How does S/CR communication influence corporate action in Sweden?

An explorative study of the OMX Stockholm Large Cap companies.

Uta Hönemann, 40729
Elisabet Ålander , 21979

Stockholm School of Economics
Department of Marketing and Strategy
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Supervisor: Lin Lerpold
Examiner: Anna Nyberg
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Abstract

Recent S/CR scandals in Sweden point at an interesting paradox: Although Swedish companies have a vast amount of publicly available S/CR materials in place, there are indications that the companies do not practice what they preach. Therefore, this thesis aimed to explore how S/CR communication influences corporate action. Due to the lack of existing theoretical and empirical insights, a two-step grounded theory approach was used to answer the research question. In the first research phase, 9000 pages of publicly available materials were assessed. The second research phase was based on the the themes derived from the initial phase, particularly the influence of S/CR targets and policies. In this phase, a selected number of S/CR executives were interviewed. The empirical results showed that in most cases, S/CR communication did not seem to influence S/CR action to a large extent - it highlighted the companies' ambitions and priorities, but was not directly connected to actions concerning S/CR. Assessing our findings through selected theoretical perspectives connected to motivations for public S/CR disclosure allowed us to generate preliminary insights concerning how Swedish companies' S/CR communication influenced corporate action. Firstly, we gained the insight that although S/CR targets and policies were two of the most prevalent forms of S/CR communication in Sweden today, they were currently not covered by literature. Secondly, we could establish to which degree the different theoretical perspectives were in line with our empirical findings. Thirdly, we saw that established literature had not focused on the link between GRI and its influence on corporate action.

Authors: Elisabet Ålander, 21797@student.hhs.se & Uta Hönemann, 40729@student.hhs.se

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Definitions

Corporate action = Actions related to S/CR that appear to further some social good, beyond the pure self-interest of the firm and what is required by law (McWilliams et al., 2001).

Greenwashing = The corporate practice of making unsubstantiated or misleading claims about one's S/CR work.

MISUM = Mistra Center for Sustainable Markets, a cross-disciplinary and multi-stakeholder research center at the Stockholm School of Economics. Its aim is to create new insights into sustainable markets.

OMX Large Cap companies = Companies listed on Nasdaq OMX Stockholm Large Cap with a market capitalization over 1 billion euros.

S/CR = Sustainability and Corporate Responsibility, which refers to the concept whereby businesses take responsibility for the impact of their activities. It highlights the connection between the three dimensions of sustainability; economic, environmental and social sustainability. The more commonly used term *CSR* brings to mind a narrower description of the responsibility a company has over its business activities, to encompass only social or environmental responsibility. Inherit in the S/CR definition is a long-term view on sustainability as a continuous process.

Walking the Talk study = A research report conducted by the thesis authors for MISUM, published in October 2015. The same data that was collected for the report was used for the initial research phase of this thesis.

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1. Introduction

"It is certainly true that companies' rhetoric on CSR has tended to outpace performance. Companies have concentrated CSR efforts on activities that have an external rather than internal focus: producing reports, publicly issuing codes of conduct or signing up to external principles."
– Financial Times (2003)

1.1 Sustainability communication as greenwashing?

Over the last couple of decades, a visible professionalization of multinational companies' sustainability and corporate responsibility (S/CR) communication has taken place (Gatti & Seele, 2014). Supranational institutions like the European Union (EU) have started to argue that it is companies, rather than governments', responsibility to drive sustainable change (European Commission, 2016; Matten & Moon, 2008). More and more, these organizations use S/CR communication as away for reporting on their S/CR activities and express their commitment (Gatti & Seele, 2014). Furthermore, national and EU-wide legislation concerning mandatory sustainability reporting has recently been, or is about to be, imposed in several European countries (Vallentin, 2015).[1] Consequently, there has been a proliferation of publicly available information on companies' priorities and work concerning environmental, governance and social matters (Deegan, 2002; Porter & Kramer, 2006). The role of business in society, including the value creation potential of S/CR, is however often questioned (Porter & Kramer, 2011).

Against this background, many external critics describe corporate S/CR activities as superficial (Mintzberg, 1983; Porter & Kramer, 2006) and S/CR communication merely as a powerful way to ward off criticism or give the false impression that organizations have nothing to hide (e.g. Cloud, 2007; Deetz, 1992; Frankental, 2001). Consequently, external stakeholders are voicing their concerns that there is more "talk" (communication) than "walk" (action) in practice (Christensen et al., 2013). For example, Winn & Angell (2000) showed that it cannot be assumed that expressed commitment to an environment regulation, in their

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[1] Notable examples of legislative frameworks imposed during the last couple of years are Denmark's and Norway's "comply or explain" model. Furthermore, *Directive 2013/34/EU* of the European Parliament requires public companies with more than 500 employees headquartered or having significant operations in the EU to disclose sustainability data on a regular basis. Member states will need to put corresponding regulation in place in 2016 to regulate reporting starting in year 2017.

case the German Packaging Ordinance from 1991, means that the regulation will be implemented. This gap between expressed commitment and implementation might even be larger for external S/CR commitments that are not required by law (Ramus & Montiel, 2005).

The practices described above, i.e. making unsubstantiated or misleading claims about the environmental work of the company, is often referred to as greenwashing (Delmas & Burbano, 2011). These misleading claims can however concern the company's social and governance work as well. For simplification, these will also be labeled "greenwashing" in this thesis. They are otherwise referred to as the more general concept of whitewashing.

1.2 The S/CR communication paradox in Sweden

The skepticism towards corporate S/CR communication is particularly present in Sweden today (Arvidsson, 2010). For the largest listed companies, there has been a rapid increase in corporate S/CR disclosure over the last decade. As many as 79% of the 50 largest Swedish corporations report on their sustainability work and 86% have a code of conduct in place (KPMG, 2013, 2015a). Furthermore, several large Swedish corporations are or have been included in the Dow Jones Sustainability Indices, which evaluates the sustainability information of the largest companies listed on Dow Jones (KPMG, 2015b). Yet, despite the publicly communicated S/CR ambitions and commitments, several of these companies have been involved in major sustainability scandals during the last decade (Arvidsson, 2010).

One of the largest corruption scandals to date in Sweden erupted in September 2012. The investigative journalistic TV program *Uppdrag Granskning* reported that the telecom company TeliaSonera had paid over 2, 2 billion Swedish Kronor (SEK) in bribes for the acquisition of 3G licenses in Uzbekistan (Sveriges Television, 2012). This scandal ultimately led to the resignation of the CEO and several of the members of the board of directors (Aftonbladet, 2013). Interestingly, despite the severe misconducts, the company had won several awards for its S/CR work, among them *"the most sustainable Swedish telecom company"* (Svenska Dagbladet, 2013). In addition to this, several other high-profile S/CR scandals involving Swedish companies have occurred during the last decade; e.g. SCA, concerning the corrupt behavior of its top executives, and H&M, concerning human rights issues in several factories work with. Just like TeliaSonera, these companies had been praised

for their communicated commitment to S/CR prior to the scandals (CorpWatch, 2012; Financial times, 2015).

Altogether, the recent S/CR scandals in Sweden point at an interesting paradox: Although Swedish companies have a vast amount of publicly available S/CR material in place, for which they have been praised, there are indications that the companies do not practice what they preach. In Sweden, these events have intensified the debate on how communicated S/CR ambitions really influence corporate action or if they are just a public relations (PR) tool (Svenska Dagbladet, 2015). Therefore, there seems to be a need to explore how external S/CR communication influences corporate actions for Swedish companies.

1.3 Research gap

As noted above, there seems to be a gap between Swedish companies' S/CR communication and action. S/CR communication has however received comparably little attention within the body of S/CR research (Birth et al., 2008). The existing S/CR communication literature is scattered and encompasses a plethora of theories and approaches, ranging from instrumental business perspectives to philanthropic considerations (Ziek, 2009; Ihlen et al., 2010). There is however an established view in the S/CR research that there should be a consistency between words and actions (Gardberg & Fombrun 2006; Fombrun 2005; Vallaster et al. 2012). Despite this, there is still a lack of knowledge about how companies' communicated aspirations are embedded in the organization's' practices (Gatti & Seele, 2014; Ziek, 2009). No significant empirical studies have been made to trace how S/CR communication influences corporate action (Gatti & Seele, 2014; Ramus & Montiel, 2005).

The only existing study, to our knowledge, that looks specifically at how S/CR communication influences corporate action, concerns corporate environmental policies. In that particular study, Ramus & Montiel (2005) studied a number of European firms to examine whether commitment to specific environmental policies vary between industry sectors. Rather, most studies on S/CR communication mainly focus on the motivations for corporate sustainability disclosures, most often sustainability reports (Fifka, 2013; van der Laan, 2009). Although these take on a different approach to our research, these are the most similar empirical studies compared to ours. Motivations to disclose information could be

argued to be interlinked with how the communication is used and therefore affect action. One potential explanation for the lack of empirical studies on our research topic is the difficulty of comparing communication with actual performance (Christensen et al., 2013). In order to be able to do so, access and close relationships to the companies studied are needed.

When it comes to studies done on companies' S/CR communication in a Swedish context, these have primarily studied single indicators, such as the view of investor relation managers on S/CR communication (Arvidsson, 2010). As of now, even though newspaper articles (e.g. Svenska Dagbladet, 2015) have written about the influence of S/CR communication on corporate action, no scientific studies have been made. Thus, in light of the recent scandals and the greenwashing debate, there is a lack of coherent theoretical and empirical insights regarding how S/CR communication influences corporate action in Sweden.

1.4 Purpose and Research question

The overall purpose of this thesis is to explore how external S/CR communication influences corporate action, in light of the paradox presented before. Due to the lack of existing theoretical and empirical insights, the overarching research question for this thesis is exploratory in its nature:

- *How does external S/CR communication influence corporate action?*

In order to answer the research question, we set up a two-step grounded theory approach (described in chapter two). The first research phase was purposefully explorative, analyzing publicly available S/CR materials. We consciously chose to define our main research question broadly, as we knew that it would be refined throughout the data collection and analysis. After analyzing the results from the first research phase, we narrowed down the themes to be explored in the second research phase, through interviews, to:

- *How do externally communicated S/CR policies influence corporate action?*
- *How do externally communicated S/CR targets influence corporate action?*

By triangulating the data of two research phases, we aimed to generate findings that were comprehensive and facilitated a deeper understanding of our research problem (Denzin, 1978; Patton, 1999).

1.5 Expected Contributions

This study contributes to a richer understanding of how S/CR communication influences corporate action in a Swedish context. Given that this constitutes an unexplored area of research, our study aims to gain some preliminary insights that can help shape the direction of future research (Hesse-Biber & Leavy, 2010). In order to gain these insights, we think it is inevitable to ground research in the phenomena, which requires connections and access to the companies studied. This was made possible by the contacts we had made with the top S/CR managers of the Nasdaq OMX Stockholm Large-cap (OMX Large cap companies) through the *Walking the Talk study* for the Mistra Center for Sustainable Markets (MISUM).

In addition to the above, we also believe that we are more likely to secure more responsible corporate S/CR practices in the future if we get a deeper understanding of how S/CR communication is used. In that sense, enhanced knowledge about S/CR communication may go hand-in-hand with more desirable forms of S/CR communication, that have a stronger influence on corporate action.

1.6 Delimitations and assumptions

Certain delimitations and assumptions were necessary in order to be able to conduct a meaningful qualitative study within the timeframe given (Miles & Huberman, 1994). First, we decided to focus on S/CR communication of corporations in Sweden. Although we acknowledge that there are other countries for which the same phenomenon is likely to be observed, Sweden was deemed the most interesting due to many S/CR scandals that have taken place here during the last decade. Furthermore, as we wanted to ground our research in the phenomenon, physical closeness to the companies was a necessity.

Second, the OMX Large Cap companies were selected as the sample to study, because they represent the largest listed corporations in Sweden (Nasdaq, 2016). Furthermore, a majority of

these companies discloses non-financial information in addition to the financial (KMPG, 2013). Although nine of the 72 OMX Large Cap companies did not have their headquarters in Sweden, they are all denoted as Swedish in this thesis. Common to all companies was, however that they had their major corporate functions located in "operational headquarters" in Sweden, or had a dual ownership model with significant operations in Sweden, or had a significant part of their shares owned by Swedish interests, e.g. Swedish investment companies (Nasdaq, 2016).

Third, only publicly available information was included in the first research phase.   The data that was analyzed had previously been collected by us for the *Walking the Talk study*, a report that was published in October 2015 by MISUM. Taking on an external stakeholder perspective was a deliberate strategy to avoid initial bias, as S/CR managers might have a vested interest in asserting that S/CR communication is implemented. We do however acknowledge that there might be S/CR initiatives that were not communicated externally and was therefore not included in our study. Furthermore, due to time constraints and the vast amount of publicly available data we needed to code in order to assess the S/CR communication[2], we chose to include information from 2014 data in the study.

Fourth, we confined our interviews in the second research phase to people who held the highest S/CR responsibility within the organization. Although there is possible that other functions could have complemented the view of the S/CR manager, we believe that the assessment of the publicly available materials from the first phase provided us with an unbiased view of the corporations' S/CR work.

1.7 Thesis outline

In this thesis, we present the result of a mostly explorative investigation of the state of the S/CR communication of the OMX Large Cap companies. The structure follows in part the grounded theory research process, while allowing for some changes in sequence for readability. Therefore, we would like to point out that the structure of this paper differs from the structure of theses that apply deductive approaches.

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[2] A high-level estimation of the authors amounted the number of pages to 9000 for the 72 companies.

To start with, chapter two explains the research design and the methodological approaches that were used in this study in detail. In the third chapter, the results of the first research phase, the initial phase, are presented, which form the basis for the subsequent empirical study and presents themes to be explored further. The results from the second research phase, the interview phase, are presented in chapter four. In order to develop grounded theory hypotheses cannot be deducted from some general theory before beginning the research. Instead, hypotheses are discovered "in" the data, throughout the research process (Yin, 1991, p. 303). Consequently, the theoretical point of departure is presented after the empirical review. Moreover, the theoretical perspectives that could provide answers to our research question are presented in chapter five. Thereafter, in chapter six, we compare our empirical findings with the theoretical perspectives from chapter five and describe the insights we gained through this thesis. Finally, in chapter seven the conclusions and the limitations of this paper are critically discussed and implications and areas for future research are provided.

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2. Methodology

In this chapter, we provide a description of the research methodology of this thesis. First, we introduce our research strategy, the grounded theory methodology. Thereafter, we provide an overview of the research design before we turn to a description of the two data collection and analysis phases. Lastly, we discuss data quality issues and potential limitations of the research strategy.

2.1 Research strategy

Our ambition with this thesis stemmed from the lack of theoretical knowledge regarding how S/CR communication influences corporate action (Gatti & Seele, 2014; Ramus & Montiel, 2005). As we wanted to learn "what is going on", with the aim to gain some preliminary insights that could help shape the direction of future research, a qualitative methodology and explorative approach were deemed to be appropriate choices (Miles & Huberman, 1994). Due to the fact that we wanted to base our research in the phenomenon itself, which no existing theories addressed directly, the grounded theory methodology (GTM) was used (Creswell, 1998; Schutt, 2011). Another reason for using the GTM was that it would allow us to understand and uncover the true meanings of the practitioners more directly than any deductive approach, based on preconceived hypothesis, could do (Glaser & Strauss, 1967).

Grounded theory is a methodological framework that was first described in the 1960s by the sociologists Glaser and Strauss (Charmaz, 2014). In short, Glaser & Strauss (1967) questioned the, at that time, dominant positivistic approaches used in social science research. Instead, they argued for an alternative approach in which the theory developed would be connected to the data collection and analysis process. Thus, researchers using the GTM attempts to create new theories rather than testing existing theories (Glaser & Strauss, 1967). Several "schools" of grounded theory have since then emerged, due to a divergence between Glaser and Strauss in the late 1980s.

As we began our study with some knowledge concerning our research topic, we therefore decided to apply Strauss & Corbin's (1998) and Charmaz' (2014) more pragmatic interpretations of the GTM. The original version of the GTM would have posited that we had begun our research without any preconceived hypothesis (Glaser & Strauss, 1967). Given the nature and scope of writing a master thesis, we could not completely ignore previous work that had been done on our subject of investigation. The existing literature on the topic was

therefore briefly surveyed at an early stage of the research process in order to ensure an adequate research gap. Furthermore, we applied Charmaz' (2014) simplified coding process to analyze our data. This means that our coding consisted of only two phases: Initial and focused. In the following, the distinguishing characteristics of their GTM approaches that we applied to our data collection and analysis in the two research phases, are presented:

- First of all, the data collection and analysis took place simultaneously, through *systematic coding*. This meant labeling segments of data to summarize and account for each piece of data. The coding consisted of two phases:
  - *Initial coding*, which refers to a line-by-line assessment of the data to identify specific pieces of data which correspond to different themes.
  - *Focused coding*, also known as selected coding, in which the initial codes were refined to find conceptual and thematic similarities.
- Next, focused codes with similar characteristics were grouped into *categories*. The categories were analyzed in relation to each other, and the frequency of with which they appeared in our data confirmed their importance.
- Data was collected and analyzed until *theoretical saturation* was reached, which means that no new or relevant data emerged that was relevant for answering the research question.
- After that, the *main literature review* was conducted in order to investigate to what extent the empirical findings confirmed or diverged from existing literature.
- Throughout the process, *memos* that worked as analytic notes to clarify and fill out codes and categories, were used.

2.2 Research design

In order to answer our research question, we embarked on an explorative journey that encompassed two research phases with different methods of data collection. Using grounded theory was a salient part of each phase.

The first research phase, *the initial phase*, was very explorative in order to gain a comprehensive understanding of the situation at hand. As will become evident, the initial

phase led to the discovery of S/CR targets and policies being the two most interesting aspects of S/CR communication in light of our research question. Thus, the second phase, the *interview phase*, consisted of an investigation that focused on these two aspects. Having a second research phase allowed us to validate our findings and facilitate a deeper understanding of the data collected in the initial phase. In other words, it allowed us to triangulate our findings by using two different means of data collection (Flick, 2008). Furthermore, having a second research phase was a crucial part of the GTM, as it allowed us to dig deeper into the implications from the initial phase and theoretically saturate our categories. Based on the insights that we gained through these two phases, we could develop an understanding of how the OMX Large Cap companies' S/CR communication influenced their corporate action.

In a next step, we compared the findings from our empirical investigation with existing literature, to investigate to what extent these confirmed or diverged from existing literature (Charmaz, 2014). Figure 2.1 is a schematic overview of how the research was pursued. Please note that although the figure depicts the process as quite linear, the data collection and analysis took place in alternating sequences. This allowed us to constantly compare our results and new findings and guided the further data collection (Strauss & Corbin, 1998). In the following section, the data collection and analysis that took place in each phase will be explained in more detail.

Figure 2.1. The research process
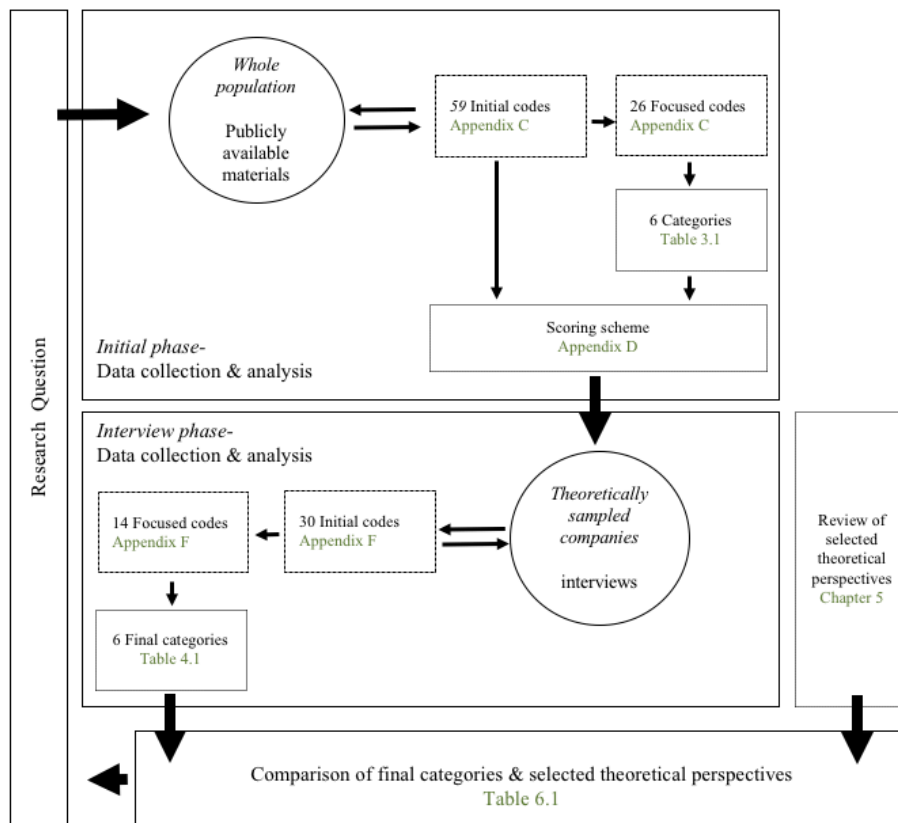
Note. Based on Strauss & Corbin (1998); Charmaz,(2014).

2.3 Data collection and analysis using GTM

2.3.1 Initial phase

The initial phase was very explorative, in order to gain a comprehensive understanding of the situation at hand. Therefore, the aim of the data collection and analysis was two-fold:

1. To investigate the S/CR communication of the OMX Large Cap companies, in terms of where and how they talked about S/CR.
2. To get an indication for how S/CR communication influenced corporate action.

Sample Design - Whole Population

As described in chapter one, the OMX Large Cap companies were included in the initial phase. Choosing large companies traded publicly enabled us to access information easily. Although it is not mandated by law, all of these companies released a sustainability report or published sustainability information on their website. The whole population was included in order gain a somewhat representative understanding of Swedish companies' S/CR communication that spanned across sectors. [3]

Data collection – Publicly available materials

Similar to the Dow Jones Sustainability Indices and the research study conducted by Ramus & Montiel (2005), our initial phase deliberately chose to include only publicly available S/CR information released by the companies. In total, we downloaded and went through more than 9000 pages[4] of corporate information, encompassing annual reports, sustainability reports, website information as well as codes of conduct and policies when available. The publicly available materials were deemed as the most relevant to analyze in a first step. The reason for this was because it enabled us to get an overview of the OMX Large Cap companies' communication by taking on an unbiased external stakeholder perspective.

When going through the publicly available materials, we acknowledged every piece of information in which a company:

1. Either mentioned the terms sustainability, corporate responsibility or a similar concept related to S/CR
2. or described ambitions, ideas, opinions as well as actions and plans that were related to S/CR.

As described in the first chapter, the data that was analyzed for the initial phase had previously been collected by us for the MISUM study *Walking the Talk*, that was published in October 2015. The focus of that report was however different as compared to this thesis, as it was mainly directed towards practitioners. Therefore, the analysis of the data differed.

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[3] According to the Industry Classification Benchmark (ICB), the OMX Large Cap companies represented eight different sectors; Oil & Gas, Basic Materials, Industrials, Consumer Goods, Consumer Services, Telecommunications, Financials and Technology.
[4] A high-level estimation made by the authors of this study.

Data analysis - Coding with NVivo

In order to facilitate the process of organizing, managing and analyzing the immense amount of data, we worked with the program NVivo. As the the program provides tools to code data, search text and write memos, it played a crucial part in our analysis of the publicly available data (Welsh, 2002).

Once the material was uploaded in NVivo, we could compare the the different companies' data with each other in order to find common denominators. As a first step, we looked at all the information about S/CR for the first company in our sample. Going through the information line by line, enabled us to identify preliminary initial codes (Charmaz, 2014). Each finding was labeled as a preliminary initial code. Thereafter, the information of the next company was assessed in order to identify re-occurring or new themes: *Could we find the same codes there, as well? Could new codes be identified that we had not recognized before?* We went through the materials of all 72 companies in a similar manner. Thereafter, we grouped all the individual initial codes that had a similar meaning or were closely related to each other into focused codes (Ibid). Throughout the process, the memo function in Nvivo helped us keep track of thoughts and ideas regarding the data analysis. In total, we identified 26 focused codes. Following the GTM, these codes were then grouped into six different categories, which were deemed to share similar characteristics (Strauss & Corbin, 1998). As will be described in detail in chapter three, these categories were connected to each other.

Comparing the companies - Scoring scheme

In a next step, the codes we had developed were translated into a *scoring scheme*. The focused codes represented where we found references to S/CR and what type of information that was provided. The initial codes reflected whether the companies had these in place or not. Thus, the companies were allocated points depending on whether they used certain S/CR communication types. 20 codes were binary (0-1) and six made use of a scale from either zero to two (0-2) or zero to three (0-3). The idea behind the scoring scheme was to be able to compare the communicated ambitions and priorities with the information provided on follow-up and actions. Furthermore, it enabled us to select companies to interview for the second phase.

Based on the result of the overall sample, two themes were selected as implications to be investigated in the interview phase. The coding process and the choice of the themes are described further in chapter three.

2.3.2 Interview phase

As described above, the data gathered in the initial phase served as the foundation for the analysis in the interview phase. The interview phase consisted of a more focused investigation concerning the influence of S/CR communication in the form of S/CR targets and policies on corporate action. The aim with the data collection and analysis was two-fold:

1. To validate whether the implications from the initial phase are correct.
2. To dig deeper into the implications from the initial phase and learn more about the different ways of how external S/CR communication influenced corporate action.

In other words, it allowed us to triangulate the findings from the interview phase with the findings from the initial phase and develop our final categories.

Sample design - Theoretically sampled companies

The choice of interviewees was based on theoretical sampling (Glaser & Strauss, 1967). The companies that were thought to be the most adequate to answer the research question were chosen. The benefits of random statistical sampling of cases were therefore traded for an in-depth understanding believed necessary for the purpose of this study. Thus, companies were chosen for theoretical, rather than statistical, reasons (Glaser & Strauss, 1967). The companies were purposefully selected, according to three main principles. First, we contacted companies with different outcomes from the initial phase, in order to be able to capture the range of how S/CR communication influences corporate action. Second, we contacted companies that belonged to different sectors, in order to ensure result that were not limited to certain industries. Lastly, we contacted companies whose representatives had been in contact with us for the launch of the *Walking the Talk study*. Their trust and willingness to contribute to our

study was crucial in order to get results that reflected how they believed that the S/CR communication influenced corporate action.

Out of the 72 OMX Large Cap companies, we finally decided to interview 8 companies. See Table 2.1 below for an anonymized presentation of them. The ID represents the anonymized code that the company will be referred to as in chapter four.

Table 2.1 Anonymized presentation of interviewees			
ID	*Industry*	*Date*	*Interviewees*
CG1	Consumer goods	2015-10-22	Sustainability Director & Sustainability Manager
Fin1	Financial Services	2015-10-20	CFO & Communications Director
Tel1	Telecommunications	2015-11-05	Sustainability Manager
Ind1	Industrial Goods & Services	2015-11-10	Sustainability Director
Tel2	Telecommunications	2015-11-10	Sustainability Manager
Ind2	Industrial Goods & Services	2015-11-16	Sustainability Manager
Fin2	Financial Services	2015-11-26	Investor relations (IR) Director
Tel3	Telecommunications	2015-11-10	IR and Communications Director

Note. Please note we will refer to the IDs that we introduce here throughout the text in chapter four.

As interviewees, we aimed for the people with the highest responsibility for S/CR matters in the respective organization. For three companies, the S/CR responsibility was not reflected in the official title. Two companies had their IR Director as the highest S/CR responsible, whereas one had a shared responsibility between the CFO and the Communications Director. For three companies, we interviewed two representatives and for five we interviewed only one.

Data collection – Semi-structured interviews

The choice of complementing our publicly available data with interview data was based on the fact that interviews can provide insights that illuminates individuals' experiences and

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attitudes (Yin, 1994). We deliberately chose to use the semi-structured interview technique, as we aimed for rich accounts, rather than answers that could be coded quickly (Bryman & Bell, 2011). In order to get as truthful answers as possible, the interviewees were granted anonymity.

The interview questions were based on findings from the initial phase, addressing policies and targets as means of S/CR communication. As is the case with semi-structured interviews, we had a framework of themes to be explored. However, as it was important to not restrain the interviewees, we could divert from the established interview guide when new ideas were brought up (Yin, 1994). This was particularly important as the understanding of the topic of S/CR is complex and has different meanings to different people (Van Marrewijk, 2003).

Furthermore, following Strauss & Corbin's (1998) principles of the GTM, we began with the analysis as soon as we collected the first bits of data. This meant that the interviews were transcribed and coded immediately after they took place. Hence, findings from the first interviews helped to shape the questionnaire for subsequent interviews. As a result, some of the sub-questions in the initial questionnaire proved to be irrelevant and were not raised in the next interview. One notable example was the question if there is a distinction between national and international policies. At other times, sub-questions were added as the analysis of previous interviews revealed interesting themes that we wanted to discuss with other companies. A topic that emerged in the first two interviews, that had not been part of our interview guide initially, was how the GRI process guided the formulation of S/CR targets. We were therefore guided by the research process itself what allowed us to examine all the "possibly rewarding avenues to understanding" (Strauss & Corbin, 1990, p.420). See Appendix A for the final interview guide.

We developed an interview questionnaire that encompassed questions to each of the earlier stated topics and a set of sub-questions. The questions were sent out a couple of days in advance for each interview, in order for the interviewees to be able to familiarize themselves with the questions. Six companies had headquarters in Stockholm so the interviews could be conducted there, in the other two interviews were conducted via Skype. During the interviews, one of the us was always assigned the role of the main note-taker. The interviews were also recorded, in order to not miss any valuable pieces of information.

The data analysis for the interview phase was based on a selected number of implication from the initial phase. The categories and codes connected to these were used as a foundation for the coding of the interview data. For the interview phase, we did however decide to code the data manually instead of using NVivo. The reason for this was that the the transcribed notes from the interviews had a more limited scope compared to the publicly available materials. Furthermore, extensive research in the field of CAQDAS show that a combination of both manual and computer assisted methods is likely to achieve the best results (Welsh, 2002).

Similar to the coding process used in the initial phase, the transcribed interview notes were printed and reviewed line by line. Memos were written throughout this exercise to keep track of thoughts and ideas regarding the data analysis (see Appendix B for an example of our memos). Keywords and phrases were noted on differently colored post-it notes and arranged in an A3 note book. The codes were modified and verified by being applied to further interview transcripts. Subsequently, the codes were organized with post-its on a board to allow for re-sorting of material and consistent redefining of codes in order to support the analysis process. More details about this analysis process is discussed in chapter four.

2.4 Data Quality Assessment

Assessing the quality of qualitative research is considered troublesome, particularly for GTM studies (Sikolia et al, 2013; Bowen, 2005). The widely used criteria for trustworthiness in qualitative research was therefore applied to assess our research (see Lincoln & Guba, 1985), in order to provide the reader with the confidence that the findings of this thesis can be applied to new situations and contexts. Trustworthiness encompasses criteria concerning *credibility*, *transferability*, *dependability* and *confirmability* (Denzin & Lincoln, 1994; Lincon & Guba, 1985)[5].

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[5] The trustworthiness of quantitative research designs is evaluated against the same concepts, that are however named differently; construct validity, internal validity, external validity, reliability and objectivity (Yin, 1994). Credibility corresponds to internal validity, transferability to external validity, dependability to reliability and confirmability to objectivity (Lincoln & Guba, 1985).

2.4.1 Credibility

Credibility concerns the extent to which the results of a study accurately represent the reality in the research field (Bowen, 2005; Lincoln & Guba, 1985). Within the GTM, one method to ensure credibility is through triangulation of data or getting data from a variety of sources (Bowen, 2009; Sikolia et al, 2013). Our two-phased research process not only involved two different data collection sources, but also allowed us to triangulate our results. A second strategy that was used to achieve credibility was through respondent validation and participant checks of our data (Morrow, 2005). The interview phase was also used to verify the results of the initial phase. Prior to the interview, we sent the companies our interview questions and their scoring scheme. Therefore, they could judge the accuracy of the data collected, though not its conclusions.

2.4.2 Transferability

Transferability is a concept which concerns if the results of the study can be generalized to be applied to other contexts or not, such as another country or year (Lincoln & Guba, 1985; Morrow, 2005). Although our study specifically concerned the Swedish OMX Large Cap companies, certain methods were used to provide other researchers with the tools to test our results in another context. Mainly, we aimed to achieve transferability by providing careful descriptions of our research process (Brown et al., 2002). For example, chapter two carefully describes our data collection and analysis. Furthermore, we provide direct examples of how we coded publicly available material and interview quotes. We have also attempted a careful documentation of the questions asked to the respondents via the interview guide.

2.4.3 Dependability

Dependability refers to if the results of a study are repeatable or not over time and across researchers (Lincoln & Guba, 1985; Morrow, 2005). As this thesis aims to gain preliminary insights into a previously unexplored area, future studies might lead to different results. Nonetheless, we benefited immensely from being two thesis authors in terms of increasing the dependability. This allowed us to code the data in alternating sequences, which means both of

us coded the data and discussed the differences in our perspectives continuously. This way of working was an inherent part of our GTM and ensured us that the codes, findings and conclusions were sound. In the literature this is referred to as *audit trail* (Lincoln & Guba, 1985, Padgett, 1998).

2.4.4 Confirmability

Confirmability tests the objectivity of the research (Lincoln & Guba, 1985). Although both of us have previous knowledge within the are of sustainability, it is important to note that the findings of this thesis are the output of the viewpoints and ideas presented in the publicly available materials and by the interviewees, and do not reflect our opinions. We strived to ensure this objectivity through several measures, mainly through the the audit trail approach that was an inherent part of our research approach. Secondly, by collecting data from several different companies, we ensured that it was not biased towards a certain view, sector or market. Thirdly, choosing the semi-structured interview approach allowed the interviewees to be flexible in their answers, as to avoid us as interviewers to influence them (Yin, 1994). Lastly, the line-by-line coding that was an inherit part of defining our initial codes also increased the confirmability of our results.

2.5 Limitations to the GTM

It is important to mention that the GTM implies certain methodological limitations. One of the main limitations with the GTM is that it is very complex and time-consuming due to the tedious coding process and memo writing as part of the analysis (Bartlett & Payne, 1997). Grounded theory methods tend to produce large amounts of data, often difficult to manage (Bryant & Charmaz, 2007). Therefore, we believe that this thesis has considerably gained from being two writers, as we have dealt with the lengthy process of coding by using NVivo to help speed up organization and analysis of data.

Others name as a limitation that the use of GTM to explain, predict a phenomenon or to build a theory is a very subjective process, which relies heavily on a researcher's abilities. This study has followed the methodological guidance of Charmaz (2006) and Strauss & Corbin (1998) to gather and analyze the interview data. In addition, the data from the two research

phases was triangulated and the findings from the initial phase guided the data collection in the interview phase.

Furthermore, many studies make use of the term grounded theory inappropriately. Bryant (2002) points out that the flexibility of the method can be used to provide a justification for studies lacking in methodological strength. We acknowledge that the scope of the master thesis does not allow for generating grand theory or even substantive theory. Our objective was therefore to generate preliminary insights for future research unexplored field. Nonetheless, we aimed to mitigate the risk of using the GTM inappropriately by putting considerable effort into following Strauss & Corbin's & Charmaz guidelines and provide comprehensive descriptions of all research steps. Furthermore, we benefited considerably from having a supervisor who was experienced with the GTM.

3. Empirical findings – Initial phase

In this chapter, we present our findings from the initial phase. In a first step, we describe the evolution of the codes and the categories and how these were grouped into two sets of categories. Next, we provide detailed accounts of each category and each focused code. Finally, we present the overall results from the initial phase, as well as the implications for the the interview phase.

3.1 Evolution of codes and categories

As explained before, the first aim for the initial research phase was *To investigate the S/CR communication of the OMX Large Cap companies, in terms of where and how they talked about S/CR.* Through the data collection and analysis of the publicly available materials, we could identify 59 initial codes. Selecting and modifying those enabled us to establish 26 focused codes. The focused codes represented where we found references to S/CR and what type of information that was provided. The initial codes reflected whether the companies had these in place or not. Thereby, we could identify the frequency of the different references to S/CR communication.

By grouping all focused codes that deemed to share similar characteristics together in six categories, we could meet the second aim (Strauss & Corbin, 1998). That was *To get an indication for how S/CR communication influenced corporate action.* We distinguished the categories in two sets, with three categories each, in order to get an indication for how S/CR communication influenced corporate action. The categories belonging to the first set concerned the publicly available information regarding S/CR ambitions and priorities– *S/CR Self Presentation, Strategic Direction and S/CR Principles*. The remaining three categories, the second set, encompassed codes concerning the information that was available on the follow-up of the communicated ambitions and priorities as well as on the actual sustainability work – *Follow-up actions, Reporting Accountability and Top-Level Commitment*. Thus, these categories did not show directly how S/CR was communicated, but indicated how external communication influenced corporate action through follow-up information, reporting standards and top-level commitment.

In order to compare these two sets of categories with each other, the underlying focused and initial codes were translated into a scoring scheme (see chapter two). A company could obtain

34 points in total, 17 points for the focused codes that belonged to the set *S/CR aspirations and priorities* and 17 points for the focused codes that belonged to the set *Follow-up and S/CR actions.*

See Table 3.1 for an overview of both sets of categories and focused codes. In the following two sections, these categories and their focused codes will be presented in detail.

	First set of categories		Second set of categories	
	S/CR aspirations and priorities		*Follow-up and S/CR action*	
Categories & focused codes	*S/CR Self-Presentation*	Website CEO Letter Mission Statement Vision Statement Value Statement	*Follow-up Actions*	Defined S/CR Targets Follow-up Supplier Code of Conduct Follow-up Human Rights Policy Follow-up Employee Health and Safety Policy Follow-up Anti-Corruption Policy Follow-up Environmental Policy Follow-up
	Strategic S/CR	S/CR part of Corporate Strategy Defined S/CR Targets S/CR in Risk Management Section	*Reporting Accountability*	GRI Reporting Integrated Reporting External Assurance
	Principled Commitment	Code of Conduct Supplier Code of Conduct Human Rights Policy Employee Health and Safety Policy Anti-Corruption Policy; Environmental Policy	*Top-Level Commitment*	Code of Conduct signed by CEO S/CR Executive in Executive Management Team Gender Balance in Board of Directors

Table 3.1 Overview of categories and focused codes from the initial phase

Note. The table shows the two sets of categories that we could identify. Additionally, it provides an overview of the focused codes that belong to each category.

The initial codes are presented in Appendix C.1 and C.2 and the scoring scheme in Appendix D.1 and D.2.

3.2 Set I: S/CR aspirations and priorities

3.2.1 S/CR Self-Presentation

The first set of focused codes represents different ways in which a company presents itself. The website is the online presentation of a company and therefore plays an important role for corporate image building. The CEO letter presents the point of view of the top-representative of an organization. Mission, vision and value statements are ways through which a company shows its character. All five focused codes together form a category that we labeled *S/CR Self-Presentation*.

Corporate Website

During the initial coding phase, we learnt that companies disclosed S/CR information on their corporate website in different ways. [6] More than half of all companies (53%) included S/CR as major topic on their corporate website on their website. This meant that they had highlighted their S/CR information even on the start page and provided a wide range of different materials online. Furthermore, a considerable share of companies (39%) provided a decent amount of S/CR information. These had however not highlighted S/CR as a major topic on the start page. Only 8% of the companies did not include any S/CR information on their website.

Please see Appendix E.1 and E.2 for three screenshots from corporate websites that show examples of the initial codes that we identified for companies that included references to S/CR on their corporate website.

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[6] It is worth noting that we initially thought of a corporate website merely as a channel for S/CR information, and not as an aspect or mean of S/CR communication. Throughout the coding process, this changed due to the obvious differences between the OMX Large Cap companies in terms of the amount of S/CR information provided on the website and how highlighted this information was.

CEO Statements

When going through the annual reports, it became evident that S/CR was a common topic in CEO statements. For more than half of the OMX Large Cap companies (62,5%), these statements included references to S/CR.

One example of a statement with reference to S/CR was one in which the CEO told the readers that the company had published its first Sustainability Report earlier that year. Another example was a letter in which the CEO described the company's newly defined sustainability focus areas.

Mission, Vision and Core Values

Another finding was that in a considerable number of cases, companies' mission, vision and value statements referred to S/CR.[7] About a quarter of all companies had included references to S/CR in their *mission statements* (24%).

An example for a mission statement that we coded as one that was referring to S/CR was *"We are proven innovators of energy efficient transport solutions"*. A similar level of OMX Large Cap companies (25%) had a reference to S/CR in their *vision statements*. *"We challenge conventional packaging for a sustainable future"* was an example for a vision statement with reference to S/CR. Furthermore, more than a third of all companies (37,5%) included a reference to S/CR in their core value statements. For example, one company included *"we respect human rights, social commitment, transparency"* in their core value statement.

3.2.2 Strategic Direction

The next category covers all codes that provide important insights regarding the strategic direction of an organization: The corporate strategy covers the main strategic priorities of the

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[7] We only coded statements that companies presented explicitly as their vision, mission or value statements, for example by putting them under such a headline in their annual reports or websites. A mission statement is defined as the fundamental reason why an organization exists (Pearce & David, 1987). A vision statement is developed with the aim to declare the desired future state of the company (Lipton, 1996). Core values depict principles that should guide all organizational decision making (Osborne, 1991).

firm, the risk management section shows what corporations see as a risk and the targets reflect what it aims to achieve. Due to these similarities, we put the codes together in a category called *Strategic Direction.*

S/CR in Corporate Strategy

Almost a half (46%) of the OMX Large Cap companies had included references to S/CR in their corporate strategy. Furthermore, almost a fourth of all companies (24%) referred to S/CR in general terms in their strategy descriptions and another 22% of the sample even dedicated an own strategic theme of their corporate strategy to an S/CR issue.[8]

An example for a general reference to S/CR in the corporate strategy was a company that wrote *"Sustainability is integrated into all group processes"*. An example for a corporate strategy in which S/CR was included as a key theme was a company that defined *"sustainability development"* as a strategic theme and explained this as *"being an active driver of sustainable development towards the goal of being best in the industry"*.

S/CR in Risk Management Section

Half (50%) of the companies covered S/CR issues in their risk management sections in their annual reports. These companies voluntarily extended their risk management section to cover other than financial risks, which is the only risk that is required by lFRS (Deloitte, 2016).

An example of S/CR disclosures for one company in the risk management were: *"Suppliers' compliance with Code of Conduct"* and *"Environment and hazard"*.

Defined S/CR Targets

A majority (70%) of the OMX Large Cap companies that we studied had formulated S/CR targets (70%). That is, goals that defined their aims with their sustainability work (Kates et al., 2005). For 19%, targets were defined that addressed only one dimension of S/CR, for

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[8] This key strategic theme could cover either one or more of the S/CR dimensions we have defined – environmental, social and governance issues.

example environmental topics. However, in the majority of the cases, the companies defined targets for at least two dimensions of S/CR issues (51%).

An example of an S/CR target that concerned waste management was *"Reduce waste disposed at all our factories by 10% by 2015"*.

3.2.3 Principled Commitment

The third category of codes contains different types of Code of Conducts and S/CR policies that provide guidelines for the firm, its employees and sometimes even suppliers concerning sustainability related issues. In total, we identified six types of codes and policies and grouped these together in a category we labeled *Principled Commitment*. As the codes and policies were often closely related, they will be presented under the same headline below.

Codes of Conduct and Policies

Our examination revealed that the vast majority of the OMX Large Cap companies provided a Code of Conduct (90%). That is, statements setting down sustainability principles for the company (Langlois & Schlegelmilch, 1990). For a considerable share, we could also find Supplier Code of Conducts (56%). The Codes varied in length, and the most extensive ones had often included the companies' S/CR policies in the Code. Therefore, we decided to treat chapters in Code of Conducts that featured policies the same way as we treated separate policies. In the following, the policy chapter in the Code of Conducts will therefore be referred to as policies. In total, we identified four different codes concerning S/CR policies (the number depicts the percentage of companies that had it): Anti-Corruption Policies (90%), Environment Policies (71%), Human Rights Policies (56%) and Employee Health and Safety Policies (49%).

An example from a company's Anti-Corruption policy in its Code of Conduct reads: *"We do not tolerate bribes and corruption, including facilitation payments. Firm actions will be taken on any violation"*.

3.3 Set II: Follow-up and S/CR action

3.3.1 Follow-up actions

This category consists of codes that are directly connected to the two previously described focused codes - *Defined S/CR targets* and *Defined S/CR policies*. However, for these codes, we examined the publicly available materials that provided information regarding concrete follow up actions and implementation. This information, that could provide hints for the actual corporate action with regard to S/CR, was labeled *Follow-up actions*.

Defined S/CR Targets Follow-up

Concerning communicated S/CR targets follow-up, it was apparent that there were differing levels of information disclosed in terms of measurability, target achievement and time frame. Only 3% of the companies that had targets had not formulated them in a concrete and quantifiable way. This means that neither the scope of these targets, nor the time frames for achieving them, were specified. In total, 75% of the companies who communicated S/CR targets also talked about how well they achieved these goals. These companies made up almost 53% of all sample companies.

For example, the example provided in the S/CR targets section regarding human rights goals provided information regarding time frame and status:" Promote *increased awareness and respect for human rights and equality by partnering with Civil Rights Defenders-Deadline:2016, Status: In work"*.

Out of the companies that had formulated S/CR targets, only 20% had formulated goals that extended beyond 2016.[9] These represented less than 14% of all target companies. It is worth mentioning that no companies had S/CR targets that went beyond 2020.

An example of a target that had a time plan that extended to 2020 was: *"Commitment of increasing recycling through [...] until 2020"*.

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[9] Based on the fiscal year 2014.

Defined S/CR Policies Follow-up

The occurrence of *Defined S/CR Policies Follow-up* was comparably low. The follow-up rate for Anti-corruption policies was the highest - out of the companies that had defined a Corruption policy, 70% had this. The follow-up level for Human Rights policies and EHS policies were 63% and 60% respectively. Environment policies were the type of policy that was followed up to the lowest extent - only 43% of the companies that had defined such a policy informed how they followed up on it.

An example of a follow-up statement concerning the company's Anti-corruption policy is *"An anti-corruption program was implemented [...] Based on internal and external reviews and audits, remedial actions in the form of employee training and frequent visits to the sites"*.

3.3.2 Reporting accountability

The next category of codes contains information that measure the degree to which a company reports in an accountable manner. The codes that we grouped together here do not include information that reflect direct, rater, they are verification of the disclosed information and reporting practices. This is done either due to the integrated reporting or GRI standards, as well as because of the confirmed external assurance by a third part. The codes were grouped together and labeled *Reporting accountability*.

Integrated Reporting

Throughout the coding process, the term "Integrated reporting" came up. As many as 11% claimed that they had integrated their sustainability information in their annual report. The code *Integrated Reporting* was therefore established. A closer look at the materials did however reveal that only one company reported properly in accordance with the Integrated Reporting Framework (Integrated Reporting, 2016). We did however decide to establish the code anyway, to show the low frequency of this reporting approach.

GRI Reporting

The framework Global Reporting Initiative (GRI) was applied to a large extent within our sample. The GRI is a commonly used guideline for companies to report on past sustainability performance and their sustainability impact (Global Reporting Initiative, 2015). In total, 67% of the OMX Large Cap companies reported according to GRI - 31% of the sample companies reported in accordance with the GRI 3 standard and 36% to the GRI 4 standard.

External Assurance

Several companies (35%) mentioned that their S/CR information was subject of external assurance. This means that the information was externally assured by an external and independent reviewer, most often an auditing firm for credibility reason.

For example, one companies' external assurance statement read: *"This report has been assured by an independent third party assurance provider, in accordance with the voluntary external assurance practices of sustainability reporting"*.

3.3.3   Top-level commitment

Last but not least, there were three codes that we decided to include in this overview even though they were not pure communication practices. Rather, they reflected the top-level commitment with regard to S/CR. They were therefore seen as an an important hint for corporate action and a strong signal regarding management commitment. The category was labeled *Top-level commitment*.

Code of Conduct signed by CEO

Going through the materials, we realized that the Code of Conduct in some cases was signed by the CEO. As we had established the code *Code of Conduct* before, having the CEO sign the Code of Conduct could be seen a signal for top level commitment to S/CR. However, only

a minority of the companies had a Code of Conduct publicly available that was signed by the CEO (37,5%).

S/CR Executive in Group Management Team

When going through the material, we noticed that the manager that had an S/CR responsibility was featured in connection to the sustainability information for 71% of the companies. However, taking a closer look at the material revealed that only 25% of all companies had a top manager as part of their corporate management team. Therefore, we decided to include a code for S/*CR Executive in Group Management Team*, since this might reflect the strategic importance of this position in the organization.

Gender Balance in Board of Directors

The code *Gender Balance in Board of Directors* was established, since the word "equality"[10] in terms of gender was featured in almost every company's publicly available materials. Therefore, it was particularly interesting to see how many of the companies that had a gender balance in its highest decision making body in a publicly traded company. However, only a small group of companies (11%) had a Board of Directors in which the share of either gender was equal, i.e. in a range between 40-60%.

3.4 Empirical discussion

The first important finding of the initial phase was that was that all OMX Large Cap companies, apart from one, included references to S/CR in their publicly available materials. In total, 26 different aspects of S/CR communication (i.e. focused codes) could be found in various channels. Some aspects of S/CR communication were however more frequent than others. Our findings showed that S/CR targets and policies were among the most prevalent forms of S/CR communication. For example, as many as 90% of the companies had defined an Anti-Corruption policy and 70% had defined S/CR targets. It is important to note that these results applied to all companies, across industries and different levels of global operations.

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[10] In our definition of S/CR, governance and social aspects covered equality issues.

The second main finding was that there was a discrepancy between the amount of information with regard to *S/CR ambitions and priorities* (our first set of categories) and the amount of information concerning *Follow-up and S/CR action* (our second set of categories). For the overall sample, this became clear by comparing the average scores of the two different sets of categories with each other. For *Communicated S/CR aspirations and priorities,* the average score was 9,6 and for *Communicated follow-up and implementation* it was 6,1. Therefore, for the overall sample, it seemed like the S/CR communication highlighted the companies' ambitions and priorities, but it did not influence the actual actions concerning S/CR to a large extent. To put it simple, there seemed to be much more talk than actions to be identified in the materials.

The information provided regarding S/CR targets and policies showed the same pattern. For example, as few as 43% of the companies who had a follow-up policy wrote how they intended that the policy was supposed to be implemented. Similarly, the targets formulated had a very short-time frame. Out of the companies that had formulated S/CR targets, only 20% have targets that extended beyond 2016 and no company had a target that went beyond 2020.[11] Therefore, these findings provided direct empirical examples of our overall results from the initial phase, as they also indicated that S/CR communication did not influence corporate action. Based on our coding, these were also the only two forms of communication that appeared in both sets of categories.

For a visualization of the individual OMX Large Cap company results, see figure 3.1 below. The overall field can be divided into two parts: Type A companies, that had the highest overall scores and a balance from the two sets and Type B companies, that had overall low scores and less points from the second set of categories.[12]

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[11] According to our definition of S/CR, long-term commitment is a key part of achieving sustainable development. In line with this definition, S/CR targets should be embedded in a longer-term strategy in order achieve progress.

[12] It is also important to note that the scoring scheme provided a very useful way to identify interesting companies to interview, as it allowed us to classify companies according to type A and type B.

Figure 3.2 Overview of companies' individual scores
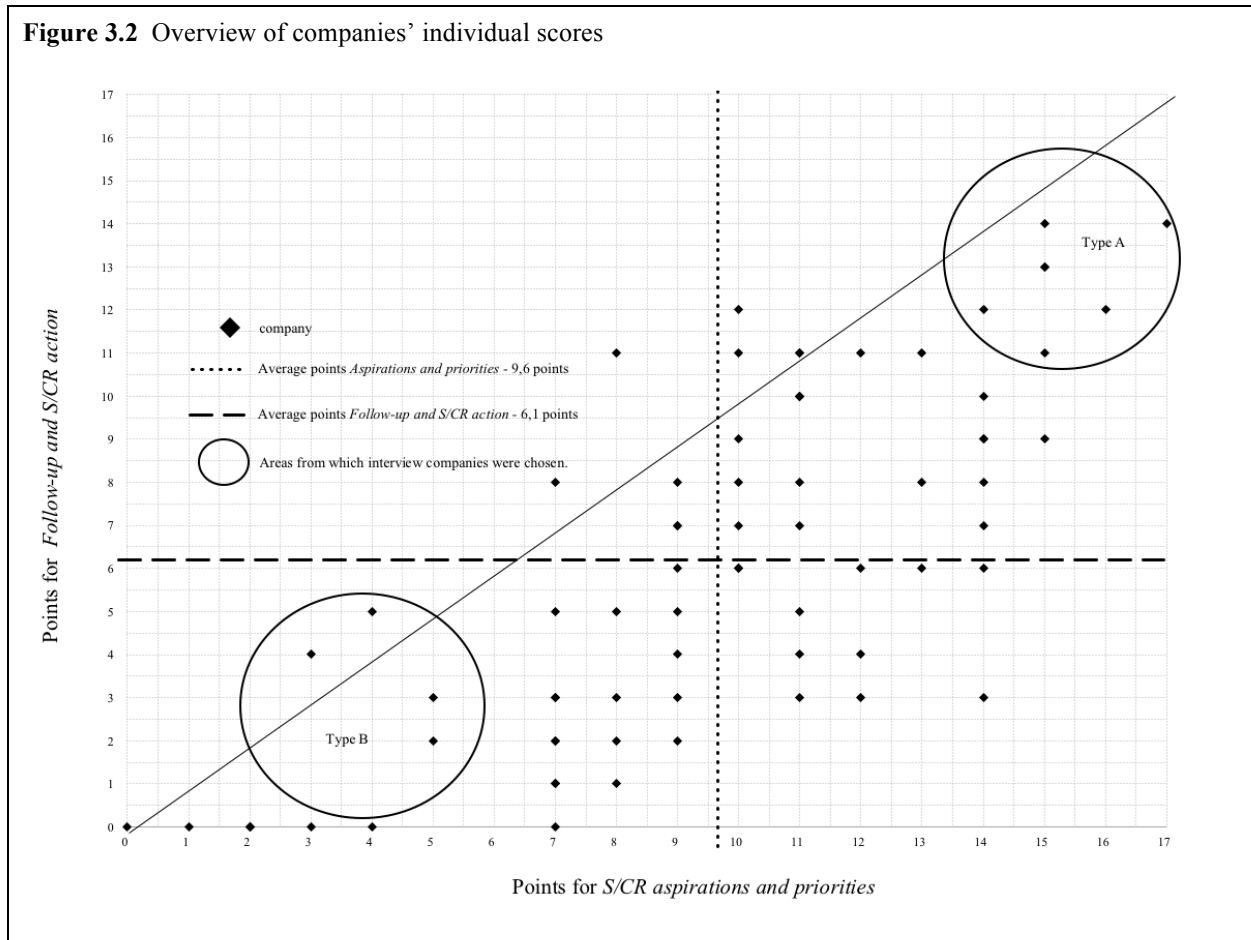
We acknowledge that these scores are not statistically significant, nor perfect measure of the influence of S/CR communication. Therefore, these cannot be used as a base for further calculations or correlations between categories and codes. However, they still provide an indication of how the S/CR communication influences corporate action. As can be seen in the figure above, there were large differences in how much different companies communicated *S/CR ambitions and priorities* and *Follow-up and S/CR actions*. Therefore, there seemed to be a range of different ways of how corporate action was influenced by S/CR communication.

3.5 Implications for interview phase

Although the binary variables derived from the publicly available materials provided us with important insights, they could not provide us with more nuanced explanations. In order to go beyond the mostly binary scoring scheme system and dig deeper into our results, we needed to go to the companies and ask them about their publicly available S/CR information's

influence on their action. Thus, in order to reach theoretical saturation and uncover these ranges, we needed to complement the publicly available materials data with interview data.

As mentioned above, S/CR targets and policies were the two frequent and empirically interesting aspects of communication in light of our research question. These two aspects were therefore chosen as themes, that guided us in our next data collection and analysis process. This is also an inherit part of the GTM (Strauss & Corbin; 1998). As shown, S/CR communication in our research setting could be more precisely narrowed down to communication about S/CR policies and targets Sweden. Choosing policies and targets also provided us with concrete examples of how S/CR communication influences corporate action to discuss with the companies.

See Table 3.2 for selected initial phase implications, that represented themes to be explored in the interview phase.

Table 3.3 Themes to be explored in the interview phase		
	Selected implications from the initial phase:	Themes to be explored in the second phase:
1.	Policies are prevalent, but information on follow up is rarely communicated.	*How do externally communicated policies influence corporate action?*
2.	S/CR targets are prevalent, but stated time frame was often rather short.	*How do externally communicated targets influence corporate action?*

4. Empirical findings - Interview phase

Building on the selected implications from the initial phase, we provide an account of the findings from the interview phase in this chapter. First, we describe the development of codes and categories and how they relate to each other. Next, we present detailed accounts of each category and focused code. Lastly, we conclude the empirical part of this thesis and present our overall triangulated findings from the initial and the interview phase.

4.1 Evolution of codes and categories

The second research phase was based on the the themes and implications derived from the initial phase, namely S/CR targets and policies. Thus, the data gathered and the analysis conducted in the initial phase served as the foundation for the analysis in the interview phase. Therefore, the categories developed in this phase represent the final categories.

As explained before, the first aim for the interview phase was *To validate whether the implications from the initial phase were correct.* In order to ensure that there were no S/CR initiatives that were not covered in the initial phase[13], we asked the companies about their defined S/CR targets and policies during the interviews. Additionally, we sent them their individual results from initial phase before the interviews.

The second aim, *To dig deeper into the implications from the initial phase and learn more about the different ways of how external S/CR communication influences corporate action,* was met through collecting and coding our interview data and in a subsequent step, compare it with the findings from the initial phase. This enabled us to get a more nuanced understanding of how S/CR communication influenced corporate action.

Based on the interview data, we identified 15 focused codes out of 31 initial codes.[14] All focused codes that we identified were grouped into six different categories, which were deemed to share similar characteristics (Strauss & Corbin, 1998). Three of these categories concerned S/CR policies and three concerned S/CR targets.

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[13] Even though we only validated these results for the interviewed companies and not the overall sample, we believe it gives a representative view of the overall sample of OMX Large cap companies due to the careful selection of our interviewed companies.

[14] For the targets, we defined 17 initial codes organized into 7 focused codes. For the policies, we defined 14 initial codes organized into 8 focused codes.

The categories represented specific objectives with the companies' targets or policies, which influenced corporate action to different extents. Throughout our coding, it became clear that companies could have several objectives with their communication, and could thus belong to more than one category. The first category, which all companies that had targets or targets or policies defined belonged to, represented the objective with the least influence on corporate action. Not all companies did however "move up" to belong to the second category, which represented an objective with a higher influence on corporate action. In order to belong to the third category, which represented the objective with the highest influence on corporate action, the company needed to belong to the two "lower level" categories as well. Thus, the respective target and policy categories were hierarchical in the sense that they built upon each other. For a conceptualization of the relationship between the categories for S/CR targets and policies respectively, see figure 4.1. and 4.2. below.
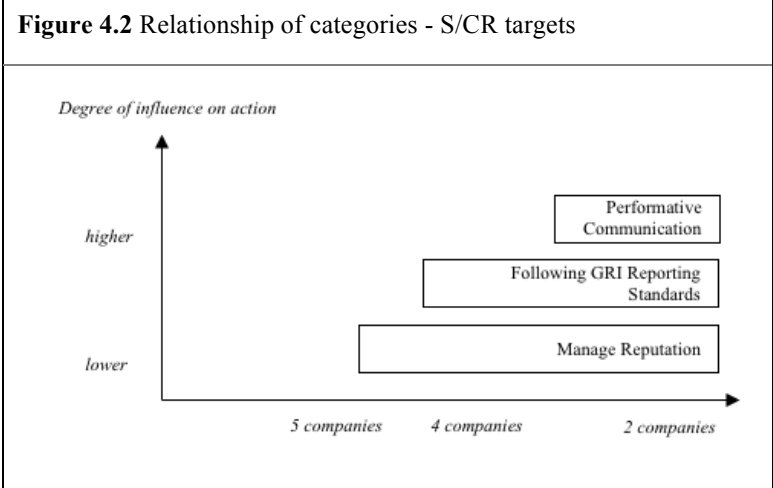
Figure 4.2 Relationship of categories - S/CR targets

Degree of influence on action

higher

| Performative Communication |
| Following GRI Reporting Standards |
| Manage Reputation |

lower

5 companies   4 companies   2 companies

Note. The categories are hierarchical and build upon each other. This means that only two companies belong to all three categories.

Figure 4.1 Relationship of categories - S/CR policies

Degree of influence on action

higher

| Ensure public trust |
| Manage S/CR Compliance |
| Adherence to contextual requirements |

lower

8 companies   4 companies   2 companies
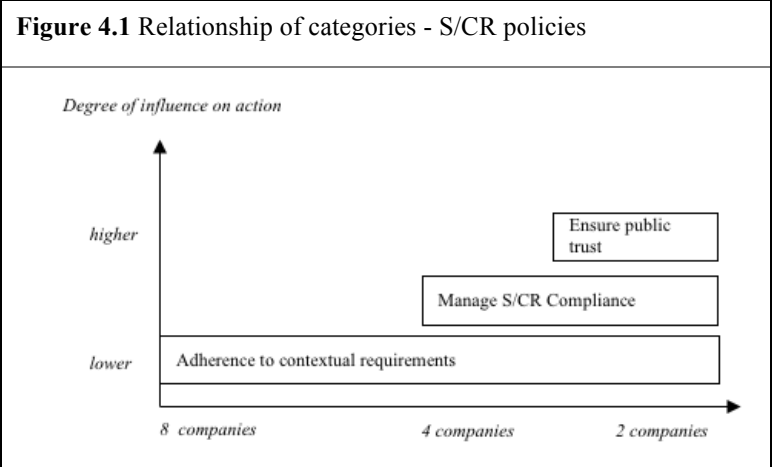
Note. The categories are hierarchical and build upon each other. This means that only two companies belong to all three categories.

See Table 4.1 for an overview of both types of categories and their respective focused codes. In the following two sections, these will be presented in more detail.

Table 4.1 Overview of categories and focused codes from the interview phase			
S/CR targets		**S/CR policies**	
Categories	*Focused Codes*	*Categories*	*Focused Codes*
Manage reputation	Quantifying S/CR work Modest S/CR Targets to mitigate risk	*Adhere to contextual requirements*	Legal requirements Meet external stakeholder pressure Industry benchmarking
Follow GRI reporting standards	Starting point for defining targets Comply with GRI procedure	*Manage S/CR compliance*	Internal S/CR management Manage high-risk operations
Performative communication	Aspirational targets Be best in class Transparency is key	*Ensure public trust*	Recover from scandals Restore trust
Note. The table shows the categories that we identified for S/CR policies and S/CR targets, along with their respective focused codes.			

The initial codes are presented in Appendix F.1 and F.2, with exemplary quotes related to these.

4.2 S/CR targets

For S/CR targets, we established three categories. These represented the different objectives of the S/CR targets, which in turn affected how they influenced corporate action. The categories are presented in order of frequency, starting with the most frequent.

4.2.1 *Manage reputation*

The first category describes the objective *manage reputation*. This means that companies defined targets to make the public perceive them as responsible actors. Consequently, this objective influenced corporate action to the least extent. Companies that had this as their sole objective with their targets were risk averse, and set a short time-frame for their targets in

order to ensure that they were fulfilled. All companies that had defined targets within our sample, five out of eight, had defined them with this objective.

Quantifying S/CR work

From a communication point of view, companies saw S/CR targets as means to influence their image and reputation: S/CR targets enabled them to highlight their S/CR achievements in a quantifiable way. This was for example stated by Tel2: *"Showing that we fulfil our sustainability targets by providing quantitative results of our work is good, because the public can see how effective our CSR work is".* Connected to this, some of the companies also explained that S/CR targets could be seen as a progress report to important stakeholders, such as the media and investor. *"Communicating about your CSR targets is a good way to show progress to stakeholders in that area"* as CG1 explained.

Modest S/CR targets to mitigate risks

Despite the broad consensus of the positive reputational benefits of communicating S/CR targets, companies that had *manage reputation* as their only objective thought these benefits could only be achieved if the published targets were met. If not, these companies believed that they would face repercussions in the form of negative stakeholder reactions, bad press and accusations of greenwashing. Ind2 said, for example: *"We are quite hesitant to talk too much about our long-term ambitions, because if we do not meet our targets it will fire back in the form of bad press".* On a similar note, Tel1 stated: *"Since we have had a few incidents regarding corruption, we cannot set very long-term goals[…] if we do not fulfill them on the date set, we risk reputatonal reprecussions."* To mitigate the risks of not meeting their targets and being accused of greenwashing, these companies consciously defined short-term goals. This was partly due to the fact that short-term targets were seen as easier to fulfill. Ind1for example, said *"It will not be seen as reliable if we had targets that were supposed to be met at 2020 or beyond […] it is risky to set those targets as you cannot predict the future"* .

4.2.2 Following GRI reporting standards

The second most common objective for defining targets was *following GRI reporting.* This means that the companies that had defined targets saw the guidelines provided by the Global Reporting Initiative (GRI) as an important driver to define and follow up targets. Although the S/CR targets were often multidimensional, the framework's requirements on time-frame resulted in targets with a short timeframe for the companies who only reached this category. Therefore, influence on corporate action was deemed to be moderate. As many as four out five companies that had defined targets were following the GRI standards (namely GRI4). The fifth company that had defined targets was in the process of implementing the reporting standard.

Starting point for defining targets

Several companies explained to us that the GRI frameworks provided them with tools to identify sustainability priorities and ways to structure their S/CR communication and define target areas. For example, Ind2 explained: *"Using GRI is a good tool to structure our CSR efforts and what is material to communicate externally".* As the GRI, in particular GRI4, stipulates that companies need to define a range of sustainability related indicators to report on, it was natural that the targets concerned covered several dimensions of S/CR.[15]

Comply with GRI procedure

The GRI guidelines did not only provide the companies with suggestions for sustainability target areas. Additionally, it seemed to guide the companies in terms of the target timeframe set. Several companies that followed the GRI guidelines used the indicators that were provided by the framework as targets. As Ind2 pointed out *"The indicators defined for GRI are used as the basis for our targets".* Furthermore, in particular, the Disclosures on Management Approach (DMAs) and performance indicators were used as a starting point for

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[15] The GRI framework stipulates that companies need to provide information concerning a selected number of Disclosures on Management Approach (DMAs) and performance indicators (Global Reporting Initiative, 2015).

defining S/CR targets.[16] Furthermore, the obligation to follow-up indicators annually influenced companies heavily in setting up the time horizon for their goals. A statement by Tel1 reflected this view commonly shared by the companies whose only objective with their targets, apart from managing reputation, was to follow the GRI guidelines: *"Using GRI means that we need to follow up on the indicators that we have defined annually"*.

4.2.3 Performative communication

The least common objective for defining targets was *performative communication*. These companies deliberately communicated ambitious targets in order to put pressure on themselves to make progress concerning their S/CR work. Although these companies also had managing reputation and following GRI standards as objectives with their communication, they were not hindered by fears of public backlash or reporting standards to define long-term targets. Therefore, this was the category with the highest influence on corporate action. However, only two companies belonged to it.

Aspirational targets

For these companies, the S/CR targets were deliberately aspirational. This meant that the targets were defined with the objective to inspire and push the organization and its employees to work harder in order to achieve progress for the company's S/CR work. As the following quote by Ind1 shows: *"For us, the sustainability targets should work as motivators [...] they are aspirational and should work as motivators for managers and employees – they are aspirational"*.

Be best in-class

The companies that belonged to this category also strived to be the best among their peers when it came to sustainability. However, they were careful to point out that their efforts were

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[16] In order to do meet the defined DMAs and KPIs, the GRI guidelines suggest that the data compilation encompasses "strategic priorities and key topics" for short and medium-term (Global Reporting Initiative, 2015, p. 24).

not only limited to communication, but actual achievements. As CG1 explained: *"By setting ambitious targets, our aim is to become the most sustainable company among our peers"*. Thus, corporate action was a directly linked to the targets sets. In line with this, , Ind 1 stated: *"We choose to define [sustainability] targets for areas in which we think we can make the biggest possible positive impact."*

Transparency as mitigator

Compared to the the three companies that only reached the two previous categories, the companies that belonged to this category had quite the opposing view concerning target time frame. These companies highlighted that the most important thing was to be transparent about the progress towards goal achievement, not meeting the targets per se. Thus, being transparent was seen as a way to mitigate potential public backlashes if the targets were not met. CG1 explained that they believed that S/CR target fulfilment was perceived differently by the public compared to fulfilment of financial targets: *"A lot of companies are very afraid of setting S/CR goals, because they think that they need to hit all the goals that they have set, like for the financial targets. Our experience shows that the public values transparency [...] they will understand if you do not fulfill your sustainability goals as long as you explain it to them"*. As a result, those companies communicated S/CR targets with a long-term time-horizon.

4.3 S/CR policies

For S/CR policies, we established three categories. These represented the different objectives of the policies, which in turn affected how they influenced corporate action. The categories are presented in order of frequency, starting with the most frequent.

4.3.1   Adhere to contextual S/CR requirements

This category represents the most common objective for defining policies, *adhere to contextual S/CR requirements*. As the objective was solely to define policies to response to external pressures and requirements, this objective influenced corporate action to the least

extent. Furthermore, companies that had this as their sole objective with their policies rarely followed them up. All interviewed companies mentioned that their publicly available policies to some extent were in place to adhere to contextual stakeholder pressure.

Legal requirements

One type of context that was mentioned as guiding the definition and use of policies was the legal requirements that existed in certain markets. Tel3 explained that they defined external policies that *"only follow the minimum legal requirements"*. Most other interviewed companies had more ambitious S/CR policies, but stressed that they were in line with legal requirements.

Meet external stakeholder pressure

Stakeholder expectations was described by several companies as one of the most important reasons to define policies. The companies explanined that the fact that they were based in Sweden, where there is a high public interest in companies sustainability work, put pressure on the firms' policies. As Tel1 expressed: *"We are revising our sustainability policies right now, as we now have the majority of our sales in Western Europe. [...] we believe that our customers and investors care more about sustainability here, compared to our main previous location"*. In some cases, companies even invited important stakeholder such as non-governmental organizations (NGOs) to discussions when they were about to revise their sustainability policies. As CG1 stated, *"when we revise our sustainability policies, we try to invite NGOs to take part of our discussions to get their expert input concerning whether there are some policies still missing, or whether we need to update those we have to cover a broader range of areas"*.

Another commonly used strategy to meet stakeholder pressure by the companies' was to base the policies on UN Global Compact's (UNGC) ten principles. As Ind1 stated: *"UNGC gives us a good platform to start our policy formulation, as it is so established in the public eye and accepted by stakeholders"*.

The investment companies within our sample presented a special case, as they did not run their own operations but just invested in other companies. Therefore, they generally thought that it was not their resposnibility to define policies themselves. Rather, it was the responsibility of their investments. However, they still told us that they felt the need to adhere to stakeholder pressure by defining some policies. Some companies, like Fin1, went so far as admitting that they considered formulating an investment policy "*only because people like you [in Sweden] point out that we need one*". The interviewee went so far as claiming that the policies they had defined would merely function as a paper to refer to if stakeholder asked for it.

Industry benchmarking

Requiremets related to the industry context was another aspect that influenced the companies' objective with their policies. The interviews revealed that many companies wanted to keep up with their competitors' external communication. As Ind1 said: *"We look at how the renowned sustainability competitors in our industry define their policies and try to keep ut with them"*. Furthermore, industry networks were mentioned as influential in terms of which policies that were defined and communicated. Tel3 said: "*We are participating in an industry organization that helps us define policies*".

4.3.2 Manage S/CR compliance

The second most common objective for defining and using policies, *manage S/CR compliance*, is represented by this category. This means that the policies were directly linked to a sustainability area that could be controlled or perceived as of particular importance to their operations. Therefore, these policies influenced corporate action directly. Out of the eight companies, four were deemed to also belong to this category.

Internal S/CR management

Throughout the interviews, several companies came back to the fact that they were guided by business materiality in choosing which policies to formulate. With this, they referred to

sustainability issues that had a direct internal impact on their business. One example was Tel 1, that explained to us that they refused to define a policy regarding water usage (something that the Dow Jones Sustainability Indices demands of firms for them to be included) as this was not seen as material to their business. The formulation of publicly available policies was therefore guided by an internal assessment of relevant areas. The policies were therefore seen as tools to ensure responsible business practices by employees, the management team and in some cases even by suppliers. Connected to this, one company, CG1 told us that they had defined a policy that was only used internally and thus not released to the public: *"We do not see many of our policies to be of external interest...rather, policies are used for compliance internally [...] I know that people are interested in reading our anti-corruption policy and that's why we publish it but we think that our EHS policy is mainly interesting for our own employees, to make sure everything is in order. That's why we have not disclosed it externally"*. As this quote also highlighted, although policies were used mainly to achieve compliance internally, the realization that some policies were of particular interest to the public guided the choices of publishing them externally.

Manage high-risk operations

Operating in foreign and high-risk areas, for example a country with a high prevalence of corruption, was also described as a reason for defining strict public policies with the objective manage S/CR compliance. Furthermore, the companies in our sample that operated in these areas stressed that they felt the need to communicate their stance on how to deal with issues such as corruption both internally and externally. As Tel2 explained: *"We have a very strict anti-corruption policy available, since we operate in high-risk areas"*.

4.3.3   Ensure public trust

The least common objective for defining policies was to *ensure public trust*. As these companies had been involved in S/CR scandals, their intention with the policies was to regain and ensure public trust, following an S/CR scandal. However, these policies were not deceptive in terms of not influencing corporate action. Rather, their guidelines were stricter than the contextual environment required and they were also used to manage compliance and

it was the objective that influenced corporate action to the largest extent. Only two companies belonged to this category.

Recover from scandals

This insight was gained in particular by interviewing companies that had faced public scandals concerning their sustainability work. For those companies, publishing externally communicated policies worked as a way to show that they worked on their issues and signal increased efforts. Ind1 put it like this *"In order to make up for past misconducts we have felt the need to react by defining stricter policies".*

Restore trust

For the companies that belonged to this category, it was however not enough to define stricter policies. An incremental objective with the policies was to restore public trust. Tel2, put it like this *"Redefining our policies helped us to restore trust [...] but it took some time."* Furthermore, since these companies had suffered from a negative public backlash, they were conscious about stakeholders watching them more closely, as well as the issues they needed to work on in order to not lose their license to operate. Therefore, the companies were aware that they needed to show the public how they followed up and implemented their stricter policy guidelines.

4.4 Concluding empirical discussion

Verifying the results from the initial phase through the interviews showed that there was only one company that had a policy in place that they had not communicated externally. This policy was also followed up. For targets, our findings from the initial phase were accurate in all cases. Therefore, the publicly available materials were a good indicator in reflecting the corporate actions in terms of S/CR.

Comparing our findings with the results from the initial phase revealed that were strong indications that supported the categories developed from the the interview data. Three of our

companies had not defined S/CR targets, as S/CR was not a topic largely addressed in their external communication. These companies were classified as type B companies in the initial phase. Furthermore, for three companies, the time frame did not extend beyond 2016, namely the ones that only reached the categories *Manage reputation* and *Following GRI reporting standards*. There were two main explanations for this, related to the objectives for defining the targets.

First, defining and communicating targets was a way to confirm to stakeholders that the company made progress with regards to S/CR and quantify S/CR the work. The initial phase confirmed this finding, as 97% of the companies that had defined targets had done so in a quantifiable way in terms of scope and time. However, due to a high risk-aversion of not meeting their targets, the time-frame set for the targets was short-term. Similarly, it was shown in the initial phase that only 20% of the companies that had defined targets had a longer time-frame than 2016.

Second, the definition of S/CR targets seemed to be interlinked to the reporting standard GRI, which four of the companies followed and the fifth was about to implement. The four first companies represented type A companies from the initial phase, whereas the fifth represented a type B company. The fact that the GRI indicators were translated into targets, and that these were only required to be short- or medium-term, could be an explanation for why few companies communicated long-term targets. The findings from the initial study further strengthen this argument, as only five of the companies that followed GRI had not defined S/CR targets. Furthermore, there were only four companies that did not follow GRI that had defined targets. As mentioned in chapter three, 67% of all OMX Large Cap companies followed GRI.

Thus, depending on the way one want to interpret it, GRI could either be seen as a straightjacket that hindered companies from formulating long-term S/CR targets, or as a legitimate excuse to define short-term targets and not influence corporate action to a large extent while still using the GRI framework as a quality stamp.

Interestingly, only two companies formulated long-term S/CR targets with the ambition to make real progress concerning S/CR. These were the ones that had reached the category *Performative communication*. These companies were also among the one's that had the

highest overall score in the initial phase, and thus represented type A. As mentioned in the beginning of the chapter, these companies also had the objectives of *Managing reputation* and *Follow GRI standards*, in addition to *Performative communication*.

For a clarification of what was described above, see Table 4.2

Table 4.2 Frequency distribution – S/CR targets					
ID	Industry	Classification	Manage reputation	Following GRI reporting standards	Performative communication
CG1	Consumer goods	Type A	X	X	X
Fin1	Financial Services	Type B			
Tel1	Telecommunications	Type A	X	X	
Ind1	Industrial Goods & Services	Type A	X	X	X
Tel2	Telecommunications	Type A	X	X	
Ind2	Industrial Goods & Services	Type B	X		
Fin2	Financial Services	Type B			
Tel3	Telecommunications	Type B			
Note. No targets could be identified for Fin1, Fin2 and Tel3, therefore their rows are empty.					

We could also identify thee different objectives for defining S/CR policies and in turn, how these influenced corporate action. It is worth mentioning that all companies had defined S/CR policies. For the four companies that had only reached the *Adhere to contextual S/CR requirements* category, the impression was that it was enough for the companies to simply have a policy in place and not follow up on it. Rather, they were there since stakeholders required them to be there, not because the companies felt that they needed policies themselves. The low follow-up was also confirmed by our initial phase results, which showed that the degree of follow-up of policies ranged from 70% for the Anti-Corruption policies to 43% of the Environment policy. This might be reverted to the fact that many policies were very vaguely formulated, with broad and general statements. Thus, it is very hard to verify if and how policies ought to be followed up – both for stakeholders and for companies

themselves. This was also the main difference between policies and targets. Companies did not dare to be so imprecise with targets, due to the explicit nature of the communication. Actual follow-up and implementation of policies did only take place for four of the companies – the ones that had reached the *Manage S/CR compliance* and *Ensure public trust*. The two companies that had policies with the objective to *Ensure public trust* presented a particularly interesting case, as both had been under large media scrutiny due to past S/CR scandals. Due to this, the companies had felt the need to define strict policies, whose guidelines went beyond what the context demanded. Since they were already under public scrutiny, they perceived that there was a pressure for them to follow-up and actually implement what they wrote. Interestingly, these two companies were also among the companies with highest scores for both sets of categories in the initial phase.

For a clarification of what was described above, see Table 4.3.

Table 4.3 Frequency distribution – S/CR policies					
ID	Industry	Classification	Adhere to contextual S/CR requirements	Manage S/CR compliance	Ensure public trust
CG1	Consumer goods	Type A	X	X	
Fin1	Financial Services	Type B	X		
Tel1	Telecommunications	Type A	X	X	
Ind1	Industrial Goods & Services	Type A	X	X	X
Tel2	Telecommunications	Type A	X	X	X
Ind2	Industrial Goods & Services	Type B	X		
Fin2	Financial Services	Type B	X		
Tel3	Telecommunications	Type B	X		

To conclude and to connect back to our research question, the overall triangulated finding from the initial and interview phase was that the S/CR communication highlighted the companies' ambitions and priorities, but it did not influence the actual actions concerning S/CR to a large extent.

5. Theoretical point of departure

In the following chapter, we present the theoretical point of departure. First, we introduce complementary theoretical perspectives that similar empirical studies have applied. In a second step, a review of each selected perspective is presented. Lastly, we present the predictions for our research question that these perspectives provide.

5.1 Theoretical perspectives in similar empirical studies

As noted before, literature on S/CR communication is fragmented and encompasses a wide range of theories and approaches (Ziek, 2009; Ihlen et al., 2010). However, no significant empirical studies have been made to trace how S/CR communication influences corporate action (Gatti & Seele, 2014; Ramus & Montiel, 2005). Instead, most studies concerning S/CR communication focus on motivations for corporate sustainability disclosures, most often in the form of sustainability reports (Fifka, 2013; van der Laan, 2009). Although our research takes a different approach by analyzing how S/CR communication influences corporate action, we still believe that the theoretical themes used in these studies can be applied to ours. As highlighted in our empirical section, objectives for disclosure were often aimed at achieving certain outcomes and could therefore influence corporate action.

These empirical studies most commonly drew upon three theoretical perspectives to explain motivations for corporate sustainability disclosure; *Institutional theory*, *legitimacy theory* and *signaling theory* (van der Laan, 2009).

Concerning *institutional theory*, several studies have approached the phenomenon of sustainability disclosures using an institutional theoretical lens and showed that sustainability reporting relied heavily on the context in which firms operate (e.g. Amram & Haniffa, 2011; Bebbington et al., 2009). This is also the theoretical perspective that the most similar study to ours, by Ramus & Montiel (2005), use. The authors studied a number of European firms to examine how isomorphic pressures affect how firms define and implement corporate environmental policies.

Legitimacy theory is among the most widely used frameworks to explain disclosures with regard to environmental and social reporting of organizations (Deegan, 2002; Gray et al., 1995). Several studies have sought to "test for" legitimacy theory as a motivation for

corporate reporting (Deegan et al., 2002; Wilmshurst & Frost, 2000; O'Donovan, 2002).

Signaling theory is another commonly used theoretical perspective to explain sustainability disclosures (e.g. Dawkins & Ngunjiri, 2008; Nikolaeva & Bicho, 2011). In addition, several studies have aimed to test whether firms' disclosures accurately reflect the quality of the sustainability work or whether it is just greenwashing (e.g. Connelly et al., 2011; Mahoney et al., 2013),

It is worth mentioning that the perspectives presented above are to some extent cross-disciplinary, which one could expect from using the GTM (Straus & Corbin, 1990)[17]. Furthermore, the fact that we chose three broad theoretical frameworks to progress our analysis with helped us avoid the risk of forcing our data to fit with specific theories (Henwood & Pidgeon, 2006, p. 350).

5.2 Review of theoretical perspectives

5.2.1 Institutional theory

According to institutional theory, an organization does not exist by its own, but is socially constructed by interacting with individuals and groups of individuals (DiMaggio & Powell, 1983). As a result, organizations are shaped by their institutional environment (Furusten, 2013). A fundamental aspect of institutional theory, which makes the perspective relevant for our research, is that it puts strong emphasis on how isomorphic pressures streamline firm behavior in similar contexts.   There are three main isomorphic pressures; regulative, normative, and cognitive (Scott, 1995).

Regulative pressure

Regulative pressures are coercive in nature, using rules, laws, and sanctions to bring

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[17] GTM is used when existing theories do not address the research problem and existing theories cannot just be "borrowed from the shelf". Therefore, it is by definition cross-disciplinary and usually connects theoretical insights from different perspectives. (Creswell, 1998).

organizations into compliance (Scott, 1995). Institutional theory would predict the convergence of organizations' behaviors over time due to a common institutional environment. In the case of Sweden, the fact that state owned companies are obliged to publish a GRI report is an example for the regulative pressure that is put on these companies (Regeringskansliet, 2014). Furthermore, regulative pressures describe the influence of external organizations (e.g., financial institutions, NGOs, customers, trade associations) on companies in their decision to publish external S/CR commitments (Mitchell et al, 1997). In general, firms pay attention to those stakeholders with the most influence and urgency (Freeman, 1984). Drawing from this, firms would publish external S/CR communication in the case that stakeholders that are powerful and influential enough to define certain laws and regulations demanded them to do.

Normative pressure

Normative pressures predict that actors adopt practices that are keeping with their view of what is appropriate and what fulfills their social obligations (Scott, 1995). Once a group of visible companies has published external S/CR commitments, institutional theory would predict that other firms will follow suit and firms will look for what others are doing to find out what is appropriate from a "social obligation" perspective (Scott, 1995, p. 35). Hoffman (1997) showed that institutional processes create a contagion effect whereby when a "critical threshold" of adoption of a new practice "is reached, then rapid adoption occurs among a wide range of actors" (p. 158). Moreover, firms that are later in adopting external S/CR commitments are likely to look at examples of specific statements from earlier adopters (Ramus & Montiel, 2005). The process by which this occurs in practice is often best practice benchmarking, where firms compare their own practices with those of other firms that they respect within their industry (Ibid.).

Moreover, the shift from "implicit CSR" to "explicit CSR" in Europe, i.e. from S/CR work that is demanded by companies to voluntary corporate S/CR work, has also resulted in increased communication of voluntary corporate policies and programs that address responsibility for some societal interest (Matten & Moon, 2008). This is confirmed by Waddock (2008) in the case of policies, who notes that since the 1990s, there has been "a virtual explosion of codes of conduct, standards, and principles relating to [sustainable]

business activities" (pp. 89 - 90).

Cognitive pressure

The third mechanism from the institutional environment promoting isomorphic change is cognitive (Scott, 1995). Cognitive pressure is defined as the underlying belief system of the companies, that is guided by what is culturally supported and conceptually correct. Furthermore, they are mimetic in form and take place when organizations strive to fit within the culture and orthodoxy of their institutional setting (Ibid.).

Hoffman (1997) pointed out that not all firms committing to a new set of practices will go through a substantive evolution supported by a cognitive belief system. Yet from an institutional perspective, "they all look the same" (Hoffman, 1997, p. 158). This is an important point. If not all of the firms that have published external S/CR commitments have integrated the underlying values and norms that support them, then we would expect to see differences in levels of implementation (Ramus & Montiel, 1985). For example, Tolbert & Zucker (1983) provide a discussion of how policy mimicry does not always result in organizational change. In a sense, these strategic responses to institutional pressure means that companies decouple "talk" and "action" (Oliver, 1991, Alexius, 2007).

5.2.2 Legitimacy theory

Suchman (1995) defines legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (p. 574). This implies that a company's survival is dependent on the extent that the company operates "within the bounds and context of [the] society" (Brown & Deegan, 1998, p. 22). Connected to this, legitimacy management "rests heavily on communication" (Suchmann, 1995p. 586). Thus a company must make its S/CR activities visible and accessible to both internal and external stakeholders (Maignan et al, 1999). This is particularly true for large firms, that are socially more visible and more exposed to public scrutiny (Branco & Rodrigues, 2006). Furthermore, environmental and societal disclosures also tend to be particularly high when organizations or the industry in which it operates has ta face a predicament, e.g. environmental pollution or violation or

human rights (Deegan & Rankin, 1996; Brown & Deegan, 1998; Patten, 1992).

With regard to our research question, different types of behavioral dynamics related to how a company can gain legitimacy are interesting to study, namely *cognitive legitimacy*, *moral legitimacy* and *pragmatic legitimacy* (Suchmann, 1995). These different types describe a general perception or assumption that organizational activities are appropriate within some socially constructed systems of norms, values, beliefs and definitions (Ibid.)

Cognitive legitimacy

Cognitive legitimacy is based on the shared taken-for-granted assumptions of a corporation's societal environment. Cognitive legitimacy operates mainly at the subconscious level, making it difficult for the corporation to directly influence and manipulate perceptions strategically (Oliver, 1991; Suchman, 1995)., In many cases cognitive legitimacy can be managed only indirectly and only to a minor degree (Oliver, 1991). Rather, a firm's behavior may often result in a simple adaptation to social expectations (Strand, 1983).

Moral legitimacy

Moral legitimacy relies on moral judgments about the organization and its behavior and, therefore, rests "on judgments about whether the activity is 'the right thing to do'" (Suchman, 1995, p. 479). Palazzo & Scherer (2006) assert that moral concerns to some extent prove resistant to self-interested manipulations and to purely pragmatic considerations by companies. The management of moral legitimacy, therefore, must be conceived of as deliberative communication: Rather than manipulating and persuading opponents the challenge is to convince others by reasonable arguments (Ibid).

Pragmatic legitimacy

In contrast to the two other forms, pragmatic legitimacy is the result of self-interested calculations of the organization's key stakeholders, and it is therefore based on stakeholders' perceptions of their personal benefit deriving from corporate activities (Suchman, 1995).

These individuals will ascribe legitimacy to the corporation as long as they perceive that they will benefit from the corporation's activities e.g., through payment or cost reduction, or at least indirectly through the output of the macro-economic system as a whole. Therefore, it is a key challenge for the corporation to influence individuals' calculations and to persuade key stakeholders - as well as the wider public - of the usefulness of its S/CR commitments (Ashforth & Gibbs, 1990).

Self-promoter's paradox

Communication about S/CR to secure legitimacy may however be contra productive in the eye of the public, something referred to as self-promoter's paradox (Ashford & Gibbs, 1989; Morsing & Schultz, 2006). The public could think that S/CR is something companies talk about, and not act upon (Frankental, 2001; Harding, 2005). If a company discloses a too high S/CR profile, it might hurt its credibility and thus reduce the its legitimacy. Thus, a company's S/CR communication must feel natural in respect to its business and correspond with what the company has taken responsibility for historically (Borglund et al., 2009).

5.2.3 Signaling theory

Signaling theory draws from voluntary disclosure theory and is intended to clarify information asymmetries. It suggests that firms use S/CR disclosures as substantive signals of their superior commitment to sustainability and enhance reputation among important stakeholders (Clarkson et al., 2008; Al-Tuwaijri et al., 2004; Verrecchia, 1983). However, not all companies signal their true quality to outsiders through their disclosures (Connelly et al., 2011). Therefore, one could say that there are two approaches within voluntary disclosure – to use voluntary disclosure or abuse voluntary disclosure through greenwashing.

Using voluntary disclosure

Voluntary disclosure theory suggests that firms that act in a sustainable manner will use standalone S/CR reports to signal that the firm is a responsible corporate citizen (cf., Dye, 1985; Lizzeri, 1999). Even though disclosure is costly, reporting firms will benefit from

making stakeholders aware of their trustworthiness as they avoid being punished by stakeholders (e.g., Verrecchia, 1983). Therefore, firms will undertake voluntary disclosure when the benefit of providing voluntary information, such as S/CR Reports, outweighs the associated costs (Li et al., 1997). For example, Toms (2002) suggests that implementation, monitoring, and disclosure of environmental policies and their disclosure in annual reports contribute significantly to the creation of environmental reputation.

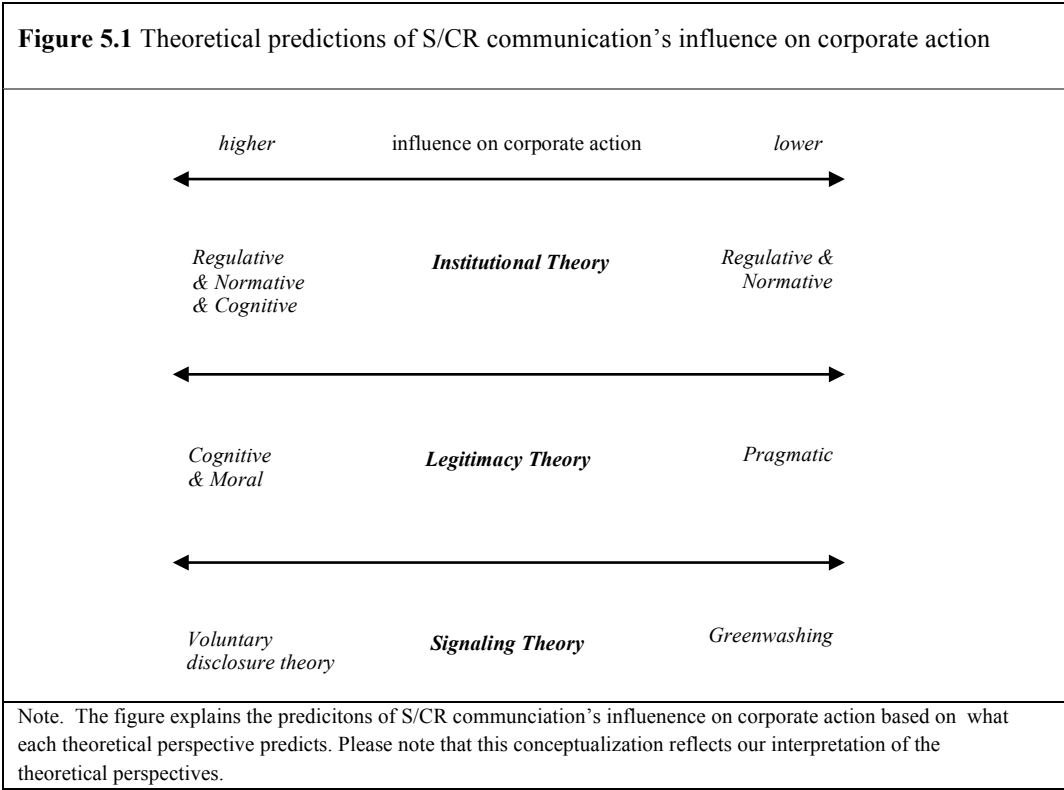*Abusing voluntary disclosure - Greenwashing*

In discussing the signaling theory, Connelly et al. (2011) claim that every company has the opportunity to signal or not signal its true quality or value to outsiders. The reason is that it is often difficult for the general public to understand the substance of S/CR claims, as these issues are often complex and subject to change, (Carlson et al., 1993, pp. 28– 29). Therefore, firms can actually use information asymmetries to make claims about their S/CR work that are not reflected in organizational practices (Seele & Gatti, 2015). This false use of voluntary disclosures to appear more sustainable is often referred to as greenwashing (Neu et al., 1998). This means that low-performance organizations also perceive a high incentive in signaling their false message if the benefits of doing so will outweigh the costs. Lindblom (1994) suggests that one path to signal responsibility is to manipulate stakeholders' perceptions through association with legitimatizing symbols, which may include targeted disclosures (Deegan, 2002). For example, Bansal & Clelland (2004), showed how firms can increase their environmental legitimacy solely by expressing commitment to the natural environment.

5.3 Summary of theoretical perspectives

To sum up, three theoretical perspectives, often used to explain motivation for corporate sustainability disclosures, that could explain our research question were identified; *Institutional, legitimacy* and *signaling theory.* Reviewing these perspectives showed that they complement each other in terms of explaining how communication influences action. *Institutional theory* focuses on the institutional pressures, which among other things provide explanation for adoption and disclosure of S/CR communication. *Legitimacy theory,* on the other hand, can explain how firms should balance disclosure of S/CR information and action in order to influence stakeholders' opinion about the company. Lastly, *signaling theory*

describes how firms use S/CR communication to signal that they are better in terms of sustainable practices than other companies – no matter whether the claims are true or not.

Therefore, *Institutional, legitimacy* and *signaling theory* provide complementing theoretical points of departure for explaining how S/CR communication influences corporate action. However, they do not provide a single answer for how firms' S/CR communication influences corporate action. Rather each perspective provides a range of possible explanations, as highlighted in the text above. The link between the communication and action depends on which type of institutional pressure, legitimacy type and signaling approach that is dominant. For a conceptualization, see figure 5.1 below.

Figure 5.1 Theoretical predictions of S/CR communication's influence on corporate action

higher	influence on corporate action	*lower*

$\longleftrightarrow$

Regulative & Normative & Cognitive	**Institutional Theory**	*Regulative & Normative*

$\longleftrightarrow$

Cognitive & Moral	**Legitimacy Theory**	*Pragmatic*

$\longleftrightarrow$

Voluntary disclosure theory	**Signaling Theory**	*Greenwashing*

Note. The figure explains the predicitons of S/CR communciation's influence on corporate action based on what each theoretical perspective predicts. Please note that this conceptualization reflects our interpretation of the theoretical perspectives.

6. General discussion

In this chapter, we review our empirical findings through the lenses of the selected theoretical perspectives. Since we applied the GTM, the aim is to generate preliminary findings for the Swedish context. First we explain to what extent the selected theoretical perspectives are in line with or diverge from our findings. Second, we explain which contributions to existing literature we could make based on our research setting.

6.1 Introduction

Based on our triangulated empirical findings, we can conclude that in most cases, S/CR communication did not influence S/CR action to a large extent. It highlighted the companies' ambitions and priorities, but was not connected to actions concerning S/CR. As explained before, this conclusion was developed through the examination of policies and targets in particular:

- The time frame for targets was often short-term and the ambition level for influencing corporate action was in most cases low. This was because the most common objectives for defining S/CR targets were to *manage reputation* and *follow GRI reporting standards*.

- Policies were often not implemented or followed up. This was because the most common objective for defining S/CR policies was *adhering to contextual requirements*.

6.2 Comparing existing theory to findings

Overall, the selected theoretical perspectives represent the different objectives with the S/CR disclosure. Some of them seemed to have a stronger link to action than others. Based on existing theory, the link to action would be dependent on the contextual environment, stakeholder expectations concerning legitimacy as well as on the firm's perceived reputational benefits of the disclosure. That is, the three theoretical perspectives that were described in chapter five; *Institutional theory*, *legitimacy theory* and *signaling theory*. However, within

these perspectives, different levels of action that stemmed from the communication could be predicted (see Figure 5.1).

6.2.1 Influence of S/CR targets

The fact that 67% of all companies had defined S/CR targets could be an indicator for that the objective to define targets would be in line with *voluntary disclosure theory.* Based on this theoretical perspective, one would assume that these companies acted in a sustainable and non-deceptive manner (Verrecchia, 1983). Thus, the communication would result in follow-up action and progress with regard to the companies' S/CR work. However, interpreting our findings through this theoretical lens was not accurate for most companies. As described in chapter four, the most frequent objective for defining targets was to *manage reputation,* by communicating the companies' progress in quantitative terms with regard to S/CR. Consequently, follow-up was an inherit part of the concept of having a target. However, as our empirics showed, most of these companies were guided by a strong risk aversion concerning negative stakeholder reactions. This was described in chapter five as the self-promoters' paradox (Ashford & Gibbs, 1989; Morsing & Schultz, 2006). As a result, the companies that only had this as an objective were purposefully unambitious in setting targets with a longer-term time-frame that actually aimed at making progress above operations as usual. Therefore, our findings were more in line with what signaling theory describes as *greenwashing* rather than what the *voluntary disclosure* approach states (e.g. Deegan, 2002; Lindblom, 1994). As it was also in the stakeholders' self-interest that firms had targets, which necessarily did not have to be ambitious, companies could persuade key stakeholders of the usefulness of their targets. According to literature, this is an example of *pragmatic legitimacy* (Ashforth &Gibbs, 1990).

The second most common objective for defining S/CR targets, *following GRI reporting standards,* was not directly in line with our theoretical predications. Although GRI reporting could be said to have become institutionalized in Sweden (Hoffman, 1997), institutional theory would not necessarily predict the large influence of GRI on S/CR targets. Similar to the *manage reputation* objective, it seemed like the firms believed that key stakeholders were more interested in them adopting the GRI standard as a quality stamp of past sustainability performance, rather than use it as a way to assess the firms' S/CR progress. This finding is

therefore in line with *pragmatic legitimacy* (Ashford & Gibbs, 1998). Therefore, the short time-frame of the targets and the backward looking focus made GRI seem like a welcomed excuse to signal responsibility but not really do so much (that is, greenwashing).

The least frequent objective to disclose S/CR targets, *performative communication*, actually meant that firms both communicated and acted in a sustainable and ambitious manner. This stemmed from the companies own ambition and their desire to signal their superior sustainability work to distinguish itself, rather than external stakeholder pressure. Therefore, this objective was in line with signaling theory's voluntary disclosure approach (Verrecchia, 1983).

6.2.2 Influence of S/CR policies

The most common objective for defining policies, mentioned by all companies, was to *adhere to contextual requirements*. This means that the companies defined policies in accordance to what they believed their stakeholders expected, or that were in line with their industry peers'. This is therefore in line with what the isomorphic pressures connected to institutional theory would predict, namely regulatory and normative (Scott, 1995; Mitchell et al, 1997). The companies whose only objective was to adhere to the contextual requirements did not think it was necessary to follow up on their policies. This is in line with Ramus & Montiel's (2005) predictions that companies that do not face cognitive pressure do not implement their policies. In general, companies seemed to define policies because they were seen as a "hygiene factor" by important stakeholders. This is something that cognitive and pragmatic legitimacy theory would also confirm (Oliver, 1991; Suchman, 1995).

A lesser extent of companies had defined policies with the objective to *manage S/CR compliance*. This objective had a direct link to corporate action and companies used their communicated policies to manage their operations. For example, companies that operated in high-risk countries said they were stricter in terms of policy implementation. This supports institutional theory's predictions that the contextual environment shapes the demands on the firm (DiMaggio & Powell, 1983). This could also be confirmed by institutional theory; the firms who had this objective not only faced regulative and normative, but also cognitive pressure (Ramus & Montiel 2005; Scott, 1995).

For the companies that had felt severe consequences of decoupling communication and action in the past, the objective to formulate policies was to *ensure trust*. This is in line with legitimacy theory, in the sense that firms that had to face a scandal would release more public communication (Deegan & Rankin, 1996; Deegan et al., 1998). However, the companies did actually follow-up on their communication because they were concerned that they would lose their license to operate otherwise. These companies explained that stakeholders got more critical after a scandal. For these companies, the benefit of putting a considerable amount of resources into defining and communicating strict policies seemed to outweigh the associated costs as it acted to restore trust. In contrast to other companies, this was the only group for which the voluntary disclosure approach could be in line with our findings concerning policies (Verrecchia, 1983). Furthermore, this case was the only example of moral legitimacy that we could derive out of our empirical findings, as stakeholders checked for what was the morally right thing to do and was not easily persuaded by deceiving communication (Suchman, 1995).

For an overview of the respective theoretical perspectives corresponding to each category, see Table 6.1 below. The empirical perspectives that were not explained by these perspectives will also be discussed in the section below.

Theoretical Perspectives	Institutional Theory			Legitimacy Theory				Signaling Theory	
	Pressures			Types				Approaches	
	Regulative	Normative	Cognitive	Cognitive	Moral	Pragmatic	Self-promoter paradox	Using voluntary disclosure	Greenwashing
Targets									
Manage Reputation						+	+	+	+
Following GRI Reporting		+				+		+	+
Performative Communication								+	
Policies									
Adhere to contextual S/CR requirements	+	+		+		+			
Manage S/CR compliance	+	+	+						
Ensure Trust					+			+	

Table 6.1 Comparison of empirical categories with theoretical perspectives

Note. The "+" shows that the category corresponded to the respective theoretical perspective.

6.3 Contributions to the research field

By comparing our empirical findings with the selected theoretical perspectives, we were able to contribute to the existing state of knowledge concerning how S/CR communication influences corporate action in the Swedish setting. First, we identified a number of similarities and divergences. Furthermore, we found a number of interesting aspects not covered by our theoretical perspectives. All of these implications will be explained in the below.

First, it is worth pointing out that without grounding our research in the phenomenon itself,

we would have not gained the insight that S/CR targets and policies are two of the most prevalent forms of S/CR communication in Sweden today. As mentioned before, this was because they were not specifically covered by current S/CR communication research. Consequently, this was an addition for S/CR communication research in the Swedish context.

Second, three complementing theoretical perspectives, commonly used for explaining S/CR disclosures, could be translated to our empirical results and provide similar answers to our research question in our research setting. The degree to which the different theories were in line with our empirical findings for targets and policies did however differ.

Overall, we saw that targets were in line with signaling theory's prediction, as they were mainly used for reputational purposes. In particular, there were strong indications that the greenwashing concept was the most accurate description of the objective of targets since they were predominantly short-term. This resulted in short-term targets. This held true both for the category *manage reputation* and follow *GRI reporting standards*. In the Swedish setting, the self-interested stakeholders' behavior also provided the ground and sometimes even encouraged this behavior. Therefore, there seemed to be a strong linkage between greenwashing and pragmatic legitimacy. No other forms of legitimacy could be identified. For only a minority of companies, the other approach to signaling theory, voluntary disclosure theory, could be applied and hence long-term targets were defined. These companies were driven by an internal desire to make progress through ambitious target setting and were an exception to the above. As no companies mentioned outside pressure to define targets, institutional theory could not be applied to explain our findings. This might however be due to the fact that targets are not institutionalized to the same direct extent as policies. Rather, they are the result of an indirect institutional pressure from GRI.

In contrast to targets, policies were mainly related to institutional theory. Specifically, in order for policies to result in corporate action, our empirics implied that all three institutional pressures needed to be perceived as existent by the companies. However, this was only the case for a minatory of companies. As for targets, self-interested stakeholders were more interested in firms having defined policies and also enabled this usage of policies. Therefore, there seemed to be a strong linkage between prevailing institutional pressures considered by the firm and pragmatic legitimacy. Moral legitimacy, on the other hand, could only be identified for companies that had experienced S/CR scandals. Because policies are

institutionalized to a large extent in Sweden, violating them was not in line with what society agreed upon. Consequently, firms needed to put considerable efforts into restoring their trust. In line with this, signaling theory could not be applied to explain our findings, except for these companies who had experienced scandals. The benefits of having them simply did not outweigh the costs for the companies that did now have to use them to ensure trust

Third, the fact that the link between targets and GRI had not been made was self-evident, as no major studies on S/CR targets had been made. It was however quite intriguing that the link between GRI reporting and how that influenced corporate action had not been done before.

7. Concluding remarks

In this final chapter, we provide our concluding remarks for this thesis. First, we present the overall conclusion, and thus the answer to our research question. Next, we describe the practical implications and recommendations of our thesis. Thereafter, we consider the limitations of our thesis. We close the chapter with a discussion of future research possibilities in light of our findings.

7.1 Conclusion

This thesis was based on the S/CR communication paradox in Sweden: Although Swedish companies talk a lot about their S/CR ambitions and have a vast amount of publicly available S/CR material in place, major S/CR scandals have been revealed during the last years. Therefore, the overall purpose was to explore how external S/CR communication influences corporate action for Swedish companies. Due to the lack of existing theoretical and empirical insights, we set up up a two-step grounded theory approach to answer our research question (Strauss & Corbin, 1998; Charmaz, 2006).

The first research phase, *the initial phase*, was purposefully explorative, analyzing publicly available S/CR materials of all OMX Large Cap companies. This enabled us to get an overview of the S/CR communication of the OMX Large cap companies, in terms of where they talked about S/CR and what aspects they communicated. Based on these findings, we got an indication that the overall sample of OMX Large Cap companies communicated higher levels of ambitions and priorities than follow-up and S/CR action. To put it simple, there seemed to be much more talk than actions to be identified in the materials. This was particularly striking for the two most frequent aspects of communication, S/CR targets and policies. The targets defined had in most cases a very short time-frame and information concerning policy follow-up was seldom provided. Therefore, these were chosen as implications to go forward with in the interview phase.

The *interview phase* not only enabled us to validate the findings from the initial phase, but also provided us with a more nuanced understanding of how S/CR communication influenced corporate action. Six distinct objectives with the companies' S/CR communication emerged – three for targets and three for policies. It is important to note that the objectives differed in frequency and to what extent they seemed to influence corporate action. In most cases, the

companies seemed to think it was sufficient to define targets for reputational purposes or to follow the GRI reporting standard. Because only a few companies had objectives with a strong link to action, targets were most often short-term. Likewise, for policies, we could only identify a few companies that had objectives with a strong link to action. The most common objective for defining them was to adhere to the contextual requirements. Consequently, policies were rarely followed up. Connecting back to our research question, the empirical results showed that in most cases S/CR communication did not seem to influence S/CR action to a large extent - it highlighted the companies' ambitions and priorities, but were not directly connected to actions concerning S/CR.

Assessing our empirical findings through the lenses of three selected theoretical perspectives, allowed us to generate preliminary insights concerning how Swedish companies' S/CR communication influenced corporate action. These also represent our contributions to the research field.

Firstly, grounding our research in the phenomenon itself allowed us to gain the insight that S/CR targets and policies were two of the most prevalent forms of S/CR communication in Sweden today. This was not specifically covered by current S/CR communication research. Secondly, we could establish that the degree to which three chosen theoretical perspectives were in line with our empirical findings, but could be applied differently to targets and policies. Targets were in line with signaling theory's prediction, as they were mainly used for reputational purposes. In particular, there were strong indications that the greenwashing concept was the most accurate description. Furthermore, there seemed to be a strong linkage between greenwashing and pragmatic legitimacy. In contrast to targets, policies were mainly related to institutional theory. In order for policies to result in corporate action, our empirics implied that all three institutional pressures needed to be perceived as existent by the companies. There also seemed to be a strong linkage between prevailing institutional pressures considered by the firm and pragmatic legitimacy. Furthermore, moral legitimacy could be identified for companies that had experienced S/CR scandals. Thirdly, we saw that established literature had not focused on the link between GRI and its influence on corporate action.

In sum, the aim that we set out for this thesis was met. By analyzing publicly available materials and interview material, we managed to understand S/CR communication in the

Swedish setting and how it influenced corporate action. Furthermore, we got a nuanced understanding of the objectives behind the S/CR communication, which enabled us to provide preliminary explanations for our findings and in particular through the comparison with existing theoretical perspectives these opens up an array of interesting future areas of research. Based on our assessment, in order for companies to do drive sustainability change, which institutions like the EU stipulates, much needs to be done.

7.2 Practical implications

Our research has provided a deeper understanding of how S/CR communication influences corporate action in the Swedish context. As stated in chapter one, we believe that enhanced knowledge about S/CR communication could lead to more desirable forms of S/CR communication. This study therefore has several general and practical implications that are briefly summarized here.

For *companies,* three important points can be made. Firstly, they should start assessing their S/CR communication critically, and how it is connected to actual actions. That does not necessarily have to entail costly consultant fees or standardizations. The scoring scheme defined for this study could also give an indication for how well communication is followed by action. Secondly, they should define sustainability priorities for areas in which they can make the most positive impact, not only what only what certain standards stipulate that they should define. Thirdly, the companies should stop thinking in terms of risk and rather in terms of transparency. This was the strategy of the companies who seemed to have the highest influence on corporate action. Long-term, this would not only restore society's trust in business, but might also work as a competitive advantage. In light of all the recent S/CR scandals in Sweden, one can assume that regulators and the public will increase the pressure on companies to "do what they say" even more.

For *regulators*, there are in particular three important implications in light of our findings. Firstly, self-governance should be balanced with regulation. As our findings have shown, the self-governance system today allows companies to use information asymmetries to make superficial and unsubstantiated claims about their S/CR work. Secondly, although initiatives such as making sustainability reporting mandatory are a move in the right direction, they are

in essence backward looking. Therefore, they should be seen as an important tool for ensuring compliance, but not be believed to be the only mean to drive sustainable change. Furthermore, as highlighted with the use of GRI in our study, companies are rewarded for adhering to the specifications of the standard and not the actual quality and progress of their S/CR work. In order to ensure that Sweden stays at the forefront of sustainable development, more than reporting standards is needed from a regulators perspective.

For *media and watchdogs like NGOs*, the findings from this thesis could and should form the baseline for new investigations. As shown with the example of companies that had been involved in scandals, public critique and media scrutiny seem to be a highly effective way to make companies aware that they are watched and need to connect words to actions. Thus, the media and other watchdogs have considerable influence to affect the actions of companies. Furthermore, a more balanced and informed coverage, that goes beyond just "naming and shaming", is needed to ensure constructive reports and dialogues. If more journalists would know about how certain standards and certifications were constructed, the leeway for companies to engage in greenwashing would probably be minimized.

For *investors*, the findings from this study confirm their importance in driving sustainable development. Investment guidelines that would ask companies to connect policy documentation with action would force companies to review their communication. This might also be in the long-term interest of the investors, as they might avoid investing in companies that are later involved in severe S/CR scandals. Furthermore, investors need to understand that S/CR targets work differently than financial targets – they are often long-term and not necessarily met every year.

7.3 Limitations

Due to our research design, as well as the short time frame, this study was characterized by some limitations that are important to discuss. The limitations directly related to the GTM have been considered and addressed in chapter two. The remaining are described below

Firstly, the main limitation can be found in how our research design is fit to answer our research question. Due to the scope of a master thesis and limited expertise on our side, it was

not possible to perform proper audits for each of the 72 companies with regard to their S/CR work. For example, the scoring scheme that we developed in the initial phase rewarded companies for having implemented reporting standards such as the GRI4. However, based on the insights we gained from the interviews, it was revealed that these might not fit to make an accurate assessment of corporate action. Thus, our data collected might not measure the action completely accurately. In response to this, it should be pointed out that it should be in the companies' and their S/CR managers interest to communicate and talk about their S/CR work. In any case, our research design did however generate preliminary findings in a previously unexplored field.

Secondly, the fact that our data collection and analysis were solely based on publicly available materials and informants' accounts could have affected which perspectives we could capture. Therefore, we might just have measured the professionalism of their S/CR communication and how convincing the S/CR managers' accounts were. For example, the finding that there seemed to be a stronger link between communication and action for the companies that had been through a S/CR scandals might be due to an increased professionalization. It is however worth mentioning that the companies' previous experience with us through the *Walking the talk study*, as well as the anonymous interviews, enabled us to create interview situations in which we openly discussed their companies' S/CR work.

Thirdly, it should be mentioned that the findings and analysis of this study are based on a limited number of respondents, in particular the interview phase. 72 companies were included in the initial phase whereas only eight interviews were conducted in the interview phase. Therefore, the study's findings are not generalizable across a large population. The aim of this thesis was however not to generate theory that could be generalized for a larger population. Rather, it was explorative with the aim to generate preliminary insights concerning how S/CR communication influences corporate action in a Swedish context.

Fourth, it needs to be remarked that we were new to using GTM. This could be seen as as a limitation, as we had to spend considerable time on learning about how to set up the research design and how to code our data. Furthermore, this might have also reduced the dependability of our results (Lincoln & Guba, 1985; Padgett, 1998). Nevertheless, it is important to point out that this thesis uncovered aspects that would not have been uncovered if we had followed a more common deductive approach.

Lastly, as there were few studies with the same research focus as ours, there were no established theories to explain our findings. Therefore, we had to translate existing theories in accordance to our findings. It is therefore possible that we either chose the wrong set of theories to compare out findings with or unconsciously modified them to fit our findings. However, as argued in chapter five, our choice of theoretical perspectives was guided by which perspectives similar empirical studies applied. Furthermore, we deliberately chose three broad theoretical frameworks to progress our analysis with in order to mitigate this risk (Henwood & Pidgeon, 2006, p. 350).

7.4 Implications for further research

Despite the limited scope of a master thesis, applying the GTM enabled us to uncover a range of interesting implications that offer many interesting areas for future research and a starting point to develop substantive theory in the Swedish context.

First of all, research regarding corporate disclosure should expand its focus to S/CR targets and policies, and not just sustainability reports. Currently, this constitutes an unexplored research area.

Furthermore, the use of GRI reporting and its influence on progress with regard to S/CR could become an interesting research topic. Case studies on a selected number of companies could be made in order to investigate whether the requirements of the GRI and indicators work as a straightjacket for ambitious targets or a welcomed excuse for companies to engage in greenwashing. Overall, studying reporting standards influence on corporate action, and not just the motivations to disclose information, provides an interesting avenue of research in light of our findings. Particularly, since sustainability reporting will become mandatory in the Sweden and the EU from the fiscal year 2016. As GRI reporting is one of the most renowned approaches for sustainability reporting, it is likely to increase even further after the regulation is imposed.

Lastly, to further develop our research and overcome some of its limitations, this research topic could favorably be studied with the use of another research design. For example, in-depth longitudinal case studies on a selected number of OMX Large Cap companies could be

made. This would allow for a more objective assessment and go beyond just the information in the publicly available material and the S/CR managers accounts. It would also be very interesting to apply our methodology to another sample, such as small- and medium sized companies, or companies in other parts of the world, to assess and test our findings.

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9. Appendix

Appendix A Final Interview guide	
Questionnaire for our Master Thesis- Handelshögskolan i Stockholm & MISUM	
Part 0: Our background	**Part 1: Our company's view on S/CR**

1. Name:
2. Date:
3. What is your formal position?
4. How long have you been in current position?
5. What is your career background in company x?
6. What is your educational background?
	A Internal approach to S/CR
	  1. How does your company define S/CR?
	  2. What is the function of your company's sustainability work? Why are you doing it?
	  3. Does past scandals/the fear of an S/CR related scandal affect your company's S/CR work?
	B External communication of S/CR
	  1. How do you communicate the company's sustainability work to external stakeholders? What are important channels and messages?
	  2. In your company external communication, does it focus more on S/CR ambitions and aspirations or on concrete initiatives?
	  3. Is your company's communication affected by the different countries it operates in? If so, how?

Part 2: Our company's S/CR Targets	**Part 3: Our company's S/CR policies**

1. Are these targets connected to the overall corporate strategy? In that case, how?
2. What is the aim of your company S/CR targets?
3. Does your company distinguish between group-wide and national targets? In that case, why?
4. What is the process like when the targets are defined? What guides the process?
5. Who is involved, internally and externally?
6. How does your company you set the time-frame for the S/CR targets? - Who does this?
7. Why doesn't your company set a longer time-frame for the S/CR targets?
	1. Why have you defined policies your company? Why have you not defined a policy for your company (or at least nor communicated it)?
	2. Does your company distinguish between group-wide and national policies? Why/why not?
	3. What does the process look like when the S/CR policies are formed?
	    a. Who is involved, internally?
	    b. Are external stakeholders involved? (consultants, local communities etc.)?
	4. How do you follow-up policies within the organization?
	5. Why/Why not have you decided to sign up to UNGC?
	6. Are you participating actively in any other global initiatives/frameworks?

Appendix B Example of memos
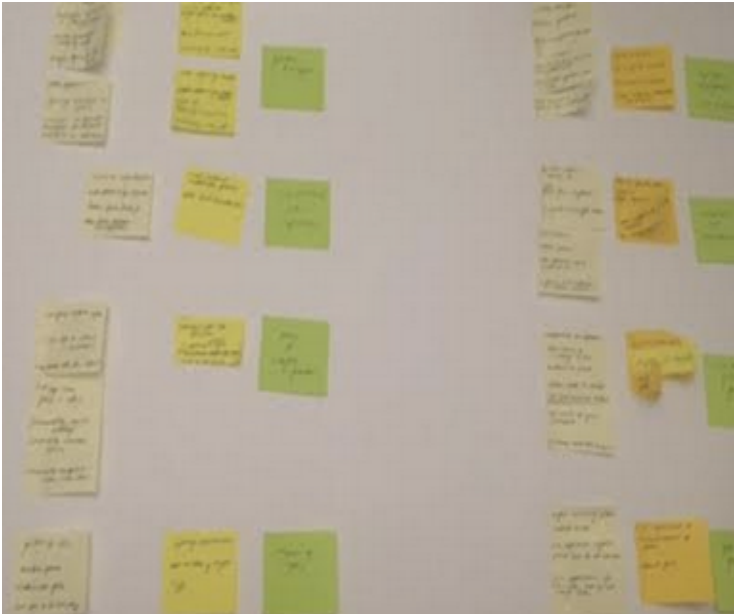
		Appendix C.1 Overview of frequencies - S/CR Aspirations & priorities (First Set)					
Categories	*Focused Codes*	*Frequency*		*Frequency*		*Frequency*	
S/CR Self-Presentation	*Corporate Website*	No information regarding S/CR	8%	S/CR information on website	39%	S/CR as a major website topic	53%
	CEO Statement	No references to S/CR in CEO statement	37,5%	Reference to S/CR in CEO statement	62,5%		
	Mission Statement	No references to S/CR in mission statement	76%	Reference to S/CR in mission statement	24%		
	Vision Statement	No references to S/CR in vision statement	75%.	Reference to S/CR in vision statement	25%		
	Core Value Statement	No references to S/CR in core value statement	62,5%.	Reference to S/CR in core value statement	37,5%.		
Strategic Direction	*Corporate Strategy*	No reference to S/CR in corporate strategy	56%	S/CR is included in corporate strategy	22%	S/CR is an own strategic theme in corporate strategy	22%
	Risk Management Section	No references to S/CR in Risk Management Section	50%.	Reference to S/CR in Risk Management Section	50%		
	Defined S/CR Targets	No defined S/CR targets.	30%.	Defined S/CR targets that address only one dimension of S/CR.	19%	Defined S/CR targets that address several dimensions of S/CR.	51%
Principled Commitment	*Code of Conduct*	A Code of Conduct is not publicly available.	10%	A Code of Conduct is publicly available.	90%		
	Supplier Code of Conduct	A Supplier Code of Conduct is not publicly available.	44%	A Suppler Code of Conduct is publicly available.	56%		
	Human Rights Policy	A Human Rights Policy is not publicly available.	28%.	A Human Rights Policy is publicly available.	72%		
	Employee Health and Safety Policy	An Employee Health and Safety Policy is not publicly available.	51%	An Employee Health and Safety Policy is publicly available.	49%		
	Anti-Corruption Policy	An Anti-Corruption Policy is not publicly available.	10%.	An Anti-Corruption Policy is publicly available.	90%		
	Environmental Policy	An Environmental Policy is not publicly available.	29%	An Environmental Policy is publicly available.	71%		

Note. This tables shows where we found references to S/CR that provided information with regard to companies' *S/CR aspirations & priorities.* **T**he frequencies describe the percentage of the overall sample for which we could identify the respective initial codes.

Appendix C.2 Overview frequencies - Follow-up & S/CR Actions (Second Set)

Categories	Focused Codes	Initial Codes & Scoring Points –		Initial Codes & Scoring Points –		Initial Codes & Scoring Points –	
Follow-up Actions	Follow-up S/CR Targets	No quantifiable S/CR targets are defined.	33%	Quantifiable S/CR targets (scope and time) are defined.	14%	Quantifiable S/CR targets (scope and time) are defined, progress towards goal achievement is stated and they are embedded in a longer-term strategy.	14%
				Quantifiable S/CR targets (scope and time) are defined & progress towards goal achievement is stated.	39%		
	Follow-up Supplier Code of Conduct	Follow up of Supplier Code of Conduct is not publicly available.	53%	Follow up of Supplier Code of Conduct is publicly available.	29%	Follow-up of Supplier Code of Conduct, inclusive ratio of audited suppliers to all suppliers.	18%
	Follow-up Human Rights Policy	Information regarding follow-up of the Human Rights Policy is not publicly available.	54%	Information regarding follow-up of the Human Rights Policy is publicly available.	46%		
	Follow-up EHS Policy	Information regarding follow-up of the EHS Policy is not publicly available.	71%	Information regarding follow-up of the EHS Policy is publicly available.	29%		
	Follow-up Anti-Corruption Policy	Information regarding follow-up of the Anti-Corruption Policy is not publicly available.	31%	Information regarding follow-up of the Anti-Corruption Policy is publicly available.	67%		
	Follow-up Environmental Policy	Information regarding follow-up of the Environmental Policy is not publicly available.	69%	Information regarding follow-up of the Environmental Policy is publicly available.	31%		.
Reporting Accountability	Integrated Reporting	The reporting is not in accordance with the <IR> standard	99%	The reporting is in accordance with the <IR> standard	1%		
	External Assurance	No External Assurance of S/CR reporting	65%	No External Assurance of S/CR reporting	35%		
	GRI Reporting	No reporting in accordance to GRI framework.	33%	Reporting in accordance with the GRI 3 framework.	31%	Reporting in accordance with the GRI 4 framework.	36%

Top-Level Commitment	*Code of Conduct*	The Code of Conduct is not signed by the CEO.	62,5%	The Code of Conduct is not signed by the CEO.	37,5%	
	Supplier Code of Conduct	The S/CR Executive is not part of the Group Management Team .	75%	The S/CR Executive is not part of the Group Management Team .	25%	
	Gender Balance in Board of Directors	The share of either of the gender in the Board of Director is not in the range of 40-60%.	89%	No quantifiable S/CR targets are defined.	11%	

Note. This tables shows where we found references to S/CR that provided information with regard to companies' *Follow-up & S/CR actions.* The frequencies describe the percentage of the overall sample for which we could identify the respective initial codes.

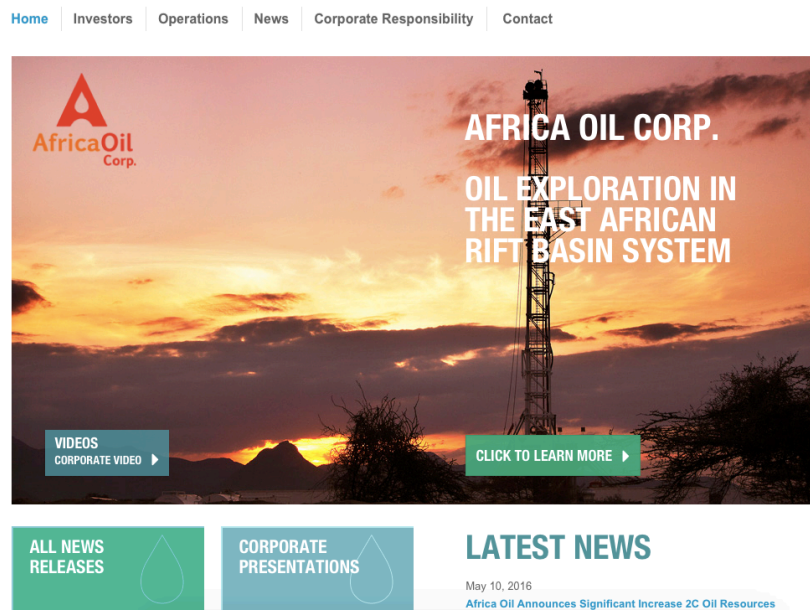**Appendix D.1** Scoring scheme - *S/CR Aspirations and priorities*

Categories	Focused Codes	Initial codes & Scoring points –		Initial codes & Scoring points –		Initial codes & Scoring points –		Total points
S/CR Self-Presentation	*Corporate Website*	No information regarding S/CR.	0 p.	S/CR information on website	1 p.	S/CR as a major website topic.	2 p.	2 p.
	CEO Statement	No references to S/CR in CEO statement.	0 p.	Reference to S/CR in CEO statement	1 p.			1 p.
	Mission Statement	No references to S/CR in mission statement.	0 p.	Reference to S/CR in mission statement	1 p.			1 p.
	Vision Statement	No references to S/CR in vision statement.	0 p.	Reference to S/CR in vision statement	1 p.			1 p.
	Core Value Statement	No references to S/CR in core value statement.	0 p.	Reference to S/CR in core value statement	1 p.			1 p.
Strategic Direction	*Corporate Strategy*	No reference to S/CR in corporate strategy.	0 p.	S/CR is included in corporate strategy	1 p.	S/CR is an own strategic theme in corporate strategy	2 p.	2 p.
	Risk Management Section	No references to S/CR in Risk Management Section.	0 p.	Reference to S/CR in Risk Management Section	1 p.			1 p.
	Defined S/CR Targets	No defined S/CR targets.	0 p.	Defined S/CR targets that address only one dimension of S/CR.	1 p.	Defined S/CR targets that address several dimensions of S/CR.	2 p.	2 p.
Principled Commitment	*Code of Conduct*	A Code of Conduct is not publicly available.	0 p.	A Code of Conduct is publicly available.	1 p.			1 p.
	Supplier Code of Conduct	A Supplier Code of Conduct is not publicly available.	0 p.	A Suppler Code of Conduct is publicly available.	1 p.			1 p.
	Human Rights Policy	A Human Rights Policy is not publicly available.	0 p.	A Human Rights Policy is publicly available.	1 p.			1 p.
	Employee Health and Safety Policy	An Employee Health and Safety Policy is not publicly available.	0 p.	An Employee Health and Safety Policy is publicly available.	1 p.			1 p.
	Anti-Corruption Policy	An Anti-Corruption Policy is not publicly available.	0 p.	An Anti-Corruption Policy is publicly available.	1 p.			1 p.
	Environmental Policy	An Environmental Policy is not publicly available.	0 p.	An Environmental Policy is publicly available.	1 p.			1 p.

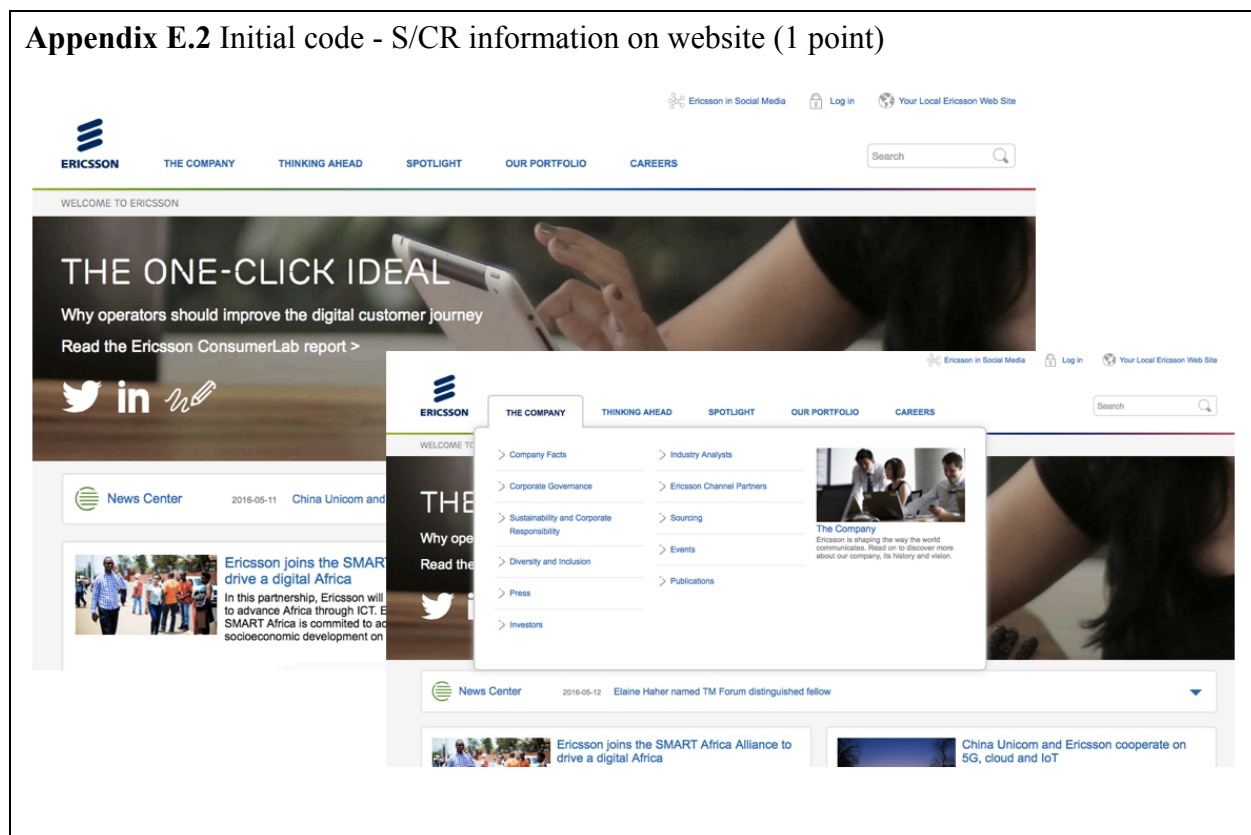|		**Appendix D.2** Scoring scheme - *Follow-up & S/CR Actions*					
Categories	*Focused codes*	*Initial codes & Scoring points –*		*Initial codes & Scoring points –*		*Initial codes & Scoring points –*	*Total points*
Follow-up Actions	*Follow-up S/CR Targets*	No quantifiable S/CR targets are defined.	0 p.	Quantifiable S/CR targets (scope and time) are defined.	1 p.	Quantifiable S/CR targets (scope and time) are defined, progress towards goal achievement is stated and they are embedded in a longer-term strategy.	3 p.
				Quantifiable S/CR targets (scope and time) are defined & progress towards goal achievement is stated.	2 p.		3 p.
	Follow-up Supplier Code of Conduct	Follow up of Supplier Code of Conduct is not publicly available.	0 p.	Follow up of Supplier Code of Conduct is publicly available.	1 p.	Follow-up of Supplier Code of Conduct, inclusive ratio of audited suppliers to all suppliers	2 p.	2 p.
	Follow-up Human Rights Policy	Information regarding follow-up of the Human Rights Policy is not publicly available.	0 p.	Information regarding follow-up of the Human Rights Policy is publicly available.	1 p.		1 p.
	Follow-up EHS Policy	Information regarding follow-up of the EHS Policy is not publicly available.	0 p.	Information regarding follow-up of the EHS Policy is publicly available.	1 p.		1 p.
	Follow-up Anti-Corruption Policy	Information regarding follow-up of the Anti-Corruption Policy is not publicly available.	0 p.	Information regarding follow-up of the Anti-Corruption Policy is publicly available.	1 p.		1 p.
	Follow-up Environmental Policy	Information regarding follow-up of the Environmental Policy is not publicly available.	0 p.	Information regarding follow-up of the Environmental Policy is publicly available.	1 p.	.	1 p.
Reporting Accountability	*Integrated Reporting*	The reporting is not in accordance with the <IR>	0 p.	The reporting is in accordance with the <IR> standard	1 p.		1 p.

		standard						
	External Assurance	No External Assurance of S/CR reporting	0 p.	No External Assurance of S/CR reporting	1 p.			1 p.
	GRI Reporting	No reporting in accordance to GRI framework.	0 p.	Reporting in accordance with the GRI 3 framework.	1 p.	Reporting in accordance with the GRI 4framework.	2 p.	2 p.
Top-Level Commitment	*Code of Conduct signed by CEO*	The Code of Conduct is not signed by the CEO.	0 p.	The Code of Conduct is not signed by the CEO.	1 p.			1 p.
	S/CR Executive Group Management Team	The S/CR Executive is not part of the Group Management Team .	0 p.	The S/CR Executive is not part of the Group Management Team .	2 p.			2 p.
	Gender Balance in Board of Directors	The share of either of the gender in the Board of Director is not in the range of 40-60%.	0 p.	No quantifiable S/CR targets are defined.	1 p.			1 p.

Note. p.= point(s). As explained in the main text, we used this scoring scheme it to evaluate the communication of each company individually. In a subsequent step (visualized in figure 3.2) we used the score calculated with this scoring scheme, to map out each companies' score in relation to each other.

Appendix E.1 Initial code - S/CR information as major website topic (2 points)

Appendix E.2 Initial code - S/CR information on website (1 point)

Appendix F.1 S/CR targets- Codes, categories and quotes

Categories	Focused codes	Initial codes	Examplary quotes
Manage reputation	*Quantifying S/CR work*	Highlight achievements through numbers	*"Investors really like when we provide numbers and figures to highlight our achivements"*
		Provide quantitative results of work	*"Showing that we fulfil our sustainability targets by providing quantitative results of our work is good, because the public can see how effective our CSR work""*
		Progress to stakeholders	*"Communicating about your CSR targets is a good way to show progress to stakeholders in that area"*
	Modest S/CR targets to mitigate risks	Afraid of being accused of greenwashing	*"Since we have had a few incidents regarding corruption, we cannot set very long-term goals[...] if we do not fulfill them on the date set, we risk reputatonal reprecussions."*
		Bad press if targets are not met	*"We are quite hesitant to talk too much about our long-term ambitions, because if we do not meet our targets it will fire back in the form of bad press""*
		Too long time-frame is risky	*"It will not be seen as reliable if we had targets that were supposed to be met at 2020 or beyond [...] it is risky to set those targets as you cannot predict the future"*
Following GRI reporting standards	*Starting point for defining targets*	Good tool to identify areas of improvement	*"GRI4 is a really good tool to identify areas for improvement and materiality"*
		Guidance to structure communicated CSR efforts	*"Using GRI is a good tool to structure our CSR efforts and what is material to communicate externally"*
	Comply with GRI procedure	GRI indicators used as targets	*"The indicators defined for GRI are used as the basis for our targets"*
		Obliged to follow up annually	*"Using GRI means that we are obliged to follow up on the indicators that we have defined annually"*
Performative communication	*Aspirational targets*	Motivators for managers and employees	*"For us, the sustainability targets should work as motivators [...] they are aspirational and should work as motivators for managers and employees – they are aspirational""*
		Freedom and trust allows for long time-frame	*"We were allowed to set out a long time-frame for our current sustainability targets [...] This is thanks to the large amount of freedom and trust that we as the sustainability department enjoys"*
		Ahead of overall corporate stratgey	*"We set our time horizon for the goals longer than for the overall corporate strategy – to 2020. That sounded like a nice and round number"*
	Be best in class	Want to be best among peers	*"By seetting ambitious targets, our aim is to become the most sustainable company among our peers"*
		Biggest possible positive impact	*"We choose [sustainability] targets for areas in which we think we can make the biggest possible positive impact"*
	Transparency as mititgator	Public values and understands transparency	*"A lot of companies are very afraid of setting S/CR goals, because they think that they need to hit all the goals that they have set, like for the financial targets. Our experience shows that the public values transparency [...] they will understand if you do not fulfill your sustainability goals as long as you explain it to them"*

Note. The quotes show how we coded the initial codes. Not all are part of the main text.

Appendix F.2 S/CR policies- Codes, categories and quotes

Categories	Focused codes	Initial codes	Examplary quotes
Adhere to contextual S/CR requirements	*Legal requirement*	Incorporate minimum legal standards	*"Our policies only follow the minimal legal requirements that are put on us when it comes to CSR*
	Meet external stakeholder pressure	NGO take part of discussion to deal with pressure	*"When we revise our sustainability work, we try to invite NGOs to take part of our discussions and give us input on whether there are some Sustainability policies still missing [...] it is a way to deal with stakeholder pressure."*
		UN Global Compact	*"UNGC gives us a good platform to start our policy formulation, as it is so established in the public eye and accepted by stakeholders"."*
		Higher S/CR expectations in Sweden and Western countries	*"We are revising our sustainability policies right now, as we now have the majority of our sales in Western Europe. [...] we believe that our customers and investors care more about sustainability here, compared to our main previous location".* *"We only define policies because people like you [in Sweden] point out that we need one".*
	Industry benchmarking	Industry networks	*"We are participating in an industry organization that help us define policies."*
		Renowned competitors in industry	*"We look at how the renowned sustainability competitors in our industry define their policies and try to keep ut with them."*
Manage S/CR compliance	*Internal S/CR management*	Material to operations	*"Why would we define a policy regarding water usage, when it is not material to our business?"*
		Manage compliance of internal stakeholders	*"We do not see many of our policies to be of external interest...rather, policies are used to manage compliance of internal stakeholders [...] I know that people are interested in reading our anti-corruption policy and that's why we publish it but we think that our EHS policy is mainly interesting for our own employees, to make sure everything is in order. That's why we have not disclosed it externally".*
	Manage high-risk operations	High-risk operations require stricter policies	*"We have a very strict anti-corruption policy available, since we operate in high-risk areas".*
		Ensure compliance from critical stakeholders	*"We had problems with third party contractors and in order to ensure complicance from these, we have conducted anti-ccorruption trainings"- Tel2*
Ensure public trust	*Recover from scandals*	React to scandals by defining stricter policies	*"In order to make up for past misconducts we have felt the need to react by defining stricter policies*
		Signal increase efforts	*"Publishing externally communicated policies was one way to to signal our increased efforts regarding our sustainability work"*
	Restore trust	Actively working on restoring trust	*"Redefining our policies helped us to restore trust [...] but it took some time"*

Note. The quotes show how we coded the initial codes. Not all are part of the main text.