



Communication of Corporate Social Responsibility

- the case of Skanska AB

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Communication of Corporate Social Responsibility

– the case of Skanska AB

Kommunikation av företagens samhällsansvar

– Fallstudien Skanska AB

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Carolina von Schantz

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Abstract

This master thesis is dealing with the question of the responsibility of corporations and how to communicate the attitude toward the issue. Corporations' interaction with different groups of stakeholders is not a new topic, but the question of what kind of *responsibility* a corporation really has toward its stakeholders, is a current discussion. Child labour, environmental disasters and ethical dilemmas are all problems that bring the discussion about corporate social responsibility, CSR, to the agenda.

The awareness of CSR is increasing and a responsible approach from corporations is demanded. CSR is all about *how* a company chooses to run its business or in which *way* business is made. A company with a serious CSR intention is likely to gain a competitive advantage, while a company with a neglecting attitude might face overwhelming problems. A company that uses environmental friendly methods is eager to let the customers know about it, but a company that uses child labour in the production is hardly keen on informing about it. Both scenarios are based on the communication of the CSR attitude, which is the topic of this thesis.

The aim of the study is to investigate how corporate social responsibility work at a company is connected to communication. The objective is to provide a picture of a large corporation's development and management of CSR questions with a communicational focus and to illustrate how a CSR-related news story appears in media. The study addresses the following issues: What does CSR mean for a corporation and what are the incentives to work with CSR? How does CSR work develop in a large organization? How does a corporation communicate an active CSR approach? How does a CSR-related news appear in media?

The study has a qualitative approach and the chosen case company is the Swedish construction corporation Skanska. In order to create a picture of the CSR work at Skanska, empirical material has been collected by making interviews and examining documents. Employees working with CSR and communication at Skanska's head office were interviewed. An empirical background based on current literature about CSR is presented in a separate chapter. In order to describe how a CSR-related news is dealt with in media, a specific CSR-related news connected to the case company has been examined. Material from the press and press releases from the period has been examined and discussed.

The discussion about CSR and communication of CSR shows that CSR should be an important part of a corporation's brand management. At the same time, companies should be aware that CSR can have an impact on the reputation of a company in a disastrous way. Communicating positive CSR is a way of strengthening the brand, while a negative CSR news can lead to dramatic consequences.

Sammanfattning

Den här uppsatsen behandlar företagens samhällsansvar och kommunikationen av inställningen till frågan. Att företag samspelar med olika aktörer (stakeholders) i sin omgivning är ett utrett område, men diskussionen kring vilket *ansvar* ett företag egentligen har gentemot olika grupper av intressenter är en dagsaktuell fråga. Barnarbete, miljöskador och etiska dilemman är frågeställningar som aktualiserar begreppet corporate social responsibility, CSR.

Kunskapen om företagens samhällsansvar eller CSR utvecklas och högre krav ställs på företagets ansvarstagande. CSR handlar om *hur* ett företag väljer att arbeta och utöva sin verksamhet. En medveten hållning till frågan är en stark konkurrensfördel, medan en försummande inställning kan sätta företaget i mycket dåliga dager. Ett företag som arbetar aktivt med miljövänliga metoder vill gärna att kunderna skall vara medvetna om detta, medan ett företag som använder sig av barnarbetare i tredje världen inser att kunskapen om detta knappast ökar försäljningssiffrorna. Båda bilderna grundar sig på att inställningen till CSR kommuniceras till omgivningen och denna uppsats fokuserar på frågan om kommunikation av CSR.

Syftet med uppsatsen är att undersöka hur ett företags arbete med samhällsansvar är kopplat till kommunikation. För att skapa en bild av hur CSR hanteras kommunikativt kommer följande frågor att beaktas: Vad innebär CSR för ett företag? Varför arbetar företag med CSR? Hur utvecklas CSR inom en organisation? Hur kommunicerar ett företag CSR? Hur behandlas en uppmärksammas CSR-nyhet i media?

I uppsatsen, som har en kvalitativ ansats, har Skanska studerats som fallföretag. För att kunna skapa en bild av företagets CSR-arbete har empiriskt material samlats in genom intervjuer och granskning av dokument, t.ex. årsredovisningar och material från internet. Intervjuerna har genomförts med personal som arbetar med CSR- och kommunikationsfrågor på Skanskas huvudkontor. En empirisk bakgrund som baseras på aktuell litteratur om CSR är presenterat i ett eget kapitel. För att belysa frågan om hur en CSR-nyhet behandlas i media har en uppmärksammas nyhet kopplad till det valda fallföretaget valts ut och studerats. Tidningsartiklar och pressutskick från perioden då nyheten var aktuell har jämförts och diskuterats.

Diskussionen kring CSR och kommunikation visar att CSR är en viktig del i varumärkesbyggande samtidigt som det också kan påverka ett företags rykte på ett negativt sätt. Att kommunicera positiv CSR är således ett sätt att stärka sitt varumärke, medan en negativ CSR nyhet kan ge dramatiska konsekvenser.

Table of Contents

- 1 INTRODUCTION..... 1**
 - 1.1 PROBLEM BACKGROUND 2
 - 1.2 AIM AND DEMARCATIONS 3
 - 1.3 OUTLINE..... 3
- 2 METHOD..... 5**
 - 2.1 THE RESEARCH PROCESS 5
 - 2.2 DATA COLLECTION..... 6
 - 2.2.1 Interviews 6
 - 2.2.2 Performed Interviews 7
 - 2.2.3 Documents..... 8
 - 2.3 BUILDING A SCENARIO 9
- 3 THEORY..... 11**
 - 3.1 THE ENVIRONMENT OF A COMPANY 11
 - 3.1.1 The stakeholders of a company 12
 - 3.2 COMMUNICATION THEORY 13
 - 3.2.1 The communication process 13
 - 3.2.2 Communication platforms 14
 - 3.3 BRAND AND REPUTATION OF A COMPANY 15
 - 3.4 THE EXPRESSION OF CSR 17
- 4 EXPLAINING CORPORATE SOCIAL RESPONSIBILITY 18**
 - 4.1 DEFINITIONS OF CSR 18
 - 4.2 CSR HISTORY 19
 - 4.3 CSR TODAY 20
 - 4.4 EXAMPLES OF CSR WORK IN CORPORATIONS 21
- 5 INTRODUCING THE CONSTRUCTION SECTOR IN SWEDEN & SKANSKA..... 23**
 - 5.1 THE CONSTRUCTION SECTOR IN SWEDEN 23
 - 5.2 THE HISTORY OF THE SKANSKA CORPORATION 24
 - 5.3 SKANSKA AB TODAY 24
 - 5.4 CORPORATE COMMUNICATION AT SKANSKA AB 25
- 6 CSR AT SKANSKA 27**
 - 6.1 SUSTAINABILITY 27
 - 6.1.1 Short retrospect of sustainability issues at Skanska 27
 - 6.1.2. Why is sustainability important for Skanska? 28
 - 6.2 THE SKANSKA CODE OF CONDUCT 29
 - 6.2.1 Implementation of Code of Conduct and sustainability issues 29
 - 6.3 OTHER CSR-RELATED ACTIVITIES 30
 - 6.4 COMMUNICATION OF CSR 31
 - 6.5 CSR-RELATED NEWS IN THE PRESS 32
 - 6.5.1 Short history of the cartel and the beginning of the exposure of Skanska 32
 - 6.5.2 The communication of the cartel in the press and from Skanska 33
 - 6.5.3 Skanska’s comment on the communication of the asphalt cartel 34

7 ANALYSIS AND DISCUSSION.....	36
7.1 CSR AND INCENTIVES IN CORPORATIONS	36
7.2 DEVELOPMENT OF CSR WORK AT SKANSKA	38
7.3 COMMUNICATION OF CSR	40
7.3.1 The sender	40
7.3.2 The message	41
7.3.3 The receiver.....	41
7.3.4 The communication platforms.....	41
7.4 A CSR SCANDAL.....	42
8 CONCLUSIONS.....	44
BIBLIOGRAPHY	46
<i>Literature and publications.....</i>	<i>46</i>
<i>Articles and Press Releases from Media Archive, Affärsdata and Press Text</i>	<i>48</i>
<i>Internet.....</i>	<i>49</i>
<i>Personal messages</i>	<i>52</i>
 APPENDIX 1: PREPARATORY MATERIAL FOR THE INTERVIEWS	 53

LIST OF ILLUSTRATIONS

<i>Figure 1. Illustration of the outline of the study.....</i>	<i>4</i>
<i>Figure 2. The inductive research approach</i>	<i>5</i>
<i>Figure 3. How increasing novelty and complexity of a problem affects the research</i>	<i>6</i>
<i>Figure 4. Levels of representation in the research process</i>	<i>9</i>
<i>Figure 5. Micro- and macroenvironment of a company</i>	<i>11</i>
<i>Figure 6. Model of external and internal stakeholders of a company</i>	<i>12</i>
<i>Figure 7. The early communication model</i>	<i>13</i>
<i>Figure 8. The developed communication model</i>	<i>14</i>
<i>Figure 9. Communication platforms</i>	<i>14</i>
<i>Figure 10. Model of the function of a brand.</i>	<i>16</i>
<i>Figure 11. The Tripple Bottom Line, TBL idea</i>	<i>19</i>
<i>Figure 12. Organizational Chart of the Skanska Corporation</i>	<i>24</i>
<i>Figure 13. Cover of the Sustainability Report 2002.....</i>	<i>37</i>
<i>Figure 14. Picture of Skanska as the sender of a message and the media as both a sender and a receiver.</i>	<i>43</i>
<i>Figure 15. Figures of CSR cycles.</i>	<i>45</i>
 Table 1. The major CSR milestones at Skansa.....	 28
Table 2. The development and major occurrences of CSR work at Skanska	39

1 Introduction

”Business is not divorced from the rest of society. How companies behave affect many people, not just shareholders. A company should be a responsible member of the society in which it operates” (Internet, WBCSD 1, 2004).

What is the main purpose of a company? Is it to do as profitable business as possible in order to satisfy the owners’ requests and demands, or is it possible to see the company in a larger perspective in the society? A perspective that goes beyond pure financial concerns. The statement above is made by the World Business Council for Sustainable Development and refers to the ongoing discussion about what kind of responsibility a company really has. Besides making profitable business the responsibility of a company can, for example, be connected to fair treatment of employees, using sustainable, environmentally friendly methods or actively discussing ethical dilemmas within the organization (Löhman & Steinholz, 2003). It is a dicussion about *how* companies choose to conduct business; solely with financial objectives or in a responsible way that might affects the financial return, but supports other values.

The discussion about the actual responsibilities of the business community has increased and an expression of the expanded responsibility has been invented; corporate social responsibility or CSR (Internet, Ejbo 1, 2005; Löhman & Steinholz, 2003). No definition developed for the expression has gained total acceptance yet, but a number of organizations and companies have made their own defenition of CSR. The European Union states the following about the meaning of CSR:

“CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis,” (Internet, EU 1, 2004).

It is common to talk about the balance between three values; social, environmental and financial when CSR is being described. Working actively with CSR by taking actions in favour of maintaining the balance between the three values is not regulated by law; it is a voluntary initiative (Hollender & Fenichell, 2004; Internet, Ejbo 1, 2005; Löhman & Steinholz, 2003).

The question of the business community’s role in society is not a new phenomena. Companies have always been a part of society, but the companies of yesterday have grown and the proportions between the public and private sector have changed (Löhman & Steinholz, 2003). Today, there are many multinational corporations acting all over the world in the spirit of the globalization trend (Arnold, 1993; Internet, CSRwire 1, 2004; Löhman & Steinholz, 2003). The 100 largest economies in the world today are represented by only 50 countries, the rest is multinational corporations (Foley, 2003, p. 5; Veres, 2001).

The increased awareness and focus of the responsibilities of a corporation gives the business communities the opportunity to be important and powerful actors in the societies. Many companies are engouraged to actively work with corporate social responsibility, CSR. But it is not only an opportunity given to the companies; it is also in many cases demanded and expected by customers, employees, society and other stakeholders (Ruggie, 2002).

The challenge for the companies is to find a balance between the different aspects; the social, the environmental and the financial values, and to consider the demands of the different stakeholders. Having a successful CSR attitude must come from a successful CSR management implemented in the organization and communicated to the stakeholders.

1.1 Problem background

“For most companies, the question is not whether to communicate but rather what to say, to whom, and how often” (Kotler, 2003, p. 563).

The statement above suggests that it is not a question of communicating or not for companies today. It is a question of *how* to communicate. Integrated corporate communication means that *everything* a company does sends “a message” (Arnold, 1993; Löhman & Steinholz, 2003). The business cards, the letters and envelopes, the way the employees are dressed and the way customers are treated. The attitude towards CSR matters is included. The way the company manages CSR issues sends an important message to the different groups with an interest in the company (Hollender & Fenichell, 2004; Maignan & Ferrell, 2004; Löhman & Steinholz, 2003).

Small, socially active companies, like the Body Shop and Ben & Jerry’s, have been pioneers in the work and communication of CSR (Hollender & Fenichell, 2004; Internet, Ejbo 1, 2005). Large corporations have followed in their footsteps; for example, McDonalds by promoting fish conservation and Unilever by including references about human rights in its business principles (Internet, Ejbo 1, 2005).

The question of how CSR is communicated is a research area still to be explored (Maignan & Ferrell, 2004; Internet, Ejbo 1, 2005). In some cases advertisements have been used to inform about a company’s responsible approach; “Profits and Principles. Is there a choice?” was an advertising campaign from Shell aiming to highlight their dedication to environmental issues (Maignan & Ferrell, 2004). Some companies have successfully profiled themselves as socially responsible, British Petroleum for instance (Ibid). The company has changed its name to BP and marketed the slogan “Beyond Petroleum” to emphasize its commitment to environmental values.

The old expression “all publicity is good publicity” is no longer valid in the harsh competition between companies today (Apéria & Back, 2004). Getting publicity and being in focus because of a negligent attitude towards CSR issues is hardly a situation a company wants to face. A sector in Sweden that has been fighting a reputation of doubtful business ethics is the construction sector. Today, the sector is working actively to improve the image and to be seen as a serious industry and a respected part of the Swedish business community (Internet, BI 4, 2004). Ethical rules have been formulated and many construction companies are working with CSR issues, but the question of how to successfully communicate the CSR approach remains unanswered. The statement below stresses the importance of the question of communication.

“Business cannot hope to enjoy concrete benefits from CSR unless they intelligently communicate about their initiatives to relevant stakeholders” (Maignan & Ferrell, 2004, p. 17).

The awareness of CSR has become so high that every stakeholder demands information concerning its treatment in the companies. The media has kept the debate in the public

domain and ethical investors and financiers are seeking more information all the time (Internet, Ejbo 1, 2005). The construction sector in Sweden is no exception. Especially regarding its history and reputation, the sector has no choice other than to work with and communicate a serious approach to CSR issues.

1.2 Aim and demarcations

The aim of this study is to investigate how corporate social responsibility works at a company is connected to communication. The objective is to provide a picture of a large corporation's development and management of CSR questions with a communicational focus and to illustrate how a CSR-related news story appears in media. The study aims to address the following issues:

- What does CSR mean for a corporation and what are the incentives to work with CSR?
- How does CSR work develop in a large organization?
- How does a corporation communicate an active CSR approach?
- How does a CSR-related news story appear in the media?

This study will focus on the Skanska Group, a Swedish construction corporation (Internet, Skanska 1, 2005). Being active in a sector faced with many CSR-related problems and with a corporate history of bad publicity, Skanska has been forced to take the questions of responsibility seriously. Skanska has therefore been chosen as the case company for this investigation. While Skanska is a worldwide organization, this study has been limited to the activities in the main office located outside Stockholm, Sweden and to the Swedish market.

The other actor of particular interest in this study is the media. Relevant media has been selected from the daily business press published in Sweden and is represented by the two largest news papers; Svenska Dagbladet (SvD) and Dagens Nyheter (DN) as well as the largest daily business news paper; Dagens Industri (DI). The selected papers cover the major business activities in Sweden. The published articles have been sourced from databases in order to collect sufficient data. Other media, such as radio and TV, have not been examined due to the complexity in collecting data. The chosen research area is of increasing novelty and current interest and therefore no articles before 2001 are examined. The data collected from articles in the press were published between 2001 and 2003.

1.3 Outline

The outline of the thesis, illustrated in Figure 1, gives the reader a picture of the structure of the study. Chapter one will give the reader an introduction to the area of CSR and a picture of the problem background for this thesis. In chapter two, the author describes the chosen method for this study. Chapter three contains the theoretical base for this examination.

Chapter four, which is the empirical background, gives the reader deeper insights and understanding of the phenomena of CSR. Chapter five is partly a chapter about the construction sector in Sweden, the aim being to provide the reader with an outline of the environment that the chosen company works within. Chapter five also includes an introduction of the case company, Skanska. Chapter six focuses on the CSR management and work at

Skanska and includes a presentation of communication in relation to CSR. Chapter six also includes a part about a specific CSR-related news story that has been selected to be examined.

Chapter seven deals with the discussion and analysis, where the theories, empirical background and empirical material is connected. In the last chapter, eight, conclusions are drawn from the discussion and analysis.

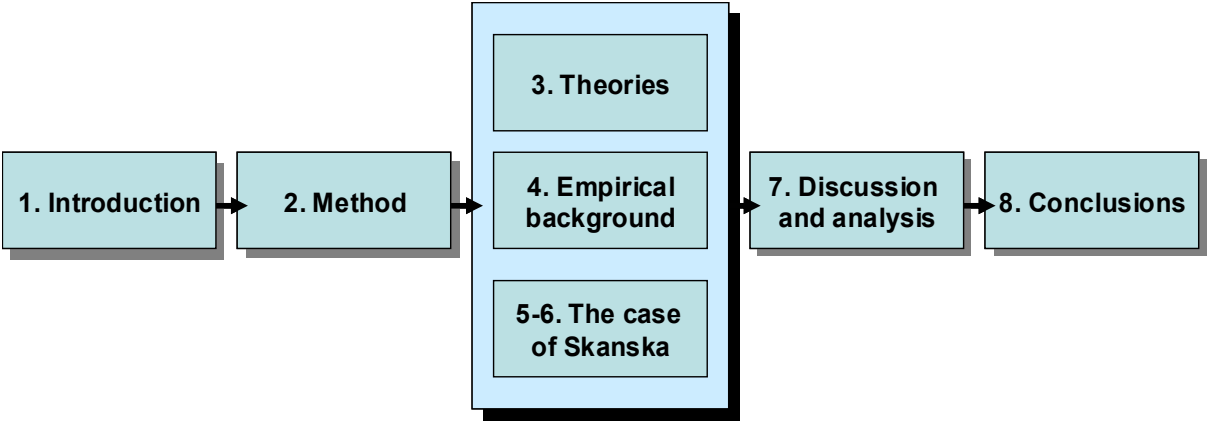


Figure 1. Illustration of the outline of the study.

2 Method

“Method is a matter of making choices and being aware of reserach conduct” (Mark-Herbert, 2002, p. 37).

Method is the mode of a research process. The method is expressed to let the reader follow the process and value the results (Rienecker & Stray Jörgensen, 2000). This chapter is a description of the method used in this thesis. The aim of the chapter is to provide the reader with insights about the procedure and an understanding of the research process.

2.1 The research process

The research process is a multi-stage process which the researcher follows in order to begin and to complete the research project (Saunders et al, 1997). The stages of the process vary, but commonly the steps of formulating a topic, collecting data and analysing data are included in the research process.

Having the real world as a starting point and investigating the reality through observations is known to be an inductive approach in research terms (Lundahl & Skärvad, 1999). Examining the results of the observations and finding patterns enables it possible for the researcher to make generalizations. The researcher can apply and compare the generalizations with existing theories and form new theories. Figure 2 describes the relation between the reality (or the the real world) and theories according to the inductive approach.

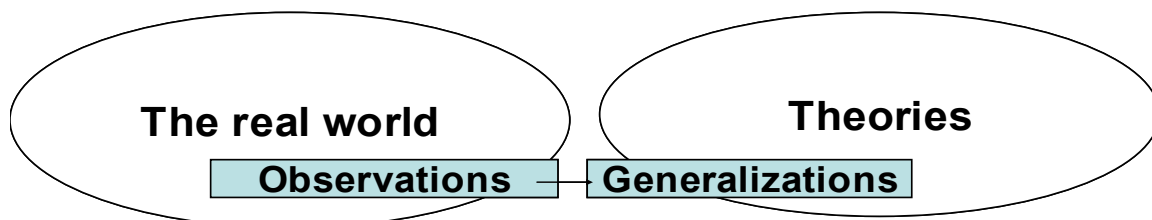


Figure 2. The inductive research approach (own version according to Saunders et al, 1997, p. 38)

In contrast to the inductive approach a researcher can choose to work according to the deductive research approach (Saunders et al, 1997). The researcher starts from theories and theoretical models and forms hypotheses of the reality. The research procedure aims to discover whether the hypotheses are true or not.

There are different methods to choose for a research process in order to answer the research question. The methods are tools and their suitability are dependent on and connected to the research question (Lundahl & Skärvad, 1999). It is common to differentiate methods in terms of qualitative and quantitative methods. Qualitative research is based on examples and specific cases in contrast to quantitative research (Kvale, 1997). Quantitative research is a systematic process and based on data from a large number of study objects which can be quantified and translated into statistics and numbers. Qualitative research has been criticized

for lacking objectivity and not being scientific. Despite this criticism many researchers find benefits from qualitative research; the data contain many aspects and have a deeper understanding for a problem (Kvale, 1997, pp.60-72). The choice between a qualitative or a quantitative method in the research process is connected to the research question itself and therefore they are not compatible.

Corporate social responsibility is an modern term and field that has gained attention in the last decades (Löhman & Steinholz, 2003). The awareness of the balance between the business community and other than strictly economic values is of recent interest for scholars and the area is complex. Figure 3 describes how the novelty and complexity of a problem is related to the research method.

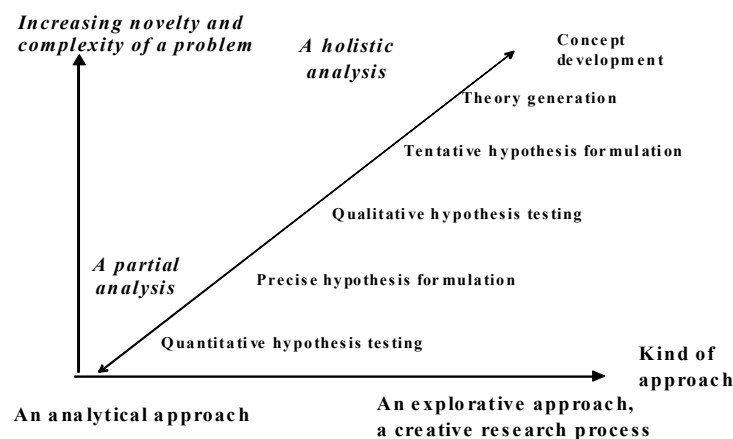


Figure 3. How increasing novelty and complexity of a problem affects the research approach and desired research contribution (Nyström in Mark-Herbert, 2002, p. 17).

This thesis is written with an inductive approach and with a qualitative method. The chosen research field is relatively new and regarded to be complex. The field has not yet been thoroughly examined by scholars and the knowledge of the area is regarded to be limited.

The empirical base in this qualitative research process is a case study based on interviews and a literature study. A case study is a suitable empirical base regarding the novelty and complexity of the chosen research field. A case study is a description of a situation in the real world and the method is used to develop or modify theories (Bengtsson, 1999) as an inductive approach prescribes. The case study as a method is, according to Wigblad (1997), a good way of matching the research question.

2.2 Data collection

2.2.1 Interviews

One way of collecting data is to conduct interviews. An interview is characterized by a researcher collecting information by asking a respondent questions (Lundahl & Skärvad, 1999). An interview can be structured in different ways; one common way to distinguish forms of interviews is to refer to *standardized* or *non-standardized* interviews. In a

standardized interview, the questions and the order of the questions asked are determined in advance. In a non-standardized interview the researcher can adjust the questions and the order during the interview. The researcher can also add resulting questions and lead the interview in a desired direction. The answers in a non-standardized interview are more complete and thorough compared to the answers in a standardized interview, which is regarded to be an advantage (Lundahl & Skärvad, 1999, p. 92). A non-standardized interview is thus more suitable in situations where “soft”¹ data is requested such as in qualitative research.

Another way of distinguish types of interviews is to refer to *structured* interviews, *semi-structured* interviews and *unstructured* interviews (Saunders et al., 1997). In a structured interview it is common to standardize the interviews with predetermined sets of questions, for example by using a questionnaire. A semi-structured interview is a kind of non-standardized interview since the set of questions not are fixed in advance. Nevertheless, the researcher must have some kind of comprehension of the topic before making the interview, it is common to prepare a number of *themes* to cover in the interview. An unstructured interview is closer to an informal discussion and is used to explore a general area in depth.

The first stage in the process of interview research is to *thematize* the interview (Kvale, 1997). The researcher should assure herself with enough knowledge in the chosen research area before starting the interviews. The purpose of the research must be formulated and the subject field should be described, in other words; the questions of *what*, *why* and *how* should be answered.

The second stage in the interview process is to *plan* the interview. The researcher must consider a number of practical questions in order to prepare the interview (Lundahl & Skärvad, 1999, p. 93). First of all, respondents must be identified. Who are interesting and valuable for the aim of the research process? How should the researcher contact the respondents and how could he or she get them to participate?

When the preparations are finished the researcher must arrange and carry out the interview. In a non-standardized interview it is important to establish a personal connection with the respondent. Since the interview sometimes tends to be more of a discussion or dialogue between the researcher and the respondent a *validation* of the results of the interview must be done. A continuous validation process during the interview helps the researcher to understand the respondent (Kvale, 1997). This means that the researcher can ask clarifying questions to assure the meaning of the answers. Another validation method is to let the respondents read and correct the minutes from the interview.

2.2.2 Performed Interviews

The empirical base of this thesis is made up partly of non-standardized semi-structured interviews. The interviews were chosen to match the research question and to contribute to creating a picture of CSR-related issues and communication management at a large Swedish corporation. The theoretical frame was already studied by the researcher before the interviews in order to gain sound knowledge of the research area. A number of themes were prepared before the interviews to explore together with the respondents. Preparing themes is a way of

¹ “Soft” data are described to be information about circumstances of qualitative nature; a persons diagnosis of a situation, impressions of a measure and the team spirit in an organization. Examples of “hard” facts or data are sales volumes, statistics of absence and market shares (Lundahl & Skärvad, 1999, p. 92).

aiming to secure the data from the interviews to match the research question. The preparatory material for the interviews is presented in Appendix 1.

The respondents were identified as being representative of different areas of knowledge. In total five persons were interviewed on three different occasions.

First occasion:

- Axel Wenblad, *Senior Vice President, Sustainability*, Skanska AB

Second occasion:

- Peter Gimbe, *Senior Vice President, Corporate Communications*, Skanska AB
- Tor Krusell, *Senior Vice President Human Resources*, Skanska AB
- Anna Wenner, *Press Officer*, Skanska AB

Third occasion:

- Lars Johansson, *Communication Consultant*, Edelman UFO

Each interview was prepared for the respondent or the respondents. They did not receive questions in advanced but the topic for the interview was well established through previous contact by e-mail and phone. The interviews were documented by the researcher. During the interviews the researcher made notes and proper minutes were written directly after each interview and sent to the respondents within a couple of days. The respondents were given the possibility to change and add facts in the minutes. On some occasions supplementary and clarifying questions to the interviews were needed. In these cases contact was maintained by phone or by e-mail.

2.2.3 Documents

The empirical base in this study was partly made up of interviews. Besides the interviews, studies of various documents were also part of the empirical base. A document is defined as information collected through other channels than observations and interviews (Merriam, 1994). Examples of channels for document-collection could be written sources, sources expressed by art or a TV-program. Internet is also a common source of documents.

In this thesis, written documents such as books, articles and reports have been studied. The Annual Report as well as the Sustainability Report from Skanska AB are examples of written sources beside books and scientific articles. Since one of the purposes of this thesis is to follow a CSR-related situation in the media, news articles are important documents. The selection of media is limited to business press represented by the two largest newspapers in Sweden, Svenska Dagbladet and Dagens Nyheter and the business paper Dagens Industri. Limited numbers of articles from these papers can be found on the Internet, but general access to the press archive is available through data bases; Mediarkivet, Affärsdata and PressText. Access to these data bases² is not free of charge for the public and the researcher has used the university's subscriptions to reach articles of interest.

² Information about the databases and how to subscribe to the services are available at www.mediarkivet.se, www.ad.se and www.presstext.se .

The data bases mentioned at the previous page also contain press releases from corporations. A number of press releases from Skanska are also available from their homepage, but the best cover is through the data bases. All information gathered from Mediearkivet, Affärsdata and Press Text is presented under a special heading in the bibliography (Articles and press releases).

Information from the Internet is not always reliable, but it is a cheap and fast source of information. It has become more and more common to use the Internet for the gathering of information for many theses and research studies today. The information gathered from the Internet in this thesis is derived to the exact source with date and time, presented in the bibliography under a special heading.

2.3 Building a scenario

Based on the empirical background, performed interviews and data collection from documents a scenario from the chosen research field was formed. In order to create a picture for the reader the author must process the collected data and the result is usually a reduced experience. The process is illustrated by Kohler-Reissman (1993) shown in Figure 4.

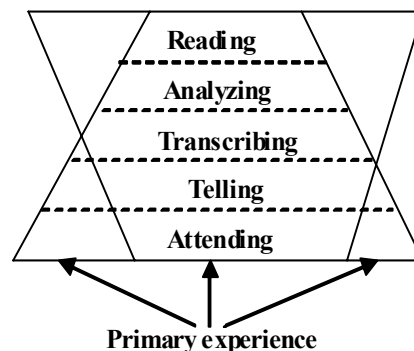


Figure 4. Levels of representation in the research process (Kohler-Reissman, 1993, p. 10).

The picture can be explained by exemplifying an interview situation. Different kinds of impressions, such as sounds, smells and interior of the room, are included in the author's primary experience (Kohler-Reissman, 1993). It is very difficult to mediate by writing a complete experience and the reader will get a slightly different experience or picture than the author. The figure shows that a part of the primary experience is lost in the process. A new experience is created by the reader that adds his or her impressions and creates a new picture based on the written narration made by the author.

The interview situation is a dynamic part of the data collected to build a scenario within the chosen research area. There is a risk that the respondents' answers are affected by the situation and that the questions would be answered differently with another researcher (Kvale, 1997). There are different ways to document an interview and using a taperecorder is common. In this study the interviews were not taped for practical as well as research-related reasons. The advantage of using a tape recorder is that the interviewer can concentrate better on the respondent and listen to the answers (Kvale, 1997; Saunders et al, 1997). It also makes it

easier to quote a statement in the written study and there is a permanent record for others to use. On the other hand the disadvantages of using a taperecorder is that there might be more focus on the recorder and technical issues. The respondents might hesitate to answer some questions and the atmosphere can be less open. It is also very time consuming to transcribe the tapes.

Another aspect of the data processing of this study is the fact that a lot of material has been translated from Swedish to English. The interviews were conducted in Swedish but the minutes were written in English. As a validation, the respondents were given the opportunity to read and correct the documents in English.

3 Theory

The purpose of the following chapter is to provide the reader with sufficient insights about the chosen theoretical framework. The theories are chosen to support and explain the empirical part of this thesis. The chapter contains theories about the micro- and macroenvironment as well as the stakeholders of a company, communication theories and a section on branding and the reputation of a company. In the last part of the chapter a definition of the central expression of CSR is presented.

3.1 The environment of a company

According to Kotler et al. (1999), a company acts in a microenvironment as well as in a macroenvironment. The definitions are primarily related to marketing, but give an introduction to the context within which a company functions - a company is not a lonely actor without exchange and interaction. There are several other actors and activities that affect the company and that must be considered in strategic as well as daily decisions.

In a traditional marketing sense, the companies' microenvironment consists of the closely related actors; suppliers, competitors, customers, marketing intermediaries and the public. The microenvironment is illustrated in Figure 5 below.

The macroenvironment of a company consists of larger societal forces that affect and shape the microenvironment. These forces are defined as demographic, economic, natural, technological, political and cultural forces, which all could provide opportunities or pose threats to the company. The macroenvironment of a company is illustrated in Figure 5.

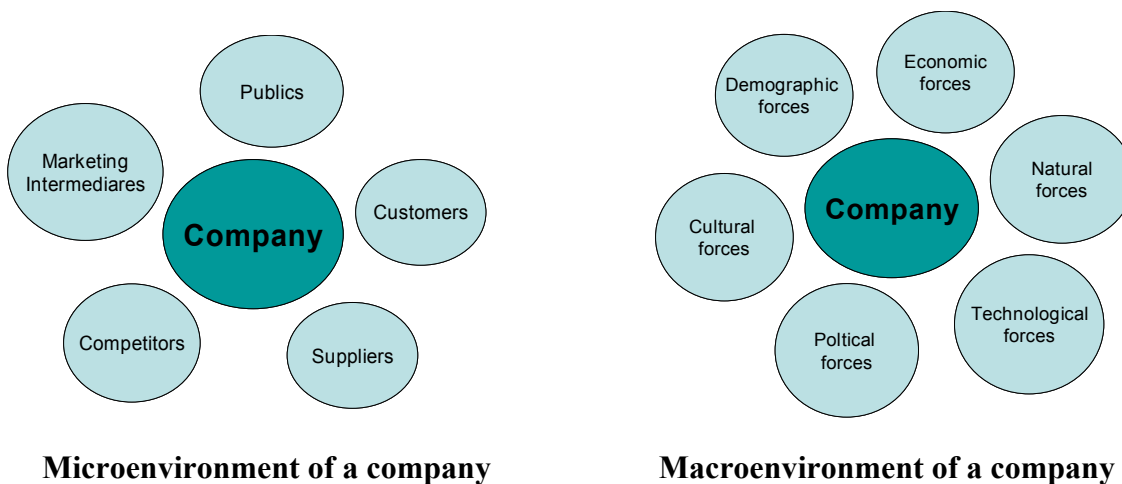


Figure 5. Micro- and macroenvironment of a company (own version according to Kotler et al., 1999, pp. 147-153).

The related actors of a company, both within a microenvironmental as well as in a macroenvironmental context, can be described as the stakeholders of a company (Ibid; Maignan & Ferrell, 2004).

3.1.1 The stakeholders of a company

Traditionally, companies have paid more attention to their shareholders (or stockholders) than to the rest of the stakeholders (Kotler, 2000). The expression ‘shareholders’ refers to the owners of the company and stresses the financial aspect of a company (Lazonick and O’Sullivan, 2000, p. 13). Stakeholders are all the different groups, outside and inside the organization, that have some kind of interest in the company. Besides the shareholders, a traditional and brief list of stakeholders could be consumers, workers, investors, suppliers, distributors, host communities, the general society and the world ecological community (Deetz, 1995, pp. 50-51; Kotler, 2000, p. 40). Figure 6 is a model of internal and external stakeholders in relation to the company, the dark circle in the middle represents the company with the internal stakeholders and outside are the external stakeholders.

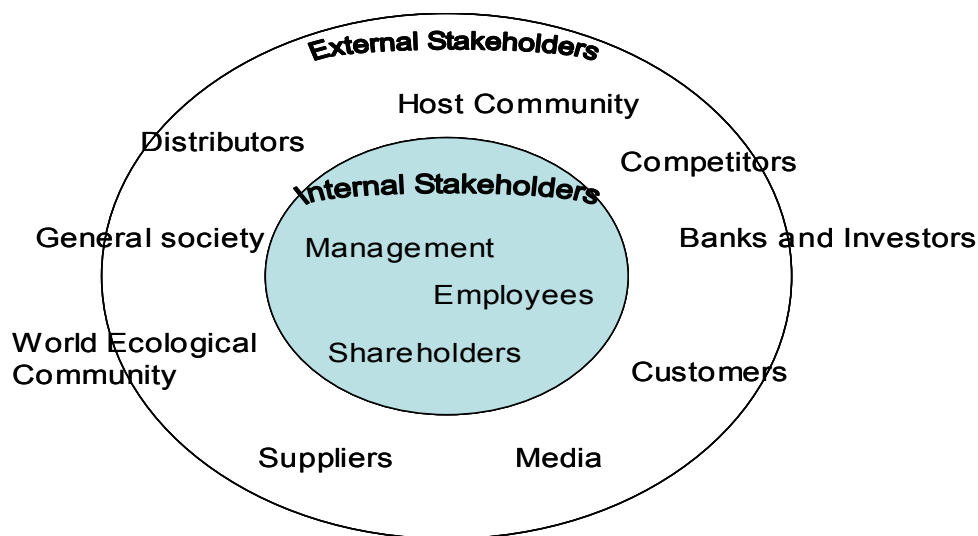


Figure 6. Model of external and internal stakeholders of a company (own version according to Deetz 1995, p. 50-51; Kotler 2000, pp. 40-47).

The acknowledgement of the company as an actor together with other actors has created different approaches to the company’s role and the term *stakeholder management* is moving into the board rooms (Kotler et al., 1999). Companies that strive to satisfy the needs of the different groups of stakeholders will meet a difficult challenge since the expectations and demands of the stakeholders are very variable.

Communicating with the the stakeholders of a company is an important part of successful stakeholder management (Ibid). Corporate communication includes internal and external communication and can be expressed in annual reports, press releases, internal magazines, business cards and logotype; everything with the purpose of reaching different stakeholders.

3.2 Communication theory

Communication is defined as the process by which information is transmitted and understood between two or more people (McShane & Von Glinow, 2003). The communication aspects of an organization have become more and more important, the communication must be effective and adjusted for the intended target groups (Larsson, 1997).

3.2.1 The communication process

The model of communication which is regarded as the classical communication model was developed in the 40s and has been modified and altered by later scholars (Larsson, 1997). The classical communication model describes five elements; the sender, message, channels, receiver and feedback. The communication is expected to result in some kind of effect and the notion of noise or disturbance was mentioned as a part of this early theory. A version of the model is shown in Figure 7. Information flows through the channels from the sender to the receiver and there will be feedback from the receiver to the sender which is a confirmation of the message being received. A famous sentence quote by Harold Lasswell, one of the first within communication science, describes the communication model; *"Who? Say what? In which channel? To whom? With what effect?"* (Larsson, 1997).

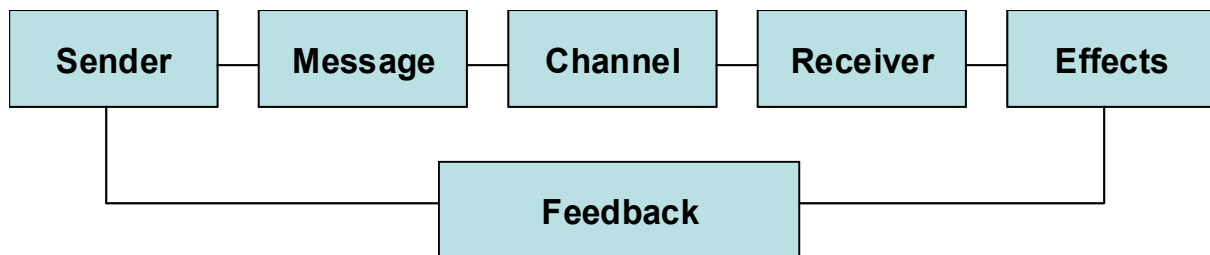


Figure 7. The early communication model (Larsson, 1997, p. 35; McShane & Von Glinow, 2003, p. 323 ; Nitsch, 1998, p. 7).

The model has later been modified with supplementary elements such as the senders encoding of the message and the receivers decoding. This emphasizes that a message is not always receive the way it was intended from the sender. The encoding, the decoding, the choice of channels and the noise make the transmission of the message an uncertain process, where the feedback gives the sender a picture of the outcome of the process. A further developed communication model is illustrated in Figure 8 on the next page.

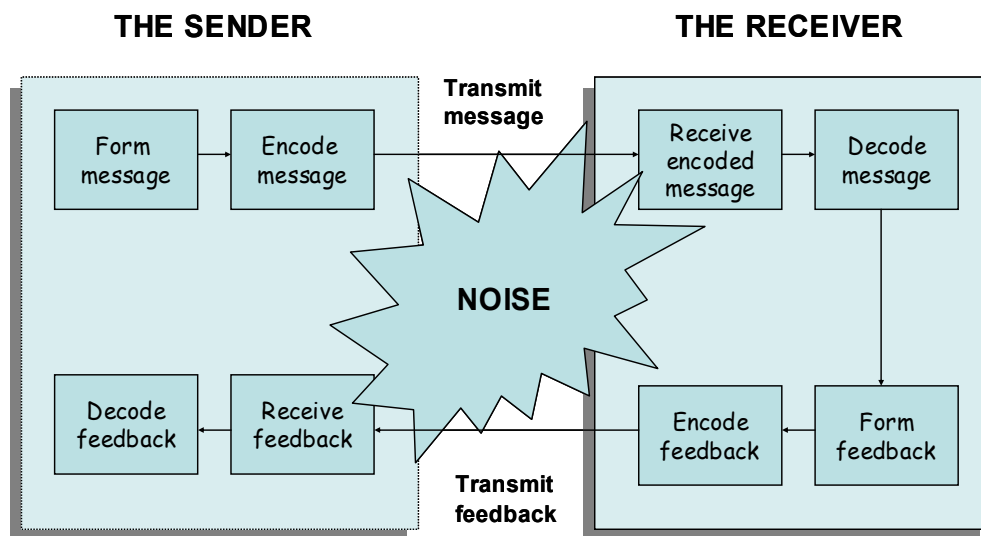


Figure 8. The developed communication model (Kotler 2003, p. 565; Larsson, 1997, p. 45; McShane & Von Glinow, 2003, p. 324, with minor modifications)

The model shows that if any part of the communication process is distorted or broken, the sender and the receiver will not have a common understanding of the message. Despite the best intentions of the sender of the communication the barriers might hinder the purpose and effect of the intended message. It is important for the sender of a message not to take for granted that the message has been successfully transmitted and perceived, just by sending the message. It is an illusion that a communication process is accomplished by the first step. There are many barriers in a communication process referred to as noise in the model above. Differences in perceptions, filtering, languages and the phenomena of information overload are examples of communication barriers according to McShane & Von Glinow (2003). Information overload means a condition in which the volume of information received exceeds the person's capacity to process it.

3.2.2 Communication platforms

From a marketing perspective there are different ways of formulating and creating the communication that is intended to be delivered to the receivers. It is common to talk about five different communication platforms which are presented in the figure below (Kotler, 2003).



Figure 9. Communication platforms (own version according to Kotler, 2003, p. 564).

Advertising includes the traditional marketing communication tools; news papers ads, television ads and symbols and logos are some examples (Kotler, 2003). *Sales promotion* refers to communication through events like fairs, exhibits, games, lotteries and demonstrations and to give away free samples and gifts. *Public relations and publicity* is the platform that is not directly aiming to communicate to customers. Examples of public relations are the annual reports from a company, participation in seminars and sponsorships and publications. *Personal selling* is when a sales person from the company approaches potential customers through sales meetings and presentations. *Direct marketing* means that the company contact potential customers through mail, e-mail, fax or telephone and offer the products in a direct, but non-personal, way.

An alternative way of describing the different communication platforms is to talk about *communication options* (Keller, 2001). The division between the different options can be done in a similar way as in the model of Kotler, but the main point is that the sender of a message must make an active choice of which channel to use for communication.

Understanding the possibilities and managing the risks of communication a company can create a strong brand (Keller, 2001; Kotler, 2003). The main idea of branding is that everything a company does communicates and that successful brand management will secure the position of the company's products in the mind of the customer.

3.3 Brand and reputation of a company

The phenomenon of branding is not new in the business community, but the awareness of its use has developed considerably (Kotler et al, 1999). The concept of branding became highly discussed in the late 1980s and it has since been a strategic issue for companies with a market oriented approach (Arnold, 1993).

The power of a brand has been discovered by companies and numerous scholars have written books and articles and made research on the topic. A number of trends are explaining the increased power and focus of brands today. First of all, the globalization makes it possible for the big brands to be available globally and the consumption patterns are getting more and more homogeneous in cultural terms (Arnold, 1993). Owners of big brands are the first to benefit from this development. Big brands also make it possible for its owners to enter new markets, the brand can be used as an entry ticket when a company wants to leave a mature home market and enter new markets. Another factor putting branding in focus is that it is no longer only the fast-moving consumer goods market that is affected by branding strategies. Also service companies and industrial companies realizes the advantage of strong brand-building and brand management has become central in business to business marketing as well (Apéria and Back, 2004).

The definition of a brand is according to Kotler (2000) and the American Marketing Association "a name, term, sign, symbol or design, or a combination of these, intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors" (Keller, 1998, p. 37). The basic function of a brand is to help the customer identify the suppliers and simplify the selection among the multiple choices on a market. This way of explaining the function of a brand is regarded to be a mechanical aspect of product differentiation and an extended way of describing the function of a brand is to

explain it as a personality of a product, making the customers emotionally attached and loyal to the company (Arnold, 1993).

Figure 10, presented below, is a model of the function of a brand. Customers make generalizations based on experiences, for example in consuming a product (personal message, Mark Herbert, 2004) The upward and downward generalization in the figure means that customers associate the brand of the company with the experience. In an upward generalization the customer connects the brand to the experience. A negative experience will affect the perception of the brand in a negative way, while a positive experience will have a positive effect. The discrimination between brands and experiences is the mechanical aspect of branding which helps the customer differentiate between products.

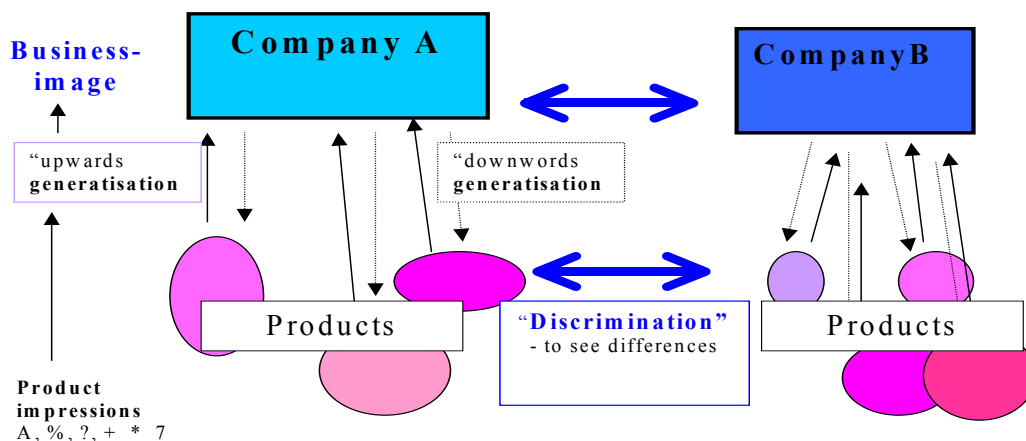


Figure 10. Model of the function of a brand (according to Nyström, personal message, Mark-Herbert, 2004,).

Less quantifiable elements have been discovered to be the key to many companies success during the last decades (Arnold, 1993). Traditional symptoms rather than *causes* of business performance have been the most influential figures; rates of return and fixed assets have told us about a company's performance. In the western countries a change has occurred; companies have realized that customers care about quality and image and causes of business performance has proven to be the heart of business success.

In order to understand the needs of a customer and achieve customer satisfaction the company must manage customer value³ (Best, 2004). Economic and price-performance measures are not enough to fully reach superior customer value; customers *perception* of service quality, brand reputation and product benefits are also crucial elements. Quality is driven by perception of the customers and therefore branding is a key issue for companies reaching for high customer loyalty (Arnold 1993).

Branding strategy is a part of the corporate strategy, concerned solely with positioning of the organisation's outputs in the minds of its target customers (Ibid). The brand itself is essentially a customer perception and positioning is the process by which a company offers its

³ Customer value = customer benefits – cost of purchase. Customers are willing to pay more for products and services that add value (Best, 2004, p. 87).

brands to the customers. Positioning is not synonymous with advertising or commercials, putting the company at the right position in the customers mind should be communicated by *all* activities of an organisation.

A strong brand means that consumers recognizes the company and the products (Kotler et al, 1999). Big brands are big personalities, people knows what Coca Cola, McDonald's and Malboro stand for as well as they recognizes the names of famous people like Clint Eastwood and Madonna. For the consumers it is timesaving and risk minimizing to be loyal to a brand that has already been consumed if the needs were successfully satisfied.

For the company the point of branding is that it is an asset. This asset is intangible and described as goodwill, loyalty, reputation or preference, it is simply a prejudice, but the fact is that companies can make profit out of it for many years (Arnold, 1993). Brand names can be worth millions of dollars. In 2002 the brand of Coca Cola was ranked as the most valuable brand in the world, worth \$ 70 billions and second on the list was Microsoft with a brand estimated to be worth \$ 64 billions (Best, 2004, p. 180).

The value of the brand can be derived from different sources; brand awareness, market leadership, reputation of quality, brand relevance and brand loyalty (Ibid). These specific brand assets impact the value and changes in these assets will effect the value of the company's brand. Another way of refering to the value of a brand is to talk about brand equity. Customer-based brand equity occurs when customers have a high level of brand awareness as well as a positive perception of the brand image (Keller, 1998). Best (1998) describes the brand equity as the attractiveness of a brand based entirely on its name and image.

3.4 The expression of CSR

The expression of corporate social responsibility is central in this thesis. The purpose of this last part of the theoretical chapter is to give the reader a clear picture of the used terminology.

In this paper CSR will be used as a term to describe a company's (or corporation's) attitude towards responsibility issues. Responsibility is seen in a broad perspective and goes beyond the legislated responsibilities of a company. Finding a balance between financial, environmental and social values is the main task for a company that wants to carry out its business activities in a responsible way towards all stakeholders.

The definition of CSR according to EU is applied throughout this thesis.

“CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis,” (Internet, EU 1, 2004).

In the next chapter of the thesis more definitions of CSR will be presented and the meaning of the expression will be explained.

4 Explaining Corporate Social Responsibility

This chapter gives the reader an empirical background of corporate social responsibility, CSR, and is an introduction to the meaning of CSR. Different definitions of the expression will be presented and a short historical background is included. The chapter aims to explain the increasing focus on CSR in the business community of today and the last part provides the reader with concrete examples of how CSR awareness actively can be carried out in different corporations.

4.1 Definitions of CSR

The question of the business community's and the corporations' roles in society is not a new discussion, but in the late decades the topic has been lively debated (Garriga & Melé, 2004; Hollender & Fenichell, 2004; Internet, Ejbo 1, 2005; Löhman & Steinholz, 2003). In media, public discussions and boardrooms the notion of corporate social responsibility, CSR, is used more and more frequently. In the past, performances of corporations were solely viewed from the owners' perspective and in a financial aspect, but a change has occurred; stakeholders are now beginning to understand the effects of a business in the surrounded environment (Internet, CSRwire 2, 2004; Lawrence, 2002). The effects are understood in a social, political and natural context.

CSR is a growing concept of today (Internet, Ejbo 1, 2005; Löhman & Steinholz, 2003). It is often mentioned in ethical and moral discussions regarding corporations' responsibilities. The concept is closely linked to other concepts such as corporate sustainability, corporate sustainable development, corporate accountability, corporate governance, corporate responsibility and corporate citizenship (Ibid.; Internet, Strategis 1, 2004).

There is no universally scholarly accepted definition of CSR. The concept is widely used and the interpretations may vary. A common way of managing and using the expression is to describe how companies and corporations interact with the surrounded environment or in other words; how a corporation handles or considers the interest of its stakeholders. The European Union has stated their definition as:

“CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis,” (Internet, EU 1, 2004).

The World Business Council for Sustainable Development⁴ uses the following definition:

“CSR is business' commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life,” (Internet, WBCSD 2, 2004).

A third definition made by a Finnish scholar is:

⁴ The World business Council for Sustainable Development (WBCSD) is a coalition of 170 international companies united by a shared commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress. Their members are drawn from more than 35 countries and 20 major industrial sectors (Internet, WBCSD 1, 2004).

“Corporate social responsibility means that a corporation should be held accountable for any of its actions which affect people, communities, and environment,” (Internet, Ejbo 2, 2005).

A common way of describing the connection between the economy, environmental values and social values is to talk about “Triple Bottom Line”, TBL (Internet, SustainAbility 1, 2004). The shift between the two different perspectives, separated to integrated a approach of the values, is shown in Figure 11 below.

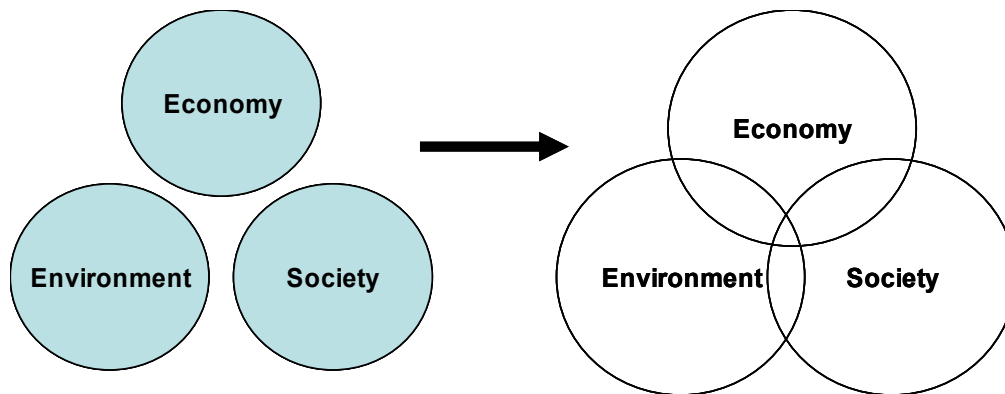


Figure 11. The Tripple Bottom Line, TBL idea (Internet, SustainAbility 1, 2004).

This concept stresses the balance between the three values; the economic value should go hand in hand with environmental and social values. The financial results of a corporation is equally important as the corporation’s environmental and social performances according to the TBL idea. The three different areas should not be regarded as separated issues but on the contrary; as integrated matters.

4.2 CSR History

The notion of CSR may not have been used until the last decades, but the discussion of the interaction between society, environment and economy is not a new thought (Löhman & Steinholz, 2003). The discussion has been more of an political issue in the past and the actors have been politicians and authorities, not corporations and actors from the business communities.

In 1972, a conference with the topic of the global environmental situation was held in Stockholm by the United Nations (UN) (Bolin et al, 1995; Löhman & Steinholz, 2003). The purpose was to put global focus on the issue of the environment and the result of the meeting was a declaration of intention to make improvement in the environmental issues. Then, the oil crises came and, for the rest of the decade the environmental discussions were overshadowed by the debate of energy resources.

In the middle of the ‘80s the discussion about the environment was brought up on the political agenda again (Bolin et al, 1995; Hollender & Fenichell, 2004; Löhman & Steinholz, 2003). The Norwegian politician Gro Harlem Brundtland was one of the key persons behind the UN

report “Our common future” presented in 1987, commonly known as the “Brundtland report”. The expression of “sustainable development” was central in the report and at the second UN environmental conference in Rio de Janeiro in 1992 the expression was properly established and defined.

“ Sustainable development seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future,” (Brundtland, 1987).

The thought behind sustainable development is that our global environment can not be saved until we have solved the global social problems such as poverty and ever-growing population. In order to solve the social problems we need economical growth to support development in the right direction. So, the role of the corporations and the business communities is, according to this line of reasoning, strongly connected to the development of our social and environmental questions in a global context.

At the “Millenium Summit” in July 2000, UN introduced the initiative “The Global Compact” which consists of nine principles about human rights, labour, environment and anti-corruption. Global Compact addresses the corporations and the business communities and the principles are based on the idea of sustainable development (Löhman & Steinholz, 2003; Internet, UN Global Compact 1, 2004). This initiative takes the idea of sustainable development down to a concrete and managable level for the corporations and encourages the corporations to take global responsibility.

4.3 CSR today

The relationship between the business community and the society, even in global terms, has been of interest historically. But the topic has never been of more immediate interest than today (Garriga & Melé, 2004; Hollender & Fenichell, 2004; Internet, Ejbo 1, 2005; Löhman & Steinholz, 2003). Corporations’ social responsibility has become a pressing issue of today and has gained attention and acceptance in the public and in the business communities. The topic is demanded by stakeholders to be taken seriously. A survey called the “Millennium Poll”⁵ states that “two in three citizens want companies to go beyond their historical role of making profit, paying taxes, employing people and obeying all laws; they want companies to contribute to broader societal goals.” (Internet, IBLF 1, 2005).

One reason for the increasing focus on CSR today is the demand for and possibility of *transparency* in the business community (Internet, CSRwire 1, 2004). Corporations can not undertake activities without stakeholders being aware of it. The development of information technology has made it possible for news to travel fast; online webnews, 24-hours TV broadcasting and global networks inform the stakeholders of activities in the business communities.

In the information-driven economy of the 21st century information is not only available; it is demanded by stakeholders. *Knowledge* is the source of many consumers choice that is needed

⁵ A 1999 public attitude survey conducted by ‘Environics International’ of Canada , in association with The Prince of Wales Business Leaders Forum and the Conference Board of the USA, polled 25,000 people in 23 countries in the Americas, Europe, Africa and Asia (the latter including Japan) (Internet, IBLF 1, 2005).

when the markets are expanding all over the world. *Globalization*⁶ and *deregulations*⁷ have changed the market dramatically and leave the consumers with power of choosing where and what to purchase (Internet, CSRwire 1, 2004; Löhman & Steinholz, 2003). The common market of Europe is a current example of the changes that consumers have met; EU has opened the borders and changed the structure of the market.

The public sector in Sweden has traditionally been the largest among the OECD⁸ countries, but in the '90s the sector started to decrease (Löhman & Steinholz, 2003). Still being large compared to other countries in Europe, the Swedish public sector is losing importance and influence in favour to the businesses and corporations. Increasing influence could also mean increasing responsibility which is proven by the awareness and attendance of the consumers and other stakeholders.

CSR has an increased importance today because of the transparency and information requirements from customers as a result of shift of power from the political and public sector to corporations.

4.4 Examples of CSR work in corporations

According to Löhman & Steinholz (2003) a successful CSR approach must be managed at the top management level in a corporation. The question must be proved to be taken seriously by letting the management express the responsibilities. It is crucial that the management are able to articulate the company's commitment and strategies to the employees (Internet, CSRwire 3, 2005). CSR is not about donating money to charity; it is about actively understanding and working with the impact the corporation have on the surrounded environment.

It is common that companies with an active CSR approach have a Code of Conduct (Löhman & Steinholz, 2003; Ruggie, 2002; Young & Welford, 2003). A Swedish study states that every fifth company has some kind of written ethical code (Brytting, 1998, p. 78). A Code of Conduct is a document describing the company's responsibilities and how to deal with these responsibilities. The code is an uncompromised demand of the company's employees to follow the code which is usually stated by top management and board of the company. A company can also work with other guides; expressed values, visions and missions to state the attitude toward responsibilities of the company. No matter which method the company chooses to work with, the expressed intentions are the fundamental base of the company's attitude and will form policies and activities that have to be monitored and followed up.

Companies that work with CSR usually present their activities and results in an annual Sustainability Report (Löhman & Steinholz, 2003). The report usually contains results regarding financial, social and environmental fields. The policies and approaches of the company, such as a Code of Conduct, is also commonly presented in the Sustainability Report.

⁶ Globalization is defined as when an organization extends its activities to other parts of the world, actively participates in other markets, and competes against organizations located in other countries (McShane and Von Glinow, 2003, p. 8).

⁷ A deregulated market means that it is no longer controlled by the national or local government. An example is the market of telecom services in Sweden that earlier was locked by the government as a monopoly. Today the market is opened for competition and many companies are active in the market.

⁸ The Organization for Economic Co-operation and Development groups 30 member countries sharing a commitment to democratic government and the market economy (Internet, OECD 1, 2004).

There are many different ways of working with CSR in an organization. A corporation can deal with the responsibility within the frames of the company's core activities; working with environmental friendly materials and practicing fair working conditions for the employees (personal message, Johansson, 2004). Another way of working with CSR is to step outside the corporation and engage the organization in activities outside the core activities. This is usually made by sponsoring different charity activities. This way of working with different charity initiatives is called cause branding and means that a company supports a cause aiming to position itself to stand out among its competitors (Internet, CSRwire 3, 2005).

5 Introducing the Construction Sector in Sweden & Skanska

The following chapter gives a brief introduction to the construction sector in Sweden. The purpose is to give the reader an understanding of the challenges the sector is faced with. The chapter also includes a presentation of the Skanska corporation.

5.1 The construction sector in Sweden

As in many other countries, the construction sector in Sweden has suffered from doubtful reputation. Tax cheating, illegal employments, environmental damage, quality carelessness and corruption are examples of claimed situations. In an article from 2005, a working CEO of a smaller construction company in Sweden, claims that the black sector within the construction sector is huge and that the honest companies are having a very tough competitive situation at the market (Hoffman, 2005). Another article in the daily press from 2002 describes how the faulty tax payments are increasing tremendously in the industry and how the responsible persons, according to labour union, choose to neglect the problem (Internet, DN 1, 2004). Another repeating problem is the low construction quality resulting in, for example, moisture and mold in buildings that are described in an article from 2004 (Internet, SvD 1, 2004).

The Swedish construction sector suffered a severe economical crisis during the '90s due to the collapse in the real estate and housing investment (Internet, BI 1, 2004). The statistics of the sector from the 90es shows a serious decrease. The total net turnover in the sector in 1991 was 159 billion SEK and in 1992 127 billion SEK. The lowest turnover was 1998; 98 billion SEK (Internet, BI 2, 2004). The sector slowly recovered and today there is a gentle optimism, the forecasts predict that the recession in the industry is over and growth is to be expected in 2004 and 2005 (Internet, BI 3, 2004).

The sector has faced (and still does) a lot of challenges. The Swedish branch federation, Sveriges Byggindustrier (BI), which represents 2500 construction companies, works with a number of expressed goals and prioritized areas to stabilize the growth of the sector. In 2003 the conference of BI decided to prioritize, among other areas, the development of construction companies and the reputation of the sector (Internet, BI 4, 2004). The explicit goal was described to be:

“The objective is that the Construction Sector should be regarded to be serious and competent.”(Internet, BI 4, 2004, authors translation from Swedish).

The goal is expressed to acknowledge the challenge for the sector. In order to reach this goal a number of strategies were formulated. Increasing participation in the debates in the society, preventing illegal labour, showing an exciting and responsible industry and establishing the ethical rules as a norm in the whole industry are the new startegies to gain better reputation (Ibid). The ethical rules, stated in 1996, are aimed at a conduct by the members of the organization that makes the construction sector to be a respected part of the Swedish business community (Internet, BI 5, 2004).

As mentioned above, BI represents 2500 construction companies which are most of the companies in the sector. The sizes of the companies vary considerably, only six companies

have more than 1000 employees and a turnover at 2 billion SEK or more according to statistics from 2002 (Internet, BI 6, 2004). The three biggest companies are well-known to the Swedish public; Skanska Sverige, PEAB and NCC. Skanska Sverige has approximately 15.000 employees and the turnover in 2002 was 25 billions SEK which makes Skanska to be ranked as the biggest construction company in Sweden (Ibid).

5.2 The history of the Skanska corporation

The history of Skanska AB is over 100 years old. The company was originally named AB Skånska Cementgjuteriet and was founded in 1887 in Sweden (Internet, Skanska 2, 2004). From the beginning the main activity was to manufacture cement, but soon the activities diversified and Skanska became a growing construction company. Through the years Skanska has been a part of the development of Swedish infrastructure and the activities goes far beyond the starting point of concrete production in the late 19th century. Constructing the first asphalt-paved road in Sweden in 1927 is one of the milestones in the history of Skanska and another wellknown construction project was building Öresundsbron, the bridge between Denmark and Sweden, in 1995.

5.3 Skanska AB today

Today, Skanska has a global reach and is active in nine home markets; Sweden, the US, UK, Denmark, Finland, Norway, Poland, the Czech Republic and Argentina (Internet, Skanska 3, 2004). The Group’s largest market is the US market answering for 34 percent of 2003 sales (Skanska A, 2004). The head office is located in Solna, close to Stockholm, Sweden. The organizational structure is highly decetralized; around 50 people are working with the CEO, Stuart Graham, at the head office, but in total the Skanska Group has over 60.000 employees working in 15 different business units all over the world (Ibid, pp. 6-23). Figure 12 below shows an organizational chart of the Skanska Group.

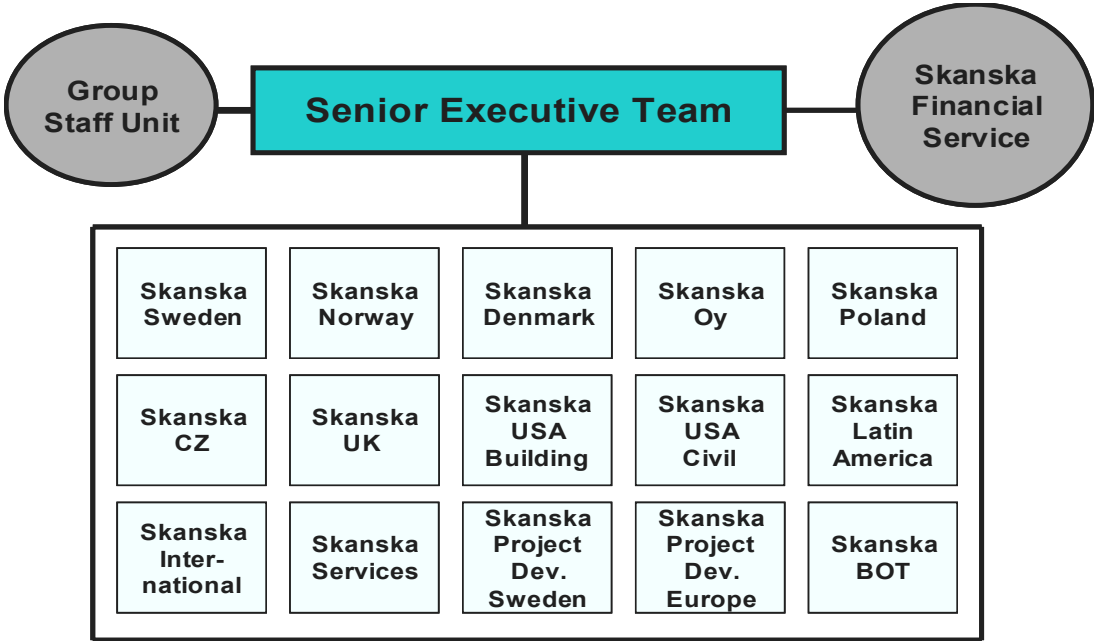


Figure 12. Organizational Chart of the Skanska Corporation (own version according to information in annual report, Skanska A, 2004, p. 6).

Being one of the largest construction corporation in the world, the turnover of Skanska 2003 was SEK 133 billion (Skanska A, 2004, p.1). Anually, Skanska is active at over 10.000 project sites around the world (Ibid). The operations are aimed at satisfying people's need for housing, work environments and communication opportunities. The expressed mission of Skanska is described to be:

“To develop, build and maintain the physical environment for living, traveling and working,” (Internet, Skanska 4, 2004; Skanska A, 2004, p.4).

Skanska offers to be active in the whole value circle, from building service contracts to assuming total responsibility for identifying and solving the customers' long-term needs of construction-related services (Internet, Skanska 5, 2004).

Skanska has suffered from many crisis through the years. The environmental scandal of Hallandsåsen in 1997 and the revealing of the extensive asphalt cartell in 2001 are two cases that have attracted public attention. They have been presented in papers and debated a lot, especially in media. But, Skanska has also managed to earn positive attention; in 2003 they were ranked as the most admired company at the Fortune 500 Global⁹ list in the engineering and construction class (Skanska, 2003; Skanska B, 2004). They received maximum credits for “Innovativeness, Use of corporate assets, Social responsibility, Quality of management and Globalness” and scored high in the ”Employee talent” item (Skanska, 2003, p.13).

5.4 Corporate communication at Skanska AB

In the highly decentralized Skanska organization with 15 business units all over the world and with 60.000 employees, communication is managed both locally and regionally (personal message, Gimbe, Krusell and Wenner, 2004). External and internal communication are managed from the head office as well as the different business units.

At the head office in Stockholm 9 people are working with information and communication (Ibid.). The information is often strategy related and corporation overall oriented. Questions of ethics are also managed from the head office. Most of the communication is aimed at the shareholders and the stock market and the information is highly focused on business press. Corporate communication publish an internal magazine; *Worldwide*, but otherwise internal communication is mainly locally managed from each business unit.

External communication is often handled through press releases. At corporate level Skanska sends out two to three press releases per week, while Skanska Sverige approximately sends out one per week. The press releases rarely have a consumer approach since they mainly are aimed for shareholders and the financial target market.

According to representatives from Skanska working within the communication field (personal message, Gimbe, Krusell and Wenner, 2004) it is a challenge to make the communication, both internal and external, concruous in an organization of Skanska's size. It depends on the nature and purpose of the information, but what is communicated from corporate level is always integrated and dealt with in common corporate discussions of strategies and business

⁹ *The Fortune Magazine*, considered being one of the first business journal in America, has been ranking the most profitable and powerful companies in the United States for 45 years. Today they also publish a global list, Fortune 500 Global, with companies from around the world (Internet, Fortune Magazine 1, 2004).

in order to reach all business units. The target groups of communication from Skanska are seen as being the traditional stakeholders; employees, the financial market, costumers, competitors, the industry, suppliers, decision makers, politicians and potential employees.

6 CSR at Skanska

This chapter guides the reader through the CSR work at Skanska. The chapter begins with a part about the background and organization around sustainability issues and follows with a part about Skanska's view of incentives to work with CSR. The chapter continues by describing CSR measures and activities and how CSR is communicated by Skanska. The last part of the chapter describes a CSR-related news story that has put Skanska in the focus of the media.

6.1 Sustainability

Being a company in a sector faced with many CSR-related problems and with a corporate history of bad publicity Skanska has been forced to take the questions of responsibility seriously. Since 2002 Skanska has published a Sustainability Report and has taken action in many CSR-related ways (Skanska, 2003; Skanska B, 2004).

Skanska prefers to work with the notion of "sustainability" instead of "corporate social responsibility" (personal message, Wenblad, 2004). The attempt is to consequently use "sustainability" or "sustainable development" since CSR has a bigger risk of being interpreted and perceived in different ways. The concept can be confusing rather than clarifying. The definition of sustainability is referred to as in the UN report "Our Common Future" from 1987 (Brundtland, 1987) and Skanska has interpreted the meaning of sustainability with three fundamental aspects; economic development, social aspect and environmental aspect (personal message, Wenblad, 2004). In their Sustainability Report from 2003 they state that sustainability means that they incorporate social and environmental aspects in their decision-making process and work practices. In the same report the CEO Stuart Graham states:

"At Skanska we work hard to balance our aims to be a company that has solid financial earnings while safeguarding a social and environmental performance that provides a platform for us to prosper for many generations to come" (Skanska B, 2004, p. 2).

The statement gives a clear picture of the aim of combining the three fundamental aspects of CSR and the Triple Bottom Line; economic, social and environmental.

The sustainability issues are coordinated from a specific sustainability unit at the head office in Sweden (personal message, Wenblad, 2004). The unit consists of two persons. It is important to remember that the organization is highly decentralized and that a lot of active measurements are meant to be taken in the different business units. The sustainability unit at the head office reports directly to the Senior Executive Team.

6.1.1 Short retrospect of sustainability issues at Skanska

The awareness of sustainability issues at Skanska was raised during the environmental crisis of Hallandsåsen¹⁰ in 1997 (personal message, Wenblad, 2004). According to additional information from representatives of Skanska (personal message, Gimbe, Krusell & Wenner, 2004) there were also internal discussions in 1997 about ethical behaviour due to suspected

¹⁰ Skanska was involved in the toxic scandal in 1997 at Hallandsåsen in south-western part of Sweden. Skanska was responsible for the tunnel construction through Hallandsåsen and used, what was later proved to be highly health damaging, the material Rhoca-Gil (Internet, SVT 1, 2005).

cartel activities which resulted in an ethical statement from top management. It was communicated that no participation in any illegal activities were to be accepted. This was a clear standpoint, but it was not distributed by any formal decision; this was a verbal commitment and instruction from the management to the employees of Skanska.

In 1999, the first obvious and formal CSR-related decision at Skanska was taken; a unit dealing with sustainability issues at the main office was established. It was first named environmental unit since most activities circulated among environmental issues (personal message, Wenblad, 2004). Awareness of the other aspects than solely the environmental started to evolve and in 2000 a closer look was taken at other worldwide corporations, such as Shell and their CSR work. This was also the year when the Code of Conduct of Skanska was developed and formulated. In 2001 the environmental unit was renamed as the sustainability unit and in 2002 the first Sustainability Report was presented. In Table 1, a short retrospect is shown where the major CSR milestones derived from formal decisions at Skanska are presented.

Table 1. The major CSR milestones at Skanska

1999	- Environmental Unit.
2001	- Environmental Unit renamed Sustainability Unit. - Code of Conduct is presented.
2002	- The first Sustainability Report is presented.

More CSR-related occurrences and activities, not only derived from decisions within the Skanska organization, will be presented further on in the chapter.

6.1.2. Why is sustainability important for Skanska?

The question above is asked in the Skanska Sustainability Report from 2003. According to representatives from Skanska and the Sustainability Report Skanska has incorporated the notion of sustainability into their business for three key reasons; strengthening the brand, risk management and for the sake of their current and future employees (personal message, Wenblad, 2004; Skanska B, 2004). Sustainability work is regarded to be highly connected to minimizing the risks of a corporation’s activities. By having a high awareness approach to responsibility questions the corporation will avoid to find itself in troublesome situations. Following sentence is to be found in the Sustainability Report:

“It is just plain good business to minimize and manage risks” (Skanska B, 2004, p. 1).

As an example of successful risk management there is the case of Skanska in Latin America (personal message, Wenblad, 2004). The construction industry in Latin America does not have a good reputation and it has had major crisis, but Skanska has by sound and focused risk management succeeded in staying on the market. The company has been forced to leave and deliberately refuse business and they have even left the industry branch organization, but they are still active on the market and have succeeded in avoiding ethical dilemmas.

6.2 The Skanska Code of Conduct

The Code of Conduct was finalized in 2001 and published in 2002 in the first Sustainability Report. The Code of Conduct is introduced with the following statement:

“ Skanska adopted a corporate Code of Conduct in February 2002 to determine and confirm our performance related to employee relations, business integrity, human rights, the environment and stakeholder relations” (Skanska B, 2004, p. 6).

The Skanska Code of Conduct is a document that reflects and refers to a number of international conventions and agreements (Skanska, 2003). These international conventions are for example made by the UN, the International Labor Organization (ILO), OECD and the International Federation of Building and Wood Workers (IFBWW). The document was developed in a process where all business units contributed and participated.

The Code of Conduct has four different parts; General Principles, Employee Relations, Business Ethics and Environment (Skanska 2003, p. 6). In the first part, General Principles, the responsibilities of Skanska are explained. The responsibilities include responsibility toward countries, communities, environments, employees, business partners and society in general.

The part about Employee Relations describes that a strong and consistent relationship to all employees is of vital concern to the company. This relationship should be built on mutual respect and dignity. In the third part, Business Ethics, it is stated that Skanska is committed to avoiding practices like corruption, bribery and unfair anti-competitive actions distort markets and hamper economic, social and democratic development.

The last part which is dealing with environment includes statements that state that Skanska is committed to preventing and continually minimizing adverse environmental impact and to conserving resources. For example, Skanska does not engage in activities that have unacceptable environmental and social risks and aim to identify such risks as early as possible.

6.2.1 Implementation of Code of Conduct and sustainability issues

Implementing the Code of Conduct is an uncompromised measure in the corporation according to CEO Stuart Graham (personal message, Wenblad, 2004). The continued implementation is divided into three main elements; a Compliance Guideline document for the employees, training and monitoring/follow-up activities (Skanska B, 2004). The purpose of the guideline is to support the business units in their implementation work. The document is providing the employees with additional practical information regarding the Code of Conduct and is establishing responsibilities. The Compliance Guidelines has been distributed among the top 250 managers in the Group together with a personal note from the CEO. The guideline document is also available to all employees via the business units and at the intranet of Skanska.

According to the second implementation element, several business units have held training seminars for employees. During the spring of 2003, the Skanska business unit in Sweden held a training program in business ethics with focus on competition regulation, applicable laws

related to bribery and corruption and the guidelines specified by the Code of Conduct (personal message, Wenblad, 2004; Skanska B, 2004). Approximately 2,500 employees at management level or in customer-/suppliers related positions participated. The training consisted of one day, when the first half of the day was an Internet based exercise where the employees learnt about laws and legislation. During the second half of the day a discussion was held where the employees got a more practical view of the issue. The training resulted in an agreement between the employee and the employer. In the agreement the employee assured three following things;

- to have taken part in the ethical training
- to follow the Code of Conduct
- to raise an ethical dilemma with the supervisor if and when it occurs

Raising an ethical dilemma means that the employee is obliged to talk to the closest manager in cases of unclear ethical situations, and if the problem can not be solved at this level it is supposed to be brought up on an higher level (personal message, Wenblad, 2004).

During 2004, the intention was to let the remaining employees at Skanska Sweden, over 10,000 employees, participate in a training program (Skanska B, 2004, p. 7). The massive training project is initiated, but not yet completely carried out (personal message, Wenblad, 2005).

The third implementation element, monitoring and following-up activities is carried out in the organization in different ways. One example is the “early warning system” that Skanska is working with (personal message, Wenblad, 2005). This refers to a routine where an employee must be provided with the possibility to react to violation of the Code of Conduct. The employee is called to be a “whistle blower” and can be anonymous if she or he wishes. At a business level a monitoring system is developed (Skanska B, 2004). An annual reporting mechanism is developed to evaluate the implementation and track performance. The Code of Conduct activities are therefore reported by each business unit president directly to the Senior Executive Team.

6.3 Other CSR-related activities

There are a large number of activities and measures related to sustainability presented in the Skanska Sustainability Report from 2003. One example is the issue of energy efficiency which should be a key issue for the construction sector since a sizeable percentage of energy use is derived from buildings and their utilization (Skanska B, 2004, p. 18). By using the right technology and developing efficient energy systems, the construction sector can contribute to environmental friendly energy consumption. Skanska Finland has been involved in a residential project, called Ekoviiki, where the aim is to build more energy efficient houses compared to conventional houses. Solar energy, heat recovery and innovative ventilation systems are some examples of new techniques used in the project to make the energy usage as efficient as possible (Ibid).

Skanska is engaged in a number of national and international collaboration projects outside the corporations walls within the CSR field. The Swedish Standard Institute, SIS, is an organization working for Swedish companies, organizations and authorities on a European and global basis (Internet, SIS 1, 2005). The aim of SIS is to keep up and take part on Sweden’s behalf in the international work in the standardization field. One ongoing project is

called Social Responsibility (Internet, SIS 2, 2005). The project has 40 member organizations, where Skanska and the Foreign Ministry are two examples of participating members. The purpose of the project is to facilitate and guide companies' work within the social field and to increase the possibilities to make comparisons between companies and organizations.

6.4 Communication of CSR

There are different receivers to reach with information about a company's CSR work. The approach at Skanska is that the best way to communicate their sustainability work to the public is when a third part tells about it, that way it is regarded as more objective and trustworthy information (personal message, Wenblad, 2004). Another approach is also that the more you inform about CSR topics the greater the expectations raised around the company will be. The communication of CSR must be well considered (personal message, Gimbe, Krusell and Wenner, 2004).

Companies rarely go out to the press and tell about their activities within the CSR field, Skanska is seldom taking the initiative to make articles about their CSR work in the press. One example of Skanska and social responsibility, communicated by a third part, was an article published in the daily press in 2004 (Stenberg, 2004). The journalist made an interview with the national ombudsman against ethnical discrimination and Skanska was mentioned several times as an excellent example of a company that works actively against ethnical discrimination. Even representatives from Skanska was surprised about the article, the journalist had troubles finding someone that could make a comment about the positive statements in the article.

Skanska has published an sustainability report since 2002 (Skanska 2003; Skanska B, 2004). The cover of the report from the 2002 is shown in Figure 13. The reports contain general information about sustainability and why Skanska is working with the questions. The reports also contain the Code of Conduct and a number of examples from the organization where CSR-related performances have been carried out successfully. The reports are divided into three parts; economic performance, social performance and environmental performance.



Figur 13. Cover of Sustainability Report 2002 (Internet, Skanska 6, 2005)

Through the homepage, Skanska is communicating CSR-related activities. In the main menu at the first page there is a "Sustainability"-link as an option (Internet, Skanska 1, 2005).

From the Sustainability page the reader can find the Code of Conduct and other policies and strategies, the Sustainability Reports, Focus Areas and ongoing projects. There is also an archive with news, both from the press and press releases, within the sustainability area.

The first page contains information of different kind; financial news and links to different corporate areas (Internet, Skanska 1, 2005). But Skanska is also using the first page to communicate CSR issues. In January 2005 there was information about work safety project; "Aiming for zero accidents" is the headline of the text that follows at the homepage:

"An injury-free workplace - that's the goal when Skanska intensifies its focus on safety. With a new Safety Strategy Skanska aims to become the world leader in safety performance" (Internet, Skanska 1, 2005).

Another way of sending the message of CSR-related activities at Skanska is when the company participate in different national or international initiatives in the CSR field (personal message, Wennblad, 2004). For example representatives from the company can attend different industry related occasions such as conferences about sustainability topics. In the Sustainability Report from 2003, CEO Stuart Graham writes in the CEO statement that Skanska is pushing the international agenda on sustainability issues. The sector is said to have a questionable reputation regarding business ethics and Skanska are determined to set a good example by participating in the development of the “Business Principles for Countering Bribery in the Engineering & Construction Industry”, an initiative presented at the World Economic Forum¹¹ in Davos 2004. Supporting the UN’s Global Compact and aiming to move the agenda forward on corporate performance related to human rights, labor rights and environment as well as being active in contributing in developing a tenth principle is another example of communicating an active CSR approach of Skanska.

The Code of Conduct has already been mentioned and is available via the homepage. Skanska intend to communicate their intentions and the content of the Code of Conduct to clients and subcontractors on a routine basis (Skanska B, 2004). In 2003, around 7300 suppliers and subcontractors were informed about the Code of Conduct. The document has been translated into the languages of Skanska’s home markets to make the document available for as many stakeholders as possible.

6.5 CSR-related news in the press

A large corporation, such as Skanska, is checked by media on a regular basis and it has been exposed of negative publicity at a number of occasions. This part of the chapter will describe one CSR-related news that made Skanska appear frequently in the press. In 2001 an asphalt cartel was revealed in Sweden and Skanska was involved. Being involved in anti-competitive activities is not only illegal, but also a violation of sound ethical behaviour since the company’s customers are being deceived. Therefore the revealing of the asphalt cartel is described as an CSR-related news.

The legal case of the asphalt cartel is currently still running and since 2001 Skanska’s name has figured several times in media regarding the suspicions of anti-competitive activities in the asphalt sector.

6.5.1 Short history of the cartel and the beginning of the exposure of Skanska

In March 2001, seven former employees at NCC¹², a competitor to Skanska, filed a report to the police about illegal activities at NCC (Flores, 2003). They could inform about anti-competitive behaviour between different actors in the asphalt sector. This meant that companies participating in the activities decided upon offers in advance and the price levels became as high as the companies liked. Early in the morning 24th of October, 2001, the

¹⁰ The World Economic Forum is an independent international organization committed to improving the state of the world. The Forum provides a collaborative framework for the world’s leaders to address global issues, engaging particularly its corporate members in global citizen ship (Internet, World Economic Forum 1, 2005)

¹² NCC is one of the bigger construction companies in the Nordic region. The Group has 24.000 employees and the annual sale of 2003 was SEK 45 billion (Internet, NCC 1, 2005).

Swedish Competition Authority¹³ (Konkurrensverket) visited, without announcements, nine companies in the asphalt sector (Sunesson, 2001). Skanska was one of the investigated companies and the authority was looking for documents, e-mails and other proof of participation in anti-competitive activities. This was the start of the largest cartel case in Sweden.

6.5.2 The communication of the cartel in the press and from Skanska

The first articles about the asphalt cartel was published 25th of October 2001 in the major Swedish morning papers (Kamp, 2001-10-25; Sunesson, 2001-10-25), the day after the Swedish Competition Authority's investigation started. A number of large Swedish construction companies were mentioned to be involved, among others NCC, Skanska and Peab. The Swedish Competition Authority based their suspicions on the story told by the former NCC employees and the police report they had filed. The articles described how the involved companies made agreements in advance about the asphalt market and their customers. All companies denied participation in any form of anti-competitive activities according to the articles.

The next year, in the beginning of February in 2002, NCC admitted their participation in the cartel and they fired a number of employees at management level. This was published in an article (Flores, 2002-02-01) and Skanska was mentioned as one of the companies, that on the contrary, denied participation. It was also written in the article about Skanska's initiative to make their own internal investigation to get clarity in the accusations against the company. In another business paper an article was published the same day about Skanska's denial of participation and representatives from the company stated that no clear connection to illegal activities has been revealed at Skanska (Jonsson, 2002-02-01).

On February 8 Skanska published a press release with comments on the ongoing investigation by the Swedish Competition Authority and their own internal investigation supervised by highly respected independent law firms. They stated the following:

“With regard to the investigation in Sweden, neither Skanska nor the law firm have to date found anything to confirm the Competition Authority's suspicions regarding anti-competitive activities” (Skanska Press Release, 2002-02-08).

The rest of the month several articles about the cartel were published in the morning press (Andersson & Fels, 2002-02-08; Flores 2002-02-15; Sunesson 2002-02-20). NCC's internal report could tell about a “subculture” within the sector where it more or less was custom to cooperate with your competitors and Skanska was mentioned as one of the partners. Skanska's name figured in the articles and the charge against Skanska got stronger. Details of Skanska's participation were published and the atmosphere in media was critical.

“NCC's report is describing a subculture and identifies Skanska as partner in the cartel tango – yet Skanska's own internal investigation seems to have difficulties to find the people within the company that are said to be involved in cartel activities,” (Flores, 2002-02-15, authors translation from Swedish).

¹³ The Swedish Competition Authority is a state authority working to safeguard and increase competition in Sweden. The goal of Swedish competition policy is effective competition and well functioning markets in favour of the consumers (Internet, The Swedish Competition Authority 1, 2005).

“The asphalt cartel is growing. Anders Gerde, leading the Competition Authority’s investigation, informed yesterday that another company has confessed to be a part of the cartel. He doesn’t want to name the company, but it is not Skanska. [...] –The suspicions against Skanska are still remaining, says Anders Gerde.” (Sunesson, 2002-02-20, authors translation from Swedish)

Despite the accusations in the media, Skanska continued to deny and referred to their own investigation. In April they made a new press release where they said that no illegal collaboration could be confirmed:

“It is reassuring that Mannheimer Swartling’s¹⁴ investigation shows that the Competition Authority’s suspicions of collusion in illegal collaboration cannot be confirmed,” (Skanska Press Release, 2002-04-22).

During the spring and the summer 2002 more articles are written about the suspicions of Skanska’s involvement in the cartel (Ahnland, 2002-04-23; Sunesson, 2002-05-10; Sunesson, 2002-05-22; Sunesson, 2002-05-23).

In late fall 2002, the turning-point of Skanska’s approach came when the company admitted involvement. The 29th of October in 2002 an article was published where Skanska confessed their participation in the asphalt cartel (Goksör, 2002-10-29). One employee had admitted collaboration with other companies in the asphalt field. In later articles more employees at Skanska were said to be identified as part of the cartel and later on in 2003 Skanska was going to be sued for SEK 664 millions, the highest penalty for the involved companies (Anonymous, 2003-03-11; Flores, 2003-03-22; Sunesson, 2003-03-11).

6.5.3 Skanska’s comment on the communication of the asphalt cartel

Since Skanska had no identified suspects among employees, unlike NCC, they choose not to admit participation in cartel activities (personal message, Gimbe, Krusell & Wenner, 2004; Johansson 2004). The strategy was not to convict anyone before there was obvious evidence of participation in the cartel. They chose to await results from the internal investigations before putting any employees on the line of guilty.

A lot of energy was taken to handle the media and the aim was to be as synchronized as possible from the head office and from Skanska Sverige (personal message, Gimbe, Krusell & Wenner, 2004). The same people made statements in the press and press releases were sent out from both the main office and Skanska Sverige. The CEOs of Skanska AB and Skanska Sverige made statements about the present and the future situations and the press officer and the legal expertise managed question of history and legal matters (personal message, Johansson, 2004).

The strategy was to prioritize the media that showed the most interest in the current case, but also in Skanska as a company. Some ten media actors, all major newspapers and TV stations in Sweden, showed interest in Skanska and these ten major media actors were given the best possible service (personal message, Johansson, 2004). Skanska attempted to give them the input they needed to get a clear and fair picture of the situation.

¹⁴ Mannheimer Swartling is one of Sweden’s largest law firms.

During the most intense time from fall 2001 and one year ahead representatives of Skanska made sure in interviews and other possible situations to be quoted to make statements about ethical principles. Former CEO Claes Björk said in one article that Skanska has ethical principles and to participate in any anti-competitive activities is not in accordance to them (Flores, 2002-02-15). He also stated that Skanska has a Code of Conduct that they are trying to work according to. In the press releases (Skanska, 2002-02-08; 2002-04-22) they informed that:

“We will continue strenuous our efforts within the Group to actively distance ourselves from operations that hinder free competition and to limit the risk for individuals participating in or being suspected of competition-limiting actions in the future”

7 Analysis and Discussion

This chapter aims to address the research questions stated in chapter one, based on the theoretical framework and the empirical data which is presented in chapter four to six. The research questions are presented in the following parts:

- What does CSR mean for a corporation and what are the incentives to work with CSR? (7.1)
- How does CSR work develop in a large organization? (7.2)
- How does a corporation communicate an active CSR approach? (7.3)
- How does a CSR-related news story appear in media? (7.4)

The first question is asked with a general approach, the discussion is based on the empirical background of CSR in chapter four and on the theoretical examination in chapter three. The following three questions are applied on the theories and the empirical material presented in chapter five and six. The discussion is aimed to have more depth and is focused on the chosen case of Skanska.

The following part of the chapter discuss the connection between the theories and the empirical background. It is focused on what CSR means for a large corporation and the incentives to work with CSR.

7.1 CSR and incentives in corporations

A company must reach insight about not being a lonely actor in order to work successfully with CSR matters. The theories about a company's micro- and macroenvironment prove that a company interacts with the surrounded environment and with related actors (Kotler, 2000). Acknowledging the different groups of actors that have some kind of interests in the company, inside and outside the organization, as *stakeholders* (Deetz, 1995; Kotler, 2000) is an important step towards understanding CSR. This is an aspect that also Garriga and Melé (2004) stresses in their article *Corporate Social Responsibility Theories: Mapping the Territory*. Maignan and Ferrell (2004) writes that CSR represents the duty to meet stakeholders norms defining desirable business behaviour. The definition made by EU is stressing the same; CSR means that companies integrate social and environmental concerns in their business operations and in their interaction with their *stakeholders* on a voluntary basis.

The discussion above shows that the understanding of the stakeholder concept is central in a successful CSR management. Companies must be prepared to acknowledge more groups in the society as their related actors. Customers are traditionally seen as one of the most important group of stakeholders and it is true that customers are a group of actors that has the power to affect a company dramatically. But they are not the only stakeholders that can turn the back to a company with poor or undesirable CSR attitude; suppliers, distributors, shareholders and employees are all examples of stakeholders that can make an immediate effect on a company with a bad reputation. Environmental organizations, politicians, public debate forums and media are examples of stakeholders that can affect a company in a longer perspective. Maignan and Ferrell (2004) purpose in their study that marketers can contribute to the successful management of CSR by expanding the focus beyond customers and to include other stakeholders. So the picture of stakeholders is getting more colorful and with new angels. Expanding the model of external and internal stakeholders (Figure 6, p. 12)

should be a welcomed challenge for every company with an ambition to have an active CSR approach.

Due to the increasing transparency and information availability of today (Internet, CSRwire 1, 2004) companies can not afford to ignore or mistreat the groups of actors they have defined as their stakeholders. Questions of quality and causes of business performance are becoming more and more important for customers in their purchase choices (Arnold, 1993). Many customers make the choice *not* to buy if they know that the low price of a product is due to unethical business conduct, like child labour in factories. The awareness of CSR-related issues is getting more common in society and the issues are being discussed among stakeholders. The construction sector in Sweden is no exception, the awareness of the conduct of the sector is rising. The sector has suffered from a very bad reputation and is constantly trying to gain a better reputation and image. The branch federation, BI, has even expressed its goals as to be regarded as a serious and competent part of the Swedish business community (Internet, BI 4, 2004).

Increasing awareness about the way a company carries out its business operations is a way of building a strong brand, but it is also a source of vulnerability for the company. Successful brand management is no longer only about marketing a company's products by making commercials and advertisement; other values has become important to positioning a company and to gain a good reputation. *Intergrated communication* is an expression that means that customers and other stakeholders are informed by *everything* a company does; *all* activities communicate (Arnold, 1993; Löhman & Steinholz, 2003). Annual reports, business cards, the way the switchboard answers the phone, management bonus wages and the whole corporate culture are many examples showing that the total conduct of a company is crucial in creating the image of the company.

A lot of the activities carried out in a company are based on values and this is what connect branding and CSR (Löhman & Steinholz, 2003). Customers with certain values seek for companies and products based on the same values. Stakeholders are willing to support companies whose management and policies match their own values (Internet, CSRwire 3, 2005). But there are also critics of this aspect; Deborah Doane (2005) doubts that customers place ethics at their top of their list in purchasing decisions. She means that the price is far more interesting than ethics and that only around 5 percent of the consumers are active purchasers of "ethical products". A Swedish study (Berlin et al, 2004) focusing on the question of energy efficiency in the construction industry and with Skanska as the case company, makes a similar conclusion. The authors mean that when making marketing communication with stakeholders about investments in energy efficiency business operations, focus should primarily be on the saving and economical aspect, not on the environmental benefits.

The area regarding customers valuation of corporations' responsible conduct is clearly not studied thoroughly yet. In contrast of Deborah Doane's (2005) conclusions, a study of CSRwire (Internet, CSRwire 3, 2005) states the opposite. In their *Guide to CSR Communication* a study is presented which found that 79 percent of the respondents consider corporate citizenship or social responsibility in their decisions to purchase a company's services or products. According to the same study 61 percent consider social responsibility when making purchase decisions about a company's stock. So there are different research results regarding customers priorities between price and business conduct. It is, however,

important to remember that customers are not the only stakeholders of interest for a company which want to work actively with CSR.

In the cases when the customer chooses to value the conduct of a company higher than the price of the product, or when the price is uninteresting, its important to remember the fuction of the brand. The brand can be seen as a promise from the company to its stakeholders (personal message, Johansson 2004). A negative CSR conduct will affect the image and the brand of the company when dissapointed costumers decide to chose another supplier, with congruent values, for satisfying their needs. A sound and active CSR approach will contribute to the building of a strong and healthy brand. Therefore, an active CSR approach should be seen as an long term investment for a company.

Building a brand is a long term effort, but destroying it, by a CSR scandal for example, can happen over night. The CSR approach will effect the brand and an active CSR approach will contribute in building a strong and healthy brand. If a company want to survive in the harsh competition in a long term perspective, the short time financial goals must be balanced to the overall picture with *all* stakeholders being considered. Building a strong brand is a long term commitment and will be affected by the conduct of a company in relation to the responsibility.

7.2 Development of CSR work at Skanska

The Skanska AB Group with over 60,000 employees all over the world has many closely related actors to consider being stakeholders of the company. Based on the empirical material; examination of reports and interviews, it is fair to state that Skanska has reached insight about being an actor in the micro- and macroenvironment of the company. Representatives of the company talk about the traditional stakeholder groups; employees, the financial market, costumers, competitors, the industry, suppliers, decision makers, politicians and potential employees. Skanska is also taking an active role in national and international situations; participating in different industry related events, such as the development of the “Business Principles for Countering Bribery in the Engineering & Construction Industry”, an initiative taken by the industry presented at the World Economic Forum.

But before discussing the CSR approach of today at Skanska further, let us take a look at the development of the CSR work within the company and CSR-related occurences that has affected the development. At the next page a table is presented, which is an extended version of Table 1 presented in chapter 6.1.1. Table 2 describes the development as well as major CSR occurences at Skanska and includes unvoluntary CSR occurences in the development of CSR at Skanska, such as the toxic scandal of Hallandsåsen.

Table 2. The development and major occurrences of CSR work at Skanska

CSR HISTORY AT SKANSKA

1997	<ul style="list-style-type: none"> •The toxic scandal of Hallandsåsen! •Sustainability issues are being discussed, but with focus on the environment. •Top management are making verbal commitments about ethical issues of the company.
1999	<ul style="list-style-type: none"> •Environmental Unit is established at the main office.
2000	<ul style="list-style-type: none"> •The notion of Sustainability is expanded. •Benchmarking the CSR work at Shell.
2001	<ul style="list-style-type: none"> •Environmental unit is renamed Sustainability Unit. •Code of Conduct is presented. •The asphalt cartel is exposed!
2002	<ul style="list-style-type: none"> •The first Sustainability Report is published.
2003	<ul style="list-style-type: none"> •Ethical education of 2,500 employees.

Being a “CSR unaware company” the issue started to appear on the agenda of Skanska in late 90es in connection to the toxic scandal of Hallandsåsen. Top management talked about ethical issues, but there was nothing written and the company referred to verbal commitments.

The CSR work continued; a special unit at the main office was founded and in 2001 Skanska presented their Code of Conduct. This was also the year that the asphalt cartel was exposed and Skanska figured in media as suspects in a extensive cartel. Working with ethical behaviour by formulating an ethical code and, at the same time, figuring as a suspect in an illegal tangle is a tremendous message coalition to the stakeholders. The credibility becomes low and the reputation of Skanska was damaged. But on the other hand, maybe it was better that the Code of Conduct was presented in that year, the reputation of Skanska might have been even lower without it.

Since 2001, Skanska has worked actively with ethical matters and CSR. The construction industry has struggled with image problems and being a CSR aware construction company is a competitive advantage for Skanska. Realizing the connection between the power of the brand and the effect of CSR makes a company work responsible and Skanska is a corporation that strives to work actively with its CSR approach and activities.

Skanska have chosen to talk about sustainability issues instead of CSR and include the social, environmental and financial values in their definition of sustainability. This makes CSR and sustainability synonymous according to the definition of CSR used in this study (the European Union’s definition of CSR). Skanska’s reason not to use the expression of CSR is that it is a confusing concept. It is true that the expression does not have a universally accepted definition yet, but the expression is, however, used and defined by large

international organizations. The definitions made by, for example, the European Union and WBCSD are becoming more and more commonly used.

There are many examples of CSR-related activities within the Skanska Group and the most typical examples are the Sustainability Reports that has been published since 2002. Their Code of Conduct was developed the same year. Skanska presents the Code of Conduct and other activities in the Sustainability Reports.

Skanska works with valuebased leadership. CEO Stuart Graham is personally involved in the questions related to CSR. He comments the work in the Sustainability Reports and he has expressed clear intentions about the Skanska Code of Conduct (personal message, Wenblad, 2004). According to Löhman & Steinholz (2003) a successful CSR management must be initiated at the very top management level and be implemented in the organization by policies and guidelines. At Skanska, the CSR issues are coordinated from the main office directly under the Senior Executive Team. The business units are requested to report the implementation of the Code of Conduct to the Senior Executive Team.

7.3 Communication of CSR

According to the theories about communication a message is created by the sender and then transmitted to the receiver (Kotler, 2000; Larsson, 1997; McShane, 2003; Nitsch, 1998). In the question of communicating CSR there are some aspects of the developed communication model (Figure 8, p. 14) that must be considered.

7.3.1 The sender

First of all, the question of the sender must be dealt with. The most trustworthy way of communicating CSR is when the sender is *somebody else* than the company (personal message, Wenblad, 2004). The purpose of working with CSR might be to survive in a market where the knowledge and awareness has increased, but with an overexposed approach of an active CSR attitude stakeholders will get a misleading picture. It would be tempting to think that a company that intensively is boasting their CSR work only wants to improve their image. Successful CSR must be based on values and not on the attempt to improve figures. Therefore the communication of CSR is an issue of balance. To be ranked on international lists, mentioned in articles or awarded by non-profit organizations is the optimal way of communicating an active and serious CSR approach. Berlin et al (2004) has made the same conclusion regarding the issue of trustworthy marketing. A satisfied customer, who is communicating a positive experiences, is an example of when a third part is the most effective sender of a message.

A negative CSR message is rarely communicated with the company as the sender. The affected group of stakeholders or a third part, such as media or politicians, are the active sender of the negative CSR message. In the case of Skanska and the asphalt cartel the sender of the primary message was the Swedish Competition Authority that made the investigation. The press was the most active sender in this case, using the information from the investigations and forming a new message.

7.3.2 The message

The CSR message is another aspect to discuss. Talking about the notion of CSR and using the term corporate social responsibility is not common in the communication of a company. In internal communication and reports, such as sustainability reports, the notion might be used, but in external communication another message, or an encoded message, will transmit the message of CSR.

When a company wants to communicate positive CSR they tell about the *way* they run the business. In the case of Skanska the work safety campaign is a good example. Skanska is showing that they care about their employees' health and well-being by working actively with accident reducing measures. This is a way of showing how to take a social responsibility without talking about the expressions of CSR or sustainability.

A negative CSR message is usually expressed by a company's activities as well. When a company is getting negative attention due to a CSR-related reason the message is that the company has made a violation against ethical rules. The case of the asphalt cartel is a clear example. The message from the authorities and the press was not that Skanska has failed to be socially responsible. The message was that Skanska had deceived their customers and was making business in an unethical way. One again; it is about the *way* a company chooses to run the business.

Both a positive and a negative CSR message is encoded by the sender to a message about the activities of a company. Communication of CSR is therefore easier to understand by applying the developed communication model (Figure 8, p. 14) which considers the complex nature of the message.

7.3.3 The receiver

The stakeholders of a company must be identified in order to work actively with CSR. The same principles must be taken into consideration in communicating CSR. When the company is the sender, they must manage to reach stakeholders with information about the responsibility that has been taken. Otherwise, the stakeholders will not feel that their needs are satisfied. Like Maignan & Ferrell (2004, pp. 14-15) states; communicating CSR is about making stakeholders, or the receivers, identify themselves with the values of the company.

It is important to remember that the receiver of a message can decode the message in a way that is not intended and become a sender of the new message. This is common regarding negative CSR communication and media. Figure 14 (p. 43) in the coming part of the chapter illustrates when Skanska transmitted a message to the stakeholders and one of the stakeholders, the media, formed a new message and transmitted it to their stakeholders.

7.3.4 The communication platforms

Communicating CSR in a marketing perspective makes the question of which platform to use interesting. There are cases when advertisement has been used to communicate CSR, like the case of Shell: "Profits and Principles. Is there a choice?" (Maignan & Ferrell, 2004, p. 14). The most effective way, and the most trustworthy, is to use the public relations platform. The platform is not directly aiming to communicate with customers which indicates that the company's direct objective is not to sell and make better economical figures.

In the case of Skanska the public relation channel has been used to communicate the CSR work. Publishing sustainability reports, attending international conferences and working with other voluntary initiatives are examples of communicating through public relation. Being visible in the public debate is also a way of using the public relation channel. Skanska was mentioned in an article in a newspaper regarding positive examples of companies that work with ethical discrimination (Stenberg, 2004). Representatives from the company might have been surprised, the positive attention was not expected, but it is a valuable and trustworthy way of communicating responsibility.

7.4 A CSR scandal

The case of the suspected anti-competitive activities at Skanska regarding the asphalt market is the chosen CSR-related news story that has been examined in this study.

During an intense period in 2002 Skanska was mentioned frequently in the press and was often described as a suspect of illegal activities. Another involved company, NCC, immediately confessed their involvement in anti-competitive behaviour. In contrast to NCC, Skanska did not admit any participation until a year after the Swedish Competition Authority started their investigation. To not identify or accuse any individual at the company without certain evidence was a deliberate decision from management level, it was a deliberate strategy not to convict anyone before there was obvious evidence. But the company was also aware of the press handling the situation very “black or white”; without any official confession Skanska was going to be described and depicted as guilty.

In the situation of a sensitive CSR-related scandal, like the asphalt cartel, a company must carefully consider the message they want to communicate. Skanska attempted to communicate a responsible conduct by initiating an investigation of their own, referring to their Code of Conduct and talking about the ethical commitment made in 1997. But they did not, because they could not, comment the asphalt cartel in a concrete way. The situation was not easy for the management at Skanska. They did not have any evidence and could therefore not say too much.

The communication from Skanska was perceived as complicated by the press and the answer that was requested was too complex. The message was that it is unacceptable with activities of illegal nature, but the receivers, the press, decoded it in a different way. Looking back on the statements made of Skanska in 2001 and 2002, the communication from Skanska was too complicated for the press and the answers that the journalists requested were too complex.

This situation is an example of when an intended message is not received in the way that the sender intended. Skanska wanted to communicate a responsible approach, but the press determined Skanska to be guilty. Then the press communicated a new message to the readers which was not at all in line with what Skanska wanted to say. Figure 14 illustrates how Skanska sent a message to their stakeholders and how the press received it and sent a new message to their stakeholders, in some cases the same as Skanska’s stakeholders.

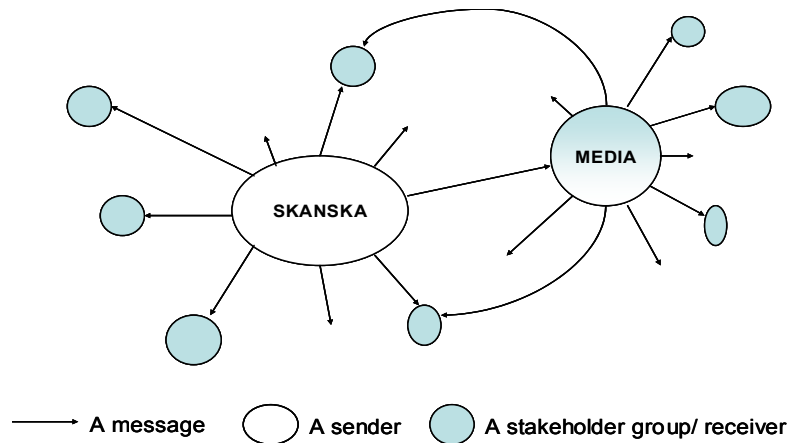


Figure 14. Picture of Skanska as the sender of a message and the media as both a sender and a receiver.

After the severe crisis of the asphalt cartel, and the negative focus in media, Skanska has continued to work actively with CSR issues to gain a better reputation. The ethical education in 2003 is an example of an active measure that has been taken by the company. The public attention of the ethical education is not to be compared with the massive attention of asphalt cartel, but there are some examples of articles written about the ethical education (Ljungdahl, 2003).

8 Conclusions

The last chapter of this study is intending to address the research question in chapter one:

The aim of this study is to investigate how corporate social responsibility work at a company is connected to communication.

Increasing transparency, information availability and the stakeholders' awareness about a company's ways to carry out its business operations make it hard for companies to ignore the responsibilities they are expected to take (Internet, CSRwire 1, 2004). *The discussion shows that a company must deal with the broadened responsibility of CSR.* Companies interact with the surrounding society (Kotler, 2000) and in order to identify a company as a piece of the puzzle the idea of CSR invites the companies to consider more stakeholders that might not be obvious in the first hand. Understanding that the CSR attitude is a source of either positive strengthening or, on the other hand, a vulnerability for the company makes the question of communication of CSR highly important. It is crucial for companies not only to develop a strong CSR approach but also to effectively communicate them as well (Internet, CSRwire 3, 2005; Maignan & Ferrell, 2004).

The construction sector in Sweden has suffered from doubtful reputation and is repeatedly in the focus of public debates. Even people from inside of the sector are openly witnessing of poor ethical conduct (Hoffman, 2005). The federal branch organization in Sweden, BI, is also giving this picture by their prioritized strategic goals (Internet, BI 4, 2004). They state that the reputation of the sector must be improved and the objective is to be regarded as a serious and competent actor in the Swedish business community. The increasing awareness of CSR should be seen as an opportunity for the sector, where all steps in the right direction will contribute to an enhanced reputation. Customers and other stakeholders expect companies to act in a responsible way and companies within the construction sector can gain competitive advantages if they understand the power of CSR.

CSR is all about how a company chooses to make business. Regarding the increasing transparency and awareness of today, an unappreciated conduct by the company will damage the brand. Building a brand is a long term effort, but destroying it, by a CSR scandal for example, can happen over night. Realizing the connection between the power of the brand and the effect of CSR should make a company to act responsibly. Communication of CSR does not only create awareness for CSR, it is also a way of creating a bond between the company and its stakeholders (Maignan and Ferrell, 2004).

At the next page is a Figure (15) that illustrates two different companies' CSR cycles. The cycle on the left shows that a company that neglect CSR will fail their CSR management and the stakeholders will, when the message reaches them, be unsatisfied. Unsatisfied customers, and other stakeholders, will lead to a weak brand and an unsuccessful business. If the company continues to neglect CSR the negative circle is continuing. On the other hand, a company that has chosen to work with CSR has a positive circle which is shown in the cycle on the right. Sound CSR leads to satisfied customers, under the condition that they know about it, and the brand will be strong. A strong brand makes the business successful and if the company maintain the sound CSR management the positive circle will continue.

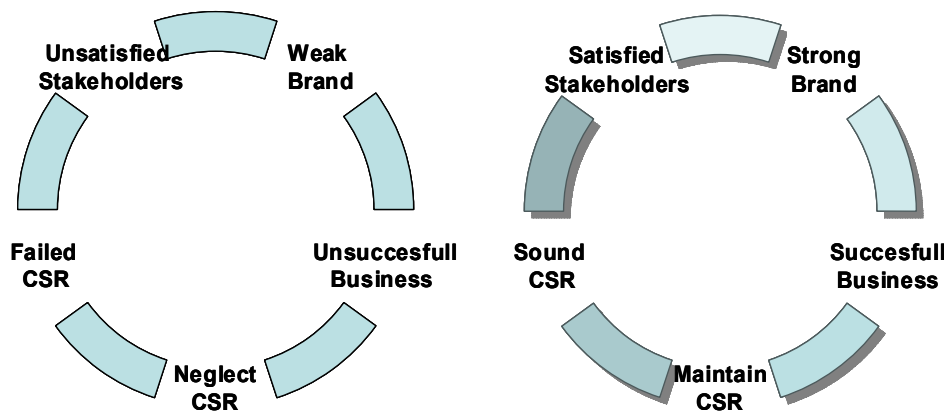


Figure 15. Figures of CSR cycles. The left cycle is illustrating a company with a neglecting attitude to CSR and the right cycle is a company with a positive CSR approach.

The CSR cycles, shown in Figure 15, are not static and a company can, at any point, change their attitude and shift cycle. A company with an unaware or neglecting attitude can by starting to work with CSR issues move into to the positive cycle. The macro- and microenvironment of a company is changing and a company with a sound CSR approach can be faced with new CSR challenges; a shift from the right cycle to the left one can also happen if a company fail to maintain an aware approach.

It is important to stress the fact that *communication* is a crucial part of the figure above. Without the stakeholders knowledge about either the failed or sound approach, the cycles are simply not valid. It is also important to stress that successful communication of CSR must be based on values and not on the attempt to improve figures. Therefore, the communication of CSR is an issue of balance.

CSR-related news, that has been in focus in the press, make companies work actively with the issue. The case of Skanska, that has faced two major CSR crisis in the recent decades, shows that focus in media leads to an active approach of CSR at a company. Negative attention is so harmful for the image of a company that a company must turn the negative criticism to something positive.

The conclusion is that an active CSR approach that is based on values and implemented from top level management will contribute to strengthening the brand of a company when it is communicated in a trustworhty way. The Swedish construction sector can gain improved reputation and image if working with CSR issues in a successful way. The study of the case company Skanska shows that negative CSR communicated by media can make the company realize that CSR must be taken seriously. The crisis at Skanska have made Skanska work actively with CSR issues and is a CSR aware company today.

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Appendix 1: Preparatory material for the interviews

CSR activities in the Skanska Corporation

- How does Skanska define CSR? Does Skanska work with the expression of CSR?
- How to define Skanska's responsibilities and who are Skanska's stakeholders?
- Where does the CSR work start in a corporation? How did the CSR work start at Skanska? Were there specific circumstances that triggered the development of CSR?
- Corporate Values?
- Is there a contradiction between the CSR perspective and profit thinking? Is it possible to be socially responsible AND make money at the same time? Are there any examples of when a conflict between the values has occurred?
- Why does Skanska work with CSR issues?
- Is the CSR work a part of branding? What is the relation between CSR and branding? Reputation? Brand Equity? Is there any example of when CSR has affected the brand of Skanska?
- Is it voluntary for a corporation to work with CSR? Has Skanska had a choice whether to work with CSR or not?
- How to measure successful CSR work/management? Examples?
- Skanska's CSR work and Sveriges Byggindustris CSR work? Connections? Cooperation within the Industry?
- CSR and Communication? Telling about active CSR approach or not? How to work with media? Does media write about positive CSR as well?
- Examples of CSR issues at Skanska? Positive/negative.

Communication at the Skanska Corporation

- Where are the communication issues located in the corporation? Different levels? How does communication work in a large decentralized organization such as Skanska?
- Which kind of information has the head office as origin?

- How do you accomplish general information communication that is congruence for a corporation of this size?
- Internal communication? External communication?
- Who are the receivers of the external communication?
- The picture of media?
- How to communicate CSR-topics?
- What is the communication strategy in a crisis situation?
- How did Skanska reason in the times of the asphalt cartel? Who was the sender of the information?

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