

# **SMALL YAPPING DOG**

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**EXPLORING THE ROLE OF THE NORDICS IN THE CSR WORK OF MNCs**

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## Small Yapping Dog: Exploring the role of the Nordics in CSR work of MNCs

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### *Abstract:*

Corporate Social Responsibility is an increasingly prevalent point of discussion, and the Nordic countries are especially active and vocal on the subject. Despite representing a small part of the global market, they have established an impactful role in the conversation. While researchers have examined how Nordic public authorities perceive their ability to influence, the MNCs' perspective on the relationship is lacking. Through a qualitative case study, we shed light on the role of the Nordics in the CSR work of MNCs, with the intention of filling this research gap. An iterative approach was employed to explore the topic through interviews with CSR professionals with insight at various organizational levels.

To enrich the understanding of why Nordic stakeholders have had an outsized impact on the CSR work of MNCs, we turn to stakeholder theory and neo-institutionalism. By combining the concept of stakeholder salience in the eyes of MNCs with the neo-institutional ideas of organizational legitimacy and isomorphism, we explain the impact of the Nordics as a result of raised stakeholder salience, including the Nordics' high legitimacy on the global arena, and the critical importance of establishing a CSR strategy aligned with the institutional environment for MNCs to be perceived as legitimate.

Our findings confirm that Nordic stakeholders are highly engaged with MNCs concerning CSR work. Particularly, public buyers and business customers are mentioned as stakeholders that drive CSR dialogues around transparency, confirming that public authorities plays a key role in engaging with corporations through CSR. We successfully add the MNCs' perspective by providing concrete examples of how MNCs have been affected by Nordic stakeholder engagement, such as changes in organizational processes and increased transparency.

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### *Keywords:*

corporate social responsibility (CSR), multinational corporations (MNCs), the Nordics, stakeholder theory, neo-institutionalism

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# Definitions of the Foundational Concepts used

## **Corporate Social Responsibility (CSR)**

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CSR is defined as “the responsibility of enterprises for their impacts on society” (EC, 2011, p. 6), where the impacts are characterized as “social, environmental, ethical, human rights and consumer concerns” (EC, 2011, p. 6).

## **Multinational Corporations (MNC)**

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A multinational corporation has operations that produce goods or deliver services in countries other than their home country, where their management headquarters are based (Eurostat, 2019).

## **The Nordics**

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“The Nordic Region consists of Denmark, Finland, Iceland, Norway and Sweden as well as Faroe Islands and Greenland (both part of the Kingdom of Denmark) and Åland (part of the Republic of Finland)” (Grunfelder et al., 2018, p. 12).

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# 1. Introduction

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## 1.1. Background

Over the last couple of decades, corporate social responsibility (CSR) has acquired greater relevance on the global agenda (Midttun & Witoszek, 2018). This trend is reflected in a multitude of regulatory frameworks implemented in recent years, such as European requirements on non-financial reporting (Directive 2014/95/EU, 2014), and US legislation concerning human rights in the supply chain (Securities and Exchange Commission, 2012). CSR is also increasingly considered by institutional investors in investment decisions, e.g. through the Principles for Responsible Investing (Unpri.org, 2019).

In response to increased expectations, large multinational corporations (MNCs) have found it necessary to develop CSR initiatives that comply with concerns voiced by well-organized stakeholders<sup>1</sup>, often in the spotlight of media (Midttun & Witoszek, 2018). With regards to globalization, concerns have been raised that MNCs might be pursuing profit at the expense of environmental deterioration and vulnerable workforces. Similar CSR related concerns have been voiced in the Nordics and Nordic NGO-investigations have made attempts to pressure MNCs within the Information Technology (IT) industry to become more transparent regarding their CSR work. One vehicle for delivering these concerns was the Swedish TV4-program *Kalla fakta*, which aired an exposé of the working conditions in Chinese factories that manufacture PCs for large multinational computer technology companies, based on a report published by the Danish NGO Danwatch, and connected it to IT products purchased by public buyers in Sweden (*Kalla fakta*, 2015). This resulted in increased scrutiny of the relevant companies through CSR audits and a representative for the public buyer stated that they noted clear improvements in transparency regarding the CSR work in this follow-up (Eriksson, 2015). That concerns from the relatively small<sup>2</sup> Nordic market (Agerskov & Mertsola, 2018) can have this impact, considering the many expectations from multiple stakeholders, is a puzzling observation and the point of departure for this thesis.

## 1.2. Purpose and Research Question

The overall purpose of this thesis is to shed light upon the role of the Nordics in the CSR work of MNCs. While previous research has focused on how Nordic public authorities perceive their ability to affect the global market economy by engaging directly with corporations through CSR (Midttun et al., 2015), we expect to contribute to literature by adding the MNCs'

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<sup>1</sup> The term stakeholder is defined as "Any group or individual who can affect or is affected by the achievement of the firm's objectives" (Freeman, 1984, p. 25)

<sup>2</sup> In terms of population, GDP and Exports/Imports, see [Appendix 1](#)

perspective of being affected by a Nordic presence and thereby combining the concepts of CSR, MNCs and the Nordics in a new way. While the Nordic stakeholders' outsized impact on the CSR work of MNCs could be explained by the close compact between government, business and civil society called 'partnered governance' that enables the Nordics to expand governance beyond territorial limitations (Midttun & Witoszek, 2018), we intend to enrich this explanation by turning to stakeholder theory and neo-institutionalism.

To achieve the purpose of our thesis, we analyze how CSR professionals within MNCs perceive what the implications are on their CSR work when conducting business in the Nordic region. Accordingly, the following research question has been used:

*What does a presence in the Nordics imply for the CSR work of MNCs?*

### 1.2.1. Delimitations

Based on the observation that the IT industry has been specifically targeted by CSR concerns voiced by Nordic stakeholders, we will answer the research question based on this context, thereby limiting the study to only include large MNCs that sell branded IT hardware products, and thereby partaking in the IT industry. Moreover, the study is limited to only include MNCs with a home country outside the Nordics. Examining the implications for MNCs with geographically distant home countries allows for careful examination of the defining aspects that need to be considered when working in the region and will therefore be the focus of this thesis.

## 1.3. How Key Concepts are approached

This thesis touches upon three main concepts: CSR, MNCs and the Nordics. Although concise definitions have already been provided, we want to further address what is meant by these concepts and how we approach them.

### 1.3.1. Corporate Social Responsibility

There have been numerous efforts to establish a better understanding of corporate social responsibility (CSR) and to develop a clear definition of the term. Dahlsrud (2008) reviews a variety of methodological approaches that have been applied in order to gain an overview of the historical development of CSR and to construct a definition of CSR. Despite many attempts, there is still confusion in both the academic and corporate world of how CSR should be defined. The meaning of CSR differs over time and between regions (De Bakker et al., 2005; Matten & Moon, 2008), which further muddles the subject. Despite the difficulties in clearly defining the concept and the abundance of existing definitions of CSR, the European Commission has provided a definition in 2001 that was argued in 2008 to have achieved the status as the most frequently used definition of CSR (Dahlsrud, 2008). As the purpose of this thesis is not to

contribute to academic discussion on the definition of CSR, further precision in defining the term is not sought. Instead, the latest definition proposed by European Commission in 2011 is used, as it is established by a respected authority in the region relevant to the study. In this thesis, CSR is defined as “*the responsibility of enterprises for their impacts on society*” (EC, 2011, p. 6), where the characteristics of “*social, environmental, ethical, human rights and consumer concerns*” (EC, 2011, p. 6) are used to capture impacts on society.

Beyond the definition of CSR itself, there are also differences in what terms are used when describing companies’ responsibility for their impacts on society. For example, Strand et al. (2014) mention in their overview of CSR and sustainability that the two terms are used nearly synonymously by some and as distinct concepts by others. This ambiguity regarding what terms to use is echoed in an article in Forbes Magazine, where the author lists several commonly used terms, including CSR and Sustainability, and states that “*In large part these terms are synonymous and therefore interchangeable*” (Epstein-Reeves, 2011). Because of this ambiguity, we establish CSR an umbrella term in this thesis, and group data that aligns with the European Commission’s definition under it to capture all relevant information.

### 1.3.2. Multinational Corporations

Although many definitions of multinational corporations (MNCs) have been proposed in both the academic and corporate world, none has become the standard, and other terms like multinational enterprise and transnational corporation are often used interchangeably with the term (Aggarwal et al., 2011). We are not going to contribute to the discussion of the definitions of MNCs further. Instead we are going to use the definition stated by the directorate-general of the European Commission, which states that an MNC has operations that produce goods or deliver services in countries other than their home country where their management headquarters are based (Eurostat, 2019). While we look at large MNCs, we acknowledge that this definition captures a wide range of organizational sizes. We conclude that being present on the “Fortune Global 500” list, which lists the 500 world’s largest companies based on revenue (Fortune, 2019), classifies MNCs as large.

### 1.3.3. The Nordics

The expressions Scandinavia and Nordic are used nearly interchangeably by a growing number of people (Bondeson 2003; Derry 1979). The expression Nordic includes the countries of Denmark, Norway, Sweden, Finland and Iceland, but also including parts of Denmark’s kingdom like Greenland and the Faroe Islands, and the archipelago province Åland belonging to Finland (Grunfelder et al., 2018). Traditionally speaking, Scandinavia is usually meant to include the countries of Denmark, Norway and Sweden (Bondeson, 2003; Nordstrom 2000). Yet in recent days, Scandinavia is more commonly used to also incorporate the country of Finland (Bondeson, 2003). In this thesis, we will predominantly use the expression Nordic throughout. However, the expression Scandinavia will be invoked when necessary.

## 2. Literature review

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This thesis combines three concepts in literature; CSR, MNCs and the Nordics. While several studies regarding CSR of MNCs have focused on assessing subsidiaries in developing countries (e.g., Jamali, 2010; Yunis et al., 2018), the CSR work of MNCs with a focus on the Nordic presence is rather unexplored. By instead turning to previous research on the relationship between the Nordics and CSR, we establish an understanding of the context of this thesis. Specific attention is given to a certain study that identifies how Nordic public authorities use CSR as a tool to upgrade the global market economy, demonstrating the high relevance of conducting further studies that includes the perspective of MNCs.

### 2.1. CSR engagement in the Nordics

With regards to CSR engagement, Nordic countries have been overrepresented in key global CSR initiatives scoring well above firms in from Anglo-Saxon, Mediterranean and Continental European countries (Midttun et al., 2006). Nordic countries and companies are historically recognized as being at the forefront of the CSR movement (McCallin & Webb, 2004)<sup>3</sup>. In more recent times, Nordic countries continue to rank remarkably well in CSR performance measures. Strand et al. (2014) reviews a variety of recent CSR performance measurements, including Dow Jones Sustainability Index (DJSI) and Global 100, all indicating that companies of particularly Denmark, Norway and Sweden perform disproportionately well compared to firms in the US. In 2018, a report analyzing the progress of all United Nation member states in reaching the 17 sustainable development goals (SDGs) was released. The SDGs relates to economic, social and environmental development issues and in the report, the Nordic countries all rank top 10 with Sweden in the lead (Sachs et al., 2018).

### 2.2. The Nordic welfare state and CSR

Midttun and Witoszek (2018) argue that this comparative advantage in CSR that the Nordic countries and companies possess is partly rooted in strong engagement by government and business working side by side, which is contrary to CSR in the American context, where corporations run the show alone. A strong reliance on public policy is rooted in the Nordic countries' advanced welfare state tradition. In contrast, the CSR tradition assumes that open societies can drive business to enhance social and environmental performance and instead delegates key welfare issues to be run by business and private actors (Midttun et al., 2015). Despite that the welfare state and the CSR tradition have stakeholder dialogues in common (Midttun & Witoszek, 2018), literature concerning their relationship leave considerable ambiguity. On one hand, the underlying goals of the CSR tradition, with its emphasis on socially and environmentally responsible business practices, is fairly compatible with the

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<sup>3</sup> Where Denmark, Sweden, Norway, Finland and Iceland are referred to as Scandinavia instead of the Nordics.

ideology of the Nordic welfare state and its ambition of socially motivated economies. On the other hand, the CSR tradition relies on voluntary business initiatives rather than state intervention, resulting in a conflict of means (Midttun et al., 2015).

### 2.3. CSR as a tool to gain greater outreach

Considering the discussed compatibilities and contradictions, Midttun et al. (2015) studied the Nordic<sup>4</sup> government strategies to increase the compatibility between welfare states' policies and CSR, where it is described how both the Norwegian and Swedish governments drive CSR initiatives through their respective Ministry of Foreign Affairs. Both are known for their high international ambitions where CSR is commonly used as a tool to promote international welfare. While the governments have had limited success in raising certain issues, such as labor rights, in countries through ordinary political channels, engaging directly with corporations through CSR initiatives has been the second-best option (Midttun et al., 2015). This study is, however, based on the experience of Nordic public administrations, industry unions and NGO representatives, and does not consider how this is perceived by the corporations. We expect to contribute to literature by adding the MNCs' perspective of being affected by a Nordic presence and thereby combining the concepts of CSR, MNCs and the Nordics in a new way.

The Nordics attempts to socially and environmentally upgrade the global economy by going under the label of CSR, is facilitated by a close compact between government, business and civil society called 'partnered governance' (Midttun, 2008). This enables the Nordics to expand governance beyond the territorial limitations of the nation-state and gain greater regulatory outreach. It is reasoned that this may reflect the fact that stakeholder dialogues in many CSR and partnered governance initiatives goes hand in hand with the welfare state tradition that promotes similar dialogues (Midttun & Witoszek, 2018). While the Nordic stakeholders' outsized impact on the CSR work of MNCs could partly be explained by this compact, we intend to enrich this explanation by turning to stakeholder theory and neo-institutionalism.

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<sup>4</sup> Where Nordic refers to Denmark, Norway, Sweden and Finland.

## 3. Theoretical Framework

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Starting with an observation that Nordic stakeholders have pressured MNCs within the IT industry to demonstrate their CSR work, we turned to theoretical frameworks that could help to explain what affects MNCs' CSR work. We noted that CSR of MNCs have mainly been explained through stakeholder theory (e.g. Gjerdrum Pedersen, 2011), but also more recently through the theoretical lens of neo-institutionalism (e.g. Bondy et al., 2012). While stakeholder literature successfully uses the concept of legitimacy to determine salience of stakeholders in the eyes of the MNCs, it does not fully explore the perceived legitimacy of MNCs in institutional environments, which could help explain the implications for their CSR engagement as a result of their presence in the Nordics. We will turn to neo-institutionalism to get a deeper understanding of this, through the concepts of isomorphism and legitimacy within organizational fields.

### 3.1. Stakeholder Theory

In his widely cited book, *Strategic Management: A Stakeholder Approach*, Freeman (1984) sets the agenda for what is called 'stakeholder theory' and put forward the argument that executives must not only consider stockholders but also take into account multiple stakeholders of the firm in order to be successful as business organizations. The term 'stakeholder' refers to "any group or individual who can affect or is affected by the achievement of the firm's objectives" (p. 25). By emphasizing the social context that firms operate in (Freeman, 1984), stakeholder theory has been useful for explaining why firms engage in CSR. Building upon this, stakeholder theory essentially argues that firms shape their priorities of CSR based on interactive dialogues between the firm and its different groups of stakeholders. Hence, stakeholder literature becomes highly relevant when studying what a presence in the Nordics imply for the CSR work of MNCs.

#### 3.1.1. Stakeholder Salience Framework

In their widely cited article, Mitchell et al. (1997) direct attention towards how the nature of the relationships between the firm and its stakeholders explains how companies prioritize among different stakeholders. They use the concept of stakeholder salience, which is defined as "the degree to which managers give priority to competing stakeholder claims" (p. 854) and argue that stakeholder-manager relationships should be evaluated based on the presence of three variable attributes; power, legitimacy and urgency. Based on different combinations of these, it is decided on which stakeholders a firm should pay attention to. When only one attribute is perceived as present, stakeholder salience will be low; two attributes, moderate; and three, high (Mitchell et al., 1997).

According to this framework, the attribute of power of a party in a relationship is based on “[T]he extent it has or can gain access to coercive, utilitarian or normative means, to impose its will in the relationship.” (Mitchell et al., 1997, p. 865). Using the logics suggested by Etzioni (1964), power in the organizational setting is based on the type of resource used to exercise power. Coercive power is based on physical resources of force, e.g. threats to use a gun; utilitarian power is based on financial resources; and normative power is based on symbolic resources, e.g. prestige. The attribute of legitimacy refers to a definition made by Suchman (1995, p. 574): “*Legitimacy is 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*”, which recognizes that legitimacy is a desirable social good attained in different levels of a larger social system (Mitchell et al., 1997). Finally, the attribute of urgency relates to stakeholder claims that calls for immediate action, which only exists when the following conditions are met: “(1) when a relationship or claim is of a time-sensitive nature and (2) when that relationship or claim is important or critical to the stakeholder” (Mitchell et al., 1997, p. 867).

With this framework, we do not aim to identify and rank all different stakeholders of the MNCs and show their relative importance. Instead we use it as a foundation for understanding how the combination of the different attributes can help to explain the level of priority given to Nordic stakeholders, which in turn affects the extent of the implications of conducting business in the Nordics.

### 3.1.2. Stakeholder Management Capability

Another useful concept when analyzing the implications of a Nordic presence is the ‘stakeholder management capability’ of organizations. An organization which has high stakeholder capability is said to understand its stakeholders and their stakes, has organizational processes in place that routinely consider the different stakeholder interests and implements a set of transactions to balance these interests to achieve the purpose of the organization (Freeman, 1984). The concept of stakeholder management capability is thoroughly discussed by Freeman (1984) with different areas of organizational processes mentioned, including designing and implementing communication processes with multiple stakeholders. Considering the scope of this thesis, this concept is not used to evaluate and rank the MNCs’ overall stakeholder management capability. It is rather used because it concerns how organizations manage and engage with stakeholders, which becomes highly relevant when analyzing implications of a Nordic presence.

## 3.2. Neo-institutionalism

Neo-institutionalism, or new institutionalism, as outlined by Meyer and Rowan (1977), posits that organizations in today’s climate are not merely acting according to what might be considered the most objectively rational or effective approach, but will reflect norms and values

present in their surroundings, which make up the institutional environment. Organizations will thus incorporate processes and procedures in accordance with institutionalized rules within that environment in order to be perceived as legitimate and survive. This results in the homogenization of organizations, with organizational structures and practices reflecting the environment rather than being strictly based on requirements from actual activities (Meyer & Rowan, 1977). A central concept in neo-institutionalism is the organizational field, which consists of suppliers, customers, regulatory agencies and other organizations that provide similar services or products (DiMaggio & Powell, 1983). It is “*a community of organizations that partakes of a common meaning system and whose participants interact more frequently and fatefully with one another than with actors outside the field*” (Scott, 1995, p. 56).

### 3.2.1. Isomorphism

The process wherein organizations adapt to rules in the institutional environment within an organizational field can be referred to as institutional isomorphic change, or isomorphism (DiMaggio & Powell, 1983). This concept considers the homogenization of processes or structure among different organizations in order to be perceived as legitimate within the environment. The proposal that isomorphism increases organizational legitimacy has been corroborated by other researchers, e.g. through analysis of media reports (Deephouse, 1996). DiMaggio and Powell (1983) identify three distinct mechanisms of change – coercive, mimetic, and normative isomorphism.

Coercive isomorphism is the phenomenon where organizations adapt in response to external pressures within the organizational field, from other organizations as well as cultural, social or legal expectations. Mimetic isomorphism reflects the tendency of organizations to imitate what others within the organizational field are doing, especially when there is uncertainty in the environment and those other organizations are perceived as more legitimate and/or successful. Finally, normative isomorphism results from professional norms and standards within an organizational field and the expectations from professionals within that field (DiMaggio & Powell, 1983).

In the context of this study, isomorphism provides a helpful theoretical framework to explain what implications a presence in the Nordics has on the CSR work of MNCs. Based on the Nordic approach outlined in the literature review, with a strong focus on public policies for organizations to adhere by, coercive isomorphism has a potentially significant explanatory value for why companies might adopt similar ways of working. Additionally, their high placement in rankings indicate that the Nordic approach to CSR appears to be perceived as legitimate. Coupled with the ambiguousness of the term itself, this might lead to organizations imitating a Nordic approach to CSR through mimetic isomorphism to establish legitimacy in other regions.

### 3.2.2. Implicit and Explicit CSR

For the purpose of this thesis it is interesting to consider not only that there are differences between institutional environments across regions, but also what these differences are and why they have manifested. Attempting to create a framework explaining differences in the approach to CSR between regions, Matten and Moon (2008) establish a distinction between implicit and explicit CSR. Explicit CSR refers to corporate policies that concern responsibility for social interests, consisting of voluntary programs to combine social and business value and to address issues perceived as being part of their responsibility. It rests on corporate discretion, even though it may involve partnerships with governments or NGOs. Implicit CSR refers to a corporation's expected role within an institutional environment, and normally consists of values, norms and rules that result in requirements that "*define proper obligations of corporate actors in collective rather than individual terms*" (Matten & Moon, 2008, p. 409). Thus, implicit CSR is a reaction to expectations in the institutional environment in which a corporation is active, whereas explicit CSR arises from deliberate and voluntary decisions and often results from a strategic decision (Porter & Kramer, 2006, cited in Matten & Moon, 2008).

Matten and Moon (2008) further compare the United States to Europe, positing that while explicit CSR is more prominent in the US, the institutional environment in Europe has been more conducive to implicit CSR as legislative and regulatory bodies have codified many topics that might otherwise be part of explicit CSR efforts, such as workers' health and environmental protections. This dichotomy is closely aligned with the differences between the CSR tradition and the welfare state tradition of the Nordics. As implicit CSR corresponds with the preferred approach in the Nordics (Midttun et al., 2015), it provides a useful lens through which our findings can be interpreted. That expectations are made mandatory rather than voluntary puts pressure on organizations to align their practices with the institutional environment through coercive isomorphism.

Matten and Moon (2008) go on to state that while these differences are historically observed, recent years have seen European companies adopting a more explicit approach to CSR. Strand et al. (2014) specifically mention that this tendency has recently been observed in Scandinavian countries and also that Scandinavian firms can successfully translate strong implicit CSR traditions to explicit CSR strategies (Gjølborg, 2009, cited in Strand et al., 2014). This carries the implication that organizations who successfully adapt to the implicit CSR norm in the region might also be able to enhance their legitimacy in environments where more weight is put on explicit CSR.

### 3.2.3. Critiques against Applying Neo-institutionalism on MNCs

Critiques have been raised against explaining the behavior of MNCs using neo-institutionalism (Kostova et al., 2008), including the neo-institutional concepts of organizational fields, legitimacy, and isomorphism. Kostova et al. (2008) claim that certain characteristics of MNCs, including their heterogeneity and complexity - both internally and externally - and the fact that they are "*substantially different from domestic firms*" (p. 997), limit the usefulness of these

concepts. However, it is conceded that in certain fields of study, including social responsibility, some neo-institutional concepts are still relevant. Their statements have been questioned, with Friel (2017) arguing that their methodological approach was confusing different forms of institutionalism, and furthermore that they are confusing different levels of analysis as outlined by Williamson (2000). In another response, Phillips and Tracey (2009, p. 170) state that: *“While [MNCs] may be members of a number of geographically separate fields, that does not lead to the conclusion that they are members of none.”*, and rather argue that the concept of organizational fields has not been widely and properly applied in International Management research. We acknowledge that MNCs are members of geographically separate fields, which results in a need to adapt to different and potentially conflicting expectations. As indicated by the purpose of this study, some changes appear to have manifested because of Nordic expectations. We therefore contend that neo-institutionalism provides a useful framework to analyze this change.

### 3.3. Summary of Theoretical Framework

Our findings will be explained through the theoretical lens of stakeholder theory and neo-institutionalism. With help of the stakeholder salience framework, the combination of the different attributes can help to explain the level of priority given to Nordic stakeholders, which in turn affects the extent of the implications of being present in the Nordics. Implications related to a Nordic presence will also be discussed in relation to the concept of stakeholder management capability, as it concerns how organizations engage with stakeholders. Neo-institutionalism provides a lens through which organizational changes resulting from a presence in the Nordics can be explained. Isomorphism is a particularly useful concept for understanding the mechanism of these changes, as well as the reason why MNCs might be willing to adapt. Finally, the concepts of implicit and explicit CSR can help explain why expectations are different, how they differ, and why a change is at all necessary to meet them.

## 4. Method

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This following section explains our methodological choices when exploring the role of the Nordics in the CSR work of MNCs. Specific attention will be given to explaining the nature of the qualitative case study that has been carried out, as it affects how we present our findings and what generalizations we can make.

### 4.1. Research Design and Strategy

Our research journey started with a puzzling empirical observation, namely that stakeholders from a relatively small market like the Nordics appeared to have a certain outsized impact on the CSR work of MNCs in the IT industry. Subsequently, the purpose of this thesis was established – to shed light upon the role of the Nordics in the CSR work of MNCs.

As the study explores this phenomenon through the perspectives of CSR professionals working at MNCs, we initially turned to existing theoretical frameworks that have helped to explain CSR work of MNCs, which we tested and continuously evaluated throughout the process of data collection and analysis. Accordingly, we have taken an abductive approach in this thesis, which is described by Bryman and Bell (2015, p. 27) as a *“back-and-forth engagement with the social world as an empirical source for theoretical ideas, and with the literature, in a process of ‘dialectical shuttling’”*. In line with this approach the research process was highly iterative, as the research question was formed based on observations about the IT industry in general which were interpreted through use of existing theory and was continuously evaluated as data was gathered and analyzed. This continuous evaluation is a crucial part of remaining open to surprises rather than using data to confirm preconceived notions (Alvesson & Kärreman, 2007, cited in Bryman & Bell, 2015).

A case study research design is employed, as it allows for an in-depth understanding of the real-world observation that this thesis is based on (Yin, 2014). This case studies the role of the Nordics in CSR work of MNCs, through looking at MNCs with a home country outside the Nordics and partaking in the IT industry. Since case studies could be criticized as vulnerable *“because you have put all your eggs in one basket”* (Yin, 2014, p. 64), the initial thought to focus on one company broadened towards including voices from multiple companies to get a more comprehensive understanding of the research question. Case study evidence was gathered by using a qualitative research method, in the form of interviews. As the purpose is to shed light upon the role of the Nordics in the CSR work of MNCs, interviewing CSR professionals within those MNCs provides the most direct access to relevant data connected to the case. Being able to focus directly on the topic of the case study is mentioned as a strength of conducting interviews, together with the high amount of insight that interviews bring (Yin, 2014).

## 4.2. Choice of Companies and Interviewees

Four corporations within the IT Industry were included in the study and were chosen based on having a home country outside of the Nordics while also having operations in the Nordics, in line with the definition of an MNC, as well as being present on the “Fortune Global 500” list (Fortune, 2019) to being considered as large. Given our observation, the sample was initially based on having a presence in Sweden. However, the scope was adjusted as a result of the iterative nature of this thesis, keeping the relevance of the sample. The sample of companies contains diverse backgrounds with three different home countries being represented.

To properly understand the corporations’ approach to CSR and the Nordic context, interviews were undertaken with 10 different CSR professionals, lasting on average 45 minutes. To ensure a variety and relevance in the sample of interviews, purposive sampling was initially undertaken (Bryman & Bell, 2015), where we sampled interviewees based on their level of geographical insight into the corporations’ CSR work to ensure a representation across different levels. Then, we used these initial contacts to reach further proposed interviewees using a snowball approach (Bryman & Bell, 2015), in order to achieve theoretical saturation. The sample included professionals based in the Nordics, as well as those with roles within the global organization of the companies, including supply chain professionals and those responsible for strategic development of CSR. While those based in the Nordics could potentially be biased with regards to the role of the region, their close connection to relevant stakeholders provide valuable insights. Balancing their views with the views of those within the global organizations allow for a more comprehensive understanding of the research question. Regarding the spread in the sample of interviewees, see the interview table in [appendix 2](#).

## 4.3. Interview Method

The interviews were carried out in a semi-structured fashion using an interview guide with general questions outlined, but interviewees were encouraged to speak freely, and follow-up questions were asked in response to significant replies (Bryman & Bell, 2015). This approach harmonizes with the iterative nature of the study, as in-depth dialogues with knowledgeable representatives provided the opportunity to receive the relevant data needed to answer the research question. See [appendix 3](#) for the interview guide used.

Considering the geographic distance and time limitations, some of the interviews were performed over the telephone. This interview format suffers from certain limitations compared to personal interviews, such as the inability to read physical cues (Bryman & Bell, 2015). However, the advantage of performing interviews over the phone is the ability to reach those with global insights, the lack of which would severely limit the data quality.

## 4.4. Data Analysis

A thematic analysis was performed based on the framework presented by Braun and Clarke (2006). Coding of the data tentatively begun already at the transcription phase, where small comments and notes were attached to potentially interesting interview segments. The interview transcripts were then thoroughly examined to further identify and consolidate segments of interest from across the interviews into different codes. Once this process was completed, the codes were reviewed to identify broader patterns and combining the code into themes, which were used as a basis for the structured presentation of the findings.

Studying CSR is empirically challenging as the meaning of CSR varies in time and place (De Bakker et al., 2005), which was reflected in the variety of terms used by the interviewees to describe the CSR work. To properly identify what interviewees considered as CSR, the European Commission's definition was employed. We contend that this definition addresses key components when studying CSR, as it captures "*social, environmental, ethical, human rights and consumer concerns*" (EC, 2011, p. 6). When interviewees touched upon these characteristics in their answers, we considered it as CSR.

## 4.5. Discussion of Method

The findings of this thesis call for careful interpretation for several reasons. Firstly, we acknowledge the limitations in the sampling selection. As previously mentioned, the thesis initially intended to focus on voices from one corporation. However, the scope was adjusted to increase the sample size and bring in more perspectives. Consequently, the majority of the interviewees in the sample (6/10) work at the same corporation, while the other interviewees (4/10) work at the remaining three corporations. This entails that we cannot look at the corporations as different cases, in which we can compare and contrast company specific data, as aligned with a multiple case study (Bryman & Bell, 2015). Thus, we cannot make appropriate generalizations from data on each corporation. The study should rather be seen as one case looking at the corporations as a collectively representing part of the IT industry – large MNCs that offer IT products – and investigating what implications a presence in the Nordics has on their CSR work. While qualitative research has been acknowledged for strengths in internal validity, it is associated with problems of external validity because of the commonality of case studies and small samples (LeCompte & Goetz, 1982, cited in Bryman & Bell, 2015). This case focuses on one singly industry – the IT Industry – which limits the generalizability of the findings to industries with similar characteristics.

Because of the ever-changing nature of social settings and surrounding circumstances in qualitative studies, external reliability is something that can be difficult to achieve (LeCompte & Goetz, 1982, cited in Bryman & Bell, 2015). The ambiguousness regarding the definition of CSR further complicates things, but by clearly defining it in the context of this study this is somewhat mitigated. Additionally, the unstructured nature of qualitative data makes replications more difficult as interpretations are influenced by the subjectivity of the researcher

(Bryman & Bell, 2015). This undesirable coloring of interview data is a result of reflexivity (Yin, 2014). Trying to overcome this threat, interviews has been conducted with precaution. As one of the researchers works with CSR within the IT industry, there is a potential risk of previous experiences influencing the interpretation of the empirical findings. To mitigate this risk and ensure internal reliability, i.e. the level of agreement between the researchers with regards to the interpretation of collected data (Bryman & Bell, 2015), both researchers participated in every interview with one exception. Every interview was later fully transcribed, after which the transcripts were reviewed independently before the coding and grouping of themes was done through joint discussions.

## 4.6. Ethical Considerations

Presentation of the participants omits their name and sex, instead focusing on their organizational role and level of geographic insight, which is clearly indicated through individually assigned letters in the findings. As the focus of the study is not individual company contexts but rather understanding general implications, further anonymization was achieved by omitting information about which company individual interviewees work for.

Interviewees were presented with information about the purpose of the study prior to participation. If additional information was requested, the interview guide was shared with the caveat that follow-up questions could be asked to fully explore topics of interest. Consent for recording was received at the beginning of each interview, under the condition that quotes would be anonymized. Upon requests from interviewees to review transcripts, and where quotes were potentially sensitive, information was shared about how the quotes would be used in context and how anonymity would be preserved. After review from these interviewees, no objections were raised, and no changes made.

## 5. Findings

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To be able to answer the research question, “*What does a presence in the Nordics imply for the CSR work of MNCs?*”, we first introduce the more overarching CSR context of the companies, outlining the increasing focus on the topic recently and some of the drivers behind it. After that, findings specifically connected to the Nordic context are presented. Quotes are attributed using the individually assigned letters enclosed in parentheses.<sup>5</sup>

### 5.1. CSR on the global arena

As MNCs are active on a global scale, they contend with various pressures and expectations. Business consideration plays a large part in driving CSR investments and respondents touch upon customer demands as a strong driver, with business customers<sup>6</sup> and public buyers heavily recurring in every interview. As one respondent puts it, public buyers are relevant as they are “*[B]ig customers, big frameworks who offer large commercial importance. But also because they have an actual responsibility because they are actually using taxpayer money*” (H). All interviewees mention an increased CSR focus in the past few years, and one mentions that customers are more informed because of “*big data trends*” and “*democratization of information*” (F), leading to increased demands.

Legislation put in place by various governmental bodies is also identified as an important driver by several interviewees. One interviewee says that US legislation “*[G]ave us a reason to publish what we do [...] So it’s fun to see that with many topics we worked on them before they were generally asked for*” (B). Several European legislative efforts are also mentioned, that have led to a need for company-wide action to ensure compliance (C, I).

#### 5.1.1. Industry Approach

There is a shared understanding that the big CSR questions cannot be solved by individual companies, with most respondents (A, C, D, E, F, I, J) mentioning that industry coalitions are helpful for gaining insights and collaboration on large-scale issues. It is also apparent that there is a sense (A, C, D, F, I, J) that “*[CSR]<sup>7</sup> is one area where it’s less competitive and more collaborative*” (J), and that companies share best practices as well as failures in different forums (A). Many interviewees mention the Responsible Business Alliance (RBA) as an important industry coalition (A, C, E, F, I, J), with one saying that through it they are “*able to*

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<sup>5</sup> See [Appendix 2](#) for the list of interviewees.

<sup>6</sup> The term “customers” in the findings excludes private consumers for this reason.

<sup>7</sup> As there are multiple terms to describe corporations’ efforts related to societal impacts, representatives used different terms. Where they coincide with the applied CSR definition, we have replaced them, denoted in this section as [CSR].

*monitor at a global scale and really see different regulations coming up, or customer insights coming in” (F).*

## 5.2. CSR in a Nordic context

### 5.2.1. Generally High Levels of Expectations

*“EMEA’s the most active, and when I say EMEA it’s... Yeah, it’s European Middle Eastern region, but mostly northern Europe. I would say the countries that have the most amount of inquiries and interest are obviously the Nordics, but also the UK, Germany, France [...]” (J)*

The EMEA region, particularly Europe, is considered highly active in CSR questions. The UK, Germany and France are mentioned as ambitious, but even more interesting is that everyone mentions the Nordics as the definitive frontrunner within that region. One mentions that *“[T]here are quite a lot of high [CSR] demands here [in the Nordics], high expectations [...]” (I)*, another that *“[T]he interesting thing is also, particularly in the Nordic market, that here there are a lot more detailed questions than in most other markets” (B)*, and a third states that one big challenge of working in the Nordics is *“[T]hat the scope of the requirements is sometimes quite broad” (C)*.

There is a distinction made between the different Nordic countries, with Sweden mentioned as particularly ambitious regarding CSR: *“Sweden is the leading edge of Nordic countries’ requirements, but the Nordic region being its own juggernaut of requirements driving a greater European sense of responsibility” (F)*, *“[Sweden is] driving the demand I would definitely say, and showing best practice as well” (G)*. One interviewee contrasts this with the other Nordic countries, saying that *“Sweden [is] the leading country, followed by Norway and then Denmark, Finland coming in also” (H)*. Finally, some interviewees with on-the-ground knowledge about various demands from Northern Europe, mention that demands from Sweden are often quite novel: *“When we pass along demands to our organization you do notice that these questions haven’t come from anywhere else before” (C)*. These expectations are often manifested in demands from public buyers: *“Swedish public customers place demands in contracts that we don’t see anywhere else” (B)*. One public buyer that is mentioned as particularly important by two interviewees (D, J) is Stockholms Läns Landsting (SLL) with one saying that *“[I]n Sweden there’s the influence of SLL and how that also influences other local public-sector buyers, and how it becomes kind of the template for everyone, then it inevitably becomes a common request” (J)*.

### 5.2.2. Increasing Demands of Insight and Transparency

While Nordic customers are said to be generally ambitious when it comes to CSR, the one aspect that is consistently emphasized is an expectation of transparency, specifically regarding the supply chain. One interviewee acknowledges that, for Nordic customers, it is not enough

to state that the products are certified, they want more insight in *“What are your plans ahead? Why aren’t you fulfilling this requirement? When are you going to fulfil it [the requirement]?”* and *“What’s the percentage of your products fulfilling it [the requirement]?”* (B).

Working to meet these expectations can be challenging when considering the MNCs home countries, as countries outside of Europe can have different opinions on what information should be shared. One interviewee states that *“That’s really something [where] I’ve felt a change, that it’s easier now for my colleagues to be more transparent”* (I), and mentions customer visits to factories as a tangible result of these pressures, something that *“would not have happened a few years ago”* (I). Interviewees at another company also mentions that these pressures, particularly from Swedish public procurement, have played a large part in organizing factory visits for customers from all over the world (D, H). Another recognizes that this has had an influential role towards publishing a supplier list on their website (A).

Several interviews recognize that the Nordics started the demand on transparency, with one stating that *“the pressure on transparency has come from the Nordics”* (H) and that the Nordics has been a key player in prompting discussion and dialogue on *“what does transparency mean”* (A). Another interviewee states that regarding transparency, the Nordics *“were able to kind of open that door, and now it’s flooding [...] but in a good way”*, and goes on to clarify:

“It’s not the public buyers who are driving [CSR work in the supply chain] [...] but it’s the added layer, right? It’s the turning around and passing the baton, because we have these contractual requirements for our suppliers where we say they have to agree with our code of conduct and we get to audit and assess them. And we haven’t had that same layer of expectation from the other side. So I would say that adding that extra layer of expectation of ‘ok now you have all this information, bring it up the chain, give it to us, we want to see it too’, that is the layer that they’ve been driving. That the customers and public buyers, primarily in the Nordics, have been driving. And so, it’s not the idea of [CSR], it’s the idea of transparency of information.” (J)

One interviewee acknowledges that Sweden in particular stands out in this matter as well: *“Compared to other countries, it is a bit different in Sweden, where you want a little more insight, or transparency actually”* and elaborates on the possible reasons behind Sweden’s ambitions: *“There are historical incidents, so to speak, that have triggered these discussions, different TV-programs that raise issues”* (C). Another interviewee also mentions that *“there are certain happenings in the industry that puts a spotlight on the issues”* (B), and another goes further stating explicitly that *“Sweden is the one that started a demand, and the starting point was actually Kalla fakta. We did work before as well, but we did not show it as much”* (G). A third interviewee specifically likens something that happened on a broader scale, with all organizations having to take actions as a result of the SDGs, with the IT industry having to take actions after Kalla fakta. The same interviewee concisely explains how the demand of transparency shifted in Sweden after Kalla fakta:

“We did a lot of things that we didn’t know of, that no one talked about, because there was no one asking about it. [...] Honestly, no one was interested in this, and then came Kalla fakta. [...]

Now there is a demand from our customers and partners [in Sweden] to have this dialogue in a completely different way than before.” (D)

### 5.2.3. Communication

Before the Nordics increased demands for transparency, all interviewees agree that a lot of CSR work was being done behind the scenes but perhaps not communicated as extensively as it could have been. Although Kalla fakta is referred to “*the Swedish incident in May 2015*” within one of the companies, interviewees from this company agree that it was also a great opportunity for the sales team to start communicating on existing CSR work. Noteworthy is also how one interviewee recognizes that communication demanded by the Nordics is not restricted to that region:

“[I]f you’re going to satisfy one part of your customers, it applies to all of them. As a global company that runs a supply chain that serves global customers, whether we’re trying to communicate to Nordic customers about the good work that we’re doing in our supply chain - that’s a message that we also need to carry forward to American customers as well.” (F)

However, another interviewee recognizes the differences in what constitutes meaningful communication in different regions; further down south in Europe, Middle East, the US and Africa, the focus is put on philanthropy and volunteering, and describes that:

“[I]f you’re at a [CSR] conference somewhere in Scandinavia and you talk about all of your giving programs, and how much you donate, and on employee volunteering, then people will be like ‘yeah that’s very nice, but what do you do with your core business?’”

“[...] at the same side if you’re at a US Conference and you only speak about ‘hey we’re building a big business out of making a better world through our product and our core operations, and this would be core business priorities’, People might be saying ‘yeah, that sound a bit commercial.’” (H)

### 5.2.4. Internal processes

Clearly, the Nordics are exceptionally demanding, and meeting their expectations can pose a challenge. To directly engage with customers and stakeholders in the region, all MNCs have local representatives who act as a point of contact between the global and the local organization. Several interviewees acknowledge that their role is a result of the increased CSR demands in the region, including the impact of Kalla fakta (C, D, H, I). Getting the rest of the organization to understand why these demands are made, and why resources should be spent on responding to them, is not always easy – especially if they do not accurately reflect the realities in the industry as customers might not be knowledgeable about realities of the supply chain (E, F, H, J). One states that “*The more context we have about why customers care about what they’re asking for, the better we will be able to supply them with information that is meaningful to them.*” (F), and another interviewee says that:

“I think it was certainly challenging and there is a little bit... Kind of a slow ramp-up for all the stakeholders involved to really understand what the needs of the public buyers were and what the customers’ [needs] were in the Nordics - and how we could both be transparent and do the work that we’re doing with our suppliers, and fulfill those obligations.” (J)

The way that public procurement works in practice is mentioned by another interviewee working in Sweden, and that when talking to the global CSR organization:

“You have to run through it a couple of times as it’s difficult to understand the Swedish public sector, it’s not obvious. ‘Can’t you just go back to the customer and ask them to change it [contract requirements]?’ No, we can’t do that here!” (D)

Recognizing that the requirements from the Nordics are sometimes hard to understand from a global perspective, the interviewees from several companies consequently give examples of how internal communication has improved. One mentions that the ambitious demands and high expectations from the Nordics “[A]llows us to have quite a lot of dialogue with our colleagues [at headquarters]” (I), and another that earlier it might have been a bit “[H]ard sometimes to know who to talk to [...] That is crystal clear now, we know exactly” (D). One interviewee experiences that relationships across the organization is more recently strengthened (E). Another interviewee mentions that:

“[A]ll of our representatives that are on the ground with customers and having to feel this [pressure for transparency from the Nordics] were probably unfamiliar with supply chain [CSR] a few years ago, because it wasn’t something that they had to go out and talk to customers about. And so, from my perspective, in that sense, we’ve had to equip and bring up and build consciousness among the sales and the regional teams – significantly about what we’re already doing in supply chain and create that awareness and visibility towards supply chain [CSR] work internally. Because they’re the ones who are on the front lines with customers and stakeholders, so it’s not even about the work we’re doing – it’s ‘is it properly represented or misrepresented by people who are not in the weeds doing the work’, right? So, in that sense it has fueled a lot greater internal communication and understanding and awareness and training.” (J)

The increasing need to educate and have a deeper dialogue with sales teams is echoed by others. One interviewee mentions that CSR has gone from only being discussed in a “*small clique*” (D) within the company to being discussed more extensively by leadership locally in Sweden, and by the sales force as a pitch. The interviewee especially recognizes that the demand for information is coming from the sales teams, particularly in Sweden, and that the CSR representatives do not need to actively work to raise interest among them, in contrast to those in southern Europe. Another interviewee mentions that “*It’s important that [CSR] is connected to business at every level, I think*” (I) and adds that “*It’s always easy when you don’t have to convince your sales or business colleagues first, because they come to us and say, ‘help us, because otherwise we won’t sell any products’*” (I).

### 5.2.5. An Outsized Effect

“Well, the Swedish market is small... I actually think that one of the characteristics of the Nordic countries is that they’ve figured out how to use their classification as ‘Nordic Countries’ for collective action and to increase their market power, right?” (F)

The small size of the market is echoed by another interviewee who says that the Nordic region’s share of global sales is “*Nothing*” (I). Still, companies listen their demands, as evidenced by the changes in both internal and external communication. One interviewee with Nordic insight mentions that “[Sweden] is somewhere between a half to one percent of the global market [...], and then the Nordics might be a few percent. [...] but at the same time, there is no opposition to solve the questions from Sweden despite its small size” (C).

One part of the explanation for this is connected to the business side of things. Beyond the sales teams’ active requests for information, the weighting of CSR criteria by public buyers is mentioned as a powerful tool that has clearly shown their organization the level of importance put on CSR by linking it to monetary value (A, J). As one interviewee puts it:

“I think the fact that the Nordic region is small but most are mighty has presented an interesting case for us internally, where it’s like ‘Ok, there’s a lot... these customers represent X amount of business for [the interviewee’s company], but they also weigh [CSR] more than any other customers’, and that it’s not so much about even the business dollar associated with this business, but also the weight that it carries and the fact that it can be a deal breaker.” (J)

Some interviewees mention that the people and customers in the Nordics are generally highly educated and interested in CSR, with one interviewee stating:

“I feel like customers in the Nordics are more educated on [CSR] requirements and provide us a sense of the way in which we communicate and what’s going to be most meaningful to customers that are really highly educated and care about the impact that we’re making.” (F)

Another interviewee further puts the focus on Sweden:

“Sweden is a little further ahead in many areas, for example [CSR] concerns are more important for Swedes, or for Sweden. And, also [...] we [Swedes] are at the forefront of technology. [...] We [Swedes] have a high penetration of IT in society, much higher than most other countries. [...] I think that Sweden is in many cases also seen as a good test market, or to see that things work in Sweden.” (C)

But perhaps most remarkably, in almost every interview the Nordics are referred to as important players on the global arena as “*the whole world watches the Nordics*” (I). The region is called “*a trendsetter*” (B, H), “*the signpost*” (H), “*best in class*” (I), and a “*thought leadership opportunity*” (A) when it comes to CSR. There is a sense that demands that are made here will spread to other parts of the world eventually. One interviewee states that “[I]f something happens in Sweden, then it will happen in the US in three years, maybe” (D), some

describe the Nordics as a useful “*early alert system*” (G) or “*early warning system*” (E, F) and one interviewee states that:

“I think if you look in particular at Europe-based customers, and particularly Nordic customers, you see a sophistication in the demand on [CSR] that is kind of the bellwether for where requirements will go more broadly. So, this region kind of helps us keep pace with where we need to go.” (F)

### 5.3. Summary of Findings

On a global level, there is a sense that there has been an increased focus on CSR from different stakeholders over the past few years, with public buyers and legislative bodies mentioned as active in driving it. When it comes to CSR, collaboration in various industry forums is mentioned as commonplace. The Nordics, with Sweden being acclaimed as a leader in several areas, puts pressure on the MNCs with requirements on CSR that are characterized as extensive, detailed and/or novel. An expectation of transparency is consistently emphasized, mentioned together with a historical incident as a possible reason for this strong demand in the region. There is a consensus that the Nordics have driven the dialogue around transparency, rather than driving actual CSR-focused supply chain efforts. Pressure from the Nordics have prompted MNCs to communicate more, in a way that is meaningful to Nordic stakeholders. Accordingly, having local representatives working with these questions have been essential, and extensive internal communication has been necessary to address requirements that can be challenging to understand at a global level. That the MNCs listen to the Nordics despite their market size has mainly been explained by how the region connects CSR to business, and the perception of the Nordics as being the trendsetter in the global arena, which could be used as an early warning system.

## 6. Analysis and Discussion

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To properly answer our research question “*What does a presence in the Nordics imply for the CSR work of MNCs?*” and to enrich the explanation of the Nordic stakeholders’ outsized impact on the CSR work of MNCs, this section views our findings through the lens of the theoretical framework.

### 6.1. The lens of Stakeholder theory

That CSR in the Nordic context is jointly promoted by governments and leading firms (Midttun & Witoszek, 2018), is confirmed by our findings. Nordic public buyers and business customers are mentioned as the main groups that drive customer requirements dialogues especially around the notion of transparency. By their described ability to affect they classify as stakeholders of the MNCs with claims that center around transparent communication.

#### 6.1.1. Raised Stakeholder Saliency

With Nordic stakeholders mentioned as ambitious, highly informed and educated in the area of CSR, they are listened to rather than ignored. As outlined in the literature review, the internationally acknowledged high CSR engagement is seated in the Nordics’ long history of stakeholder engagement and a welfare state tradition that have compatible goals with the CSR tradition. Interestingly, this indicates that Nordic stakeholders have managed to build legitimacy within the global CSR arena. However, as outlined by Mitchell et al., (1997), legitimacy alone cannot explain why a Nordic presence have had implications on MNCs’ CSR work.

As previous research suggests, the Nordics have managed to build collective power through partnered governance (Midttun & Witoszek, 2018). The collective power of the Nordic countries and their ability to leverage that for greater outreach is to a small extent recognized in our findings. Additionally, one powerful tool for Nordic public buyers is that they can utilize the weighting of CSR criteria as a deciding factor in the procurement process. By doing so, they manage to link CSR to monetary value, which could help to raise the Nordic stakeholder’s utilitarian power. Yet, as acknowledged throughout the interviews, the Nordic economies are small, with businesses that are minimal in terms of global sales. In that respect, one could argue that Nordic stakeholders only hold limited power over financial resources in their relation to the MNCs. As significant coercive power is not identified either, there must be something else that explains their impact relative to the size of their economies. Accordingly, there is evidence in our data indicating that the Nordics have a stronger normative power within the area of CSR. As mentioned, the Nordic countries and companies are considered world leaders in this area, topping CSR rankings, and are viewed as “showing best practice”. Based on this, one could reason that if an MNC meets the expectations of these demanding stakeholders, this might

boost their reputation within the global CSR arena. Conversely, if an MNC does not meet the Nordic expectations, there is a risk that this reputation remains unchanged or drops. Thus, it is reasonable to suggest that Nordic stakeholders control greater social power over the MNCs – in terms of reputation within the global CSR arena.

With regards to urgency, the two requirements of 1) a claim being of time-sensitive nature and 2) a claim being critical to the stakeholder, are most likely to have been fulfilled during the time when Kalla fakta aired. Because the investigation shed light on Swedish public procurement, the relationship between that party and the companies within the IT industry became time-sensitive in nature, and it became very critical for Swedish public procurement that certain CSR requirements were fulfilled. Thus, the level of urgency was raised, making all three attributes present at this point of time. This in turn raised the salience of Nordic stakeholders, explaining why they have been impactful in the transparency dialogue. At other points in time, we find no evidence in data that supports a similar level of urgency of the relationship between Nordic stakeholders and MNCs in the IT industry. However, through this event Nordic stakeholders managed to gain a stronger position with raised stakeholder salience, which seems to have permanently raised the priority that should be given to them in the global CSR arena.

### 6.1.2. The Stakeholder Management Capability is challenged

Participation in industry coalitions such as RBA, and the fact that customers and regulatory bodies are mentioned as influences on CSR work, indicates a certain level of stakeholder management capability already in place of the MNCs. We have found that managing and engaging with Nordic stakeholders is strongly connected to communication, which challenges the MNCs' capability of designing and implementing communication processes with multiple stakeholders. It is mentioned that, what constitutes meaningful communication can differ between regions. At the same time, there is a desire to carry out messages used in the Nordics to stakeholders in other regions, but these differences need to be considered. To understand what meaningful communication is to Nordic stakeholders, establishing points of contact on-the-ground enables a closer dialogue with local stakeholders. Thus, for the whole organization to understand the Nordic stakeholder's demanding requirements, there are implications on internal coordination including to ensure that adequate communication structures are in place.

## 6.2. The lens of Neo-institutionalism

That Nordic stakeholders have managed to achieve a raised level of saliency to MNCs is part of the explanation for the response to Nordic pressures, as their concerns are given more weight. That expectations are set by educated customers and concern core organizational aspects, rather than extracurricular activities such as volunteerism and donations, means that a deep understanding of the MNC's own organization is required to respond in a believable

manner to achieve legitimacy in the institutional environment. Our findings indicate the presence of both coercive and mimetic isomorphism as a result.

### 6.2.1. Isomorphic Pressures Result in Adaptations

Certain organizations, such as SLL, appear to have a large effect on other public buyers in their region. This spread of ideas results in the establishment of certain norms regarding CSR within the organizational field that MNCs operating in the Nordics are part of. This pressures organizations to adapt to these norms which results in coercive isomorphism, as illustrated by the fact that the MNCs have had to adopt certain strategies such as improved internal communication, local representatives and increased transparency in response to these pressures from the Nordics. The highly detailed requests from Nordic customers does not leave much room for individual interpretations, further compounding the coercive isomorphic pressures on MNCs active in the region.

Along with the Nordic stakeholders' high level of legitimacy, there is a shared view of Nordic expectations as a sign of things to come in other markets over time. The fact that MNCs operate in a number of different, and sometimes overlapping, organizational fields, and that the exact specifics of when, how, and where these expectations will manifest results in some uncertainty. As suggested by neo-institutionalism, this increases the likelihood of mimetic isomorphism, and organizations are likely to imitate other organizations they perceive as legitimate and/or successful. That the Nordics are described as a trendsetter globally indicates that their approach to CSR is spreading to other organizational fields that the MNCs are part of. The belief that the whole world watches the Nordics, that their approach to CSR is spreading, and the uncertainty about the specifics of this spread means that utilizing the Nordics as an "*early warning system*" can be beneficial. Thus, mimetic isomorphism to align the MNCs' CSR approach with that of Nordic organizations could increase legitimacy not only in the Nordics, but within other organizational fields where CSR is considered important.

### 6.2.2. Interplay between Implicit and Explicit CSR

The traditionally higher focus on implicit CSR in European countries, especially exemplified in the Nordic welfare state tradition, is reflected in interviewees' accounts of CSR requirements pushed through legislation and specific contractual demands from public buyers.

Interestingly, the requirements put forth by stakeholders in this region are heavily connected to transparency in communications and concern extensive disclosures about company activities, e.g. in the supply chain. At a glance, this type of communication seems more closely associated with explicit CSR strategies, where organizations would however have far more influence over what is shared and how. It appears that pressures from Nordic countries have partly concerned codifying activities that an organization might do as part of their explicit CSR strategy into standardized disclosure expectations put on all organizations active in that region, effectively becoming implicit CSR instead. To be perceived as legitimate, an organization

therefore needs to fully understand and respond to these expectations of transparency and be ready to share information in a way that adequately fulfills them, or risk being perceived as less legitimate. This results in pressures to adapt to institutional norms through coercive isomorphism.

That our findings indicate that activities implemented to properly practice implicit CSR in the Nordics tend to be valuable in other markets, even those where Explicit CSR is the norm, further increases the incentive to utilizing the “*early warning system*”. CSR strategies in other regions can benefit from efforts made in response to Nordic demands, reflecting the argument that Scandinavian companies can successfully leverage their existing implicit CSR traditions as explicit CSR strategies. This is especially relevant when considering the proliferation of Nordic expectations throughout the rest of the world as noted by the interviewees. The effort expended in response to Nordic demands is therefore not wasted, as the results can be used in other regions, both as a support when practicing implicit CSR and as part of explicit CSR strategies where applicable.

## 7. Concluding discussion

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### 7.1. Conclusions

Observing that stakeholders from a relatively small market like the Nordics appeared to have a certain outsized impact on the CSR work of MNCs in the IT industry, the overall purpose of this thesis was to shed light upon the role of the Nordics in the CSR work of MNCs, by answering the research question:

*What does a presence in the Nordics imply for the CSR work of MNCs?*

Through analyzing the certain recurring stories that emerge from the interviews, we can draw several conclusions. Nordic stakeholders have a raised level of salience in their relationship with the MNCs, with all attributes being especially prominent when Kalla fakta aired.

This implies that a higher level of priority should be given to Nordic stakeholder claims.

Because Nordic stakeholder claims are extensive, detailed and/or novel, particularly concerning transparent communication of MNCs' CSR work at a level not requested in other regions, high stakeholder management capability is a must to properly address these claims. Consideration must be given to how the CSR message is carried out in a meaningful way to the Nordics, and whether this should be carried out globally as well. Establishing local points of contact in the Nordics that can have closer dialogues with Nordic stakeholders becomes essential. To get the whole organization to understand Nordic stakeholder claims, an internal communication structure that ensures clear communication between the local and global CSR teams is also of importance.

This implies that MNCs should ensure that their organizational processes related to communication are designed to capture Nordic stakeholder interests.

Establishing legitimacy in this environment as an MNC from a different home country poses a challenge, as there are strong isomorphic pressures to contend with. Highly influential stakeholders, such as public buyers, have the power to influence general norms in the Nordic region, which results in pressures to adapt through coercive isomorphism to maintain legitimacy. Having regional representatives that are well versed in how CSR relates to the core business could be one important part of establishing this legitimacy in the institutional environment. This is partly a result of activities normally connected to explicit CSR being codified into concrete requirements, effectively making them implicit CSR instead.

This implies that MNCs will need to adapt and align their CSR work with the Nordic CSR approach to gain legitimacy in the institutional environment, where transparency is central.

The legitimacy of the Nordics appears to extend to other organizational fields beyond their borders. Translating the implicit CSR approach, required to maintain legitimacy in the Nordic region, into explicit CSR strategies in other organizational fields can provide significant value to MNCs and aid them in establishing legitimacy there, through a form of mimetic isomorphism.

This implies that MNCs could utilize the Nordics as an early warning system, and incorporate institutionalized rules from the region to gain legitimacy in other organizational fields.

## 7.2. Contributions

The overall purpose of this thesis was to shed light upon the role of the Nordics in the CSR work of MNCs. While previous research has focused on how Nordic public authorities perceive their ability to affect the global market economy by engaging directly with corporate entities through CSR (Midttun et al., 2015), our intended contribution was to broaden this literature area and adding the MNCs' perspective of how they are affected by a Nordic presence, and thereby combining the concepts of CSR, MNCs and the Nordics in a new way. Our findings confirm that Nordic stakeholders are highly engaged with MNCs concerning CSR work. Particularly, public buyers and business customers are mentioned as stakeholders that drive CSR dialogues around transparency, confirming that public authorities play a key role in engaging with corporations through CSR. We successfully add the MNCs' perspective by providing concrete examples of how they have been affected by Nordic stakeholder engagement, such as changes in organizational processes and transparency.

While the Nordic stakeholders' outsized impact on the CSR work of MNCs could be partly explained by the close compact of partnered governance that enables the Nordics to expand governance beyond territorial limitations (Midttun & Witoszek, 2018), we intended to enrich the explanation by turning to stakeholder theory and neo-institutionalism. In doing so, we managed to explain the impact of the Nordics as a result of raised stakeholder salience, including the Nordics' high legitimacy on the global arena, and the critical importance of establishing a CSR strategy aligned with the institutional environment for MNCs to gain legitimacy.

### 7.2.1. Suggestion for future research

The active involvement of Nordic public buyers in the IT industry, their focus on CSR, their use of weighting in public procurement, and their influence on the prevailing norms in the organizational field resulting in institutional pressures has had a significant explanatory value in answering our research question. Hence, we suggest that future research on the role of the Nordics in the CSR work of MNCs should include corporations in diverse industries, especially those where public buyers might not be as prevalent.

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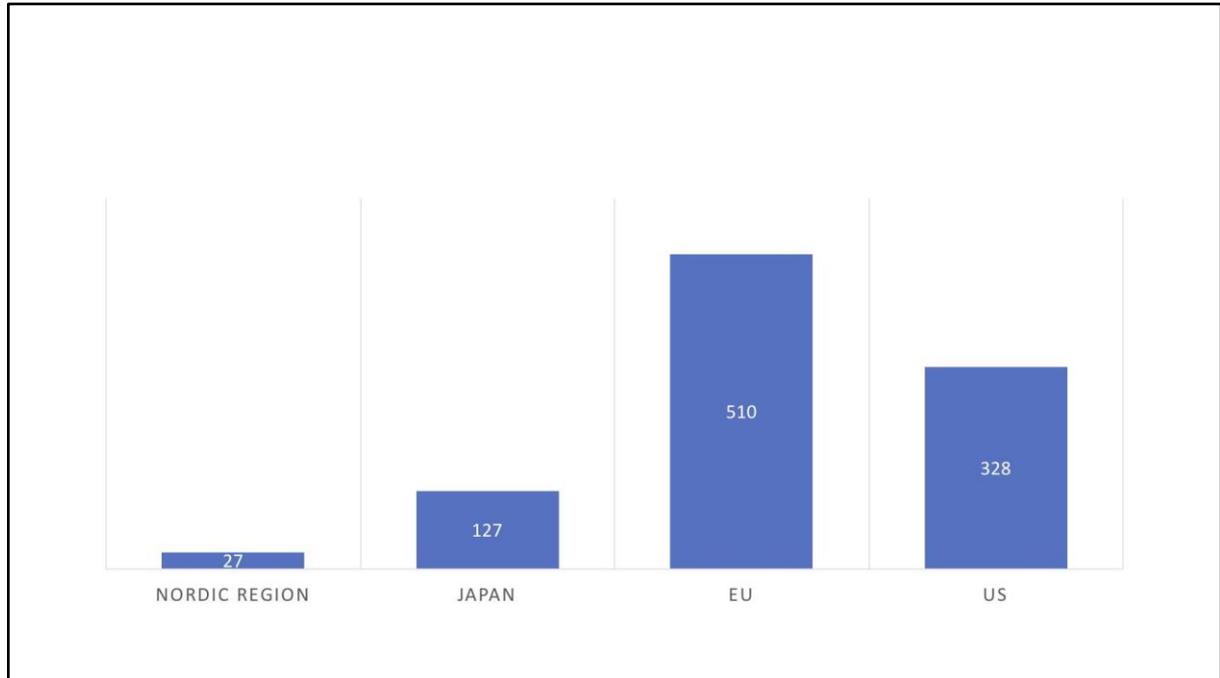
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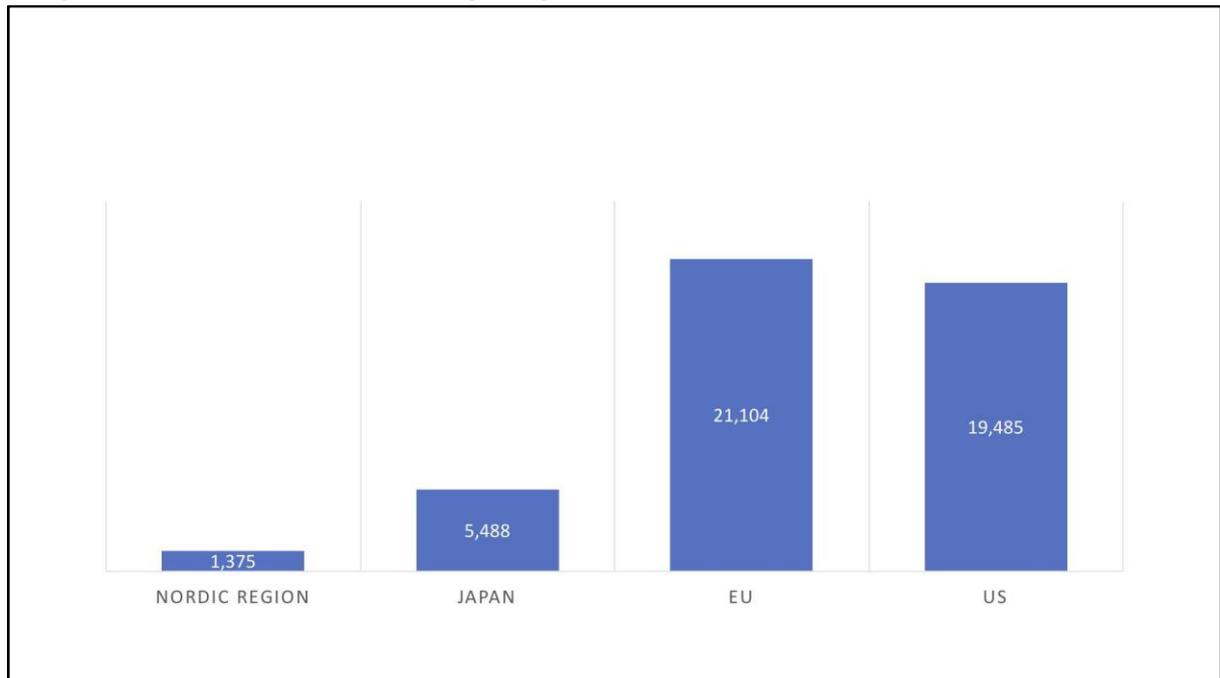
# Appendix 1: Size of the Nordics

Data collected from Nordic Statistics 2018 (Agerskov & Mertsola, 2018).

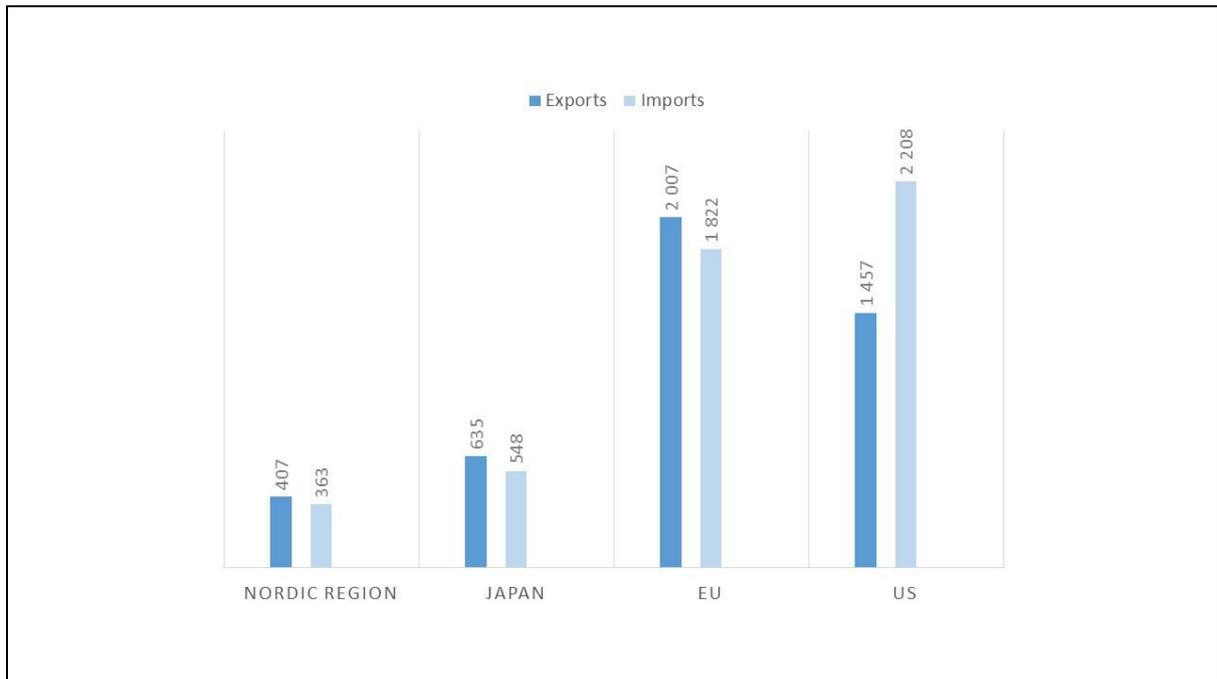
**Graph 1: Population in million (2017)**



**Graph 2: GDP in billion PPP, USD (2017)**



**Graph 3: Exports/Imports in billion USD (2017)**



## Appendix 2: Table of Interviews

**Table 1: Table of Interviews**

<b>Interviewee</b>	<b>Organizational Role</b>	<b>Date and Place</b>
A	Global CSR Strategist	2019-03-08, telephone
B	Northern European CSR lead	2019-03-14, Stockholm
C	Nordic CSR lead	2019-03-22, Stockholm
D	Swedish CSR lead	2019-03-26, Stockholm
E	Global supply chain CSR strategist	2019-03-27, Stockholm
F	Global supply chain CSR lead	2019-03-27, Stockholm
G	Swedish partner manager	2019-03-27, Stockholm
H	EMEA CSR lead	2019-04-01, telephone
I	Nordic CSR lead	2019-04-04, Stockholm
J	Global supply chain CSR program manager	2019-04-05, telephone

# Appendix 3: Interview guide

## **General information presented to the interviewee**

- Anonymous
- Scientific purposes
- Record

## **Background**

- What's your role here at [the interviewee's company]?
- How long have you been working at the company? In your current role?

## **Corporate Social Responsibility**

- What is CSR to you? How do you define it?
- How do you feel that CSR is integrated into the business processes / model / vision at [the interviewee's company]?
- How did you perceive the CSR work at [the interviewee's company] when you started here? How does it differ from now?
- What do you think shaped / shapes the CSR work at [the interviewee's company]?
- Can you think of any specific CSR related occurrence that had a key role in shaping the work?

## **Stakeholders**

- Has your company experienced more pressures in recent years to engage in CSR? (From who?)
- Are any parts of your CSR activities intended to respond to local pressure?

## **Nordics**

- How do you define the Nordics?
- Are Nordic stakeholders important to you in your CSR activities? Why? Why not? Relatively to other markets?
- Do you experience that Nordic countries affect your CSR activities? Compared to other markets?
- What is the biggest challenge being present in the Nordics?
- Do you perceive a difference in how the different Nordic countries/companies approach CSR?

## **Forward**

- Where do you look to get indications of where CSR activities are going / where it will be in 5 years?