Corporate Social Responsibility
The legal framework for CSR

Bachelor’s thesis within business administration
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Abstract

Purpose: The purpose of this thesis is to investigate whether companies explicitly contend corporate social responsibility according to the Global Reporting Initiative's guidelines.

Background: Corporate Social Responsibility is a concept that has grown over the past years. All state-owned companies are, in accordance with an amendment to 6:1 Årsredovisningslagen, obliged to present CSR according to the Global Reporting Initiative's guidelines. The legislated provision and its amendment do not cover private-owned companies. As today's society puts pressure on companies to be "good corporate citizens" one can wonder if not all companies should be obliged to apply the legislated 6:1 ÅRL and its amendment.

Method: In order to fulfill the thesis' purpose, a qualitative method has been used. Six chosen companies' annual reports have been studied in order to see if they contend corporate social responsibility according to the Global Reporting Initiative's Guidelines. To distinct the existing differences between the sectors; three of the chosen companies where state-owned and the remaining three were private-owned companies.

Conclusion: The outcome of this study indicates that the majority of the chosen companies explicitly contended Corporate Social Responsibility according to the Global Reporting Initiative's guidelines. Conclusively this indicates that all companies within both sectors can apply the legislated provision, 6:1 ÅRL, and its amendment.
### Abbreviations

<table>
<thead>
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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>ÅRL</td>
<td>Årsredovisningenslagen (1995:1554)</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>GRI</td>
<td>Global Reporting Initiative</td>
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<td>TBL</td>
<td>Triple Bottom Line</td>
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I Introduction

“*You must take personal responsibility. You cannot change the circumstances, the seasons, or the wind, but you can change yourself. That is something you have charge of.*”

-Jim Rohn, American speaker and author

1.1 Background

The last couple of year’s global issues such as the environment, terrorism and poverty have been raised within the societies of the world’s member states. Both people and companies have been affected by the discussions, which have lead to an increased awareness and concern for ethics within business. The word and meaning of ethics is often used when referring to the above-mentioned issues but the concept is hard to define (Global Issue, 2007). We consider ethics to be, among others; when a business requires their supplier to use eco-labeled products in their manufacturing, when it has a good environment for their employees or offers minimum wages in accordance with national legislation.

There are several reasons for why companies concern for being good corporate citizens has become an up to date issue. For example;

- the globalization and integration of the economy,
- the importance of enterprises as social actors,
- the growth and development of modern communications technology which gives easy access to information and
- the increase of consumer awareness (Tully, 2005).

Companies whom are following a guideline tend to do so because of the different demands from its various stakeholder groups. There are different types of stakeholders. One might be a consumer interested in a product manufactured in a fair trade environment while another could be a shareholder interested in the transparency of the company. Because of the different demands it is essential for an enterprise to try and accommodate the various needs within the shareholder group. A guideline with an informative and wide-ranging corporate social responsibility (hereafter CSR) available to all interested parties can be the solution for a company (Tully, 2005).

CSR can be divided into three different corporate aspects; economical, social and environmental. Even though they represent three different aspects there is a strong connecting link between them. For example, if social or environmental responsibility is set aside this might affect the customers, which can lead to decreased financial return for the business (Confederation of Swedish Enterprise, 2006).

National legislators and international organizations have also raised and emphasized the issue and importance of company’s social responsibility (Tully, 2005). The efforts made in Europe relating to CSR are considered as the most developed practice in the world. The reason for this nomination is mainly the strong regulatory environment and non-governmental organization campaigns which during the years have been engaged in CSR related questions. The Swedish government is well aware of the importance of CSR and Sweden was in 2007 ranked as number one according to the non-profit organiza-
Responsible Competitiveness Index. This index shows that Sweden is in the lead of business competitiveness through responsible business practices (AccountAbility, 2007). Fortunately, we Swedes are concerned about the environment, human rights and anticorruption whilst doing business. Another indicator to this awareness is the fact that the Swedish government requires state-owned companies to present sustainability reports in accordance with the international organization Global Reporting Initiative’s (GRI) guidelines (Ministry of Enterprise, Energy and Communications, 2007).

1.2 Problem discussion and statement

When looking at the concept of CSR there is, as mentioned, no clear definition of its meaning. Since every country has its own ethics and values, it is of great importance to have a common basis for appraisal. This is accomplished through international non-governmental organizations that issue guidelines within the area of CSR. However, it is important to keep in mind that these are only guidelines that do not bind any country or company to its exercise (Global reporting, a 2010). In order to provide a definition of the concept of CSR we will in this thesis rely on the guidelines provided by GRI. We will also focus on the legal aspect of CSR in accordance to Swedish legislation.

The Swedish Annual Reports Act 1995:1554 (Årsredovisningslagen, ÅRL) is a Swedish law which applies to companies (as defined in 6:1 ÅRL) and provides rules for the establishment and publication of annual reports, consolidated accounts and interim reports (1:1 ÅRL). The article 6:1 in ÅRL presents a description of the information a company should provide in their administration report contained in their financial annual report. The company should provide non-financial information which is necessary for understanding its development, its position on the market or any result that is of relevance for understanding the company. Furthermore, 6:1 ÅRL also requires information about the environment and human resources but there is no clear and obvious stated rule regarding CSR. The ministry of Enterprise, Energy and Communication decided, in the year of 2007, to present an amendment to 6:1 ÅRL with more clarified guidelines. This amendment required all state-owned companies to follow GRI’s guidelines concerning CSR. By doing this, state-owned companies now have a clear vision of what actions they should take in order to practice CSR in accordance with GRI’s minimum standards.

Through the amendment, state-owned companies have obtained guidelines on how they should present their CSR. However, the private-owned companies are not covered by the article and its amendment. Despite that, CSR is still practiced by companies which have a strong interest in being “good corporate citizens”. The reason for their good hearts may vary but nevertheless companies of all sizes try to integrate ethical, social and environmental values in their annual financial report. This thesis will be of interest to proposers in the field of corporate social responsibility, such as Swedish legislators, whom wish to know if CSR is practiced by private companies, despite the lack of legal requirement. Therefore the problem statement relates to the following questions:

Should the amendment to 6:1 ÅRL also apply to private-owned companies since they already seem to present CSR in the annual report? Are there any differences between state-owned and private-owned companies presentation of CSR? If so,
can this be related to the legal requirement for state-owned companies?

1.3 Purpose

The purpose of this thesis is to investigate whether companies explicitly contend corporate social responsibility according to the Global Reporting Initiative’s guidelines.

1.4 Disposition

The remaining part of this thesis is structured as follows:

Theoretical Framework
- The chapter presents history and theories within the area of CSR. The history of CSR is presented and followed by two models explaining the corporate aspects of the concept of CSR. Thereafter the benefits and challenges following the adoption of CSR are presented. Conclusively the chapter deals with the stakeholder theory and triple bottom line which are necessary theories for understanding whom companies address their CSR towards.

Method
- This chapter describes why we have chosen a qualitative method. We will also present how and why we have chosen our six companies. Conclusively the chapter deals with the credibility of this study.

Empirical presentation
- The chapter presents the legal amendment which is applicable to state-owned companies. The CSR definition provided in the amendment refers to GRI’s guidelines which are accounted for in the chapter. Furthermore, the application of the amendment is presented. The six companies in our study are presented and the findings from our study are described.

Analysis
- The aim of this chapter is to analyse the information presented in the empirical framework in connection with the theories presented. The chapter is divided into three parts which are the legal CSR and the stakeholders, the amendment and the application of GRI and conclusively the analysis of the six companies legal CSR.

Conclusion and final discussion
- This chapter presents the most important results of the study. Conclusively the chapter ends with a few proposals for future studies.
2 Theoretical Framework

“Every theory is a self-fulfilling prophecy that orders experience into the framework it provides.” -Ruth Hubbard, US author and scientist

2.1 Introduction

This chapter presents the history and theories regarding the area of CSR. The chapter starts with the history of CSR which is followed by two models explaining the corporate aspects of the CSR concept. Thereafter the benefits and challenges following the adoption of CSR are presented. The chapter also deals with the stakeholder theory and the triple bottom line, which are both necessary theories for understanding to who companies address their CSR towards.

2.2 History of CSR

The history of CSR can be divided into two periods; before the 20th century and after the 20th century. There are legal documents tracing back more than 5 000 years which show evidence of humans being concerned about social and environmental matters. A good example is the King Hummurabi of Ancient Mesopotamia, known for establishing a code which made farmers, innkeepers and builders responsible for a person’s death, given that it could be shown that the death was a result of another person’s negligence. King Hummurabi’s code made both companies and citizen act in a responsible manner and made people aware of the fact that their actions had consequences (Asongu, 2007).

The modern concept of CSR started in the beginning of the 20th century when the debate of the company’s role in the society was raised. Even though it did not contain questions about Internet spam or genetically modified goods, a lot of that time’s debated questions are still up to date (Asongu, 2007). Since a lot of people back then used to be engaged in the manufacturing industry, the governments realized that legislation, to some extent, had to be developed in order to improve the conditions for the workers (Blowfield & Murray, 2008).

During the 1950s, when the welfare state was introduced, the discussion of CSR was raised once again. Companies started to be seen as more artificial persons which had similar rights as individuals. The society demanded that the companies yield financial return and also take interest in the society as well as the environment. Furthermore, governments also started to legislate about environmental matters (Blowfield & Murray, 2008). The current emphasis of a company’s role in the society is focused on its moral and ethical behavior and companies must, in order to serve the society, look into both national and international legislation (Asongu, 2007).

2.3 The CSR pyramid

As history shows, CSR is not a modern concept. However, today there is a lot of more research on the subject. Several researchers have tried to explain and understand the phenomena and one of the most prominent researchers is Archie B Carroll. One of his models is the CSR pyramid where he tries to explain to companies about the importance of CSR on an economic, legal, ethical and philanthropic level.
Carroll (1991) states that an important goal for a company is to provide financial return to its shareholders. As the issue of environment has grown and nowadays is on most people’s agenda, the financial return has to be created in accordance with people’s opinion and the legislation of a country. A company risks that its financial return might be reduced if it is seen as a “bad environmental citizen”. Carroll states that a company has four different aspects of CSR that need to be taken into consideration in order to fulfill its obligations towards the society; the economical, legal, ethical and philanthropic responsibilities. The first two responsibilities; the economical and legal, are both required responsibilities. The ethical responsibility is an aspect which the company has towards the society without any kind of legal requirement. The final aspect, the philanthropic responsibility includes responsibilities which are not compulsory but voluntary, attached with a desire from the society that these responsibilities are being fulfilled. As seen on the picture below the different responsibilities also describe actions that a company needs to take in order to fulfill its responsibilities.

![CSR Pyramid](image)

Figure: The CSR Pyramid
Source: Carroll 1991

The first of the responsibilities is the economic responsibility. As previously mentioned, it is important for a company to create financial return. Looking back, the first companies were created in order to provide goods and services to people. There are several explanations and factors which motivate the entrepreneurs. One reason can be the feeling of satisfaction that appears when producing goods or services to consumers with special needs. Another reason, and perhaps the biggest motivation for doing business, is the thought of profit. From these two
reasons, we can conclude that the fundamental aim of business consists of two combined components; supply goods to consumers and make as much profit as possible. Today, the notion of maximum profits is essential to all businesses. Core goals for a company should always be to maximize its share value and to be a strong competitor on the market. If a company loses this focus, the other aspects in the pyramid become pointless. Without any profit, a company cannot and will not survive (Carroll, 1991).

Following the economical responsibility is the legal responsibility; all businesses are obliged to operate in consistency with a country's legislation and regulations. Therefore a company must, when trying to maximize its profit, do this in accordance with legal requirements. The legal responsibility a company must comply with should be seen as "codified ethics", since they are establish by the legislator and give notice of what is to be seen as fair and approved operations. There are similarities between the legal and the ethical responsibilities, but the main factor, which separates the two, is that, the legal aspect is written law which is found in legislation (Carroll, 1991).

Even though the economical and legal responsibilities provide norms about fairness and justice, a society will always perform activities and practices that are not codified by law. The ethical responsibility embodies norms, standards or expectations, which consumers, shareholders and the community require from a company. Most often, the requirement goes beyond the legal responsibility and is therefore broader and requires more of the company than to only follow the existing legislation. The ethical and the legal responsibilities also differ in the sense that the process of changing values or ethics can be done faster than the process of changing legal documents. Often, a legal requirement descends from an ethical aspect and then becomes written law (Carroll, 1991).

The last of the responsibilities; the philanthropic responsibility includes actions that a company performs in order to be perceived as "good corporate citizens". This can, for example, be done through business contributions of financial resources or by donating time to the community. The philanthropic responsibility is not required by law or interested parties - it is a way for the company to increase its reputation and goodwill (Carroll, 1991).

2.4 Three corporate aspects of CSR

CSR can also be divided into three different corporate aspects; economic, legal and ethical aspects. Carroll (1991) developed this model and it is built on the pyramid described in section 2.3. According to the model shown below, all aspects are equally important. This model explains for example why companies engage in CSR as well as the general motives behind a company's CSR activities (Carroll and Schwartz, 2003).
As one can perceive through the figure; the three aspects create seven different categories. These categories explain CSR, and companies should take all of these categories into consideration before creating CSR within their company. The part of the model which companies should strive for to achieve is in the middle, where all the three aspects meet and have an equally big part. This part where all responsibilities are fulfilled is the idealist level of CSR because, in this place, companies gain profit with actions taken in accordance with ethical standards and legal standards (Carroll and Schwartz, 2003).

For activities to be considered as economic aspects they have to gain economic profits, directly or indirectly, for the company. Actions which are taken in order to gain profits are considered as direct factors whereas actions that improve a company’s image and later also benefits the company economically are considered as indirect factors (Carroll and Schwartz, 2003).

If companies comply with regulations and laws intentionally, they fulfill the requirement for the legal aspect. In order to fulfill the requirement regarding the ethical aspect companies need to fulfill one out of several things; follow proper function of business norms that have been set out e.g. industry or organizations, uphold values such as integrity and responsibility and promote the good of society (Carroll and Schwartz, 2003).

If a company is not in the middle of the model this means that they have been taking action within the company which has not gained any good CSR. For example, a company that lays within category b, purely economic, probably acts in illegal and unethical ways in order to gain profits. Companies which are within the eco-economical/legal area can for example opportunistically comply with the law.
and search for legal loopholes for economic benefits and therefore actually be unethical in their actions (Carroll and Schwartz, 2003).

Now that we know the aspects behind CSR what are the benefits and challenges for companies adopting CSR.

### 2.5 Benefits and challenges of adopting CSR

In the year of 1999 a survey, distributed and answered worldwide, concluded that two third of the consumers that answered the survey, wished that companies contributed to broader societal goals (Webb, 2005). After eight years, Cone finished his research in 2002, concluding that marketing which has a stated cause now established an advantageous business practice. Furthermore, this type of practice was no longer viewed as a way to advance the business short-term sales; it had developed into a way of improving the image and brand equity of a company. Margolis and Walsh (2005) have reviewed 95 studies and reached the conclusion that there is a significantly positive relationship between CSR and the financial performance of a company (as cited in Webb, 2005).

One disadvantage with CSR is, according to Webb (2005), that there is no guarantee of when or if the CSR actions will pay off. This is something that may limit companies in their CSR activities. By not knowing how profitable their CSR activities are and not being able to measure the indirect benefits of CSR, Hilpern (2009) believes that companies might be of the opinion that CSR is not beneficial for their business.

However, a clear advantage with the actions is that the bigger the CSR, the bigger improvement for the chosen community and more beneficial for the consumers living in the community (Webb, 2005). Michael (2003) believes that if a company markets their CSR activities and programs, stakeholders interested in those specific activities will be attracted to the business. This opinion can be supported by surveys which have shown that consumers expect companies to act in an ethical way and also protect the environment (Mohr, Webb and Harris, 2001). As an argument, Mohr, Webb and Harris recite a study made almost 20 years ago by Smith and Alcorn. The survey concluded that 46% of the respondents were likely to switch brands in order to support companies that make donations to non-profit organizations. Furthermore, almost a third of the respondents reported that they at occasion buy products purely because the company supports charitable causes. According to Michael, CSR should be included in a company’s branding strategy. He goes on stating that “product certification” as a branding strategy illustrates the business’ social responsibility in the market, a factor that hopefully results in a competitive advantage.

By instigating CSR activities, companies can also attract new and retain the old employees. Three out of five employees state that they consider a job offer with regards to the CSR programs of a company. This might help reducing staff turnover and have a positive effect on the ethical values of the employees of a company (Hilpern, 2009). Kytle and Ruggie (2005) state that risk management plays a part of the business strategies in several companies, and CSR activities might actually contribute to the risk management of a business. By using CSR to build up a good reputation in the society, the risks of damaging that reputation is decreased.
A company presents its CSR with their stakeholders in mind. The stakeholders of a company can include parties from a wide-ranging selection, all of them of great importance to the company. A company must be aware of these parties as well as their interests.

2.6 Stakeholder theory

In the 1930s, the concept of “stakeholders” was mainly used by corporate managers who tried to make a distinction between the main groups in companies which had different kinds of responsibilities. These groups particularly included shareholders, customers, consumers and employees of the company (Blowfield & Murray, 2008). Later on, in the year of 1984, Freeman went further in developing the term and offered a view of the stakeholder as something more extensive, complex and nuanced than previously described. He defined the concept as an individual person or a group whom can be, or actually is, affected by the accomplishment of the firm’s objectives. Furthermore, he believed the stakeholder to be vital for a company’s continued existence and success. Freeman also proposed that the managers should start paying more attention to the stakeholders. Smith (2003) points out that the stakeholder theory is based on the view that a business needs to regard the effect of their acts “on all constituencies”, such as shareholders, customers, employees, suppliers, the environment, and finally the community. Freeman (1984) was of the same opinion although a bit more specific in his definition of the concept, and included; creditors, public interest groups, competitors and governmental bodies to the list of stakeholders.

The stakeholder theory helps managers solving the questions “to whom am I responsible?” within the area of CSR. The stakeholder theory has come to be viewed as a vital part of good CSR (Blowfield & Murray, 2008). Weiss (2008) states that, with regards to the development of CSR, stakeholders today demand more than they used to from companies. As shown, the stakeholders consist of a group with diverse expectations and interests. According to Blowfield and Murray, there is one group of stakeholders that are affected by the actions of the company and another group, which has an interest in what the company actually does. Nevertheless, Smith (2003) believes that these groups must be considered, even if it means a reduction in profitability (as cited in Webb, 2005). Weiss points out that a stakeholder is affected by the strategies, actions and procedures of a company. A stakeholder’s interest in the company does not necessarily have to be of the financial kind, other implications could also matter. Weiss goes on stating that if a company predicates their choices on an ethical basis, the stakeholder theory will be beneficial for all parties involved and a “win-win” situation will occur.

2.7 Triple Bottom Line

Elkington (1994) introduced the concept Triple Bottom Line (TBL) in 1994 and explained it as a standard of responsibility for companies to take on sustainable practices. Elkington linked the concept primarily to the stakeholder theory and also to CSR. Mullerat (2010) viewed TBL as “a successful encapsulation of the vague and sloppy concept of CSR”. Elkington considered TBL to pay regards to the environmental and social aspects, as well as the long-established economical aspects, of a business. According to Elkington, a business should also be measured within these three areas. Sato (2010) describes the social aspect as a company’s
ethical conduct in regards to its labor practices and its attempt to create objectives that uphold mutually beneficial relationships with all stakeholders. The environmental aspect entails a company to “do no harm” to and improve the environment. Elkington believed that pursuing the values of TBL would improve the society as well as making businesses more successful.

2.8 Our theoretical emphasis

As discussed in this chapter it is important to build a theoretical framework up on the presented theories. The two models from Carroll and Schwartz (1991, 2003) have been presented as they provide information about why companies are concerned about CSR. If all companies should be legally bound to present its CSR, the models help us recognize the different aspects of the CSR and give us an understanding of why companies choose to demonstrate their CSR even though they are not required to do so by law. There is a financial aspect which companies cannot disregard. The stakeholder theory builds on the fact that different stakeholders have different demands. Some stakeholders may ask for high financial return while others seek transparency of the company. In order for the company to succeed it must satisfy the different demands from the different stakeholders. Finally, the CSR theories and the stakeholder theory are brought together by the Triple Bottom Line theory examining itself as “a successful encapsulation of the vague and sloppy concept of CSR”.

3 Method

“It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something.” — Franklin D. Roosevelt, US President

3.1 Qualitative vs Quantitative method

We have chosen a qualitative method in this study. In management research there are, traditionally, two different methods that can be chosen; the qualitative and quantitative methods. The quantitative method focuses on numeric data whilst the qualitative method’s focal point is non-numeric data. The concept quantitative is principally chosen synonymously for any kind of data compilation method or data analysis process that either produces or applies numerical data. The term qualitative, on the other hand, is principally chosen synonymously for any kind of data compilation method or data analysis process that either produces or applies non-numeric data (Saunders, Lewis & Thornhill, 2009). In broad terms, the qualitative method describes the collected material in words so further interpretation can be done. At the same time, the quantitative method describes the collected material through numbers and figures for one to interpret (Åsberg, 2001).

The qualitative method puts its focus on a smaller amount of units to be interpreted by the researcher. The narrow collection of data produced by a qualitative method gives more knowledge for the researcher of how and why a phenomenon has taken place (Ryen, 2004, Starrin & Svensson 2004). On the other hand, the quantitative method evaluates and investigates a larger number of samples and makes it easier for the researcher to generalize the findings. The quantitative method might result in a more objective point of view of the investigated information by the researcher (Saunders, Lewis & Thornhill, 2009). Jacobsen (2002) argues that the quantitative research method does not result in any greater comprehension of the subject and the research will therefore end up being superficial. According to Smith, one cannot avoid the fact that both of the data collection methods have strengths and weaknesses (as cited in Saunders, Lewis & Thornhill, 2009).

Curran and Blackburn (2001) state that a research method may use both methods since it can be within both business and management research. Tashakkori and Teddlie (2003) believe that using multiple methods might be more useful if it provides better possibilities to evaluate the extent to which the information can be trusted. Furthermore, Tashakkori and Teddlie state that if two completely different research questions are interesting, the research project can resume by using multiple methods throughout the project (as cited in Saunders, Lewis & Thornhill, 2009).

3.2 Primary and secondary data

Data is often divided into primary and secondary data. Primary data comes from a source where there is a direct link between the source and the researcher and the collected data is adjusted for the investigated matter (Jacobsen, 2002). This link might originate through an interview, questionnaires and observations. These must be conducted or created during the time of the research. When it comes to comparisons between a national and international issue, one reanalyzes already collected data. This data has been collected at an earlier point for some other purpose. Secondary data comprises information such as; newspapers, annual reports, government publications, books, surveys by the
government, an organization or an academic. The data may have been processed, compiled, or remain raw data. The previously mentioned quantitative and qualitative methods both include secondary data (Saunders, Lewis & Tornhill, 2003).

Due to our purpose we are using secondary data in our study. The aim is to analyze what the companies present in their financial annual reports and therefore there is no need for primary data collection. Our empirical study, as already pointed out, builds on secondary data. We do believe that the advantages do outweigh the disadvantages of secondary data. In order to obtain our objective secondary data will be the source used.

### 3.3 Choice of Companies

We have chosen six companies in our investigation. Another reason for why we have chosen a qualitative research method is mainly because there is no possibility for us to investigate all companies on the market affected by our purpose. Furthermore, there is not enough time for us to have a broader selection (Saunders, Lewis & Tornhill, 2003). Henry (1990) argues that sampling enables the possibility for a generally greater precision rather than a census. This is because the data collection from a few cases implicates that we can collect more detailed information (as cited in Saunders, Lewis & Tornhill, 2003).

The six selected companies will hopefully make it possible for us to meet our objective. We started with randomly choosing three state-owned companies in three different business sectors. Thereafter we looked for three private-owned companies within the same sectors. This sample form is called purposive or judgmental sampling and is appropriate to use when the units chosen are especially informative. This method, which has formed the basis of our company selection, depends on our problem formulation and purpose of this thesis and the companies have therefore been selected with these factors in consideration (Saunders, Lewis & Tornhill, 2003).

Our six chosen companies are; E.ON, Rederi AB TransAtlantic, SSAB, Vattenfall, Green Cargo and LKAB. Vattenfall, Green Cargo and LKAB are state-owned businesses and are therefore obliged to follow the guidelines provided by GRI. The three remaining companies are private-owned and are therefore not obliged to follow the provided guidelines.

The state-owned companies have been randomly selected. After finding a company we regarded and discussed whether it could be of interest for this study. We believe our chosen selections are of great interest, since LKAB won FAR SRS prize for the best sustainable development report in 2009. Furthermore, Green Cargo is active within the field of transportation and therefore has a big effect on the environment. As one of the biggest energy producers in Sweden, Vattenfall also has a big effect on the environment.

### 3.4 Trustworthiness

To achieve trustworthiness within the thesis it important to explain how we have interpreted the empirical material so that the reader can follow our thoughts and thereafter critically examine our findings.

To fulfill the purpose of this thesis, i.e. whether all companies should be
included in the amendment, we will research how private-owned and state-owned companies publish their CSR. The six companies and their CSR actions will not be compared but instead serve as source on how companies practically present their CSR. The provided information on CSR from the six companies will serve as a source for our qualitative analysis.

There are situations when the trustworthiness of a qualitative or and quantitative study is questioned. It is of great importance that the study conducted in this thesis is trustworthy and believable. Merriam (1995) believes that the common concerns of a qualitative research are its validity and reliability. Questions such as “if the researcher is a primary instrument for data collection and analysis how can we be sure the researcher is a valid and reliable instrument?” (Page 51-52) are legitimate questions that show that readers are worried of the validity of the study. According to Merriam (2009) one should with qualitative research, which builds on multiple presumptions about reality, consider the credibility, transferability, and reliability of the research. The factors that have to be considered when measuring the trustworthiness of a quantitative method are therefore reliability and validity.

Since we have conducted a qualitative research we will focus on the credibility, reliability and transferability factors in order to decide the trustworthiness of our study.

3.4.1 Credibility

When deciding the credibility, which is synonymous with internal validity, of the study findings, the questions raised according to Merriam (2009) are whether we are observing or measuring what we think we are observing or measuring. In other words the main question is in what way does the study findings correspond to reality?

According to Merriam the key to understanding validity is the perception of reality, whether it is fixed in accordance with a positivist opinion or if it is interpreted and structured as considered by qualitative researchers. Furthermore, Merriam states that the reality of qualitative researchers is constructed and ever changing. Therefore the reality presented by the researchers is of another person’s view of reality. As apparent, we have chosen to use previously made assumptions about CSR which will enhance our ability to interpret the collected information.

3.4.2 Reliability

According to Merriam (1995) the question raised with the concept of reliability is whether and to what extend the findings of the study will be found again. Furthermore the amount of times a research finding can be replicated implicates the reliability of the phenomena.

Lincoln and Guba (1985) argue that the results of an investigation does not have to be the same every time it is conducted, the main point is that the results of the research are consistent with the collected information. Our thesis will strive for consistencies and in order to achieve that as well as reliability we use the audit trail strategy.

We have executed the audit trail strategy by elaborately informing the reader on how the information was collected and by elaborately informing the reader on how decisions were made throughout
the process of our investigation. We believe that this precise information enables a replication of the process for others. This consistency creates reliability throughout our thesis.

3.4.3 Transferability

If the results of our study project can be applied to other situations it is transferable or, in other words, generalizable. Merriam (1995) states that a qualitative research project cannot be generalizable since the research usually do not use a random sampling. A random sampling would allow a generalization of the selected population.

After this statement, Merriam goes on and argues that the objective with the qualitative research method is not to understand the general truth of many; it is to recognize the particular in depth. Alternative conceptions of generalizability, matching the philosophical theories of qualitative research, do therefore exist. One notion is that the reader decides to what extent the findings of the study can apply to other settings. This is called reader or user generalizability. We will therefore not speculate in whether our study's findings can or will be used in other situations. We have provided a clear and comprehensive description of our study that will enable the reader to decide whether his or her situation is similar to ours. We have given a broad perspective of the theories available and the companies investigated in this thesis are described so that the reader can identify the important factors.
4 Empirical Chapter

“The world will never stop and think – it never does, it is not its way; its way is to generalize from a single sample.”  
-Mark Twain, US author

4.1 Introduction

Initially, this chapter presents the legal amendment which is applicable to state-owned companies. The CSR definition provided in the amendment refers to GRI’s guidelines that are accounted for in the following chapter. Furthermore, the application of the amendment is presented. Conclusively the six chosen companies are introduced and their CSR is thoroughly studied.

4.2 Amendment

On November 29th in 2007 the Swedish Government adopted, as the first country in the world, new guidelines for state-owned companies with regards to CSR. The amendment, based on the GRI’s guidelines, consists of clear and expanded requirements on information of sustainable development that ought to be presented. The state-owned companies are still, like the private-owned companies, subject to the Companies Act, The bookkeeping Act and the Annual Accounts Act but the amendment makes it easier for companies to present their information on sustainably development in accordance with global requirements. The amendment came into force on January 1st, 2008 (Ministry of Enterprise, Energy and Communications, 2007).

The Swedish state is one of Sweden’s most important company owners. Since the companies actually are the common property of the Swedish people it is of great importance that the companies are administered by catchwords such as openness, active ownership and good order. The companies should be transparent in their external reporting, i.e. the annual report, interim reports, the corporate government report, statement on internal control and the sustainability, so that interested parties can get an insight in the state-owned companies on the same basis as listed companies. State-owned companies should in addition to their presented financial information also present non-financial information (Ministry of Enterprise, Energy and Communications, 2007).

Information on ethical issues, the environment, human rights, gender equity and diversity are factors that can be included in the concept of sustainable development and CSR. Since state-owned companies are “servants of the people” it is important that they are run with a high standard of moral and ethics. Through the amendment the state-owned companies have a uniform and harmonized way of working towards the goal of creating a better community. With the amendment, state-owned companies are trying to be role models and set up examples of how to act in the world of business. The state-owned companies have a great responsibility in carrying out a professional and responsible ownership and through the guidelines it is now clarified for them how to act accordingly (Ministry of Enterprise, Energy and Communications, 2007).
4.3 CSR according to GRI

Global Reporting Initiative (GRI) was founded in 1997 and is the most notable organization within the area of reporting CSR. The organization has pioneered the development of the sustainability-reporting and is currently the most widely used framework. The GRI sustainability reports can be used to benchmark a company's performance with respect to norms, codes, laws etc. It can also be used in order for a company to demonstrate organizational commitment to sustainable development and to compare organizational performance over time (Globalreporting, a 2010).

CSR is an empowering source of information for investors, employees, consumers or even individuals. It is not the goal of CSR that companies should write all positive things within the field of their CSR actions. The GRI organization believes that the best reports provide reasonable representations of the sustainability performance of their company both positively and negatively (Globalreporting, a 2010).

GRI’s guidelines are the CSR standard which has been adopted when it comes to present CSR. The Swedish ÅRL uses these standards when it comes to presenting information in a company’s financial annual report. The framework for companies using GRI’s guidelines provides guidance for disclosing the sustainability performance. The guidelines are continuously improved in order to meet the needs of the global market since the knowledge of sustainability quickly evolves. When revising the guidelines, GRI cooperates with stakeholders and their information centers in order to be up to date with the needs and demands from the market. The framework contains three different parts; sustainability report guidelines, protocols and supplements (Globalreporting, b 2010).

The basis for reporting in accordance with GRI is the provided guidelines. All reporting guidance is based within them. The guidelines are broadly relevant to all companies and can therefore be used by every company in their CSR report. The guidelines consist of principles, guidelines and standard disclosures; it is the goal of GRI companies adopts these guidelines flexibly, incrementally and voluntarily. And, as mentioned above, it is of great importance for GRI that their guidelines are applicable to companies of any size within any sector (Globalreporting, c 2010).

The GRI Protocols support the guidelines. The protocols provide information such as the definitions for key terms and other technical references that are needed in order to understand and administer the guidelines. The sector supplements are also complements to the guidelines but in a different way. Since the guidelines are broad to meet the needs of all types of companies, the sector supplements are faced by different sectors in order to meet the unique set of sustainability issues within these sectors (Globalreporting, c 2010).

The most recent guidelines are called “G3” and were released in 2006. It is easy to download the guidelines on GRI’s webpage, which makes them easily accessible to every company. So what is included in the “G3”? The guidelines contain information divided into two parts. The first part is about reporting principles and guidance. Here is explained how companies should use report content and report quality. The second part contains guidance on how to set the report boundaries through standard disclosure (Globalreporting, d 2010).
4.3.1 Application of the amendment

All state-owned companies shall apply the amendments. If the state is one of several owners the company shall still do its best to apply the guidelines. A state-owned company that is unable to act in accordance with the guidelines must explain and justify the reasons for its failure. Furthermore the board must, in the annual report, explain how the guidelines have been applied and also explain any divergence made (Ministry of Enterprise, Energy and Communications, 2007).

It is the responsibility of the board of the state-owned company that the company’s accounting reports comply with the GRI guidelines. The board are to, in addition to the current accounting legislation and generally-accepted accounting principles, present the annual report, interim reports and year-end reports according to the rules of OMX Nordic Exchange Stockholm AB in the listing agreement. This also means that the companies shall present a corporate governance report and a statement on internal control in accordance with the Swedish Code for Corporate Governance. Furthermore, the companies must also comply with the requirements in the Insight into Certain Financial Links and related matters Act (2005:590) (Ministry of Enterprise, Energy and Communications, 2007).

The regulatory framework, including the principles which state-owned companies are obliged to follow, is updated and changed continuously. It is therefore the responsibility of the state-owned companies to keep up to date with changes in legislation, recommendations and standards and other developments (Ministry of Enterprise, Energy and Communications, 2007).

According to the amendment, the state-owned companies shall present a sustainability report in accordance with the GRI’s guidelines. This shall be published on the website of the company in connection with its publication of the annual report. There is no demand of how the report should be presented and this can accordingly be done separately or as a chapter in the annual report (Ministry of Enterprise, Energy and Communications, 2007).

A majority of, 94%, the state-owned companies present a sustainable development report according to GRI’s guidelines. Among the 100 biggest companies on the stock-exchange market, 30 % present a sustain development report. The result of the amendment has lead to a greater commitment and awareness of the questions concerning CSR, a structured way of working and an even more structured process. The concept of sustainable development is on today’s agenda as a more and more prioritized question for a company’s board and management (Ministry of Enterprise, Energy and Communications, 2007).

4.4 Vattenfall

The power business Vattenfall AB is one of Europe’s leading Energy Company and is fully owned by the Swedish government. The company was formed in the year of 1909 with the objective to take advantage of the state’s rights to produce electricity. Vattenfall operates in Sweden, Denmark, Finland, Germany, Poland, Britain, the Netherlands and Belgium. The company acts in all parts of the electricity value chain; production, transmission, distribution and sales. Furthermore, the company also produces, distributes, sells heat and conducts energy trading as well as lignite mining. The enterprise has approximately 42 000 employees and their
turnover in 2009 was approximately 205 billion SEK. After reviewing the state-owned company's annual report to see whether the company has declared their CSR, we found that they barely mention their CSR. The two headings; Environmental issue's influence on the enterprise and Research and Development are the only ones that can be linked to CSR. The first heading informs and discusses the goals and actions with their environmental work as well as the business's influence on the environment. Furthermore, Research and Development discusses states and discusses the six main topics within the area; renewable energy sources, capture and storage of CO2, operating efficiency, energy efficiency, nuclear and new energy conversion technologies. In the Research and Development area, the annual report offers a more detailed explanation the mentioned six areas (Vattenfall Annual Report, 2009).

As a state-owned company, Vattenfall is required to follow the amendment to 6:1 ÅRL regarding CSR. The amendment states that there must be a sustainability report, which can be presented separately or in the annual report. Vattenfall has not chosen to present their CSR in the annual report. We found that the company has chosen to report their CSR in a separate and yearly “Corporate Social Responsibility Report”. In the sustainability report Vattenfall presents their goals and objectives within CSR, what actions they take and their achievements so far. The sustainability report presented by the company contains information of how they work with e.g. nuclear power-safety, emissions reduction, Research and Development and other issues of high relevance to the stakeholder. Vattenfall does also report their sustainability report in accordance with the GRI guidelines. Furthermore, if one does not want to read the entire report there is a summary of the vital parts which are found in the report, short versions of the articles and the company's visions and objectives regarding sustainability development available on the website (Vattenfall’s Corporate Social Responsibility Report, 2009).

4.5 E.ON

In the year of 2001 E.ON Sweden became a part of the German E.ON enterprise, one of the largest private Energy Company's in the world. The company produces and delivers energy to the Nordic market in the form of electricity, gas, heating, cooling and other energy related services from waste treatment. E.ON Sweden has approximately 6000 employees and their sales in 2009 were almost 36 billion SEK. After reviewing the private-owned company's annual report to see whether the company has declared their CSR, we found that they only have one heading that can be related to CSR. The heading is "Research and Development". In this paragraph the company explains the Research and Development work that mainly regards their CO2-free production of electricity, smart grids and sustainable cities. These are the only items that can be linked to E.ON’s CSR activities. The annual report does not offer any further explanation of what the mentioned work means, when the actions will be fulfilled or how the company works in order to fulfill these aim (E.ON Annual Report, 2009).

After further investigation, we can conclude that E.ON has guidelines regarding topics such as environment, ethics, society engagements as well as one “E.ON Corporate Responsibility Report”. In this yearly report E.ON presents their sustainability performance, their goals and challenges. The auditing firm PricewaterhouseCoopers has verified the key aspects in the sustainability report.
Furthermore, the report is aligned with the GRI’s guidelines and regards the five corporate responsibility relevant areas; environmental management, human rights, responsible procurement, biomass purchasing, health and safety and community strategy. We found that detailed information regarding each one of the policies is available on E.ON’s website. The company also has a magazine regarding corporate responsibility, “Position – The E.ON magazine on Corporate Responsibility”, where E.ON’s position in several of the energy industry’s current issues, such as nuclear power, climate change and future energy demand and new technologies is discussed (E.ON Corporate Responsibility, 2009).

4.6 Green Cargo

Green Cargo is a Swedish state-owned freight and logistics company. The company’s main focus is within railway transport but Green Cargo also provides road transports, such as cars and trains. Green Cargo also carries out third party logistics, including storage, handling and distribution of the goods. Their biggest customers are the steel, chemical, automotive, engineering, forestry and trade companies. Green Cargo has approximately 3000 employees and their sales in 2009 were almost 5,897 MSEK.

After reviewing Green Cargo’s annual report to see whether the company has declared their CSR, we considered that the information presented is greatly detailed. In the preface to the annual report Green Cargo have a page explaining that they are reporting CSR in accordance with GRI guidelines. This report is found in the management reports. It includes detailed explanations about social, environmental and economical sustainability. Furthermore, the report explains the implications of these three groups, the aim of this work and how these goals will be reached (Green Cargo Financial Annual Report 2009).

Beyond this, Green Cargo has also stated the required information that needs to be included in an annual report according to the amendment in ÅRL. On Green Cargos webpage a brochure was found, which included all the CSR requirements according to GRI. (Green Cargo AB:s Års- och hållbarhetsredovisning 2009 – GRI-korsreferenstabell).

In 2006 Green Cargo won a price for best sustainability disclosure in annual reports. This shows that the company has been working towards and creating good CSR the last couple of years. The motivation from the jury for the winning prize in this category was that Green Cargo is a rare example of a fully integrated annual sustainability report that convey a genuine sense of sustainability issues that also are business related (Miljöaktuellt, 2007) We have to concur with this opinion since it is the impression we get from 2009 financial report as well.

4.7 Rederi AB TransAtlantic

Rederi AB TransAtlantic is one of the biggest shipping companies in Sweden. The company has two business areas; offshore/icebreaking and industrial shipping. The icebreaking activities take place in the Baltic Sea whereas the industrial shipping is mostly taking place on all northern European parts. TransAtlantic is a private-owned company listed on the Swedish stock exchange Nasdaq OMX segment Small Cap. TransAtlantic has approximately 1000 employees and their sales in 2009 were almost 2,284 MSEK (Rederi AB TransAtlantic Financial Annual re-
After reviewing TransAtlantic’s annual report to see if the company has declared their CSR actions we found the following; the annual report only contains a short saying that TransAtlantic works actively to reduce environmental impact through continuously adapting to external changes and customer needs. They also refer to two other pages within the report. The referred pages contain information about the environmental actions which the company has been taken (Rederi AB TransAtlantic Financial Annual report 2009). There is not a single word within the financial annual report mentioning the concept CSR or the GRI guidelines. Whilst investigating the report we got the impression that this company does not even know what CSR is. Being an environmentally friendly company is more than just stating that they are trying to decrease the carbon emissions.

On their webpage, TransAtlantic has stated: TransAtlantic’s vision is an Incident and Injury Free workplace, with no harm to people and no damage to the environment. Furthermore, they also have environmentally monitoring in the Baltic Sea. This gives an implication that the company is working towards some kind of social responsibility (TransAtlantic Miljöarbete, 2010).

### 4.8 SSAB

SSAB is a global leader in value-added, high strength steel that is used in cranes, truck beds and containers. The company has 8 700 employees in over 45 countries around the world and it has operation production facilities both in Sweden and in the US. The company is, since 1989, listed on the NASDAQ OMX Nordic Exchange and its shares are one of the most traded ones. Shareholders include both private investors as well as Swedish and international institutions. The company’s sale in 2009 was 29,8 billion SEK (SSAB, 2009).

When investigating SSAB’s annual report we found that they have a chapter where they present their environmental activities. SSAB seems to be well aware that their operations has an impact on the environment and therefore the company is putting a lot of effort to make their business more environmental-friendly. The company has environmental programs which influence the whole cooperation and strives to reduce their impact on the environment. The company has appointed an environmental council that supervises the organization’s strategic environmental initiatives. The operative work is obtained and controlled by an environmental group appointed at each one of the SSAB’s departments. Also, all manufacturing units have environmental management systems that are approved according to the international standard ISO 14001. The information present in the annual report deals with processes that SSAB perform and by doing so we believe that it increases SSAB’s trustworthiness. SSAB is aware and take responsible for their carbon dioxide emission, increase of dust, water emissions and nitrogen and sulfur dioxides. The information provided explains the action taken but the lack of standards makes the information hard to evaluate. In the report they do refer to a Sustainability Report found online, but in the annual report there is not a single statement about holding a standard as provided by GRI’s guidelines (SSAB, 2009).

The company has published information on its sustainability policy, strategy and governance, economy, environment, social responsibility, initiative and awards and Code of Business Ethics. Also, SSAB has produced a
Sustainability Report 2009 according to GRI’s standards. To show their determination in the work for a better environment, SSAB signed in January 2010, SSAB the UN Global Initiative. Their environmental work has also been awarded by GE Water & Process Technologies award for best leadership within the environment (SSAB’s awards, 2010).

4.9  LKAB

LKAB is one of the world’s leading producer of upgraded iron ore products for the steel industry and a growing supplier of industrial minerals products to other sectors. The company was founded in 1890 and today the company sells most of its product to European steelworks but also to customers in North Africa, the Middle East and Southeast Asia. The company has 3 700 employees and the sales for 2009 was 10,3 billion SEK. LKAB is a state-owned company and therefore obliged to present a sustainability report in accordance to GRI-s guidelines (LKAB, 2009).

When examining LKAB’s annual report, we found that their Sustainability Report is included in their annual report. This made the information easy to assimilate. The annual report starts with "a president’s report" where the president, under the titles social and environmental perspectives mentions the importance of LKAB’s activities for a better, stronger and more sustainable LKAB. The mining activities that LKAB performs have a huge impact on the environment. This includes impact both on the grounds where the mining is taking place as well as the surroundings nearby. The sustainability report gives us a clear view of LKAB efforts to create a better environment for today and for the future. To mention some of the areas where they are active are atmospheric emission, efforts to manage waste, water, controlled alteration of the landscape and also diversity and equality. The information is easy to understand and the report also includes demonstrating photos and drawn pictures. Since LKAB’s Sustainable Report from 2009 won the first price in FAR SRS competition of best sustainability report, this gives an indication that LKAB’s report can be used as a role model for other companies. Also, the fact that LKAB’s sustainability report is assured by auditors from KPMG makes the report even more credible (LKAB, 2009).

4.10  Our empirical emphasis

In this chapter we have presented empirical material on the amendment to ÅRL and what its application result in for businesses. The Swedish amendment requires state-owned companies to present its sustainability report and corporate social responsibility in accordance with the GRI’s guidelines. We have presented six different companies within different markets that have an impact on the environment. Furthermore, we have regarded whether the chosen companies have the stance of policy to follow the GRI’s guidelines or not.
5 Analysis

The aim of this chapter is to analyze the information presented in the Empirical Chapter in connection with the theories presented. The chapter is divided into three parts which are the legal CSR and the stakeholder, the amendment and application of GRI and conclusively the analysis of the six companies legal CSR.

5.1 The legal CSR and the stakeholders

Dating back to several hundred years ago, as stated in section 2.2, businesses started being aware of their actions consequences. Although their measures taken were not labeled as CSR at that time, in modern language we would regard it as taken social responsibility. As evident, CSR is a constantly developing area that influences various parties in the society. The last couple of years CSR have grown to become a matter of importance for many companies as well as for the community.

As one can perceive throughout our thesis, and when studying CSR, the area of CSR is diffuse and many researchers have tried to straighten it out. Carroll’s (1991) CSR pyramid and its three corporate aspects of CSR, in section 2.3, show that there are various factors affecting the concept. The different perspectives presented by Carroll will result in various objectives for a company. The company must fulfill its economical, legal, ethical and philanthropic responsibilities in order to attain the demands from society and its shareholders.

As show in the history paragraph, in section 2.2, one of the objectives of a company is to create financial return. In order to attain this goal it is vital for the company to satisfy the different demands from the stakeholder group. In accordance with the stakeholder theory as well as Freeman (1984), Blowfield and Murray (2008), there are demands from a wide ranged point of view. A business has to act responsibly from an economical, legal, ethical and philanthropic perspective. We consider, in accordance with Carroll and Schwartz’s (1991 and 2003) CSR pyramid and corporate aspects circle, all of the factors to be linked to each other and that cooperation is required and have to be realized in order for a company to obtain some degree of CSR.

With regards to the economical factor, we consider its relevance as obvious. As explained above, a company strives for some degree of financial return and if a company cannot attain a profit, it is impossible for it to continue its survival. Consequently, we have to agree with Carroll’s (1991) point of view that the economic factor must be regarded as the basis for a company and its responsibilities. When it comes to the legal factor, its fulfillment is quite simple. A company must act in accordance with the law otherwise it will be seen as a criminal action which will consequently hurt the business and affect the profit. The legal aspect intended in the purpose concerns the legal responsibility of a business as well. In addition to following the legal requirements, companies also contribute to society through actions which could be categorized under Carroll’s ethical or philanthropic responsibilities. Since these actions give the companies good publicity, they are often keen to promote this type of information in their publications such as their financial reports or online.

For the companies in our study, they are all involved in business with such a great impact on the environment that they usually need some legal
permission from the state in order to be able to operate. Based on our case, it can be discussed whether Carroll’s (1991) financial and legal responsibilities in some cases should be combined as one, but as the pyramid is built to be applicable on all sorts of business, and not only business with great impact on the environment, it is still logical. Besides, when looking at Carroll and Schwartz’s (2003) circle, one understands that in order to attain the most beneficial CSR, the economical, legal and ethical responsibilities should all be combined.

In accordance with the Swedish legislation, ÅRL state-owned businesses are obliged to present their CSR in accordance with the legislated amendment. As mentioned, a failure to present the required information would result in an illegal action; the company is breaking the law. On the other hand, private-owned companies are not subject to this requirement and can therefore not breach the amendment to 6:1 ÅRL. However the lack of legal factor, as described in the pyramid and circle by Carroll and Schwartz (1991 and 2003), does not mean that private-owned businesses can act in whichever way they want. As seen in the figures of section 2.3 and 2.4, the private-owned businesses are still faced with the existing ethical factor. As clarified and pictured in the CSR pyramid and corporate aspects circle; the ethical responsibility of all businesses is wider and covers areas which cannot be found in legislation. Our study has shown that two out of the three chosen private-owned companies explicitly state that they present their CSR according to GRI, which also is the requirement from the amendment. Weiss (2008) considers the stakeholder theory as connected with the ethical influence statement and believes that the society and its judgment play a great part of the ethical factor. This factor is probably the reason why the private-owned companies present CSR even though they are not bound to do so by legislation.

Today’s society consists of companies which engage themselves in CSR activities on all kinds of levels. For example, there are companies with specific recycling areas for their departments or companies that donate a certain percentage of every sold product to a chosen charity. As stated above, all companies in this study, even the private-owned wanted to give notion, either though information in their annual report or on their webpage, that they engaged in sustainability actions. As stated by Webb (2005), a community will obviously benefit from the action taken but the company might find it difficult to foresee when, or even if, their contribution will pay off. Webb and Hilpern (2009) contemplate the fact that this unpredictability might obstruct any future CSR action from the company. Although Hilpern (2009) believes that a company does not regard their CSR activities as advantageous for their business, we have to agree with Smith (2003); that the stakeholders must be accounted for although this might result in a, for example, smaller profit. However, despite the fact that this uncertainty and reduction in profit should affect companies, to some extent, their actions show them as constantly trying to live up to the demands and requirements set by both their competition as well as the stakeholders. In accordance with Carroll’s model (1991), there is one last and perhaps also least relevant factor is the philanthropic perspective. This factor is only mentioned in Carroll’s model from 1991 and not in the corporate aspects circle developed in 2003 by Carroll and Schwartz. The philanthropic factor does not have any support in either legislation or by the society, and therefore we consider this factor to only serve the company as a marketing tool. Consequently and in accordance with Carroll and Schwartz’s models as well as the stakeholder theory, we cannot only regard the economical, legal and ethical
factors as a company’s responsibilities; they are also demands on a business from its stakeholders.

The term stakeholders comprise, as stated by Freeman (1984); all parties who might be affected by a firm and all of its actions. By regarding Smith (2003) as well as Blowfield and Murray’s (2008) definitions, the concept is extensive and parties involved can be exhaustively recounted. Elkington (1994) was the first to coin the term “triple bottom line” and consequently link CSR and its affect on the business and therefore also the stakeholders. With regards to the extensive list of actions which can be taken by a company within the area of CSR, we recognize, in accordance with Weiss’s (2008) statement, that the stakeholders have raised their demands on today’s businesses. Stakeholders require the business they have chosen to believe, invest or simply support a set standard.

Based on the stakeholder theory as well as Carroll’s (1991) pyramid, we expect that the standard could be set by the individual’s own ethical values or he could simply be satisfied with the fulfillment of codified standards, such as law. A discussion can be made whether or not the private-owned companies to a greater extent, compared to the state-owned companies, are left out to the opinion of the stakeholders and the individuals ethical values as the state-owned companies have some sort of financial “back-up” from the state. Our study indicates that the private-owned companies are interested in fulfilling the demands from society as well as the stakeholders. The stakeholders is a group that is not to be underestimated; after all it is them who contribute to a company’s existence and success

5.2 The amendment and the application of GRI

Swedish has always acted as a role model for other countries regarding sustainability development. Therefore it is not surprising that Sweden was the first country in the world to adopt GRI’s guidelines in the national legislation. Although there is no explanation provided to why GRI’s guidelines were chosen by the Swedish legislators, the opinion of the Ministry of Enterprise, Energy and Communications must have contributed to the legislators’ choice.

As mentioned in section 4.2, the Ministry believes that a wide range of information should be included in the definition of CSR. This apprehension is in line with Elkington’s (1994) opinion and the comprehensive definition of CSR. Furthermore, the Ministry connects the state-owned companies CSR actions to the ethical factor, which can be found in both Carroll and Schwartz’s (1991 and 2003) models. There is also a connection made to the influence and responsibility that the state-owned businesses might have on the market. Furthermore, the amendment is a result of ethics required by stakeholders and by making the ethics into codified law the legislator act according to one of Carroll’s (1991) theory; first an ethical aspect and then the aspects becomes written law.

The Ministry of Enterprise, Energy and Communication’s stated opinions with regards to the GRI guidelines as well as the fact that the organization is considered as greatly successful within the area of CSR, must have formed the basis for the Swedish legislators’ choice. As mentioned by the GRI organization itself, there are already a majority of companies using the provided guidelines, which have resulted in an established “standard practice” within the area of CSR. Based on the statements made by the GRI organization, we understand that there
are several parties across the world that uses the GRI guidelines. In accordance with the GRI organization's notion, we consider that the several companies' extensive use of the provisions put a constant pressure on the organization to provide continuously updated provisions and advantageous solutions for businesses.

The fact that the GRI organizations provided guidelines contain provisions which are aimed to be simple in its application have resulted in a wide-ranging market use. As a result, it is possible for all types of companies to use or adopt the social responsibility framework. The GRI guidelines, which demand a presentation of the sustainability report, cannot in itself be considered as a burden for a company. We base this stance on the organization's only formal requirement which states that the sustainability report needs to be published in connection with the annual report on the website. Although it is a requirement based on the GRI's provisions, it also presents a freedom of choice to the companies which, in our opinion, must be regarded as a simplification of the reporting process which supports the application of the amendment.

The Swedish legislators and consequently, the Swedish legislation have only considered it necessary to cover state-owned, and not all, companies in the Swedish legislation. The reasons for this distinction by the legislators are mentioned in section 4.1, and are according to us, a bit unjustified. However, we believe that the Ministry of Enterprise, Energy and Communications present a valid and understandable point when it is stated that a state-owned business should play the part of a role model for other companies in the country. Also, according to the CSR pyramid by Carroll (1991), the four responsibilities are interdependent; if the legal responsibly "grows" to include new action this will consequently have an effect on the ethical responsibility of the company. If people are aware of the legal requirement for state-owned companies, they may require the same from the private-owned even though they are not subject to the legal factor. As stated by the Ministry; the Swedish government is the most significant company owners in the country. Since the people of Sweden more or less own the state-owned companies, these must work in the interest of the community. Based on the Swedish legislation as well as the GRI guidelines, a company should do its business whilst also focusing on sustainable social environment within all aspects of life. By the data presented by the GRI organization, their guidelines are minimum standards that companies should be able to follow. If the state-owned businesses do not concern and take responsibility for the society with the required CSR actions, there is no reason for other companies to engage in CSR activities.

5.3 Analysis of companies legal CSR

A company is considered to have fulfilled their corporate social responsibility by applying the provided guidelines. We examined their annual and sustainability reports in order to see whether they provide any information on their taken corporate social responsibility in their annual reports or on their website. When examining the annual reports we found that four out of six companies declared that they are following GRI's guidelines. Furthermore, this investigation has shown that all state-owned companies present CSR according to Swedish legislation and GRI's guidelines. This proves that the state-owned companies follow the amendment, which they are required to do by law. Furthermore, they fulfill the legal perspec-
tive according to the CSR pyramid (Carroll, 1991).

Both E.ON and Vattenfall AB explicitly state that they follow and apply the GRI's guidelines and have provided the reader of their website with a great deal of information regarding their CSR. The companies have realized that Carroll's (1991) ethical factor, under section 2.3 and the stakeholder theory in section 2.6, influence the society which judges their business upon their engagement in CSR. The ethical perspective, accounted for in both models from Carroll and Schwartz (1991 and 2003) might, for example, influence a customer to choose their electrical company based on its environmental work and actions. Since both businesses obviously have taken a great deal of actions regarding CSR, they should put more emphasis on this, perhaps market their taken measures in line with Carroll's philanthropic factor, so that a party interested in the company will be enlightened of this fact. Furthermore, E.ON provides their customers a friendly magazine regarding CSR whilst Vattenfall has short and concrete summaries of important areas within sustainability development. Apparently, both businesses have realized that the stakeholders want their information short, informative and fast. E.ON should perhaps also consider offering the stakeholders a presentation of their actions and the vital parts of their CSR in a condensed version as a part of their annual report. Moreover, in line with Weiss (2008), Blowfield and Murray's (2008) beliefs of the stakeholders' high demands on a company, E.ON could meet these demands and gain the stakeholders approval, by presenting a more informative and direct version of their work on a specific section of the website. E.ON and Vattenfall AB have, in theory at least, fulfilled the criteria of the amendment to the legislated provision, 6:1 ÅRL. Although E.ON is not required to neither take nor declare any of their CSR actions, we have to agree with Michael (2003); that the stakeholder will be interested and favor the company if they take and declare their CSR activities.

In contradiction to Vattenfall, Green Cargo presents a summary of their CSR in their annual report. This summary explicitly states that the company and its CSR activities are presented in accordance with GRI's provided guidelines. Furthermore, throughout the complete annual report we found statements and comments which were related to CSR. In the brochure presented on the company's webpage, the GRI requirements were all graded and commented. This made it easy for both the company and stakeholders to regard and review the fact that the company fulfills the goal of creating CSR and realize CSR activities. It is obvious that Green Cargo, in accordance with Michael's (2003) opinion, has understood the value of informing the stakeholder about its CSR. When it comes to the equivalent but private-owned company, Rederi AB TransAtlantic, we find it disappointing that there is no information presented concerning CSR and we reckon that the company burst in their task of fulfilling their ethical responsibility set up by Carroll (1991). CSR and especially the GRI guidelines are well-known methods for taking actions towards a sustainable future, and a company as big as TransAtlantic should use these guidelines, be acquainted with Carroll and Schwartz's (1991 and 2003) models and theories and at least involve themselves in some type of CSR activities. Even though there is no legal requirement for CSR activity the company could, according to Carroll and Schwartz, raise its profit when they commit to both legal and ethical requirements to its fullest. Even though the company has chosen to state that their work is towards a better environment, they are not claiming or using the GRI guidelines. This non-taken action results in a lack of trust for the company by its stakeholders. The reason for this non-taken action might be because, as
stated by Hilpern (1994), that TransAtlantic is not sure if their actions will pay off and be beneficial for the company. With regards to the transport sector, we find it to be of great importance for the companies to be environmentally friendly since they have a big impact on the environment through their emissions.

There are other companies on the market whom are more “stakeholder friendly” and according to the study performed by Mohr, Webb and Harris (2001) 46 % of the respondents were likely to switch brand if a company did not contribute to the society. This might and should perhaps be a wake-up message to the board of TransAtlantic; paying regards to the demands of the stakeholders will pay off, as seen in the statements made by both Smith (2003) and Webb (2005).

Throughout our study we have recognized a great difference between the private-owned and state-owned companies, even though they are active within the same transport sector; Green Cargo is right in the middle of the three-sector model presented by Carroll and Schwartz (2003) in chapter 2 whereas TransAtlantic seems to be more on the economical factor of the model. Their different positions may result from the fact that Carroll’s (1991) pyramid required different activities from the legal point of view. It is obligatory for Green Cargo to present a CSR report whilst this is not the case for TransAtlantic. Green Cargo has fulfilled the criteria of the amendment to 6:1 ÅRL and consequently also fulfils the legal as well as the ethical factor of Carroll and Schwartz’s models. TransAtlantic on the other hand, still has a long way to go and does not even fulfill the ethical factor in neither the CSR pyramid nor the three corporate aspects of CSR.

Characteristic for the state-owned company LKAB, in comparison to the other companies in this study, is that LKAB’s sustainability report is included in the annual report. This made the information easy to assimilate, a positive factor from a stakeholder perspective. LKAB should be regarded as a role model for other companies since it in 2009 won the first price in FAR SRS competition of best sustainability report. This indicates that LKAB has understood the relationship between CSR and a company’s financial performance in accordance with the theories of Margolis and Walsh (2005). It also gives the notion that LKAB is in the front lead when it comes to reporting and taking actions within CSR. The company also affirms Michael’s (2003) theory and gains publicity as well as stakeholders’ interest due to their taken CSR actions. Another factor of benefit for the company is that their sustainability report is approved and assured by auditors from KPMG. By using references of high credibility this raises the stakeholders’ confidence in both the report itself as well as the company.

When looking into the provided CSR information on the private-owned company SSAB’s homepage we find that the company has published several wide-ranging and informative documents regarding SSAB’s sustainability initiatives according to GRI’s guidelines. The material is well-written and we understand that SSAB are serious and committed in the environmental and ethical work. According to Kytle and Ruggie (2005); a company needs to be able to attract and keep stakeholders. When acting in a business environment which has a great impact on the environment it is necessary to keep good standards that can be compared to its competitors, such as LKAB. Even though there are no legal requirements, there is still, according to Carroll’s (1991) pyramid; the stakeholder demand that can be derived from the pyramids ethical responsibility which sometimes can be just as impor-
tant as the Swedish legislation. This is probably the reason for why SSAB’s CSR
documentation more than exceeds the non-applicable requirement of information.
Furthermore, the fact that the company is active on an already intensively regu-
lated market, due to their environmental impact, makes it aware and used to con-
form to certain norms and standards. As a result of these legal requirements the
companies become more observant of CSR, and thus might gain an advantage in
comparison to other branches activities within CSR.

As found when comparing the different companies, all companies take some de-
gree of action within the area of CSR. Carroll (1991) would describe this as a result
of either the legal responsibility and/or the ethical responsibility that the compa-
nies have. We concur with Carroll’s standpoint and find it interesting that although
there might be a difference between the extents of information presented, some in-
formation is always found. Hopefully the companies have understood that CSR and
the TBL, as explained by Elkington (1994), pays regard to the environmental and
social aspects as well as the long-established economical aspects of a business. The
only company that failed to present a separate sustainability report in accordance
with GRI’s guidelines was a private-owned company. Although this lack of informa-
tion does not legally affect their business, since they are not subject to the legis-
lated 6:1 ÅRL and its amendment, it can still be considered as a breach of the ethi-
cal values of the stakeholders. As Webb (2005) points out, it is up for debate
whether or not this ethical oversight can result in devastating consequences, such
as profit loss. However, the results are devastating for the sustainability develop-
ment in general. For the environment, there is no distinction between the actions
of a state-owned or a private-owned company; it is affected by the taken measures,
no matter the owner of a business. The activities and measures taken by the state-
owned as well as private-owned companies; Vattenfall, E.ON, Green Cargo, LKAB
and SSAB should be encouraged by the stakeholders. The five companies show
commitment and devotion for the society, and serve as good examples of involve-
ment within CSR. This is something all companies, no matter state-owned or pri-
ivate-owned, should strive after.
6 Conclusion and Suggestions for Future Studies

This chapter presents the most important results of the study. Conclusively the chapter ends with a few proposals for future studies.

Based on our analysis and the six different companies which have been studied, we have recognized the distinction made between state-owned and private-owned companies. This distinction, made in the Swedish national legislation, states that only state-owned companies must present their CSR activities in accordance with the GRI’s guidelines as well as in connection to its financial annual report. In this thesis, we chose to conduct a study on six companies, three state-owned and the remaining three private-owned companies. The state-owned companies were Vattenfall, Green Cargo and LKAB and the private-owned were E.ON, Rederi AB TransAtlantic and SSAB. Our study shows that five out of six companies state their CSR activities in accordance with the GRI’s guidelines, which is one of the most used systems to present a company’s CSR. We consider this result as a good sign that shows that the companies are aware of sustainable development.

The amendment to the Swedish legislation, found in 6:1 ÅRL, is applicable for state-owned companies and designates these specific types of companies to present their CSR in accordance with GRI’s guidelines. Consequently, the private-owned companies are left out of the legislation and are therefore not bound by any legal factor to present any documentation of their CSR activities. With the basis in our study, we have found that all companies states that they are aware of the importance of sustainability and takes responsibility of their actions. From this we can conclude that all companies in this study, irrespective of branch, show concern for the sustainable development. However, one cannot conclude whether this is the case for all branches or just the three investigated branches.

Furthermore, we find it important to point out that our six chosen companies are in a branch where their practiced businesses have a great impact on the environment. This factor can be a reason for why the companies have increased their awareness of CSR and have taken measures which puts them in the front-lead, compared to companies in other branches. As required by law, the chosen state-owned companies presented satisfying documentation of CSR in accordance with the GRI guidelines. With regards to the private-owned companies, the only business who failed to comply with the GRI guidelines was Rederi AB TransAtlantic. The other two private-owned companies presented their CSR information in line with the GRI guidelines. The six companies which have been examined show that they take actions in order to create a better and more sustainable society. Only one, TransAtlantic, chose to not use the international definition and guidelines provided by the GRI organization.

The good results indicates that even though only state-owned companies are required to follow the amendment it could be possible to also include the private-owned companies. The reason for this statement is since the majority of the companies already seems to follow the requirement and will therefore not lose either time or money due to their activities publication. However, the companies we have chosen to study are all amongst the top in their branch and have a lot of financial means. Obviously, they also have the economy to take measures, promote and inform the stakeholders of their CSR activities. The easy access for all
interested parties will most definitely be profitable for the company in the long run. The purpose with CSR is to create a sustainable society for the future. With regards to this objective it is irrelevant with a distinction between different types of companies. The fact is that all companies, no matter private-or state-owned, affect the society and should therefore be subject to CSR.

Our analysis shows that there are several reasons to why a company presents CSR. Some companies believe that they might profit from it, perhaps from a financial point of view, others do it because of pure ethical reasons and some do it because of legal requirements. During our study it has become clear that that the stakeholders’ demands set the bar for the actions performed by a state-owned and private-owned company. The demands of stakeholders may differ but often they can be derived from either legal requirements or ethical requirements that are to be found and developed in the society.

A company must, in order to survive, make profit and simultaneously follow the required legislation. When this is accomplished the company often has resources to act in a way that can satisfy the stakeholders’ ethical need. A company that is run without trying to satisfy its stakeholders will not last for long. This is another reason for why all companies, no matter state-owned or private-owned, have to commit to CSR. Whether or not there is a legal demand for a company, there is always an ethical demand from the society.

The demands on a company’s CSR activities are, as mentioned above, usually dependent on either legal or ethical factors. But it shall not be forgotten that a requirement for all companies to present the CSR according to the guidelines provided by GRI might also be an economical burden for the company. In this study we did not pay any concern to the financial factors that might act as a hinder for CSR. This aspect was left out of on purpose.

**Future studies**

We would like to suggest an extension of our study, in order to take into account the influence of the economical factor with regards to CSR and private-owned companies. Moreover, we would also propose a study conducted on a larger amount of companies within our chosen branches. It is a general notion that the majority of companies in Sweden are private-owned. A private-owned company might not have the financial resources or the knowledge, compared to a state-owned company, in order to fulfill their CSR obligations. Furthermore, a private-owned company may, because of the lack of legislation, not have any incentive to perform CSR activities. As concluded in our thesis, we see no reason for why there should be a distinction between the two different types of companies based on a legal factor. The question is whether this would be our opinion if the private-owned companies’ economy were to be accounted for.
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