



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Reporting For a Sustainable World

Bachelor Thesis in Business Administration

Financial Management

Spring 2012

Tutor: Petter Rönnborg

Athours: Sara Axelsson

Sofie Johnsson

Acknowledgements

We would like to thank our tutor, Petter Rönnborg, for his patience and good advices during the process of this thesis.

Further, we would like to thank Krisina Nordfeldt at CSR Västsverige for good inspiration to the choice of subject.

Finally, we would like to dedicate our gratitude to the respondents at the following companies, Akademiska Hus, Almi, Göta Kanalbolagen AB, Metria, Renova, Samhall and SOS Alarm.

Gothenburg, June 2012

Sara Axelsson

Sofie Johnsson

Abstract

Bachelor Thesis in Business Administration

Authors: Sara Axelsson and Sofie Johnsson

Tutor: Petter Rönnborg

Title: Reporting for a sustainable world

Background: Corporate social responsibility has become a more or less obligatory part on the corporations' agenda. In order to lead by example, To be good example, the Swedish government decided in 2007 that all government-owned companies have to report according to GRI, a international framework for sustainability reporting GRI.

Research Questions:

- *In what way has the implementation of GRI influenced the organisation?*
- *How could CSR be used as a management control system?*

Purpose: In a research done for the government in 2010, many of the companies experienced difficulties with GRI. Therefore we aim to research in what ways GRI has influenced the organisation and their current opinion. As the companies are more or less obligated to consider CSR we aim to research how CSR could be used as a management control system.

Methodology: In order to accomplish the research, qualitative data has been collected through interviews with government- and municipally-owned companies. Further the data has been connected to theories and earlier research.

Conclusion: The conclusion of the thesis is that GRI at the beginning was received as a burden. Many of the companies experienced difficulties to apply the GRI indicators to their organisation. Although thanks to continuous work and development of the sustainability report GRI is now seen as something positive.

Keywords: Corporate Social Responsibility, Global Reporting Initiative, strategy, implementation and management control system.

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1. Introduction

Corporations' footprints on the planet are more wide spread than ever and the demand for responsibility has become essential for the organisations. That is what we call corporate social responsibility (CSR).

Along with crises and scandals in the society there comes a demand for more transparent organisations. A way to achieve this is through more presentation and information concerning the financial, environmental and social part of the organisations. Several international frameworks for reporting sustainability activities have been created. In this thesis we aim to research how one of those frameworks, Global Reporting Initiative (GRI), has influenced the organisation.

1.1 Background

The presence of Corporate Social Responsibility (CSR) has increased in the majority of all firms the latest years (El Ghoul et al, 2011).

In 2001 the European Commission defined CSR as “*A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*”, which according to Dahlsrud (2008) is the most commonly used definition. In 2011 the European Commission updated the definition to “*the responsibility of enterprises for their impacts on society*” (European Commission, 2011). This is the definition that will be referred to in this thesis, as it is the newest version of the most commonly used definition.

CSR is nothing new, it has existed for about a century and there is literature about the subject from the 30's. CSR has developed from being an individual responsibility to become an internationally recognized question (Carroll, 1999). In 80's the United Nation felt the need to highlight the importance of the human impact on our planet. The world commission on environment and development was given the task to focus on the questions about the human impact on the planet (UN Documents, Chairman Foreword, 1987). In 1987 sustainability was defined as: “*Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs*”, which is the definition referred to as sustainability in this thesis (UN Document, From One Earth To One World, 1987).

Since the awareness of sustainability has increased and resulted in that CSR has become a more or less mandatory part of the companies' agenda, there has been a significant increase in sustainability reports (Basu & Palazzo, 2008).

There are many guidelines and standards that regulate the reporting of CSR. From the beginning of the 90's the amount of guidelines and standards grew fast and today there are several recognized (Jutterström & Norberg, 2011). Global reporting initiative (GRI) is one of the most common. It is a tool to report and measure sustainability indicators, which was founded in 1997 by a non-profit organisation. Their first guidelines were released in year 2000 and the last one in 2006 (GRI, *What is GRI?* 16-04-2012).

The government as owner of companies wants their companies to lead by examples. With the increased presence of corporate social responsibility the Swedish government in 2007 decided, as the first country in the world, that all government-owned companies had to report according to the GRI standards from 2008 and on (Regeringskansliet, 2007).

1.2 Problem discussion

The decision that all the government-owned companies have to report according to GRI was taken with the aim to increase transparency, but also to improve their sustainability activities and make the government-owned companies good examples within the field of sustainability (Borglund, Frostensson & Windell, 2010). Through the obligation this could be recognized as an attempt of the government to implement sustainability within the corporations' objectives and strategies. According to Jutterström and Nordberg (2011) corporate social responsibility (CSR) could be seen as a management control system similar to balanced scorecard and just-in-time among others, in that way it influences efficiency and legitimacy.

With the broad spectrum of companies using GRI and the fact that government-owned companies were obligated to adjust their organisations to GRI, we found it interesting to see what influences the implementation of GRI has had on the organisations.

The Nobel Prize winner of economy in 1978, Herbert Simon said, "*a wealth of information creates a poverty of attention*" (Lindvall, 2009 s. 17). This is further discussed by Johnson and Kaplan (1987) who mean that management accounting systems should be used as a tool to strengthen corporations' operation and strategy but mean that they often fail to do so because of the misleading set of measures that are used to reflect the business. Considering the information above we question if GRI, as a reporting system with different indicators within the field of economic, social and environment increases the risk of inefficiency. GRI could mean more indicators to measure and there is a risk that the corporation measure indicators not always closely related to the main business. Research made for the Swedish government in 2010, as an evaluation of the new GRI directives, shows that many companies experienced difficulties to apply relevant GRI indicators to their organisation (Borglund, Frostensson & Windell, 2010). This is a problem further discussed by Isaksson and Steimle (2009) who through a study of the cement industry discuss how relevant the GRI indicators are in different lines of businesses.

According to Åkesson and Siverbo (2009) there is a risk that companies, that are trying to make their business more efficient by adopting new management systems into their organisation, become lost on their way. Different management control systems are created for different types of organisations and might not be suited for all types of businesses or to be used with each other. In the research done for the government in 2010, the implementation of GRI into the corporations' strategy and goals was identified as a key element for the success of GRI within the Swedish government-owned companies (Borglund, Frostensson & Windell, 2010). Åkesson and Siverbo (2009) mention the risk to become inefficient with the implementation of new management control systems if they not are adapted to each other. We question therefore if the corporations, with the implementation of GRI into the corporation strategy run the risk to become inefficient as a conflict between the management control systems might arise. Therefore we also found it motivated to see how CSR could be used as a management control system.

1.3 Research questions

With the conditions mentioned above we aim to answer the following questions:

- *In what way has the implementation of GRI influenced the organisation?*
- *How could CSR be used as a management control system?*

To be able to answer the research questions we aim to research an amount of companies through interviews, and thereafter analyse the result and connect it to the frame of references.

1.4 Research Aim

As stated above, CSR has increased remarkably the latest years and corporations are forced to take this into consideration. In research done for the government in 2010, many of the companies experienced difficulties with GRI. Therefore we aim to research in what ways GRI has influenced the organisation and their current opinion. As the companies are more or less obligated to consider CSR we aim to research how CSR could be used as a management control system.

2. Method

In this chapter the working process of this thesis will be described. It also contains a detailed description about the process of selecting subject, method, companies and respondents.

2.1 Choice of subject and procedure

The field of the thesis, corporate social responsibility, (CSR), was chosen due to our different orientations, accounting and industrial and financial management. As CSR is such a broad subject, with an increasing presence in business, it influences different areas in the economy and is therefore interesting for both of us. An introductory search was made in the databases of Gothenburg University, which resulted in widespread information about CSR. With the new knowledge about CSR a discussion was held with Kristina Nordfeldt at CSR Västsverige to get a better understanding and ideas on what demarcations to do.

The subject was later on discussed with our tutor to find a narrower niche. In this way focus was put on the international standard Global Reporting Initiative (GRI). We found it interesting to see in what extension GRI has been integrated into the different organisations.

We decided early in the process that we wanted to accomplish a qualitative research based on interviews. The decision was taken not to concentrate on the biggest companies, as we believe that those companies often have a more developed process when it comes to sustainability activities. Several companies were contacted and an interview with Renova was set before the decision to limit the study to government-owned companies was made. We decided to keep Renova in the study, as the aim is to research how GRI has influenced the organisation and as they are a municipally-owned company.

The frame of references was then developed parallelly with the preparing of the questionnaire and later on the interviews. When the interview process was completed the data was put together and later connected with the frame of references in the analysis.

2.2 Data Collection and Criticism of the Sources

In order to achieve the aim of the thesis a combination of primary and secondary resources has been used. Primary resources, which are resources reported for the first time (Patel & Davidson, 2011) have been accomplished through interviews and gathered in the results. The interviews were done with respondents who are part of their company's financial department as managers, specialist, and controllers. In one company the respondent is environmental manager. The majority of the respondents are part of the corporate management.

The secondary resources, which are interpretations of primary resources, (Bell, 2000) have been used to accomplish the background, problem discussion and the frame of references. In order to increase the credibility of this research we have used academic reports and articles, books, and the website of GRI and the government. The articles and reports have been found through searches on databases recommended by the library at Gothenburg University. The words that mainly have been used in the searches are "Corporate Social Responsibility" and "Global Reporting Initiative", complemented with "strategy", "implementation" and "management control system". The books have been

found through research, from references in reports and articles, and through recommendations. The website of GRI has been used to find actual information about the framework. Some reports and articles have been used in the part about GRI in the frame of references to give a more critical view of the framework. The aim has been to use as recent sources as possible, but still confident and earlier cited.

2.3 Research Method

Our approach is a qualitative method based on interviews. According to Holme and Solvang (1997) a qualitative approach is preferred if one wants a better understanding of the subject. As we wanted to gain a deeper understanding of how the directives with GRI have influenced the corporations and also to understand why, a qualitative method was chosen. Patel and Davidson (2011) mean that this gives a more personal and clearer analysis of the research.

The starting point for the interviews was earlier published research within the field of CSR and GRI. Earlier research gave us the idea that companies have experienced troubles with GRI and that CSR has been difficult to integrate in a good way in the organisation. This gave us a good survey and a base of knowledge to found our interviews on. Our knowledge then increased during the interview process. Qualitative research is characterized by flexibility, both in the way the researcher is able to control the interviews, the openness for new knowledge and information that will be gathered during the process. The new knowledge can contribute to a better understanding for the interviewer and is seen as strength to the research (Holme & Solvang 1997). We therefore found it motivated to say that in our situation the choice of qualitative interviews has helped us to better reach the aim of our research and broadened our knowledge.

2.4 The selection Process

In a primary stage we made a selection of companies reporting to GRI in the Gothenburg-region to facilitate personal meetings. Both privately- and government-owned companies were contacted; among them the municipally-owned company Renova. Later on we found, through a search for more information about GRI, a research done for the government in 2010 concerning the government decision to make reporting according to GRI mandatory for government-owned companies. To facilitate the search of companies we decided to focus on government-owned companies. Since the interview with Renova already was set we decided to include them in the research, as they are owned by the municipally and the aim of research is to see in what way the implementation of GRI has influenced the organisation. A difference between government-owned companies and companies, which voluntary report according to GRI, can be that if GRI is voluntarily introduced the organisation is more likely to be aware of its significance. If voluntary introduced, the framework is probably seen as something positive, especially in the introductory phase, as the organisation is prepared for the implementation and probably more conscious about the consequences of the implementation.

When it came to the selection of the government-owned companies we decided to stay with the decision not to focus on the biggest ones. There are about 60 government-owned companies (Regeringskansliet, *Statligt ägda företag*, 18-04-2012). To make a fair selection we decided to look at the amount of employees, as it is hard to compare the turnover of companies in different lines of business. A decision was taken to focus on

companies with less than 2000 employees, which left around 20 companies. Several companies were contacted by email, which gave both positive and negative answers. The selection resulted in the following seven companies, including the municipally owned Renova:

1. Akademiska Hus,
2. Almi,
3. Göta Kanalbolagen AB,
4. Metria,
5. Renova,
6. Samhall,
7. SOS Alarm.

The selected companies have between 24 and 1112 employees. Göta Kanalbolagen AB is the smallest company, with just 24 employees, but they have during the summer slightly more than 100 seasonal workers. Samhall is the biggest company with 1112 employees. We want to emphasise our awareness that Samhall in addition has more than 18 000 employees that are part of their business, but who are excluded from some of the Swedish labour legislation and therefore not counted in the same way.

According to Holme and Solvang (1997) the selection of respondents is of great significance in a qualitative research. If the research is built on interviews with wrong persons there is a risk that the information becomes useless (Holme & Solvang, 1997). In order to answer the question in what way the implementation of GRI has influenced the organisation, we wanted to interview people who have knowledge both concerning the corporation's goals and management but at the same time someone who is in contact with the new reporting system, GRI. The primary focus was set on the corporate management and mainly the person in charge of the financial department or the financial controller, with the main tasks including controlling economical information and the performance, planning and management control systems. The research for the government done in 2010 showed that the responsibility for GRI mainly was put on the financial department, which supports our choice to focus on the financial department. The number of employees in the financial department of the participating companies varies between two and 40. All respondents have a business education from different universities in Sweden. Of the seven interviewed persons, four of them worked in their company when GRI was introduced.

2.5 Interview process

A first introduction of the research was made by email to potential companies, with a short presentation of the subject, the aim and the main research statement. By searching on companies website for the person in charge of the financial department or the financial controller we found the right person to contact. In case that we were not able to identify the right person through the website, we sent an email to the general contact email-address for the company and asked for the desirable person. A second contact was then made by phone to companies, which had given a positive answer to an interview. They were contacted to arrange date and time for an interview. Companies, which did not answer the email, were contacted by phone to be given further information and asked if they were interested. Companies, which declined, referred to lack of time or knowledge; those were respected and not contacted again. The questions were then sent to the participating person in advance in order for him/her to get an idea about the subject. This was done in order to give the respondent a chance to prepare for the

interview and discuss with co-workers. The questions were also sent on forehand to secure that the respondent could answer all the questions.

The interviews were accomplished in a semi-structured way with seven respondents from the following seven companies: Akademiska Hus, Almi, Göta Kanalbolagen AB, Metria, Renova, Samhall and SOS Alarm. As an introduction some short introductory questions about the respondent's education, position within the company and the size of the financial department were addressed. This information was seen as important for the interpretation of the following answers. The fact that the interviews were conducted in a semi-structured way means that the respondents were given the freedom to answer in his or her own words based on their interpretation of the questions, which was of great significance for the research (Patel & Davidson, 2011). Further the order in which the questions were asked differed between the different interviews depending on the way the respondents interpreted the questions.

The interviews lasted between 30 minutes and one hour depending on if they were made in person or by phone. Some of the interviews were recorded after acceptance from the respondent. However, all interviews were not recorded due to technical problems and in that case the respondent were not even asked. After an accomplished interview the information was summarised and sent to the respondent in order to let him or her read through the text. This was made to ensure that the information was correctly understood. The distribution of work, considering talk and documentation, during the interviews has been varying among us. In the case of different reflections both of us have had the possibility to interact during the interview, except for two interviews, which was done by just one of us.

Holme and Solvang (1997) mention the closeness to the respondent as one of the characteristics with qualitative interviews. Because of the location of the head quarters among the participating companies the majority of the interviews were done by phone. The interviews made over distance were apprehended as less personal, straighter forward and with a higher degree of standardisations, i.e. in which order the questions are being asked. This since we had a more leading role during these interviews.

The interviews being built on questions, signifies that we were dependent upon the respondent's willingness to contribute to the research. A qualitative research has to be balanced between the public benefit of the research and the ethical issue of protecting the integrity of the respondents, which means that the purpose of the interview shall be well cleared, the participation has to be voluntary and the information can only be used in the research purpose and involves the treatment of confidential data (Patel & Davidson, 2011). All the participating companies approved to be mentioned by name, although some respondents wanted to stay anonymous when it came to specific statements. With respect to the respondents we have therefore chosen to refer to all the participating companies by name in the method but to refer to them as A, B, C, D, E, F and G in a randomly selected order in the result and analysis. The anonymity does not affect the result in any way, as the plan in the beginning was to refer to the respondents by name. However in one of the later interviews a respondent wished not to be connected with specific statements.

2.6 The credibility of the study

In order to assure the trustworthiness of a research the validity and reliability of the information have to be considered (Bell, 2000). Patel and Davidson (2011) refer to

validity as the way to assure that what is actually researched is in line with the aim of the research, while reliability means that it has to be done in a trustworthy way. Further, Patel and Davidson (2011) emphasise the importance of not focusing on one and forgetting about the other since the guarantee of validity does not signify reliability and vice versa.

2.6.1 Validity

Research validity is a measure of the compliance with the aim of the research and the actual content (Bell, 2000). In a qualitative research the whole process has to be considered, which means the ability to identify a phenomenon, to interpret and understand the reality in which the research is taking part in order to reach a high degree of validity (Patel & Davidson, 2011). As the purpose in this research is to see how CSR could be used as a management control system and in what way the implementation of GRI influences the organisation the validity becomes dependent on our ability to interpret the information gathered through the interviews. Therefore, the interviews were held with people with insight in both the economical and sustainability work since we believe that they are the most suited to reflect the situation. We experienced a higher validity in the interviews done by phone, as we had more control over the interviews and as the respondents did not get the same opportunity to talk about subjects that were not relevant for the research. The interviews made in person still gave the information wanted but also other information about the company that was not relevant for the research.

2.6.2 Reliability

Reliability on the other hand is a measure of the trustworthiness. It is often referred to the possibility to repeat the research and get to the same findings (Bell, 2000). However, in a qualitative research different results do not have to indicate a low degree of reliability, instead the specific conditions in every situation have to be considered (Patel & Davidson, 2011). We believe that the interviews would give similar answers if done again as we talked much about the implementation which happened in the past. As the questions were written in an open way the information could differ a little depending on the way the questions were asked and on the follow-up questions that might arise. The respondents' interest for sustainability activities can have affected the answers as a higher level of interest probably signifies a higher level of willingness to increase their knowledge about CSR and GRI.

2.7 Analysis of declined companies

As mentioned in the interview process some companies declined, referring to lack of time or knowledge. The lack of knowledge was usually based on the fact that they felt that sustainability activities in their company were not well developed and insecurity about their sustainability work did exist. We are of the opinion that those companies could have contributed to our research with a different aspect of GRI, as their view of the subject might be different from the view of the interviewed companies, with well-developed sustainability work.

3. Frame of references

The frame of references consists of three main parts. The first part, Corporate Social Responsibility, is introducing CSR and presents reasons to why companies choose to work with CSR. The second part, Global Reporting Initiative, introduces GRI and describes the framework and its content. The third part, CSR as a management control system, discusses how CSR can be used as a management control system and be integrated into an organisation.

3.1 Corporate Social Responsibility

Corporate Social Responsibility, defined by the European Commission in 2011 as “the responsibility of enterprises for their impacts on society” (European Commission, 2011). The latest ten years CSR has increased and become a really important idea for the corporations. According to Windell (2009) this has three main reasons; big happenings such as scandals but also initiatives and attention by the United Nations, the increased knowledge and promoting from people inside the corporations, and the fact that CSR has been promoted as profitable, not always economically profitable, but to the reputation and legitimacy of the corporation.

3.1.1 The Categories of CSR

CSR is often divided into three categories, social, environmental and economical (Slaper & Hall, 2011).

3.1.1.1 Social

The social part includes different indicators measuring things related to the employees, such as education, equality, diversity and health. This is in the company's interest as if the employees are satisfied it creates a stable work environment in the company, which is positive in the long run. In an external view it can also include indicators such as product security, which affects the customers satisfaction, safety and health. Activities related to charity are often included in the social part (Slaper & Hall, 2011).

3.1.1.2 Environmental

The environmental part includes the company's effects on the environment, such as use of natural resources, effects on water and air such as emissions, handling of toxics and use of energy. This is usually made up by long-term goals. Many corporations try to find ways to reduce costs that also gives positive effects on the environment, such as use of less energy and water (Slaper & Hall, 2011).

3.1.1.3 Economical

The economical part includes the financial measurements. Distribution of profit among stakeholders and how cash flows are divided within the company are examples of economical indicators. The corporation aims to increase shareholders wealth, but still be responsible and not violate the other aspects, such as the interest of other stakeholders and sustainability activities. In this part they can also present what requirements they have on suppliers and how the suppliers might affect the company (Slaper & Hall, 2011).

3.1.2 Motives for CSR

Basu and Palazzo (2008) mention three reasons to work with CSR: The stakeholder reason, as CSR is seen as a response to the demand from many big stakeholders such as governments and customers. The performance reason, as external viewers have expectations on CSR activities the corporation has to measure the effectiveness and choose what activities that are most suited to the corporation. The motivation reason, as when a corporation engage in CSR their reputation is improved, which can create customer loyalty and reduce the risk (Basu & Palazzo, 2008).

3.1.2.1 The stakeholder theory

According to Garvare and Johansson (2010) one of the important aspects in order to survive in the long run is to keep a balance in the corporation, which means that the corporations have to work towards satisfying the different stakeholders. The stakeholders usually consist of co-workers, suppliers, customers, owners, creditors and other groups, which can influence and put pressure on the corporation. Important to note is that the content of stakeholder groups can vary between different lines of business. The stakeholders are sometimes divided into primary and secondary stakeholders, where the primary stakeholders usually are more important as they directly affect the company (Garvare & Johansson, 2010).

As different stakeholders have different interests in the company, the company has to compromise to satisfy them all as much as possible. This might lead to that the traditional accounting, which is concentrated on the financial parts of the company, not satisfies all stakeholders. With the broader awareness, the pressure to show the corporation's effects on the environmental and social factors increases and creates a demand for sustainability reporting and more transparent corporations (Perez, 2006).

3.1.2.2 Legitimacy and Transparency

In the 70's, Kenneth Boulding developed a theory of legitimacy, dividing the legitimacy in two parts, internal and external. As internal he meant that every person in the corporation had to feel that his/her work was accepted and justified. External legitimacy meant that the work was accepted by people in the surrounding environment (Krapels & Arnold, 1996). The theory of legitimacy has developed since Boulding's theory to become an important segment in corporations and is also closely connected to CSR. Most of the sustainability activities that the corporation gets involved in are voluntary and there is no evidence that CSR gives any financial gain to the corporation (Grafström, Göthberg & Windell, 2008). As written above, Windell (2009) mentions three main aspects to why corporations get involved in CSR. Another aspect is the theory of legitimacy; by getting involved in these questions the corporation shows a more responsible and legitimate aspect. To create a legitimate view of the corporation they need to satisfy their shareholders and consider other stakeholders' interests and aim to live up to their expectations. To create legitimacy takes time but it is enough that just one part of the company breaks the norms to affect the company as whole (Grafström, Göthberg & Windell, 2008).

An important part to obtain legitimacy and justification for its actions is by being transparent. Meaning to show more of the organisation through reporting both positive and negative results and actions and have an open conversation with the stakeholders (Basu & Palazzo, 2008).

3.2 Global Reporting Initiative

Global Reporting Initiative is today one of the most significant internationally recognized standards that are used for sustainability reporting (Grafström, Göthberg & Windell, 2008; Eccles & Krzus, 2010; Isaksson & Steimle, 2009).

The network-based non-profit organisation Global Reporting Initiative was created in 1997 by the non-profit organisation CERES (Coalition For Environmentally Responsible Economies) which wanted to extend their existing guidelines about environmental reporting to include social, economic and governance aspects (GRI, *What is GRI?* 16-04-2012).

In 2006 GRI launched their third framework, G3, which was developed by over 3000 experts from business, social society and labour to make their standard more legitimate and applicable for organisations all over the world. Later that year GRI entered into relationships with the UN Global Compact, Organization for Economic Co-operation and Development and others in order to increase their position as an internationally recognized organisation for sustainability. Today the GRI network consists of over 600 organisational stakeholders and 30 000 people representing different sectors. The head office is located in Amsterdam and the regional offices in China, India, Australia, Brazil and in the United States (GRI, *What is GRI?* 16-04-2012).

The aim of GRI is to contribute to a sustainable global economy with long term-profitability, environmental care and social justice. With their framework, GRI aims to hold corporation answerable to their stakeholders (Sustainability Reporting Guidelines, 2000). Further GRI aims to make all corporations, no matter of size, sector or place able to create a standardized, high qualitative and reliable report with the support of their framework (Sustainability Reporting Guidelines, 2000). Brown, Jong and Levy, (2009) criticise this and mean that the GRI framework partly has a problem in structure. The structural problem is mainly due to the fact that the sustainability report will be read by a wide range of readers with different interests and needs in comparison with the financial report, which is built on accounting standards and read by more homogeneous readers. GRI means that the sustainability report can be separated or integrated in the financial report; they do not make any preferences (Sustainability Reporting Guidelines, 2000).

According to GRI, the purpose of the use of the report can be benchmarking, comparing the sustainability performance, demonstrating their CSR activities, and comparing internally and with other corporations (Sustainability Reporting Guidelines, 2000). Although Brown, Jong and Levy (2009) mean that the reports not are easy to compare not even in the same sector, which is a failure from GRI. Isaksson and Steimle (2009) also mention a lack of ability to compare the sustainability report in their study of companies in the cement industry.

GRI is encouraging a dialog with the stakeholders and also aims to create a compromise between the different drives of stakeholders. Brown, Jong and Levy (2009) mean that the readership and feedback from the stakeholders are generally low, which is also a reason to the lack of interest of comparison of the reports.

3.2.1 Implementation

To facilitate the implementation of the framework, GRI support companies with different kinds of documents and protocols. There is a document for each indicator that

should be used in the report, containing guidelines how to apply them to the organisation. There are also technical protocols regarding the scope of the report. The sustainability report should include all the entities over which the organisation does have control or significant influence (Sustainability Reporting Guidelines, 2000).

There are different sector supplements for companies in sectors with special issues regarding sustainability, for example airports, construction, food processing, mining, oil and gas (GRI, *Sector Guidance*, 25-05-2012). A pilot project is currently proceeding in Brazil, in order to better adapt the framework to local conditions considering the differences between countries all over the world. This will later on be expanded to more countries (GRI, *National Annexes*, 25-05-2012).

3.2.2 Content

The guidelines of GRI are divided into two parts:

1. *Reporting principles and guidance on how to report*
2. *Standard disclosures on what to report.*

1. The Principles and guidelines are made to ensure the content and quality of the report and to help with the content and limits. Further, they help to choose what indicators to use in the report, how to treat the outcome and, finally, how to ensure high quality and how to present the information. According to GRI the principles help to increase transparency, which GRI means is the underlying goal with sustainability reporting (Sustainability Reporting Guidelines, 2000).

2. The standard disclosures are divided into three parts, strategy and profile, management approach, and performance indicators.

The strategy and profile part aims to describe how the sustainability work is related to the strategy, profile and governance in the corporation. It should consist of a statement from the CEO or equivalent and a description of the corporation's opportunities, risks and impacts on the surroundings.

The management approach describes how the corporation is working with the reported subjects.

The performance indicators are divided into the three categories of CSR, social, environmental and economical. The indicators are built up of a number of core indicators and some additional ones. The core indicators are developed by GRI's multi-stakeholder process and are adjusted to be applicable to all different types of organisations. The additional indicators on the other hand are more specific and may not be suitable to all kinds of organisations (Sustainability Reporting Guidelines, 2000).

➤ **Social Performance Indicators**

The aim of the social indicators is to describe what kind of impact the corporation has on the society where they are operating. The social indicators are divided into four groups;

- Labour practice; 10 core indicators and 5 additional
- Humans Rights; 9 core indicators and 2 additional
- Society; 8 core indicators and 2 additional
- Product Responsibility; 4 core indicators and 5 additional

➤ **Environmental Performance indicators**

The aim of the environmental indicators is to include the corporation's impact

concerning both inputs and outputs. It focuses on the impact on ecosystem, water, air and land.

- 14 core indicators and 11 additional.

➤ **Economical Performance Indicators**

The aim of the economical indicators is to describe the impact the corporation has on their stakeholders' economy and on the economical system in the society.

- 7 core indicators and 2 additional.

3.2.3 GRI Application Levels

As GRI wants to be suitable for all corporations, from beginners in reporting to more experienced organisations, the system is developed to have three different levels, named A, B, and C. Level A is the highest and most developed level of reporting while C is the least extensive level. Each level contains a number of criteria of different measures that have to be met. The corporation chooses its level of reporting depending on in which extent they want to report. The aim with the three levels is that corporations can expand the reporting over time, as it gives beginners a starting point and also motivates the corporations to develop their reporting. (Sustainability Reporting Guidelines, 2000).

The lack of an internationally recognized non-financial standard equivalent to IFRS (International Financial Reporting Standards) and US GAAP (Generally Accepted Accounting Principles in the United States) limits the possibilities to obligate auditing of the sustainability reports. One difference between a financial- and a sustainability report is the demand on auditing (Eccles & Krzus, 2010). However, financial auditing firms, as well as other organisations such as GRI, with competence within the field of CSR, can provide auditing on voluntary sustainability reports (Eccles & Krzus, 2010). If the GRI report is examined by a third party or is checked by GRI a plus can be maintained on each level, (A+, B+, C+)(Sustainability Reporting Guidelines, 2000).

3.3 CSR as a management control system

According to Merchant and Van der Stede (2007) a company having a main goal is fundamental to the company's success. The main goal does not have to be financial or quantified but have to give the employees an understanding of the purpose with their actions and of what they are trying to achieve (Merchant & Van der Stede, 2007).

The main goals are often a small amount of goals with a long-term perspective and a big scope (Olve & Samuelsson, 2008). The strategy on the other hand describes how a company should use their resources to work towards the main goals (Merchant & Van der Stede, 2007; Olve & Samuelsson, 2008).

Management control systems, i.e. a way to achieve the strategy and reach the goals, usually consist of four elements; establishing goals, establishing alternative action plans, following-up the results and the deviation from the goals and establishing alternative action plans to secure a better way to reach the goals as a result of the outcome and the deviation (Olve & Samuelsson, 2008).

Several academics highlight the importance of integrating CSR into the company's strategy and connecting CSR to the company's financial result in order to get the most out of it (Sharp & Zaidman, 2010; Eccles & Krzus, 2010).

According to Sharp and Zaidman (2010), CSR can be used as a management control system as it opens up for the possibility to establish goals and action plans. What makes it

different from other management control systems are the difficulties to measure and to follow-up. Further Sharp and Zaidman (2010) say that difficulties also can arise as CSR embraces a wide range of activities with the aim to do good and that CSR often is associated with costs, which distinguish it from other more profit oriented business activities.

Jarzabkowski (2005) highlights three significant criteria, which are of great significance for corporations that wish to implement a new strategy into the organisation. Those are top-management, goal-directed activities and organisational communication. Since the corporate management has to be involved, goals have to be determined and communicated out to the organisation. Sharp and Zaidman (2010) use the model by Jarzabkowski to explain how CSR could be seen as a management control system. First CSR fulfil the criteria of goal-directed activities, as the indicators in the three categories can be looked upon as goals. Further CSR involves activities concerning both the corporate management and the communication within the organisation. The corporate management usually determines the goals, which often involves a big part of the organisation. In order for the company to reach the goals they have to be communicated out to the organisation (Sharp & Zaidman, 2010).

Jutterström and Norberg (2011) have identified CSR as a management control system equal to balanced-scorecard and just-in-time among others and pointed out several similarities and differences between the systems. The similarities are built up around legitimacy. Companies tend to be influenced by the on-going debates in media, such as crises and scandals in the society. The implementation of new management control systems becomes a way to adapt the organisation to the general ideas that prevail in society and in that way seek legitimacy. Further, companies tend to take new management control systems seriously and try to adapt them to better suit their organisation. CSR is often used through different standards such as GRI and UN Global Compact, which becomes a way to operationalize the CSR activities and to make CSR more concrete. The differences on the other hand put more focus on efficiency. Management control systems as balanced scorecard and just-in-time are well known as activities which help to improve the efficiency, while the effect of CSR is more debated. CSR is more connected to conflicts within a company, as it is more debated among the executives than other management control systems. CSR is also apprehended as something that engages and is supported by more people outside the company, which not is the case with other management control systems. A company, which is implementing improvements in their balanced scorecard, will not create news in media while that might be the case with CSR (Jutterström & Norberg, 2011).

3.3.1 Integrate CSR in the corporation

More companies today chose to voluntary publish a “Corporate Sustainability Report”, with non-financial performances, as a supplement to their financial report. This can be made in a separate document or an integrated report. An integrated report signifies that the company's key financial and non-financial performances are integrated, with other words that the financial and sustainability report are connected in one report. The aim with an integrated report is to better understand the relationship between the financial and non-financial performances. Many companies experience difficulties in connecting their improvements in sustainability with their financial results. An integrated report is therefore a step in the direction of better understanding (Eccles & Krzus, 2010). Eccles and Krzus (2010) have identified four major benefits for companies who use integrated

reporting: better understanding about relationships and commitments, better decisions, deeper engagement with all stakeholders and lower reputational risk (Eccles & Krzus, 2010). This is further strengthened by GRI, which highlight the importance of an integrated report when it comes to the understanding of how value is created in the organisation (GRI, *Integrated Report*, 31-05-2012). According to Eccles and Krzus (2010) an integrated report is therefore essential for companies, which are taking sustainability seriously and further it helps them to improve their corporate transparency. Although there is no guarantee that an integrated report improves the sustainability activities, as it is the understanding of integration that leads to improvement (Eccles & Krzus, 2010).

An integrated report can better identify trade-offs between different stakeholders. For example investments in reducing carbon emission might have positive influences in the long run but affect the shareholders negatively in the short run with increased expenses. In the long run, however, this could attract new customers and increase earnings, which clearly benefits the shareholders. In this way the corporate management is forced to identify the relationships between financial and non-financial goals and apply a value to the CSR-activities (Eccles & Krzus, 2010).

3.3.2 Norms

The set of rules and regulations concerning CSR are divided in two parts, legislations treating human rights, working conditions and environmental aspects, and voluntary standards expressed as frameworks and guidelines (Jutterström & Norberg, 2011). Today's increasing development of CSR standards, among them GRI, is strengthened by general norms, i.e. unwritten rules, that are generally accepted in the society. The increasing awareness of CSR in today's society, results in that it gets harder for corporations to avoid these kinds of questions (Jutterström & Norberg, 2011). The fact that most of the guidelines and standards concerning sustainability are voluntarily means that there is a lack of legal sanction if not used correctly. Instead voluntary standards are connected to self-regulation. The self-regulation facilitates for companies that want to make their own interpretation and adapt the guidelines to their specific organisation. Voluntarily activities and self-regulation are regarded as something flexible and positive by companies, in comparison with legislation that might be seen as more bureaucratic (Grafström, Göthberg, Windell, 2008).

4. Result

In this chapter the results from the interviews will be presented. The aim is to see similarities and differences between the interviewed companies. The results have been divided into four parts to give a better overview, even though some answers can be fitted into more than one part. The first part, management and goals, treats shortly how the company is managed and how the goals are determined. The purpose is to give the reader a better understanding of how the development of goals is distributed internally in the company. The second part, organisation of sustainability and implementation of GRI, explains how the CSR activities are organised within the organisation and how the implementation of GRI was received. The third part, GRI in the organisation, aims to explain how GRI and the indicators are used in the organisation. The fourth part evaluates the companies' experiences of GRI.

4.1 Management and goals

Directives or prioritized areas from the owners are the basis when the goals are determined in companies C, E and G. In all the companies the goals are developed to more specific levels through a communication between the board and the corporate management. All the respondents also mention that their employees are welcome to come up with proposals to the goals, as they are doing the actual work and have a deeper knowledge about what is needed and possible to do at their department. In company C the environmental manager sets the environmental goals based on the directives from the owners.

Companies A and B mention that they look at their surroundings to determine the goals on appropriate levels. Further, respondent C emphasises that in their line of business it is important to watch and collaborate with the surroundings before doing investments as it is of great importance for the society to work in the same direction in this type of questions.

When it comes to sustainability activities, four of the seven companies focus more on the environmental goals while two focus on social goals and one is somewhere in between. Where the focus is put depends on in what area the companies have most impact. The environmental goals concern reduced energy-use and emission, while the social goals concern the employees and the safety in the society.

Already in year 2000 company A set a long-term specific goal to reduce the energy-use with a set percentage amount by 2025. Respondent B says that their organisation is based on a long-term sustainability goal, which influences all operations. In company D three of the four main goals are sustainability goals. The environmental goal is to reduce their carbon emissions, which they aim to accomplish even though it might signify increased costs.

Company E has six common goals for the group of companies, which all subsidiaries have to follow and report according to. When respondent E started in the company, there were too many goals and the respondent says that it was unclear and hard to focus on the most important ones. It was difficult to see what was really necessary and which goals to prioritise to make the company better, both for the parent company and for the subsidiaries. Therefore, a major work was done during the autumn of 2011 to reduce the amount of goals. Respondent F says that their earlier sustainability goals had not been clear enough but that they have been renewed and incorporated into the

management control system. This makes the goals clearer and they can be communicated to the employees in a better way.

Company G says that they avoid determining specific sustainability goals. Instead they try to incorporate them into other goals in their operations. The respondent G means that if they put up specific sustainability goals, the risk is that only the respondent, as environmental manager and a few other employees care about these goals and the rest of the company put focus on more financial results. Instead company G determines specific goals for specific projects. When that is made they look at the national determined environmental goals, such as reducing carbon emission or reducing the noise in order to see how their goals contribute to the national goals.

Finally, company E highlights the importance of measuring, following-up and communicating to the organisation what they aim to accomplish in order to be able to improve their operations and make all the employees work in the same direction.

To facilitate the achievement of the goals five of the interviewed companies mentioned that they use a balanced scorecard. Two of the companies say that they are trying to integrate the sustainability activities into their scorecard. Company C means that this will be the financial department's contribution to the sustainability report along with the creation of different calculation-systems. Due to the size of the organisation one company is using key performance indicators to compare and measure.

4.2 Organisation of sustainability and implementation of GRI

When the new directives with GRI were given in 2007 (Regeringskansliet, 2007), none of the participating companies were using GRI. Although many of the respondents mention that they involved CSR within the organisation in different ways even before 2008.

Respondent A says that they even before the implementation of GRI in 2008 had identified environmental factors as key elements to contribute to a more sustainable society and at the same time reduce their cost. Company A also made, in the beginning of the millennium, an environmental-report. The information then became an environmental part in the annual report. Today company A also complement their integrated annual report with information in another format to reach all stakeholders.

Respondent C mentions that they are and were in front concerning sustainability within their line of business even ten years ago. Company D did already before 2008 divide their work into social, environmental and economical categories.

None of the companies have a specific department responsible for questions concerning CSR, instead the tasks are spread out among different departments. At the time of the implementation of GRI in 2008, the responsibility of the sustainability report was put on the financial department in the majority of the companies. This was thanks to their experience of measuring and reporting from the daily work and the annual financial report. In some companies the responsibility was shared with the person in charge of communication. Company G is the only company where an environmental manager got responsible for the sustainability report.

Seminaries to inform about GRI were held for the government-owned companies by the government. Yet, the majority of respondents mean that they had to find information by themselves in order to increase their knowledge about GRI and CSR activities.

In the implementation stage of GRI the opinions about GRI differed between the companies. Some did not experience any difficulties while others experienced the implementation to be more complicated.

Respondent A says that they did not experience any difficulties implementing the GRI. Respondent B says that they earlier had wanted to focus more on these questions and GRI became a way to get started and to get structured. Respondent C experienced that GRI became a way to present the sustainability activities that they already had, in a good way. Respondent D says that they experienced difficulties in the beginning since they tried to adapt the organisation to the indicators instead of adapting the indicators to the organisation. This resulted in that some indicators and key performance indicators were created but not used. Company F experienced difficulties as they mean that sustainability is part of their operations but in a way that is not supported by GRI, which created problems when it came to the implementation for GRI.

Respondent E has the general impression that many of the government-owned companies experienced GRI as something heavy and not designed for all companies, and that it also meant more papers to be filled in and more goals to measure.

Both companies D and F experience that the guidelines are more suited for manufacturing companies, with a lot of waste and spill rather than to the service sector.

Respondents B, D and G mention that they have been helped by auditors regarding questions about the reporting. With help from the auditor company D found and adapted indicators that were more appropriate to the organisation. Respondent G says that their auditors have provided them with manuals on how to create the report and how to integrate it into their business.

4.3 GRI in the organisation

For the interviewed companies, GRI is primarily a form to present and inform about their sustainability work. Some of the respondents mention that they have looked at other companies, not with the purpose of competition, but when it comes to how to use the framework and what indicators to choose. Company E says that they still are in the stage of developing the report. Before they start to use it in purposes of comparison and communication they want to build up a good sustainability report. Of the seven respondents, two is reporting according to level B, four to level C and one company has chosen to not report according to a specific level. All companies reporting according to a level have chosen to get their report audited by a third party.

The first year with GRI, company A reported at level C, but decided to upgrade to level B in the second year. Yet, the respondent A is critical to the levels, as the respondent thinks it might give the impression that level A is the best one, followed by level, B and C. However, respondent A means that the level of reporting depends much on the size and line of business, and claims that for many companies it is not relevant to report at level A as it would just lead to unnecessary costs and window-dressing. Respondent G means that the difficulty with GRI depends on the level at which the company chose to report and says that with level C it is possible to chose not to report on some of the indicators.

In all companies, all the GRI indicators are followed up at least once a year. Some companies have a quarterly, or more frequent, follow-up on specific indicators.

All the interviewed companies, except for one, begun to make a separate sustainability report, but have integrated the financial and sustainability report more and more.

Companies A, E and F believe that if GRI should be useful and sustainability activities be able to contribute to a better result, they have to be fully integrated into the company. Further respondent E says that GRI has become important for both the owners and the board, as the awareness of CSR activities has increased. Continuously, respondent E thinks it is important to put an economical value on the activities as, in the end, it is the financial result that is most important.

Company F works hard to integrate the sustainability goals into their operations. They have experienced a lot of trouble in applying GRI into their organisation, as the framework does not support many of their sustainability activities. Company F solved this by using some of the GRI indicators and complementing the sustainability report with for them more useful information not supported by GRI.

Many of the companies still experience difficulties in using some of the indicators. Respondent B says that they find it hard to use some indicators, as they for example do not use water in the same way as described in GRI. Respondents E and D claim the necessity to make some assumptions when choosing the indicators or excluding some of them. Although, they emphasise the importance of explaining the decisions. Further respondent A and F highlight the importance of remembering that GRI is an international standard and not developed specifically for Swedish conditions. Therefore respondent A clarifies the importance of choosing indicators that are relevant for the company. Respondent G says that they have problem with some of the social indicators concerning the organisation structure.

The key element according to respondent G is to create the same types of routines for the sustainability accounting as companies have for their economical accounting. It has to be seen as part of the daily routines and as extra tasks they have to do just for the sustainability report. Respondent G says that it is not just to put the information on a paper; they have to know from when and where the information is from and why it is included in the report.

Respondent E believes that companies have to keep CSR in mind when doing business and they try to remind their customer about the importance of CSR. Respondent E says that they feel a great responsibility to spread the importance of sustainability since they meet a lot of companies and customers in their business.

The interviewed respondents spend different amounts of time with the creation of the sustainability work and report. Respondent D, with responsibility for the environmental part of their sustainability report notices that the weight of the social part is noticeable in the access of information. In contrast to the economical and social part where information is available through different personnel costs and economical systems, the environmental data requires more searching. Although respondent D means that GRI has become a way to more easily access the data needed for the report both internally and externally. Further respondent D estimates that 3-5 days are spent quarterly on gathering and compilation of the information. Respondent D works with the economical and environmental parts separately but tries to always involve the environmental thinking.

Respondent E works to some extent with specific tasks concerning sustainability, approximately five to ten percentages in total, with difference among periods. Respondent G, as responsible for the sustainability report, has a specific budget and hours to spend on the report.

4.4 Evaluation of GRI

All respondents are positive to GRI, how positive they are depends mostly on the line of business the companies are in.

Five of the seven companies say that GRI has made their organisation more transparent. Increased transparency is experienced as something positive, since it enables them to show more of their organisation. Respondent D says that GRI gives them a better understanding about how the company works and what they actually are doing. One of the companies mentions that as a government-owned company they are used to being examined and evaluated. Further, two of the government-owned companies say that the transparency has increased, but not just because of GRI but also because of the increased demand for transparency from the government. Respondent G says that if the company succeed by creating daily routines and reporting systems for personnel, carbon emission and energy consumption it will in a naturally way lead to an increased transparency. According to respondents B and C, GRI has not lead to increased transparency. Respondent B says that increased transparency is something they hope to achieve in the future with the development of GRI; especially the financial part, which should be presented in a more easily understood way.

Respondents A, B and D experience that GRI has helped to structure the CSR activities.

Respondent B says that GRI has helped them to easier connect the information within the company. However, respondent C does not think GRI has helped them to get a better structure, but to make the information more concrete and easier to relate the work.

Another positive aspect of GRI is that the companies have gained a deeper understanding of their sustainability activities. Respondent A says that GRI has helped them to identify areas of improvements and to systematize the sustainability work. Respondent G says that with GRI it becomes easier to discover things that need improvements within education, salaries and equality.

Respondent D means that GRI highlights and increases the awareness about CSR within the company. Respondent B thinks that GRI is an advantage when it comes to making internal comparisons and seeing the improvements.

Further the use of GRI has helped company A and C to develop their stakeholder dialogue and to increase the communication with them.

Respondent C and D means that GRI facilitates to understanding of how units of different materials can be turned into money, even though they still think there is more to be done in the area and wish to see improvements. With a more unison system to translate sustainability into money, the economic advantages and disadvantages will be more clear, as people find it easier to relate to financial terms.

Some negative aspects with GRI are that it has involved more work and the directives about how to use GRI have sometimes been experienced as unclear. Company F experiences that GRI is not totally applicable to their company and because of that they have had to include additional parts to their sustainability report to justify their sustainability activities.

Even though many of the companies experienced difficulties with the implementation they have become more positive to GRI during the years, as their routines have become more established.

5. Analysis

In the analysis, the results of this study will be connected to the frame of reference. The aim is to see whether or not the frame of reference, with theories and earlier research, supports our results. The analysis is disposed in the same way as the result to facilitate the reading: The first part, Management and Goals. The second part, Organisation of Sustainability and Implementation of GRI. The third part, GRI in the Organisation. The fourth part, Evaluation of GRI.

5.1 Management and Goals

In all interviewed companies the owners have a big influence on the goals. As Garvare and Johansson (2010) mention in the stakeholder theory, the stakeholders can vary between different lines of business. In the interviewed companies the government and municipally are identified as the biggest stakeholders, as they have a high concentration of ownership. The high concentration of ownership gives the owners a lot of power and might set the interest of other stakeholders in a secondary position. Further, this means that the companies are affected by the political situation, as different political parties in the government and municipally might have different opinions about how the companies should be managed and what their main goals should be.

Jarzabkowski (2005) developed a model with three significant areas in the management control system to succeed with an implementation of a new strategy, top-managers involvement, goal directed activities and organisational communication. All three areas have been identified in all the interviewed companies. Both the financial and sustainability goals are developed mainly through a communication between the owners, board, corporate management and the organisation. The companies have well defined goal-directed activities and organisational communication in different extension. The fact that more companies include sustainability in the same way as their financial goals proves that CSR can be used as a management control system. The model of Jarzabkowski (2005) is also used by Sharp and Zaidman (2010) to see CSR as a management control system.

Of the seven interviewed companies, four put more focus on the environmental part since they have more effects on that area than the other two areas of CSR. The most common environmental indicators are energy-use and emissions, which is also mentioned in 3.1.1.2 *Environmental*. There is also mentioned in 3.1.1.2 *Environmental* that companies try to find different ways to reduce costs that also have positive effects on the environment. This is supported by the actions of company A that early identified the opportunity to reduce costs in their energy-use. Two companies are identified as paying more attention to the social parts, as the employees have a great significance for their business. This proves that the companies tend to concentrate their CSR activities to the areas closes to their line of business, which is also where they have the most knowledge and can do most good. The fact that a majoring of the companies put more focus on the environmental parts could also be explained by the fact that human rights and labour legalisation already are well developed and followed in Sweden.

5.2 Organisation of sustainability and implementation of GRI

The increasing awareness of CSR has lead to the creation of generally accepted norms in the society today, which forces the companies to take CSR in consideration. The new

directives in 2008, for government-owned companies, took sustainability from a voluntarily level to an obligation.

All the interviewed companies worked with CSR at some level even before the implementation of GRI. According to Windell (2009) the increasing and spreading of CSR are due to three main reasons, among them scandals and crises. This have received a lot of attention from media and in that way made the society aware of the subject. The fact that CSR is generally something voluntarily and expressed as norms is often seen as positive for companies, as mentioned in 3.3.2 Norms. When the new directives were implemented most of the interviewed companies experienced the directives as a burden, since they did not know if the GRI guidelines would contribute to the business in a positive way and increase sustainability in the organisation.

None of the companies were given any extensive education about how to use GRI. The majority of the respondents say that they searched for information by themselves. The organisation behind GRI aims to have all the information about the guidelines available on their website and no further education should be needed. The fact that three of the companies by some extension took help by auditors to develop the report and decide what indicators to use can be seen as evidence of the provided information not being enough. This could have contributed to the feeling that GRI was a burden.

GRI claims that the framework should be useful for all companies, no matter of size, sector and place. Most of the companies in this research do not agree with this, as they find the framework better suited for manufacturing companies, and have had problems to apply the indicators to their activities.

5.3 GRI in the organisation

GRI means that the report can be used in three aspects, benchmarking, demonstrating and comparing. Although the general idea from the interviewed companies is that they use the report just for demonstrating, and to some extension comparing internally. Some respondents say that they have looked at other companies, but not with the purpose of comparing but to learn more about how to work with GRI. Brown, Jong and Levy (2009) mean that the reports are not easy to compare as a consequence of the structure of GRI and that can be seen as a failure to GRI. Isaksson and Steimle (2010) also got the same results in their research, which might be the reason to why the companies have not used it in that way.

Three of the companies mention the importance of integrating CSR into the organisation to make it favourable. According to Eccles and Krzus (2010) the advantages of an integrated report are better understanding about relationships and commitments, better decisions, deeper engagement with all stakeholders and lower reputational risk. All the companies have to some extension integrated their sustainability report with their financial report, and are working to integrate and improve it more. Despite of the integration three of the respondents mention difficulties to see relationships between sustainability activities and financial results. This could be explained by the difference between actually integrating the report and putting the financial and sustainability report in the same document, which has been done by most of the interviewed companies.

The fact that the companies are trying to integrate the sustainability report could be seen as a step forward since it means that the companies are taking CSR seriously. Though Eccles and Krzus (2010) emphasise that it is not the integration of the report

that improves the CSR activities, but the understanding, which is facilitated by the integration. When sustainability activities have been integrated, sustainability goals are determined and followed-up, it could be seen as CSR has gone from a separate activity to a management control system according to Sharp and Zaidman (2009).

According to GRI, the levels of reporting are divided in A, B and C, to suit beginners of reporting to more experienced users. The companies should be motivated to aim higher levels. Of the six companies reporting according to a certain level, four report at level C and two at level B. Respondent A and F question if a higher level always is desirable. They mean that all indicators not are applicable to their company. In order to make GRI favourable for their company it is not relevant to report on a higher level, as it will just take unnecessary time and resources. Further, they comment that level A is just for global companies with an impact on all three categories, i.e. social, environmental and economical. GRI aims to motivate all companies to reach a higher level, which turned out to be not desirable for the interviewed companies. This indicates that companies have realized the importance of concentrating on, for them, relevant indicators. This decreases the danger of lost focus, which is mentioned by Åkesson and Siverbo (2009) as one of the risks when adopting a new management control system.

5.4 Evaluation of GRI

Five of the interviewed companies experience that GRI has contributed to a more transparent organisation, which they see as something positive. An increased transparency means that they are showing more of their organisation through reporting both negative and positive results and actions (Basu and Palazzo, 2008). Transparency is an important component to obtain legitimacy, i.e. the ability to live up to the stakeholders' expectations. The increased transparency and legitimacy can be seen as a motivation to work with GRI. According to GRI this is one of the underlying goals with the sustainability report.

Company A and C say that GRI has led to an increased stakeholder dialogue, which is encouraged by GRI. In the same time, company E says that the interest from their stakeholders is relatively low. This is also mentioned by Brown, Jong and Levy (2009), and can also be a reason for the lack of comparison of the reports. With a lack of interest from the stakeholders, the increased transparency not will lead to an increased legitimacy. The lack of interest means that the stakeholders will probably not read the report, which results in that their awareness and expectations will be unchanged.

One of the advantages that five of the seven interviewed companies experience is that GRI has contributed to more structured CSR-activities. With their framework GRI aims to contribute to a more sustainable global economy. The positive result, with improved structure in CSR activities, could be seen as a step forward to more integrated activities and improved sustainability. By proceeding with improvements and future specific versions for countries and sectors, GRI aims to be applicable to all types of organisations around the world. The proceeding work with the guidelines shows that there are imperfections in the framework. This might be the reason to why some of the companies have not experienced that GRI contributes to more structured CSR-activities, or their CSR-activities might already have been structured.

6. Conclusion

With our newly acquired knowledge from our frame of references and the result from the interviews we aim in this part to draw conclusions to answer the research questions. The conclusion has been divided in two parts. The first part draws conclusions in relation to the first question and the second part concludes the second question.

- *In what way has the implementation of GRI influenced the organisation?*
- *How CSR could be used as management control system.*

In what way has the implementation of GRI influenced the organisation?

The research has proved that with the use of a sustainability report the sustainability activities get more structured and become more concrete. This facilitates for the companies to improve their sustainability activities.

With a sustainability report the company shows a more extensive part of their organisation. The measurability and follow-up indicate both positive and negative results, which lead to a higher transparency. This can help the company to create a more legitimate image. With a more transparent organisation the risk for unexpected findings is reduced, as the company presents both positive and negative results.

For the company, the sustainability report can be a motivation for improving their sustainability activities, as the information becomes more accessible and the development is easy to follow.

In the introductory stage of GRI many of the companies experienced the new directives as a burden and an increased working load. More things had to be considered in the organisation, which sometimes lead to confusion and a lack of focus. In some of the researched companies this was the case, especially at the implementation stage. With help from auditors and with more experience and knowledge it seems like the companies are taking control over the situation, and have become more aware of what indicators to use and focus on. The fact that no extensive education about GRI was given can have strengthened the impression of GRI as complicated, and the confusion of what indicators to use.

At the time of the interviews the work with the sustainability report has become more established and the companies are experiencing GRI as something positive. Although the companies have the opinion that they still have much to improve and develop when it comes to sustainability reporting and CSR activities.

How could CSR be used as a management control system?

Activities within the three categories of CSR, social, environmental and economical, can be expressed as goals. GRI, as a framework, helps the company to choose indicators and in what way they should be measured. The result from the research says that the activities can be determined as main goals and included in the balanced scorecard, as a way to integrate them in the whole organisation. According to the Sharp and Zaidman (2009) the possibility to express CSR as goals is an important part in order to be able to use CSR as a management control system.

Measuring CSR has been experienced as difficult. GRI is contributing with guidelines and instructions to facilitate that part. This makes it easier to measure the goals and see

what resources are needed. The results from the interviews indicate that many companies already have a lot of data, but they do not know how to use it. The sustainability report becomes a way to present the information and put it in a perspective.

Through a standardised sustainability report it should become easier to compare indicators both external and internal. Though the research and references say that the companies do not use the report for making external comparisons and this can be seen as a failure to GRI. It can be due to the fact that GRI is something new and not fully developed and established. The fact that CSR activities are dependent of external factors that and the conditions differ for different companies and countries, makes it complicated to create a standardised framework that is comparable to IFRS and US GAAP. The financial work on the other hand is not dependent on external factors in the same way as sustainability.

When CSR becomes measurable it makes it easier to see the deviation and to create action plans. The company can see their strengths and weaknesses in a clearer way with the report. This helps the company to follow-up and to improve their sustainability activities, which in the long run contributes to a sustainable development.

The conclusion is that CSR can with support from CSR standards, such as GRI, or in a combination with other management control systems, such as balanced scorecard, be used as a management control system

6.1 Future Research

During the process of this thesis we have identified several problems within the area that could be interesting to study further:

- Problems to apply GRI indicators to the organisation have been mentioned several times. Therefore, we suggest more specific research on what the problems are and how they can be adjusted and solved.
- The companies have emphasised GRI's lack of adaptation to the Swedish conditions. Therefore we suggest a deeper case study of GRI and how the framework could be adjusted to Swedish conditions.
- The companies experience that GRI has helped to structure the CSR activities and made them more concrete. Although we get the impression that there is insecurity if it has increased the practical CSR activities. Therefore, we suggest a deeper study of how GRI has affected the practical CSR activities.

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Appendix 1

Interview Questions

Introduction Questions

- What education do you have?
 - How long time have your worked in the company and at this position?
 - What are your main tasks?
 - How many employees are there at the financial department?
1. Please, tell about how the operations are managed.
 - a. Goal directed?
 - b. Balanced scorecard?
 - c. Centralised or decentralised?
 - d. Top-down or bottom-up?
 2. Please, tell how the implementation of GRI has affected the management of the operations.
 - a. How is it implemented in the management?
 - b. More goals to consider?
 3. Who is determining the goals of the company? How are they developed?
 - a. Is there a difference between the financial and sustainable goals?
 - b. How are they communicated to the employees?
 4. Please, tell how the CSR activities are organised?
 - a. Is there a specific department?
 5. Did the company use GRI or make a sustainability report before the decision from the government in 2007?
 - a. Who became responsible for the reporting? Why did that person become responsible?
 6. How much do you work with questions concerning CSR?
 - a. Have you received any specific education within the field?
 - b. How did the implementation affect your working tasks?
 7. In what way do you use the GRI indicators in the operations? How often are they followed-up?
 - a. Did you experience any difficulties to apply the GRI indicators into your company?

8. Do you experience that there is too much focus on the reporting of the sustainability activities, or have it contributed to improved sustainability activities?
 - a. What advantages have the company received with GRI?