



Handelshögskolan
VID GÖTEBORGS UNIVERSITET

Translation of Corporate Social Responsibility (CSR)

**Perceptions of Internationally Experienced Icelandic
Managers of practices of CSR in the Icelandic Business
Community**

Thesis Theory, Advanced Course 2B
Dept of Business Administration
Business School of Economics in Gothenburg
Autumn 2006

Hulda Steingrimsdóttir 7106261246
Supervisor: Petra Adolfsson

Foreword

I have worked with environmental issues in Iceland for over ten years. During that time I've sensed great difference between Iceland and Europe (Sweden in particular) for that matter. Because Icelandic companies have been expanding a lot in the last decade I wondered whether the modern priest of today, i.e. managers, also sensed similar difference of environmental and social issues in companies. Corporate Social Responsibility (CSR) in Iceland is relatively unexplored. Therefore the purpose of the research came quite naturally. Fortunately when starting on the thesis, a wave of CSR discussion in Iceland commenced. That certainly gave better quality of the research. I believe the discussion of CSR is only beginning; therefore it will be exciting to follow the evolvement of CSR in Iceland in the future.

This thesis would not have been made if it wasn't for my supervisor, Petra Adolfsson. I want to thank her for all the patience, engagement, inspiring ideas and to pick up the phone when ever I called from Iceland. Thank you Petra! I also want to thank all those inspiring and wise respondents that I had the chance to meet. Thanks for sharing your experience. There even came times when I thought about changing profession, at least I envied interviewers in general. I also want to thank my family and friends, especially Birna Helgadóttir and Rögnvaldur Sæmundsson for inspiring ideas and good comments; Eva Bergþóra Guðbergisdóttir for correcting my English; Halldóra Hreggviðsdóttir and the staff at Alta for their support and Þórdís Þorsteinsdóttir and Ásgeir Thoroddsen for providing food and shelter while in Gothenburg. Finally I thank my wonderful family to keep up with me in those often stringent times, thank you Jón Gauti for your support and love and Sólveig Lára, Hera and Kolbeinn Tumi for being so wonderful.

At last, I wish you an enjoyable time while reading and hope that you gain some new insights of CSR in Iceland.

Reykjavík, 31st. of January 2007

Hulda Steingrimsdóttir

Abstract

We face a rising epidemic of global problems. To solve those problems sustainable development is needed; development that combines ecology, society and economy. The international community seems to be conscious of these increased problems threatening life on earth and is realizing that the absence of business in finding solutions is one of the biggest obstacles of sustainable development. The awareness of Corporate Social Responsibility (CSR) seems to be increasing, not only in forms of charity since CSR can be profitable, e.g. through innovative opportunities.

The Icelandic society has undergone a rapid liberalisation and Icelandic companies are expanding all over the world. Icelanders are fortunate to lack human made local environmental catastrophes threatening health (e.g. polluted ground, water and air). This lack of environmental problems could explain why the lack of consciousness and discussion of sustainability problems in Iceland is vague. Likewise the discussion of companies' social responsibility has only recently started in Iceland. Given this situation of global problems, the consciousness of CSR in other parts of the Western World and the fact that Icelandic companies are expanding; I found it interesting to study: How Corporate Social Responsibility is understood in Icelandic Business. Five Icelandic managers with vast international managerial experience as well as first hand knowledge of the Icelandic market were interviewed. The aim was to grasp their perceptions of CSR and to see how their perceptions fit the general focus in public discussion of CSR in Iceland.

This research illustrates one reason for the vague interest of CSR in Iceland; a lack of context or rather information and knowledge. This context guides the translation (Boons & Strannegård, 2000; Czarniawska & Joerges, 1996; Powell & DiMaggio, 1991) of CSR in Icelandic companies which is mainly as charity. The fact that the seriousness of sustainability problems is increasing and that Icelandic companies are expanding, the outside pressure (Boons & Strannegård, 2000; Powell & DiMaggio, 1991) on companies is likely to increase. CSR is a matter of long-term vision and being proactive which contradicts the forces of fashion (Røvik, 1996). Defining CSR as a charity is short-sighted, decoupled from the companies strategy and can therefore be out-of-date. The research further implies that CSR should be seen as an opportunity not threat.

Table of contents

Foreword	2
Abstract	3
1. Introduction	5
1.1 Background	5
1.2 Problem formulation and purpose	8
1.3 Perspective and relevance	9
1.4 Disposition	10
2. Method.....	11
2.1 Scientific approach	11
2.2 Gaining knowledge	11
2.3 The research method – The Grounded Theory.....	12
2.4 Data and selection	13
2.5 The interview guide.....	14
2.6 The interviews	15
2.7 Analysis and interpretation of the results	16
2.8 Evaluation of the research - credibility	18
3. Empirical findings	19
3.1 The discussion in Iceland at the time of the study	19
3.1.1 CSR in media	19
3.1.2 The conference on CSR; Your opportunity – everybody’s benefit.....	20
3.1.3 Survey on CSR in Iceland	21
3.1.4 The view of a specialist and teacher of business ethics	22
3.2 The five interviews:.....	23
3.2.1 The first theme: Sustainability problems	23
3.2.2 The second theme: The role of companies.....	27
3.2.3 The third theme: CSR and Iceland	29
3.3 Summarising the empirical findings	32
4. Frame of Reference	34
4.1 New Institutional theory.....	34
4.2 About Translation and Fashion	35
4.3 Materialising an idea or not - Decoupling.....	37
5. Analyse.....	38
5.1 Icelandic business – Organisational fields	38
5.2 Is CSR in Icelandic business homogeny? - Isomorphism	40
5.3 Importing CSR to Icelandic business – Translation and fashion	41
5.4 Is CSR in Iceland decoupled? - Decoupling	44
6. Conclusion and discussion.....	46
6.1 Conclusion of the research	46
6.2 Discussion of how CSR is understood in Iceland	48
6.3 Suggestions for further research.....	50
7. Reference.....	51
Literature	51
Articles and reports	51
Media references and other references	52
Websites	53
Appendix 1	54

1. Introduction

This chapter will enlighten the reader about the background, the problem formulation, purpose of the research, perspective and relevance as well as the disposition of the thesis.

This is a thesis in Master of Science in Environmental Management in the School of Business at the University of Gothenburg. This thesis aims to elucidate the issue of sustainability and ethics using the theories of organisations.

1.1 Background

We face a rising epidemic of problems that affect us on a global level: global warming, diminishing biodiversity, growing shortages in freshwater supplies, social inequality and pollution to mention a few. To solve those problems the development of societies has to be sustainable.¹ Sustainable development is to find ways to meet the present needs without compromising the ability of future generations to meet their needs (United Nations, 1987). Sustainability implies that we cannot turn our resources into waste faster than nature can replenish the supplies on which we depend. The problems of sustainability recognize that degrading ecological systems ultimately threatens everyone's well-being (Cunningham et al, 2005). Recently the British Government published a striking report by Nicholas Stern that combines sustainable problems and economics. The report discusses the consequences of global warming and predicts that Gross National Product decreases by 5-20 % in the future if nothing is done to prevent the development of global warming (HM Treasury, UK, 2006). Today, the scope of globalisation raises new challenges, both economically and politically.

Companies are important in solving the sustainability problems. For decades the international community has been conscious of increased problems threatening life on earth. Globalization and the liberalisation of markets have spurred interest of governments and the UN to collaborate with the private sector.

¹ The terms sustainable development and sustainability are often used interchangeably. Sustainability is a state or condition to be aspired to, whereas sustainable development is the process by which human activity moves towards sustainability (Hibbit, 2002). The term sustainability problems are problems that threaten sustainability; social, environmental and financial.

“It is the absence of broad-based business activity, not its presence that condemns much of humanity to suffering”

UN Secretary-General Kofi Annan, Financial Times, September 14/2005

As Kofi Annan implies, the international community is realising that the absence of business in solving sustainability problems is one of the biggest obstacles in sustainable development. The language of “economics” is powerful and dominating in decision making (Rombach, 2005). If globalisation ought to become a positive force for all on earth, efforts should be on enhanced cooperation between companies, the users of economics, and society (UNDP, Nordic office, 2006). Ambitious goals from governments towards sustainability can be seen as a burden on business, but also as an opportunity. In Gothenburg, Sweden, increased regulations were put on industry in the 80’s and 90’s. The new regulations resulted in innovation and development of new techniques that today is an export industry in Gothenburg (www.businessregiongoteborg.com). Another opportunistic approach can be seen in Britain; Alistair Darling, the minister of industry in Britain states that climate change will provide jobs and profits. The aim is that the environmental goods and services sector in Britain will grow 84 % until 2015: "This is a massive opportunity for wealth creation", he further states (www.planetark.com). Leading corporations such as BP, Shell, DuPont, Honda and GM draw the following conclusion (Laszlo, 2003):

- Action is required to preserve (and extend) open societies and markets that might be threatened by calamitous environmental change.
- Opportunities to help abound, in the form of new technologies that raise living standards while reducing the human footprint.
- The private sector is well positioned with skills and flexibility to answer the greatest needs.
- NGO’s and media have an increased role; today business can be criticised easily through media, increased transparency.

Many concepts are used for describing environmental and ethical issues in business. The concepts that have been used differ in terms of context, perspective as well as content. According to Egels (2005) concepts such as sustainable development, Corporate Social Responsibility (CSR) and Corporate Citizenship are only few examples. In this research the concept CSR is used as an overall concept. The following definition is helpful (Kotler, 2005);

Corporate Social Responsibility is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources.

There is an increasing awareness of CSR. Big multinational enterprises participate and present their CSR work. Many of them take part in non-governmental organisations (NGO) standards such as the Global Reporting Initiative (GRI). For example, between 2000 till 2006 there has been an increase of 330 % in GRI participation (Scott, 2006). Nordic companies seek compliance to recognised standards regarding CSR and have less focus on charity sponsoring compared to companies in the US (Nordisk Ministerråd, 2005). Given increased public scepticism; companies that can demonstrate a significant impact on a social problem will gain more credibility than those that are merely big givers (Porter, 2002). Atkins (2006) argues that it is irresponsible use of assets to sponsor charity. Social responsibility means to be transparent in the company financials, to produce quality products and not to misrepresent them, to avoid predatory practices in offshore manufacturing, take care not to pollute the environment, adhere to laws and be respectful, fair, and open in employment practices.

CSR is not only philanthropy but affects the profit, as well, e.g. through innovative opportunities. Steve Percy, former chairman and CEO, BP America (Laszlo, 2003) says that many leading corporations are no longer viewing environmental stewardship as a cost and this is a change in perspective, even for the leaders. This change is based on self-interest, not altruism. The bottom line is that social benefit and economics are interconnected not polar opposites and provide competitive advantage (Porter, 2006, 2002, 1995). CSR can help a company to improve financial performance; enhance brand image; attract and retain a quality workforce; and reduce long term costs; good reputation; innovation and by creating the needed infrastructure to sell locally (UNDP, Nordic office, 2006; <http://www.bsr.org>).

Despite the aforementioned situation, CSR has only gotten limited attention in Iceland. Iceland is not a large country, with a small and homogenous population. Iceland is fortunate not to have experienced health threatening human made environmental catastrophes like many other countries have had to face (e.g. polluted ground, water and air). Wind and sea are effective absorbers of pollution that could originate from human activities in Iceland. This could be one of the explanations of the lack of consciousness and discussion concerning global sustainability problems. There has hardly been any discussion of sweatshops or bad

working conditions in developing countries in the media and the discussion of global warming is also rather new and it is still even questioned whether it is a real problem or not. In Iceland the public discussion of CSR has only recently begun in the year 2006. In an analysis of 50 Nordic pioneers companies, it was noted that Icelandic companies although characterised as pioneers did not have any CSR (Nordisk Ministerråd, 2005), the prevalence of entrepreneurial activity in Iceland 2005 was higher than in most countries in Europe (Sæmundsson & Baldursdóttir, 2006).

The current globalisation of Icelandic businesses suggests that CSR in Iceland might change. Icelandic companies have been expanding all over the world quite drastically and the market has been substantially liberalised and rationalised in the last decade (Sigfússon, 2005, 2000). It can be argued that along with more open markets Icelandic companies working internationally need to open up for strategies that strengthen their market value. For instance Icelandic financial institutions have increasingly been expanding and now there are signs of increased discussion of CSR in the financial sector. Could it be a coincident?

1.2 Problem formulation and purpose

As described in the background sustainability problems are increasing and threatening human well-being. Companies have started taking part in finding solutions to sustainability problems, aimed at tackling environmental and ethical issues. Companies working with CSR have experience that CSR is important and it can positively affect profitability in many ways. In Iceland, awareness of sustainability problems seems to be vague and CSR is hardly on the agenda. Giving the background and the fact that more and more Icelandic companies are expanding it is of interest to find out how CSR is understood in Icelandic business community and whether the concept is understood differently in Iceland compared to other Western companies. The circumstances in Iceland provide an interesting field of research. This leads me to the purpose of the research:

To find out how Corporate Social Responsibility is understood in Icelandic business.

To fulfil the purpose of the research I found it interesting to seek the perceptions of people that have international managerial experience and are familiar with the Icelandic market as well; persons with long distance perspective of Icelandic society as well as of business in an international context. Another reason for choosing these respondents is that international

managers are today highly rated as opinion leaders. I wanted to discern their perceptions of CSR in Iceland. Additionally I wanted to grasp the public discussion of CSR in Iceland. It would be informative to find out whether the perceptions of the managers on CSR differed from the discussion of CSR in Iceland. Eventual difference could enlighten if and why there are disparities in the way CSR is understood. This resulted in two research questions:

Research question 1:

How do the managers perceive Corporate Social Responsibility in Icelandic business?

Research question 2:

How do the managers perceptions fit with the discussion of CSR in Iceland?

1.3 Perspective and relevance

This thesis is based on qualitative interviews with Icelandic entrepreneurs with international managerial experience and description of the discussion of CSR in Iceland at the time of the study. Notably, this thesis is not written for any external organisation or individual, and in addition I, the author, chose the subject as well as the respondents.

The general relevance of the research is that it is interesting to grasp the context of CSR from internationally experienced managers; to learn about how the meaning and possibilities of CSR is evaluated. CSR is a relatively new research field. Hopefully will this research contribute to the research field of the international context of CSR as well the diffusion of a concept such as CSR into a new field. Iceland is a small country but with great promise of business growth in many fields and there is a little general knowledge of CSR. There are signs both nationally and internationally that CSR is of increased importance for companies. This can be assumed because of the context of international problems of sustainability and debate in media. The aim of the research is to study the understanding of CSR in the Icelandic market as well as within expanding Icelandic companies; thereby the view of the managers has been given a special weight. I want to generate knowledge and better understanding of CSR and to enhance a more holistic approach. I want to provide material for a discussion regarding whether CSR is an opportunity or a threat to Icelandic business. Especially for Icelandic companies those are expanding, exporting or planning to. Finally I hope the research will affect the practical language of “economics” exercised today.

1.4 Disposition

Below the reader will find the disposition of the thesis (picture 1), showing every chapter and its most significant key-words. The intention is to make things easier for the reader, giving a better overview and understanding of the thesis. Notice that the disposition is some what untraditional; after the background follows the methodology, then empirical findings, theory, analysis, conclusion and discussion, references and finally appendix. When using the methodology of Grounded Theory, it comes more naturally to introduce the methodology before empirical findings and theory, not the other way around. One of the stances in Grounded Theory is that the researcher should not begin a research with a defined theory in mind. Rather start with an area of study, allowing the theory to emerge from the data (Strauss & Corbin, 1998).

Picture 1: The disposition in the thesis.

Chapter 1 - Background Background, problem formulation, purpose, perspective, relevance.
Chapter 2 - Methodology Scientific approach, gaining knowledge, the research method; Grounded theory, data selection, the interview guide, interviews, analyse and interpretation of the research, evaluation of the research, credibility.
Chapter 3 - Empirical findings The discussion in Iceland at the time of the study, CSR in media, a CSR conference, survey on CSR in Icelandic businesses as well as five interviews summarised into three themes; sustainability problems, the role of companies and CSR and Iceland.
Chapter 4 – Frame of reference New institutional theory, organisational field, isomorphism, translation, fashion and decoupling
Chapter 5 – Analyse CSR in Icelandic business, organisational fields, homogeny, isomorphism, travelling of CSR, translation, fashion and decoupling
Chapter 6 – Conclusion and discussion Conclusion, discussion and suggestion for further research
Chapter 7 – References Literatur, articles, reports, newspaper articles, other references and websites
Appendix The interview guide

2. Method

This chapter will enlighten the reader about the methodology of the research. The scientific approach, of gaining knowledge, the research method, the data and selection, the interview guide, the interviews, analysis, interpretation and evaluation of the research.

The nature of the research questions and purpose of the research depends on discovering the reason for a certain relationship. The interest is to find out how CSR is understood in Icelandic business by using the perceptions of individuals and description of the discussion in Iceland at the time of the research.

2.1 Scientific approach

My professional background is working with environmental issues in Iceland for a number of years. Furthermore, my two years of study in Sweden have enabled me to gain a first hand knowledge of how the discussion of sustainability issues differs from that in Iceland. I therefore wanted to grasp the perceptions of others with international experience. It was also intriguing to learn how well known, experienced Icelandic managers with international experience perceive CSR. Hopefully they could illuminate the general conception of CSR in Iceland. The choice of research methods depend upon the research question (Silverman, 2000). This research compares perceptions to the ongoing discussion of CSR in Iceland. The reasoning behind the choice of the qualitative approach is based on the assumption that when attempting to identify the reasons for a relationship qualitative method is valuable. The bulk of qualitative analysis is interpretative. It can refer to research about persons' lives, lived experiences as well as about organisational functioning, cultural phenomena and interactions (Strauss & Corbin, 1998). On the other hand the use of quantitative methods is valuable in establishing relationship between variables. I hoped to be able to analyse what exactly was said, what was meant and why. I wanted perceptions and detailed answers. I was concerned that a quantitative survey would not give credible material and could have a tendency of positivism.

2.2 Gaining knowledge

Most of research can be classified with regards to the character of gained knowledge. Normally it can be divided in following three groups; explorative, descriptive and hypothetical (Patel & Tebelius, 1987).

This research is explorative and descriptive; explorative when using interviews as a substantial source of information in a relatively unknown field (Patel & Tebelius, 1987). The aim was to get as much verbal information as possible related to the research problem. When starting the research a discussion of CSR was unexpectedly commenced in Iceland. That gave me the ability to do a descriptive research as well. I gathered available data in the field having this opportunity of describing specific situation and acts (Patel & Tebelius, 1987), like a CSR conference and articles of CSR. This description of the surroundings provided useful material for the research. Nevertheless I did not have the chance to do it as systemically as I would have liked on account of the unforeseen situation, the impromptu discussion of CSR and time limits of the research.

To be able to describe anything at all it is necessary to compare it with something that differs. In that sense, all social studies are comparative (Czarniawska, 2001). This unknown field of study, CSR in Iceland, along with the unexpected discussion of CSR in Iceland made it come quite naturally to be inspired by Grounded Theory or the Constant Comparison Method. The method is based on qualitative interviews, flexible for changes in the surroundings, and therefore allowing for more eventual gain from the situation and enlightening the purpose of the research.

2.3 The research method – The Grounded Theory

The research method is inspired by the Grounded Theory and is based on data that is systematically gathered and analysed through the research process. Using this method, data collection, analysis, and eventual theory building stand in close relationship to one another. From the first collection of data to the last, there is constant comparison of the data (Strauss & Corbin, 1998). Grounded as explained in dictionaries, is something that is in touch with reality. One of the stances is that the researcher should not begin a research with a preconceived theory in mind. Rather, the researcher begins with an area of study and allows the theory to emerge from the data. According to Strauss & Corbin (1998), theory derived from data is more likely to resemble the “reality” than is theory derived by putting together a series of concepts based on experience or solemnly through speculation. Grounded theory is therefore likely to offer insight, enhance understanding, and provide a meaningful guide to action (Strauss & Corbin, 1998). Although grounding concepts in data is the main feature of the method, creativity of the research is also an essential ingredient. Grounded theory is a

qualitative evaluation inquiry that draws on both critical and creative thinking aiming at depicting the view of the respondent. The respondent describes ideas about things, people and places and even uses similes and metaphors. Descriptions are an important basis for more abstract interpretations of data and conceptual ordering, i.e. the organisation of data into categories according to their properties and dimensions (Strauss & Corbin, 1998).

The internationally experienced respondents have the distance and capacity to compare trends in Iceland to other Western countries. That was of particular interest to the research in order to discover how CSR is comprehended in Icelandic business. Moreover it gave the research a greater depth to be able to adjust the questions to things and events that took place during the interview period. The method gave the opportunity to listen to the actors, to what they really were saying giving examples and descriptions; in relation to the issue and finally what the situation did imply. Instead of using a predetermined theory of how things are related the method gave the opportunity to adjust the questions to the pattern that emerged with new information whether it came from the respondents or from the ongoing discussion in Iceland. After each interview I listed up concepts and questions that arose from the new information. In the end I had ordered themes and list of concepts to analyse.

2.4 Data and selection

Collected data can be two categories; primary and secondary. Interviews and documents are primary data and are important part of qualitative studies (Strauss & Corbin, 1998). One of the main data of the research is primary data, the interviews. This is a qualitative research and the aim is not to have a significant majority of opinions of how CSR is understood, rather to get answers with deepened questions that enlighten the research problem. The interviews were used to create a pattern of knowledge, rather than knowledge of the respondents themselves. It could be interesting to use real names because of the status of the persons but also it could disturb the results of this analysis. It was therefore decided to use anonyms.

The respondents have different backgrounds and connections to the international market. This group counts large investors as well as chairmen of boards, a director in a European company, a former bank director in Europe and an individual with vast official managerial experience. The goal was to analyse their perceptions and compare it to the focus in Iceland. This variation in primary data is designed to enhance the quality of information and usefulness of the research. To reduce the partiality or subjectivity when choosing respondents

I consulted not only my Swedish supervisor but also Icelandic specialists in the business as well as the academic world. The analysis is interpretative of the respondents' answers with the aim of discovering reasons for a relationships and concepts connected to CSR in the context of Iceland which was the area of research.

Relevant secondary data was gained from various sources; actual literature, articles, data bases, websites, newspapers, radio news and from a CSR conference in Iceland. The purpose was to get a picture of CSR in Iceland. I have researched newspapers published in November and December 2006 and databases. I followed the discussion in media, a CSR conference and interviewed an Icelandic teacher of business ethics very knowledgeable in this area. Furthermore I searched for CSR, in Icelandic and English, on the websites of Icelandic companies. The investigation was not full-scale but should give an idea of the discussion in Icelandic at that time.

2.5 The interview guide

There are two main types of interviews, the qualitative or the quantitative. The quantitative interview is based on predetermined definitions, the nature and meaning of things with the objective to analyse how these definitions and meanings are divided in a given population or how they relate to others. On the other hand the qualitative interview aims to identify or discover things that are unknown or the researcher lacks knowledge of. It is a method used to discover and understand the *meaning* of things (Svensson & Starrin, 1996).

In Grounded Theory it is of utmost importance to give the respondents the necessary space for answering, exemplifying with their *own* perceptions, definitions and experience and therefore the interviews have to be as open as possible. A qualitative interview does nonetheless require a basic interview guide that serves as a frame for the information needed. When creating an interview guide it is necessary to both be dynamic and think in themes; i.e. themes mean here to focus on the questions and dynamic to create a situation so that the interview goes fluently (Strauss & Corbin, 1998). When structuring the interview guide I started by listing up different issues that could enlighten the purpose and answer the research questions (see Appendix 1). The focus of the interview was to grasp the respondent's perceptions and causality of the underlying reason for CSR. The focus was on the relationship of companies to their society; rather than internal CSR work or the role of the leaders etc. The guide and questions were open and divided into three main themes. The first

theme concerned problems facing society today. I wanted to learn whether the respondents considered those problems urgent or if their perceptions mirrored the vague discussion in Iceland. The second theme concerned the role of companies in solving sustainability problems. It was important to learn the respondents' opinion of whether companies have a role in solving sustainability problems, and is so whether they considered business play an important role or not. The third theme was about CSR in particular and the question regarding whether CSR is a threat or an opportunity for Icelandic companies. I wanted to get the viewpoint of the managers: can CSR help Icelandic companies gain legitimacy and future growth and are drivers of legitimacy and future growth any different in Iceland than in other countries. Questions in the interview were both very open as well as very specific. An example of open question is for example: "What are the main problems we are facing today, give an example?" The reason for such open questions was that I did not want to define or direct the answers in any way. I often asked for examples such as: How do you experience...; or: Could you give an example of ...; or: What difference does it make whether companies are responsible or not? Those kinds of questions gave the opportunity to get unspoiled perceptions from the respondents and they needed to use their own concepts and arguments to answer.

It is important that the respondents feel motivated to share their experience and opinions. The aim is to get as spontaneous descriptions as possible from the respondent in a comfortable atmosphere (Esaiaasson et al, 2002). The respondent's definition and use of concepts about CSR and Iceland are of interest in this research. The answers express opinions that give the research quality. Hence, it is useful to ask the respondent to give an example to clarify the answer that can help explain his or her vantage point. In fact those examples are of greatest importance when organising and defining the respondent's causality of the problem as well as when analysing the empirical findings.

2.6 The interviews

The interview aims at interpreting the meaning of central themes in the respondent's world. The interviewer has to show openness for new and unexpected phenomena in stead of attempting to classify and categorize in ready made schemes of interpretation. The methodology expresses the importance of being sensitive (Strauss & Corbin, 1998), having insight into and being able to give meaning to the events and happenings in the data, to discover something new. The interview may lead to new insights during the process, and to

the respondents evolving descriptions and attitudes about a certain theme (Strauss & Corbin, 1998). Nevertheless it is important to maintain balance between sensitivity and objectivity; objectivity in the sense of achieving certain distance from the research material and to represent it fairly (Strauss & Corbin, 1998).

Along with focusing on central themes as was done in the interviews I aimed open myself to where the respondents were coming from, their world and perceptions. After each interview the answers were processed enabling me to ask the next respondent questions that arose from the previous interviews. Other information that was gained during the research was also incorporated into the interviews, such as information that was divulged during the CSR Conference, articles or news. I used quotations from news, statements from bank directors, and discussions from the conference and perceptions from previous respondents to deepen the understanding.

It is of utmost importance when collecting data that relevant persons in the research, in this case the respondents, are well prepared i.e. have received good and exact information regarding the aim of the research (Patel & Tebelius, 1987). The respondents got an introductory paper on the research. Care was taken to ensure that the information included in the paper was not directive in any way. For the same reason the questions were not sent to the respondents beforehand. The paper explained the intent of the research and how the interview would be conducted such as when, where and what time. Communication was through e-mail and appointments made either through email or via telephone. All interviewees were visited at their office apart from one person that was visited at home. The interviews went smoothly and were very interesting. The interviews lasted on average an hour each and were in Icelandic. All interviews were tape recorded and typed except one where notes were taken. After the interview the conversation was summarised into themes and translated to English.

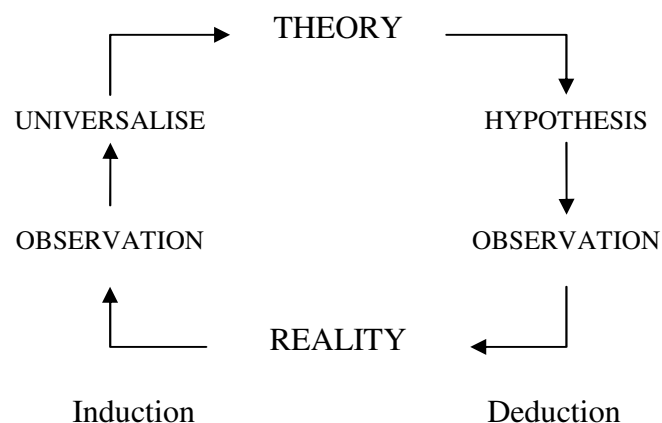
2.7 Analysis and interpretation of the results

When analysing the collected data it helps to draw a picture that we can make sense of. The data forms a pattern and an analysis puts the pattern together, forming a picture. Moreover analysis helps us to understand what different pieces tell us about the problem. This analysis is not the only way of seeing a picture and interpreting the situation – but the picture that appears is descriptive and helpful in answering the research questions. In that way the picture

can help explain the purpose of the research (Strauss & Corbin, 1998). Throughout the interview period I compared concepts and main themes between respondents which I listed up several times. Trends emerged from the answers when narrowing relevant concepts. Those trends evolved into pattern that I then analysed and interpreted for the purpose of the research. The examples and metaphors that the respondents used were of great use to evaluate the underlying relationship.

By building a theory from analysis one can assume what the case teaches about other cases. When moving from the specific to the more general, one should be more open to those possibilities and to what else the following cases can teach (Strauss & Corbin, 1998). Presupposing from single cases and using various cases to create general rules or a universal relation is called inductive. That can be the basis for a theory. The origin is therefore a risky step from a sample of cases to a universal truth; the results are just a concentration of the findings (Silverman, 2000).

Deduction and induction are two concepts that describe the way of generating knowledge and interpreting findings. Deduction means that the researcher presupposes universal principles in order to draw conclusions on single event or circumstance, e.g. derived from various theories. The stance of deduction includes that the research goes through a verification process (Patel & Tebelius, 1987). Picture 2 below is helpful in explaining the difference between induction and deduction.



Picture 2 – Induction and deduction
(Reference: Eriksson & Wiedersheim-Paul, 2001)

Strauss & Corbin (1998) argue that, though the concept of induction often is applied to qualitative research, the methodology of Grounded Theory is not clear-cut induction. In a way it is also deduction because when conceptualising data or developing hypothesis, there is some interpretation. Though this qualitative research is inductive where as the conceptualisation of the data gives the opportunity to go from the specific case to the general. The aim is to grasp the managers' perceptions and knowledge and a certain picture unfolds when comparing the situation in Iceland to the perceptions of five different interviewees.

2.8 Evaluation of the research - credibility

Many critics of qualitative research claim that validity and reliability is insufficient, that reliable solutions and valid conclusions are lacking. But objectivity should be the common goal of all social science, whether it is qualitative or quantitative research (Silverman, 2000). So, whether it is a matter of qualitative or quantitative research an evaluation must be preceded to gain credibility. To gain credibility I describe as precisely as possible the methodology, how the study was performed.

In this research the interviews were taped and transcribed to avoid misinterpretation of the answers. Nevertheless the reliability of the information gathering, conceptual ordering, analysis and interpretation can be seen in the light of Strauss' statement; the interviewer is consciously or unconsciously selective. When selecting respondents I got a second opinion to minimise the subjectivity of the selection. Questions were not sent beforehand and they were as open as possible to prevent the possible misleading of the respondents. The claims of a research can indicate and help explain how CSR is understood in Icelandic business, though only a few exemplary instances are reported (Silverman, 2000). The selected managers have a diverse managerial experiences, a certain width was gained. The language used by both the interviewer and the respondents may differ, that is theoretical concepts may overlap common concepts and mean different things. This I tried to reduce by asking follow-up questions, summarising and asking the respondents if I had understood their answers correctly. The purpose of all this was to increase the credibility of the research.

This qualitative research is both explorative and descriptive. It aims to grasp the meaning of the international experienced manager's answers by using the constant comparison method; Grounded Theory and compare to the ongoing discussion of CSR in Iceland. By applying this technique the research was narrowed to "reality", as is the stance in Grounded theory.

3. Empirical findings

This chapter will enlighten the reader about the empirical findings gained during the research and of the interviews divided into three themes. The empirical findings are the base for the analysis of the research.

3.1 The discussion in Iceland at the time of the study

Here is summarised the public discussion of CSR in Iceland; mainly starting from the autumn 2006; articles, news, conference on CSR as well as interview with a teacher in business ethics.

3.1.1 CSR in media

The discussion of environmental work by Icelandic companies has been evolving in recent years. But the discussion of the concept Corporate Social Responsibility in Iceland is relatively new. In August 2006 there was a degree of public criticism because of the lack of a socially responsible policy for the pension's funds in Iceland; the director of one of the biggest pension funds in Iceland voiced his opinion that social responsibility was not an issue in the fund's investment policy (NFS News, 2006). In November 2006 a discussion of CSR in newspapers was suddenly aroused. The concept CSR was used by an increased number of journalists in articles and by company spokesmen particularly in the connection to the sponsoring of various organisations. In articles it was argued that companies that have been profitable over the last years have a responsibility to give back to the society and that is the purpose of CSR, it was also mentioned that charity is just one part of CSR (Viðskiptablaðið, articles A, B, C, D and E; Fréttablaðið, articles A and B) The majority of advertisements and debate that was ongoing at the time of the research dominantly defined CSR as charity. Companies were proudly stating how many organisations they support, which ones receive their support and/or how much money they donate. When searching for material on CSR in Iceland on the Internet, very little was found. In a semi-random search on the websites of 25 large Icelandic companies; 9 mentioned CSR, 4 of those 9 defined CSR as charity, others had a more broad definition and were departments from MNE like Alcoa or DHL. Older material were found that define CSR broadly, i.e. the responsibility of companies towards their society and that CSR is profitable (Jónsson, 2003; Magnússon, 2004). In the middle of the discussion of CSR in the autumn 2006, the Chairman of the Board of Landsbankinn, one of the biggest banks in Iceland, stated that CSR is important today to prevent the disassociation of reconciliation between companies and the society (Guðmundsson, 2006). SA-

Confederation of Icelandic Employers, a service organisation for Icelandic businesses introduced on their website the EU's definition of CSR, where it is emphasised that CSR must be voluntary and not an increased demand on companies (http://www.sa.is/news.asp?ID=429&type=one&news_id=1806). The Chairman of the Board of the Council of Business (Viðskiptaráð) stated that companies should take responsibility. The Council has suggested guiding rules of Corporate Governance (Ólafsson, 2006), an international model and suggest further that companies abide by the rule; comply or explain.

The discussion of extended responsibility has been limited to the local society. A discussion of for instance the investment policy of financial institutions – has been limited to the home market. The discussion of issues like labour rights and working conditions in countries abroad where Icelandic companies have their production is hardly mentioned. The labour organisations in Lithuania are for example demanding a limit of the work week to 60 hours. The Icelandic Labour Society (Starfsgreinasambandið) sent a survey to Icelandic companies working in Baltic countries in the beginning of 2006, asking about salaries and working conditions. No answers had yet arrived almost a year later. When Icelandic executives were asked about this by reporters their responses varied. Some did not see any reason for them to cooperate with labour organisations while others did not refuse the idea peremptory (Ríkisútvarpið News, 2006).

3.1.2 The conference on CSR; Your opportunity – everybody's benefit

The University of Reykjavík (UR) held a conference on CSR in November 2006 and did by that pronouncedly put the discussion of CSR on the map (Sverrisson, 2006). There were two foreign specialists in CSR (from the UN and GRI²), directors of very large Icelandic companies operating internationally and a speaker from a charity organisation that was also the initiator of the conference. When summing up the conference one can state that the greatest focus was on the role of companies with regards to donations to various charity organisations. Icelandic companies have had increased tax flexibility and many have been extremely successful, i.e. have been very profitable in the last years. Some voices were heard argue that they therefore have an obligation to give back some of their profits to society. Others talked about values and that CSR should to be considered to be a kind of “win-win” situation for all stakeholders. The Rector of UR, Guðfinna Bjarnadóttir, stated that CSR is important for the competitive advantages of a nation. A former prime minister and now an

² Global Reporting Initiative, GRI

editor of one of the free-newspapers in Iceland, Þorsteinn Pálsson, said that values should be prioritised not money. The Representative from the UN, Søren Mandrup Petersen, described the CSR as an opportunity; companies as a part of the solution to sustainability problems, i.e. the horse that drags the whole thing. The UN Representative further added that it was all about commitment rather than involvement. The initiator of the conference, Sigríður Kristín Hrafnkelsdóttir, defined CSR as companies' charity. The director of the largest aluminium factory in Iceland, Tómas Sigurðsson, defined CSR as the companies' responsibility towards local society along with sponsoring and charity. Paul Scott from GRI illustrated increasing interest of CSR reporting, but highlighted the fact that the Icelandic companies were missing! The Director of Össur, Jón Sigurðsson, one of Iceland's most promising and growing companies, working internationally, defined CSR as positive impacts that companies supply. CSR is not charity he said and added that it is all about values and integration emphasizing the point that values and profit are not polar opposites. He also argued that companies are now losing credibility because of great profits and that many are free riders by advertising their charity. The Director of Glitnir Bank, Bjarni Ármannsson, stated that responsibility comes with increased freedom and that companies are no islands. It is in his opinion all about gaining credibility and legitimacy. Questions from the audience were mainly from representatives of charity organisations, among them the former mayor of Reykjavík and now director of a leading computer company, Þórólfur Árnason. He stated that companies have to take care; they spend more money advertising their good deeds than actually sponsoring good work and said that there are many free-riders.

3.1.3 Survey on CSR in Iceland

A survey conducted by UR was presented at the conference. Three hundred seventy three Icelandic companies received questionnaires. Only 34, 5 % answered, which could indicate a lack of interest or ignorance of the issue and 44,4 % of them stated they were social responsible. Companies were further asked which organisation they sponsored, the answer was either sports or charity and that sponsoring is usually decided by the director or owner. Nevertheless the absolute majority of answers assumed that CSR should be an important part of the policy of their company. In the survey directors were asked to define CSR; interesting few examples are given:

- Companies are a part of a society and it is important that companies take responsibility in that society.

- Responsibility towards the customers guided by integrity and reliability for the customers.
- Profit is not the only thing that matters – companies as well as individuals should take responsibility for those that are less fortunate.
- Responsible employee policies guided by a respect for the staff and their families and show as much regard as possible towards personal and family conditions.
- To keep in mind all social impacts that happens because of our actions.
- Company management has to be responsible for the impact that the company has. They have to act in harmony to the environment. They have to respect law and regulations. They have to give something back to the society and support the welfare of the society that they are a part of.

3.1.4 The view of a specialist and teacher of business ethics

The first professional teacher in business ethics in Iceland is a philosopher. He has followed the discussion of CSR in Iceland so it was of significance to hear his views and experience. Following is the summary of an interview that was taken for this research.

In 1997 this teacher held a conference under the heading; Companies Social Responsibility. Very few were interested and the most common response was; “this has nothing to do with business!” Since then, various events have turned the spot-light on business ethics, like the Exxon Valdes accident, the Enron scandal as well as some Icelandic scandals that have put business ethics on the map. The teacher adds that the Icelandic market has undergone enormous changes and that it takes time to adjust to this new situation. Much has changed, he explains, and it is interesting that many of the biggest companies in Iceland are former public institutions that were established with a function of social responsibility. Those historical values of social responsibility and the fact that Iceland is a very small nation could be an opportunity in this new age of increased consciousness of corporate social responsibility – actually it is a great opportunity and challenge for not only the Icelandic market but expanding companies as well. Companies must not forget that they are a part of the society and that the society is the basis for those same companies, rendering infrastructure etc. The teacher further adds that it is important for companies to map their stakeholders, the companies’ ethical duties and communication. Profitability and CSR are compatible and not at all adverse polar and that CSR has to be defined very broadly. CSR is definitely not only a charity. To be a social responsible company it has to be profitable, follow laws, “do the right

thing” and possibly support some charity. CSR is about putting business in the right context and often companies have to rethink or rearrange their whole basis. The teacher argues that the rationale behind a decision to work with CSR is of no interest. It is simply good to be good - and the reason why is of no consequence. We should rather focus on the real progress in the work a company is doing, he says. We should ask for facts not motivations. How is CSR in when the going gets tough? The teacher thinks that the view of the director of the Pension Fund mentioned above is inconvenient for the Pension Fund; ethical pressure will only increase in the future. People are getting more conscious of the importance of social responsibility and globalisation – which he marks among other things by the growing number of students in his course. A comparison study by his students of Icelandic and foreign investments with special focus on ethical investments shows that ethical funds are more profitable than others. And that, he insists, is a standing point for a responsible investment policy for a Pension Fund.

3.2 The five interviews:

Below are the interviews divided into three different themes; Sustainability Problems, The role of the Company and CSR and Iceland. The interviews are all woven together. I have chosen to use citations from the respondents to underline views that can deepen the understanding of the reader. Citations are anonymous since their identity is irrelevant for the research.

3.2.1 The first theme: Sustainability problems

According to the respondents, the main problems are incremental without any boundaries and will only be solved on a global basis. The respondents were all afraid that the degradation of natural resources is faster and more serious than ever. The most serious problems in their view are global warming, increases in world population, increased consumption and the fight for natural resources above all, water and energy. The widening gap between the poor and the rich and phenomenal transformation of power from politicians to big corporations, especially Multinational Enterprises (MNE) were also of concern. Some respondents were also worried about the uncritical worship of profit. The respondents also saw the increased conflict between different cultures and religions as a growing problem.

Corporations or companies do not have the same accountability as they did before according to the interviewees. One respondent is very critical of information that business enterprises

provide and sometimes suspects that we are fed tailor made data and thereby have misleading information to base our judgement. For corporations it is easy to manoeuvre facts to fit their cause this respondent claims. By not giving the consumer the benefit of doubt and opportunity to question things and problems that have not yet been scientifically proved increases the likelihood that consumers will be kept in the dark. The respondent exemplifies with the history of the tobacco companies that calculatedly and deliberately withheld information that proved cigarettes were dangerous for the health. One respondent was afraid that too there was too much focus on the discussion of global warming that there was no room for a holistic approach to solving the greater problems facing mankind. Clarifying with an example from Iceland he pointed the discussion of environmental issues and sustainability has recently been focused on one specific project, by Icelandic standards is huge; meanwhile other important issues have come up and not received due attention. It is an uneven game, were the MNE and governments have unlimited resources but the opposition consists of individuals that have very limited resources and can only compete by making up the difference with their enthusiasm. Other respondents were afraid that too many are ignorant of the issue or that they do not care. They do not want to be bothered with those far away problems and too many are very short-sighted – some only thinking in terms of re-election. Fifty or hundred years is needed when handling problems like this, not four years!

The vision of sustainable development is required to handle problems facing the future in the best way. That is to think simultaneously of environmental, economical and social aspects explain the respondents. This is obviously a more challenging and complicated approach than to merely think in terms of the bottom line or solely the environment. One respondent senses some positive signs; the consciousness is increasing internationally and many companies want to minimise their ecological footprint. Some respondents were apprehensive of the apparent disregard from leading ascendancy like the USA and the refusal of the Bush administration to sign the Kyoto protocol. The grassroots are also a fundamental factor, that is to say both at the level of individuals and companies. One respondents argued, by teaching life-cycle-thinking people will be more able to see the connections and context of their actions and impacts, from cradle-to-grave. This respondent thinks that nations increasingly see how fundamental the role of UN is through dialog and action plans, e.g. to handle global warming. People need to realise that the days of end-of-pipe solutions are gone, a new way of thinking forward is necessary others respondents added.

Icelanders are on the whole not very conscious of sustainability problems. They discuss very few environmental problems, and the public discussion is possibly limited because local Icelandic problems differ from the most common and greatest global problems. The respondents stated that more knowledge is needed in Iceland to drive sustainable development. One respondent is unsatisfied with the unwillingness that in his opinion is present in Iceland to deal with problems that should be faced squarely in the eye. A case in point being that the UN has recently criticised Icelanders for using bottom trawling in fishing causing potential damage of the seabed. The answer from Icelandic officials was to proclaim it just non-sense and declare that there was no proof. “What kind of attitude is that?” the respondent asks! Another respondent mentioned that Icelanders have now fought for decades for international legislation of sea pollution and he argues that there are only few that still believe the old saying: The Ocean is an endless sink³! In Iceland there are still vocal critics claiming that global warming does not exist. Instead of waiting for international solutions, Iceland as well as other nations should immediately act up on Global warming, the respondent further contends. They should not stop there but also take precautionary actions. And the respondent asks why do Icelanders plan their city along the coast when there is a plenty of land? Why not build further inland to be prepared of rising sea levels? Where is the precautionary principle? Are we going to build barricades for higher sea levels in the future?

The respondents all doubt that Icelandic companies are active regarding environmental work and policy. Icelanders are willing to help but only with money not time they say. But the Icelandic people also act fast when taking decisions, not the least when others are in need of help. The respondents argue the need for a discussion of the concept and meaning of sustainable development and corporate responsibility in Iceland:

“In Iceland we possibly need a better informed discussion of what consequences there are, what over-all consequences will follow our actions.”

For global problems one respondent pointed out that there are obstacles to take the control and solve problems in the optimal way, that there is no authority powerful enough. Democratically elected governments, as is the case for the Nordic countries, and Iceland, are not able to solve these issues single-handedly. These issues have to be dealt with in strong

³ In Icelandic; Lengi tekur sjórinn við. The translation is an approximation of the old saying.

co-operation with the business community and in many cases with NGO's. International organisations like the UN, OECD and others, need to work more closely with companies and NGO's in order to find global solutions.

Some respondents were dissatisfied with the heading of society and asked for a discussion of values, of what we can do to change. One respondent is critical of the current dialog in Iceland; if you oppose, then you are seen to oppose progress and technology, and that is both wrong and misleading. Ideology is on offer wholesale only; the respondent prefers to be able to cherry-pick ideas. In Iceland there has been a strong debate of the governmental policy of harnessing water falls in the wilderness and the respondent disagrees with the current policy. The respondent uses the metaphor for the Icelandic nation:

“We are like an overly eager teenage girl, so enthusiastic to join the party of older guys that we are willing to sleep around with them (i.e. the multinational enterprises)!”

Multinational enterprises in the aluminium industry are invited like kings to the party. The respondent argues that great changes have been in Iceland with regards to the attitude towards this policy over the last months or years - just by informing people! Information is fundamental. Even though this respondent has been leaning to the right of the political spectrum he is concerned that the worship of the free market is being taken to an extreme, rather than being used as one of the tools available. To solve problems such as global warming the first stage is to understand, face and accept the problem. One respondent says: just look at Vatnajökull, the biggest glacier in Iceland. It is outrageous how much the glacier has retreated in the last few years. The responsibility lies in the hand of governments as well as the consumers. The metaphor of an alcoholic is useful the respondent further argues; in order to solve the problems, we have to face them. Nevertheless companies have a great responsibility to follow the valid framework that exists even though the framework is loose. The respondent believes that an increasing number of companies will be proactive because by doing so they gain competitive advantage. It is very positive when companies show regard for the environment and society.

Another respondent gives examples that show two different approaches in Iceland towards environmental issues. The first is the increased air pollution in the capital Reykjavik. It has increased significantly during the last years even though exhaust emission from individual

cars has decreased. However at the same time there has been a significant increase in the number and size of cars in the city. Nonetheless the respondent doubts that it would be accepted politically to attempt to introduce limitations on traffic in Reykjavík. Limitations would reduce air pollution but be extremely unpopular by the voters. Paradoxically these same voters are very fond of physical exercise and like to buy organic food. The Icelandic government should be leading the way by putting focus on sustainable development and cooperating with companies to find better solutions for society as a whole.

3.2.2 The second theme: The role of companies

The respondents argued that companies were increasingly important to solve sustainability problems; their absence when governments are planning policies should be of concern. The respondents further state: “Companies are the key! They are the key for example developing technical solutions.” They are also specialists in creating demand and affect consumption. They are powerful and influence greatly which products are on the market. One respondent pointed out an exponential growth in supply of ecological products and technical solutions for environmentally friendly consumption. International companies are aware of increased consciousness of sustainable development and therefore act more responsibly. They realise the importance of a healthy environment and employees – that this is the base for continued profit. One respondent reasoned for dialog between domains; economists and ecologists talking together evolving a language that both domains understand. Sort of enriching the modern language that some would say is today’s “Economics”. One of the most important things of all discussion concerning CSR and sustainable development, the respondents further imply, is the long-term vision. In business 100 years are not a long time especially not for successful companies that are good citizens:

“And maybe is that the most important standpoint in this field (CSR), when people are thinking whether it pays to work with responsibility – then it is all a matter of time intervals. How long are the intervals?”

It is all a matter of the longitude of time, profitability is important and necessary, but as one respondent stated:

“Profit is only an instrumental objective rather than basic objective!”

The respondent argues that a guaranteed profit is only an instrument to fulfil the basic objective, i.e. to improve the society and environment for future generations. The development has lead to increased condensation of corporations. One respondent argues it is bad, especially when corporations are a type of psychopath; having the rights of a human while irresponsible for their actions and left without any moral obligations. Directors and board members are usually well intentioned individuals but in the end they are only the servants of the most stringent dictator of all – Profit! Corporations are under relentless pressure to deliver profit to the shareholders, agree the respondents.

Some of the respondents pointed out that governments should encourage companies to develop new ideas. Move towards a more sustainable future, not with subsidies, but instead interest and focus. With increased globalization the product chain is getting more complicated and internationalised. Nevertheless companies are increasingly being held responsible for the whole chain and their suppliers. Increased media attention and transparency is what the future holds, the respondents state, it is and will continue to be noticed whether companies respect labour law and environmental requirements. Today it is more important for companies to have an untainted reputation - all it takes is one day of bad press and your stock price goes into free fall. Therefore companies should put increased emphasis on respecting not only legislation in countries but also abide by moral codes as a precautionary measure. Governmental tools for the market regarding CSR have been developed and put into use, such as the Global Conduct of UN and more demanding MNE-guidelines of OECD, one respondent point out. Member states of OECD decided to adopt these guidelines for MNE's and encourage companies to follow them. Many countries have used the method of "name-and-shame". The respondent doubts that MNE guidelines are well known in Iceland and conclude that companies are therefore not under pressure to follow any guidelines. NGO's are also very important to drag the wheel and provide motivation for change say some respondents.

One respondent gives a descriptive example of the Nordic Investment Bank (NIB); the policy of the bank is to invest and lend money to projects that patch and repair the environmental situation especially in polluted areas. The bank demands environmental impact assessment of every project it supports. NIB has an indirect impact on its customers by teaching about sustainable development and introducing its investment policy. The bank does have a very profitable loaning policy focusing on environmental issues. Recently, NIB supported an

establishment of a paper mass factory in Brazil. The NIB demanded that it was built according to Scandinavian criteria, which is way ahead of the standard in Brazil. In this way the bank affects the environmental impact of projects all over the world. The respondent furthermore points out that stringent and increased environmental requirements especially in Scandinavia have led to the development and export of new technology and knowledge. The need for new technology and specialisation will only increase in the future the respondent further states and indeed CSR and profit are compatible.

The respondents talked about the increased liberalisation of the Icelandic market over the last few decades. Companies have gained much power and influence; privatisation has changed the dynamics as well as lower taxes on businesses. Governmental power has been on the decline at the same time. One respondent used a metaphor of a chemical reaction for the liberalisation of the Icelandic market; it is like taking the partition between two chemical compounds forming a great turmoil which then reaches equilibrium after the metabolism. Now the financial market in Iceland is settling and gaining equilibrium anew. Now is time for re-evaluation that can bring about values and CSR. CSR is to do right things but an opportunity as well:

“It is [CSR] also a good way of spreading the message to those who are reactive – and say; it is not only the question of doing the right thing but also it is an opportunity”

3.2.3 The third theme: CSR and Iceland

CSR is all about doing “the right thing” and only viewing it as a charity is a very limited interpretation all the respondents agree. The respondents used various examples when describing CSR; supporting labour rights, respecting the environment, not abusing superior situation in developing countries, providing jobs to the underprivileged, taking care of the employees as well as working against corruption. The respondents see CSR as a whole lot of opportunities to be good citizens, a clear example of a win-win situation that companies can establish and stimulate. When companies are responsible towards the society they increase the chances of getting more qualified and guaranteed employees. Giving an example of a former workplace one respondent proves that this is a win-win situation. A chemical company sent its specialists to teach in the elementary school, thereby increasing interest in science and eventually increasing the probability for future employees. The parables of this company continue; the company emphasised core values affecting both the company and its

employees. The values are important for credibility, legitimacy and endurance – as must be the case for CSR. This respondent gives a descriptive example of the opposite; the chemical factory Union Carbide and the consequences of the horrific accident in Bhopal, India twenty years ago. Union Carbide had trouble with legitimacy and future growth after the scandal. To define CSR as mainly a financial support to various charity organisations, sport or culture is a very misleading perception and too limited the respondents argue. CSR is a long-time profitable thing. One respondent contends that companies always prioritise profit but that fact does not exclude the possibility of CSR. Nevertheless it is in many cases mainly used as a decoration or to obtain good PR with the purpose to bedim the consumer. One respondent found it a problem how diffuse concepts regarding environmental issues and CSR were. Confusion in that area makes it more difficult to choose better products but also that gives some companies the opportunity to deceive or mislead the consumers.

If there is no CSR or only charity, companies are more vulnerable for critic which can spoil the company's reputation and PR work. One respondent argued when analysing the CSR work of companies it is important to read between the lines, e.g. how much money is in the policy making and how much money is spent actually taking action? The respondent clarifies his point; the plan often does not cover the implementation and empowering of employees, which is most important. Companies can have goals for reducing their emission of pollutants to air and water, but relevant employees often lack warranty or permission to spend money to fulfil the goals. One respondent thinks that companies often use charity to buy peace so they can keep on with messing up things. According to that respondent the importance of CSR and company's responsibility will only increase in the future, but it will differ between business areas. Another respondent admits that his companies are not grandiose sponsors but focus instead on values that are of utmost importance, like respect, truth and honesty.

The respondent is not satisfied with Icelandic companies and states that they are in general arrogant, not taking their responsibility towards the society. For expanding Icelandic companies CSR should be a part of their reputation and legitimacy. One respondent uses a metaphor:

“Icelanders are like a bunch of drunken teenagers, screaming and parking their car in the flower bed of the neighbour, throwing out cigars – not giving damn about it all!”

Icelandic companies have their work cut out for them; to learn to respect others and other entities. Information is important to change this attitude - before external pressure does. Work with CSR today is not fundamental but it will increase. Nevertheless there are Icelandic companies that choose to advertise their work above their credit. When the respondents are asked about the difference between private companies and publicly traded companies with regards to their possibilities to work with CSR; some answer that there is no difference. Companies on the stock market are of course as capable of being CSR as others; only short-sighted company management does not see that! When companies think of profit they have to think in long terms and that is the same with CSR; CSR and profit are not polar opposites. One respondent said that times are changing and that he personally knows foreign investors that increasingly are only investing in responsible companies regarding society and the environment.

According to some of the respondents the Nordic way of consultation and cooperation is one of a kind and very precious. Together with the Icelandic habit or way of working; flexibility and the ability to act quickly, it could be an asset when Icelandic companies open their eyes for CSR. Furthermore the respondent argued that the idea of CSR was really not a novel one for Iceland; old family companies had a natural CSR before, but they didn't advertise it. Most companies and organisations were established for a common social purpose; to improve the standard of living in Iceland at that time. The nation has a very slight population; people are close and supportive if someone needs help. Now this is changing, companies are growing bigger and they use their charity sponsoring in advertisements for their own gain.

Until today the discussion of environmental problems and furthermore CSR, has been very limited in Iceland compared to other countries in Europe, say the respondents. One respondent argues that the discussion in Iceland is in some ways schizophrenic; the eagerness to harness the nature to build up polluting industry and on the other hand promoting a pure nature! Companies have been more into picking low hanging fruit, which is an easy start. Icelandic companies are not used to, nor have the heretofore had to, treat carefully natural resources such as water and electricity, but some think that this is changing. One respondent said that the Icelandic pension funds that represent both employers and employees should take the lead by demanding CSR. They should actively motivate the debate about how important it is for society to have companies socially engaged. They should try to influence

the discussion by providing evidence that it will be very good for the long term sustainability that companies have a strong CSR:

“I find that if there ought to be just one specific actor putting pressure of CSR on Icelandic companies then it should be the pension funds, they are so powerful...”

Because of the small population in Iceland, effective infrastructure, etc., Iceland could easily be a model for the rest of the world; here it is easy to try new methods. Icelanders are known to have the power of pioneers and that should be encouraged to do good work. Creativity encourages new ideas and could be the key to a sustainable future. One respondent refers to the Chinese word that contains in one word opportunity AND threat (oppo-threat). It is exiting and challenging to see opportunities in the threats that we are faced with.

3.3 Summarising the empirical findings

Sustainability problems. The perceptions of my respondents were that sustainability problems are of great concern. The respondents mentioned global warming, inequality, etc. Those problems evolve faster and are more serious than ever. The discussion of sustainability problems in Iceland is trivial. More knowledge is needed, Icelanders should be prepared for changes instead they are rather ignorant. Problems have to be faced to solve them, say the respondents!

Companies' role. Companies along with authorities and other stakeholders have to find solutions to the problems of sustainability. Companies are the key the respondents argue. Nevertheless Icelandic companies do not seem to have this view; they have a trivial interest in environmental matters for example. Companies control the market, demand and consumption, therefore companies should be proactive and think long-term, the respondents argue; they have the technical and managerial skills for innovation. One respondent used a metaphor of drunken teenagers that park in the flower bed of the neighbours to describe the immaturity and irresponsibility of Icelandic companies, they have to learn respect.

CSR and Iceland. The perception of the respondents whether CSR is an opportunity or threat is; it depends! If companies embrace the responsibility it is an opportunity, if they ignore it, it can be a threat. The pressure on company's responsibility and transparency will increase in the future. If companies ignore their responsibility, to improve community well-being

through discretionary business practices; their credibility, legitimacy and eventual future growth will be at stake, the respondents say. CSR can easily be an opportunity for Icelandic companies, they further imply. In every threat lies opportunity. In a small, innovative, well developed society like Iceland, good information and knowledge are the necessity for enhancing the opportunity of CSR, according to the respondents. According to the discussion in Iceland companies seem not sense CSR similar. CSR is mostly defined as charity, which is short-sighted according to the respondents. Though are other definitions to be seen in Icelandic discussion.

The purpose of the research is to explain how CSR is understood in Icelandic business. The patterns from the empirical findings indicate that pressure and processes in the society affect organisational changes, and how new routines and ideas move among organisations and how ideas such as CSR are translated. The New Institutional Theory helps gain insight in the abovementioned aspects.

4. Frame of Reference

This chapter represents the theory and concepts relevant to the framework of this research and can help interpreting the empirical findings and enlighten how CSR is understood in Icelandic businesses.

Patterns and tendencies that evolved from the empirical findings give the opportunity to study how groups of organisations are affected by outer pressure to adopt new ideas; therefore it is interesting to know why some ideas materialise while others do not, such as the idea of CSR. Suitably, the New Institutional Theory and the idea of fashion and translation of ideas inspired my analysis.

4.1 New Institutional theory

For a considerable period of time, researches of greening industry were predominantly shaped by policy demands and pragmatic needs from funding organisation, not theory. The new institutional theory has helped to gain insight into processes of organisational changes at the macro level, the travel of new routines into organisational fields. Institutional theory is a diverse set of ideas about the way organisations function, changes and how ideas are translated (Boons & Strannegård, 2000; Czarniawska & Joerges, 1996; Powell & DiMaggio, 1991), which could help explain how CSR is understood in Icelandic business. Various concepts, presented below are of special interest and help describe the picture showing the research problem.

One key concept is Organisational Field. Organisations are constituted as a recognised area of institutional life such as suppliers, resources and product customers. An Organisational Field is constituted by non-static network of organisations that consider each other relevant and often they deal with the same type of activity. Relations are important; a field is a system of relations. In this organisational field actors continuously adapt to the pressures and values of the field (Boons & Strannegård, 2000; Powell & DiMaggio, 1991). Organisations within the field take part in the development of the pressure and values. Institutions or organisations share realities that have become “taken for granted”, which is central in the new institutional theory (Boons & Strannegård, 2000).

DiMaggio and Powell (1991) formulated the macro sociological stand on institutional theory and argue that structural changes in organisations seem less driven by competition or efficiency but rather homogenization. Over the last decades institutional pressure on organisations has become more influential. That has led to an organisational form that is less a reflection of efficiency, considerations or of the process of competition; instead they reflect institutional pressure (Boons & Strannegård, 2000; Powell & DiMaggio, 1991; Meyer & Rowan, 1978). The result is increasing similarities between organisations within organisational fields. In part this depends on environmental processes and on the capacity of given organisational leadership to mould these processes. In fact it requires an understanding of changing fashions and governmental programs (Meyer & Rowan, 1978). In the early stage of their life cycle, organisational fields display considerable diversity in approach and form. Isomorphism can be of various degrees ranging from pressure that is exerted on organisations by other organisations that they are dependent on as well as cultural expectation in society (coercive); it can be imitating behaviour among firms because of uncertainty (mimetic) and finally convergence due to the fact that professionals influence the routines in the organisations. Those three degrees of isomorphism can overlap each other and are not always distinguishable (Boons & Strannegård, 2000; Powell & DiMaggio, 1991).

4.2 About Translation and Fashion

The process of translation is a way of conceptualising the process of institutionalisation. The process is when initial ideas go through the social world and are reshaped, reinvented or modified every time they are picked up by individuals and organisational members. Often the same ideas are materialised in similar organisations around the same time (Boons & Strannegård, 2000; Czarniawska & Joerges, 1996). The Scandinavian school argues that changes are not an exception but rather a prerequisite for stability. Therefore change efforts are legitimising actions to ensure stability. Changes are the norm and consequently when routines such as environmental work find their way into organisations, they alter or go through modifications and translations (Boons & Strannegård, 2000). Translating language is a destabilising operation, and actions or words need to be translated. The most successful words or labels turn into institutional categories themselves. Translation contributes to continuous circulation of management ideas and practices (Czarniawska & Joerges, 1996; Lindberg & Czarniawska, 2006). Organisations respond to institutional pressure in different ways, depending on their available resources and variety of demands from stakeholders. The reason for some ideas become institutionalised and some are not is because it is difficult to

perceive something unless it somehow relates to what already is known. That could explain why unfamiliar ideas take such a long time. In other times ideas re-arrange beliefs and purposes in the translation (Czarniawska & Joerges, 1996). Translation occurs when organisations manipulate the pressure in order to change them into acceptable routines. As long as a problem is in the focus of attention, the ideas which can be related to it can have a greater chance of being realised (Czarniawska & Joerges, 1996). Translation is transportation combined with transformation and it is this meaning that awakens associations with both movement and transformation that makes translation a key concept for understanding organisational change (Czarniawska, 2001). Translation furthermore comprises what exists and what is created; the relationship between humans and ideas, ideas and objects, and humans and objects (Czarniawska & Joerges, 1996) Translating new ideas or reframing them can be difficult, circulating them or institutionalising. It is therefore easier to produce new solutions (Czarniawska, 2001).

Institutionalised standards travel quickly and with little resistance among organisations and are up-to-date prescriptions of how to organise successfully. Likewise those same standards fade away and loose the attraction. Røvik (1996) calls this deinstitutionalisation. It can be argued that this deinstitutionalisation follows the same logic as fashion (Czarniawska, 2001; Røvik, 1996). The understanding of fashion can contribute to explain many puzzling developments in and between organisations (Czarniawska & Joerges, 1996). Three aspects of fashion are interesting; fashion is universal, it distributes a large number of ideas and forms in time and space. Fashion is dynamic; ideas, styles and forms are constantly abandoned from their imperative status and new are replaced, not necessarily because the old ones are out-of-date but because they no longer are considered up-to-date. This tension drives the cyclical nature of fashion, the tension between the desire *to be like others* and the desire *to be unique*. Fashion is also a social phenomenon; a human creation and is objectified to perceive credibility and legitimacy. Fashion is internalised which both affects values and habits (Røvik, 1996). Ideas become institutionalised practice, they are turned around and about, and in this process requiring object-like attributes. The perceived attributes of an idea, the perceived characteristics of a problem and the match between them are all created, negotiated or imposed during the translation process. Fashion brings in a variety of ideas; organisations within a field try the ideas out, creating fashion by following fashion trends, but also creating institutions by preserving certain practices (Czarniawska & Joerges, 1996). It takes a lot of ideas to accomplish even a simple action. Institutions are exchange networks through which

ideas that become actions flow constantly. Various signals are sent to the wider community through diverse channels and other people are persuaded to join in if ideas are to be translated into local action (Czarniawska & Joerges, 1996).

4.3 Materialising an idea or not - Decoupling

Many formal organisational structures emerge as reflections of rationalised institutional rules. Those rules function as myths which organisations incorporate, thereby gaining legitimacy, resources, stability and enhanced survival prospects. Organisations that incorporate institutional myths are more legitimate, successful and likely to survive. Structures are decoupled from each other and from ongoing activities because of legitimating from this institutional environment. As a result, organisational routines can be adopted but can be more or less decoupled from other processes. The routines are initiated and maintained to a certain extent because of this legitimating function (Boons & Strannegård, 2000). Organisations that incorporate societal legitimated rationalised elements in their formal structure maximise their legitimacy and increase their resources and survival capabilities. Because attempts to control and coordinate activities in institutionalised organisations lead to conflicts and loss of legitimacy; elements of structure are decoupled from activities and from each other. Because integration is avoided disputes and conflicts are minimised, and an organisation can mobilise support from a broader range of external constituents (Meyer & Rowan, 1978).

To be able to analyse whether the perceptions of the managers differs from the discussion of CSR in Iceland and by correlating that to the general understanding of CSR in the Icelandic business community, I will incorporate various concepts originated from The New Institutional Theory. The theory can help defining pressure that affects business in organisational fields eventually leading towards homogeneity; how companies respond and translate new ideas, either by integrating or decoupling them to gain legitimacy. The next chapter will summarise the analysis of these concepts on the empirical findings.

5. Analyse

This chapter will connect the Frame of Reference and Empirical Findings. The purpose of the research is to find out how CSR is understood in Iceland by comparing the perceptions of international managers to the ongoing discussion in Iceland. The travelling and translation of ideas such as CSR are helpful in analysing and answering how CSR is understood in Icelandic businesses.

5.1 Icelandic business – Organisational fields

The empirical findings show various changes that affect the organisational fields in Iceland; for example the introduction to the EEA; going from isolation and homogeneity towards increased liberalisation of the market in Iceland. The diversity in business has also increased, and new branches have emerged. When comparing Scandinavia and Europe to Iceland, the respondents marked a difference between the consciousnesses of environmental as well as social problems. The consciousness of sustainability problems has increased in Europe, but the same does not apply in Iceland. Therefore the changes led by sustainability problems have affected differently domestic and international organisational fields. The MNE guidelines are for example not activated by the Icelandic government and the UN Global Conduct is not visible in Iceland. The respondents think that changes are ahead; consciousness will only increase because of the growing environmental problems which will become increasingly evident in Iceland, e.g. global warming. Additionally some international and Icelandic scandals concerning business ethics have fired up the discussion of company responsibility. That will also affect the organisational fields of Iceland. After years of turbulence on account of the liberalisation of the Icelandic market, eventual equilibrium is in sight and now it is time to look at ethical issues. Thus, different market characteristics and knowledge of sustainability problems could explain why CSR seems not to have been introduced until recently and thus begun to affect the organisational fields in Iceland compared to that of Europe.

The respondents mention that increased information and knowledge is needed in Icelandic society, that the pressure in the organisational fields of Iceland has been vague towards CSR. Increased information and knowledge would increase pressure in the organisational fields and affect values according to the respondents. The empirical findings conclude that companies should be proactive; both by taking part in the discussion of CSR and by giving good examples of CSR work. Few companies have worked actively but the UR has been

active in the discussion by holding the CSR conference. In that way others can be affected indirectly in the Icelandic organisational fields. UR greatly influenced the discussion of CSR, both by taking the initiative of conducting a survey among Icelandic companies and by organising the CSR conference. The main focus among those that participated in the survey was charity sponsoring, which might affect the organisational fields remarkably. CSR as charity could then be taken for granted. The advertisement of the banks can also be seen as influence in the organisational fields, even on other fields. Noticeably the financial sector has strong status in Icelandic society. It has been prevalent in the discussion of CSR, in advertisements and by specifically focusing on charity. The values and pressure of this dominating sector can therefore affect others in a small country like Iceland, possibly the pension funds and manufacturers in the Baltic's. The inquiry from the Icelandic Labour Society has been ignored. On the other hand the Council of Business suggested guiding rules of corporate governance to prevent laws and regulations from the government. Some pressure has affected the Council of Business to make those rules. The pressure of CSR does not seem to have reached the Pension Fund and manufacturing companies in the Baltic. The reason could be that organisational fields of Iceland have a vaguer pressure of CSR than in Europe. The fact that very few Icelandic companies mention CSR on their websites reveals vague interest and pressure. Working with CSR is a two way stream as one respondent put it, a field of relations whereby all organisations in a field can influence each other (Boons & Strannegård, 2000).

One respondent gave yet another example of an influential relationship; the NIB (Nordic Investment Bank) visited Icelandic financial institutes to introduce environmental demands on NIB's financing, trying to affect values in the field. Companies like NIB with a holistic approach to environmental work or CSR, function as proactive by using their relationship to affect others in the same field, just as some of the respondents stated. The respondents point out important characteristics of the Icelandic nation, similar to that of Scandinavia, like strong democracy, consultation and cooperation, factors that can affect how pressure is sensed and coped with in organisational fields. The majority of the respondents argue that Icelanders are known to act very quickly and have strong tendencies for innovation, which is very positive and can as well affect how pressure of CSR is adjusted.

Increased media attention and transparency along with the support of NGO's will also affect the organisational fields of Iceland in the future as it has done in Scandinavia for example,

the respondents argue. Companies are not islands as they are dependent upon the society. The government should create a good guideline and support companies the respondents agree. Recently some scandals concerning big companies like the illegal cooperation of supposedly competing Icelandic oil companies, the Enron scandal in the USA etc, will affect Icelandic companies to shoulder increased responsibility, according to the respondents.

Increased pressure for sustainable development, the liberalisation of the market, the expansion of Icelandic companies and increased discussion of CSR as charity are changes that affect the organisational fields in Iceland.

5.2 Is CSR in Icelandic business homogeny? - Isomorphism

When the Icelandic organisational fields were introduced to CSR, consciously or not, they seek homogeneity (Powell & DiMaggio, 1991). The most obvious isomorphic effects can be seen in charity both according to the respondents and also identifiably in the discussion of CSR in Iceland. The Icelandic financial sector is an example of institutionalised structured environment where those isomorphic changes can be traced. Charity is a simple option as most companies have already been sponsoring various organisations and is convenient to rename it as CSR. The financial institutions of Icelandic organisational fields are similar in their approach, the leaders seem to sense this as a fashion trend, at least to use their sponsorship and introduce it as CSR. That applies to mimetic isomorphism; i.e. imitating behaviour among companies because of uncertainty (Powell & DiMaggio, 1991). The uncertainty could originate from undefined, vague pressure that business leaders rationalize as meaning that evaluating that participation is better than ignorance. Advertisement of a company's CSR is imitated among other companies that boast generous sponsorship over the years in an effort to prove company responsibility.

More and more Icelandic companies are expanding to international organisational fields where another isomorphism could be seen. With the UN Global Compact, cultural expectation from society or other leading companies like IKEA affect the organisational fields towards coercive isomorphism to be responsible towards their society (Boons & Strannegård, 2000). Additionally, authorities can create pressure. The empirical findings indicate that framework and pressure from society is weak in Iceland. Authorities in Iceland do not encourage companies to comply with the UN Code of Conduct or MNE guidelines which on the other hand is evident in Scandinavia. Legitimacy and credibility are

institutional pressures gained with coercive isomorphism (Boons & Strannegård, 2000). With regards to the cultural expectation of taking responsibility, for example by maintaining labour rights and environmental standards, the amount of pressure put on companies can be related directly to their seeking legitimacy. The respondents clarify with examples; MNE guidelines put institutional pressure on companies by using the method; “name and shame”, a coercive isomorphism. Another example of homogeneity comes from the chemical branch; activity and responsibility towards the environment gave legitimacy. A third example of coercive isomorphism comes from Scandinavian companies that at first adjusted to increased pressure from the government but later the pressure was between companies in the organisational fields.

There is a different homogeneity and emphasis between domestic and international organisational fields. That can be explained by different influences and pressure. The pressure on Icelandic companies to be environmental and social responsible seems to be vague. Different types of pressure have different effects and that is all a understanding of changing fashions (Meyer & Rowan, 1977).

5.3 Importing CSR to Icelandic business – Translation and fashion

CSR has recently been introduced in Iceland; it is therefore interesting to analyse how the idea adapts to Icelandic business. The translation of CSR as charity in Iceland has been most evident and will likely affect the future translation of CSR in general in Iceland. The majority of Icelandic companies that use the concept of CSR in advertisements use it mostly as charity. There are also as a few companies that mention CSR on their websites use CSR as charity. Nevertheless some companies define CSR broader, but those companies are departments from international corporations such as DHL, Alcoa and Alcan. Social responsibility is a broad concept and therefore it can be difficult to conceptualise and to connect to. Icelandic companies have few ideas that fit the concept of CSR. Sustainability problems have been far away and are therefore difficult to distinguish. When problems are difficult to distinguish they can be hard to make sense of. To materialise ideas they have to be related to what already is known (Czarniawska & Joerges, 1996).

The respondents stated that it is about time that companies are made a part of the solution of sustainability problems, they are the key. There are still remnants of the old ignorant attitude toward sustainable development as the saying proves: “the ocean is an endless sink”.

Icelandic companies in general lack respect for the environment as well as for others entities therefore CSR contradicts their stance. Two rather rough metaphors offer the description that Icelandic companies are immature and lack respect compared to companies in other civilised nations. This is a paradox of Icelandic nationality; integration of social responsibility in the national spirit versus irresponsibility. When applying the metaphors they can explain the paradox of a nation that has integrated social responsibility locally but not translated CSR as a global responsibility. The view of CSR as a versatile enzyme that can activate various chemical reactions; using the same logic limited information and knowledge will prohibit reaction. Then an enzyme with many “connector rods” originated from information and knowledge can unfold possibilities, so ideas can be activated or fitted. The board director of the Pension Fund translated social responsibility as cost which did not suit the only goal to show profit thus provided an example of complete versatile enzyme deficiency. The pension funds are an example of organisations that translate CSR as cost, not acknowledging eventual possibilities, such as the fact that social responsible funds are more profitable than others. The Icelandic pension funds are very big and powerful in the market; in that way they can affect how Icelandic businesses translate CSR.

The language or moreover specific words is interesting in the context of CSR. Words such as profit and interest are institutionalised categories. The word or label CSR is not yet successfully institutionalised whereas CSR is neither well defined nor much used in Iceland. As Czarniawska (2001) state translating is a destabilising operation. Translating CSR can be seen as evaluating profit differently evolving from short-term to long-term perspective. Companies that only think in terms of profit and quarterlies have trouble with translating concepts such as CSR into their organisation. Two respondents contextualised profit as an instrument rather than the basic goal or a religion. This focus on profit or the “religion” of liberalised markets controls how and what is translated in Icelandic organisational fields. The focus on profit dyes the translation of CSR – and turns its meaning into giving money. The translation of CSR to the Icelandic Market as charity suits the companies well. It is used as PR and today the companies are very profitable. Charity is something that companies know and understand, i.e. to give money, instead of starting new projects like responsible investment policy etc. The empirical findings reveal that translating CSR broader is necessary. Moreover social responsibility is translated towards local and global societies to where the business is active; companies are able to handle the future in the best way. When the chairman of the board of a bank prompts Icelandic companies to accept their overall

responsibility to prevent rupturing the reconciliation of business and society, he implies a wider translation of CSR than just charity.

The survey conducted by the School of Health and Education at UR was very focused on charity. Companies were not asked about responsibility regarding labour rights or investment policies, to mention a few examples. Those companies that were introduced to CSR via the survey this focus could affect how the concept translates. Nevertheless the definitions from the directors in the answers of the survey can be an indicator of possible different translations of CSR.

The empirical findings reveal different views to whether private and/or traded companies can be socially responsible. Private companies have more flexibility than those on the stock market where the directors are “servants of the profit”. But some reject this notion and say CSR could as well be translated in shareholders companies – and should. Values can help translate social responsibility of companies. Translation comprises what exists, sponsoring or giving money and what is created, that is CSR as charity. A “dialog between domains” is a way of enabling translation. Different domains have started talking, finding more sustainable solutions and it is possible to both do social and shareholders good, and CSR and profits are not polar opposites, according to the empirical findings.

In the light of Icelandic sensitivity towards fashion it is interesting to wonder about why CSR has only recently come ashore, using Røviks (1996) logic of fashion to explain why. Many have entered the scene and voluntarily defined CSR – often as a charity. The UR survey implicated that companies in general seemed to show vague interest in CSR. The few answers defined their CSR work as sponsoring actions. The vague pressure on Icelandic business to be responsible does not create an urgent desire to be unique regarding CSR (Røviks, 1996). To be like others has been cantered on profit as the respondents point at and short-time profit falls in with the dynamics of fashion. The majority of the respondents argued that long-time profit or long-term perspective is very important and fundamental regarding CSR. The long time perspective thus can contradict the dynamics of fashion. When companies, for example the banks, are affected either by pressure from the environment and want to “be like others” by taking CSR seriously it will affect their habits and values (Røviks, 1996). That can also affect other companies. Some organisational fields seem to sense an increased opportunity in the market, like is obvious in the field of organic food and

restaurants. Consciousness of sustainability problems is increasing among the general public and will put added pressure on companies. By adjusting to increased pressure on companies towards responsibility by being proactive, a win-win situation is created. Proactive companies are unique. Proactive and responsible behaviour on the part of company directors when it comes to the discussion of sustainability problems and solutions can result to a very up-to-date image. While fashion trends fade, companies that stand on solid ground will always stay current.

Translating CSR has mainly been to charity, others argue that CSR can be translated as values, long-term perspective or profit. CSR should be aware of forces of fashion, by being proactive; forces of fashion can be tackled.

5.4 Is CSR in Iceland decoupled? - Decoupling

Boons (2000) argue that what organisations say they do and what they actually do is not necessarily the same thing. The discussion of sustainability matters is limited in Iceland and often homologous, not including different views, even ignoring problems. The empirical findings indicate that authorities should provide better framework and support companies through information and open debate of the context of CSR. Icelandic companies have perhaps not the same access to information and knowledge, as companies in international organisational fields. Diffuse meaning of concepts does not simplify things and some companies use this unclear definition of problems to exploit the situation.

Sponsoring charity can be argued as a peripheral action that has the same function as myth, i.e. institutional rule decoupled from other structures other (Boons & Strannegård, 2000). Some Icelandic companies seem to incorporate CSR to gain legitimacy; companies spend more money in advertising their good work than they spend in their good work itself according to one of the conference guests. So, when following the latest discussion of CSR it could be that companies are gaining legitimacy and credibility with CSR by saying they are being responsible. Companies that sponsor are most likely to do what they say, i.e. to sponsor various organisations but according to the respondents, that is not necessarily showing responsibility.

CSR is not a legal concept and moral rules can easily be interpreted many ways. Companies can gain legitimacy through charity because the outside pressure is rather vague. Expanding

Icelandic companies are likely to be affected by pressure originating from outside Iceland. By adopting organisational rules like CSR, survival prospects could be enhanced. Globalisation and the media demands increased transparency. Some argue that CSR work of companies should be investigated and compared, to see what really is done; whether there is a correlation between words and action. The transparency and media attention can threaten the eventual decoupling approach of Icelandic companies. One of the respondents used the expression that Icelandic companies have now been picking low hanging fruit, i.e. companies are active in activities that are easy to accomplish and do not create conflicts or take much time. Attempt to control activities in institutionalised organisations can lead to conflicts, decoupling of activities such as CSR avoids conflicts in the company other (Boons & Strannegård, 2000). One example of issues that could possibly lead to disputes has to do with investment policy and labour rights in the Baltics.

When routines are decoupled it is difficult for actors such as employees to use CSR in their work for instance in financial policy or procurement. The investors that invested only in responsible companies and the investment and environmental policy of NIB are an example of integration, the contrary to decoupling. Environmental demands are put on companies that receive loans from NIB - all over the world. One respondent stated that many companies have policies that look good on the outset but lack resources for implementation. In that perspective decoupling CSR can affect the survival prospects through image, the company's brand and in that way affect the profit; a win-win project

According to the empirical findings CSR should be understood in the international context, thereby gaining legitimacy which is important when moving to international organisational fields like expanding Icelandic companies are doing. By handling the environment and society in responsible manner eventual future growth can be increased. The respondents agreed that being socially responsible is "to do the right thing" - a competitive advantage.

6. Conclusion and discussion

This chapter will present the conclusions that have been drawn from the analysis of the empirical findings. Moreover there is a discussion of the conclusion and suggestions for further research.

6.1 Conclusion of the research

How is it that a modern Western society, such as Iceland, is so inactive or ignorant regarding CSR? This research has led to some conclusions that can help explain why. The discussion of sustainability problems in Iceland is vague and more knowledge is needed, there are few “connector-rods” or ideas of CSR that fit for Icelandic business. There are few human made, local environmental problems threatening Iceland, which is one of the reasons that environmental responsibility has been less prioritised in Iceland. In other words, to translate CSR into the Icelandic context there has been a lack of words or suitable language that can translate, especially regarding global responsibility. Translation (Boons & Strannegård, 2000; Czarniawska & Joerges, 1996) of CSR besides charity has been on a very limited scale in Icelandic companies. Translating CSR broader with general responsibility to stakeholders locally and globally, through the company’s business practices is easily an opportunity.

Though Icelandic companies have internationalised over the last decades, there seems to be less pressure on Icelandic companies regarding CSR compared to Scandinavian ones. It looks like Icelandic organisational fields (Boons & Strannegård, 2000; Powell & DiMaggio, 1991) have distance from foreign organisational fields, at least in terms of Corporate Social Responsibility. There are two indicators that imply changes that will affect Icelandic organisational fields; increased seriousness of sustainability problems and the fact that Icelandic companies will be affected by outside pressure. The analysis helps describe two pictures. First the expanding Icelandic companies are emerging from domestic fields to international ones and have to be prepared for outside pressure. Secondly the Icelandic isomorphism is mimetic (Powell & DiMaggio, 1991), i.e. the homogeneity in Icelandic organisational fields is towards the charity trend. The mimetic isomorphism in Iceland has not been affected by the coercive isomorphism (Powell & DiMaggio, 1991) of international organisational fields, i.e. CSR according to various guide lines and organisations. Increased seriousness of global problems and expansion of Icelandic companies into international organisational fields is likely to affect their environmental and social responsibility.

Decoupling of CSR in the business can affect the survival prospects of the company when the society uncovers the inconsistency of the company's policy and actions. Icelandic banks have been expanding to e.g. Scandinavia where companies have visible CSR work; that could explain their formation of their CSR.

Is charity a fashion trend in Iceland? Even though Icelanders are known to be fashion sensitive, also regarding new management trends, CSR has only recently come ashore in Iceland. One of the reasons could be that the Icelandic context is different from many other countries in the West. It is important to be proactive, when interpreting the concept of fashion; to-be-unique. Proactive companies set the standard and enhance a spiral of positive effects in their organisational field. CSR is a matter of long-term vision which contradicts the forces of fashion (Røvik, 1996).

By comparing the perceptions of my respondents to the focus in Iceland there a difference is detectable. Corporate Social Responsibility is, according to the experienced international managers, a long-term vision, a commitment to be respectful towards the environment and society through the business practices. Icelandic companies have not translated the idea of CSR as a long-term commitment, rather as charity. The manufacturer in the Baltic and management of the Pension Fund do for example not consider social responsibility relevant. The outside pressure in these Icelandic organisational fields is vague. But that could easily change, and that could be a threat for those organisations according to the respondents and some other players that have been discussing CSR in Iceland. By defining CSR as sponsoring charity, CSR is in the risk of being decoupled from the company's strategy. Increased discussion and information in Iceland about the context of CSR can help companies to find "connector-rods" or fittings to the idea of CSR. The development of CSR in Iceland seems to be towards charity in this early stage of CSR discussion. Charity can be peripheral short-term vision with increased expenses, according to the respondents.

What do Icelandic companies and Icelandic expanding companies stand for? CSR can easily be used as legitimacy and credibility for expansion. It could be another energy resource, if companies embrace this opportunity! The institutional theory enlightens the contexts of CSR for Icelandic organisational fields and how various pressures affect organisations in the corresponding field. Icelandic companies did not seem to be very enthusiastic in answering the survey from the University of Reykjavik, but the definitions of CSR in the few responses

completed give the impression of the extended definition. For Icelandic companies CSR can be an opportunity, especially in the light of the tradition of social responsibility in the national spirit, the small population and culture of innovation. It can be difficult or expensive to be reactive regarding CSR.

6.2 Discussion of how CSR is understood in Iceland

The perceptions of the respondents and various voices in the society are in line with the fact that sustainability problems are increasing and they threaten human well-being. They also argued that responsible companies towards society and environment are part of the solution to those problems. In fact socially responsible companies gain necessary legitimacy and guarantee future growth. CSR can thus be an opportunity instead of a threat which Icelandic companies can expect in the future.

One of the conclusions was that CSR is translated different in Iceland from example Scandinavia. To translate CSR as charity is a limited definition. It can be argued that charity sponsoring is irresponsible rather than a responsible act. In the interviews it was discussed that the dominating language of modern times is so called “Economics”, moreover it can be said that one word is dominating: profit! Profit is the bottom line. When translating CSR it both affects the language of “economics” and contributes to the understanding of sustainable interplay between the company and society. It is easy to give money but to rethink strategy and integrate values as some recommended, takes knowledge and commitment.

The translation has mainly been on charity because CSR has a few “connector rods” in Icelandic reality; information plays a role in translating CSR into more issues than just charity. Information is needed to show how CSR can be used. For example the view of company leaders in Gothenburg and the minister of finance in Britain are inspiring, creative and should be an encouragement for the future to come.

It will be interesting to follow the development of CSR in Iceland. To begin with I assume that the owners of the Pension Fund, the general public, are not particularly happy with, when questioned, the fact that the Pension Fund is socially irresponsible. The Financial Sector considering its large indirect impact will be interesting to follow in the future with regard to social responsibility. One of the conclusions was that CSR is a matter of respect towards the society, values and long-term perspective. Increased seriousness of global

problems and increased number of expanding Icelandic companies, moving towards another organisational field, are likely to affect the interpretation of CSR in Icelandic organisational fields. It is also most likely that other ideas and events will affect Icelandic companies, like media attention, NGO's and customers in other countries.

The research showed that the discussion in Iceland of CSR was dominated by the understanding as charity. Some argue it was about time for companies to give back to the society a part of their profit. Others argue that companies do not necessarily have the qualifications to estimate what is best for society, that it can be controversial to use the company's profit to support football, symphony or cancer research. Some argue that CSR is just rhetoric and political correctness while yet others that CSR is a new way of managing risk and relation to stakeholders. In its simplest form the concept of CSR means simply that companies are not irresponsible. In other words: Do not park the car in the flower bed of the neighbour, show regard for the society both locally and globally. When using CSR as a sponsoring vehicle and PR by just giving money, there is a risk of decoupling CSR in the business. Especially for companies that are active internationally, the understanding of CSR is somewhat different. In this era of transparency and mass media access, companies that state they are responsible but only donate money will be criticised. Internationally it would be viewed as a wide gap between what is said and done. By defining CSR as common sense (not common nonsense) in the companies' policy it is likely that legitimacy is increased, furthermore future growth!

From the beginning I was quite enthusiastic about the purpose of the research and found it extremely interesting, especially to discover the perceptions of internationally experienced managers. As someone has called them; The Priests of Modern Times. After experiencing the difference of consciousness and knowledge between Iceland and Sweden I was interested to hear from actors in the field of business. I was quite fascinated by my respondents and their perceptions were quite similar and straight forward. Charity is a limited understanding of CSR and the pressure towards responsible companies will increase; Icelandic companies be prepare and think long-term! I find it supporting the choice of methodology; doing a qualitative interview with few individuals instead of a survey as the University of Reykjavik made. That statement in no way reflects my opinion the survey which I found to be very interesting. The response or rather lack of response to the survey was also an indicator of the regard CSR has in the Icelandic business community. It was very interesting to have the

opportunity to interview these vastly experienced individuals. The respondents gave me an insight to subjects that could be of interest, questions that need be answered and thoughts that should be discussed. The methodology was useful and interesting way of working. As this method emphasises life is unpredictable. When I started the study there was no apparent public discussion of CSR but if I had seen into the future I would have studied that aspect in a different manner.

6.3 Suggestions for further research

This study has helped explain how CSR is understood in Icelandic business. Even though the study has been enlightening more questions have arisen. In the near future it should therefore be interesting to study the following issues to name a few:

- How Icelandic companies make sense of and integrate CSR; what they actually do locally and globally. Both with and without prosperity periods.
- To focus in particular on the expanding financial market and banks and follow the development of the interpretation of CSR in Iceland.
- The empowerment of employees in CSR work.
- Effects of information and education regarding environmental and social problems on CSR in Iceland.
- Comparison of Iceland and the USA and/or European school of CSR.
- What opportunities CSR gives expanding companies?
- Comparison of the perceptions of CSR among international and Icelandic managers.
- Stakeholder analysis for CSR, with a comparison to Scandinavian companies.
- Investigation of the meaning of words and language of profit on CSR – does the language matter? Does it matter to enrich the dominating language of profit? Are there some words or context that does not fit when explaining CSR to companies?

7. Reference

Literature

- Cunningham, W.P., Cunningham, M. A. & Saigo, B. W. (2005). *Environmental Science. A global concern*. New York: McGraw-Hill.
- Eriksson, L.T. & Wiedersheim-Paul, F. (2001). *Att utreda, forska och rapportera*. Malmö: Liber Ekonomi.
- Kotler, P. & Lee, N. (2005). *Corporate Social Responsibility. Doing the Most Good for Your Company and Your Cause*. New Jersey: John Wiley & Sons, Inc.
- Laszlo, C. (2003). *The sustainable company. How to Create Lasting Values Through Social and Environmental Performance*. Washington: Island Press.
- Patel, R. & Tebelius, U. (Eds.). (1987). *Grundbok i forskningsmetodik*. Lund: Studentlitteratur.
- Rombach, B. (2005). *Den framgångsrika ekonomiskan*. Stockholm: Santérus förlag.
- Sigfússon, Þ. (2000). *Landnám. Útrás íslenskra fyrirtækja*. Reykjavík: Mál og menning.
- Sigfússon, Þ. (2005). *Straumhvörf. Útrás íslensks viðskiptalífs og innrás erlendra fjárfesta til Íslands*. Reykjavík: Mál og menning.
- Silverman, D. (2000). *Doing qualitative research. A practical handbook*. London: SAGE Publications Ltd.
- Strauss, A. & Corbin, J. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory*. London: SAGE Publications, Inc.

Articles and reports

- Atkins, B. (2006). Corporate Social Responsibility: Is It "Irresponsibility"? *Corporate Governance Advisor* 14, 28-29.
- Boons, F. & Strannegård, L. (2000). Organizations Coping with Their Natural Environment. A Laboratory for Institutionalization? *Int. Studies of Mgt. & Org.* 30, 7-17.
- Czarniawska, B. (2001). *Isolationist Automorphism, Relentless Isomorphism, or Merciless Idealism. The Cultural Context of City Management In Warsaw, Stockholm and Rome*. GRI Report. Gothenburg Research Institute, Gothenburg, pp. 1-28.
- Czarniawska, B. & Joerges, B. (1996). Travels of Ideas. Czarniawska, B. & Sevón, G. (Eds.), *Translating Organizational Change* (pp. 13-48). New York: Walter de Gruyter.
- Egels, N. (2005). *Sorting out the mess. A Review of Definitions of Ethical Issues in Business*. GRI-rapport. Gothenburg Research Institute, pp. 1-29.
- HM Treasury, UK. (2006). *Stern Review on the Economics of Climate Change*. London, MD: Stern, Sir N.
- Lindberg, K. & Czarniawska, B. (2006). Knotting the action net, or organizing between organizations. *Scand. J. Mgmt.* 22, 292–306.

- Meyer, J.W. & Rowan, B. (1977). Institutionalized Organizations: Formal Structure as Myth and Ceremony. *American Journal of Sociology* 83, 340-363.
- Nordisk Ministerråd. (2005). *Nordic Sustainability Index II. Analyse af 50 de mest bæredygtige virksomheder i Norden, med fokus på deres forretningspolitik, rapporter og verificering indenfor CSR/bæredygtighed*. TemaNord:534, pp. 1-87.
- Porter, M.E & Kramer, M.R. (2006). Strategy & Society. The Link between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review* 84, 78-92.
- Porter, M.E. & Kramer, M.R. (2002). The Competitive Advantage of Corporate Philanthropy. *Harvard Business Review* 80, 56-69.
- Porter, M.E. & Linden, C.van der. (1995). Toward a New Conception of the Environment-Competitiveness Relationship. *Journal of Economic Perspectives* 9, 97-118.
- Powell, W.W. & DiMaggio, P.J. (1991). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organisational Fields. Powell, W. W. & DiMaggio, P. J. (Eds.). *The new institutionalism in organizational analysis*. Chicago: The University of Chicago, pp. 63-82.
- Røvik, K.A. (1996). Deinstitutionalization and the Logic of Fashion. Czarniawska, B. & Sevón, G. (Eds.), *Translating Organizational Change* (pp.). New York: Walter de Gruyter
- Sverrisson, S. (ed.), 2006. Samfélagsleg ábyrgð fyrirtækja. KOM Almannatengsl í samvinnu við Háskólann í Reykjavík, nóvember 2006.
- Sæmundsson, R.J. & Baldursdóttir, S. B. (2006). *Umfang og umhverfi frumkvöðlastarfsemi á Íslandi 2005, GEM - frumkvöðlastarfsemi 2005*. Reykjavík: Rannsóknarmiðstöð HR í nýsköpunar- og frumkvöðlafræðum, pp. 1-44.
- United Nations. World Commission on Environment and Development. (1987). *Our Common Future*. MD: Brundtland, G. H.
- UNDP - Nordic office. (2006). *Partnering for development - making it happen*. Copenhagen: Sørensen, M.B. & Petersen, S. M., pp. 61.

Media references and other references

- Arngrímsson, S.R. (2006, desember 27). Markmið fyrirtækja og samfélagsleg ábyrgð. *Viðskiptablaðið*. Article A.
- Ábyrgð eða auglýsing, úttekt, (2006, nóvember 22). *Fréttablaðið, Markaðurinn*. Article A.
- Guðmundsson, B. (2006, nóvember 14). Samfélagsleg ábyrgð er sjálfsábyrgð. *Morgunblaðið*.
- Jónsson, Í. (2003, október 23). Samfélagsleg ábyrgð fyrirtækja vannýtt auðlind. *Viðskiptablaðið*. Article B.
- Lífeyrissjóðir ekki gæslumenn þjóðarsamviskunnar. (2006, ágúst 8). *NFS*. News 18:30. Length 00:01:05.
- Magnússon, Á. (Social minister, speech). (2004). Samfélagsleg ábyrgð fyrirtækja. Erindi félagsmálaráðherra um samfélagslega ábyrgð fyrirtækja haldið á námskeiði í Félagsmálaskóla alþýðu fimmtudaginn, 25. nóvember.

Ólafsdóttir, Auðbjörg, 2006, nóvember 17). Þegar hagsmunir Sameinuðu þjóðanna og fyrirtækja renna saman: Gróði og þróun eiga samleið – segir Sören Mandrup Petersen. *Viðskiptablaðið*. Article C.

Ólafsson, J. K. (2006, febrúar 8). Höfnum hugmyndum um aukið regluverk stjórnvalda. *Viðskipti, mbl.is*. (<http://www.mbl.is/mm/vidskipti/frett.html?nid=1184045>)

Ragnarsdóttir, Hrafnhildur, (2006, desember 15). Fyrirtæki sem ríkisborgari? Umræðan. Samfélagsábyrgð. *Fréttablaðið*. Article B.

Samfélagsleg ábyrgð fyrirtækja. (2006, mars 01). *Viðskiptablaðið*. Article D.

Samfélagslegar skyldur fyrirtækja, (2006, nóvember 17). *Viðskiptablaðið*. Article E.

Scott, P., 2006. CSR Reporting, Þitt tækifæri - allra hagur, Hótel Nordica.

Verkað fólk í Eystrasaltslöndunum. (2006, nóvember 23). *Ríkisútvarpið - Rás 1 og 2*, News 12:20. Length 00:02:05.

Websites

<http://www.businessregiongoteborg.com/huvudmeny/clusters/businessenvironment/aboutus.4.1d3a858c10528e52e0280001358.html> Interviews, 2006-11-17

<http://www.planetark.org/dailynewsstory.cfm?newsid=38886>, 2006-11-17

<http://www.bsr.org/Meta/MemberList.cfm>, 2006-12-13

http://ec.europa.eu/employment_social/soc-dial/csr/greenpaper_en.pdf, 2006-12-13

http://www.sa.is/news.asp?ID=429&type=one&news_id=1806, 2007-01-02

Appendix 1

Interview guide Corporate Social Responsibility

The first theme

What are the problems facing society?

- What is your view of problems facing society?
- What is your view of the development of environmental issues?
- How do you experience the decisions and actions regarding environmental and social issues?
- How can the problems be solved? Who should be solving those problems?

The second theme

The role of companies in solving sustainability problems

- What is the role of companies in the society (power, solutions, impacts)?
- What do you think of when hearing Corporate Social Responsibility?
- What happens when companies are active regarding social responsibility?
- What implications does it have when companies do not show social responsibility?
- Lately, the discussion of CSR in Iceland has been initiated, how does that affect, for example expanding companies?
- How is CSR and sponsoring (charity, arts and sports) related?

The third theme

Legitimacy and future growth

- Can CSR help Icelandic companies to gain legitimacy and future growth?
- Do factors that support legitimacy and future growth differ between Iceland and foreign countries?
- Can you give an example of a company that are role models, and explain why they are?