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Adoption of corporate social responsibility – incorporating a stakeholder perspective

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Abstract

Purpose – The aim of the present paper is to study what effect CSR has had on the practice of organizations.

Design/methodology/approach – Since the effects of CSR on practice are an understudied topic the paper adopts a single case study design and studies Swedbank. Theoretically the paper approaches the problematic from the perspective of neo institutional theory and stakeholder theory.

Findings – If CSR approaches colonize organisational practice, a fundamental shift from a shareholder strategy, to a social harmony strategy may be experienced, i.e. that the current focus on shareholder needs in contemporary organizations is balanced with the needs of other stakeholders. CSR adoption is surprisingly high at Swedbank and the paper thus argues that CSR might change the practice of organizations toward social harmony.

Research limitations/implications – The case study design does not make possible empirical generalizations. Therefore, further research should focus on generalizing the findings. Further research might also conduct case studies by using the adoption framework in other empirical settings.

Originality/value – The paper offers new insight on of the adoption of CSR in organizations and connects this issue to stakeholder theory. Additionally, framing the adoption of CSR from an institutional perspective is also novel.

Keywords Corporate social responsibility, Stakeholder analysis, Organizational culture, Banks, Sweden

Paper type Research paper

Introduction

Companies are increasingly paying attention to their core values and to the development of a sense of corporate social responsibility (CSR). Core values are used in marketing strategies (Berry, 1999) and in customer-retention management in order to create distinctive, long-lasting relationships with customers (Prahalad and Ramaswamy, 2004; Normann, 2001) and stakeholders (Pruzan, 1998; Post *et al.*, 2002). CSR can be understood as the voluntary integration of social and environmental concerns into business operations and interactions with stakeholders. Previous research has established that companies use CSR initiatives to communicate with their stakeholders, but it has failed to discuss and analyse CSR explicitly from the perspective of stakeholders (Andriof *et al.*, 2002; Post *et al.*, 2002). The present paper addresses this deficiency in the literature.

Drawing on Freeman (1984, 1994), the paper outlines two strategies regarding the adoption of CSR: the shareholder strategy and the social-harmony strategy. According to the former, which is rooted in neo-classic economic theory (Friedman, 1970), a company's only social responsibility is to increase its profits. According to the latter, it is impossible to disconnect business from ethics, and it is necessary to take all stakeholders into account (Freeman, 1994; Andriof *et al.*, 2002).

The empirical focus of the study is Swedbank, which has employed CSR for many years. Swedbank is one of the largest retail banks in Scandinavia and has its roots in the distinctive values of the Swedish savings bank tradition. The analysis examines the strategy and practices of Swedbank branches with regard to CSR. The study finds a high level of adoption in all four of the CSR activities studied, and that the adoption of CSR by Swedbank is in compliance with the social-harmony stakeholder strategy.

The paper's major contributions to existing knowledge are; firstly, that it analyses the effects of CSR on current organisational practice using an analytical framework based on neo-institutional theory and stakeholder theory. Secondly, that it employs stakeholder thinking and CSR to deconstruct the dualism between a shareholder strategy and a social-harmony strategy. Finally, a more general view is developed of CSR adoption as a proactive tool bringing value creation.

Following this introduction, the paper proceeds as follows. The most important CSR initiatives are outlined as the background to the study, followed by a conceptual analysis of the two stakeholder strategies noted above, together with a presentation of Oliver's (1991) typology of strategic responses to institutional pressures. The paper then describes the methodology, presents a case study of CSR adoption, and makes an analysis and interpretation using the interpretation model. The paper follows of a discussion and concludes with a summary of the study's contributions and suggestions regarding future research.

Background
EU Green paper
At the Lisbon meeting of the European Union (EU) in March 2000, a Green paper affirmed that the concepts of CSR are important if the EU is "... to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable growth with more and better jobs and greater social cohesion" (COM, 2001, p. 366). Through the Green paper, the EU aimed to:

- promote CSR;
- develop guidelines suited to a broader context of various international initiatives (including the United Nations' *Global Compact*, the International Labor Organization's tripartite *Declaration of Principles Concerning Multinational Enterprises and Social Policy*, and the Organization for Economic Cooperation and Development's *Guidelines for Multinational Enterprises*); and
- encourage the development of innovative practices with increased transparency, reliability, and validity.

Furthermore, it also supported approaches based on partnerships among stakeholders.

As a consequence of the growing interest in CSR, multinational companies are increasingly issuing social responsibility reports. However, the content of these reports varies – depending on the different approaches to CSR adopted by different companies. If these reports are to be useful, a global consensus will be required regarding the type of information to be disclosed, the reporting format, and the reliability of the evaluation and audit procedures. In seeking such a consensus, the EU has recognized Social Accountability 8000 (SA8000), and a verification system that draws on established business strategies for ensuring quality, e.g. those used in

ISO 9000 (COM, 2001, p. 366). On the environmental level, the Global Reporting Initiative (GRI) has been proposed as best practice (COM, 2001, p. 366).

Global Reporting Initiative
The GRI was launched in 1997 as a joint initiative between US non-governmental organisation "Coalition for Environmentally Responsible Economies" and the United Nations Environmental Program (GRI, 2002). The GRI is a long-term, international process involving multiple stakeholders for the development and dissemination of globally-accepted guidelines for sustainability reporting. It aims to encourage transparency in annual reports on the so-called "triple bottom line" (economic, social, environmental) issues of businesses (White, 1999). According to the GRI, a long-range balance between environmental and social development will be required if long-term economic development is not to be jeopardised (WCED, 1987; Elkington, 1998, 2001).

The guidelines of the GRI were established through the active involvement of representatives from accountancy, investment, environmental, human rights, and labour organisations (White, 1999). The guidelines were not supposed to govern an organization's behaviour, but to describe the outcome of adopting and applying sustainability codes, policies, and management systems. They set out basic information for inclusion in a report, but the reporting organization was also expected to make contextual adaptations to reflect its own distinctive situation. The key words of the principles are "transparency", "inclusiveness", "auditability", "completeness", "relevance", "sustainability context", "accuracy", "neutrality", "comparability", "clarity", and "timeliness" (White, 1999).

Global compact
A United Nations (UN) initiative, the "Global Compact", was launched in 2000 to bring companies together with UN agencies, labour, and civil society to support ten principles in the areas of human rights, labour and the environment, and anti-corruption. The Global Compact and the GRI are two distinct CSR initiatives; however, with a view to gaining global acceptance and improving corporate involvement in sustainable development, they have joined forces (GRI, 2003).

The Global Compact is a voluntary corporate citizenship initiative that aims to mainstream its ten principles (on human rights, labour standards, the environment, and anti-corruption) in business activities around the world and to catalyse actions in support of the goals of the UN. The Global Compact does not enforce behaviours and actions; rather, it relies on public accountability, transparency, and the enlightened self-interest of companies, labour, and civil society in order to pursue its principles.

In the context of the present study, it should be noted that the GRI and the Global Compact have had a major influence on Swedbank in its adoption of CSR.

Conceptual framework
Two stakeholder strategies related to CSR
Freeman (1984) discussed five distinctive stakeholder typologies: a "narrow stakeholder strategy"; a "stockholder strategy"; a "utilitarian strategy"; a "Rawlsian strategy"; and a "social-harmony strategy". Each typology focuses on the stakeholders to whom most attention should be paid. The present paper uses two of these typologies:

(1) the stockholder strategy, referred to here as the "shareholder strategy" (Kaplan and Norton, 2004); and

(2) the social-harmony strategy.

The former focuses on satisfying the desires of shareholders (e.g. profitability and return on capital), while the latter emphasises the balancing of the various stakeholders' demands.

The shareholder strategy is based on neoclassic economics. According to this view, socially responsible conduct is an issue for government; it does not belong among the objectives of a company because, in simple terms, making a profit is the only relevant objective (Friedman, 1970). The shareholder strategy thus sees CSR as relevant only insofar as it contributes to the creation of long-term value for the owners of the business (Carroll, 1991). The shareholder strategy thus views CSR as a means, not as a goal.

The shareholder strategy consequently drives strategy implementation in management accounting and performance management (Kaplan and Norton, 1996; Simons, 2000; Ittner and Larcker, 2001). Pruzan (1998, p. 1379), however, was of the view that the shareholder strategy is a simplification:

... focusing on just one stakeholder (the shareholders) and one criterion for performance (profitability) leads to an enormous simplification compared to having to deal with a multiple of stakeholders each characterised by their own values with respect to their interplay with the corporation.

The social-harmony strategy, in contrast, takes a "communitarian-oriented" perspective (Selznick, 1994). It argues that the demands and needs of all stakeholders must be balanced and does not separate ethics from business (Freeman, 1994, 2002). How CSR and stakeholder thinking are linked to each other needs to be examined a bit more closely. The shareholder and the social-harmony strategy are both stakeholder strategies but CSR plays different roles within them, as we shall see below.

According to Drucker (1954), public responsibility is one of the key areas which business objectives should take into account. In advancing this view, he examined the links between management and the prevailing political and social conditions, arguing that management was responsible "... to itself, to the enterprise, to our heritage, to our society, and to our way of life" (Drucker, 1954, p. 392). In a similar vein, Selznick (1957, p. 26) argued that a shift from "a narrow emphasis on profit making to a larger social responsibility" was required in order to broaden the approach of management from profit-making to a "value-based" view of management.

Freeman (1984) elaborated on these ideas by concluding that business needed to satisfy a multiplicity of stakeholders, and that focusing on shareholders alone was unsatisfactory, for several reasons. However, for Freeman (1984), this was not a matter of social responsibility or business ethics; rather, it represented a survival strategy for the company. At that time, Freeman had a critical approach to CSR (Freeman and Liedtka, 1991). However, he later recognised the emerging importance of ethics in business and argued that it is not possible to deal with them in isolation (Freeman, 1994, 2002).

Friedman (1970) questioned whether or not a business can have any responsibilities other than increasing its profits (i.e. a shareholder perspective), but this view was strongly opposed by Grant (1991), who dismissed this restricted point of view as fallacious. Carroll (1991) argued for a "pyramid" of four kinds of social responsibilities – economic, legal, ethical, and philanthropic – and thus integrated CSR with a stakeholder perspective, stating that there is a "... natural fit between the idea of CSR and an organization's stakeholders". This view was supported by Kotler and Lee (2005) who, using case studies, argued for the benefits of enhanced philanthropy by adding community volunteering and business investments which support improved community well-being.

Andriof *et al.* (2002) have argued that the prevailing business imperatives were originally profitability, compliance, and philanthropy; however, from the end of the 1970s and onwards, the prevailing business imperative has been responsiveness – in terms of "corporate social responsiveness", or what Zadek (2001) has called "responsible corporate citizenship". It would thus seem that CSR was initially a shareholder strategy (Roberts, 2001), but that a socially responsive CSR approach will encompass a broader spectrum of issues (Andriof *et al.*, 2002), including ethical considerations (Roberts, 2003). In "the path to Corporate Responsibility" Zadek (2004) refers to two dimensions of learning regarding CSR – organizational and societal. He argues that organizations' learning pathway is complex and iterative and follows a learning pathway where the two last stages of five in the learning curve are: "It gives us competitive edge" and "We need to make sure everybody does it" (Zadek, 2004). Zadek (2004) argues that it is easy to start "but making business of a deeper sense of corporate responsibility requires courageous leadership – in particular, civil leadership – in learning, and a grounded process for organizational innovation".

Developing an interpretation model for CSR adoption

In studying the adoption of CSR, we draw upon Oliver's typology of responses to institutional pressures. Oliver (1991) distinguished between five strategic responses, each consisting of three tactics – thus providing a total of 15 responses to institutional pressures.

The first strategy, "acquiesce", refers to the acceptance of CSR values, norms, and rules by an organisation. The tactics in this strategy are "habit", "comply", and "imitate". The first, "habit", means that CSR becomes taken for granted as a cognitive structure, with its values and norms being accepted through an "unconscious" process. "Compliance" occurs when the process becomes "conscious". "Imitate" refers to other organisations adopting similar attitudes to CSR.

The second strategy, "compromise", refers to an organisation modifying CSR initiatives to suit its own needs; it signals partial conformity. According to Oliver (1991), this can occur through using the tactics of "balance", "pacify", or "bargain". The "balance" tactic is used when the differing expectations of several constituents have to be met. "Pacify" involves some resistance to CSR, with the emphasis being put on appeasing the resisting forces. "Bargaining" is an active form of compromise whereby the organisation tries to convince others that its interpretation of CSR is correct.

The third strategy is "avoid". This refers to an organisation resisting CSR arrangements. The first tactic that organisations can use to accomplish this is "conceal" – which refers to an organisation concealing nonconformity behind a facade

of acquiescence. The second tactic, "buffering" (or "de-coupling") refers to an organisation incorporating CSR into its formal structure, but "de-coupling" the formal arrangements from other activities. The third tactic, "escape", refers to an organisation exiting the domain within which pressure is being exerted.

The fourth strategy, "defy", is a more active form of resistance to CSR initiatives. Tactics used to "defy" are "dismiss", "challenge", and "attack". "Dismiss" simply means that CSR is ignored; "challenge" means that rules and requirements are contested; and "attack" means that the source of the institutional pressure is attacked.

"Manipulation", the last strategy, refers to an organisation attempting to change global CSR standards. This can be attempted by means of the tactics of:

- "co-option" (of the source of pressure);
- "influence" (for example, by lobbying); or
- "control" (i.e. establishing dominance over external constituents).

The present study leverages Oliver's (1991) typology using Roberts' (2003) theory of four manifestations of CSR. The first of Roberts' (2003) manifestations, "encrusting sensibility", refers to the discipline of the accounting discourse within and beyond the organisation. According to Roberts (2003, p. 253), this has the effect of:

> . . . rendering us defensively or assertively preoccupied with the self. In the knowledge of how others will see and judge our conduct, we discipline our self. Accounting categories of relevance – cost, profit, return on capital, etc. – become the lens in terms of which we interrogate the self.

The second manifestation of CSR is termed "the ethics of Narcissus". According to this perspective, the practice of CSR might shed light on internal unethical behaviour and procedures, thus stimulating negative external visibility. This has caused companies, in the name of CSR, to market and make visible their own "goodness". This might be done using ethical codes and social and environmental reports – which actually have no implications for the real ethical practice of the organisation.

The third manifestation of CSR, "the responsible director", seeks to provide CSR with broad support through the introduction of new forms of internal social and environmental controls. These are coupled to rewards and incentives that are complementary to existing management accounting.

The final manifestation is termed "dialogue with the vulnerable". According to Roberts (2003, p. 263), this refers to ". . . the necessity and potential of dialogue across the corporate boundary with those most vulnerable to the effects of corporate conduct".

The present study contends that it is possible to link Roberts (2003) with Oliver (1991). For example, it is plausible to associate Oliver's strategy of "acquiesce" with Roberts' (2003) "dialogue with the vulnerable" – because the acceptance of CSR involves a sense of responsibility for those most vulnerable to the actions of a corporation. Furthermore, Oliver's strategy of "compromise" can be said to have some commonality with Roberts' conception of "the responsible director" – because modifying CSR to suit an organisation's needs is likely to be the result of a process of achieving organisation-wide support for CSR. Similarly, there can be said to be an association between Oliver's strategy of "avoid" and Roberts' "ethics of Narcissus" – because the latter implies that an organisation markets its own "goodness" without actually doing it, which is similar to the concept of "de-coupling" (the most important

"avoid" tactic). Finally, it is also plausible to relate Oliver's strategies of "manipulation" and "defy" with Roberts' idea of "encrusting sensibility" – because CSR is actively resisted by the promotion of common accounting categories which discipline actions and thoughts. These connections between Roberts and Oliver are summarised in Table I.

It is thus possible to argue that a shareholder strategy has much in common with the "avoid", "defy", and "manipulate" strategies, and that a social-harmony strategy has much in common with the strategies of "acquiesce" and "compromise".

Case study
Methodology
This case study of Swedbank includes four business-related CSR activities to use as empirical data when interpreting CSR adoption:

- the "savings virtue" approach of Swedbank;
- Swedbank and the GRI;
- Swedbank and the environment/ISO 14001; and
- multicultural banking at Swedbank.

Enquist and Johnson have followed Swedbank for more than three years, focusing on core values as a driving force for stakeholder value. This case is based on semi-structured interviews carried out by Enquist and Johnson between 2002 and 2004 at Swedbank. In each of these CSR activities, at least two or three key managers were interviewed in order to obtain information. The study also used supplementary data in the form of annual reports, documents and the pro-active use of bachelor's and master's theses at Swedbank in these and related areas (more than 30 theses were tutored by Enquist and Johnson) as background data for obtaining a deeper preunderstanding (Alvesson and Sköldberg, 2000) of the actual contexts. In this section, we have described and understood four specific CSR activities at Swedbank. In the next section, we have also made an analysis and interpretation using the interpretation model we

Strategic responses	Tactics	CSR manifestations
Acquiesce	Habit	Dialogue with the vulnerable
	Imitate	
	Comply	
Compromise	Balance	The responsible director
	Pacify	
	Bargain	
Avoid	Conceal	The ethics of Narcissus
	De-coupling/buffer	
	Escape	
Defy	Dismiss	Encrusting sensibility
	Challenge	
	Attack	
	Co-opt	
Manipulate	Influence	
	Control	

Table I.
Strategic responses, tactics, and manifestations of CSR

have developed. We would argue that this case study can also be understood in more general terms via the interpretation process in the dialectic between the theoretical framework and the empirical level (Alvesson and Sköldberg, 2000) in the discussion part. This does not, of course, have any ambitions regarding the claims about the validity of the truth in an objectivistic way but more as a deeper understanding of a specific phenomenon, which in our case is CSR adoption, using a "reflexive methodology" (Alvesson and Sköldberg, 2000) whereby the references for building up the theoretical framework and the empirical case will jointly become the result of the interpretation for a new framework of insight into the phenomenon.

Background

Swedbank has its roots in the Swedish savings bank tradition of cooperative banking. Its first branches were established in order to tackle problems of poverty and generate savings that would later be invested in the local community. As Forsell (1992, p. 13) has observed:

> It was the poverty in the country that led the first banks into becoming more like charities, an attempt to help people escaping distress and get them and their countryside on [their] feet again.

Swedbank was established as the result of a merger between Föreningsbanken and Sparbanken Sverige in 1997. Föreningsbanken was originally a cooperative banking business established to meet farmers' credit needs. Savings banks such as Sparbanken Sverige had started up earlier, and also played a significant role in rural areas, including the farming industry. The two banks were thus competitors. Föreningsbanken was listed on the Stockholm stock exchange in 1994; it was followed in 1995 by Sparbanken Sverige. Prior to being listed, Föreningsbanken and Sparbanken Sverige had both been experiencing major problems; indeed, both banks had to be financially reconstructed in order to avoid bankruptcy and be accepted as public companies on the stock exchange.

With 93 branches, the present-day Swedbank is one of the largest banking groups in Scandinavia. It continues to have strong ties with local communities, but it also has a well-developed international network. Swedbank's mission is to be "a bank for everyone" (Swedbank, 2004), with every customer receiving the level of service and attention that he or she requires. A local presence is a cornerstone of this strategy:

> We reach many kinds of customers with offers suitable for their respective needs and conditions (Swedbank, 2001).

Since 2000, Swedbank has issued reports on its sustainability performance. According to the Dow Jones Sustainability Index, the bank was ranked best in Sweden and number three in the world on sustainability issues during 2003 (Swedbank, 2003). Swedbank's sustainability report complies with the international guidelines of the GRI. Among several other issues (economics, environment, and society), the report deals with matters related to environmental certification (in accordance with ISO 14001) and multicultural banking and integration in society. However, Swedbank's sustainability report has not been third-party verified.

The Annual Sustainability Report for 2002 stated that Swedbank had adopted the term "CSR" as its own way of describing its work *vis-à-vis* sustainability. The report also noted that the bank had joined the UN Global Compact initiative in 2002.

The CEO's statement talks about social responsibility as part of the bank's business operation:

> At a time when ever more enterprises are talking about CSR, it is important to realize that Swedbank has always been active is such issues ... Our customers, employees, shareholders and society at large all expect Swedbank to shoulder a responsibility role. Thus, it is pleasing that, according to a Finansmonitor survey (a Swedish national annual financial survey), we are considered to be the Swedish bank that takes most social responsibility. It is also gratifying that Swedbank was placed third bank worldwide in the Dow Jones Sustainability Index. Continued deregulation and rapid IT development have ensured that the pace of world change has not abated. The increasingly clear globalization embodied in this background, in 2002, the bank decided to join the UN's Global Compact.
> ... However, local communities remain the basis for individuals and many companies. Hence, the particular importance of adopting long-term approach initiatives that reinforce the positive consequences the bank's operations have on the environment and society. This contributes to sustainable development and closer relations with key stakeholders. (Swedbank, 2002, p. 5).

Since 2003, however, Swedbank has been including sustainability and environmental reports in its official annual reports. Swedbank's commitment to sustainability is directly linked with its long-term profitability strategy. Focusing on sustainability is also expected to improve customer loyalty and confidence, while simultaneously strengthening the brand, reducing risk, and cutting operating costs.

Four CSR activities at Swedbank. The four CSR activities described below show that Swedbank has a multi-stakeholder focus. The mini case savings virtue shows that the core values of the bank can be attractive to all stakeholders. In the *GRI* mini case, the bank turns to investors and employees.

Swedbank's major accounts include public organizations such as municipalities and county administrations as customers' environmental concerns and ISO14001 are important motivators for them to continue with the bank. Furthermore, the bank has not traditionally been considered to be a strong commercial bank. ISO 14001 certification, as the bank is the first to be certified in Sweden, can be a way of strengthening the bank's position among ISO 14001 certified business customers. The case study multicultural banking focuses on both ordinary and particularly vulnerable customers.

"Savings virtue". The values base of Swedbank is rooted in the tradition of the savings banks, which were sustained by three principles, to:

(1) endorse the virtue of saving;
(2) operate locally; and
(3) operate using a non-profit, cooperative business model.

These principles are not directly applicable to the present-day Swedbank in its corporate role as a listed company, but these traditional values still guide its service culture. Indeed, Swedbank features an Institute for Personal Finance, which encourages a modern form of the traditional emphasis on "savings virtue" in the bank's savings bank heritage. This institute provides counselling on issues relating to home economics, and monitors how the evolution of financial law affects ordinary people. It also issues reports and analyses, participates in debates, cooperates with

like-minded organizations, and conducts lectures throughout Sweden. It thus encourages and supports individual savings bank customers in taking control of their own financial situations.

The co-workers of the institute play a very educational role in teaching average people how to conduct themselves through life with regard to home economics. Their advice includes; "save more, borrow in moderation and get a good education". Each year, the institute produces relevant publications updated for current legislation and fiscal law in Sweden in the fields of personal economics; family law; children and young people; small business taxation issues; accounting and cash flow for private individuals, cooperation's and associations, farmers and other small business operators; calendars.

GRI. In order to generate sustainability reports that are externally comparable to others, Swedbank carefully follows the GRI guidelines. In fact, to improve and simplify its comparability with the sustainability reports of other companies, Swedbank has made a cross-referenced list available which incorporates the GRI guidelines. A high ranking on an index such as the DJSI – an index that is based on a good level of comparability with other companies – can create benefits for stockholders and increase the bank's credibility.

Swedbank's motives are not purely commercial; the sustainability concept is intrinsically connected with its view of business ethics. The bank adopts the attitude that a high level of external status in its sustainability reporting will reflect the fact that these values are important in society at large.

At branch level, the co-workers do not play an active part in the sustainability-reporting process. Indeed, only a minority of managers on the central level actively participate in drafting reports. Most employees are only vaguely aware of what sustainability reporting entails, and what impact it has on their day-to-day operations. Nevertheless, the employees reflect the fundamental values of Swedbank in their day-to-day work – because there are many similarities between the sustainability values embodied in the GRI guidelines and the fundamental values of the savings bank tradition, and thus of Swedbank:

> Values are central to the bank's operations. They serve as an inner compass for employees, pointing the way in customer relations and business decisions (Swedbank, 2001, p. 4).

Case studies show strong evidence that this is also true for the bank at local branch level, although none of the interviewed front-line employees were able to quote the sustainability values or the GRI guidelines. Instead, in their own words they were able to agree implicitly on these values:

> There are a lot of values that guide us when dealing with our customers, but that is just a part of our day-to-day work. To me, customer satisfaction is an essential part of our values. With that in mind, the rest becomes rather obvious.

> Values are inescapable and our core values are fairness and equality. All our customers are to be treated fairly and equally. They are all of equal value.

Environment and ISO 14001. As regards environmental policy, in April 2003, Swedbank became the first Swedish bank to be environmentally certified in accordance with ISO 14001. This certification meant that the bank had implemented

an environmental management programme throughout its operations – in respect of responsibility, prioritisation, communication, follow-up, and the evaluation of measures taken to achieve an ongoing reduction of its negative environmental impact. The Senior Vice President Environmental Affairs (2002) argue that:

> By implementing ISO 14001 it is possible to audit the environmental impact of the banks business. The environmental issues will then become in focus and integrated in the daily routines. This creates broad based understanding of the banks' direct and indirect environmental impact, both today and in the future.

To become environmentally certified, Swedbank underwent a process of environmental evaluation, whereby the negative impact of its operations on the environment has been examined. Using the results of this investigation, an environmental plan was developed for the entire group, incorporating specific goals for each branch. The authority and responsibility for implementing the plan were then assigned, including the establishment of environmental training and co-worker routines. These initiatives are evaluated during six-monthly environmental audits that evaluate whether ISO standards, as well as the company's own expectations *vis-à-vis* ongoing environmental improvements, have been fulfilled.

To increase interest in, and understanding of, ISO 14001, a comprehensive training programme was conducted for all employees. Led by a special tutor, the training was coordinated and conducted locally at different centres throughout the country. The training programme has been monitored by means of two self-tests on the bank's intranet.

When the bank decided to implement the environmental management system and become environmentally certified in accordance with ISO 14001, a pilot project at the Nässjö branch served as a template. The pilot focused on finding means of reducing the consumption of printer paper, electricity, and water. The level of ambition was high and the employees very enthusiastic. The certification process for the branch went smoothly and it got its certificate, of course, as the result of effort but also with ease since the employees willingly felt responsible for the cause. An employee of the Nässjö branch said that their dedication to reducing non renewable materials soon became a serious but very stimulating task.

Being ISO 14001 certified entails, among other things, being a role model for others and the certified company preferably using other certified companies for its services. When branch managers caught a contractor breaking the law when disposing of mercury-contaminated waste materials, this was, in compliance with certification, reported to the police. The entrepreneur was convicted and fined. The branch, frequently as a sign of its appreciation, would offer the employees a free breakfast. Jokingly, however, it was said that none of the local bakeries were certified and thus unqualified to deliver the breakfast rolls.

Nevertheless, Swedbank might adapt to regional needs and interests, but might recommend a lower level of compliance to other branches than that achieved at Nässjö. If this occurs, there will be significant differences between local branches in terms of ISO issues – depending, in part, on contextual differences and on varying levels of interest and participation in environmental matters. The group's directive will be to interpret the lowest acceptable level for the bank's environmental measures.

Multicultural banking. In 2004, the overall Swedish population of 9 million included 1.7 million inhabitants with a non-Swedish background. Many of them are

unemployed, living on different kinds of welfare and experience, because of poor language skills, difficulties in communicating. Additionally, they often have harsh experiences of the banking systems of their sometimes dissolving home countries, with losses of life savings due to collapsing infrastructure, etc. These past experiences entail a heavy burden of distrust and disbelief. Changing these people's views is a complex and time-consuming task.

As banking customers, they have largely been ignored by the Swedish banks. Driven by both a commercial interest and a sense of social responsibility, Swedbank has managed to find the means to win 800,000 customers in this market segment.

As noted above, Swedbank claims to be "a bank for everyone", and to be both accessible and integrated into society. In doing so, it is important that the bank be established in the local communities with the greatest proportion of inhabitants of different ethnic backgrounds. Even allowing for the relatively small individual contributions made by these customers to profits, the bank's profitability strategy in these areas is to attract as many customers as possible – such that, all in all, these customers will be profitable for the bank in the longer term.

In Rosengård (a suburb of Malmö, a city in Southern Sweden), the bank has been able to convince a previously hesitant customer segment to buy retirement fund insurance in such numbers that one of the employees of the local branch became the best seller of such products in the entire bank. Additionally, the branch manager was nominated for the 2004,Årets Kompetenspris till Mångfaldsarbete, the annual Swedish award for innovative multicultural work. The Local Branch Manager and a front-line employee at the Rosengård branch (2005) discuss the development of the local branch:

> In 1995 the business and the dialogue with the customers at the Rosengård office was poor. It was difficult to find any employees that accepted the working conditions and the office in acute need of renovation. We had come to a turning point and were facing two options: to close the office or to change business concept and strengthen the banks relations with its customers. The future business opportunities were, however, tempting given a radical change of the business concept. In short, we saw a possibility to combine long-term profitability and the societal good of Rosengård.

> When arriving to Sweden as an immigrant or refugee you lack knowledge about the Swedish banking system. To be able to fulfil the need of information of these customers, it is often very valuble to provide information in their own native language. When satisfying a doubtful ethnic customer, the word of mouth spreads the report rapidly. This is, thus, an important means to enlarge the customer base.

In addition, Swedbank has become a driving force in a multicultural stakeholder network known as "Towns Together", which aims to reformulate "problems" traditionally associated with people of different ethnic backgrounds and to turn them into future business opportunities. The branches in these areas are individually-developed in accordance with requirements. The Rosengård branch has no desks and the workspace has an open-plan design with no clear boundaries between employees and customers. Furthermore, the office is cashless and only has ATMs. This has freed up a lot of man-hours from clerical work to the benefit of information and consultation. The National Manager of Multicultural Affairs, at Swedbank (2002) discusses the conceptual design of these offices:

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Availability, trust, and understanding are the cornerstones in our business concept. This is why the office has been designed to reduce the distance to the customers. The informal environment is strengthened by the fact that the employees all have different ethnic backgrounds and the ability to speak several languages.

In contrast, to the Swedish banking industry in general, Swedbank, with its roots in the savings bank tradition, has recognised an opportunity to contribute to the common good and to simultaneously seek financial benefit by serving the banking needs of a relatively-neglected customer base.

Analysis and interpretation
Savings virtue
The concept of "savings virtue" is still an important aspect of the service culture of Swedbank. The Institute for Personal Finance is an important independent institution that sustains this tradition at the bank and interprets it in terms that are applicable to ordinary households today. This activity has reached the level of adoption which Oliver (1991), in her second strategy (see above), would refer to as "compromise". From the ethical point of view, this manifestation of CSR is in accordance with Roberts' (2003) notion of the "responsible director". It is also akin to a "dialogue with the vulnerable" (Roberts, 2003) in that the institute uses a Rawlsian stakeholder strategy (Freeman, 1984).

GRI
The GRI initiatives at Swedbank have similarly reached a level of adoption which Oliver (1991) would refer to as "compromise". The main tactic, in Oliver's (1991) terms (see above), concerns "balance" rather than "pacify" or "bargain". From the ethical perspective, this manifestation of CSR is again akin to the "responsible director" (Roberts, 2003).

At Swedbank, only managers at the top of the organisation are involved in GRI work, and very few from the lower levels of the organisation have been involved. However, discussions are ongoing with respect to how the GRI will be used and how sustainability reports will be produced. Normative conviction at Swedebank supports the entire project, and variations in the implementation of the GRI seem to be fairly low. All in all, the high level of theoretical activity, the imitative and normative impetus for adoption, and the moderate variation in implementation suggest that GRI has reached the level of "compromise" at Swedbank.

ISO 14001
From the ethical point of view, the manifestation of CSR is again best characterised in terms of the "responsible director" (Roberts, 2003). The focus seems to have been on the adoption and implementation of one standard throughout the organisation, through training programmes. Acquisition of the certificate was preceded by extensive theoretical development in the area of environmental management, and the strategy can thus be characterised as "compromise" (with the main tactics for gaining the certificate being "balance" and "bargain") (Oliver, 1991).

The pilot project at Nässjö appears to be more advanced than "compromise" and can be characterised as a manifestation of CSR which is akin to "dialogue with the vulnerable" (Roberts, 2003).

Multicultural banking
Unlike the GRI and ISO 14001 projects, multicultural banking projects at Swedebank are not guided by an accepted standard. The Rosengård branch, in particular, can be categorised as "acquiesce" (Oliver, 1991) in its strategy and as having a CSR manifestation of "dialogue with the vulnerable" (Roberts, 2003). However, the commitments to multicultural banking issues, as evidenced at particular branches, have not propagated throughout the organisation.

Overall, assessment of CSR at Swedbank
This study's analysis of the four "CSR activities" in the case study is summarised in Table II.

Discussion
The debate between the two stakeholder strategies is dialectic in nature. There is a conflict between:

- the classical and evolutionary approach (Whittington, 2001) in favour of shareholder value; and
- the systemic and processual approach (Whittington, 2001) in favour of value for a broader set of stakeholders.

Sundaram and Inkpen (2004) argued for the necessity of having a single goal – the goal of maximising shareholder value. Freeman *et al.* (2004) have responded by clarifying misconceptions about stakeholder theory and concluding that business and ethics should be seen as connected. Previous analyses of CSR adoption from the case of Swedbank do not show upon this conflict. The contribution of the present paper is to go beyond (Bernstein, 1983) the dualistic analytical approach of shareholders *vis-à-vis* stakeholders by understanding CSR in terms of co-creating value for a range of stakeholders whereby the shareholder is one of them (Pruzan, 1998; Post *et al.*, 2002). This requires enhanced understanding of the corporation's vision and mission (Normann, 2001) in terms of how CSR can affect ways of doing business, and with whom that business is done (Enquist and Edvardsson, 2004).

Roberts (2001) has talked about "corporate governance and the ethics of Narcissus" when arguing that CSR provides a new form of "visibility" – i.e. environmental, social, and ethical visibility as a supplement to financial visibility. He argued that the "ethics of Narcissus" are not so much a concern for others as a preoccupation with being *seen* to be ethical (Roberts, 2001, p. 125). Norris and O'Dwyer (2004, p. 192) have also offered a critique of CSR in declaring that "directors and a number of other employees received some performance-related reward based on traditional measures such as profits and turnover". Kotler and Lee (2005) talk about the best CSR practices of many well-known

Strategic responses/CSR-manifestations	Savings virtue	GRI	ISO-14001	Multicultural banking	
Acquiesce/dialogue	(X)		(X) Nässjö	(X) Rosengård	**Table II.** Summary of analysis/interpretation of CSR adoption at Swedbank
Compromise/responsible	X	X	X	X	
Avoid/Narcissus				(X) Other branches	

American-based multinationals. Nonetheless, the case studies of Kotler and Lee (2005) indicate that there is a risk that CSR is only part of the shareholder strategy and has much in common with the "avoid", "defy", and "manipulate" strategies. We will argue below that CSR has to be understood as a responsiveness tool for value creation (Edvardsson *et al.*, 2005) linked to a stakeholder view (Post *et al.*, 2002).

The case study above demonstrated that the adoption of CSR at Swedbank has been guided by a social-harmony stakeholder strategy, which could be described as a more ethical adoption of CSR whereby social-harmony strategy has much in common with the strategies of "acquiesce" and "compromise". However, when assessing the implementation in terms of an "acquiesce/dialogue" (Oliver, 1991; Roberts, 2003) level for the entire organisation, it can be argued that there is a need for a deeper understanding of CSR at Swedbank – not as a tool for preoccupied self-concern, but as a tool for concern for the other or the neighbour (Roberts, 2003) in terms of value-in-use (Vargo and Lusch, 2004). The CSR adoption interpretation tool developed in this paper provided this insight, but this is not enough for CSR as a tool for value creation and value-in-use for specific stakeholders. We argue in what follows for a more dialectic view between CSR and the stakeholder view.

Andriof *et al.* (2002) have discussed a newer approach to CSR whereby companies are responsible to society as a whole and use a strategy of responsiveness. Zadek (2004) argues that the CSR learning processes are both organizational and societal. If CSR is to be used in a more proactive manner as a driving force for value creation (Normann, 2001; Prahalad and Ramaswamy, 2004), a fundamental question will have to be asked: value for whom? (Flyvbjerg, 2001). Using CSR as a driving force for value creation will necessitate an in-depth analysis of the concept of the "stakeholder". Post *et al.* (2002) have developed what they call the "stakeholder view". This view has three levels:

(1) a descriptive level, which emphasises the social and political dimensions of an organisation's strategic environment but which also highlights the value of humanitarian, ethical, and behavioural aspects;

(2) an instrumental level, which provides a more dynamic perspective on the drivers of success and the potential problems; and

(3) a normative level, which describes the core values that have to be continuously updated and sustained through an organisational learning process.

In these terms, the four CSR initiatives of Swedbank can be seen as being told at both the descriptive and instrumental levels. Regarding the "savings virtue", the descriptive level is about providing a picture of the financial environment of average people at different stages of life from birth to death while the instrumental level is about producing the relevant training and publications to help people create value-in-use with regard to their own private financial decisions during these different stages of life. Regarding the "GRI", the descriptive level is also about highlighting the social and environmental perspectives in parallel with the financial perspective for Swedbank while the instrumental level is about how this will be used in action as well in the sustainable report and by employees in front-line contact with their customers. Regarding the "environment and ISO 14001", the descriptive level also highlights the environmental debate and insight as a natural part of day-to-day routines at the bank with the instrumental level being an ISO 14001 certified company. Regarding "multicultural banking", the descriptive level is about getting an insight into the

day-to-day lives of "new Swedes", something which no bank in Sweden has previously dealt with and the instrumental level is about developing a business concept for this new market segment of 800,000 potential customers at branch level, as in Rosengård and other places in Sweden.

Regarding the normative level, the core values of the company and the use of CSR activities to shift learning processes towards a more responsive value creation approach are essential (Enquist and Edvardsson, 2004). The stakeholder view, on the normative level, is about the continuous development of the core values through an organizational learning process. This learning process is contextual and emphasises the historical, social and political dimensions (Puxty, 1993; Post *et al.*, 2002). Maurer and Sachs (2005) argue that the stakeholder view of the corporation holds that the mission of a business enterprise is to generate long-term value, which depends on critical stakeholders (Maurer and Sachs, 2005, p. 93). Maurer and Sachs (2005) distinguish between three types of learning processes: adaptive, renewal and transformational. Adaptive learning processes are based on the corporation's core values which already favour a broad stakeholder orientation (Maurer and Sachs, 2005, p. 98), as in the Swedbank case. For a values-driven firm, the vision, culture and image have to fit together (Hatch and Schultz, 2001). Vision has to do with top management's aspirations for the company. Culture refers to the values, behaviours and attitudes existing within the company. Image is the outside world's impression of the company and includes not only the customers but also the other stakeholders, e.g. the media and the shareholders. In the service-centred view (Vargo and Lusch, 2004), value is defined by and co-created with the customers, rather than embedded in output or in defined products.

When using CSR as a tool for value creation, the CSR adoption process has to be responsive and proactive. Elkington, Zadek, and Laszlo are examples of leading practitioners working as advisors to several of the large multinationals in the field of social and environmental performance. They have all produced general CSR guidelines (Elkington, 1998, 2001; Zadek, 2001, 2004; Laszlo, 2003). In common, they have the triple bottom line point of view, which also includes stakeholder thinking. Their guidelines are rather normative but have to be contextualised/adapted *vis-à-vis* the actual firm. These guidelines help companies to find a leading edge in their value creation process for their customers, supported by social and environmental visions/solutions. This is a learning process from the stakeholder view (Post *et al.*, 2002) whereby vision, culture and image all fit together (Hatch and Schultz, 2001) to create a sustainable service (Enquist *et al.*, 2005). "The stakeholder view rests on a commitment to core values that are constantly renewed and sustained through organizational learning" (Post *et al.*, p. 244). What will this mean for Swedbank?

There is a major challenge at the normative level for all four CSR activities to move beyond the financial perspective and also look to a possible value creation process for the customers supported with help of social and environmental visions/solutions. Regarding "savings virtue", what will that mean for Swedbank's heritage today? Regarding "GRI", how will the GRI terms be interrelated and communicated with the customer related core values of Swedbank? Regarding the "environment and ISO-14001", the question is how to use the virtue of sustainability as a vision of a business opportunity? Regarding "multicultural banking", how will social responsibility be used for "your foreign neighbour" as a vision for a business

opportunity? Swedbank has more to do in the learning process of creating its core values in the light of triple bottom line thinking. CSR means more than moving "beyond compliance" (Vogel, 2005). This paper argues for a more responsiveness attitude towards the stakeholders. The CSR initiative is about building trust in the stakeholder network (Enquist and Edvardsson, 2004). Kristensson Uggla (2002, p. 415) talks about "trust capital":

> Trust capital is a *sharing* capital and can only coexist in a *shared* reality, as something that lodges relations in a communicative relationship.

This capital can only be developed via a relationship with "the other" (Roberts, 2003). In the stakeholder perspective, the ethical dimension must always be considered (Freeman, 1994) if trust is to be developed in the relationship. The relationship, in the service-centred view, is about value-creating where value is defined by and co-created with the customers (Vargo and Lusch, 2004) and other critical stakeholders.

Conclusion and suggestion for future research
The present study's first contribution to existing knowledge has been analysing how CSR affects organizational practice. In this regard, the study has offered an analytical framework based on neo-institutional and stakeholder theory. The study has also demonstrated the fruitfulness of moving beyond a dualistic analytical approach and linking stakeholder thinking to CSR, in a more proactive and responsive manner, to bring value creation. An analysis of the relevant stakeholders (with a view to ascertaining for whom value creation is to be carried out) involves cultural changes whereby core values are developed in order to build a trusting relationship with stakeholders. Swedbank has provided a useful contextual understanding of how stakeholder thinking can be combined with the CSR initiative to bring about more proactive CSR adoption. Other such examples in other contexts are required in order to obtain a better understanding of a stakeholder perspective on successful CSR. There is room for more research into the interrelationship between values (from a CSR perspective) and value creation in the area of service/business development and the interrelationship between shareholder value and stakeholder value in the area of corporate governance, as well as redefining civil and government responsibility (Vogel, 2005).

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