten, 2007:49).](image)

These four layers constitute total CSR (Carroll, A., B., 1991:40). Carroll (1979:500) defines CSR as:

“The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time”

The first layer of Carroll’s pyramid of corporate social responsibility represents the economic aspects which suggest that companies have an economic responsibility in
striving for maximum profits. Companies should produce products the consumers demand and make a fair profit in the process. The economic responsibility forms a foundation for the other aspects of responsibility because without it, the other responsibility areas cannot be practiced. Carroll argues that the society requires all companies to take their economic responsibility. (Carroll, A., B., 1991:40-41)

*Legal* is the second layer and represents the obligation for companies to comply with society’s laws and regulations. It is argued that the society’s moral views are mirrored in the laws implying that society requires that business activities are conducted within the boundaries of the law. (Carroll, A., B., 1991:41)

The *ethical* dimension, which is represented by the third layer, implies that companies are compelled to do what is regarded as right, just and fair although they are not legally obligated to. According to Carroll, the ethical responsibility is not required by the society but rather expected. (Carroll, 1991: 41)

The fourth and final layer in the model consists of the aspect of *philanthropic responsibility* (termed as *discretionary* in the definition of CSR provided above) which involves companies having a responsibility to care for the quality of life of employees, the community and ultimately the society in general. The distinguishing trait between philanthropic and ethical responsibilities is that the former is not expected by society, but rather desired. (Carroll, A., B., 1991:42)

### 2.2. Triple Bottom Line

The triple bottom line is a term coined by John Elkington (Crane & Matten, 2007:23). Elkington states that businesses, with regard to sustainability, rather than having the sole purpose of adding economic value needs to have a combined set of goals, adding social and environmental value as well (Ibid). Elkington argues that sustainability contains three key components which further correspond with the three main areas of the GRI framework, creating a theoretical reference point for the reasons behind the practice of the respective reporting areas (Ibid).
Environmental Perspectives

Sustainability from an environmental perspective concerns the conservation of physical resources for the future. All physical resources are considered to be finite, making it crucial to sustain these for future generations. Short-term implications concern emission of greenhouse gases and use of non-renewable resources. It also attends to the more fundamental issue of future growth, i.e. the upholding of wealth for future generations, given the constant increase of production and consumption. (Crane & Matten, 2007:25)

Economic Perspectives

Economic sustainability initially emerged from the limited carrying capacity of the earth, making the companies responsible for their contribution on the macro-level. On a firm-level, companies are responsible for ensuring long-term profitability rather than achieving some short-term economic goals. (Crane & Matten, 2007:26)

Social Perspectives

The social perspective is the most recent addition to the business discourse of sustainability, receiving significant attention as late as in the 1990s. The key issue in that aspect of sustainability concerns social justice, which involves the idea of creating equal and fair conditions for the people around the globe (Crane & Matten, 2007:27).

2.3. Implications

Carroll’s CSR pyramid and the triple bottom line concept constitute the foundation of CSR and sustainability respectively. Both theories have a stakeholder approach, trying to create a comprehensive picture of the concept they describe. The theories help gain an understanding of the reasoning behind the GRI guidelines, and act as a base for the reasoning later in this thesis. For the purpose of this thesis, focus will be on the *economic* layer of Carroll’s pyramid. It is the foundation of the pyramid, and maximizing profits is also the foundation of business. Since there is no legislation
regarding GRI reporting in Sweden, expectations of the standard becoming mandatory is the sole legal aspect of the issue. The ethical and philanthropic dimensions of the pyramid, although potentially relevant, are regarded to be included in the discussion of the economic aspects. They are included in the discussion of the legitimacy theory, and to a certain degree in the internal marketing and brand identity concepts later in this thesis (see chapter 4). Thus, the economic layer of the pyramid acts as a base for the theoretical framework of the thesis.

3. The Global Reporting Initiative

Since part of the purpose of the thesis is to analyze why the five Swedish companies are sustainability reporting according to the GRI standard, a brief review of GRI is required.

The Global Reporting Initiative is an independent organization founded in 1997. The organization’s main focus is to create a sustainability reporting standard that ensures credibility, consistency and comparability among reports. The three generations of the GRI guidelines – G1, G2 and G3 - were released in 2000, 2004 and 2006 respectively. (GRI, 2008)

The GRI Sustainability Reporting Framework currently consists of three main parts; the guidelines, the sector supplements and the indicator protocols. The guidelines are the core element of the framework, outlining content that is relevant to all organizations reporting according to GRI. The sector supplements are industry sector-specific factors aiming to complement the guidelines to make the reporting standard more generalizable. Finally, the indicator protocols provide information about the performance indicators companies are to account for. (GRI, 2008)

GRI provides a number of performance indicators divided into three main categories; economic, environmental and social. Depending on how many of these performance
indicators that are accounted for, each report is given a letter grade ranging from A to C, where A represents the highest and C the lowest level of compliance. (GRI, 2008)

The process of creating the guidelines is conducted through a consensus-seeking approach, meaning that all stakeholders interested in the framework are encouraged to provide feedback and suggest improvements. The technique is a way of assuring that the organizations using the standard consent with the way the standard is constructed. The stakeholder focus is visible both in the process of creating the guidelines and in the content. (GRI, 2008)

4. Theoretical Framework

Carroll emphasizes a connection between the concept of corporate social responsibility and an organization’s stakeholders by stating that it is a natural fit since the stakeholder concept identifies the groups companies should consider in their CSR orientations (Carroll, A., B., 1991:43). Even though the stakeholder concept and the legitimacy theory are two separate theories, they correlate with each other on some important aspects and share some basic assumptions. (Deegan, 2002:294). For instance, a key dimension in both theories is that the focus is on the organization’s stakeholders (Ibid). According to O’Donovan (2002:344-345), the stakeholder concept and the legitimacy theory are commonly used in studies with the purpose of explaining various aspects of CSR. Therefore, the stakeholder concept and the legitimacy theory constitute a suitable starting point for a study concerning sustainability and GRI reporting.

4.1. Stakeholder concept

The stakeholder concept was introduced by Freeman in 1984, and has since been revised and modified by several different authors (Gilbert & Rache, 2008:756). According to the stakeholder concept, organizations have to satisfy all of their stakeholders in order to be successful in their business. In brief, stakeholders are those groups and individuals that can affect or are affected by the organization and
its operations (Freeman, 1984:25). The stakeholders can be categorized into different groups which all are different and need to be dealt with through different strategies (Ibid:27).

Freeman's (1984:25) general view of the stakeholder concept is that it focuses on the organization's external performance. What is coined internal stakeholders is the members internal to an organization from which the organization can reach out to the external stakeholders (1984:217-218). These internal groups are important, and must also be taken into consideration in the planning process of the strategic programmes (Ibid:218-219).

The external stakeholders are, from Freeman's point of view, the majority of the stakeholder groups, and also the focus of the stakeholder concept (Ibid:218). These external stakeholders could for instance be customers, suppliers, shareholders, governments and NGOs (Ibid:25). This thesis will, in line with Freeman's idea, view the organization's employees as the sole internal stakeholders, and the external stakeholders as the remainder of the stakeholder groups.

Clarkson (1995:106) has chosen to elaborate on Freeman's concept by distinguishing an organization's stakeholders into two groups. Primary stakeholders are those the organization is dependent on, meaning that without the primary stakeholders the focal company would not survive. In the group of primary stakeholders, actors such as shareholders, investors, employees, customers, suppliers, governments and communities could be found. These primary stakeholders are also often dependent on the organization, implying a high degree of interdependence between the primary stakeholders and the organization. (Ibid)

Secondary stakeholders are defined as those actors not engaging in transactions with the organization but that still influence or affect, or are influenced or affected by the organization. Thus, these stakeholders have an impact on the organization but they are not essential for its survival. Actors belonging to the group of secondary
stakeholders are often considered to be media and a wide range of different non-government organizations (NGOs). (Clarkson 1995:107)

4.2. Legitimacy Theory
The legitimacy theory is built on the assumption that “organizations continually seek to ensure that they operate within the bounds and norms of their respective societies, that is, they attempt to ensure that their activities are perceived by outside parties as being legitimate” (Deegan, 2000:253).

The core principle of the legitimacy theory is that an organization’s success is dependent upon whether the society holds the perception that the organization is operating in a value system that is corresponding to the society’s own value system (O’Donovan, 2002:344–355). It is argued that a social contract between organizations and individuals in the society is pushing organizations to act in a socially responsible manner in their pursuit of achieving profits. It is therefore claimed that the legitimacy of an organization’s actions is judged and hence also accepted or disapproved by an external part (Ibid). CSR activities in general and sustainability reporting in particular can thus be seen as a way for companies to get their operations legitimatized (Solomon & Lewis, 2002:157).

4.3. Internal stakeholders
As explained by the review of the stakeholder concept, an organization’s employees are considered to be both primary and internal stakeholders (Freeman, 1984:217-218), (Clarkson, 1995:106). Further, the legitimacy theory refers to the social contract between the organization and the individual members of the society; a society the employees are members of (O’Donovan, 2002:344). Thus, the employees have to be convinced that the business ethics conducted are fair and just.

4.3.1. Internal Marketing
In order to convince the employees of the company’s fairness in endeavours such as practicing sustainability and GRI reporting, the initiative needs to be communicated internally. Internal marketing could be said to be an umbrella concept of a variety of
different internal activities, derived from the assumption that employees are a first, internal market for the organization. Companies adopting the internal marketing concept need to view their employees with a win-win partnering perspective rather than seeing them as subordinates. The employees need to obtain the feeling that the organization to which they belong provides them with something valuable in return for the work they are carrying out (Grönroos, 2007:385 – 387). According to Grönroos (Ibid:349), all employees should also act as part-time marketers, implying that beside their regular duties they also need to market their company. Hence, employees should feel satisfaction with their job environment and relationship with their employer as an organization. Thus, it is of crucial importance that the corporate values correspond with those of their employees. (Ibid, 2007:385 – 387)

4.4. External Stakeholders

External stakeholders such as customers, investors and suppliers are the focus of the stakeholder concept (Freeman, 1984:218). Convincing these stakeholders that the company conducts fair and just business ethics and that they are accountable and responsible is therefore essential. If an organization is operating in a socially responsible manner, it is likely to seem more favourable in the eyes of its external stakeholders, i.e. strengthening its brand (Aaker, 1996:122).

4.4.1. Brand Identity

The aggregated value of the company’s brand is the brand equity, which affects the value of the products or services it provides (Aaker, 1996:7-8). It consists of four major categories of assets; brand name awareness, brand loyalty, perceived quality and brand associations (Ibid:8). Brand identity is considered to be a driver of brand associations, which are metaphorically described as the heart and soul of the brand. Aaker (Ibid:7-8) offers the following definition of brand identity;

“Brand identity is a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organization members” (Ibid:68)
A firm could beneficially adopt different perspectives in order to clarify, enrich and differentiate the brand identity (Aaker, 1996:78). Four brand identity perspectives are proposed, considering the brand as: (1) a product, (2) an organization, (3) a person, and (4) a symbol (Ibid). In the context of this study, considering the brand as an organization is deemed to be the most relevant perspective (Ibid).

4.4.1.1. The Brand as an Organization
Firms adopting the perspective of viewing the brand as an organization will focus on attributes of the organization instead of attributes linked to the focal products or services offered. Concerns for the environment, a drive for quality or innovation are examples of organizational attributes that could be emphasized. In brief, organizational attributes could be said to be based on organizational culture, values and programs (Aaker, 1996:82-83). These organizational attributes may create organizational associations that in turn may generate emotional benefits based on admiration, respects or just liking (Ibid:82-83). Being perceived as a “good citizen”, including an environmental focus, charity funding, interest and involvement in communities and treating employees just and fair are said to be ways for creating favorable organizational associations (Ibid:118-119). Organizational associations can thus generate a sustainable competitive advantage for organizations adopting the strategy of viewing the brand as an organization (Ibid: 136).

4.5. Research Model
The theories described above form the research model presented below. As explained in the introduction, stakeholders have driven the companies’ increased practice of sustainability reporting. The motives behind the companies’ practice of sustainability and GRI reporting can therefore be expected to be tied to the companies’ different stakeholders. The research model distinguishes between primary internal stakeholders, primary external stakeholders and secondary external stakeholders, based on Freeman (1984:218) and Clarkson’s (1995:106) categorization of stakeholders.
Since the fundamental layer of Carroll’s pyramid of CSR is economic responsibility, the motives behind the companies’ practice of sustainability and GRI reporting can be expected to be related to profitability. The internal marketing theory concerns intra-organizational communication and the brand identity concept revolves around how brand associations can generate positive emotional benefits such as admiration and respect. Since both theories have an underlying goal of improving the stakeholders’ perception of the company, they can potentially increase profits.

Primary internal stakeholders will be analyzed through the use of the internal marketing theory since the practice of sustainability and GRI reporting can be expected to generate positive effects on the employees. Given that the only internal stakeholders regarded in this thesis are the employees, the category ‘secondary internal stakeholders’ is deemed not applicable. Primary and secondary external stakeholders will be analyzed using the brand identity concept seeing as the practice of sustainability and GRI reporting could generate positive brand associations, appreciated by the external stakeholders.

The research model will be used as a tool to gather and present the data for this study. Further, the model will be used to support the analysis of the presented data, the reasons behind the companies’ practice of sustainability and GRI reporting will be discussed and conclusions regarding incentives affecting the practice will be drawn.

![Figure 2: Operationalization of the theoretical framework.](image-url)
5. Method

5.1. Purpose of Research
The third generation of the GRI guidelines was established as late as in 2006, which implies that there has been limited research regarding the question of why companies voluntarily have chosen to implement the GRI standard. The purpose of this thesis is to analyze why these five Swedish companies are sustainability reporting and why they are doing so according to the GRI standard. Hence, this study could be seen as exploratory since it is looking upon the situation from a new perspective (Saunders et al, 2007:133).

5.2. Research Approach: Qualitative
Since the purpose of the thesis concerns why the focal companies’ are sustainability and GRI reporting, the study mainly revolves around the companies’ perception of the matter at hand. Hence, the appropriate data for answering the question was considered to be of a qualitative character (Saunders et al, 2007:472).

5.3. Data Collection Method
5.3.1. Primary Data: Interviews
It was deemed that qualitative data was appropriate to answer the research question and hence also that interviews were suitable in order to gather the relevant qualitative data. Semi-structured interviews were conducted with the purpose of giving the chosen respondents a chance to provide their company’s perception and insights about the subject (Saunders et al, 2007:312). The interview guide was systematically constructed based on the research model presented in part 4.5., and all respondents were interviewed according to the interview guide. The original intent was to conduct personal interviews with all chosen respondents. However, since SKF have their headquarter in Gothenburg; Vattenfall’s CRM manager was on maternity leave and SAS environmental director was positioned in Oslo, there were restrictions for doing so. Ultimately, personal interviews were conducted with the respondents of Holmen and Vin & Sprit and phone interviews with the respondents of SAS, SKF and Vattenfall.
5.3.2. Secondary Data
Apart from the conducted interviews with the five companies included in the study, additional data has been collected from the GRI home page and the respondent companies’ official annual and sustainability reports. The secondary data has been used in the thesis with the purpose of presenting the reporting standard and acquiring relevant company data.

5.4. Sample
5.4.1. Sample of Companies
The sample of companies chosen for this study was based on the application levels of the GRI standard. The companies chosen for this study were those that, in their sustainability report for 2007, reported in compliance with application level A of the GRI framework: Holmen, SKF (Svenska Kullagerfabriken), SAS (Scandinavian Airlines System), Vattenfall and Vin & Sprit. That indicates that they are dedicated in their sustainability and GRI reporting and therefore suitable respondents for the study. The study contains interviews with all five companies, i.e. the whole population.

5.4.2. Sample of Respondents
Based on the purpose of this thesis, the intent was to find respondents within the chosen companies who had knowledge about why the companies are sustainability reporting in compliance with the GRI standard. The companies were firstly contacted by e-mail, where the purpose of the thesis was explained and what subject-related knowledge the desired respondent should possess. In all cases replies from the focal companies were received relatively shortly after the initial contact. All company respondents interviewed were deemed to hold the necessary knowledge and information for the study based on their position and competence, as well as involvement in the implementation decision. The respondent for Holmen was Lars Strömberg, Environmental and Sustainability Manager; SKF was represented by Sim Tee Lam, Sustainability Communication Manager; Niels-Eirik Nertun, Environmental Director, represented SAS; Åsa Pettersson, CSR Manager at Vattenfall and Sofia
Leffler Moberg, Corporate Social Responsibility Manager at Vin&Sprit Group were also interviewed.

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Holmen</th>
<th>SKF</th>
<th>SAS</th>
<th>Vattenfall</th>
<th>Vin &amp; Sprit</th>
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<td>Position</td>
<td>Lars Strömberg</td>
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<td>Personal interview</td>
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Table 1: Interview summary.

5.5 Methods Reflection

The qualitative interviews in this study were conducted with one respondent from each company, which implies that it cannot be deemed as certain that the individual respondents represent the entire companies view of all matters investigated. To compensate for that potential drawback, the questions asked were on a company level and the respondents’ competence and insight into the practice was assured to avoid speculation from the respondent’s side. Since only one interview per company was conducted, it cannot be seen as certain that all motives affecting the practice were covered. However, the interviews covered the major motives as perceived by the respondents, and since the intent of the study is to investigate why the entire population is sustainability and GRI reporting, this was seen as sufficient.

Both phone and personal interviews were conducted, which could have affected the results of the study. Using the same question agenda for all respondents was seen as sufficient compensation for the somewhat inconsequent method of data collection. The results were also emailed to the respective respondents for review, where only some minor fact errors were corrected.
5.5. Operationalization

The interview questions are derived from the theoretical framework, in the interest of covering all potential motives behind the practice. The questions asked were divided into four main categories; introductory questions, general sustainability and GRI questions, questions about motives regarding internal stakeholders and questions about motives regarding external stakeholders. Although the study is partly retrospective, questions about the current situation within the company were asked in order to receive a more comprehensive view of how the practice impacts the company and its operations.

Introductory questions covered the respondent’s previous and current position within the company (Appendix, question 1-3). The general questions regarding sustainability and GRI reporting within the companies mainly covered previous work within the field, benefits perceived from the implementation and how the decision process functioned (Appendix, question 4-12). The first category of the research model, primary internal stakeholders, is analyzed using the internal marketing theory (see Figure 1). In order to find information related to that theory, questions about employee involvement, the decision process and expected and actual internal outcomes were asked (Appendix, question 13-17). The second and third category of the analysis model, primary and secondary external stakeholders, are analyzed using the brand identity theory (Figure 1). To receive relevant information, questions regarding how the reporting affected the external stakeholders covered both the second and third category. The foci of the latter questions were on external influence when choosing the GRI reporting standard, intended and actual effects of the implementation and how the sustainability and GRI efforts are communicated (Appendix, question 18-24).

6. Five A-Level Companies

All information in this section of the thesis is provided by the companies’ respective respondent, unless otherwise stated.
The five Swedish companies achieving application level A of the GRI framework in their 2007 sustainability reports were Holmen, SAS, SKF, Vattenfall and Vin & Sprit (corporateregister.com, 2008). In the 2007 reports, the five companies all had at least 2,000 employees and a turnover of more than 10 billion SEK, and were all within the top 100 among Sweden’s largest companies based on turnover (largestcompanies.se, 2008). Vattenfall and Vin & Sprit were at the time of the 2007 report government-owned (Vattenfall and Vin & Sprit 2007 Annual Reports), whereas Holmen, SAS and SKF were private, publicly traded companies (Holmen, SAS and SKF 2007 Annual Reports).

6.1. Holmen AB

Holmen AB currently has roughly 5,000 employees and an annual turnover of approximately 19 billion SEK (Holmen Annual Report 2007). The company has multiple foci of its operations; within printing paper, paperboard, sawn timber, forestry and energy (Ibid). The respondent was PhD Lars Strömberg, director of sustainable and environmental affairs within Holmen.

6.1.1. Background - Acquisition Leading to Sustainability Reporting

The first non-financial factors in the company reports appeared in 1993; when MoDo (from 2000 Holmen) published an environmental report in order to comply with the ISO 14000 standard. The environmental reporting progressed and the first sustainability report was published in 2004 (Holmen and its World 2004). The company crosschecked the report with GRI for the first time in 2006, finding that the report contained sufficient information for it to attain application level B. The 2007 sustainability report, “Holmen and its world”, was the first Holmen report to purposely be in compliance with the GRI framework, resulting in the company achieving application level A. The GRI standard acts as much as a framework for the company’s reporting as a way of continuously improving the sustainability reports.
6.1.2. Internal Stakeholders – Encouraging the Endeavour

One of the reasons why the company began reporting according to GRI was that its former sustainability report in fact contained the information needed for a number of the performance indicators, making the transition smooth and hassle free. The fact that the company reached application level B relatively effortlessly created a positive atmosphere, making employees interested in reaching application level A. The company directors encouraged this venture, communicating the endeavour internally, e.g. through the company magazine, as well as promoting the sustainability report internally. The initiative has been appreciated, creating employee interest in both the company’s processes and ambitions. That is something Holmen intended, all employees should be able to act as ambassadors for the company.

6.1.3. External Stakeholders – Accessible Information and Customer Interaction

Holmen uses the information to show transparency towards external stakeholders. For example, banks and other financial institutions have historically contacted Holmen to inquire about company facts and figures, to get a complete understanding of the company and its operations. This data is then used as a base for the bank or financial institution’s analysis of the company, which in turn is used in the decision-making process for future investments. After the implementation of the GRI reporting standard, the questionnaires have reduced in number as the inquirers have been able to gather the majority of the data they are interested in through the sustainability report. Furthermore, the questionnaires and inquiries that do come in are in search of information that is missing or unclear in the report, further allowing Holmen to identify areas of improvement for the upcoming sustainability reports.

In addition, the Iggesund Paper branch of the organization uses the sustainability report when interacting with customers, to provide company data and display transparency. This is an initiative that Holmen is hoping will add value and possibly be the competitive edge making the company the first choice among the competing suppliers.
6.2. SKF

SKF was founded in 1907, and are industry suppliers of rolling bearings, seals, mechatronics, services and lubrication systems (SKF Annual Report 2007). The company currently has approximately 42,000 employees and an annual turnover of more than 58 billion SEK (Ibid). The company’s respondent was Sim Tee Lam, Communication Manager for Sustainability Reporting within SKF.

6.2.1. Background - Early Adopters

SKF published its first environment, health and safety (EHS) report in 1994, and has ever since continuously published similar reports annually. The company has sustainability reported according to the GRI guidelines since 2000 when the first generation was published, and has ever since aligned its report with the framework. When the G3 guidelines were published in 2006, the company adapted to the new directives and achieved application level A in the report. The report is currently consolidated with the annual report, with the intent of showing the company’s incorporation of sustainability in its operations.

The company’s first priority when implementing the sustainability reporting was to provide the stakeholders and potential investors with information about the company and its operations. The implementation of the GRI standards was not as much due to pressure from internal or external stakeholders, but as a way to voluntarily show transparency and make information easily available and accessible. The decision itself was made internally, as was the decision to alter the reporting to fit the new generation of standards that emerged in 2006. The company chose to implement GRI because it was seen as the first acknowledged international standard for sustainability reporting. Following a standard gave SKF the opportunity to increase the consistency of the sustainability reporting, further facilitating the consolidation of information for the shareholders and investors both domestically and internationally.
6.2.2. Internal Stakeholders – Training Employees in Sustainability

The data collection for SKF’s sustainability report is done continuously throughout the year. Communication between different company units regarding sustainability issues is however more frequent when the quarterly reports are formed. SKF also holds ‘sustainability training’ with its employees where the importance of these issues and the way SKF are managing them are communicated. According to Sim Tee Lam, the employees within the company are proud of what SKF has done for the ‘community’, both in Sweden and in the rest of the world. This has also increased employee motivation. This effect is likely to have been reinforced by the implementation of the sustainability reporting, according to the respondent.

6.2.3. External Stakeholders – Consistency Is Key

Investors, shareholders and other stakeholders are considered to be of utmost importance for SKF’s sustainability reporting. The main reason behind the adoption of GRI reporting was to form a more consistent sustainability report built on an international standard to ease communication and further show transparency. NGOs such as Amnesty, investors, and other stakeholders that analyze SKF are eager to compare SKF against other companies. The GRI framework is said to increase comparability and thus create an opportunity for benchmarking. SKF argues that the company’s overall high performance in the field has been perceived as strengthening for the brand. The company strives to be proactive, providing energy-saving products and assisting the customer’s in energy-saving activities while acting responsible.

6.3. SAS

SAS is the largest airline in Northern Europe, flying more than 42 million passengers annually (SAS Annual Report 2007). The company has roughly 22000 employees and an annual turnover of more than 52 billion SEK (ibid). The company’s respondent was Niels-Eirik Nertun, Environmental Director within SAS Group.

6.3.1. Background – Adapting

SAS published its first environmental report in 1996 and the first sustainability report was published in 2000. However, GRI has never been SAS’ prioritized sustainability
reporting standard. Instead they have used the Deloitte checklist as a framework for sustainability reporting, which mainly covers both the GRI and OECD standards. The report is then cross-referenced against the GRI performance indicators and, if necessary, complemented with information to comply with the GRI guidelines. As GRI has emerged as an international standard, it has not been a conscious decision to report according to the framework, but compliance with it has historically been assured in the later phases of the reporting.

Due to the nature of the industry they operate in, the main focus of SAS’ sustainability reporting has been the environmental factors. The environmental reporting began when verified information about its environmental impact was needed due to the ongoing debate with the governments and NGOs, and that is still one of the key drivers of the company’s reporting. SAS has tried to act as forerunners in the area, due to the high public interest in the company, and being transparent and open against stakeholders has been a high priority.

6.3.2. Internal Stakeholders – Encouragement and Accessibility

Internally, SAS tries to encourage its employees to take part of the information available. They make sure both annual and sustainability reports are reachable on the company intranet, in order for the employees to access it easily. Furthermore, the company organizes internal quizzes which are intended to act as an incentive for employees to find the information about the sustainability report.

6.3.3. External Stakeholders - Investors, Shareholders and Corporate Clients

Although SAS serves both business-to-business and business-to-consumer markets, the main targets for the communication of the sustainability report are the corporate clients along with investors, shareholders, NGOs and governments. However, the external stakeholders did not convince SAS to report its environmental impact originally, according to the respondent. Rather, the decision to start reporting such factors was a mutual agreement through dialogue, where both SAS, governmental and non-governmental organizations had their say. An underlying motive for SAS was to ease the benchmarking process for market analysts. Further,
some larger corporate clients such as Ericsson, Statoil and Hydro, which have environmental consciousness as a factor to be considered in their choice of supplier were also influencing the decision. As such, it is a business opportunity in the airline industry to be transparent and aware of the environmental impact in terms of emissions and fossil fuel consumption. It has increased the customers’ and NGOs’ perception of the company, thereby strengthening the brand. Also, since SAS is one of the major players on the market, trying to withhold information about negative aspects of its operations could be a major setback for the company.

6.4. Vattenfall
Vattenfall is a Swedish government-owned company, supplying electricity mainly in the Swedish business-to-business and business-to-consumer markets. The company has a turnover of more than 143 billion SEK, employing almost 25,000 employees (Vattenfall Annual Report, 2007). The company’s respondent was Åsa Pettersson, CSR Manager within the company.

6.4.1. Background – From G2 to G3
Vattenfall published its first complete sustainability report involving social and economic issues in 2004. It followed the G2 guidelines but was, in line with the company’s plan, not in full compliance with them. The year after they fully complied with the G2 guidelines, and in 2006 they aligned themselves with the newly published G3 guidelines. Although Vattenfall is owned by the Swedish government, the company did not experience any specific pressure from the owners. Instead, there were other stakeholders such as the community and NGOs who had the largest influence on the choice to implement the reporting standard. Since the company is government-owned, it experiences pressure from a wide array of stakeholders.

6.4.2. Internal Stakeholders – Part of Management Training
Vattenfall uses the sustainability report to keep employees updated on the company’s performance in the area. It is part of the company’s internal management training program to keep the managers updated on the progress and visions of the
company’s sustainability efforts. The report is also communicated internally through the company’s intranet and the company magazine, and is published in all languages spoken within the organization. The goal is that all employees are knowledgeable enough about the company sustainability practice to be able to act as ambassadors. The internal benefits were anticipated, but not decisive for the company sustainability reporting according to GRI.

6.4.3. External Stakeholders –Reported Data Reused In External Communication

Vattenfall does not only compile the data for the sustainability report, the company also uses that data in communicating with the external stakeholders. For instance when compiling information about the origin of the different service packages, they are able to provide the customers with information about where their electricity comes from. Other stakeholders such as environmentally oriented NGOs and politicians also requested an increased transparency in such areas. These demands drove the implementation decisions within Vattenfall, who were able to satisfy a number of stakeholders through the data cumulated.

Within Vattenfall, the reporting standard was seen as beneficial for three different reasons. Firstly, using the GRI standard was expected to increase the credibility of the report. Vattenfall, being a government-owned energy company, has a wide array of stakeholders with interest in the company and its operations. According to the respondent, GRI was even before they implemented seen as the international standard, making it a suitable choice of reporting model. Second, the company saw the comparability of the standard as beneficial. Being able to benchmark against companies, both in Vattenfall’s own and other industries as well as against themselves overtime, was considered to be an advantage of the GRI standard. Lastly, the standard was seen as something desirable since it increased the transparency of the report. Easily accessible information combined with a categorization and structure among the indicators were factors contributing to that.
6.5. Vin & Sprit

Vin & Sprit was, when the 2007 annual and sustainability report was published, a Swedish government-owned company producing and distributing alcoholic beverages. The company employs around 2100 employees and has an annual turnover of more than 10 billion SEK (V&S Group Annual Report 2007). The company’s respondent was Sofia Leffler Moberg, who at the time of reporting was corporate responsibility manager within the company.

6.5.1. Background – Integrated Reports

Vin & Sprit has been publishing environmental reports since the 1990’s, but the company’s first more comprehensive report was published in 2003. The first sustainability report adapted to the GRI standard was published in 2005, and since then the GRI format has been used. The company has chosen to integrate its sustainability report with the annual report, to further show transparency towards stakeholders. Since the company is government-owned, a wider range of stakeholders has an interest in the company and its operations. Also, with the large amount of transportation needed, the company has an inevitable environmental impact.

The main reason behind the choice of GRI was that the company saw it as the de facto standard for sustainability reporting at the time. Having a structured system for how to report simplifies the process for both the reporting organization and stakeholders interested in retrieving data from the report.

6.5.2. Internal Stakeholders – Awareness Increases Motivation

Vin & Sprit sees environmental awareness as something that can motivate people to work in the same direction. The company’s long-term goal is to be profitable, but in order to achieve that, fairness is a must. The sustainability reporting has had a positive effect on employees, both current and potential future recruits. According to the respondent, responsible companies are more attractive for graduates and can also increase employee morale. Especially for today’s graduates, CSR has almost become a hygiene factor when choosing a potential employer, according to the
respondent. Internal effects were not claimed to be something that drove the decision, but was considered to be positive side-effects of the implementation.

6.5.3. External Stakeholders – No Pressure From the Government

Vin & Sprit has not experienced any pressure from the former owners, i.e. the Swedish government, towards sustainability and GRI reporting; the decisions were entirely internal from the company’s side. The company decided early on to be proactive and report according to the presumed future standard before it became mandatory in any way. Vin & Sprits main external stakeholders are customers, suppliers, NGOs and to some extent media and the general public. The dialogue regarding the issues at hand go both ways; the media can for instance use the report to receive validated information, and Vin & Sprit can use the same material in showing progression and how the company has improved throughout the years. It also creates a possibility for both the company and its stakeholders to benchmark against other companies.

The NGOs interested in the company’s activities were a minor influence on the implementation decisions. Those organizations are mostly interested in reducing alcohol consumption rather than the environmental aspects, but the report does help the company when showing consciousness and transparency. The customers and suppliers have shown surprisingly little interest in these matters, according to the respondent.

7. Analysis

In this section of the thesis, the term ‘incentive’ is used, representing a motivational driver of the practice not yet categorized. In the incentive categorization model provided below, a distinction is made between motives and antecedents. The respective categories of the sustainability and GRI reporting motives are analyzed using the internal marketing and brand identity theories depending on the concerned stakeholder group (see section 4.5.).
After having conducted the five interviews, it became clear that the incentives for the GRI practice within the five companies were not solely based on the anticipated and experienced effects of such a practice. Previous sustainability reporting efforts, industry type, company size and ownership structure all affected the decision making process to practice sustainability reporting according to GRI. These antecedents are distinguished from the motives found in the study. The motives are aspects perceived by the companies to be beneficial, and are therefore cognitive.

![Incentive Categorization Model](image)

*Figure 3: Incentive Categorization Model.*
In order to provide a comprehensive picture of why the five companies are sustainability reporting, and doing so according to the GRI standard, the sustainability and GRI reporting motives had to be distinguished. Some motives found were not specific to GRI, but were related to sustainability reporting in general. Therefore, the incentive categorization model presented above categorizes the motives related to GRI, the motives related to sustainability reporting and the antecedents contributing to the practice of both sustainability and GRI reporting.

The antecedents are described and analyzed separately in this section. Thereafter, the motives for all five companies are mapped into one table, and analyzed per stakeholder category to provide a comprehensive picture of the population.

### 7.1. Antecedents

Although the five companies in this study operate in different industries, the antecedents influencing the decision to practice sustainability and GRI reporting within the respective companies were found to be relatively similar. The four antecedents found, company size, industry type, reporting tradition and ownership structure, are all related to the various company stakeholders. Reporting tradition is a result of previous stakeholder influence and acts as a catalyst for the practice of sustainability and GRI reporting whereas ownership structure has a more constant effect. Company size and industry type are directly affecting the influence of the stakeholder groups. As those two factors become more prominent, stakeholders are likely to grow in numbers as well as become increasingly demanding, compelling companies to be socially, economically and environmentally responsible. No distinction could be made between sustainability and GRI reporting for the antecedents, so all four antecedents are considered to be affecting both categories.

The motives and antecedents are both incentives for the practice. However, if the antecedents have driven the sustainability and GRI reporting to a high extent, the motives found in the study are less decisive for the practice. That is, if the
antecedents become more influential, the motives’ impact on the practice can be expected to decrease.

7.1.1. Company Size
The five companies interviewed in this study are all among Sweden’s largest companies based on annual turnover. Although they range from 2,100 to 42,000 employees and from 10 to 143 billion SEK in annual turnover, the five companies are all among the 100 largest in Sweden. It is reasonable to believe that a larger number of employees increases demand for social fairness, and also creates a greater economic dependence. The size also creates a greater public interest, since more stakeholders are affected by the companies’ actions, both socially, economically and environmentally. A larger public interest further creates a greater medial interest, reinforcing the stakeholder’s interest in company transparency. With size, internal and external stakeholder groups grow and thus become increasingly influential.

7.1.2. Industry Type
The industry type is likely to have compelled the companies to publish environmental reports, something all five companies stated that they did at an early stage. All of the five responding companies are active in industries that inherently have a high impact on the environment, either through the large amounts of transportation needed for, or the nature of, their core offering. Holmen, SAS, SKF and Vattenfall operate in industries that have a high impact on the environment. Vin & Sprit, although perhaps not inherently in a potentially environmentally harmful industry, does state that the transportation of its products is extensive. Companies operating in such industries can be expected to experience an enhanced demand for environmental responsibility and transparency, as the stakeholder’s review of their operations is more extensive.

7.1.3. Reporting Tradition
Once the environmental or sustainability reporting is initiated, the ongoing process can lead the company to progress with the current trends in the area. This was the case with all the respondent companies. Environmental reports subsequently turned
into sustainability reports in all five cases studied. Although not necessarily an incentive to employ sustainability reporting, the previous efforts were claimed to ease the transition to both sustainability reporting and GRI, thus reinforcing the decision to implement. In that sense, reporting tradition acted as a catalyst for the progression into sustainability and GRI reporting.

7.1.4. Ownership Structure
Two out of the five respondent companies, Vattenfall and Vin & Sprit, were government-owned at the time of the implementation of their sustainability and GRI reporting. Although neither of the companies claimed to have been influenced by the government itself, public interest in their operations can be expected be higher than if the company would be privately owned. Vattenfall also stated that since they were government-owned, they became even more vulnerable to the public opinion, compelling them to be proactive in their sustainability efforts. The government ownership implies that the social and environmental responsibilities receive more attention, since these areas are likely to be in the interest of the general public. Ownership structure has a constant effect, since the stakeholder groups remain the same as long as the ownership structure stays the same.

Even though Holmen, SKF and SAS are not owned by the government, they are three privately owned companies likely to have extensive demands from their stakeholders. Being large publicly traded companies, they are prone to experience critical review from owners as well as potential investors. This economic interest in the companies could pressure the companies to practice sustainability reporting in order to show transparency. Thus, the stakeholder interest is likely to be more focused on the economic responsibilities if the company is publicly traded. The investors may also have an interest in the practice of GRI reporting, given its claim to increase consistency and comparability among the reports.

7.2. Motive Categorization
The motives found were categorized based on the stakeholder category they mainly concerned and whether they were specific to sustainability or GRI reporting. The
following table shows the aggregated company motives (for company-specific mapping; see Appendix 2). In the following sections, the most common motives are exemplified and discussed.

<table>
<thead>
<tr>
<th>Stakeholder Category</th>
<th>Motive (number of occurrences)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Internal (Sustainability Reporting)</td>
<td>Motivating employees (4), Encouraging employees to act as ambassadors (2), Advantageous in recruitment (1) Keep employees updated on performance (1)</td>
</tr>
<tr>
<td>Primary Internal (GRI)</td>
<td>Benchmark against themselves (2) Information more easily obtained (1), Positive atmosphere due to application level achieved (1)</td>
</tr>
<tr>
<td>Primary External (Sustainability Reporting)</td>
<td>Show transparency (5), Communicating with external stakeholders (4), Using the information in marketing (3), High performance strengthening brand(2)</td>
</tr>
<tr>
<td>Primary External (GRI)</td>
<td>Providing ability to benchmark (comparability) (3), Comprehensive information for investors and analysts (2), Increasing credibility (1), Increase consistency (1)</td>
</tr>
<tr>
<td>Secondary External (Sustainability Reporting)</td>
<td>Show transparency towards NGOs (3), Use in dialogue with media (1)</td>
</tr>
<tr>
<td>Secondary External (GRI)</td>
<td>Comprehensive and comparable information provided (1)</td>
</tr>
</tbody>
</table>

Table 2: Mapping of motives per category.

7.3. Primary Internal Stakeholders
In the category ‘primary internal stakeholders’, in total seven different motives were found, with eight out of the twelve occurrences linked to sustainability reporting and the remaining four to GRI reporting.

7.3.1. Primary Internal Stakeholders - Motives for Sustainability Reporting
The two most common motives found in this stakeholder category were employee motivation and the intent to encourage employees to act as ambassadors for the
company, with four and two occurrences respectively. Motivation was displayed for instance through encouragement to take part of the information provided in the report. SKF explained that the company carried out “sustainability training”; and SAS organized internal quizzes with the purpose of communicating the sustainability report and how the company is managing its sustainability issues. All four companies that claimed employee motivation to be a motive experienced positive effects to some extent. Holmen and Vattenfall further stated that they encouraged employees to act as ambassadors for the company. They communicated the sustainability report internally with the purpose of enabling the employees to do so.

In accordance with Grönroos view that the organization’s values should correspond with the ones of the employees, communicating the sustainability report to the employees is one way of conveying the organization’s values. In this case, the organizations’ social, economic and environmental responsibility should be seen as the values. The companies’ sustainability efforts have increased employee motivation, implying that the employees are appreciating the positive context of the practice.

The strive towards making employees company ambassadors are in line with Freeman’s view of internal stakeholders as channels through which the organization can reach out to the external stakeholders. It also corresponds to Grönroos’ idea of the employees acting as part-time marketers.

7.3.2. Primary Internal Stakeholders - Motives for GRI Reporting

The most common motive, with two occurrences, was the ability to benchmark against themselves overtime. That motive mainly concerns top management, but it also provides the employees with the opportunity of seeing the progress of the company’s sustainability practice. Vattenfall also stated that the GRI standard was beneficial due to the structure of the framework, making it easier for employees to understand and interpret the sustainability report. Further, Holmen argued that GRI and its application levels had created a positive atmosphere among the employees
since they were striving to achieve application level A. Overall, the motives related to GRI reporting mostly concerned the structure of the reporting framework.

7.4. Primary External Stakeholders

In the category ‘primary external stakeholders’, in total eight different motives were found, with 14 out of the 21 occurrences linked to sustainability reporting and the remaining seven to GRI reporting.

7.4.1. Primary External Stakeholders - Motives for Sustainability Reporting

The motives in this category of stakeholders were; an ambition to show transparency, communicating the information to stakeholders, using the information in marketing activities and a perception that a high performance in the field strengthened the company brand. The motives had five, four, three and two occurrences respectively. Displaying transparency and communicating the information to stakeholders were two generic motives, mainly used by the respondents to describe the overall purpose of the sustainability reports. The motive of communicating the information to stakeholders was distinguished from the motive of using the information in marketing activities by the respondents’ themselves.

Holmen, SAS and Vattenfall stated that they used the information from the sustainability reporting in their marketing activities. SAS explained that some of their largest corporate clients have a strong environmental focus, implying that SAS’ social responsibility as a supplier is an important factor. SAS argued that their practice of sustainability reporting therefore have given them a competitive advantage since the company has communicated responsibility and transparency concerning the matter. Furthermore, SKF and SAS concluded that their sustainability efforts have had a positive impact on the stakeholders’ perception of the company brand.

The positive responses received from the companies’ primary external stakeholders are most likely a result of the organizational associations created through the
companies’ communication of their sustainability report and its contents. This result are in line with Aaker’s argument, stating that companies that are managing their social responsibility could develop organizational associations generating emotional benefits based on admiration and respect. This creates an understanding as to why the companies’ motives included showing transparency, communicating the information to their external stakeholders as well as in using it in marketing activities. Although only SAS and Vattenfall directly stated that the practice improved the stakeholders’ perception of the brand, it is reasonable to believe that the other companies also have increased their brand equity.

7.4.2. Primary External Stakeholders - Motives for GRI Reporting

The ability to benchmark against other companies and providing comprehensive information to investors and analysts, with three and two occurrences respectively, were the two most common motives in this category. SKF highlighted the benefit of consistency of the reporting structure, appreciated by the investors due to the ease of comparing and benchmarking companies against each other. Furthermore, Holmen stated that banks and other financial institutions appreciated the consistency of the GRI structure, simplifying their gathering of relevant data.

7.5. Secondary External Stakeholders

In the category ‘secondary external stakeholders’, in total three different motives were found, with four out of the five occurrences linked to sustainability reporting and the remaining one to GRI reporting.

7.5.1. Secondary External Stakeholders - Motives for Sustainability Reporting

As mentioned in section 7.4.1., all companies stated that transparency towards primary external stakeholders was an underlying purpose of the sustainability report. Three occurrences were found since SKF, SAS and Vattenfall specifically identified non-government organizations as having influence on their practice. These three companies stated that transparency towards NGOs was one motive behind the practice. For instance, Vattenfall argued that environmentally oriented non-government organization requested increased transparency regarding sustainability
issues, requests which had some influence in Vattenfall’s decision to implement sustainability reporting. Vin & Sprit stated that their sustainability report was used in dialogue with media by providing them with validated company information.

Showing concern for NGOs with an interest in the company further communicates the organization’s values, potentially creating positive organizational associations. Demonstrating transparency towards secondary as well as primary stakeholders can also help legitimize the companies’ sustainability efforts, displaying a more genuine interest in the matter at hand.

7.5.2. Secondary External Stakeholders - Motives for GRI Reporting
The only motive found in this category was SKF’s claim that the GRI framework provided comprehensive and comparable information, appreciated by some NGOs. It is also possible that media and other NGOs appreciate the consistency of the structure, but limited communication could have prevented the companies from receiving any feedback from those stakeholders regarding the matter.

8. Conclusion
The purpose of this thesis is to analyze why the five Swedish companies included in the study are sustainability reporting and why they are doing so according to the GRI standard. The conclusion that can be drawn is that certain antecedents together with various motives are affecting the companies’ decision to practice sustainability and GRI reporting. To elaborate, four conclusions could be drawn from the study.

First, the study illuminated that all five companies’ share four antecedents to some degree. These four antecedents, company size, industry type, reporting tradition and ownership structure, all influenced the companies’ decision to practice sustainability and GRI reporting. The antecedents are related to the various companies’ stakeholders. Reporting tradition could be said to work as a catalyst for the practice whereas ownership structure had a more constant effect. Company size and industry
type are directly affecting the influence of the respective stakeholder groups. As company-size and industry type gets more prominent, it can be assumed that the number of stakeholders will increase and that their influence on the companies’ social, economic and environmental responsibility will increase. The outlined antecedents are presumed to have a strong impact on the companies’ practice of sustainability and GRI reporting. It can be argued that the stronger the antecedents are, the less influential the cognitive motives become for the decision to practice sustainability and GRI reporting.

Second, a number of motives were found that influenced the companies’ decision to practice sustainability and GRI reporting. The study showed that the motives and occurrences of motives were specifically tied to the practice of either sustainability or GRI reporting. The study concluded that ten motives and 24 occurrences were tied to the practice of sustainability reporting while eight motives and twelve occurrences were related to the practice of GRI reporting. Further, the most frequent motives concerning sustainability reporting were related to employee motivation, display of transparency and external communication, whereas the GRI related motives mainly concerned structural benefits such as comparability and consistency among reports.

Third, the motives for practicing sustainability and GRI reporting were linked to primary internal, primary external as well as secondary external stakeholders. Eight motives and 21 occurrences mainly concerned the primary external stakeholders, making it the most influential stakeholder category. Seven motives and twelve occurrences concerned the primary internal stakeholders, whereas three motives and five occurrences concerned the secondary external stakeholders. Further, all three stakeholder categories had more sustainability reporting related motives and occurrences than GRI related. This concludes that the motives concerning the primary external stakeholders were the most influential, making the category the primary driver of both sustainability and GRI reporting within the population.
Fourth, the companies’ respective practices of sustainability reporting resembled the concepts of internal marketing and brand identity, whereas these connections could not be identified regarding GRI reporting. The sustainability reporting related motives corresponded to the internal marketing theory in the sense that the companies worked towards motivating employees and encouraging them to act as company ambassadors. Further, the intent to show transparency, the communication of the information in the sustainability report and the use of that information in marketing activities could all be expected to generate positive organizational associations, in line with the brand identity concept. Two of the respondent companies also stated this explicitly, whereas the other three had not noticed any effects on the company’s brand.

These four conclusions, although not generalizable outside the population of the study, propose some points of interest. The study indicates that companies are more likely to implement either sustainability reporting in general, GRI reporting in particular, or both, if they are large companies; either government owned or publicly traded, has reported sustainability related data previously or operate in an industry potentially harmful to the environment. The probability of an implementation also increases if the primary external stakeholders have a strong influence on the company. Further, if the companies’ desire benefits such as increased transparency, improved communication with external stakeholders and increased employee motivation, they are more likely to implement sustainability reporting. If the companies wish to market themselves internally and strengthen their brand, the probability of such an implementation increases further. If the companies also desire structural benefits from the sustainability report such as the possibility to benchmark against other companies and a consistent and comprehensive reporting standard, aligning the sustainability report with the GRI framework would be more probable.
9. References

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Academic Journals


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**Electronic Sources**


Other Sources


Appendix 1: Interview Guide

Introductory Questions

1. What position are you holding within [your company]?
2. For how long have you been working within [your company]? For how long on your current position?
3. What connection did your position have to the implementation of [your company’s] sustainability reporting?

Questions Regarding The Company’s GRI and Sustainability Reporting

4. Who are responsible for the sustainability reporting within [your company]? Who are involved?
5. For how long have [your company] been sustainability reporting?
6. For how long have [your company] been sustainability reported according to GRI?
7. When was the decision taken to report according to GRI?
8. Who were involved in the decision?
9. What departments were involved in the decision?
10. Was it a hard transition to report according to Application Level A of GRI compared to [your company’s] previous sustainability reporting? If any?
11. How come [your company] chose to report according to Application Level A?
12. Does [your company] expect the GRI-framework to become a widespread and established standard? Legally?
Questions Regarding Internal Stakeholders

13. How did your employees influence the decision to sustainability report according to GRI?
14. What were the intended effects on the employees, prior to the implementation?
15. What were the actual effects on the internal stakeholders that came along with the implementation?
16. How did you communicate the decision to GRI-report to your employees?
17. How do you communicate your sustainability report internally?

Questions Regarding External Stakeholders

18. Who are [your company’s] stakeholders?
19. Who are [your company’s] most important stakeholders, when it comes to sustainability reporting?
20. How did your stakeholders influence the decision to sustainability report according to GRI? Which stakeholders?
21. What were the intended effects on the stakeholders, prior to the implementation? Which stakeholders?
22. What were the actual effects on the stakeholders that came along with the implementation? Which stakeholders?
23. How did you communicate the decision to GRI-report to your stakeholders?
24. How do you communicate your sustainability report externally? To which stakeholders?
### Appendix 2: Mapping of Motives per Category and Company

<table>
<thead>
<tr>
<th>Company</th>
<th>Primary Internal</th>
<th>Primary External</th>
<th>Secondary External</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holmen</td>
<td>Initiative appreciated (motivation) (SR)</td>
<td>Part of marketing - Iggesund Paper (SR)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ambassadors (SR)</td>
<td>Show transparency (SR)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Positive atmosphere in the process (GRI)</td>
<td>Provide banks and financial institutions with information (GRI)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comprehensive information - (GRI)</td>
<td></td>
</tr>
<tr>
<td>SKF</td>
<td>Pride, motivation (SR)</td>
<td>High performance strengthening Brand (SR)</td>
<td>Transparency towards NGO’s (SR)</td>
</tr>
<tr>
<td></td>
<td>Benchmark against themselves (GRI)</td>
<td>Communicate the report to show transparency towards external stakeholders (SR)</td>
<td>Comparability and comprehensive information (GRI)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consistency, comparability, benchmarking (GRI)</td>
<td></td>
</tr>
<tr>
<td>SAS</td>
<td>Motivate employees (SR)</td>
<td>Corporate Clients, marketing (SR)</td>
<td>Keep NGOs informed and pleased (SR)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Communicate the report to show transparency and be proactive (SR)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Strengthen brand (SR)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ease the process for analysts and investors (GRI)</td>
<td></td>
</tr>
<tr>
<td>Vattenfall</td>
<td>Keep employees updated on performance (SR)</td>
<td>Communication with external stakeholders (SR)</td>
<td>Transparency towards NGO’s (SR)</td>
</tr>
<tr>
<td></td>
<td>Employees act as Ambassadors (SR)</td>
<td>Communicating towards customers - marketing (SR)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Information accessible (GRI)</td>
<td>Transparency (SR/GRI)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Benchmark against themselves (GRI)</td>
<td>Credibility (GRI)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comparability (GRI)</td>
<td></td>
</tr>
<tr>
<td>Vin &amp; Sprit</td>
<td>Motivation (SR)</td>
<td>Show transparency in communication towards stakeholders (SR)</td>
<td>Used in dialogue with media (SR)</td>
</tr>
<tr>
<td></td>
<td>Positive effects on recruitment (SR)</td>
<td>Comparability, benchmarking (GRI)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Structure / consistency (GRI)</td>
<td></td>
</tr>
</tbody>
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*Appendix 2: Mapping of motives per category and company.*