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# The road to verifiability

A case study of Volvo Cars' Corporate Citizenship reports

Master Thesis in Business Administration  
Accounting and Finance  
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## Abstract

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**Title: The road to verifiability - A case study of Volvo Cars' Corporate Citizenship reports**

**Background and research issue:** The concept of Corporate Social Responsibility, CSR, has evolved since the 1950's and is a debated subject. CSR reporting is voluntary for companies but is becoming increasingly common. Because there are no accepted standards there has recently been a growing demand for developing and promoting standardised methods for producing and verifying CSR reports. In order for a CSR report to be verifiable it has to be valid, controllable and consistent.

**Purpose:** The purpose of this thesis is to investigate the verifiability of a CSR report in order to find out if the report is useful and could be audited in a possible future when more requirements of the reports have been set. The purpose is further to gain an understanding of a company's reason to produce a CSR report.

**Delimitations:** This thesis aims at thoroughly investigate the verifiability of a CSR report and therefore focuses on one company, Volvo Cars, and the company's printed CSR reports for the years 2000 to 2003.

**Methodology:** This thesis is a qualitative study with its main focus on Volvo Cars' CSR reports, examined with the help of a model for analysis. A complementary interview was conducted with the responsible manager at Volvo Cars.

**Results and conclusion:** The opinions of standardisation and audit of CSR reports differ greatly but the research shows that standardisation increases. The main reason for Volvo Cars to produce a CSR report is to inform stakeholder of the company's work with CSR and to strengthen the brand. There are great differences between the reports concerning validity, controllability and consistency. The analysis shows that only the 2003 report can be considered verifiable.

**Suggestions for further research:** The main question of this thesis could also be answered by conducting a larger comparative study in order to draw a more general conclusion on the verifiability of CSR reports.



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## 1. Introduction

*In this chapter the authors will introduce the subject and purpose of this thesis. The authors will also clarify the delimitations and give a description of the disposition of the thesis.*

### 1.1 Background

Corporate Social Responsibility, hereafter referred to as CSR, has many definitions and encompasses a wide range of issues. One of the more debated subjects is if businesses and companies are responsible to society in general, or to the specific stakeholders (Maignan & Ralston, 2002). The question is also who the stakeholders are. One definition of CSR can be found in Wikipedia Encyklopedia:

*“Corporate social responsibility (CSR) is a company’s obligation to be accountable to all of its stakeholders in all its operations and activities with the aim of achieving sustainable development not only in the economical dimension but also in the social and environmental dimensions.” (en.wikipedia.org, 2005-04-06)*

This definition shows the core value of CSR, i.e. that a company should be responsible not solely towards its shareholders but also towards other stakeholders. These stakeholders could be customers, suppliers, employees or the society in general. Companies that consider CSR as an important part of their agenda present their work in the domain in a CSR report. As of today these reports differ greatly to extent and content.

The concept of CSR was introduced in 1953 with the book “Social Responsibilities of the Businessman” by Bowen and ever since, a debate on social responsibility and CSR has been taking place (Garriga & Melé, 2004). In the late sixties CSR began attracting an increased public interest. During the following years, more and more companies voluntarily started with CSR reporting in one way or another, partly due to public demands. During the mid-eighties until the late nineties the interest in CSR declined substantially as achieving a high shareholder value was considered the primary corporate goal and other stakeholder were therefore given less priority. However, after the recession of the 1990’s it became evident that free market strategies were inadequate to solve social issues and that simply maximising shareholder value did not increase general welfare. As a result, the ideas of other stakeholders’ interests have gained new importance. Due to new media, notably the internet, information about companies and their actions have become more accessible. This has endorsed a more positive view on CSR reporting in the business, scientific and political circles as well as in the general public (Antal, Dierkes, MacMillan & Marz, 2002)

CSR reporting is voluntary for companies and no more than a few years ago it was not very common. During recent years an increasing number of companies are producing CSR reports and even though the reports are still voluntary they are gaining in importance. After several audit and accounting scandals, such as Enron, Skandia and Prosolvia there has been an increasing demand for more ethical and responsible companies. Critical stakeholders, i.e. those who consider ethical behaviour to be important, are actively looking to do business



with socially responsible companies. Over time this could mean that if a company fails to focus on CSR it might reduce the company's reputation and thereby its value (Fraser, 2005).

The CSR report is voluntary and there are no accepted standards on its appearance nor is there any control of the report to ensure its accuracy. The companies decide themselves whether or not to produce a CSR report and if so to what extent. In the debate today there is an increasing demand for a standardisation of CSR reports and also for audit of the reports (Hamann, Agbazue, Kapelus & Hein, 2005). If the CSR report becomes an obvious extended part of the financial reporting it is just as essential to ensure the reliability of the CSR report. In order to audit the CSR report there needs to be some sort of standard and, maybe more importantly, the information in the report has to be verifiable.

Efforts have been made to develop and promote standardised methods for producing and verifying CSR reports. Initiatives have been taken by international organisations such as the Global Reporting Initiative, GRI in short, the Global Compact, an initiative on human rights, working conditions and environmental care by the United Nation Secretary-General Kofi Annan, and the Green Paper by the European Commission, to encourage social reporting and behaviour (Antal et al., 2002). Both OECD and ISO have started to work on policies concerning CSR but as of today GRI is the only organisation to produce complete guidelines on how to make CSR reports ([www.globalreporting.org](http://www.globalreporting.org)[1], 2005-04-15). According to a study of six Swedish companies made by Fredriksson & Johansson (2004), GRI's guidelines are used because they are considered practical and do not have a comparable competitor.

## **1.2 Research Issue and Purpose**

In the light of this recent debate concerning standardisation of CSR reports and the possibility that they might become subjected to audit, it seems that the verifiability of the reports is gaining more importance. The authors therefore think that it is of great relevance to find out what CSR reports could look like today and if they are verifiable enough to be exposed to a formal review. In order to secure the verifiability of the reports several areas can be taken into account.

The word verify originates from the Latin word "verus" that signifies truth. The verifiability is essential for a report, financial or CSR, to be trustable and in this thesis it will be measured by the notions of controllability, validity and consistency. Controllable so that the information is reliable, valid so that it is accurate and relevant, and consistent so that it is clear and recognisable.

The report has to be *valid* for different stakeholders. Information should be presented because someone is interested in achieving it and not because the sender wants to share something. Therefore, everything mentioned in the reports should be there because it is valid for the readers. Validity also means that there has to be a consistency between the language and the reality, i.e. that the information refers to what is intended (Smith, 2000).



The information given has to be *controllable*, which means that it should be possible to control and follow up on the numbers and statements presented. In the Swedish Annual Accounts Act the importance of a true and fair view is stated (FAR, 2004). Normally this concept refers to the financial statements of an Annual Report, but for a CSR report to be usable and possible to audit it is crucial that the content is equally trustable.

Thirdly, *consistency* should exist between the published reports. This means that the reports should be produced and presented in a similar way every year. It also means that every report should build on the former to create continuity and thereby assure that what is declared one year is followed up in the next report. This is in accordance with the Consistency concept, i.e. that principles used for reporting should remain unchanged over time, and the Continuity concept, i.e. that the reports should continue where the previous one ended, as stated in the Swedish Annual Accounts Act (FAR, 2004).

In order to make a well balanced analysis on the verifiability, the authors find that it is also important to understand the circumstances surrounding the CSR reports. For example, the appearance and content of the reports are likely to be depending on why the reports are produced. The reasons behind CSR reporting will therefore complement the examination of the verifiability of CSR reports in this thesis.

*The purpose of this thesis is to investigate the verifiability of a CSR report in order to find out if the report is useful and could be audited in a possible future when more requirements of the reports have been set. The purpose is further to gain an understanding of a company's reason to produce a CSR report.*

In order to attain the purpose of this thesis the verifiability of a CSR report will be investigated through the main question:

- Is the information presented in CSR reports valid, controllable and consistent enough to be used in a possible future audit?

The main question will be complemented by the following sub question concerning the reasons behind the report:

- What reasons does a company have to produce a CSR report?

### **1.3 Delimitations**

The authors can not investigate every aspect of CSR and the ability to review CSR reports. There are several issues which would be interesting to explore further and many different kinds of studies to be made. However, the authors have decided to focus on one company in order to make a detailed review of their CSR reports. The subject chosen is Volvo Car Corporation, hereafter referred to as Volvo Cars, who has published reports on Corporate Citizenship yearly since the year 2000.





Within the studied reports not every aspect can be covered but only those applicable to the model used for analysis described in subchapter 2.3. This limits the research but was considered necessary in order to achieve a structured review.

Although Volvo Cars produces extensive information concerning their CSR activities only the printed summary of the reports from the years 2000 to 2003 will be studied by the authors. This was done both to limit the examination but mostly because the printed report, which is also available in .pdf format, is the most easily accessed and can therefore be considered to be utilised by most users.

The authors have chosen to limit the interviews to one person, the manager for Corporate Citizenship at Volvo Cars, as the main purpose of the thesis is concerned with the study of the reports and the interview is therefore to be seen as a compliment to this study.

When studying the guidelines from GRI, only the GRI 2002 Guidelines, which is currently in use, have been examined.

## **1.4 Disposition**

In Chapter 1 the authors introduce the subject and purpose of this thesis. The authors also clarify the delimitations and give a description of the disposition of the thesis.

In Chapter 2 the methodology, the model for analysis of the CSR reports and the choices behind the thesis is presented.

In Chapter 3 different theories on and motives for CSR are presented together with a presentation of GRI and some tendencies for the future of CSR and a potential audit.

In Chapter 4 the study and analysis of Volvo Cars' CSR reports is presented.

In Chapter 5 the results of the interview with Volvo Cars is described.

In Chapter 6 the authors relates the empirical research in Chapters 4 and 5 to the theoretical framework in Chapter 3 and to each other, in order to analyse the verifiability of the reports as well as the reasons for producing a CSR report.

In Chapter 7 the thesis' main and sub question is addressed based on the conclusions drawn from the analysis in Chapter 6. It also includes the authors' suggestions for further research related to the subject of this thesis.



## **2. Methodology**

*In this chapter the choices of methodology behind the thesis will be presented. This will give the reader a possibility to understand how and why the authors have made certain decisions. The model for analysis of the CSR reports is also presented.*

### **2.1 Choice of “Research Method”**

There are two types of research methods; qualitative and quantitative research. The quantitative method is structured and formal, and the distance to the source of information is often greater than in the qualitative method. Statistical methods are commonly used to analyse the gathered information. The qualitative method on the other hand is close to the source of information and is less formal. It focuses on achieving a deeper understanding of the problem and not to reach a general conclusion (Holme & Solvang, 1997). The authors have chosen to use the qualitative method, as it is most suitable for the research issue of this thesis and the way the information is gathered and analysed. There is no information presented that can be analysed using statistical methods and the thesis is therefore not completely devoid of value judgements.

#### **2.1.1 Choice of Study**

The reason for focusing on one company’s reports is that the authors wish to thoroughly examine the CSR reports and the consistency between them. This requires a detailed analysis which will be hard to perform if multiple sources are chosen. The limitations that follow from this narrow perspective is that no comparison with other reports can be made which is why this thesis does not aim to give an overview of the CSR reporting today but rather be a pure case study.

#### **2.1.2 Choice of Subject**

The reason for choosing Volvo Cars is that it is a multinational company with a large impact on society through its size and the industry it is in. Volvo Cars also have well-stated core values of safety, quality and environmental care, and they publish a separate CSR report. However, being a Ford Motor Company subsidiary, Volvo Cars does not publish its own annual report which makes it impossible to compare figures in the CSR-report with a financial report. This is a common phenomenon in these times of globalisation, where many large companies are not independent and therefore do not publish financial reports. The authors believe that the relevance of Volvo Cars’ CSR reports is high and that they are likely to be utilised by different stakeholders. Furthermore, as Volvo Cars is a subsidiary to the Ford Motor Company they have a responsibility towards the parent company to produce accurate reports. The authors thus regard it as likely that Volvo Cars’ CSR reports are subjected to both internal audit and external review.



## **2.2 Data Collection**

There are two types of data that can be used for a thesis. Primary data is collected by the researcher from the original source, and secondary data is collected by others for a different purpose (Lundahl & Skärvad, 1999). This thesis will mainly be based on secondary data, constituting of Volvo Cars' CSR reports from the years 2000 to 2003 and material for the methodology, background and framework. It will be complemented by primary data in the form of an interview with the manager responsible for Volvo Cars' department of Corporate Citizenship.

### **2.2.1 Secondary Data**

Data used for the background and framework consist of articles and information from the Internet. The articles have been obtained primarily using the database "Business Source Premier", where all articles used are peer reviewed and, with a few exceptions, scientific. The database "Social Science Research Network" has also been utilised. Both databases are available at Göteborg University Library. Keywords used for searching were among others "CSR", "CSR" and "history", "CSR" and "development", "GRI" and "corporate citizenship" and "definition". Information and publications from GRI were obtained from their website, found at [www.globalreporting.org](http://www.globalreporting.org). The CSR reports were ordered as printed publications from Volvo Cars and also downloaded in .pdf format from the company's website, found at [www.volvocars.com](http://www.volvocars.com).

### **2.2.2 Primary Data**

The authors have chosen to interview the manager of Corporate Citizenship at Volvo Cars in order to gain a deeper understanding of the purpose and work process of Volvo Cars' CSR reports and Volvo Cars' thoughts on verifiability. Initially an interview was scheduled to be held at Volvo Cars' headquarter in Göteborg but due to unexpected circumstances the interviewee did not have enough time to spare and a telephone interview therefore became the only possible option.

When designing a questionnaire or an interview, choices have to be made depended on the level of standardisation and structure in the questions. The level of standardisation affects the way the questions are formulated and in what order they are presented. A low level of standardisation is used when questions as well as the order of the questions are adapted to the interviewee. The level of structure defines the possibilities for the answers. Questions aimed at researching a person's opinion such as "What is your opinion in this matter?" gives the interviewees a possibility to express themselves, and therefore the level of structure is low (Patel & Davidson, 2003). The aim of the thesis is to do a qualitative study, and therefore the low level of structure and standardisation is important. The interview had a low level of both structure and standardisation due to the importance of the interviewee's personal opinions. The interview was conducted with the help of guiding questions, sent to the interviewee in advance (see Appendix 1). These questions were produced after the reports had been examined and aimed at providing information which could not be derived from the examination but was necessary for attaining the thesis' purpose.



The interview was conducted over a speakerphone and a tape recorder was used to record the conversation. The interview was transcribed afterwards so as not to lose any important information. The interviewee was shown a summary of the answers and corrections were accepted by the authors. The telephone interview was conducted in Swedish, being the mother tongue of both the interviewee and interviewers. The answers were then translated to English and summarised for the purpose of the thesis.

### **2.3 A Model for Analysis of the Reports**

Volvo Cars' CSR reports are acts of communication and in order to analyse them the authors have chosen to base the analysis on an article, "An Activity Based Approach to Pragmatics", written by the linguist Jens Allwood (2000). Communication, oral or written, is a complex phenomenon that can never be fully explained or understood. Analysis of communication can therefore never be completely objective. When trying to analyse and comprehend an act of communication it is important to understand the different underlying levels that affect the act. These levels are each necessary but not sufficient in order to understand the communication. In order to analyse the connection between the levels and thereby gain a better understanding for the communication, each level must be recognised (Allwood, 2000). The authors have therefore structured their analysis of the reports after the following criteria, based on Allwood's article. The analysis of the reports is linguistic but the result will help the authors in their investigation of the verifiability of the CSR reports. Even though each criterion alone can not tell if the report is valid, controllable or consistent the criteria will jointly do so.

- A *general analysis*, describing the company's situation and the type of report. The meaning of an act of communication is determined by the context in which it exists, its perceptual context, social activity and background information. It is therefore important to understand the circumstances surrounding the report so as to understand the communication.
- The *type of text* used, if it for example is describing or arguing. This will be depending on what message the transmitter is trying to convey. The meaning of linguistic expressions can be seen as a result of a participation in diverse types of communicative functions. These can be an expression of an approach or an effort to produce a reaction from the receiver.
- The *emotional tone* of the language used and the choice of words. Apart from the meaning of the text there are other features that affect the perception of the report. Allwood refers to this as "contribution", where types of emotions and/or attitudes that can be expressed through choice of vocabulary as well as through grammatical construction.



- The *appearance* of the report, i.e. the general layout, the pictures and the text. According to Allwood, another “contribution” can be gestures, assisting instruments and different physical circumstances, which the authors consider to be equivalent to pictures and other appearance features.
- The *purpose*, i.e. what the transmitters’ wishes to achieve with the text. In order to gain understanding about an act of communication it is essential to find out its purpose. In order to fulfil its purpose, all the parts of the report have to contribute. While studying the reports the authors will investigate the purpose of each report and if this is achieved.
- The *participants*, that is who is the producer of the text and to whom does the report turn to. It is important to understand that the transmitters are motivated by the purpose of the report and that the receivers are perceiving and understanding the report from their conditions. The authors consider it to be important to identify the participants of the report in order to see if the reports are suited after their requirements.

In addition to the criteria above, the authors have added another focus point which can contribute to the analysis when studying the reports.

- The *figures* used in the reports. Figures can make reports verifiable because they are most likely based on actual facts. Since financial reporting is based on figures, the authors believe that the use of figures in CSR reporting as well will be an important factor to be able to conduct an accurate audit of the reports.

In chapter 4, each report will be thoroughly analysed and commented on its own, using the model above as a tool for gathering information in a similar way for every report. The reports will also be compared in order to find out if there is continuity between them, both when it comes to content and to format.

## **2.4 Credibility**

The credibility of the thesis depends on several different choices the authors were required to make. Since this is a thesis with a qualitative approach, it is possible to question the credibility of the interview and the analysis made by the authors. The credibility therefore depends on the thesis’ validity, reliability and criticism of the sources.

### **2.4.1 Validity and Reliability**

An important factor in the discussion on validity is to have a well defined problem. The concept of validity is to conduct the research so that the received results are actually useful for the thesis (Patel & Davidson, 2003). Internal and external validity are two discussed phenomena in the subject. Internal validity means that the study or interview actually measures the intended subject. External validity depends on the responses from the



interviewees and to what extent they might be distorted or dishonest (Lundahl & Skärvad, 1999). The internal validity will be satisfied by using questions for the interview based on the thesis' purpose and research issue, and by using a model for analysing the reports as described in sub chapter 2.3. The external validity of this thesis is improved by continuing contacts with the interviewee during the writing process and a critical approach to the studied reports.

Reliability is the accuracy of the measured results and to what extent they can be replicated (Backman, 1998). To obtain a high level of reliability it is important how the examination of the material and the interviews are carried out. Foremost, the interviewer and the interviewees need to be independent (Eriksson & Wiedersheim-Paul, 1998). It is essential that the questions are understood by the interviewees. The interview was recorded and then made into a transcript. This procedure allowed the authors to review the material repeatedly. There is always a potential risk of a loss in objectivity during interviews, but the authors tried to maintain their neutrality. The interviewee was given the possibility to read a summary of the interview at its final stage, in order to make sure that her answers had been correctly understood. The purpose of this procedure was to increase the reliability of the interview. Concerning the study of Volvo Cars' reports and the scientific articles, the analyst must be as independent and unbiased as an interviewer. When using such sources it can however be difficult to obtain a high level of reliability as different interpretations could be made by the analysts. Nevertheless, by using the model for analysis of the reports the authors consider the reliability to have increased and made it easier to replicate the study, even though the subjectivity of interpretations makes it difficult to reach the same conclusions. Also, all sources are fully documented and can be readily obtained by the readers of this thesis.

## **2.4.2 Criticism of the Sources**

When performing a research it is essential to be critical towards the sources as the result of the study depends on the reliability and accuracy of the information from these. In a case study of a company much of the material used is produced by the company itself. This makes it very important to identify a lack of objectivity. Also, when it comes to literature and articles, the personal opinions of the authors could have a negative effect on the reliability of this thesis (Holme & Solvang, 1997).

The sources used in this thesis are considered reliable by the authors. The main sources of information have been various articles from mainly peer reviewed journals, official publications from Volvo Cars and the GRI, an interview with a representative from Volvo Cars, and methodology literature. The authors have treated the GRI Guidelines as an acknowledged framework and have therefore considered them reliable. Concerning literature and articles, the authors have tried to eliminate their subjectivity by comparing different sources. The use of peer reviewed articles has been extensive. The authors have mainly utilised well-known academic databases to find these articles which simplify the judgment as these databases have criteria as to which journals are to be considered scientific. The empirical result obtained from the interview is considered reliable by the



authors as the interviewee was carefully selected due to her expertise. However, by having one interview the answers are biased and not comparable. The material used for the empirical study is solely documents published by Volvo Cars and is therefore considered to be Volvo Cars' official standpoint. This assures the reliability, although they must be very critically examined because of their lack of objectivity.

Some of the sources utilised in the thesis, primarily the interview, were originally in Swedish and have been translated into English and there is for that reason a risk of mistranslations which could affect the reliability of the thesis negatively.



### 3. Framework

*In this chapter the authors will present a theoretical framework with different theories and practices relevant to this thesis. This includes different theories on and motives for CSR, a presentation of GRI and some tendencies for the future of CSR and a potential audit.*

#### 3.1 Corporate Social Responsibility

Corporate Social Responsibility, Corporate Sustainability, Social Accounting or Corporate Citizenship. The names to describe the phenomenon are many and there are no recognised definitions that classify and/or separate the different names. Attempts have been made to address this issue and different classifications have been made by scholars. However, none of these classifications have gained general acceptance. In the eyes of many, most of these are considered to be synonyms while others recommend that distinctions are made (van Marrewijk, 2003).

##### 3.1.1 Corporate Citizenship

The term “Corporate Citizenship”, or CC, has become popular when it comes to describing a company’s social role and work toward sustainability. There is however hard to find a uniform definition of CC, and there seems to be a difference in what academics and companies incorporate in the term. (Munshi, 2004; Matten & Crane, 2005) One debated issue is whether there is a differentiation between CC and CSR. Munshi (2004) describes CSR as being vaguer and more unclear than CC, that there are no universal principles for CSR but some evolving for CC, and that CC takes stakeholders into more consideration than CSR.

Matten & Crane (2005) focus on the meaning of “citizenship”, as a term described in political science, to differ CC from CSR. They argue that today CC is often based on theories about CSR, and therefore present two conventional perspectives of CC together with a third extended view focusing on citizenship. The first, *Limited view of CC*, concerns companies strategic philanthropic actions, meaning that by helping its local community future profitability will be ensured. The second, *Equivalent view of CC*, describes how CC can be very similar to CSR. In fact, Matten & Crane show that CC is sometimes defined exactly the same way as CSR was defined twenty years earlier. None of these views explain the use of the word citizenship, and should not be defined as CC according to Matten & Crane.

Citizenship, according to political science, includes civil, social and political rights for citizens. Corporate citizenship, however, mainly includes duties for the company. Matten & Crane therefore promote a third *Extended view of CC* where companies are not seen as citizens but administer citizenship rights for stakeholders, taking over parts of responsibilities traditionally handled by governments. This last view is also supported by Jeurissen (2004) who compare a citizen to corporate citizenship and finds both similarities and differences.





In this thesis the term CSR is consequently used to cover a wide interpretation of the concept of CSR which encompasses both the limited and equivalent view of CC as well as the terms in the first paragraph.

### 3.1.2 Different Theories on CSR

There are several different theories around the concept of CSR concerning classification as well as underlying reasons. These theories have been divided by Garriga & Melé (2004) into groups of theories related to each other.

1. The first group, referred to as *instrumental theories* presume that a company's sole responsibility is to create wealth. The only relations between companies and society treated in these theories are the economic ones. Social activities can only be accepted if they create wealth.
2. The second group is called *political theories* and they underline the social power of companies and their responsibility in the political arena. Companies should therefore accept their social duties and rights for example by participating in social activities.
3. The third group is termed *integrative theories*. These theories state that social demands should be incorporated in business as business depends on society for its growth and continuity.
4. The fourth group, *ethical theories*, recognise that ethical values are enclosed in the relationship between companies and society. Companies should therefore utilise CSR as an ethical responsibility and not for any other reason.

Each of these groups contains several theories that in one or more aspects are associated. However, sometimes the theories within one of the groups differ greatly, especially in the case of the *ethical theories* (Garriga & Melé, 2004). The definition of *Extended view of CC* is to be considered as a *political theory* because the view focuses on the idea that corporations should administer citizenship rights and take responsibilities in society, which is what is incorporated in the political theories.

### 3.1.3 Different Motives for CSR

Companies can have different motives for presenting CSR reports and these could be distinguished into different levels of ambition (van Marrewijk, 2003).

1. *Compliance-driven CSR*: The motivation is that CSR is considered as a correct behaviour or a duty and obligation. The welfare provided to society exists mainly within limits of regulations from authorities. Apart from that organisations might engage in different charity operations.



2. *Profit-driven CSR*: The motivation is a business case. CSR is utilised if it is considered to be profitable for the company, for example due to an enhanced reputation. Social, ethical and ecological aspects are integrated into business operations and decision-making but only providing it contributes to the financial result.

3. *Caring CSR*: The motivation is that human potential, social responsibility and care for the planet are important per se. The company uses CSR to balance economic, social and ecological concerns, which are all three important in themselves. These CSR initiatives go beyond legal obedience and beyond profit concerns.

4. *Synergistic CSR*: The motivation is that sustainability is important in itself, especially since it is foreseen as the expected direction of progress. The CSR consists of a search for well-balanced, practical solutions creating value in the economic, social and ecological parts of corporate performance in a way that is gainful for all relevant stakeholders.

5. *Holistic CSR*: The motivation is that sustainability is the only alternative since every person and organisation has a universal responsibility towards all other beings. CSR is completely integrated in every aspect of the company in order to contribute to the quality and continuance of life of every being and entity, now and in the future.

These motives are presented in an ascending scale of devotion for CSR. Each motive can also be connected to one of the group of theories presented in subchapter 3.1.2. The groups of theories contain several theories and none of these can be explained by one simple motive. The motives presented above can however give an indication of one motivation behind the theories of CSR. The *Compliance-driven CSR* could fall under the group of *political theories*, even more so if CSR were to become mandatory, while *Profit-driven CSR* should be categorised under *instrumental theories*. Both *Caring CSR* and *Holistic CSR* can be considered to be motives that fall under *ethical theories*, whereas *Synergistic CSR* can be classified under *integrative theories*.

### **3.1.4 Discussions on CSR**

The debates and the discussions on CSR are many and diverse. Academics and representatives from the business world and legislative powers have several opinions, and while they do agree on some parts many issues are nevertheless unsettled.

#### **3.1.4.1 In favour of CSR**

The general opinion of today is in favour of CSR and therefore many of the discussions and articles deal with different approaches to CSR rather than the actual advantages of the idea of CSR. However, there are many advantages and reasons for a company to utilise CSR as can be seen in subchapter 3.1.3. Using CSR reporting can provide consumer trust in a company and its products by showing that the company is responsible and therefore trustworthy (www.csr2004.nl, 2005-04-27).



Several analysts argue that CSR offer important ways to achieve long-term economic success (Maignan & Ralston, 2002). One of the main arguments for companies to utilise CSR reporting is that it “pays to be good”, i.e. that the company will benefit, directly or indirectly, financially from CSR. Studies on the subject have been carried out but the results of these have been varied. Some studies find support for the correlation between CSR and financial performance and others do not (Johnson, 2003).

While considering the theories and motives presented in subchapters 3.1.2 and 3.1.3 most of the advantages for the company with CSR fall under *Instrumental theories* and *Profit-driven CSR*. These theories and motives are advantageous for the company from a financial viewpoint, an angle that ought to appeal to several companies regardless of ethical consciousness.

### **3.1.4.2 Against CSR**

Today very few oppose to CSR, a trend that is alarming according to some. In a critical article several disadvantages and dangers with CSR are presented. According to Henderson (2001) the widespread agreement on CSR that exist today is unwise as it presents an untrue outlook on the world and might even have harmful consequences for society. The notion of CSR has a too simple view of life, it supposes that the problems dealt with have known and fixed answers. Henderson (2001) also argues that the fears that globalisation causes social exclusion of poor countries and too much power for large companies are exaggerated. CSR could even be harmful to society as its costs might largely exceed its benefits.

A company’s adoption of CSR reporting can not be done without a significant cost, a cost that undoubtedly is taken from the company’s result and thereby reduces profit. As these companies see their results decreasing they would have a strong interest in ensuring that other companies are compelled to follow in using CSR. This might lead to a loss for economy as a whole and the society at large due to worse performances (Henderson, 2001). If the social responsibilities they heavier in some companies the impacts on the economic aspects might not be questioned (Freeman & Liedtka, 1991). If this was to include worldwide standard and norms the damage could be even greater. Circumstances differ greatly between countries and a worldwide standard could restrict trade and investment flows. It could even hold back development in poor countries by restricting employment opportunities in them and as a consequence weaken the market economy (Henderson, 2001).

Henderson does not deny the many problems and questions that exist in the conduct of business today but he argues that CSR is not the way to resolve them. Companies need to act more responsibly and treat people, employed as well as others, in a humane and moral way. But acting responsibly does not equal adopting CSR. CSR simply puts excess baggage to any useful conception of companies’ social responsibility (Henderson, 2001).



### **3.2 Global Reporting Initiative**

*“The Global Reporting Initiative (GRI) is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines.”* (www.globalreporting.org[2], 2005-04-22)

#### **3.2.1 About GRI**

GRI started in 1997 as a coalition between the U.S. non-governmental organisation Coalition for Environmentally Responsible Economies, CERES, and United Nations Environment Programme, UNEP. In 2001 its first Board of Directors was elected and GRI became a permanent, independent non-profit foundation and an official collaborating centre of the UNEP, organised under the laws of the Netherlands and with its headquarter situated in Amsterdam (Woods, 2003). GRI has support from representatives from business such as General Motors, non-profit groups dealing with environment and human rights such as SustainAbility Ltd., accounting bodies such as KPMG, investor organisations such as National Australia Bank, trade unions such as The Russian Union of Industrialists, and many more from all over the world. GRI is financed by subscriptions and contributions from these different stakeholders, and expects to be self-sustaining in a few years (GRI 2002 Guidelines).

GRI is led by a Board of Directors that has the ultimate financial, legal and fiduciary responsibility, and therefore makes the final decisions. The 16 members of the board are appointed and advised by the Stakeholder Council which is an active multi-stakeholder body consisting of 60 members. Sixty percent of the Council are elected by Organisational Stakeholders, an unlimited number of registered organisations committed to GRI through participation, promotion, and disclosure. The Secretariat, led by the Chief Executive, implements the Board’s plans and handles communications, outreach, stakeholder relations, and financial administration. There is a Technical Advisory Committee comprising of 10-15 experts in all areas of GRI’s Guidelines supporting the Board of Directors and the Secretariat (www.globalreporting.org[3], 2005-04-22).

#### **3.2.2 The Guidelines**

The first publication of GRI’s Guidelines was released in June 2000. It had been preceded by a draft which had been revised between 1999 and 2000. The second edition was released in 2002, and is currently in use (GRI 2002 Guidelines). The work has started on the third edition, the G3 Guidelines, which should be released in mid-2006 (www.globalreporting.org[4], 2005-04-22).

The Guidelines is a tool that can be used by organisations as a support for publishing CSR reports including economic, environmental and social aspects, and their relationship. They are intended to complement existing financial reporting standards. By reporting in conformance with well-established, widely accepted principles that are applied consistently over time, transparency and credibility should be reached. Reports following the Guidelines should be easy to understand and relevant to its users. They should also present the human



and ecological impact of business, support the manager's decision-making and help the organisation to continuously improve. GRI wants to contribute with standardisation and comparability of CSR reporting today and on the way to a possible future merge between financial and sustainability reporting. It is therefore important with a continuous stakeholder dialogue (Woods, 2003).

The Guidelines consists of five parts; Introduction, Using the GRI Guidelines, Reporting Principles, Report Content, and Glossary and Annexes. The two relevant parts for this thesis, Report Content and Reporting Principles, will be presented below.

### **3.2.3 Report Content**

As mentioned earlier there are three dimensions of performance indicators in the Guidelines, economic, environmental and social, and these can be identified as core or additional. The Guidelines are voluntary and can be used partly or "in accordance", where higher demands are set on the report. Core indicators are required to fulfil "in accordance" reporting, together with other criteria such as a GRI index and a scorecard. However, GRI does not control or certifies reports that claim to be in accordance, though this might be done by other users of the report (GRI 2002 Guidelines). The breadth of issues implemented in the Guidelines is what makes GRI unique (Woods, 2003).

*Economic* performance indicators measure the organisation's impact on economic resources for all the stakeholders including local, national and global levels. Examples of indicators are wages per country, donations to community, and taxes paid in different countries. Most of them are financial information and covers both qualitative and quantitative measures (Woods, 2003).

*Environmental* performance indicators include energy use, emissions, waste, material use, and environmental impact of using the organisation's products and services (Woods, 2003).

*Social* performance indicators are for example health and safety practices, child labour, non-discrimination, education, and social impact of using organisation's products and services. The reporting organisation is encouraged to develop integrated measures together with stakeholders (Woods, 2003).

### **3.2.4 Reporting Principles**

GRI's 2002 Guidelines have eleven fundamental reporting principles which will be described below. The first three form the framework for the report. Number four to six determines what to report and number seven to nine should ensure reliability and quality. The last two concerns access to the report (GRI 2002 Guidelines). A summary of the principles by Woods (2003) have also been used to explain the following principles.



1. *Transparency.* To ensure credibility and accountability it is crucial that users have full information regarding the processes, procedures, and assumptions used for preparing the report. Transparency has been important for financial reporting for long and GRI wants the same for economic, environmental and social disclosure with the help of a generally accepted framework.

2. *Inclusiveness.* The organisation's stakeholders should systematically be engaged to focus and enhance its report's quality. This can lead to strengthen trust between producers and users leading to higher credibility. Inclusiveness is also important to ensure that the report is relevant to all different groups of stakeholders.

3. *Auditability.* Reported data and information should be recorded, compiled, analysed and disclosed in such way that internal auditors or external assurance providers would be able to attest to its reliability. This should be taken into consideration both when designing data collection and when preparing reports.

4. *Completeness.* All information that can be used for assessing the organisation's economic, environmental and social performance should be reported in a way that is consistent with GRI's operational boundaries, scope and time period. Operational boundaries are the range of entities for which information is gathered by the reporting organisation, and can be defined by financial control, legal ownership, business relationships or similar considerations. Scope is the specific aspects included in the report. Organisations can choose to have a more narrow scope than what GRI recommends, for instance only cover environmental performance, but it should be clearly disclosed. Finally, reportable activities should be reported in the time period that they occur. It is also important to facilitate the possibility to investigate future trends and not only historical facts.

5. *Relevance.* The level of importance at which a particular aspect, indicator, or piece of information becomes significant enough to be reported is determined by its relevance. Information should be relevant to both the reporting organisation and its stakeholders, though this is not always the case. However, interaction and communication between the organisation and the users help to reduce the gap.

6. *Sustainability Context.* The reported performance information should be placed in the larger context of ecological, social or other constraints if this adds significant meaning to the report. An organisation that strives for sustainability should be concerned with macro-level issues and not just its own performance in a specific area.

7. *Accuracy.* Exactness and few errors allow the users of the report to make confident decisions. Accuracy is determined by for example detail, degree of clarity and sampling methods, and it is important to explain how this was achieved.

8. *Neutrality.* The report should present an overall unbiased picture of the organisation's performance, including both favourable and unfavourable results. The selection, omission or presentation of information should not intend to influence the user's decisions.



9. *Comparability*. In order to compare the reports over time and against other organisations, consistency in the boundary and scope of the report should be maintained. Changes should be clearly disclosed and previously reported information should be restated to the maximum practicable extent.

10. *Clarity*. The reports should be understandable for the maximum number of users in diverse stakeholder groups with different background knowledge, while still be detailed enough to be useful for benchmarking et cetera for experienced users.

11. *Timeliness*. Report should be made available to users on a regular schedule so that the information provided can be used for decision-making. Annual reports combined with updates on special events are a good model for timeliness.

### **3.3 Trends**

CSR is gaining ever-greater importance and the idea of social and environmental responsibility appears in a number of legal and political documents. Companies operating in global markets are experiencing an increased pressure to balance social, economic and environmental values, while at the same time building shareholder value. This pressure was ranked second in a survey made by Financial Times and PricewaterhouseCoopers in 2000 (Morimoto, Ash & Hope, 2004).

Several published surveys claim that there is a positive trend in numbers of companies issuing CSR reports. KPMG's International Survey of Corporate Sustainability Reporting 2002 showed an increase in CSR reporting among companies from the global Fortune 500 list compared to 1999. A survey by CSR Network showed that 21% of the participating financial services companies included CSR in their annual reports, compared to 7% the previous year. But the Global Reporters survey in 2001 revealed that only a small fraction of the major multinational corporations produces serious CSR reports. Finally, GRI had in May 2005 listed 665 companies using their Guidelines ([www.globalreporting.org](http://www.globalreporting.org)[5], 2005-05-27), compared to 206 in March 2003 and 160 in December 2001 (Woods, 2003).

The issue of assurance of CSR reports is an ongoing problem and it has become more important and complex over time. The importance of assurance of the reports is pointed out by the European Commission in its Green Paper. With the extensive CSR reports that exist today several indicators must be taken into consideration while assuring a report, not only confirmation of activities performed but measurements of expenditures, outputs and impact (Antal et al., 2002). Finding an appropriate method for auditing of CSR reports is difficult due to its complexity but mostly because of its implementation. Any auditing system that fails to gain general acceptance in several stakeholder groups would be inapt. A general system would also have to be applicable on many different types of organisations. Several methods for measurement are being implemented by different organisations. In order to increase the efficiency of measurements categories for classifying corporate activities should be stable over time as well as applicable across companies (Morimoto et al., 2004).



The GRI auditability principle shows that GRI recognise that an assurance process could enhance the quality, consistency and credibility of CSR reporting, if this is supported by stakeholders. As discussed, there are no widely accepted standards for assuring the CSR reports, and GRI does not intend to set such a standard. Instead, GRI views its role as encouraging multi-stakeholder dialogue about development and standardisation of assurance methods, which will likely be inspired by traditional financial auditing. However, third-party audits will not be valuable or credible if no trusted standard exist (Woods, 2003).

A study by Larsson & Ljungdahl (2001) showed that professional accountants are increasingly being requested to assure non-financial information. The large accounting firms therefore have experts who can provide assurance on environmental and sustainability reports, but using a methodology based on traditional financial audit. However, this methodology needs to be complemented with other techniques in order to deal with complex sustainability issues since internal reporting systems do not fully support sustainability reporting. KPMG in Sweden consults stakeholders in its assuring process, leading to a better identification of discrepancies relevant to the stakeholders and improved quality, which might narrow the expectation gap between the assurance provider, the client, and the client's stakeholders (Woods, 2003).

An audit system for CSR reports would have to find unbiased categories in the sense that they should be applicable to all companies and industries. For example a combination of quantitative and qualitative methods could be appropriate as the performances presented in CSR reports not always are of numerical quality. Another aggravating factor in the search of a measurement system is that there is a lack of a generally accepted definition of CSR (Morimoto et al., 2004).





## 4. CSR Reports

*In this chapter the authors will present the empirical study and analysis of Volvo Cars' CSR reports for the years 2000, 2001, 2002 and 2003. The reports have been thoroughly read but the empirical result will be presented as a summary of the findings essential for the analysis. All analysis was performed with the help of the model for analysis.*

### 4.1 Volvo Cars

Volvo was founded in Göteborg, Sweden in 1927. In 1999 the production of cars, Volvo Cars, were sold to Ford Motor Company. Volvo Cars is globally a small manufacturer with about one to two percent market share in its principle markets, except for Sweden where the market share is approximately 20 percent. In 2004 the production of cars reached an all time high of 456 000 cars (www.volvocars.com[1], 2005-05-15)

Safety, Quality and Environment are the three stated core values of Volvo Cars. Volvo has a long history of working with safety, environmental care and social responsibility, and since the year 2000 Volvo Cars produces a CSR report. Volvo Cars has chosen to refer to their work with CSR and their reporting as Corporate Citizenship. So far, none of the reports have been verified by a third party.

### 4.2 2000 Volvo. For life.

The CSR report of 2000 is the first one published by Volvo Cars. It is the beginning of the company's process with CSR reporting and there are few previous facts and experiences to base the report upon. The focus of the report is therefore more forward-looking than evaluating. The report handles Volvo Cars' work in CSR in seven main areas; customers, safety, quality, environment, employees, suppliers and society. There is no reference to GRI except for a link to their website.

#### 4.2.1 General Analysis

For Volvo Cars, the year 2000 was eventful. Hans-Olov Olsson was appointed the new CEO and the number of sold cars reached 422 000 which was a new record at that time. Four new or revised models were introduced; Volvo S60, V70, V70 XC and S40/V40 phase II. The S60 was available with a new 250 hp engine. Three concept cars were also presented focusing on Adventure, Safety and Performance (www.volvocars.com[2], 2005-05-16). Volvo Cars made a profit of six billion Swedish kronor. (FinansTidningen, 2002)

#### 4.2.2 Type of Text

The main body of text describes what Volvo Cars has done so far and will do in the future concerning CSR in the seven different areas mentioned above, as well as gives general information about the company. The information is presented in a straight-forward manner,



giving both examples of Volvo Cars' work with, and views on, these areas. Sometimes the text is more arguing, stating what the company must do to address different issues. The report also describes Volvo Cars' thoughts and work with CSR and this report, saying that their high standards of safety, quality and environmental care makes it possible to contribute actively in these areas. The importance of their selected areas of interest in the report is argued for.

The managers responsible for each of the seven sections have in a small note presented their thoughts or arguments for their area of expertise. The text usually comprises information, suggestions and many exhortations such as *"To achieve our goal, we need to be best at observing and interpreting customer's signals."* (2000, p.14) Statements like these contain little information on how to actually do things.

The part written by the CEO is describing but more subjective and also more convincing. The concept of CC and Volvo Cars' relationships are introduced and discussed, leading to a conclusion on the importance of sustainable development. The CEO presents Volvo Cars' thoughts as *"..., corporate citizenship must not be regarded as a 'luxury' to be indulged in when times are good, but as an essential condition for achieving our business goals."* (2000, p.5)

### **Comments**

The authors interpret that this indicates that Volvo Cars' have an ambition to work continuously with CSR and have done so for a long time, while other companies might only do so when it is suitable. This could give the impression that Volvo Cars is better than its competitors. The notes by the managers might be considered as an attempt to convince the reader of Volvo Cars' excellence and aspiration to do better in every area that can influence sustainability.

The authors believe that when the text is arguing it is easy to see that Volvo Cars wants the reader to be influenced or convinced that what is written is the best answer to a problem, or the only way things can be handled by the company. An informative text is more subtle in its way to persuade the reader of the correctness compared to an arguing text. However, Volvo Cars are trying to give an impression of seriousness and reliability by using informative language. The authors consider it more probable that a describing text is neutral and correct than an arguing text, but the reader should nevertheless be aware of the message which Volvo Cars wants to deliver. This analysis of informative and arguing texts applies for the three following reports as well, but will not be repeated for every year.

### **4.2.3 Emotional Tone**

In the report, negatively sounding words are infrequently used. When utilised, they are mostly counteracted by a positive statement on how to improve the situation or a positively charged word. The following quote exemplifies this: *"...the problems of climate change and carbon dioxide emissions may represent our greatest challenge."* (2000, p.16) The tone of the text in general is neutral, although some parts are more positive when describing



what has been done, or what Volvo Cars believe. Throughout the report the words “we”, “our” and Volvo Cars are used consistently, and they are most likely meant to be synonyms.

### *Comments*

The authors think that by referring to an environmental threat as a challenge the meaning and impact of that issue changes. The word challenge is very positively charged, and gives the impression that it is interesting and exiting for Volvo Cars to work with the problem of climate change. Also, no focus is put on the fact that Volvo Cars contribute negatively to the problem by manufacturing cars that mostly run on petrol.

By keeping the text as neutral as possible, it is likely that Volvo Cars wants the reader to believe that the information given can be trusted. However, by using the word “we” instead of Volvo Cars or “the company”, the report gets a familiar instead of a formal tone.

### **4.2.4 Appearance**

The report is airy, has a consistent use of mild colours for graphics and headings, and few diagrams and tables. The pictures used are mostly large, brightly-coloured and often blurry. All of Volvo Cars’ different car models are depicted in exotic environments with a focus on their new models Volvo S60 and Volvo V70XC. Other pictures show various people, mostly women and persons with diverse ethnical background. An exception is the small portraits of managers, who are all white middle-aged men. The photo of the CEO is large and depicts Mr Olsson halfway in or out of a car’s driver’s seat. The cover has a black and white background showing a wooden bridge and smaller coloured pictures with children, a Volvo V70, a highway and connected young and old hands.

The authors will here give a description of some of the pictures in the report so as to give an illustration of the appearance of it. The photo in the part about society shows a coloured man and two white children, one boy and one girl, sitting on a wooden bridge, the man has a small bag net in his hand. In the background is a poster for Volvo Cars’ “practical environmental projects” decorated with childlike paintings. The picture in the part about quality shows a young white woman examining the body of a car.

### *Comments*

The authors consider the report to be inviting and easy to read. The report has little resemblance to a financial report but not to an advertising brochure either. This gives the report a fairly serious appearance. However, the photos in the report are very glossy and even rather cliché. All the larger pictures depict women, mainly white but also of other ethnicities, with an exception of a photo showing several persons around a dinner table and the photo of two children and one coloured man described above. It seems like Volvo Cars is trying to convey the message that they are a company with diversified and multicultural personnel. This is in contrast with the situation described by the photos of the managers presented in the report. Every manager that appears in the report is a white middle-aged man. The authors consider it likely that they are more representative for the company, or at least for those in power within the company.



#### 4.2.5 Purpose

The purpose with this report is presented in the foreword. *“This is a status report which is intended to provide a basis for the ongoing work of developing corporate citizenship within Volvo...”* (2000, p.3) The CEO states that the report should be a springboard for motivating and driving the work with corporate citizenship forward.

##### *Comments*

The purpose stated in the report is described above, but the purpose according to the authors has to be drawn from the analysis of all the different parts of the report. In this year’s report, the main purpose seems to be to introduce the reader to Volvo Cars’ work with CSR, to show the company’s good deeds and to give an image of diversity and thereby enhance Volvo Cars’ reputation.

#### 4.2.6 Participants

The producer of the report can be assumed to be Volvo Cars’ department of Corporate Citizenship. However, the report generally does not inform who has written the different texts. The exceptions are what the CEO and different managers has written. The report does not explicitly tell to whom it is written, but it states that Volvo Cars’ main stakeholders are customers, employees, suppliers and society.

##### *Comments*

Although it is not clear neither who the transmitter nor the receiver of this report is, the authors believe that the principle receivers are the employees and external stakeholders with a particular interest in Volvo Cars. If the receivers are interested in an easily read overview of the company’s work with CSR, the report is well aligned to their requirements. However, if the reader wants detailed information in order to investigate Volvo Cars’ achievements, the report is too thin. The authors believe that many employees fall under the first category, while for instance environmental NGOs more likely belong to the second.

#### 4.2.7 Figures

In total, the use of figures is not extensive. Some key performance indicators, KPIs, for the parts treating environment and employees are measured using percentage values. For example, the percentage of car sold complying with Californian emission standard is 15 % and the percentage of employees satisfied with their job is 68 %. Figures are used to report current values but equally often to describe goals set for the future. Volvo Cars has agreed to reduce fuel consumption with 25 % by 2008 compared to 1995, but there is no information on what progress has been made so far. Also, a few graphs show the distribution of types of customers and employees, sales and environmental certification.

##### *Comments*

Since this is the first CSR report ever to be produced by Volvo Cars there are no previous figures to compare to. The authors consider the content in this report to be a bit thin concerning figures. As mentioned there are very few figures and numbers which give the



report less credibility, because figures are considered to be trustable by the authors. Even though there are explanations of actions taken little is shown of the results achieved.

### **4.3 2001 Corporate Citizenship Report**

The evaluation of the 2000 report provided feedback from different stakeholders who demanded more hard facts, something that has been taken into consideration for this year's report. The structure is however unchanged. The report is structured around the same seven main sections found in the last report addressing Volvo Cars' three core values and four core relationships. This year's report is based on the GRI guidelines, and presents a sustainability scorecard with twelve environmental, social and economic KPIs (see Appendix 2). The scorecard also presents a trend regarding effects on sustainability for each KPI marked by a plus, an equal sign or a minus.

#### **4.3.1 General Analysis**

In 2001, Volvo Cars introduced new, more environmental friendly diesel engines and new versions of the Bi-Fuel engines using methane or propane combined with petrol as fuel. Both these types of engines reduce carbon dioxide emissions. An all-wheel drive version of S60 was launched, and Volvo Cars' new Safety Centre was further developed. In total, 420 000 cars were sold in 2001 ([www.volvocars.com](http://www.volvocars.com)[2], 2005-05-16), and the company made a profit of eight billion Swedish kronor (Dagens Industri, 2003).

#### **4.3.2 Type of Text**

Volvo Cars' work concerning CSR in their seven core areas is described in the main body of text, together with basic information about the company. The whole report is characterised by a will to present Volvo Cars in a positive way. This is made both by presenting good things that the company has actually done, but also by vaguer expressions, shown in phrases like "*We shall promote sustainable development wherever possible.*" (2001, p.30) Such a statement contains no information but is just an empty phrase.

On every section there are quotes from a Volvo Cars manager and sometimes from external experts. These quotes are expressing different views on the future for the company and its external environment. The description of Volvo Cars' views on and process of corporate citizenship is both informative and arguing. Their sustainability scorecard is introduced without many arguments for why these specific indicators are chosen.

The CEO's statement contains both personal reflections and an evaluation of the year. Mr Olsson writes about the terrible events that happened during 2001 and the problems of the world, the importance of corporate citizenship and what Volvo Cars does to help society, for example a Global Compact project which aim to strengthen diversity.



Most phrases are quite clear and informative but sometimes more elusive sentences appear. It is for example said about discrimination that: “*However, the Attitude survey conducted by Volvo Car Corporation this year does not indicate that discrimination is currently a major problem.*” (2001, p. 26)

### **Comments**

The authors find it difficult to tell whether the sentence above means that discrimination used to be a major problem, or if it is only a small problem now, or if there is a problem which just is not indicated by the survey.

The unclear and empty phrases that are used in the report can not be considered to give any message at all, since it is considered impossible by the authors to verify a statement such as the quote about promoting sustainable development. Sentences like these therefore make the reader confused instead of enlightened.

Further, the authors believe that Volvo Cars wants to convey as specific interpretation of the message in the CEO’s statement to the reader, namely that Volvo Cars is a caring company which can be trusted in troubled times. This is done by focusing on what the authors have described above about the CEO’s statement. The statement therefore has a responsible and involved tone.

### **4.3.3 Emotional Tone**

In general, the text is presented in positive wordings when describing what Volvo Cars does when dealing with the different areas. Negative issues are more clearly presented than in the 2000 report, but still not emphasised. As in the last report, problems are often presented and then counter-weighted with a positive statement. The focus is usually on what Volvo Cars has done and can improve in certain areas. The language is written in a serious tone without being very formal, which makes it easy to read.

Although most of the problems mentioned in the report are described in an open way, there is sometimes a tone of disclaiming responsibility by Volvo Cars, letting the problem become universal instead of focusing on what Volvo Cars’ part of it is. One example comes from the environmental section. “*Global warming caused by fossil fuels and CO2 emissions is one of the toughest challenges facing the global community.*” (2001, p.18)

### **Comments**

The authors find the quote above interesting both because it uses the positively charged word “challenge” to describe a very serious problem and also because it says that the global community should deal with it. This could be compared to the sentence quoted in the report for the year 2000 where Volvo Cars says that the same problem is “*our greatest challenge*” (2000, p.16), and thereby acknowledges the company’s part in dealing with the matter.

The authors consider the use of positive words to give the reader the impression that things are going well for Volvo Cars, but the seriousness of the language still makes sure that it



appears to be reliable. However, by bringing the negative issues more forward the balance would be more neutral. As it is now, there is a feeling of pride in many parts of the report that sometimes seems legitimate but other times lower the objectivity.

#### 4.3.4 Appearance

The report has many blank areas, mainly uses one pale-blue colour for graphics and headings, and has many tables, quotes and “advice-boxes”. The text is written in two columns. The existing pictures are full-page pictures they are drab-coloured, and depict either posing Volvo-employees, or people in a typical Swedish autumn surrounding, all smiling. Not many Volvo cars are shown and there is never a focus on the car itself. The picture of the CEO is also full-page and shows him posing in-between the statues of the founders of Volvo. On some spreads there are no pictures at all. The cover is brightly coloured and shows details of the rear and front of a car, which those who are familiar with cars can see is a Volvo XC90.

As in the last report, the authors will give a description of a picture so as to give an illustration of the appearance of the report. The photo belonging to the part concerning employees, show five persons, three women and two men, posing with items representing leisure time activities. In the centre of the picture there is a white male with a bandy stick, on his right there is a white woman with a model-sailing boat and on his left a young white woman with a pair of running-shoes around her neck. In the back row there is a young Asian woman holding two CD-records in front of her and a youngish Middle East male holding up a deck of cards.

#### *Comments*

The authors do not regard the report as being inviting towards its readers, as it gives a dull and dreary impression. The report is not a cheerful advertising brochure but not very professionally looking either. This could be confusing for the reader, as it is thereby hard to form an opinion of the purpose of the report. All the pictures in the report are attempting to be perky with different backgrounds and smiling people. The photo described above is a clear example of this, showing happy employees with their leisure activities. However, the pictures does not succeed to convey a positive message, instead they look artificial and stilted. The authors also think that it should be noted that the Volvo XC90 showing on the cover was not presented until the beginning of 2002, which means that the car has nothing to do with the year treated in the report.

#### 4.3.5 Purpose

The purpose of this report is according to the foreword “*to be an open and trustworthy document, aimed at informing both external and internal stakeholders about our progress and concerns regarding Corporate Citizenship.*” (2001, p.2)



### **Comments**

The purpose stated in the report is quoted above, but as mentioned in subchapter 4.2.5, the purpose is built on all the different parts of the report. In this year's report, the authors think that it is not very clear what Volvo Cars wishes to achieve with the report, other than trying to describe Volvo Cars as a decent employer and partner in order to increase its reputation. The report does inform, but does not come out as entirely open and trustworthy.

### **4.3.6 Participants**

Just as in the report for the year 2000, it is not specified who has written the different texts. The exceptions are again what the CEO has written, together with quotes from managers and externals. As stated in the reports purpose, it is aimed at both internal and external stakeholders.

### **Comments**

The authors consider this report to not be aligned with the demands of either internal or external readers, which it is supposedly written for. For the reader who wishes an overview of Volvo Cars' CSR work, the report is rather easily read but somewhat less attractive than the former report. Even though it has more information than the 2000 report, it still does not give an informative or reliable enough impression to support a reader with an interest in details.

### **4.3.7 Figures**

This year's report introduces a sustainability scorecard which monitors key issues measured as a proportion or as numbers (see Appendix 2). In the report, figures are used both to describe the present situation and to specify goals. Sometimes a lack of figures makes actions and changes impossible to measure. For example, under the part treating customer, it is mentioned about web-based training for sales consultants and technicians that this has doubled for the consultants and tripled for the technicians.

Volvo Cars has agreed to lower fuel consumption on new cars with 25 % by 2008 compared to 1995. This is mentioned in several places in the report, and it is also stated that Volvo Cars have made "... *significant progress towards the agreed target.*"(2001, p.20). But the actual progress is only mentioned in the scorecard and in small typeface under a graph. Fuel emissions have been lowered with 11 % since 1995, which is the same as in 2000. Neither figures nor graphs and tables have a prominent position, although they do exist in most parts of the report.

### **Comments**

The authors think that even though this report has slightly more concrete facts than the previous it is still not convincing. The use of numbers in a vague sense, such as double or triple, tells nothing about what has actually happened and therefore decreases the reliability of the report instead of increasing it. Has it doubled from four persons or from a few





hundreds or even thousands? If some of the information is unclear the reader could lose faith in the report as such and thereby also the information that is presented.

#### **4.4 2002 Corporate Citizenship Report**

This year presents a new structure and layout of the report. However, there is no foreword explaining the change or introducing the report as in the other year's reports. The report is structured around Volvo Cars' three core values and four core relationships like before, and focuses on diverse dilemmas connected to those areas. It presents a corporate citizenship scorecard with eighteen KPIs and their trends, which is both more and different than the previous year (see Appendix 3). The KPIs concern creating value, assuming social responsibility and promoting ecological sustainability, and it is stated that the preparation of the report was inspired by GRI.

##### **4.4.1 General Analysis**

Volvo, and Volvo Cars, celebrated 75 years in business in 2002. This year the new Volvo XC90 was launched which was the company's first city jeep or "SUV". Built more like a regular car than a traditional SUV, which is based on a light truck, it offered advanced safety features and reduced the risk of overturning. The R-version of S60 and V70 with a 300 hp engine and all-wheel drive was also introduced. In total, 407 000 cars were sold the year 2002 ([www.volvocars.com](http://www.volvocars.com)[2], 2005-05-16). The company made a profit of five billion Swedish kronor (Dagens Industri, 2003).

##### **4.4.2 Type of Text**

The main parts of the report inform of what Volvo Cars has done the past year in their seven core areas, although quality and customers are now presented together. The report mostly presents concrete examples of the company's action in every area which gives the reader an image of the company's capability. The report also informs about Volvo Cars and their opinion on corporate citizenship. In the CEO's part, the dilemmas that Volvo Cars faces, such as those described below, and the balance which is required are discussed.

There are no external viewpoints on Volvo Cars' work presented as was the case in the former reports, but instead the emphasis lies on several discussions on different dilemmas. These are presented together with the majority of the core areas and cover subjects such as attitudes and tradition concerning child safety, environment and customer satisfaction, and human rights and trade with emerging economies. The future of the car industry, using diversity to improve creativity and customer satisfaction, problems and solutions with alternative fuels, and their much debated city jeep XC90 are discussed and argued for in a full page each. When it comes to the XC90, the title is "Can an SUV have a clear conscience". This text is explaining, excusing and convincing. All the arguments against the type of car are met with information on what Volvo Cars has done to minimise the bad effects. At the end of the page it is written: *"For although the Volvo XC90 is a top-class model in its segment, the fact remains that a SUV is bigger and uses more fuel than a*



*conventional car.*” (2002, p.15) Volvo Cars here admit that despite their efforts, there are problems. However, just after the quote the company uses the circumstance that Volvo Cars is a small carmaker as an excuse for adjusting to the customers’ demands.

### **Comments**

The authors consider the main texts, describing Volvo Cars’ work in the seven areas, to be informative although positive accomplishments are given a much greater focus than negative issues which diminish the neutrality.

The authors finds the discussions on dilemmas very interesting, but would have liked contributions from external experts. As it is now, it is difficult to have a critical discussion with only one participant, and the dilemmas are therefore more arguing for what Volvo Cars believe or explanations for what they have done. The text about the XC90 gives the impression that it is written to justify Volvo Cars’ decision to produce a type of car which in some ways contradicts their core values, although it is clear that they have made substantial efforts to make the XC90 one of the best cars in that segment regarding primarily safety but also environmental care.

### **4.4.3 Emotional Tone**

In this report, Volvo Cars’ actions are presented in a positive tone. Many actions and issues are described as if Volvo Cars were the most prominent carmaker in many ways, especially regarding safety and environmental care. For example, it is said that *“All car models are crash-tested under the most realistic possible conditions at the Volvo Car Safety Centre, one of the most advanced facilities of this type in the world.”* (2002, p.17) However, negative matters are clearly presented and often discussed, which partly counterweight the more self-boosting parts. There is sometimes a defensive tone, as when Volvo Cars says that they will contribute to society as much as possible, but that it is hard being a small carmaker when competition is tough. The fact that Volvo Cars is a small carmaker is used repeatedly as an argument or excuse for not acting in the best interest of sustainability.

### **Comments**

The authors find that the extensive use of positively charged words presents an image of Volvo Cars as being a very good company in almost every aspect. Though what is said might be true, the apparent pride can make the reader disbelieve the content. For example, the words *“most realistic possible”*, used to describe Volvo Cars Safety Centre, are strongly positive and thereby implies that a better facility can never be constructed. Using the company’s size an excuse can be misleading since Volvo Cars is owned by Ford Motor Company, one of the largest carmakers in the world.

One thing that makes the authors perceive the report as being very positive about Volvo Cars is the fact that many of the paragraphs start with a sentence with *“Volvo Cars”* in it. This brings Volvo Cars forward and put the focus on the company and what it has done, which leads to a sense of the company trying to boast.



#### 4.4.4 Appearance

The report is well-filled without being crowded, has different mild colours for different sections, and has many brightly-coloured pictures in different sizes. The text is written in three columns. Tables and graphs are intermixed with the text, and the layout has been substantially changed since the previous reports and is now more similar to a financial report. The large pictures show different Volvo cars in beautiful landscapes and people in various different circumstances. Pictures of Volvo cars are presented on the first two spreads. Small pictures are displayed on a line in the upper part of each spread presenting a core area. These photos show a wide range of motives, but they are all related to the core area where they are, although there are no captions describing them. For instance, one of the small pictures shows a road through a forest and an elk crossing the road. This photo belongs to the part discussing safety. The CEO is shown in a full-page picture steering a sailing-boat. The cover of the report is beige and the front shows a circular image on which the upper half is the globe and the lower half a tire.

The text on the last spread is titled “A Straight Road Ahead?” and the photo stretches over the entire upper part of the spread. The photo depicts a car on a straight road and a large arrow on the road, pointing straight ahead in the direction the car is driving. The car is fairly sharp whereas the road and the arrow are blurry.

#### *Comments*

The authors consider this report to be pleasant to read. The layout is inviting and facilitates the reading. The photos are giving a pinch of colour to the report which lightens up the reading. The pictures are not taking a dominant position and most of the motives are quite neutral. However, the picture on the last spread, described above, could easily be considered as a symbol of Volvo Cars’ future, where the prospects are still unclear. The report gives a serious impression, possibly because the layout resembles the non-audited parts of an annual report.

#### 4.4.5 Purpose

The purpose of this report is according to the CEO two folded. The first is “*to describe some of the dilemmas which we face from day to day and how we dealt with them in 2002.*” (2002, p.5) The second purpose is to inform about Volvo Cars’ performance and contribution to sustainable development.

#### *Comments*

The purpose the report according to Volvo Cars is described above, but the purpose based on every part of the report might be different. One purpose could be to enhance Volvo Cars’ reputation by presenting the company in a positive way. The authors consider this report to be more successful than the previous reports at informing the reader of the company’s work with CSR. The report is imbued with a will to describe dilemmas and start a debate, but not many solutions to the problems are presented. However, this report does give a good image of Volvo Cars and might affect its trademark positively.



#### **4.4.6 Participants**

As in the previous reports, there is no specified writer to the main content. Only the foreword is clearly produced by the CEO. The report does not mention who it turns to except for its employees.

##### *Comments*

Although the only receivers mentioned in the report are the employees, the authors believe that this report can also attract other readers with a deeper interest in Volvo Cars' work with CSR, because of the more informative content and serious layout.

#### **4.4.7 Figures**

The report of 2002 presents a revised Corporate Citizenship scorecard with KPIs that are all measured with numerical data and show the evolution of each KPI (see Appendix 3). Figures are used both in the main text and in tables and graphs, where some areas such as customer satisfaction, employee statistics and plant emissions are well covered whilst others are vaguer. Some figures explain what should be done in the future but the focus lies on what have been accomplished in 2002, where figures are used to support most of the statements made.

##### *Comments*

Compared to the previous reports the use of figures in the report of 2002 is more extensive. The authors think that this gives the report more substance and reliability since figures show an actual value and are rarely falsified. The authors have chosen to consider figures as a sign of trustworthiness and this report is thereby more reliable than the previous ones even though there are areas that could be further developed, for example, suppliers with certified environmental management systems, recalls of cars and environmental data on cars.

### **4.5 2003 Corporate Citizenship Report**

This years report has almost the same structure and layout as last year's. The same core values and relationships are covered, but there is a focus on different viewpoints on Volvo Cars' CSR areas and sustainability rather than the discussion on the company's dilemmas. This is the first report by Volvo Cars presented "in accordance" with the GRI 2002 Guidelines. It presents a corporate citizenship scorecard with the same categories as in 2002 but with only sixteen KPIs and their positive or negative trends (see Appendix 4). There is also a GRI Index which shows where all information required for being in accordance with GRI can be found in the report and/or Volvo Cars' website.

#### **4.5.1 General Analysis**

This year the new Volvo S40 and V50 were introduced. They are Volvo Cars' smallest models but still have a high level of safety and up to 220 hp engines. The XC90 received many rewards and high safety rankings. A refined version of S80 was presented as well as a



Versatile Concept Car with innovation regarding comfort and environment. Sales totalled 415 000 cars globally (www.volvocars.com[2], 2005-05-16), and the company made a profit of almost five billion Swedish kronor (Dagens Industri, 2004).

#### 4.5.2 Type of Text

Volvo Cars 'achievements and problems concerning CSR in their core areas are described and exemplified in an informative manner. One example is the company's role in different charity projects. Another is the problem with increased carbon dioxide emission which is openly described and discussed in several parts of the report. In the environmental section it is stated that "*Emissions of greenhouse carbon dioxide from our cars increased by 3% in 2003 compared to 2002.*" (2003, p.18) The CEO's foreword is explanatory regarding different challenges for Volvo Cars and the world. The report contains many arguing viewpoints and discussions on several subjects related to the areas covered in the report from mostly internal but also external sources. There are also two larger discussions on "Visions of the future" and "Reducing carbon dioxide emissions: What are the options?" where each subject is discussed. Information about Volvo Cars, corporate citizenship and the scorecard is also presented.

##### *Comments*

The authors consider the main text of the report to be clear and informative. As said about informative language in subchapter 4.2.2, it can be used to convey the impression of reliability. In this report, the informative language gives an honest impression. Whether that depends on the skill of the transmitter or the actual content is hard to say, but the message sent to the reader is that Volvo Cars is a responsible, caring and honest company who stands up for its good and bad contributions to society.

#### 4.5.3 Emotional Tone

Generally, the language of the report is neutral. There are many positive words describing Volvo Cars' work but they are often balanced with negative or neutral information. There is an extensive use of the words "we" and "our" when referring to Volvo Cars. Most negative matters, like the moving of production from Köping and a reported case of discrimination, are presented in as positive wordings as possible. It is said that "*This will result in a change in work assignments and, possibly to a number of redundancies in Köping ... measures will be implemented to assist all employees affected ...*" (2003, p.25)

##### *Comments*

The authors consider the quote above concerning Köping to be a good example of how a very negative issue can be told in positive words to make it less dramatic to the reader. The tone is kept neutral and formal which makes it easy to fail to notice that there are actually negative issues presented. The quote is however not representative for the whole report, which generally presents negative or controversial subjects openly.



The use of “we” and “our” instead of “Volvo Cars” or “the company” gives the report a familiar instead of a formal tone, but this does not diminish the professional impression of this year’s report. Compared to the 2002 report, most paragraphs start by introducing the subject, and not with a sentence saying what Volvo Cars has done in that area. The authors believe that this makes the reader perceive the report as neutral and informative, instead of boasting about the company.

#### 4.5.4 Appearance

The appearance of the report is very similar to that of 2002 concerning colours, layout and pictures. Tables and graphs are clearly presented separately from the text. The viewpoints mentioned in subchapter 4.5.2 are given much space in the report, and are presented with a photo of the writer. The larger pictures mostly show the new Volvo S40 in urban milieus, but also a road sign, an employee at a car factory, a dealer shop, children riding dodgem cars and the city of Gothenburg. There are, just as in the previous report, many small pictures connected to each core area, although this time with informative captions. The picture of the CEO is small and shows him at the wheel of a car. The cover is beige and has a picture of the dashboard of a car and through the windscreen and rear-view mirror a desert landscape can be seen. It is not stated which car model it is but those with knowledge about Volvo cars can see that it is a Volvo S60R or V70R.

The authors will again give a description of some pictures in order to give an illustration of the appearance of the report. One of the small pictures in the part about safety shows four Chinese children in animal costumes sitting in a big car-safety seat. One other photo in the quality and costumer part show six young white women all crowding inside a car. Hardly anything is seen of the car itself but the caption tells that the women are the project team behind Your Concept Car, a concept car designed for and by women.

#### *Comments*

The authors consider the report to give a very serious and professional impression. As already mentioned, the layout is very similar to the one of 2002’s report which means that the report is equally inviting and easy to read. As tables and graphs are more separated in this report the resemblance to an annual report is even more apparent. However, one interesting remark can be made about the pictures. Even though the photos seem neutral and do not stand out, almost all of the cars depicted are the new Volvo S40 which was presented during the year. This could very well be considered as a commercial choice on Volvo Cars’ behalf. The Volvo S60R or V70R on the cover is even more interesting since those models at that time had the most powerful engines of all Volvo cars, a fact that does not really suit well with environmental care.

#### 4.5.5 Purpose

In the CEO’s foreword it is stated that the report *“represents a balanced and reasonable presentation of our organisation’s economic, environmental and social performance.”*



(2003, p.0) The report also says that it describes the general situation concerning Volvo Cars' core areas for the employees.

### *Comments*

Unlike the other reports it is not clearly expressed what purpose this report wishes to serve. The quote above is the nearest a purpose the authors could find. Exactly this quote is however required to be used in order to follow GRI's guidelines "in accordance", and not chosen by Volvo Cars. Nevertheless, the authors do believe that this year's report fulfil that purpose to a great extent. One remark can be made regarding the fact that nearly all photos show the new Volvo S40, which according to the authors probably means that a marketing purpose exists.

### **4.5.6 Participants**

As in the previous reports, there is no specified writer to the main content. There are however many contributions from mostly internal but also external sources. The foreword has the CEO as the clear producer. The report does not mention who it turns to except for its employees but states who their most important stakeholders are.

### *Comments*

Just as mentioned about the 2002 report, the only receivers stated in the report are the employees. The authors believe that this report to an even greater extent than the previous one can attract readers with a profound interest in examining Volvo Cars' work with CSR, because of the informative content and professional layout. Although the report is most likely not meant to address investors, it can give important insights into Volvo Cars' situation for many stakeholders.

### **4.5.7 Figures**

Graphs and figures have a prominent position in the report and are clearly structured. Many areas, although not all, are supported by numerical data and graphs. The corporate citizenship scorecard has the same KPIs as last year except for two, concerning dealer and customer satisfaction, which has been taken away. This is commented but not explained in the printed report (see Appendix 4).

### *Comments*

The authors consider this report to be well structured and clear when it comes to presenting figures. The sections presenting information where figures are important to illustrate the facts, all do so. The fact that Volvo Cars is a Ford subsidiary has the effect that no financial numbers are presented. This decreases the usefulness for the report as an analytic instrument for investors, but the figures and numbers that are presented still gives enough credibility for stakeholders interested in CSR reports.



## **4.6 Final Comments**

The presentation of Volvo Cars' work with CSR as shown in the four reports has undergone a major development throughout the years. Each report is significantly more extensive than the previous concerning both scope and detail. A distinction can be made between the first two reports and the later ones primarily due to the layout which renders the 2002 and 2003 reports a greater resemblance to a financial report. The authors believe that this resemblance makes the readers perceive the reports as more accurate and reliable than the previous ones. A remark can be made concerning the photos of cars in the reports which have a focus on new car models released in the year that the report covers. With the new Volvo S40 depicted in the 2003 report this is evident.

Although there are many differences between the reports regarding layout, language and content, there is a clear common structure where Volvo Cars' work with CSR concerning the same seven core areas is presented every year. Nevertheless, there are some components of the report which are interesting regarding consistency. A scorecard is presented in the last three reports with KPIs concerning economic, social and environmental performances. However, the KPIs are not the same in the reports. Of the twelve KPIs in the scorecard of 2001, seven of them are presented in 2002 but with new names and the remaining five are removed. The scorecard of 2002 contains 18 KPIs and the one of 2003 has the same KPIs, except for two that are removed.

The use of figures in the reports has increased over the years which according to the authors enhance the reliability. It is however important that the figures presented are correct and comparable in order to do so. One example where there is an inconsistency regards ISO 14001 environmental certification in 2001. The 2001 report states that 97 % of all Volvo cars are produced in certified plants, while in the 2002 report it is stated that 87 % of Volvo Cars' employees were working in certified plants in 2001. Both figures appear to measure how many Volvo Cars plants that are ISO 14001 certified. The authors can not know if the figures refer to the same measurement but find it to be confusing.

For the reports to be recognisable and trustworthy it is essential that there is consistency between them. Apart from the consistency in layout, language and structure, information must be followed up upon. In the reports there are matters presented in one year which are said to be continually presented. However, this is not always done. One example of this can be found in the 2001 report where a Real Life Safety study is presented as being ongoing but is not mentioned in the following reports. Also, goals are sometimes set and changed without being commented upon. For example it says in the 2000 report that all Volvo Cars' suppliers should be ISO 14001 certified by the end of 2002. The 2002 report says that the goal is 95% and shows that only 72 % of the suppliers are certified.

The language and tone have also changed through the years. The last report is more neutral than the other ones mainly because of a more balanced presentation of positive and negative matters. The first three reports have a positive tone because what Volvo Cars has done well in the field of CSR is accentuated, and negative words and actions are counterbalanced with positive ones. The fact that Volvo Cars has been successful and





yielded a profit during all four years has most likely been influencing both the company's work with CSR and the tone of the reports.

Throughout the years the information in the reports has gradually increased. The first report in particular has a rather thin content which could be explained by its introducing nature. In the second report the content is both more extensive and concrete. The reports of 2002 and 2003 are similar when it comes to extent of the information, though the focus is slightly different. The 2003 report is more structured and gives the reader a clearer view of Volvo Cars' work with CSR. According to the authors the reports have evolved greatly, from being a glossy brochure to an informative CSR report.



## **5. Interview**

*In this chapter the authors will present the answer from the interview. The questions and areas treated during the interview will be presented and the answers will be summarised by the authors.*

### **5.1 Interview and Structure**

The interview was conducted over the telephone with the Corporate Citizenship manager of Volvo Cars. The interviewee has been responsible for Volvo Cars' CSR reports since 2001. The questions were based on the interview guide seen in Appendix 1, but given the unstructured form of the interview follow-up questions were sometimes asked when necessary for clarification. The interview treated the structure, content and process of the report. The interviewee was for example asked of her opinions on the verifiability of the report, her expectations on the future progress of CSR as well as for whom and by who the report is being produced. The issues of standardisation and GRI were also approached.

The result of the interview has been summarised by the authors and grouped into five sections. The questions were addressed separately during the interview, but since the interview was rather unstructured the answers often treated multiple areas. The sections below manage the answers by the interviewee according to the authors' main questions.

### **5.2 Verifiability**

*"No!"* is the respondent's answers when asked if Volvo Cars' report is verifiable.

However, the respondent believes that this depends on how verifiability is defined. All figures presented in the report can certainly be derived from a systematic work, but by saying no the respondent means that verifiability, or rather the ability to audit, is not something Volvo Cars wants or strives for.

According to the respondent, Volvo Cars' thought on reporting is partly to show reliability, and one part of reliability is to be able to compare different reports. They consider GRI to be a good tool for producing comparable reports and have therefore tried to follow GRI's guidelines. But since Volvo Cars does not report any financial information, verification and comparability can become difficult.

### **5.3 The Future of Standardisation**

The respondent is unsure about the future, but believes that there is a very strong opinion against verifiability. Not against verifiability itself but against the large costs, and the fact that a company which starts to verify its reports can not easily give up verifying later on. Besides, very few large companies would dare to say things that are not accurate anymore. However, legislation like the Sarbanes-Oxley Act in USA demands verifiability of all



figures used in official documents. Another factor that could have an impact on verification of the reports would be if frauds were detected in companies. This would induce companies to use verification as a tool for proving correctness. But the respondent does not think that the attitude will change on a voluntary basis. Consequently, there are different trends and tendencies.

The respondent believes that GRI is well-established enough and has so much stakeholder engagement and support that it will be hard to compete with them concerning reporting guidelines, and that more companies will follow them in order to be comparable. It is not enough to state that something is done, but it has to be proven somehow. However, this differs greatly between different industries, and the car industry is not in the lead. Nonetheless, the respondent presents Toyota as a company with a leading position regarding communication of CSR and environmental issues in particular. The respondent thinks that most companies dislike being forced to follow standards, although there might come times when a company is required to act like its competitors in order to avoid being adversely different.

A difference for Volvo Cars is that they are not listed on any stock exchange, which means that if external verifying ever becomes obligatory it will be done on Ford Motor Company's report and not on Volvo Cars'. However, demands will in that case be put on Volvo Cars' report as well since those figures will be automatically verified as they are a part of Ford's report.

### ***5.4 Volvo Cars' Reasons for Reporting***

According to the respondent, the CSR report is Volvo Cars only method of reporting what has been done from year to year concerning CSR, since the company does not produce an annual report which could otherwise contain some CSR information. Volvo Cars has been working with issues related to CSR since the company was founded, and the report is a way to preserve that tradition as well as preserving their trustworthiness as a responsible company. The reports are also one way to show the employees how Volvo Cars work every year, and a way to communicate with interest groups such as students, authorities and non-governmental organisations. The report is not produced for analytics, but is rather an opportunity to enhance stakeholder engagement in order to gain insight into what is thought of Volvo Cars activities and products.

According to the respondent, Volvo Cars refrain from marketing that they are a responsible company since corporate citizenship is a very difficult and complex issue. For instance, if Volvo Cars was to market themselves as a company who takes full responsibility for everything they would expose themselves for the possibility of gaps. To focus on responsibility in marketing is therefore not the right way. Instead, from Volvo Cars' perspective it is most important to show that they see dilemmas, for example that the car is a great resource for society but at the same time causes a number of problems, dilemmas that Volvo Cars wants to acknowledge and show how they approach in these reports.



For Volvo Cars, the two most important areas when it comes to corporate responsibility are safety and environment. They also wish to communicate with customers and employees to raise reliability and open up for discussions. Another reason with the report is to strengthen Volvo Cars' brand and thereby enhance profitability. Volvo Cars would not work with CSR reporting if it did not contribute to profitability. The respondent believes that no company today commits to something that they do not believe enhances profitability.

### ***5.5 Production of the Reports***

There is a steering committee consisting of five members of executive management and a council with twelve representatives from different operational departments working with corporate citizenship. Every year a discussion is held on which themes are interesting to present and how the company wishes to profile itself that year. There is a mixture of people, both internal and from an external PR bureau, who produce the texts and chose the pictures. A copywriter from the bureau aligns the information and layout to make the report consistent. The most complicated parts of the process are, according to the respondent, to get all the facts for every aspect right as well as to produce the texts. The respondent, being Corporate Citizenship Manager, is the one person responsible for the overall work of the report and for its correctness, but also produces many of the texts or at least certifies that they correspond with what has been done.

### ***5.6 Consistency in the Reports***

According to the respondent, Volvo Cars tries to maintain a certain structure of the reports but there is still variation from year to year. Sometimes the measurements or stated goals change, as well as the importance of different issues which is reflected in the report content.

Occasionally there are inconsistencies in the report. Concerning this, the respondent says that the issue might have been left out for further evaluation by Volvo Cars, but that it most likely has been either a mistake from their part or that the information was presented on the internet instead.

The significant change in layout and content between the years 2001 and 2002 depended on the fact that 2002 was the first year Volvo Cars partly used GRI's 2002 Guidelines, and also that with time they had learned how to better handle these issues. Finally, the respondent expressed a hope that the reports are becoming better and better.



## 6. Analysis

*In this chapter the authors will relate the empirical research and analysis of Volvo Cars' CSR reports as well as the results from the interview to each other and to the theoretical framework in Chapter 3. This is done in order to analyse the verifiability of the reports, the connection to GRI as well as the reasons for producing a CSR report.*

### 6.1 Motives for CSR and Reporting

As presented in subchapter 5.4, there are different reasons for Volvo Cars both to be working with CSR and reporting the work. Although the interviewee mostly discusses the reporting, this is closely connected to the reasons behind the work with CSR. CSR is important to Volvo Cars as they want to preserve the company's long tradition of being a responsible company that actively works with safety and environmental care. Volvo Cars' motives for reporting CSR can be summarised as a will to communicate with different stakeholders, especially their own employees, about the company's work with CSR and dilemmas related to this, and thereby enhancing the stakeholders' engagement. The interviewee says that the company does not want to use their commitment to CSR in marketing, but still declares that one reason for reporting is to strengthen the brand and thereby increase profitability.

The analysis of Volvo Cars' reports presented in chapter 4 has led to the conclusion that there are primarily two reasons for reporting. One reason is to spread the information regarding what the company does in the field of CSR to different stakeholders and to open up for discussions. The other reason is to enhance the company's reputation by presenting matters that Volvo Cars is proud of and to take responsibility for the less admirable ones, thereby attracting customers and investors and increasing the value of the company.

When comparing Volvo Cars' motives as described above to the different motives for CSR as presented in subchapter 3.1.3, it is evident that the company's motives primarily corresponds with *Profit-driven CSR* as described by van Marrewijk (2003). This motive states that CSR is only utilised if it can be considered profitable for the company by for example enhancing its reputation, and that ecological, ethical and social aspects are integrated into the company providing it increases profitability. The description of *Profit-driven CSR* is very similar to what the empirical studies of Volvo Cars show. There are however other motives presented by van Marrewijk (2003) that can be connected to Volvo Cars' motives. *Compliance-driven CSR* states that companies engage in CSR if they are obliged to. They might also engage in charity projects, something that Volvo Cars does. The authors have no reason to believe that the company does not follow laws and regulations concerning employment standards and environmental impact. *Caring CSR* states that companies use CSR to balance economic, social and ecological concerns, and engage in CSR not because it is required or enhance profit but because they care. Volvo Cars have a long tradition of taking responsibility in society and caring for both the environment and the safety of its customers.



Corporate citizenship, or CC, is a definition used by many companies today to describe their work with CSR, and Volvo Cars is one of them. However, as discussed in subchapter 3.1.1, there are different views on what corporate citizenship means. Matten & Crane (2005) introduced the *Extended view of CC* which is considered by the authors to be the most suitable academic definition of CC. This view can be classified as a *political theory* (Garriga & Melé, 2004), described in subchapter 3.1.2, and declares that the company's role in society is to administer citizenship and thereby take over responsibilities traditionally attended by the state. What Volvo Cars describes in their reports, and what is said about their reasons above, does not suit this definition of CC. The primary motive for Volvo Cars is *Profit-driven CSR* which can be connected to *instrumental theories*, stating that a company's sole responsibility is to create wealth (Garriga & Melé, 2004). Volvo Cars' work with CSR falls under the wider definition of CSR which is used throughout this thesis. However, even though referring to the work with CSR as Corporate Citizenship does not correspond with the definition made in *Extended view of CC*, it can not be considered incorrect to use that expression since no definition exists which academics and companies have agreed upon. Still, it is important to clarify that a company's work with CSR is affected by different motives and not by theories.

## 6.2 Trends

As presented in subchapter 5.3, the interviewee stresses the importance of voluntariness regarding both CSR reporting and the audit of CSR reports for Volvo Cars and presumably for other companies. The interviewee thus does not believe that CSR reporting or audit of CSR reports will become mandatory, nor that this is something desirable for Volvo Cars. The respondent however thinks that standardisation of the reports is likely to increase and that GRI has a prominent position as a standard or guideline. Companies in general do not like to be compelled to do things and a forced standardisation of CSR reporting would be no exception. However, if many companies chose to follow a certain standard it would be difficult for other companies not to do so as well. For companies it can also be important to be comparable to other companies.

The research in chapter 3 shows that there is an increasing trend regarding both the importance of CSR reporting and the number of companies issuing CSR reports. There is also an increasing demand for CSR reporting from different stakeholders and institutions, such as the European Commission and the UN (Antal et al., 2002). The increased CSR reporting has led to the development of CSR standards and guidelines, with GRI as the most important. An increased use of CSR and standardisation raises a demand for certification of the correctness of the CSR reports. This could be done through external verification or third-party audit of the reports (Woods, 2003). Today there are no recognised methods on how to conduct this audit or verification but progress is being made in this area. Larsson & Ljungdahl (2001) show that the large accounting firms all have CSR departments and experts that conduct audit of CSR reports, using methodology based on traditional financial audit. According to Morimoto et al. (2004), no complete methods exist as audit of CSR reports is a complex process, due to its novelty as well as to differences between companies in their work and reporting with CSR. Even though there is an interest



and demand for audit of the reports this hardship is far from finished. Furthermore, critics such as Henderson (2001) believe that CSR reporting may do damage to the society instead of helping it.

The research mainly shows a strong will for standardisation and audit but this will does not seem to be shared by Volvo Cars. Even though the interviewee can see the advantages of standardisation and thereby an increased comparability between companies, this is nothing that Volvo Cars primarily strives for. The demand for audit of CSR reports can be found in academic, business and legislative circles but this view is not shared by Volvo Cars. The company is reluctant towards any obligations connected to CSR reporting and can not see the need for this. The interviewee's opinion is that all CSR work and reporting should be voluntary at all times.

However, the CSR reports from Volvo Cars tell a slightly different story. There is a clear development throughout the years both concerning the form and the content of the report. When analysing the reports the authors have found tendencies towards both more standardisation and verifiability. The report for 2003 is "in accordance" with GRI 2002 Guidelines, which is the most accepted, maybe only, standard that exist today. The 2003 report also contains more figures than the previous ones, and even though these figures alone are not sufficient to make the report withstand a full audit, they are a step towards a more verifiable report.

### **6.3 GRI's Reporting Principles**

In order to examine the verifiability of the reports the authors have chosen to focus on three notions; validity, controllability and consistency. These notions are essential for the reports to be trustworthy and verifiable. Each of these three can be connected to two or more of the GRI reporting principles presented in subchapter 3.2.4. The reporting principle *Sustainability context* is only concerned with the content of the report and is therefore not relatable to the authors' three notions.

If the information in a CSR report is accurate and relevant for the readers it is valid. The importance of validity is shown in the GRI reporting principles: *Inclusiveness* that ensures that the content of the report is what the stakeholders wish, *Relevance* that guarantees that the information in the report is appropriate, *Accuracy* that certifies that the information is correct, *Neutrality* that leads to an unbiased view, *Clarity* that makes the readers understand the information and *Timeliness* that makes the report available.

For the information in a CSR report to be reliable it has to be controllable. The importance of controllability is shown in the GRI reporting principles: *Transparency* that guarantees that the procedures behind the information in the report are available and *Auditability* that ensures that all data in the report can be scrutinised.

If the content of a CSR report is clear and recognisable to the readers it is consistent. The importance of consistency is shown in the GRI reporting principles: *Completeness* that



certifies that activities are reported in the time period when they occur and *Comparability* that ensures that the reports are similar and thereby possible to compare.

## **6.4 Correspondence with GRI**

The 2000 report has its base in the company's three core values of safety, quality and environmental care and it is not clear if the work has been influenced by GRI. Since 2001 Volvo Cars have stated that the reports have been inspired by or based on GRI's guidelines. The 2001 report presents a scorecard with the three dimensions that should be used according to GRI, namely environmental, social and economic performance. This report was produced before the arrival of GRI's 2002 Guidelines and the authors can therefore not examine how well it follows the old guidelines which have not been studied in this thesis. The 2002 report introduces a revised scorecard with indicators for creating value, social responsibility and ecological sustainability which correspond with GRI's three dimensions. The structure and content is similar to the 2003 report which is "in accordance" but lacks certain required components such as the GRI index table. The 2003 report is fully aligned with the guidelines as far as the authors can see and is "in accordance". This means that it contains all core indicators required by GRI and components such as the scorecard, GRI index and a statement by the CEO in the foreword. Although there is no external verification by neither GRI or any other party the authors have not found anything that implies that the report diverge from the 2002 Guidelines.

## **6.5 Validity, Controllability and Consistency**

As the analysis of the reports, presented in chapter 4, shows there are major differences between the four reports. Since the purpose of this thesis is to investigate the verifiability of the reports, the authors have examined the *validity*, *controllability* and *consistency* of each report. The report should be accurate and relevant to be valid, reliable to be controllable, and clear and recognisable to be consistent.

### **2000**

The 2000 report is valid when it comes to introducing Volvo Cars' work with CSR to a wide audience. Since there are no clear receivers it is difficult to decide on the relevance of the information presented. The report is easy to read both depending on its inviting layout and the limited, but accurate, information it offers. The authors think that this makes the report valid for readers who wish an overview of Volvo Cars' work with CSR, but for the readers who want a deeper knowledge it is inapt.

The report contains little precise, i.e. controllable, information and the controllability is therefore limited. There are figures presented, such as employee satisfaction and the number of sold cars. The former could be hard for an external stakeholder to control while the latter information is openly available. The authors have no reason to believe that the figures used are not reliable, a view supported by the interviewee who says that all figures can be derived from a systematic work. A statement such as "*To achieve our goal, we need to be best at observing and interpreting customer's signals.*" (2000, p.14) is an example of





imprecise information that exist in the report, which is also difficult to assess and thereby decreases the controllability of the report. However, the small amount of figures and precise information that is presented is considered by the authors to be controllable.

The consistency in the 2000 report can not be commented upon since it is the first CSR report ever to be published by Volvo Cars and has therefore nothing to be compared against.

### **2001**

The 2001 report is fairly valid concerning the presentation of Volvo Cars' work with CSR in the year 2001. Like the previous report, it has no apparent receiver although it states that it turns to both internal and external stakeholders. Even though the information is relevant to employees and moderately interested stakeholders, the dull appearance of the report hinders them from fully enjoying it. The information is accurate and covers more of what has happened during the year regarding CSR than the 2000 report which enhances the validity for readers with a more profound interest, according to the authors.

This years report contains more precise information than the prior one which renders a higher controllability. However, because some paragraphs and statements such as "*We shall promote sustainable development wherever possible.*" (2001, p. 30) must be considered impossible to assess, the controllability decreases significantly. Even though there are errors when using figures, such as that unnamed numbers are claimed to have tripled, the authors consider the more extensive use of figures and precise information to give this report a higher controllability than the previous.

The 2001 report covers the same seven core areas as that of 2000 but the information is more extensive and a scorecard is presented. The structure is unchanged even though the layout is slightly different and a new theme, with quotes from experts, has been added. This makes the report quite recognisable to the readers. The authors consider this report to be consistent given the fact that it can only be compared to one report.

### **2002**

The 2002 report is quite valid when it comes to presenting Volvo Cars' work with CSR with a more serious and thereby appropriate layout. There is a great deal of accurate and relevant information for the receiver whether being an employee, which is the only receiver stated in the report, or a reader with a deep interest in the company's work with CSR. However, the authors believe that the sometimes overly positive tone in the report decreases the accuracy and thereby the validity.

This report contains more figures and precise information than the previous ones which further enhances the controllability. The focus of the information lies on what has been accomplished throughout the year. The majority of precise information is complemented by figures or graphs, where some are easily controlled, like crash test results but most are internally produced such as emissions from Volvo Cars' plants. However, as all figures are considered reliable this does not affect the controllability of the report which is considered to be fairly high by the authors.



In the 2002 report the seven core areas remain though two of them, quality and customers, are now presented together. This year's theme focuses on different dilemmas, the layout is completely changed and so is the scorecard, which now has both new and renamed KPIs. There are also inconsistencies such as measurements and change of goals of ISO 14001 certification for Volvo Cars' plants and suppliers. Although the interviewee says that these changes depend either on the increased implementation of GRI's guidelines or on mistakes, the authors believe that these changes give the report very little consistency.

### **2003**

The 2003 report offers valid information on Volvo Cars' work with CSR in the year 2003. Almost all of the information is accurate in the sense that there are very few paragraphs that do not contribute to the understanding of the company's accomplishments and thoughts on CSR. Negative aspects are also presented in the report which increases validity. Although the interviewee says that Volvo Cars' reports are not produced for analytics but for employees and interest groups, this report appears to be relevant if not to analytics then at least to readers with a profound interest in the company's work with CSR. The authors therefore consider the 2003 report to be a valid CSR report.

This report contains an extensive amount of figures supporting the most important precise information which leads to a high controllability. Due to the fact that Volvo Cars is a Ford Motor Company subsidiary there is no financial information in the report with the consequence that costs can not be connected to different actions such as charity projects. This makes it impossible to control to what extent Volvo Cars contributes to these projects. Nevertheless, because of the reliability of most figures and precise information presented the authors believe that the report should be considered controllable.

The 2003 report is very similar in layout and content to the prior one, although it has been further improved and has a different theme with many contributions from internal and external sources. The same core areas are presented and the scorecard is identical except for two KPIs that have been removed but commented upon. The authors have not found any un-commented inconsistencies and therefore consider the 2003 report to be very consistent.



## 7. Conclusion

*In this chapter the authors will answer to the questions presented in Chapter 1. First the sub question will be answered and thereafter the main question. Although the questions can be applied generally, the conclusions will be drawn from the case study of Volvo Cars. Furthermore, the authors will present some personal reflections and suggestions for further research.*

### ***What reasons does a company have to produce a CSR report?***

One of the main reasons for a company to produce a CSR report is the will to inform all of its stakeholders of the company's work with CSR. This is even more important for a subsidiary as it does not produce any separate financial reports which otherwise could contain information regarding CSR. Another reason for reporting is to enhance the company's credibility and reputation. This aims at strengthening the brand and thereby to increase profitability. The second reason shows that company's can engage in CSR activities for strictly profit driven reasons. Volvo Cars' work with CSR would not be carried out if it was not expected to contribute to profitability, and the authors believe that this is the primary motivation for most companies to produce a CSR report. However, the authors wish to state their opinion that profit driven CSR is not negative thing. No matter what reasons a company might have for acting responsibly, the act is still positive for society.

### ***Is the information presented in CSR reports valid, controllable and consistent enough to be used in a possible future audit?***

There are differences in the opinions of standardisation and audit of CSR reports. The research shows that there is an increasing demand for standardisation of CSR reports and this could possibly lead to an audit of the reports in the future. Nonetheless, the interview with Volvo Cars indicates that not all companies support this view though they welcome voluntary guidelines such as those supplied by GRI.

The analysis of Volvo Cars' CSR reports shows that there are great differences between the years. Concerning the validity, the appearance and content of the reports has evolved towards being more serious looking and informative and can thereby attract readers with a more profound interest in Volvo Cars' work with CSR. Regarding the controllability, the reports are steadily improving by presenting more figures and less imprecise information. When it comes to consistency, the short time span and low quantity makes it difficult to evaluate the reporting. There is a great gap between the 2001 and 2002 reports though consistency is high between the last two reports.



The authors have reached a conclusion of the reports' verifiability by analysing if they are valid, controllable and consistent.

- The 2000 report is considered valid, partly controllable, not consistent and therefore not verifiable.
- The 2001 report is considered not very valid, partly controllable, quite consistent and therefore not verifiable.
- The 2002 report is considered valid, controllable, not at all consistent and therefore not verifiable.
- The 2003 report is considered valid, controllable, consistent and therefore verifiable.

The only verifiable report is the one of 2003. This is also the only report to be "in accordance" with GRI's 2002 Guidelines, which according to the authors indicates that there is a correlation between verifiability and the use of standardising tools. Since the GRI's reporting principles are in correspondence with the three notions used in this report to determine verifiability, the authors believe that GRI is an effective tool for assuring verifiability of companies' CSR reports.

Although the authors have reached the conclusion that the 2003 report is a verifiable CSR report this does not automatically mean that the information in the report is verifiable enough to be used in an audit. This is partly due to the fact that no financial information is included in the report which is the audit that exists today. The authors believe that new methods for auditing of CSR reports might be necessary in order to manage this type of non financial reports that are becoming increasingly common because many companies today are subsidiaries, and therefore do not present separate financial information. It is the authors' belief that a growing number of companies will engage in CSR reporting, which will increase public awareness and thereby raise higher demands on conformity between reports in order for them to be comparable. In response to this, voluntary or mandatory standardisation will increase and eventually the CSR report will most likely be subjected to audit.

### ***Reflections from the Authors***

Throughout the work with this thesis the authors have learned a great deal about CSR and the possible contradictions between taking responsibility and running a business. Although the authors believe in and support the work with CSR as a way to reduce companies' negative impact on society, it is clear that commercial interest and demands for profitability define the boundaries for that work. This is not necessarily a negative thing but merely a fact which needs to be taken into consideration when dealing with CSR. This contradiction becomes obvious when studying a company that produces products with a negative impact on the environment, such as cars. Laws and regulations deal with many of the important CSR areas such as environmental care and employee rights, at least in this part of the world,



but there are many areas of CSR that relies on voluntariness. The authors have found more examples of responsible companies than was expected which is very positive and brings hope for the future. However, in order for CSR to have a greater impact, even more companies must voluntarily engage in work with CSR. The authors find it sad that so many companies are making such large profits and still choose not to contribute more to the benefits of other stakeholders than the shareholders.

### ***Suggestions for Further Research***

The authors will in this section give suggestions for further research on the subject. While conducting the research, the authors have discovered other ways to approach the subject as well as related topics that deserve to be further examined.

- The main question of this thesis could also be answered by conducting a larger comparative study in order to draw a more general conclusion on the verifiability of CSR reports.
- This thesis has not been intended to investigate how an audit of CSR reports could be conducted. This would be an interesting topic for further research.
- Only four CSR report have been published by Volvo Cars and the differences between them are great. After some years it would therefore be interesting to again examine Volvo Cars' CSR reports in order to see if the evolution has continued.
- The standardisation of CSR reporting has only just begun. Therefore it would be interesting to investigate what will happen in the next few years concerning the adoption of standards by companies worldwide.
- The conclusion of this thesis shows a positive correlation between GRI 2002 Guidelines and the verifiability of the reports. Future studies could further analyse this correlation and compare CSR reports from companies that do and do not follow the Guidelines.



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## **Interviewee**

Munck af Rosenschöld Catarina, Corporate Citizenship manager at Volvo Cars Corporation

## Appendix 1 Interview Guide

- Do you consider Volvo Cars' Corporate Citizenship report to be verifiable?
- What do you think will happen regarding future standards and audits of CSR reports?
- Do you think that standards like GRI will gain a greater influence?
- What does CSR mean to Volvo Cars and why is the report published?
- How are the reports produced?
- Why are there inconsistencies in the reports?

## Appendix 2 Scorecard 2001

ENVIRONMENTAL KEY ISSUES AND INDICATORS	DEC 31 2000	DEC 31 2001	
<b>Climate change</b> Reduction of carbon dioxide emissions of the Volvo car fleet as defined by the ACEA agreement. (see page21)	11%	11%	=
<b>Emissions to air</b> Proportion of Volvo cars sold complying with Euro4/ULEV	15%	31%	+
<b>Environmental Management</b> Proportion of VCC/VCC suppliers certified by ISO 14001	83% / 38%	88% / 43%	+
<b>Transparency</b> Proportion of Volvo models with Environmental Product Declaration	16%	72%	+
<b>SOCIAL KEY ISSUES AND INDICATORS</b>			
<b>Company culture</b> Employee satisfaction on a 1 – 100 index	64	67	+
<b>Diversity</b> Female representation at management levels	8%	13%	+
<b>Working conditions</b> Sickness leave	6,3%	6,6%	-
<b>Human rights</b> Proportion of business partners having a policy on human rights and working conditions		Work in progress	-
<b>ECONOMIC KEY ISSUES AND INDICATORS</b>			
<b>Overall result</b> Sales (number of cars)	422 000	420 000	-
<b>Creating jobs</b> Number of employees	27 400	27 415	=
<b>Contribution to society</b> Salary taxes paid globally by Volvo Car Corporation, 1 EUR = 9 SEK	360 Million EUR	396 Million EUR	+
<b>Knowledge sharing</b> Number of ongoing projects where we share knowledge with external stakeholders	6	7	+
+ Improvement    - Deterioration    = No change			

According to this index, seven out of twelve key performance indicators have improved during 2001.  
(Volvo Cars, 2001 Corporate Citizenship report, p.9)

## Appendix 3 Scorecard 2002

CORPORATE CITIZENSHIP SCORECARD, 2002			
CREATING VALUE	2000/2001/2002	TREND	MORE INFO
<b>Customer satisfaction, rankings 1-3</b> Percentage of independent surveys in which Volvo cars were ranked in the top three makes (%)	-/15/15	=	Page 13
<b>Customer satisfaction, rankings 1-10</b> Percentage of independent surveys in which Volvo cars were ranked in the top ten makes (%)	-/46/65	+	Page 13
<b>Employee satisfaction</b> Percentage of satisfied employees on a scale of 1 to 100 (%)	67/79/78	=	Page 27
<b>Dealer satisfaction</b> Percentage of satisfied dealers on a scale of 1 to 100 (%)	-/70/70	=	Page 31
<b>Total sales</b> Number of cars sold	422/420/407	=	Page 6
<b>ASSUMING SOCIAL RESPONSIBILITY</b>			
<b>Health</b> Sick leave per hours worked (%)	6.3/6.6/6.1	+	Page 28
<b>Occupational injuries</b> Number of injuries resulting in at least one day of sick leave per 100 man-years	3.3/2.8/3.4	=	Page 28
<b>Working/private life balance</b> Percentage of employees reporting a satisfactory balance between work and leisure (%)	-/63/59	=	Page 27
<b>Gender balance</b> Percentage of women in leading positions (%)	-/11/12	+	Page 28
<b>Diversity</b> Percentage of employees familiar with the concept of diversity (%)	-/51/58	+	Page 29
<b>PROMOTING ECOLOGICAL SUSTAINABILITY</b>			
<b>Fuel efficiency</b> Reduction in average emissions from Volvo cars since 1995 (as defined in ACEA agreement) (%)	11/11/10	=	Page 22
<b>Harmful emissions</b> Percentage of Volvo cars sold complying with Euro 4 / ULEV standards (%)	15/31/34	+	Page 21
<b>Alternative fuels</b> Number of Bi-Fuel (gas-burning) cars sold	670/553/3529	+	Page 21
<b>Energy consumption in car production</b> (MWh/car)	2.38/2.16/2.24	=	Page 24
<b>Carbon dioxide emissions from car production</b> (kg/car)	205/169/205	=	Page 24
<b>Solvent emissions from car production</b> (kg/car)	2.68/2.60/2.52	+	Page 24
<b>Environmental management, Volvo Cars</b> Percentage of Volvo Cars facilities with ISO 14001 certification (%)	83/88/94	+	Page 23
<b>Environmental management, suppliers</b> Percentage of production material suppliers with ISO 14001 certification (%)	38/43/72	+	Page 23
<p>THE SCORECARD HAS ALSO BEEN PUBLISHED ON <a href="http://WWW.VOLVOCARS.COM/CITIZENSHIP">WWW.VOLVOCARS.COM/CITIZENSHIP</a> CLICK ON AN INDICATOR FOR INFORMATION REGARDING ITS DEFINITION, THE REASONS FOR CHOOSING IT AND OTHER DETAILS. INFORMATION IS ALSO PROVIDED ON INDICATORS WHICH HAVE BEEN DELETED SINCE THE PREVIOUS YEAR.</p>			

(Volvo Cars, 2002 Corporate Citizenship report, p.11)

## Appendix 4 Scorecard 2003

CORPORATE CITIZENSHIP SCORECARD, 2003					
CREATING VALUE	2001	2002	2003	TREND	MORE INFO
<b>Customer satisfaction, rankings 1-3</b> Percentage of independent surveys in which Volvo cars were ranked in the top three makes (%)	15	15	12	=	Page 11
<b>Employee satisfaction</b> Percentage of satisfied employees on a scale of 1 to 100 (%)	79	78	79	+	Page 24
<b>Total sales</b> Number of cars sold (thousand)	420	407	415	+	Page 2
ASSUMING SOCIAL RESPONSIBILITY					
<b>Health</b> Sick leave per hours worked (%)	6.6	6.1	6.5	=	Page 24
<b>Occupational injuries</b> Number of injuries resulting in at least one day of sick leave per 100 man-years	2.8	3.4	2.7	+	Pages 24-25
<b>Working/private life balance</b> (No survey in 2003. New survey to be carried out in 2004) Percentage of employees reporting a satisfactory balance between work and leisure (%)	63	59	-		-
<b>Gender balance</b> Percentage of women in leading positions (%)	11	12	15	+	Page 24
<b>Diversity</b> (No survey in 2003. New Indicator under preparation) Percentage of employees familiar with the concept of diversity (%)	51	58	-		-
PROMOTING ECOLOGICAL SUSTAINABILITY					
<b>Fuel efficiency</b> Reduction in average carbon dioxide emissions from Volvo cars since 1995 (as defined in ACEA agreement) (%)	11	12*	9	=	Page 19
<b>Harmful emissions</b> Percentage of Volvo cars sold complying with Euro 4 / ULEV standards (%)	31	34	52	+	Page 19
<b>Alternative fuels</b> Number of Bi-Fuel (gas-burning) cars sold	553	3,529	1,939	=	Page 19
<b>Energy consumption in car production</b> (MWh/car)	2.16	2.24	2.23	=	Page 20
<b>Carbon dioxide emissions from car production</b> (kg/car)	169	205	199	+	Page 20
<b>Solvent emissions from car production</b> (kg/car)	2.60	2.52	2.22	+	Page 20
<b>Environmental management, Volvo Cars</b> Percentage of employees working in facilities with ISO 14001 certification	88	94	95	+	Page 20
<b>Environmental management, suppliers</b> Percentage of production material suppliers with ISO 14001 certification (%)	43	72	83	+	Page 20

\* Incorrect figure shown in 2002 report

THE SCORECARD HAS ALSO BEEN PUBLISHED ON [WWW.VOLVOCARS.COM/CITIZENSHIP](http://WWW.VOLVOCARS.COM/CITIZENSHIP). CLICK ON AN INDICATOR FOR INFORMATION REGARDING ITS DEFINITION, THE REASONS FOR CHOOSING IT AND OTHER DETAILS. INFORMATION IS ALSO PROVIDED ON INDICATORS WHICH HAVE BEEN DELETED SINCE THE PREVIOUS YEAR (DEALER SATISFACTION, CUSTOMER SATISFACTION).

(Volvo Cars, 2003 Corporate Citizenship report, p.6)