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Corporate Codes of Conduct

A Comparison of the Government's, the Non-Governmental Organisation's and the Business Society's Viewpoints

Bachelor's thesis within Business Administration

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Corporate Codes of Conduct

En jämförande studie av regeringens, intresseorganisationens och näringslivets attityder gentemot uppförandekoder

Filosofie kandidatuppsats inom Företagsekonomi

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Bachelor's Thesis in **Business Administration**

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Abstract

A general awareness concerning Corporate Social Responsibility (CSR) has developed during the last few decades. The growing globalisation and the increased amount of multinational companies acting in countries with weak legislations are some reasons for this development. Companies have begun engaging in issues related to CSR, and corporate codes of conduct have been developed as a response to this increased awareness. However, there exist different opinions on the matter of corporate codes of conduct. A company's stakeholders all have different interests and motives which often implies different viewpoints on corporate codes of conducts and their implementation in, above all, multinational companies.

The purpose of this thesis is to identify and compare the Government's, the Non-Governmental Organisation's and the Business Society's viewpoints towards corporate codes of conduct and their implementation in Swedish multinational companies.

The study has mainly been conducted through assembling qualitative data through interviews with organisations that all have experience of issues regarding CSR and corporate codes of conduct. The informants are; *The Swedish Partnership for Social Responsibility* a division under the government, *Amnesty Business Group* a non-governmental organisation and "*The Confederation of Swedish Enterprise*", "*The International Council of Swedish Industry*" and *H&M*, all three representatives of the business society.

The viewpoints differ in some issues on corporate codes of conduct and agree on others. Objectives of the organisations influence their view of the subject matter. The informants all agree that multinational companies should have a responsibility in the society beyond producing goods and services. The government's viewpoint is that MNCs taking social responsibility is an important element and corporate codes of conduct are one method to realise this responsibility. It further considers that voluntary initiatives will have an increased importance and therefore do not consider binding regulations to be necessary. The non-governmental organisation's view is that all companies acting in areas where they risk violating fundamental rights of people should have a code of conduct and furthermore that some sort of binding regulations of CSR-issues is desirable. The business society view expresses that it preferably should be a company's own choice whether to adopt a corporate code of conduct or not.

Kandidatuppsats inom Företagsekonomi

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Sammanfattning

En allmän medvetenhet om "Corporate Social Responsibility" (CSR) har utvecklats under de senaste årtionden. Den växande globaliseringen och ett ökat antal multinationella företag som agerar i länder med svaga lagsystem är bidragande orsaker för denna utveckling. Företag har börjat engagera sig i frågor rörande CSR och vidare har uppförandekoder utvecklats hos företag som svar på den här ökande medvetenheten. Det existerar dock olika åsikter om företags uppförandekoder som fenomen. Ett företags intresser har olika intressen och motiv som kan leda till deras olika syn på uppförande koder och deras implementering i, framförallt, multinationella företag.

Syftet med den här uppsatsen är att identifiera och jämföra regeringens, intresseorganisationens och näringslivets syn på företags uppförandekoder och deras implementering i svenska multinationella företag.

Studien har till största del genomförts genom att samla in kvalitativ data från intervjuer med organisationer som alla har erfarenhet från CSR och uppförandekoder. Organisationerna som vi genomfört intervjuer med är *Globalt Ansvar*, en del av utrikesdepartementet på regeringen, *Amnesty Business Group*, en intresseorganisation för mänskliga rättigheter samt *Svenskt Näringsliv*, *Näringslivets Internationella Råd* och *H&M*, alla tre representanter för näringslivet.

Regeringens, intresseorganisationens och näringslivets syn på uppförandekoder skiljer sig åt i vissa fall medan de i andra fall överensstämmer. Organisationerna har olika målsättningar med deras verksamheter som även påverkar deras syn i frågan.

De är alla överens om att företag bör ha ett större ansvar utöver att producera varor och tjänster. Regeringens syn är att det är viktigt att företag tar ett socialt ansvar och att uppförande koder kan vara ett sätt att förverkliga detta ansvar. Fortsättningsvis, anses att frivilliga initiativ kommer att vara av fortsatt vikt och anser därför inte att bindande regler kommer att vara nödvändigt. Intresseorganisationens syn är att alla företag som har verksamhet i områden där de riskerar att bryta mot människors grundläggande rättigheter bör ha en uppförandekod och vidare är någon typ av bindande reglering gällande CSR frågor är önskvärdt. Näringslivets syn menar att det bör förbli ett företags val huruvida de vill arbeta med en uppförande kod eller inte.

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1 Introduction

Firstly, the introduction presents a background to the subject of the thesis. The background guides the reader, providing an understanding towards the problem discussion where the purpose and research questions of the study are stated. Further, definitions and disposition will be provided to facilitate the reading.

1.1 Background

In the context of the global economy, global trade and free markets have been seen as the main efficient factors towards economic and social development. Recently, the complexity of globalisation has become more apparent. Not all actors are benefited; both social and economical problems have increased in many developing countries (Barrientos, 2000).

The ongoing growing globalisation debate has led to the questioning of the role of the corporation. What social and ethical responsibilities can be expected of a company?

An increasing amount of multinational companies (MNCs) operate in developing countries that lack laws which regulate social responsibility and human rights for corporations (Wawryk, 2003). When companies operate abroad; they often come across social conditions, legalisation issues and political environments that significantly differ from business practices in the country of origin (Fagerfjäll, Frankental & House, 2001). In the development process, the role of the government has been reduced and new actors; especially non-governmental organisations (NGO's), have become more important (Barrientos, 2000).

Companies do not cover the role of the moral arbitrator and should neither take on this role. However, the effects of a constant growing global economy and the increasing influence that the MNCs hold in operating countries lead to demands for transparency and moreover, extended areas of responsibility (Fagerfjäll et al., 2001). It is not a company's sole responsibility to fight the poverty in the operating country. Nonetheless, despite the obvious of following the specific rules and laws of that country, companies should take a step further and act as role-models in developing countries (Göransson, 2003). However, Friedman (1972) expresses that a company's role should solemnly be to maximise profit and to act in the interest of the owner. This is as well stressed by Henderson (2003) who advocates that the acceptance of social responsibility incorrectly changes the company's primary concern from profitability to the wellbeing of the society.

Nevertheless, there has been a significant increase of awareness concerning environmental and human rights issues since the 1970s. Many of the corporations' stakeholders; customers, governments, investors and NGOs validate the importance of social responsibility. As a reflection of these demands corporations' interest in social responsibility has increased and consequently, corporate codes of conduct have been created and implemented (Jenkins, 2001). Further, Jenkins, Pearson and Seyfang (2002, p. 1) state that *'the emergence of voluntary corporate codes is both a manifestation and a response to, the process of globalisation.'*

There are various sources and drivers behind the many codes and guidelines; despite the large amount of existing codes there exists initiatives to create new ones (Magnusson & Norén, 2003). These tendencies regarding codes of conduct began in 1976 when the Organisation for Economic Co-operation and Development (OECD) developed the *Guidelines for Multinational Enterprises* (OECD, 2000). In 1977 International Labour Organisation (ILO) introduced *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy* (ILO, 2001). Both of these declarations have had a central role in the development of Cor-

porate Social Responsibility (CSR) and codes of conduct (Mamic, 2004.) In turn, non-governmental organisations (NGOs) and pressure groups strive towards influencing corporations to acknowledge their specific interest. NGOs such as Amnesty Business Group (ABG), Attac, Friends of the Earth and Clean Clothes Campaign (CCC) function independently from the government, although possessing quite a large impact on corporations (Fisher & Lovell, 2003).

1.2 Problem Discussion

Despite the many initiatives created and increased attention during the recent years, there is various voices evolving and yet unsettled matters that concern the future development of corporate codes of conduct. Issues such as, the content of the codes, what should be prioritised, monitoring and reporting as well as the complex relationships in the supply chain are multifaceted (Jenkins et al., 2002).

Schwartz (2001) implies that codes of conduct, despite its growth and popularity, the phenomenon face scepticism and resistance within certain corporate and academic communities. Further, discussion whether these codes should continue to be of voluntary nature or become binding regulations is a current issue (Magnusson, 2003).

A company is always in contact with other systems in the society and has a wide range of stakeholders. CSR is linked to companies' values of social and environmental concerns and might be expressed through the corporate codes of conduct. Working with CSR and codes of conduct involves political, economic and administrative aspects which in turn imply collaboration with other groups in the society; such as governments and non-governmental organisations. The collaboration between these stakeholders and companies are often complex as their perspectives, motives and interest differ (Dion, 2001). Presumably, so do their attitudes towards CSR and corporate codes of conduct.

1.3 Purpose

The purpose of this thesis is to identify and compare the Government's, the Non-Governmental Organisation's and the Business Society's viewpoint towards corporate codes of conduct and their implementation in Swedish multinational companies.

1.4 Research Questions

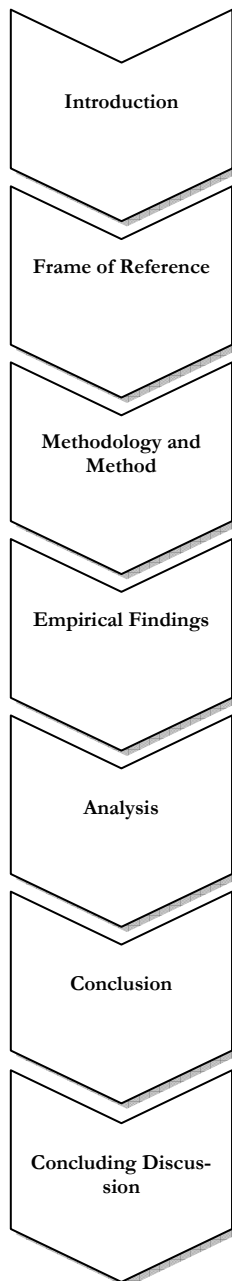
- *Do* the Government's, the Non-Governmental Organisation's and the Business Society's viewpoints towards corporate codes of conduct differ?
- If so, *What* are the differences between these viewpoints?
- *Why* are these viewpoints different?

1.5 Definitions

Code of Conduct: A statement setting out the guidelines regarding the ethical principles and acceptable behaviour expected of a professional organisation or company (Oxford Dictionary of Business, 1996).

To further clarify our study, when using the general term *company* we presuppose a multinational company that act in developing countries either by own production or through suppliers if not other is specifically stated.

1.6 Disposition of the Thesis



Chapter 1 consists of an *Introduction*, presenting corporate codes of conduct by discussing impacts of globalisation and the role of the company. In the introduction a problem discussion is held where the purpose and research questions are stated.

The *Frame of Reference* is presented in **Chapter 2** to provide relevant knowledge of the theoretical subject. The frame of reference presents broadly theory on CSR and more detailed previous conducted research on Corporate Codes of Conduct.

In **Chapter 3**, *Methodology and Method* is presented to provide the reader with insight on the authors' research approach and discussion of philosophical approaches. It consists as well of practical aspects on how the study was conducted, discussion of trustworthiness and evaluation of chosen method.

The *Empirical Findings* will be described in **Chapter 4**. This chapter consists of a compilation of the chosen informants of the study providing the various viewpoints of the government, the non-governmental organisation and the business society.

As for **Chapter 5**, an *Analysis* is provided. The analysis of the empirical findings was conducted by comparing of the various viewpoints using the frame of reference as a foundation. In the analysis we will strive towards presenting the subject with enhanced depth by emphasising on bringing forth contradictions, collaborations and parallels.

Chapter 6 consists of a *Conclusion*. The conclusion is based on the research questions earlier stated in chapter 1 and main issues are summarised.

The *Concluding Discussion* presented in **Chapter 7** contains of a critical evaluation of the study and implications for further research that the subject corporate codes of conduct bring.

Figure 1-1 Disposition of the Thesis (authors' own model)

2 Frame of Reference

Firstly, Corporate Social Responsibility is presented. The concept of Corporate Codes of Conduct is introduced by describing the principles, motives and process of implementation of these codes. We conclude this chapter with presenting Current Issues on Corporate Codes of Conduct, such as binding regulations versus the voluntary nature of codes of conduct.

2.1 Corporate Social Responsibility

Corporate Codes of Conduct are often discussed in the context of Corporate Social Responsibility, (CSR). The concept of CSR has during recent years been recognised amongst companies and has had increased importance in business-related questions (Löhman & Steinholtz, 2003).

There is no universal accepted definition of CSR. Instead there is a wide range of definitions, often biased towards different interests. Private companies, governments and NGOs might perceive CSR differently. However, in general, CSR is widely defined as company activities - voluntary by definition demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (Marrewijk, 2003). Issues often brought up when discussing global business is the role of MNCs and their responsibility in society. As public awareness on these issues are increasing, Sethi (2003) argues that MNCs can no longer ignore voices of criticism as it reveals a gap between expectations from society and corporate performance.

CSR has arisen from the vision that businesses can and should have a role beyond purely earning profits. It involves an understanding that all actions undertaken by a business have some impact both on the inside or the outside of the organisation, more specifically on customers, employees, communities and the environment (Andriof & McIntosh, 2001). Social responsibility has almost become a requirement in today's business relations. It is today generally accepted that corporations profit from the society, as long as the corporation takes an extensive social responsibility and contribute to the society's development (Van Luijk, 2000).

CSR implies that it is the management of the company that must decide what responsibility it should have. It has to consider its fundamental values and its stakeholders and thereafter clarify its role in the society. Hence, the term CSR indicates companies' voluntary integration of social and environmental considerations in their activities beyond what is regulated in the law (Löhman & Steinholtz, 2003).

Further, Löhman & Steinholtz (2003) identifies two approaches of companies' engagement in CSR. Firstly, that companies *wish* to take responsibility whatever consequences might occur and secondly that companies are *responding* to the society's demand on how companies should act. In the first approach the initiative is more complex. Policies are often developed from the companies fundamental values, the engagement have an overall impact on the company's business idea and strategy and long term results are emphasised rather than short term. In the second approach companies want to "give something back" to the society in which they operate in as well as benefit from. These initiatives are often formed as projects concerning a certain area and the demand of short term results are high. The management is not necessarily involved in the continuous project that neither has a great impact on business decisions or the business strategy (Löhman & Steinholtz, 2003).

According to Sethi (2003) MNCs must acknowledge three conditions concerning enhanced social responsibility. Firstly, MNCs shall manage all their stakeholders in an equal manner, regardless of their economical or political power (1). Secondly, MNCs are to act as agents of change through the use of their economical power and thereby advocate democratic values and human rights (2). Thirdly, actions of CSR should be treated as standards for behaviour (3). These actions of social responsibility should therefore be compulsory, transparent as well as a matter for validation from external actors (Sethi, 2003).

There exist some common beliefs from companies taking social responsibility which involves to provide sustainable jobs for employees, good returns for investors and prosperity for the communities in which they operate. The reasons companies engage in social responsibility are the advantages they recognise from this engagement (Andriof & McIntosh, 2001). There is a great deal of companies that recognise the CSR process as a part of a brand building strategy or at least recognise that this has an impact on the development of the brand (Löhman & Steinholtz, 2003). The reputation of the company is of increased importance as consumers and investors often consider reputation and performance equally important to the price in purchasing decisions (Andriof & McIntosh, 2001).

Löhman & Steinholtz (2003) acknowledge that involvement in social responsibility activities may give the impression that it negatively affects the company's financial situation. Henderson (2002) is critical towards CSR and does not believe companies should have a different role than the traditional, that is, to maximise profit and act in the owners' interest. The acceptance of companies taking an overall social responsibility will wrongly change the concern of profitability to the well being of the society. Although, a company taking social responsibility bring some positive effects to the company it also tends to have negative consequences, such as an increase in costs that may lead to lower profitability.

The following five activities within CSR, if implemented, will most definitely increase the company's costs according to Henderson (2002). These involve: (1) adopting principles to limit activities that have negative effects on the environment, (2) adopting standards for protection of environment and health at all their various working places around the world, (3) offering salaries and working conditions outside what is necessary on the local market according to local law, (4) formally and informally give priority to local subsidiaries and entrepreneurs as well as (5) refusing doing business with companies not having an acceptable business custom.

However, Messick & Tenbrunsel (1996) argues that the advantages arising from engaging in CSR often are higher than the costs. Advantages that can be identified to compensate for higher costs involve customers' willingness to pay a higher price for products from companies taking social responsibility and employees' desire of working for socially responsible firms leading to the ability of attracting skilled personnel. Advantages such as increased employee productivity due to a satisfying work environment can as well be identified as a positive result of engaging in CSR (Andriof & McIntosh, 2001).

As MNCs recognise that they are not merely responsible for the profit of their shareholder but also expected to present a global social responsibility, a common response is the formulation of corporate codes of conduct (Gooderham & Nordhaug, 2003). Hence, one way for companies to relate to CSR is to express demands on their own organisation through codes of conduct (Löhman & Steinholtz, 2003).

2.2 Corporate Codes of Conduct

Mamic (2004) implies that the term codes of conduct does not have a fixed definition. However, basically it can be defined as a “*statement of business principles defining a set of relationships on a range of topics between an entity and its stakeholders*” (Mamic, 2004 p.36). The principles of a corporate code of conduct should not only serve as guidelines for certain behaviour but should also include tools used to implement, monitor and review the code (Wawryk, 2003).

Corporate codes of conduct are not authorised legally, rather they are voluntary initiatives undertaken by companies addressing various operational and social issues. These codes may be developed in collaboration with the companies’ stakeholders such as trade unions, NGOs and governments (Mamic, 2004).

There are various sources behind the many creations of guidelines to regulate the behaviour of MNCs. The advantages of having a variety of different codes is that, amongst other issues, it stresses the specific requirements for companies operating in different industries and manners (Magnusson & Norén, 2003). The large range of actors and motives regarding codes of conduct result in a broad representation along the whole global production system and these initiatives can together generate positive results such as higher standards and expectations (Jenkins et al., 2002). However, the variety of different codes may lead to a negative aspect; it may be somewhat confusing for the individual company (Magnusson & Norén, 2003).

Corporate codes may be created both directly to the company’s employees as well as to its subsidiaries. However, progressive MNCs have developed codes that apply for suppliers, subcontractor and other business partners. That is, workers in the supply chain who are not directly employed by the company are to fulfil the terms of the code. This expansion is determined as one of the greatest innovations of modern codes (Mamic, 2004). Favourably a code of conduct should address the MNCs’ operational relationship as well as responsibilities towards other constituency groups, not merely focus on internal employees (Murray, 1998).

Jenkins et al. (2002) mentions that the various stakeholders’ objectives of an MNC differ, therefore the character of their guidelines, inevitably differ. These differences are determined by the key issues of the stakeholder and impact the coverage and implication of the guidelines. This leads to various interest provided in the formation of guidelines, and it is important to bear this in mind when dealing with codes of conduct.

2.2.1 Foundations for Corporate Codes of Conduct

As illustrated in figure 2.2-1, corporations that create and implement corporate codes of conduct often use international guidelines as well as codes created by NGOs’ as foundations for their own corporate codes of conduct (Wawryk, 2003). External organisations such as governmental departments, NGOs and international organisations such as The International Labour Organisation (ILO) or The Organisation for Economic Co-operation and Development (OECD) can provide useful assistance in the process of creating a code due to their insight in internal and external factors affecting MNCs in global business (Mamic, 2004).

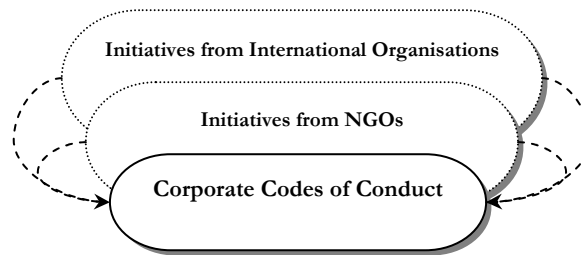


Figure 2-1 Foundations of Corporate Codes of Conduct (authors' own model)

2.2.1.1 Initiatives from International Organisations

In the international community there is a growing interest of corporations' social responsibility and how they operate globally. In this context, 'international codes of conduct' are often referred to as guidelines for MNCs. The emphasis on how corporations conduct business globally, the recognition of human rights in practice and other ethical business issues are central parts in the creation of international codes of conduct (Wawryk, 2003).

The *Guidelines for Multinational Enterprises* formed by OECD is one example of international codes of conduct and they are created as advice to MNCs on how they should conduct their businesses when operating globally (OECD, 2000). However, the OECD guidelines have met some criticism mainly due to their voluntary approach lack of supervision and mechanisms for complaint. In 2000 a reformation of the codes was therefore conducted and adopted (Magnusson & Norén, 2003).

Another example can be found in ILO, the International Labour Organisation, and their *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy*. The principles and advices in the articles concern the right to be members of trade unions, elimination of discrimination at the workplace, elimination of child workers and the elimination of forced labour. The content in the declarations are voluntary guidelines intended for governments, labour organisations and multinational companies (ILO, 2001).

In 2000, United Nations (UN) introduced *Global Compact*. It consists of ten principles that are based on international agreements such as the ILO conventions and the human rights declared by UN. The principals are compiled as a set of values rather than directives and are formed to function as a self-adjusting process. The fundamental idea that lies behind United Nation's principals in *Global Compact* is that a sustainable global economy can be derive through a collaboration of the private sector in partnership with other social actors. Global Compact is compiled as a set of values rather than directives and the implementations of them are to be carried through by transparency. The principals do not conclude any control and are voluntary to their nature; and are formed as functioning as a self-adjusting process. The corporations involved are to report of "best practices" to inspire others (UN, 2004).

2.2.1.2 Initiatives from Non-Governmental Organisations

In the 1990's many NGOs responded to the governmental ineffectiveness of controlling large corporations which was a result of the deregulations of the 1980's. A concern among NGO activists arouse due to the apprehension of an uncontrolled globalisation would result in negative social and environmental consequences for developing countries (Jenkins, 2001).

NGO codes of conduct are developed for corporations to adopt. They are of voluntary nature, however when adopted, companies' compliance of the code is often monitored by the NGO (Wawryk, 2003). The codes of conduct function as one element in the process of regulating international business, and can be seen as means of constraining corporate power. However, codes created by NGOs should function as a complement to government regulation and not be seen as a substitute (Jenkins, 2001). Some perceive that these initiatives are 'privatisations' of a function that should be performed by governments. Further, as the participation is voluntary these initiatives can unfeasibly perform the same legal pressure as governments (Mamic, 2004).

One example of NGO codes is the code of conduct of the international organisation Clean Clothes Campaign (CCC). CCC's campaign, where unacceptable working conditions was shown to the public was the main reason for the increased media attention of the textile industry that emerged during the nineties. The code contains regulations of forced labour, child labour, discrimination, workers' participation in trade unions, wages, working hours, safe- and healthy working environment and proper employment issues (Magnusson & Norén, 2003).

O'Rourke (2003, in Mamic, 2004) acknowledges that there lies a legitimacy problem as consumer preferences are the main driver in the NGO system and that many companies may participate in these systems merely to avoid negative consequences such as consumer boycotts.

2.2.2 Features of Corporate Codes of Conduct

Since the late 1980's, the development of codes of conduct has principally been on the part of individual MNCs formulating their own corporate codes to address issues of concern in global business (Mamic, 2004).

Magnusson (2003) is positive to the progress of corporate codes of conduct favourably being connected to the corporations' internal culture and specific operating conditions. If not, there is a risk that the codes merely function as yet another document that either employees or management are able to relate to. Furthermore, the corporate codes of conduct should therefore express core values and principles that the corporations hold at its locations and transactions (Logsdon & Wood, 2005). Wawryk (2003) has identified certain factors that are necessary for a code of conduct to be effective. Employees, contractors and subcontractors shall be informed and aware of the code. Further, internal as well as third-party monitoring, auditing and reporting procedures should exist as well as complaint mechanisms. Finally, institutional arrangements are important to redefine the code and its rules.

Sethi (2003) stresses that the code of conduct must not be fixed in a particular time or situation, instead it is of importance that the codes can respond to changing conditions. As time, environment and the character of the involved actors are to be taken into account when determining whether a specific action is socially responsible or not the codes need to be applicable to different situations. De George (1995) states that on a global level the ethical behaviour varies from state to state, there are some basic ethical principles that are universal; however there are many ethically accepted values and behaviours that differ between countries.

In the global economy, supply chains can be quite complex with a company often having a large numbers of suppliers or one single supplier producing to several retailers, all with a range of different corporate codes to comply (Barrientos, 2002). One issue regarding im-

plementation is who stands for the cost of implementation of the codes. In the case of the codes applying for workers in the supply chain, generally, these costs can not be met by the supplier (Ascoly & Zeldenrust, 2002).

Various factors influence the development of a code such as: scope of issues, standards to evaluate corporate performance, effectiveness of implementation and management, level of transparency as well as resources devoted to training, monitoring and enforcement. It is common that codes are shaped from current industry trends or other external factors, the textile, clothing and footwear industry often emphasise on labour problems as for extractive industries as mining and forestry rather include addressing environmental issues when forming codes (Mamic, 2004).

Further, concerning labour and workplace standards, Mamic (2004) suggests that any code should at a minimum contain the following four categories of universal rights: Firstly, prohibitions against forced- and child labour (1), protection of freedom of association and collective bargaining (2), support of non-discrimination (3) and equal compensation (4). Sound economic and ethical reasons support the extension of the above mentioned categories and include other issues such as health and safety, hours and overtime, benefits and adherence to national law (Murray, 1998).

2.2.3 Motives for Corporate Codes of Conduct

Creating codes of conduct may be seen as an opportunity to build moral capital, improve ethical behaviour and gain both financial and economic benefits (Argadoña, 1994 in Doig & Wilson 1997). According to the European Commission (2004) there are various motives for corporations to adopt codes of conduct. Codes can function as an internal management tool to establish ethical standards, to influence global business partners or as a communication tool to inform consumers about the corporations' principles.

Corporations may as well use the creation of a code of conduct for short term benefits, as gaining a reputation for ethics and morality that does not necessarily correspond with the companies' behaviour in practice. Therefore, it is important to draw attention to that simply the existence of code of conduct can not function as a guarantee for moral behaviour (Argadoña, 1994 in Doig & Wilson 1997). This is as well stressed by the European Commission (2004) that point out that corporations may adopt codes of conduct as an immediate response to public pressure such as media, public authorities or consumer groups. Companies that depend heavily on their brand image, that is, are consumer sensitive; most likely adopt codes if importing goods from countries with poor legalisations laws or social standards to prevent criticism. Klein (2000) agrees, and stresses that the importance of brands and corporate reputations has increased; making corporations even more vulnerable to negative publicity.

Jenkins et al. (2002) points out that the debate whether codes of conduct function as a mean for positive development or for corporate marketing objectives is pointless. It is impossible to distinct the actual motives for the creation of the codes, however regardless of the motive behind the codes their plain existence opens up possibilities of improving working conditions in developing countries.

2.2.4 Implementation of Corporate Codes of Conduct

Nijhof, Cludts, Fisscher and Laan (2003) stresses that the challenge of implementing codes of conduct is to deal with the dynamics which have emerged from the formulation of the code; this demands a process of reflecting central values that exists in the code.

The implementation of codes of conduct does not *'take part in a social vacuum'* (Casell, Johnson and Smith, 1997 p. 1080). Therefore, it is important to realise that a certain contextual phenomena will influence the response to any code of conduct. Further, Casell et al. (1997) emphasise on the organisational context, pointing out that the behaviour of the corporation will not merely derive from the design and implementation of the codes of conduct, but as well from aspects of organisational context.

Mamic (2003) found various successful factors of implementation of codes of conduct. Firstly, the commitment of the top management when developing the vision of the code is an essential factor for further success in the realisation stage. Another important part of a successful realisation of corporate codes is education of managers and workers in that sense that they fully understand the content of the code and the implementation of it in the daily work. When regarding implementation of codes for the suppliers in developing countries, another important issue is the education of workers concerning labour rights; this applies especially when no trade unions either by law or practice exist (Ascoly & Zeldenrust, 2002).

According to Nijhof et al. (2003) the implementation of a code six factors are to be acknowledged. These include the identifying and removing barriers that hinders the company from taking responsible action(1), identifying what the company stand for (2) and analysing the organisational values and personal values within the company (3). Further, conforming employee behaviour to the organisational value (4) and monitoring (5) to determine to what extent behaviour complies these values and accountability, in order to include the conception of responsibility towards different stakeholders(6).

These six factors are not necessarily sequential; nonetheless, they separately contribute to responsible behaviour. If one of the factors is not fully carried out, the integration of the corporate codes of conduct is weaker. For the code to be implied and embedded in the daily procedure of the company, the organisation should use the corporate code of conduct as a starting point to manage these implementation procedures, to avoid the code from functioning as merely a document (Nijhof et al. 2003).

However, Mamic (2003) points out that managing codes of conducts is a complicated matter and there exists no universal method that can be applicable to all companies. When implementing the codes numerous management systems and procedures may be utilised. One important issue to decide is what department that should have the responsibility and how the integration with other departments should proceed.

Issues concerning monitoring and accountability are often subjects for discussion (Nijhof et al. 2003) and will therefore be deeper explained in sections 2.2.4.1 and 2.2.4.2.

2.2.4.1 Monitoring

To verify the enforcement of the code can be done through internal monitoring, hired monitoring; or independent monitoring. Internal monitoring might be carried out by the corporations' own employees; however this is often subject for objectivity and trustworthiness issues (Gooderham and Nordhaug, 2003). According to O'Rourke (2002) corpora-

tions that implement monitoring systems should let factory audits and auditing methodologies become public for transparency reasons; to be able to compare factories as well as monitoring procedures.

Ascoly and Zeldenrust (2002) state that the workers themselves must be somehow involved in the monitoring process, by off-site workers interviews or complaints systems, if not, information derived from the monitoring will lack credibility. Many rights that are stated on paper might not always be as easily followed. However, the effective monitoring of such rights may not be enforceable if not other rights such as the unionisation of workers exists at the factory (Dubinsky, 2002).

Further, Dubinsky (2002) discusses the risks of self-monitoring since manufacturers in reality profit from low labour costs. By them controlling the policing of working conditions of their contractors a risk of credibility exists. Self-monitoring also involves the risk of companies only including the 'first supplier' in their monitoring and disregard the whole supply chain (Ascoly & Zeldenrust, 2002).

Often the monitoring, enforcement and compliances elements of the codes are either insufficient or even non-existent. A great deal of the companies that have adopted corporate codes do not have independent monitoring of them, instead consultants reporting on the compliance usually work for the company in question, which not always provides a reliable result. The lack of sanctions of non-compliance is common and the implementation of the codes might lead to no actual effects (Wawryk, 2003). Sethi (2003) agrees and state that in the current manner that MNCs implement corporate codes of conduct result in loss of credibility due to the lack of transparency.

2.2.4.2 Accountability

Accountability refers to the process of the company communicating its implementation of the code to its stakeholders (Nijhof et al., 2003). Many MNCs produce their own "sustainability reports" as a standard practice including information about the environmental and social effects of their operations (Mamic, 2004). Self-reporting is today the most common method to ensure accountability, independent processes are perceived as very complex and are seldom used. Concerns about these internally conducted reports are that they might be incomplete, self-serving and unreliable (Logsdon & Wood, 2005).

Hence, demands for increased transparency and accountability have set off new reporting initiatives among different bodies of the society (Waddock, 2004). In 1997, UN together with private companies, NGO's and accounting firms started "*The Global Reporting Initiative*" (GRI). It aims at presenting guidelines for voluntary sustainability reporting. Standardized guidelines facilitate comparisons one year to another in order for companies to improve their performances (Brytting, 2005).

According to Gooderham and Nordhaug (2003) MNCs need to accept that they are to be held accountable for their impact on the local communities concerning economic and political development as well as their employees working conditions

2.3 Current Issues on Corporate Codes of Conduct

As initiatives regarding CSR are of voluntary nature today, many critics of globalisation and MNCs consider it important that these are complimented by some kind of guideline such as Global Compact and GRI (Waddock, 2004). Further, to develop applicable and effective

instruments for managing, auditing and reporting of compliance of adopted codes of conduct in the global supply chains is one challenge for the future (Blowfield, 2002). According to Payne, Raiborn & Askevik (1997) MNCs acting in different countries are confronted by different political, economic and cultural aspects when conducting their business, thereby emphasising the need for international guidelines.

Ascoly and Zeldenrust (2002) argue that the interplay between voluntary codes of conduct and public regulation is one topic that is in need of more attention. Regarding international binding regulations¹, there exists an understanding that the differences among MNCs and their different locations are inevitable and therefore the standards cannot be the same for each company and each location.

Hence, an international binding of regulations for standards on how to behave in international business contexts must be at a minimum level and additionally it is up to the managements of the MNCs to take their behaviour further on an ethical level (Payne et al., 1997). Murray (1998) states that the voluntary nature of the codes of conduct makes it possible to broaden the scope of the codes in comparison to binding regulations as this standard would be under the burden of political dilemmas, and result in a minimum of demands.

The disadvantages of international codes, voluntary or legally binding, are the difficulties to reach agreements among states. It is time consuming to conduct and once agreements are reached, it is not an easy task to monitor and control compliance (Payne et al., 1997). There exists a general opinion that prospectively, an international binding of codes is inevitable. However, this process is extensive and years will remain until we can see the results of this (Clapham, 2002 in Horn af Rantzien, 2003).

Corporate codes of conduct can merely function as a complement; thereby not replace national or international legislation or function as a substitute (Mamic, 2004). This point is strongly stressed by Jenkins (2001) *“Codes of conduct should be seen as an area of political contestation, not as a solution to the problems created by the globalisation of economic activity”* (Jenkins, 2001, p.7). Naomi Klein (2000) well-known critic of globalisation, states that:

“The bottom line is that corporate codes of conduct- whether drafted by individual companies or by groups of them, whether independently monitored mechanisms or useless pieces of paper- are not democratically controlled laws. Not even the toughest self-imposed code can put the multinationals in the position of submitting to collective outside authority (Klein, 2000, p.437)”.

Sethi (2003) points out that the problem is not the actual voluntary nature of codes of conduct, it lies on the responsibility of the MNCs and how they currently create and implement these codes. External pressure as well as the response of MNCs that are in advance concerning social responsibility issues may lead to a positive change. The implementation of corporate codes presents a paradox as it is ‘limiting the power of the entity that creates it’ (Mamic, 2004 p.36).

¹ Binding regulation: That the regulation is binding in legal terms and deviation from the regulation results in legal means such as fines or other penalties (Tunhammar, 2003).

3 Methodology and Method

This chapter presents our research approach and choice of method for the thesis. Further, a closer description of how the empirical study was conducted will be given with a justification of chosen informants. We conclude this chapter with a discussion and reflection of chosen method acknowledging critical aspects of the chosen study.

3.1 Research Approach

When conducting research, the assumptions of the world phenomena, that is, various ways one looks upon the world, influences the course of the work (Riley, Wood, Clark, Wilkie and Szivaz, 2000). As researchers we find it significant to clarify how we perceive reality and knowledge as our perceptions of these concepts, in line with above statement from Riley et al. (2000), will influence the study.

“Every production of knowledge which claims to be scientific, has to originate in the presumptions of ontological and epistemological nature, i.e. regarding the view upon the world (ontology) and the view upon knowledge (epistemology) (...) as a starting point” (Åsberg, 2000 p.1).

Ontology is the philosophical science of the perception of reality. When conducting an empirical study we already have predetermined views of reality. These will determine the frame of where knowledge is created and perceived meaningful. Two main distinctions exist within ontology; *idealism*, also referred to as subjectivism and *materialism*, also called objectivism (Åsberg, 2000).

According to Ritchie and Lewis (2003) materialism claims that material features and universal laws determine reality. Åsberg (2000) clarifies that materialism asserts that all existing is of physical, material and of objective nature. The approach asserts that reality exists regardless of human consciousness. In contrary, idealism states that no reality, independent of human consciousness, can exist. Ritchie and Lewis (2003) further state that idealism asserts that reality is merely acknowledged through the human mind.

As researchers we do not claim to be neither materialist nor idealists. However, we acknowledge that we strive towards creating an understanding of the studied subject rather than explaining it. Therefore, we are more likely influenced by a subjective view of reality than objective.

Åsberg (2000) states that epistemology is the philosophical teaching of the nature of knowledge, its elements and its validity. The science seeks to answer questions, such as: does an objective knowledge exists, is knowledge reliable and what is the foundation of knowledge? Opposing approaches within epistemology, such as rationalism (knowledge is based on common sense) and realism (there exists a reality independent from our consciousness) contradict empiricism (knowledge is based on observations) and idealism (our ideas are the primary source of knowledge). Amongst these various scientific approaches the main opposing stances within epistemology are the *positivistic* and *hermeneutic* approaches; these will be further discussed in the following section.

We acknowledge that there exist objective truths regarding natural science, however regarding social science; we find that truths are rather represented by a socially constructed reality.

The hermeneutic approach focuses on interpretation and seeks to reach an understanding of the researched subject (Nyström, 2002). In contrast to positivism, the hermeneutic ap-

proach does not imply that there is merely one universal truth. Positivism claims that methods of natural science, such as hypothesis testing are applicable for studying social science for conducting independent and objective research (Ritchie and Lewis, 2003).

As researchers we acknowledge that to understand the different viewpoints of corporate codes of conduct we need to recognise that the subject is open for individual interpretations rather than objective truths. We are aware of, in line with the hermeneutic approach, that the understanding we will reach will inevitably be influenced by our pre-understanding. We recognise that our values will influence our analysis of the different attitudes of corporate codes of conduct.

3.2 Method

3.2.1 Choice of Method

According to Åsberg (2000) one can not discuss a method as quantitative or qualitative. That is, a *method* or *procedure* of quantitative or qualitative nature is non-existing. However, data itself can be qualitative or quantitative.

The two terms are often categorised; the quantitative has its background in natural science where quantifiable observations are to explain causal connections. Qualitative, on the other hand, is rooted in humanistic science where the aim is to interpret and understand the gathered information. Often falsely; different scientific knowledge approaches are labelled the two terms, such as the positivistic belonging to the quantitative and hermeneutic belonging to the qualitative (Åsberg, 2000).

We thereby, in line with Åsberg (2000), find the distinction quantitative/qualitative method irrelevant. We will favourably discuss method for the study in terms of what method for data collection we have chosen.

In a study based on quantitative data, researchers rely on research tools to gather information objectively in search for one single truth and strive towards a width. In contrast, a study based on qualitative data strives towards a depth and relies on the skills of the researcher when performing for example interviews and observations (Riley et al., 2000). A research method for collecting this type of data is a subjective process as it assumes accepting varying interpretations of the reality (O'Leary, 2004). A study based on qualitative data is appropriate when the meanings and interpretations of the participants are essential to the research and the researcher needs to understand their experiences or identify the implementation of a certain matter (Lee, 1999).

As our purpose, is to identify and compare different viewpoints towards corporate codes of conduct demands an understanding from our part rather than predicting an outcome, we find that our study demands qualitative data rather than quantitative data. Thereby, qualitative data was gathered in order to conduct the empirical study of this thesis; how this data was gathered is further on explained in the following section.

3.2.2 Data Collection

There are various amounts of methods to use when gathering qualitative data for a study, including participant observations, interviews and questionnaires. The choice of gathering techniques depends on the topic, the number of participants and the involvement of the

researcher. Interviews are often said to provide a richness of data, this as long as the collected data is carefully interpreted (Riley et al., 2000).

To achieve our purpose, we distinguished two suitable means of collecting valuable information for our study. Firstly, by gathering primary data through interviews with respondents that could provide us with the viewpoints of specific chosen organisations. Secondly, information could be gathered from secondary data where attitudes of interest had already been summarised for other causes.

An interview can be completely unstructured, semi-structured or completely structured. A structured interview provides questions in a form of a verbally conducted questionnaire with fixed response options. In an unstructured interview there are no questions planned ahead, instead questions and issues emerge as the interview proceeds. Regarding a semi-structured interview approach, questions and targeted issues are predetermined but along the course of the interview the interviewer is free to ask additional questions or raise issues depending on the circumstances (Lee, 1999).

Throughout the study, interviews have been our main research method. We identified interviews as a method that allowed us to be flexible and that would provide us with in-depth information. As a semi-structured interview is more flexible we believed this approach was appropriate to our study. This type of interview would let us ask attendant questions, create a discussion with the respondent and perhaps ask questions not stated in the interview guide. Conducting an interview of this sort provided the opportunity to perform the interview as a dialogue, which served as an advantage when understanding and interpreting the respondents.

In addition to conducting interviews, we used secondary sources in order to gather supplementary information for the research and receive a more complete view of the different viewpoints. The secondary sources have been documents put together by some of the organisations concerning their attitudes towards CSR and Corporate Codes of Conduct.

3.3 Practical Aspects of the Study

Practical aspects of the study include evaluating primary and secondary sources, acknowledging the criteria on which informants are selected, introduce chosen *informants* and *respondents*², a clarification of how the analysis was conducted as well as a critical evaluation of the chosen method for the study.

3.3.1 Literature Study

We chose to approach the subject, corporate codes of conduct through an extensive search of information sources. This process provided us with relevant information with a dual purpose; firstly, simply for the sake of our own understanding of the subject and secondly, functioning as preparation for the interviews. Our literature study of previous research resulted in our frame of reference. The frame of reference functions as a knowledge base on the subject for the reader in order for the empirical findings and analysis to provide an enhanced comprehension. The frame of reference contains of literature and research con-

² We will consistently use *respondent* when discussing the interviewed person at the organisation and *informants* when discussing the organisations participating in the study.

cerning CSR and corporate codes of conduct mainly from recent years, assuring theories to be valid and up-to-date. Furthermore, we will use the frame of reference to analyse our empirical result.

The secondary sources included scientific journals retrieved from databases, literature and publications on codes of conduct, corporate codes of conduct and corporate social responsibility.

3.3.2 Criteria for Sample Selection

There are various methods to use in order to choose informants for a study. How researchers conduct the selections depend on the purpose of the study and the research method. Convenience sampling is one method; Riley et al. (2000) interpret this sampling method as choosing a sample that is available for, in our case, an interview and that meets the general parameter of the purpose of the study. Hence, convenience sampling is when the subjects are not randomly chosen but rather *purposively* chosen. This method is often used in research where one's aim is to create an understanding and often the subjects are not a sample at all since they are selected based on certain very distinct characteristics rather than a distribution of multiple characteristics.

As we wish to identify the viewpoints towards corporate codes of conduct of a few specific organisations our participants have been selected for this specific purpose. We therefore find it important to stress that we do not claim to generalise the result of this research to a broader population.

As for our selection of informants we identified organisations that could provide us with their viewpoint towards Corporate Codes of Conduct and CSR. For us, obvious criteria were organisations that had an explicit attitude towards the subject matter and are engaged or recently have been engaged in issues regarding CSR or corporate codes of conduct. The selection for the government's view was self-evident as only one division within the government operates with these questions. As for the non-governmental organisation's viewpoint we required a well-known, generally accepted organisation with broad experience and knowledge that is reflected in the attitudes. Regarding the business society, we required a well-known MNC with experience from implementing a code of conduct and working with CSR, and thereby had experience in the subject and could provide us with a more practical view. In addition, we included an organisation that would provide us with a more general perspective of the business society and thereby representing a more abstract view.

As for the choice of participants for the interviews, respondents with great knowledge in the subject were valuable for the study. Another aspect to consider was the organisational position of the respondent; and thereby their ability to give a righteous view of the organisations perspective towards corporate codes of conduct.

3.3.3 Selection of Informants

In accordance to our above stated criteria, the following selection of informants and respondents were chosen. Hence, a short introduction of the organisation is hereby presented.

The Government's Viewpoint

The Swedish Partnership for Global Responsibility (SPGR): The viewpoint of the government was received by interviewing Elenore Kanter, Desk Officer at the secretariat of the governmental initiative the Swedish Partnership for Global Responsibility (“Globalt Ansvar”) under the Ministry for Foreign Affairs. SPGR is developed to facilitate for Swedish companies working with CSR related issues; human rights, poor working conditions, corruption and environmental aspects. Kanter has been employed at SPGR since the start two years ago and has great knowledge in CSR related issues.

Date for telephone interview: 2005-12-06

The Non-Governmental Organisation's Viewpoint

Amnesty Business Group (ABG): To receive the viewpoint of a non-governmental organisation we chose to interview Emma Ihre, project leader at Amnesty Business Group. The work of ABG involves influencing and educating Swedish companies to take social responsibility by respecting and protecting human rights in all the countries they act. ABG was preferably chosen as it is a well known organisation with extensive experience in this type of questions. ABG is partly financed by the companies that they cooperate with through a membership fee.

Date for interview: 2005-11-16

The Business Society's Viewpoint

Confederation of Swedish Enterprise (CSE): As the Confederation of Swedish Enterprise (“Svenskt Näringsliv”) refers to be the representative for Swedish companies; we believe to receive an attitude representing a great number of companies in Sweden; the business society. We came across a document written and published by CSE presenting its attitude towards CSR and Corporate Codes of Conduct. Hence, we did not perform an interview with CSE.

The International Council of Swedish Industry (ICSI): Further, we chose the International Council of Swedish Industry (“Näringslivets Internationella Råd”). In addition to CSE's attitudes we chose to interview Åke Magnusson, the CEO of ICSI. We motivate this choice with the fact that ICSI is sponsored by the Confederation of Swedish Enterprise and acts in close relation with companies representing a great share of Sweden's foreign trade and investments. Furthermore, Magnusson has great experience in questions regarding the subject matter, and we acknowledge that his participation is of value for our study.

Date for interview: 2005-11-15

Hennes & Mauritz (H&M): We strived towards including the viewpoint of a Swedish multinational company in the discussion of corporate codes of conduct. We chose to interview Karolina Dubowicz, responsible for communication and information at the CSR department. The company corresponds to our demand of a multinational company which has formulated their own corporate code of conduct and work actively with them. H&M is an established MNC and has often been in focus in the debate concerning CSR and corporate codes of conduct; thereby we find it interesting to include H&M in our study.

Date for interview: 2005-11-16

3.3.4 The Interviews

As the interviews were conducted with a semi-structured approach; this gave the opportunity to ask follow-up questions that favourably provided more detailed information. Pre-determined questions were gathered into an interview guide (see Appendix 2) that functioned as a guideline throughout the interview. We chose to conduct a separate interview guide for H&M; with additional questions to examine their practical experiences of implementing a corporate code of conduct (see Appendix 3). However, although following the interview guide, due to different attendant questions, the interviews were inevitable not identical. Further, the interviews were conducted in Swedish, although the questions have been translated into English and can be found, following the Swedish version, in Appendix 2 and 3.

When the interviews were booked, we offered the informants the possibility to be sent the questions posed in the interview guide. This was to be able to prepare the respondent on topics and questions that were to be discussed during the interview. In order to avoid misinterpretations one essential part was the interview questions, more specifically, the manner that they were conducted. In order to receive a satisfying result it was important that the questions were easy to interpret, unbiased and conducted to create a discussion.

All interviews were conducted in person except one that was conducted as a telephone interview due to time limit. All the interviews lasted between 20 minutes to 1 ½ hour, and were recorded with the permission of the respondent. This gave us the opportunity to transliterate the interviews in detail. Further, the respondents were given the opportunity to read through the reproduced interview, providing the chance to correct possible misinterpretations or make clarifications.

3.3.5 Data Analysis

The analysis of the empirical findings was conducted by comparing the various viewpoints with the frame of reference as a foundation. We strived towards an emphasis on the various corresponding and contradicting aspects as well as focusing on existing parallels between the attitudes. In addition to the comparison between the frame of reference and the empirical findings, we present our own interpretations, however this is clearly pointed out to avoid confusion. We acknowledge, in line with the hermeneutic influences on our study that these interpretations are influenced by our previous understanding and perception of the subject.

When analysing the empirical result we made use of the theoretical knowledge studied and summarized in the frame of reference, consequently the interpretation will be logically followed from the frame of reference. For the interpretation to be valid it is necessary that also the theory is valid (Kvale, 1996). Hence, we have carefully and critically chosen references in the sense that they should be relevant and credible.

3.4 Evaluation of Chosen Method

Trustworthiness is an important issue to discuss when conducting a study. When interpreting data that is of qualitative nature, it is difficult to define this type of data as reliable or valid. There are various ways of how to define trustworthiness in such a study. According to Lee (1999) the credibility of a study with qualitative data is to what degree the subject matter is accurately and completely identified and reported. According to Kvale (1996)

credibility is mainly depending on the researcher and whether he/she is examining, questioning and theoretically interpreting the findings throughout the whole research process.

In order to achieve trustworthiness we strived towards providing such an extensive explanation of how the study was conducted as possible. The interview-guide is found in Appendix 2 and 3 for the reader to take part of. This was done in order for a possible reproduction of the study.

The viewpoints of corporate codes of conduct are not obvious. In contrary, this matter may be perceived differently depending on the respondents' values. Our anticipation was to provide these perceptions in an objective matter. However, in line with hermeneutic influences we are aware of that our knowledge and values will influence the interpretations of the respondent and his/ her answers and statements.

For the trustworthiness of the study, the interviews have been conducted in a semi-structured manner in order to provide a discussion rather than an inactive dialogue. We believe that using this interview method increases the quality of the interview from the respondents as they have a possibility to explain, clarify and develop their answers and statements. Further, we provided the respondents the opportunity to read through the reproduced interview in order to make changes and further clarifications. During the interview we made sure to keep to the subject and to clarify definitions to make sure the respondent had the same definitions about terminology as used in the interview-guide, this was necessary for an accurately interpretation and understanding of the findings.

When performing interviews, it is important to be aware of the respondents' subjectivity (Riley et al., 2000). We are as well aware of the possible disadvantage of interviewing a person within an organisation. Certainly this person is subjective in that sense he/she has his/her own private opinions about the discussed topic, and this might reflect the statements done in the interview. Therefore, we took caution and evaluated the interviews, both during and afterwards. Further, we posed ourselves questions about what factors could have led to the respondent answering a question in a certain way or making a certain statement. Consequently, we strived towards describing the empirical results from the respondents' point of view³ and through as rich descriptions as possible.

³ In the Empirical Findings Chapter we refer statements of the respondents as being equivalent to the viewpoints of the organisations that they represent.

4 Empirical Findings

The empirical findings present the government's, the non-governmental organisation's and the business society's viewpoints. The Chapter is presented by structuring the various viewpoints under the headlines Corporate Social Responsibility, Corporate Codes of Conduct and Current Issues on Corporate Codes of Conduct. As our purpose is dual, to both identify and compare, therefore in the manner that it is defined, the empirical study is connected to the first part of the purpose, to identify the viewpoints.

4.1 The Government's Viewpoint

4.1.1 The Swedish Partnership for Global Responsibility

Elenore Kanter, Desk Officer at The Swedish Partnership for Global Responsibility (SPGR), '*Globalt Ansvar*' explains that SPGR is a secretariat under the Foreign Ministry. This initiative was first taken in 2002 by the prime minister in collaboration with at that time the minister of commerce, the minister for development assistance and the minister of foreign affairs. This initiative commenced by inviting Swedish companies to join the government in working with global questions regarding sustainable development. SPGR support OECD's guidelines and the ten principles in UN Global Compact.

Kanter stresses that the main objective for SPGR is to focus on stimulating knowledge and the exchange of experiences amongst companies. This is done by seminars where various experts are invited, workshops and education concerning certain issues. Even though when reading through the guidelines of OECD or Global Compacts principles they seem understandable, however, practical aspects such as implementation are often complex. SPGR shall therefore function as a link of existing competence regarding CSR.

Kanter believes that the government is able to influence companies by being clear of what is expected of Swedish companies, to live up to the standards of the OECD's guidelines and the ten principles stated in UN's Global Compact. The government's role is to create awareness by holding in seminars and meet with companies to put these issues on their agenda as well as stimulate how these issues and problems concerning CSR are to be solved practically.

4.1.1.1 Corporate Social Responsibility

Kanter expresses that MNCs play a large role in the countries where they operate, especially when operating in developing countries. Mainly because the corporations conduct business in these countries and this creates development, tax income, increased employment and the transfer of both knowledge and technology. One can identify many important spin-off effects of trade amongst countries as well as investments in developing countries.

Many developing countries are strained by troubles regarding environmental matters, human rights or corruption, or perhaps, all at once. Often this lies in, not the actual lack of regulations but perhaps not possessing the capacity or will to secure its compliance. In these cases, SPGR believes that it is important that Swedish companies take social responsibility and make sure that they do not violate fundamental norms. In most cases, these are included in the country's national regulations, however on occasion; this responsibility exceeds national laws and regulations.

Kanter expresses that it is unlikely to be able to implement Swedish standards in for example Pakistan, Bangladesh, India or China. However, one should be able to respect fundamental rights regardless of what country one operates in. From SPGR's point of view, the objective with working with CSR should be to establish a proper minimum level regarding these issues.

4.1.1.2 Corporate Codes of Conduct

SPGR believes that it is important for companies to find methods in how to take social responsibility; this might often be through the formation of corporate codes of conduct or company policies. However, it is important that the company locates a model that suits the company, as there is no universal model that guarantees success. All in all, it is not the actual creation of codes themselves that are of importance, it is rather the realisation and results of the codes.

Kanter mentions that the creation of OECDs guidelines and Global Compact's principles has helped to define what matters are of importance regarding CSR as well as functioning as foundations for further efforts. Kanter expresses that:

“It is important that companies do not need to create their ‘own ethic’.”

Already existing guidelines function as a support when creating corporate codes of conduct and to understand the international minimum standards and what is expected to companies.

The companies' motives behind an implementation of codes of conduct vary. It could be based on the will of controlling ones business and the social and environmental effects of them. Corporate codes can be formed to identify a common starting point for a company, to put on paper that “this is how we operate” and to initiate a discussion with suppliers and business partners.

The implementation of corporate codes of conduct is connected to the actual company and its environment. Kanter points out that there exists a great deal of competence within the companies, and that they are ‘experts’, not merely regarding their own business activities but as well the business environment that surrounds them. Nonetheless, these matters are not to be solved in a couple of days, it takes rather years to come to terms with these complex questions. Kanter emphasises that the challenge lies in how to manage these questions, and it is of importance that companies take on a modest approach and strive towards being explicit in what they wish to achieve by working with corporate codes of conduct.

It is of significance to focus on implementation and to provide information about one's work through reports. Kanter mentions that there is no need for an obligation to conduct reports as the expectations of companies to provide reports today are high. Regarding compliance and external control, it is important for the company to focus on what change one is striving towards and how to best achieve this change. Control is a part of this; however, problems are not solved through control but rather by focusing on increasing awareness, creating incitements for companies and by sharing experience regarding these issues.

Kanter states that the content of the corporate codes of conduct depends on the company. In some sectors, perhaps emphasis should be put on environmental issues while in others, human rights issues and working conditions are of larger significance. There may as well be differences in various geographical regions. Companies that wish to conduct corporate codes of conduct need to analyse and evaluate their own business and how it affects social

and environmental issues and thereby identify what actions of influence can be taken. This is often mentioned as the companies' sphere of influence, which implies that companies are to influence in the extent possible. One important aspect is the involvement from the management level; it is of relevance that corporate codes of conduct are prioritised for the organisation to truly acknowledge these questions.

4.1.1.3 Current Issues on Corporate Codes of Conduct

Kanter both hopes and believes that companies will take a greater social responsibility in the future as companies realise the positive effects of managing these issues. With an increased knowledge regarding these issues the company can as well minimise social- and environmental risks. Another aspect is the competitive advantage that companies might experience, the workforce of the new generation have new demands on companies.

Kanter believes that large Swedish MNCs that are brand sensitive and operate in consumer markets and companies that operate in an industry where a historical affect on society and environment exists, have come quite far regarding codes of conduct and CSR. However, Kanter further believes that there exist various small and medium sized MNCs that are, and although operating internationally are overlooked in the CSR debate. The demands for increased social responsibility may not reach SMEs or companies that are not brand sensitive. An increased amount of companies should be able to identify and work with these questions.

Further, Kanter states that the discussion concerning codes of conduct should merely not focus on the binding versus non-binding of regulations. The difficulty does not lie in the lack of existing legal regulations but rather that countries fail to live up to current regulations. Today, there exists legal aspects of CSR; often these aspects are stated in national laws. Regarding international binding regulations, Kanter expresses the difficulties in the process of creation. This process would be complex, require a lot of time and the result would most likely end up being a minimum standard, perhaps not making a significant difference from today. Therefore, a binding of regulations regarding CSR is a matter that is difficult to foresee within the coming years while voluntary work will play an important role a long time to come.

4.2 The Non- Governmental Organisation's Viewpoint

4.2.1 Amnesty Business Group

Emma Ihre, project leader at Amnesty Business Group (ABG) explains that ABG was established in 2000, and is a special division of Amnesty International. ABG's target group is companies engaging in international activity, today ABG works together with 100 large Swedish companies in areas regarding human rights. The organisation's aim is that no Swedish company should violate human rights as a result of unwillingness or lack of knowledge.

4.2.1.1 Corporate Social Responsibility

ABG acknowledges that companies' primary purpose is business. However, they believe there is a risk of violating human rights when conducting business, particularly in international contexts. When interacting with countries or companies abroad that violates human rights there is a risk as well for the Swedish company to violate these rights.

Further, ABG acknowledges that the primary role of companies in the society is to produce goods and services. However, when conducting their business they should, obviously, keep within international law. Ihre points out that one aspect of making companies aware of the responsibility of their actions is to influence the public opinion and consequently the companies' opinion. If ABG educates the public in the subject, pressure and demand from investors and customers on companies will increase and thereby companies will be forced to take increased responsibility for their actions.

According to ABG when discussing companies and human rights it is important to consider countries and industries separately. Some issues concerning human rights are evident everywhere, however, the risk of violating human rights at different place varies a great deal. Ihre exemplifies that a company in the IT industry and a company in the textile industry might risk violating different aspects of human rights. They also have different opportunities to influence. Nevertheless, ABG has the opinion that regardless the positive consequences of companies' activities the risk of violating human rights should not be neglected.

ABG does not consider the motives behind CSR activities to be the most significant, hence the essential is *that* the company engages in social responsibility and not *why*. According to Ihre, companies increased attention given to CSR is much depending on that media has to a large extent raised these questions. Companies are anxious about issues that may damage their brand as negative publicity might repel customers, investors and competent employees. Not engaging in CSR will result in costs for the company in the form of brand damage and eventually also legal costs.

4.2.1.2 Corporate Codes of Conduct

Ihre's impression is that the reason companies introduce codes of conduct in their organisation is a consequence of the external pressure from consumers, investors, shareholders as well as to attract and keep skilled employees. The fact that media choose to discuss issues that consumers can relate to; external pressure has a great impact on companies directing their products or services directly towards consumers.

Further, ABG acknowledges that the international guidelines have facilitated companies' engagement in CSR and development of the codes of conduct. According to ABG, all MNCs should have a corporate code of conduct that is adapted to the companies' activities. The company should decide the content based on the industry and the country in which it operates along with favourably utilising UN-norms as a foundation and benchmark.

ABG stresses the importance of the corporate codes of conduct being a management decision.

“The first step is by formulating a policy (...) management should sign this policy, which is a simple and explicit step to begin with. “

Furthermore it is necessary for the codes to permeate the whole organisation and be integrated throughout every division. Ihre continues by stating that education and information is essential, everyone concerned or affected needs to be informed about the content and meaning of the codes, especially the company's employees and business partners.

Ihre states that monitoring and reporting of compliance is important and should be well managed and systematically conducted. Necessary is a systematic follow-up of the compliance, preferably monitoring should be conducted by an independent body. Finally, the

company should according to ABG openly report to the public about its code. Including whether or not the terms have been met, the eventual reasons for why they might not have been complied and in that case how the company plans to attend to this. ABG further believes that the codes of conduct and work regarding them should favourably be implemented in the annual report.

4.2.1.3 Current Issues on Corporate Codes of Conduct

One danger Ihre distinguishes is that less customer oriented companies without strong brands might escape the responsibility. Companies with strong brands are more likely to be investigated and are often punished, even if engaging a great deal in CSR activities. This is one reason for why ABG is positive towards binding regulations, to force companies over certain limit, a minimum of demands.

Ihre has the impression that companies that are engaged in CSR activities often perceive being punished in media for ‘not doing enough’. These companies are often positive to the binding of regulations and reporting initiatives. Ihre believes that these companies would benefit from this since they have already made investments and would pass the minimum levels that a binding regulation if realised would involve. Companies that are against a binding regulation Ihre believes are companies that do not see human rights and CSR as included in their business at all.

Without binding regulations, companies with the largest market and greatest communication skills will receive most credit for their engagement. Additionally, companies with a direct consumer contact meet more external pressure than others and to a greater extent meet this pressure by implementing codes of conduct. Ihre clarifies:

“With binding regulations, all sorts of companies need to attain a certain level, not only those exposed in media.”

However, the content of the regulations has to be adjusted to the specific industry and country of companies. All policies should not involve the same areas, simply what is relevant for the company. For certain companies there are no risk of child workers for example and therefore ABG do not see the need for that company to control that specific area.

ABG would also like to see some sort of regulated reporting system, that a company has to demonstrate whether they consider human rights or not, whether they have a policy on this subject or not. ABG suggest this to be included in the annual report or some other yearly continuous publication and hopefully result in an increased focus on companies not taking responsibility.

Ihre believes companies will take further social responsibility in the future- stakeholders will demand it. Not engaging in social responsibility will damage the brand, leading to negative consequences. Regarding codes of conduct that concerns suppliers of a company she mentions that collaboration between MNCs within the same industry is a possible progress. It would simplify the whole progress if several companies have equal demands on a common supplier.

4.3 The Business Society's Viewpoint

4.3.1 The Confederation of Swedish Enterprise

Svenskt Näringsliv, The Confederation of Swedish Enterprise (CSE) is a pro-business interest organisation that is representing about 55 000 Swedish companies. Their long-term goal is to “do everything in its power to help Sweden reclaim a top position in the international prosperity league”. Issues that CSE focuses on involves strengthen the value and importance of companies, ensure fair and open competition, create a growing and flexible labour market and to liberalise the Swedish economy and lower taxes (Svenskt Näringsliv, 2004).

4.3.1.1 Corporate Social Responsibility

CSE's attitude towards CSR is that a company's responsibility involves their own business activities and their employees; therefore taking a greater responsibility should be the company's own decision. Furthermore, CSE considers that companies play a direct as well as an indirect role in relation to the issues of CSR. A company has a direct responsibility to ensure labour rights and protect the environment. Indirectly, the activities of a company have impact on the society as they contribute to the economic development (Norén, Bendrot, Laurent, Nyberg, Strömdahl, & Thorsen-Lind, 2004).

CSE acknowledges CSR to be a global issue. It is of primary relevance in countries where the national law does not include fundamental international recognised and established values related to business. In practice, it concerns developing countries and certain newly industrialized countries. Hence, CSE's opinion is that engagement in CSR should be voluntary for companies and should be based on the specific company's ambition (Norén et al., 2004).

4.3.1.2 Corporate Codes of Conduct

CSE does not consider any method of engaging in CSR to be superior. Each company should decide what issues and methods are most relevant for one's organisation. It is up to the company to decide whether they should adopt a code of conduct or not. CSE state:

“Each company is entitled to form their own method of working with CSR”⁴

If implementing a code, CSE considers it important to inform and gain approval for the CSR issues amongst all employees. Furthermore, it should always be the management that is responsible for the CSR engagement (Norén et al., 2004).

CSE claims that a company's brand strategy is of large significance today, in fact for many companies, it is a matter of competition and survival. More frequently, companies develop corporate codes of conduct to guarantee that also suppliers and subcontractors follow the standards of the company in order to reduce risks of brand damage (Norén et al., 2004).

CSE states that if a company decides to implement a code of conduct it is important not to include more issues than what is relevant for its business. It is preferable to start in a small scale in order for all issues included to be achieved. Further, if a company wants to outline a code of conduct based on international guidelines as a foundation, CSE mentions that it

⁴ Norén et al., 2004, p.21

is important that the company states that it *supports* the ten principles in Global Compact rather than state that it *fulfils* the principles (Norén et al., 2004).

4.3.1.3 Current Issues on Corporate Codes of Conduct

CSE points out that a company should first of all follow national law. Discussions regarding binding regulations for MNCs are according to CSE rarely well thought-out. CSE does not consider the MNCs to be the greatest issue in the violation of human rights and other fundamental values, often local actors and governments are of larger concern. Binding regulations must be clear and precise and be within a limit of the company's possibility to influence the situation. As it is today CSE does not consider any convention or declarations regarding CSR to be possible to meet the demands of binding regulations for MNCs (Norén et al., 2004).

Hence, CSE states that in the near future binding regulations should favourably be on a national level. International conventions regarding binding regulations for MNCs should be included in the national law of the affiliated countries. CSE believes that binding regulations for MNCs do not solve the problem concerning human rights and other fundamental values (Norén et al., 2004).

CSE is of the opinion that CSR has to be a long-term process. Signing conventions will not lead to any change, it is therefore important with concrete solutions. Hence, CSE considers it important that each company takes its own position towards CSR based on its specific conditions and further develop there own solutions in the subject (Norén et al., 2004).

4.3.2 The International Council of Swedish Industry

Åke Magnusson, CEO of the International Council of Swedish Industry (ICSI) "*Näringslivets Internationella Råd*", a subsidiary of CSE has recently run a CSR project within ICSI. The project involved activities and seminars aimed for and together with Swedish companies; it also resulted in a number of books in the CSR matter. Its purpose is to contribute to providing new business opportunities overseas, often in a long term-perspective.

4.3.2.1 Corporate Social Responsibility

Magnusson states that companies' main task in the society is to produce goods and services. Furthermore, that the business activities should be carried out under decent conditions and companies should have a perspective of sustainable development. Magnusson points out that in some developing countries, the situation is different, where often working conditions might violate universal rules.

"If operating in such an environment it implies taking greater social responsibility, regardless of the company's willingness or unwillingness towards this."

Magnusson believes that the increased interest in and the trend of companies engaging in CSR activities is a natural development. In line with Maslow's theory of needs; when people have reached their basic and materiel needs, it is a natural step to become devoted to issues regarding culture, environment and relations. Another reason is the higher education levels which often are related to a more humanistic view of human being. Furthermore, he distinguishes two additional reasons that explain the increase in social responsibility. Firstly, the care of the company's trademark; most consumers and investors will not interact with a

company with poor reputation. Secondly, companies engage in CSR to keep and attract skilled and motivated personnel.

4.3.2.2 Corporate Codes of Conduct

Magnusson argues that codes of conduct should be relatively short and relevant to be effective. Therefore, selecting parts from international guidelines might be significant for a company in order to develop appropriate corporate codes of conduct for its specific business. In general, Magnusson believes that companies prefer to develop their own codes and use “Global Compact”, OECD or ILO as foundations. This might however be an intention from the company, in order to avoid issues that are difficult to apply instead they might simply include issues easy to comply and control. Magnusson distinguishes a danger in this as important issues risk being neglected.

He also stresses the importance of codes of conduct to be defined by the management and the board as well as accepted by all employees. Not until these parties have agreed on what needs to be done to increase social responsibility it can lead to a significant change.

Magnusson believes that the international initiatives might have been one reason for companies starting implementing codes of conduct in their businesses. Other motives might be the debate in media as well as pressure from labour unions, governmental initiatives, national law and investors. He further believes there are companies where the codes of conduct merely are implemented as a purpose of marketing, these codes often seem attractive but they are not integrated in the whole organisation and not every employee is aware of its existence. The first initiative might have come as an answer after being discussed in media.

Magnusson mentions that other companies take a more determined approach in terms of brand strategy. Generally, people wish to work for a company that they perceive as decent, appreciate its working conditions and reputation. Especially, most Swedish companies recognise the importance of motivated employees. If the employees find the working place satisfying, this will also reflect in increased productivity.

For codes of conduct to be accountable, Magnusson considers that there is a need of some kind of evaluation and reporting. The trustworthiness of internal control and reporting might however be questioned and there is also risk of becoming blind to defects in one’s work. Perhaps even an external independent body to perform evaluations might become a necessity if the codes of conduct should not to be perceived from the public as simply a marketing tool. Nevertheless, external control is a complex problem where it is difficult to gather enough information for it to be valuable, would have to be a mix of investors, managers and owners.

4.3.2.3 Current Issues on Corporate Codes of Conduct

Magnusson believes more companies will see the benefits of informing stakeholders that they understand importance of social responsibility and one mean to that is to develop a code of conduct. He acknowledges “Global Compact” as a possible method for further CSR engagement. The significant part of “Global Compact” is that it is a company’s effort to improve; it is therefore possible for companies to join “Global Compact” even though their level of CSR engagement is relatively low. Furthermore, Magnusson discusses some type of reporting might also be necessary in the development of CSR.

Magnusson believes companies on one hand is focused on conducting business, but on the other hand want to conduct this business in a respectable manner. Joining for example

“Global Compact” as well as having a corporate code of conduct is one approach to demonstrate one’s engagement in CSR. Most companies would appreciate a code or guideline that summaries the most fundamental values as this would solve both internal and medial problems. Magnusson believes that Global Compact might be a step towards binding regulations. As it is now Global Compact is appealing to companies to take social responsibility, but if the effects of this initiative are poor, a potential binding of regulations might be necessary.

Magnusson states that one argument for binding regulations of CSR is that it would become clearer for companies what is expected of them. Furthermore, it would result in a neutralised competition between companies that already engage in CSR and companies that do not. Nevertheless, the supervising of binding regulations is problematic. If not all companies will be controlled regarding compliance of the regulations, measures become distorted. If there would be a realization of binding regulations the demands will be a minimum. Therefore, Magnusson believes that the actual effects on Swedish companies working with CSR issues would be minimal as often these companies exceed the minimum demands that a binding regulation would result in.

4.3.3 Hennes & Mauritz

H&M is a strongly expanding multinational company that has about 700 independent suppliers in Asia and Europe from which they buy its goods (Hennes & Mauritz, 2004). The company implemented its corporate code of conduct 1997 and has since then developed its engagement in CSR gradually; today the company includes social responsibility in its company profile.

4.3.3.1 Corporate Social Responsibility

H&M’s business concept is “fashion and quality at the best price”. However, even though their main task is to provide fashion and quality they also feel it significant as a MNC to take responsibility for all their actions. They state that they have a responsibility to make sure that no one who contributes to their success is deprived of his or hers human rights or suffers any harm (Hennes & Mauritz, 2004).

H&M further believes that within its area of involvement it is able to take part in a positive development in the countries in which it functions. H&M states that working with CSR is a natural choice since many of its suppliers are situated in developing countries.

4.3.3.2 Corporate Codes of Conduct

In order to make its standpoint regarding CSR clear to its stakeholders H&M has set up a code of conduct. The code of conduct is aimed for H&M’s suppliers and their subcontractors to follow. H&M’s general rule is that their suppliers should follow national law in the countries that they operate in (Hennes & Mauritz, 2004). In ideal cases, as Dubowicz points out, there is a government, workers unions and so forth, however this does not always function properly in all countries where the production is held. Therefore, H&M’s reason for the implementation of the code of conduct is as Dubowicz states that:

“In some countries where H&M operates, the ‘normal structures’ are at times not functioning properly. Therefore, buyers have taken on a greater responsibility.”

Hence, the code has been implemented in lack of satisfying conditions. The code was developed internally; however, it is based upon the ILO convention and “the UN convention on the rights of the child”. It contains demands of decent working conditions and labour rights.

H&M support OECD, Global Compact and other international guidelines and Dubowicz states that the creation of these has led to an increased awareness in general of human rights and CSR. Dubowicz also emphasise that H&M values that many actors are involved in questions regarding CSR. H&M both cooperates as well as is observed by NGOs. Cooperation with NGOs are various as H&M both engage in NGOs on a local level as well as larger organisations such as UNICEF.

H&M aims for the code of conduct to be completely integrated with its business operations. The importance of code of conduct issues should be reflected in everyday decisions as well as in strategic decisions. H&M coordinates the implementation of the code of conduct from its CSR department in Stockholm. According to Dubowicz there exists a risk of conflicts between different departments within the organisation when implementing CSR activities, although this is rarely occurring. However, Dubowicz believes that this friction to some extent is “inevitable” and at times even positive since different issues are considered and put focus on. The CSR department has one focus, while the company’s primary purpose is its business idea to provide “fashion and quality to the right price” Nonetheless, Dubowicz expresses that

“At the same time, within the definition of quality, lies not merely the product itself, but also the manufacturing process”.

H&M works however to decrease this friction amongst interests within the organisation.

Most of the practical work with the codes is mainly carried out abroad at the production offices. The compliance of the code should be maintained through effective management systems. The monitoring of the codes is carried out by local inspectors that work at the production offices. When signing an agreement with a new supplier firstly an auditing of the factory is performed. If the factory gains approval of H&M, the supplier is to sign a compliance commitment contract. Audits are carried out through interviews with management and workers, review of documents, inspection of the factory as well as a closing meeting where results are discussed with the supplier.

The audit results are thereafter reported both to the local H&M office as well as to the CSR department in Stockholm (Hennes & Mauritz, 2004). Dubowicz stresses that the code is very much a reality in production and integrated in business activity as the supplier has be approved through audits before any agreements can be established. The working conditions today are still not satisfying in all factories producing for H&M; however, Dubowicz implies that since H&M began working with these issues extensive improvements can be identified. Improvements, such as lightning, temperature, toilets, security issues and payments have enhanced overall working conditions.

The implementation of a code of conduct as well as other CSR related issues has resulted in both positive and negative media attention on H&M. In 1997, when H&M had just begun working with these questions, a documentary⁵ was shown that resulted in negative publicity for H&M. However, Dubowicz stresses that media functions in a certain manner-

⁵ “Hennes & Mauritz: Senaste mode –till vilket pris?” produced by C. Zadig

there are seldom articles describing that H&M actually has come quite far regarding these issues but H&M is often brought up when discussing the textile industry in Sweden. All in all, Dubowicz mentions that one can identify that the process has matured amongst these issues; other discussions are brought up than before. The tendency of looking upon these issues as black or white has changed towards a realisation of the complexity of these questions.

4.3.3.3 Current Issues on Corporate Codes of Conduct

H&M are neither for nor against a binding regulation of codes of conducts. However, Dubowicz mentions that an increased international cooperation would lead to increased efficiency regarding CSR issues. An international binding regulation is rather complex to carry out; one alternative might be a common code within the same industry, in H&Ms case- the textile industry. For practical reasons; this would presumably be favourable as the codes effectiveness and impact would perhaps be larger in comparison to today. One difficulty is that often there are many buyers with the same suppliers- resulting in that the supplier has to conduct oneself to various codes. The codes might not differ from each other as they are based on the same core conventions, but still, this leads to inflexibility for both parties involved. However, H&M believes that its current voluntary work with CSR is quite satisfying.

As the contents of the various codes are often similar and broad to their nature, stating basic matters such as the right to unionise and fundamental rights, a common code is a possible outcome, yet still a complex issue. There has for example been discussion whether a common code for Bangladesh is possible, although, even at this level various factors result in the procedure being hard to agree upon- imagine the difficulties that arises in negotiating a global binding standard, Dubowicz points out.

5 Analysis

In this chapter the government's, the non-governmental organisation's and the business society's viewpoints is analysed by a comparison of the various viewpoints as well as a comparison of the viewpoints in relation theory presented in the frame of reference. Emphasis is put on identifying contradictions, collaborations and drawing parallels between the viewpoints as well as contribute with own interpretations. To clarify the main points a short summary is given after each section.

5.1 Corporate Social Responsibility

Discussions about CSR and MNCs often involve what role a company should have and how far its responsibility should reach. All informants involved in this study agree that a company's main role in the society is to produce services and goods to the public community. This is in line with the traditional view of a company's role stressed by Friedman (1972). However, the informants acknowledge that companies should extend their role in the society by engaging in social responsibility. Furthermore, Henderson (2002) as a critique towards CSR expresses that taking a general responsibility in the society affects the profitability negatively and therefore companies should have a responsibility merely towards its shareholders. We recognise that most research however, points towards engagement of CSR leading to positive consequences; few negative voices are present in the CSR discussion. This might be a consequence of the general view of CSR engagement being well accepted in society. As the view on CSR issues often are seen as ethical correct, one might avoid expressing criticism towards this subject. Who would admit being non-ethical?

The informants' opinions regarding CSR do not differ extensively. They believe CSR is an issue that a company needs to consider. However, the informants discuss the issue in different aspects. The Swedish Partnership for Global Responsibility (SPGR) believes that it is at times necessary for an MNC to take its responsibility further than what national laws requires, especially in many developing countries.

The International Council of Swedish Industry (ICSI) and Confederation of Swedish Enterprises (CSE) agree and state that MNCs should take a greater responsibility in developing countries than what might be required in a developed country. H&M, as an MNC acting in developing countries, identifies its responsibility to guarantee human rights and the safety of all involved in the company's business activity. Amnesty Business Group (ABG) believes all MNCs must take their responsibility whenever there is a risk of violating human rights. Further, SPGR emphasises that Swedish MNCs play a significant role in countries where they operate, especially in developing countries where they can contribute to increase the overall development of the country.

All above stated attitudes towards CSR reflect the increased attention given to CSR in line with Van Luijk (2000) that states that social responsibility is almost a requirement in today's business environment.

Although, all informants in this study state that CSR is an important element in a company's business, the reasons for this opinion varies. We believe that H&M, ICSI and CSE from the business society's viewpoint have acknowledged the benefits for a company of engaging in CSR in terms of increased competitive advantages. As organisations representing private profit making companies they most certainly share the view argued by Messick and Tenbrunsel (1996) that the benefits from CSR engagement exceeds the costs of it.

Our interpretation is that SPGR's belief that MNCs should take social responsibility and respect fundamental values are influenced by their interest as a government to represent the whole society. This is supported by Andriof and McIntosh (2001) stating that that a company's actions affect customers, employees, communities and the environment.

ABG as an NGO that focuses on human rights acknowledges that a company's main priority is profit, however, as long as the company acts within international conventions regarding human rights. ABG disagrees with Henderson (2003) and regardless of the potential increase of costs through engaging in CSR activities, companies should take on these issues.

Summary:

All informants in the study acknowledge that the role of a company in the society is to produce goods and services, further they believe that companies should extend this role by engaging in social responsibility.

All informants agree that responsibility is to be greater in developing countries; however ABG further implies that regardless of where the company operates, social responsibility is to be taken if there is a risk of violating fundamental rights.

5.2 Corporate Codes of Conduct

Researchers state that there are various means of engaging in CSR activity, conducting a corporate code of conduct is one possible method (Löhman & Steinholtz, 2003; Gooderham & Nordhaug, 2003).

The Swedish Partnership for Global Responsibility (SPGR) does not consider that there is merely one suitable model for every company with which they should approach CSR. Forming a code of conduct is a possible method. However, SPGR emphasises that the realisation of codes are of importance rather than merely the creation. Following, this view is in accordance with the Confederation of Swedish Enterprise's (CSE) opinion that CSR should be a voluntary action and therefore it should also be a company's own decision to adopt a code of conduct or not.

We believe the opinion of CSE reflects their stated vision of Swedish companies to reclaim a top position in an international context. If the implementation of a code of conduct would conflict this vision, CSE would presumably not advise companies to conduct codes. Hence, as CSE prefers the engagement in CSR for companies to be optional, the creation of corporate codes of conduct should preferably be of voluntary nature, as they are today. In contrast, Amnesty Business Group (ABG) states that all companies should adopt a code of conduct in order to take social responsibility.

Furthermore, ABG states that the *content* of the code should vary with the specific industry and country that the company operates in, this opinion is shared by the other informants in the study. This is also the most common approach in which MNCs formulate codes today (Mamic, 2004). CSE and ICSI agree and stress the importance that the company should preferably only include relevant and applicable issues to be able to fulfil the requirements of the code. H&M has developed a code of conduct that contains demands of satisfying working conditions and labour rights in order to clarify its standpoint on CSR towards the company's stakeholders. H&M directs its code of conduct towards its suppliers and sub-contractors, Mamic (2004) claims that this expansion is a trend amongst many progressive MNCs.

Further, Mamic (2004) explains that a code is shaped from industry trends and external factors. Companies include different issues in their codes depending on the relevance of the issues in specific industries in which they operate within. SPGR and ABG discuss what issues to include in a corporate code of conduct. According to SPGR, the environment, human rights and working conditions should be included. The emphasised issues should preferably vary depending on sector and geographical regions. SPGR believes it to be critical for companies to carefully analyse their business and their sphere of influence when conducting the code. ABG's main interest lies in human rights and stresses that a company should include these issues in its code if there exists a risk of violating them.

The guidelines and codes of conduct created by NGOs and international organisations are acknowledged as *foundations* and as assistance in the creation of the companies' corporate codes of conduct (Jenkins, 2001; Mamic, 2004). The main factor, Mamic (2004) implies, is their insight in external factors that affect MNCs when conducting global business. The importance of already existing guidelines is supported by the informants; however an increased focus is put on the international guidelines such as OECD, Global Compact and the ILO conventions rather than initiatives from NGOs. Our interpretation is that this occurrence derives from initiatives of NGO being too narrow, as they often focus on a certain issue, industry or sector. In contrast, guidelines created by organisations such as OECD, ILO and UN besides being broader formulated have greater impact and credibility.

SPGR and ICSI emphasise that these principles help to define what CSR issues are of importance and what matters that are required to include in the formation of corporate codes of conduct. ABG further acknowledges that they have facilitated companies' engagement in CSR and development of the codes of conduct. CSE points out that it is important to make a distinction between supporting existing guidelines such as Global Compact and fulfilling them.

ICSI mentions that it is significant for companies to select parts from existing guidelines when developing corporate codes, although there is a risk of important issues being neglected. The company might intentionally avoid issues that are difficult to apply and rather include issues that are easy to comply and control. In H&M's case, its corporate code of conduct is based on ILO's convention and the UN convention on the rights of the child. Further, H&M support OECD's guidelines and Global Compact and agree that the creation of these guidelines has led to increased awareness of CSR related issues.

We find that one reason for H&M's choice of supporting ILO's and UN's conventions might be that the company acknowledges benefits by creating their codes based on international, well-known and accepted organisations, such as gained credibility from its stakeholders.

However, in the discussion regarding the initiatives created by NGOs, Jenkins (2001) implies that these should function as a complement, not as a substitute of national legislation. This is also supported by Mamic (2004) that stresses that since they are voluntary by nature unfeasibly the same pressure as national legislation can exist. As consumer preferences are the main driver in NGOs, O'Rourke (2003 in Mamic, 2004) claim that companies participate to avoid negative consumer based consequences, creating an authority problem. H&M values that many actors, such as NGOs are involved in questions regarding CSR. H&M cooperates with and is observed by NGOs on both local and international levels, amongst others, UNICEF.

We acknowledge that an issue of concern is that ABG as a NGO is partly financed by the companies that they work with. They are therefore, inevitably depending on these companies and their co-operation. This may lead to ABG being influenced in their opinions regarding CSR and codes of conduct.

The discussion regarding *motives* for implementing corporate codes reveals various opinions. Voices state that companies may implement codes of conduct order to enhance the brand and corporate reputation and as short term benefits (Argadoña, 1994 in Doig & Wilson 1997; European Commission, 2004; Klein, 2000). On the other hand, further motives, such as using codes as an internal management tool to improve ethical behaviour are also identified (European Commission, 2004; Argadoña, 1994 in Doig & Wilson 1997).

The informants present various motives, The Swedish Partnership for Global Responsibility (SPGR) stresses that the companies' motives behind an implementation of codes of conduct vary; the motive might be based on the will to control one's business and external environment or as an internal management tool. Amnesty Business Group (ABG) and International Council of Swedish Industry (ICSI) on the other hand believe that the motives for implementing codes are due to the external pressure from consumers, investors and shareholders. According to ABG, media plays a role in adding pressure by discussing these issues in a manner than consumers can relate to. Further, ABG points out that companies that produce consumer products or services are often more sensitive to these pressures and identifies that introducing codes of conduct may be one tool to attract and keep skilled employees. ICSI agrees and point out that, often Swedish companies recognise the importance of motivated employees.

Klein, (2000) states that the importance of brands and corporate reputations has increased, resulting in the corporations being even more vulnerable to negative publicity. This is further supported by the Confederation of Swedish Enterprise (CSE) that points out that brand and corporate reputation is of larger significance today and that corporate codes of conduct might be implemented to reduce the risk of brand damage. ICSI further implies that some companies take a more determined approach in terms of brand strategy.

Argadoña, (1994 in Doig & Wilson 1997) implies that it is important to draw attention to that simply the existence of code of conduct can not function as a guarantee for moral behaviour. This is also supported by ICSI that state that companies where the codes of conduct merely are implemented as a marketing activity, these codes are often not integrated in the organisation. H&M states that its reason for implementing codes of conduct was that there was a need for it, as ordinary structures in developing countries do not always function properly. H&M emphasises that the corporate codes of conduct have been implemented in lack of satisfying conditions.

All in all, it can be agreed upon that companies implement codes of conduct for various reasons. The viewpoints acknowledge that companies do recognise that the implementation of codes might lead to profitable outcomes in form of enhanced reputation. However, few believe that this is the main reason for implementing codes; and if this is the case, these means of profit are seldom sustainable.

Jenkins et al. (2002) implies that the discussion regarding motives is pointless as well as it is impossible to define what the actual motive for implementation is. Regardless of the motive, the implementation of corporate codes of conduct results in positive consequences. ABG agrees and state that the motives behind CSR activities are not the most significant, hence the essential is *that* the company engages in social responsibility and not *why*.

Mamic (2003) stresses that successful *implementation* of corporate codes of conduct often includes an involvement of the top management as well as education of employees about the code. The implementation process is however a complicated matter and there exist no universal method applicable for all companies.

The informants all argue that it is important that the decision to adopt a corporate code of conduct is taken by the management. SPGR considers the implementation of a code of conduct in a company as an important factor to be solved carefully, management is important and the company should be clear on what it wishes to accomplish. ABG emphasises that a code should be integrated through out the whole organisation and every division. Also CSE believes that if a company wish to have a code of conduct it is important that every employee is informed about its content and purpose. ICSI agrees with the former opinions and states that to be effective a code of conduct has to be fully integrated in the organisation.

In line with the other informants' opinions, H&M believe it is important that its code of conduct is well integrated in the organisation and decisions. This integration might at times lead, however frequently, to conflicts between different departments. At the same time as H&M wants to decrease the friction between departments they acknowledge that these frictions also have a positive effect as focus is put on various aspects of the company's business activity.

The informants did not discuss implementation other than in broad terms. More likely is that external bodies such as the informants of this study discuss the monitoring and reporting of the codes as this is where the consequences of having a code become visible and public, this is also stressed by Nijhof et al., (2003) that states that these issues are often subject for discussion.

Monitoring of corporate codes of conduct might be done internally within the organisation, by hired competence from outside the company or by an independent body (O'Rourke, 2002). Often monitoring is carried out by employees within the company or by consultants hired by the company (Wawryk, 2003). SPGR expresses that control of a company's code can not solve problems; however, it is important in the sense that it has to be a focus on what changes that is desirable. ABG on the other hand considers monitoring to be an important element and that it should be well managed and systematically conducted, and the best scenario would be independent monitoring.

We believe that ABG acknowledges the reliability problem with internal monitoring that Wawryk (2003) emphasises might occur as consultants that conduct the monitoring procedure in this case are hired by the company itself. At the same time as a company has to monitor the compliance of its code of conduct it profit from low labour cost (Dubinsky, 2002). Presumably, ABG has acknowledged this problem and therefore demands effective monitoring.

ICSI also recognises the problem of trustworthiness of internal monitoring as well as the risk of becoming blind to problems within the own organisation. As for the companies own reputation a danger in the codes of conduct being perceived as simply a marketing tool is identified. ICSI statements is in line with the negative impact that Sethi (2003) mentions; the loss of credibility of the company that derives from internal monitoring. On the other hand, ABG considers monitoring to be an important element in order for a code to be effective and provide the desirable result.

According to H&M, it is important with an effective management system to control the compliance of the code at the factories of its suppliers. In its monitoring procedures similarities can be found with how Asclay & Zeldenrust (2002) defines processes of monitoring. We find that H&M seems to express a relevance of extensive monitoring of the suppliers' commitment of the code of conduct. According to Blowfield (2002) however, effective instruments of monitoring is a challenge and lack of sanctions of non-compliance is common (Wawryk, 2003). H&Ms statements of well defined monitoring systems might be interpreted to be somewhat optimistic. Nevertheless, H&M admits that the working conditions are still not satisfying but improvements have been made.

Accountability is another subject that often is discussed. It involves how the company inform their stakeholders about the implementation of its code of conduct (Nijhof et al., 2003) However, the organisations of the study did not discuss much on accountability. A reason might be the complexity to evolve the current self-reporting initiatives to independent processes of reporting (Logsdon & Wood, 2005). It might be of difficulty for the informants to distinguish another alternative from the current trend of self reporting.

SPGR does not believe there is a need for reporting to be an obligation and state that most companies already provide reports of CSR. According to ABG it is of importance with company reports transparent to the public. The report is necessary to show whether the code has been followed or not. Implementation in the annual report is one preferable mean to show accountability. Finally, ICSI acknowledges a need of some kind of reporting for a corporate code of conduct to be accountable and refers to the same discussion it provided regarding monitoring.

Summary:

Regarding corporate codes of conduct as an CSR-instrument, all informants recognises this, however ABG state that all companies *should* adopt codes whilst the others claim this should be a voluntary choice for companies.

All informants agree that the content of the code should be adapted to the specific industry and country that the company operates in. SPGR mentions that the company should conduct the code in relation to its 'sphere of influence'.

The importance of existing international guidelines and principles are acknowledged by all the informants, as it facilitates the creation of corporate codes.

The informants differ in their view on why companies implement corporate codes, SPGR believe that codes as an internal management tool is the main reason while ABG and ICSI believe the external pressure from stakeholders influences this action. CSE and ICSI further acknowledge codes as a brand strategy activity while H&M state that its motive for the implementation of the code was the lack of satisfying conditions in the countries where the company operates. ABG mention that the motive for implementation is insignificant; the importance is that codes are implemented.

All informants agreed upon the importance of implementation being a management decision. The informants brought up various opinions regarding monitoring and accountability, the effectiveness and trustworthiness issues of self-monitoring as well as importance of reporting and transparency.

5.3 Current Issues on Corporate Codes of Conduct

Initiatives of corporate codes of conduct as of today are voluntary for MNCs. However, there is, according to Clapham (2002) a general opinion that such codes must become international binding in the future. The process is however extensive and any results of binding regulations will take years (Horn af Rantzien, 2003).

The opinions amongst the informants differ in the question on how they wish and believe the development of CSR and corporate codes of conduct should and will proceed. A potential development of codes towards some sort of international binding is discussed by all the organisations.

CSE is the organisation that is most critical of binding regulations regarding CSR. Its view is that there are no clear arguments for binding regulations that are sufficiently thought over. Instead, in the nearest future, international conventions on regulations for MNCs should be included in each concerned countries national law. Further the MNCs should follow the law of the country in which it operates. Hence, CSE opinion is in line with the disadvantages regarding international regulations acknowledged by Payne et al. (1997).

Further, a possible international binding of regulations of MNCs would result at demands at a minimum level and additional ethical behaviour that is not regulated is the management of a company's own decision (Payne et al., 1997). This is also recognised by all the informants of the study. ICSI states that if binding regulations would become a realisation, the regulation would be on such a level that Swedish MNCs with corporate codes of conduct would not be much affected as their ambitions today are already rather high. ABG is of the same opinion but would still like to see binding regulations in the future, preferably the UN norms. The advantages of binding regulations for MNCs according to ABG are that it facilitates comparisons between companies as well as it forces all companies to take social responsibility, not only companies that feel obligated because of their brand-sensitiveness. Without binding regulations, ABG believes that companies with the largest market and greatest communication skills will receive most credit for their engagement. H&M state that they are neither for nor against a binding regulation, but prefer the voluntary nature of codes of conduct. H&M believes that one can reach far in CSR related issues by voluntary means.

ABG is of the opinion that regulations probably have to be country or industry specific and the suitable source has to develop such regulations. All informants state that a potential binding regulation, even a common industry code is of complex nature and requires a extensive procedure. Furthermore, this is in accordance with Payne et al. (1997) that distinguishes a disadvantage of international codes, voluntary or legally binding, as it is difficult to reach agreements among states.

For SPGR the significance of CSR is positive both for the society and the MNCs and believes and hopes for a positive development of CSR, positive in the sense that companies will realise the favourable effects of CSR and take greater social responsibility. SPGR's understanding correspond to the second approach of companies engagement in CSR identified by Löhman & Steinholtz (2003) where companies engages in CSR activities as a respond to society's demand and for one's own benefits. This understanding is as well shared with ABG. We interpret SPGR's belief in increased voluntary initiatives regarding CSR to be consequently followed by its opinion that it does not see binding regulations as an alternative to voluntary corporate codes of conduct in the near future. SPGR recognise that the

main problem is not a lack of regulations in national laws but a lack of compliance from the countries parts.

Both SPGR and ABG believe that companies will take a greater social responsibility in the future. SPGR believes that this trend will be a result of companies realising positive effects of managing these issues, such as risk reduction and competitive advantages while ABG's opinion is that this will be a result of stakeholders demand as well as negative consequences, such as brand damage, if not engaging in these issues. ICSI believes there will be a development towards increased voluntary CSR-engagement from MNCs. This is supported by Sethi (2003) who states that external pressure and positive responses from MNCs already engaged in CSR may lead to an overall increased CSR engagement.

SPGR acknowledges that large Swedish MNCs, often brand sensitive companies operating in consumer markets or industries where a tradition of taking greater social responsibility exists have come quite far in issues regarding CSR. ABG mentions that often an intensive media focus is put on merely these companies, negatively, resulting in experiencing the situation as unattainable. However, there is a risk of overlooking companies that do not fit into the above description. ABG further believes that these companies might intentionally avoid taking responsibility if they do not acknowledge that *not* engaging in CSR will result in direct negative effects.

Summary:

The main issue regarding this section is the discussion whether or not a binding regulation is required or if the codes of conduct should continue to be voluntary.

A potential binding is discussed by all informants; however CSE is most critical of such a development. ABG states explicitly that a binding regulation is necessary whilst the remaining informants both discuss potential positive and negative effects. H&M claims neither to be for or against a binding regulation, however arguments that voluntary initiatives are satisfying.

All informants agree that if a binding regulation was to be realised, the demands on companies would result in being at a minimum level. ICSI state that this would thereby not affect Swedish MNCs already engaged in CSR. Further, the difficulties in reaching agreements, complexity of the situation and time aspects are discussed as hindrance for binding regulations.

A discussion regarding the risks of overlooking companies that are not brand-sensitive and thereby are not put under the same focus in media is stressed, mostly by ABG and SPGR.

Further, SPGR, ABG and ICSI predict that CSR will have increased importance and companies will take greater engagement in CSR related issues.

6 Conclusion

This chapter provides the reader with a concluding discussion based on the stated research questions to clarify the result of the study.

- **Do the Government's, the Non-Governmental Organisation's and the Business Society's Viewpoints towards corporate codes of conduct differ?**

We found that the various viewpoints do differ, however, on certain aspects the viewpoints differ to a larger extent, on some to a lesser. Furthermore, on a few aspects the viewpoints are similar although our anticipation was to compare the governments, non-governmental organisations and business society; as presumably their perspectives, motives and interest differ. In a few contexts all the informants shared a similar attitude at the same time, disagreeing in another. Following, we present the main differences and similarities of the viewpoints that we have encountered.

- **What are the differences between these viewpoints?**

Regarding CSR, all informants believe that this should be acknowledged in one way or another. However, regarding the issue whether a company should adopt a corporate code of conduct, as an activity of engaging in CSR, different attitudes were identified among the informants. The non-governmental organisation's viewpoint is that all companies preferably should adopt a code of conduct, while the government and business society share the same viewpoint, that it is the company's own choice whether a code of conduct is to be a suitable instrument for CSR or not.

The various viewpoints emphasise different issues regarding corporate codes of conduct to be important. The government's viewpoint indicates that the realisation of and the results deriving from a company's adoption of a code of conduct is significant. The non-governmental organisation's viewpoint emphasises the importance of corporate codes of conduct being a management decision as well as being permeated throughout the whole organisation. In addition, monitoring and reporting are relevant elements of a code in order to reveal compliance or non-compliance to its stakeholders.

The business society's viewpoint stresses that the adoption of codes of conduct, content and implementations should be a company decision. However, ICSI and H&M mainly discuss that in order for a code of conduct to make a difference it is necessary for it to be a management decision and accepted by all employees as well as clarifying one's standpoint regarding CSR while, CSE stresses that if choosing a code of conduct as an instrument of CSR engagement a company must include merely relevant issues to its own area of business.

Moreover, we have distinguished differences as well as similarities in attitudes regarding the binding of regulations as a possible development of the current voluntary nature of codes of conduct. The non-governmental organisation's viewpoint clearly points out the need for binding regulations. The business society's viewpoint opposes to this, however some distinctions can be found in the various informants' attitudes towards this issue. The International Confederation of Swedish Industry (ICSI) believes the voluntary engagement of CSR will increase. However, if this would not be enough ICSI acknowledge that binding regulations might become a necessity. H&M recognises the positive effects of a possible realisation of binding regulations at the same time as it acknowledges its complexity. Further, H&M is satisfied with the current voluntary nature of the codes of conduct. Confederation

of Swedish Enterprises (CSE) is of the opinion that CSR initiatives should be acknowledged voluntary by a company and does not consider binding regulations to be an option. The government's viewpoint is that the voluntary nature will be of increased importance as they find a binding of regulations regarding CSR difficult to foresee within the coming years. The government's viewpoint further expresses that a binding of regulations would not be a solution to the problem of insufficient responsibility taken in social and environmental issues.

- ***Why are these viewpoints different?***

The various viewpoints all agree on CSR being an important issue and acknowledge corporate codes of conduct. There has been a focus on CSR the recent years, and seemingly the movement towards CSR is still strong. This, along with an overall awareness of changes due to increased globalisation has put CSR on the agenda for organisations. Evidently, the non-governmental organisation's positive view towards this issue is closely connected to the main goals of the NGO.

The government's view, that CSR is an important issue that companies should consider; presumably derive from their overall concern of all groups in society. We distinguish that the government's viewpoint identifies codes of conduct as an instrument of CSR engagement; however it should be up to the company itself to decide whether or not to engage in these issues. From this we conclude that the government's viewpoint considers a code of conduct to be a possible method of approaching social issues that concern a great part of the society. However, as interests also lies in Swedish companies' survival and well-being and therefore a code of conduct should only be adopted in accordance to its business area.

A NGO often has an interest in a specific issue, often being the reason for their mere existence. Consequently, the non-governmental organisation's view in this study is affected by ABG main interest, human rights. The non-governmental organisation's viewpoint is that companies should acknowledge CSR and adopt a code of conduct in order for these issues to become a reality and not merely a subject of discussions. Binding regulations is desired by ABG as they would facilitate to hold companies responsible for their actions, and violations of human rights would decrease.

The informants representing the business society's viewpoint do not always agree on all issues regarding CSR and corporate codes of conduct. However, they are all part of the business society and therefore, presumably, recognises profit and competitive advantages to be the most relevant issues for companies. This interpretation is based on CSEs vision of Swedish companies to 'reclaim a top position in the international business context', H&M's business concept to provide 'fashion and quality at the best price', and ICSI as an organisation with the purpose to contribute to providing new business opportunities overseas, often in a long term-perspective. All these objectives require competitive advantages. We distinguished that most of their positive attitudes towards a company's engagement in CSR and codes of conduct is a result of them recognising the benefits for the company as a consequence.

7 Concluding Discussion

Following a concluding discussion is provided by presenting a critical evaluation of the study where strengths and weaknesses are discussed and other issues of concern. Furthermore, an implication of further research presents additional interesting research approaches towards the subject.

7.1 Critical Evaluation of the Study

After completing the study we found it relevant to evaluate the process of it and thereby acknowledge what could have been done in a different manner. We are satisfied with what we have accomplished; however some weaknesses can be distinguished.

In a study like this where viewpoints are to be investigated, the selection of informants is critical. One might question our choice of organisations that all work with CSR and share a positive view of CSR, thereby neglecting viewpoints critical to CSR and corporate codes of conduct. We find that, although it being an interesting aspect to compare companies that have implemented corporate codes to companies that has not, this would result in being another study that what we ourselves have intended. Our focus is on presenting the various viewpoints on corporate codes of conduct, therefore we chose to interview respondents with attitudes acquired by experience. We did not explicitly seek out organisations that have a certain view of CSR; the common positive view was rather discovered during the study. Bear in mind that with our purpose, it would not add depth to the thesis if we were to interview a company that *does not* engage in CSR or corporate codes, and the discussion would most likely become less specific on the subject.

We are well aware of the fact that when interviewing organisations on their views of subjects related to ethics, as CSR and corporate codes of conduct often are, there is a risk that their expressed opinions not always reflect their true opinions and actions. Ethics is a sensitive subject and we have done our best to be critical evaluate the opinions stressed by the organisations.

Concerning the interviews, overall we would have wished for more time with the respondents. Perhaps, with a more extensive interview, the discussions could have become more thorough, we are although grateful for the time they took to meet with us. Our anticipation was to meet the respondents in person for the interviews, however due to time limits from the respondent's part, one telephone interview was conducted. However, we feel that this did not have a negative impact on the overall study.

7.2 Implications for Further Research

During the course of this research we have identified several aspects of corporate codes of conduct that we found to be interesting subjects for further research.

Except from the viewpoints that we have investigated, other viewpoints such as those from consumers, investors and employees could be compared to identify differences and similarities and further to examine if they differ from the viewpoints in this study. These stakeholders all have different interests of companies' activities and therefore we find this an interesting topic to explore. In addition it could be an alternative to compare companies that have a code of conduct integrated in their organisation with companies that do not have such a code. Why do certain companies adopt a code of conduct while others do not? Are there any differences between companies in different industries?

Furthermore, the implementation of a corporate code of conduct and its results is another topic that could be studied. What are the real effects? Is the code merely an instrument of marketing or does this result to positive changes in the areas of CSR? These questions are complex as they are difficult to measure. However, CSR is an important issue as we have concluded in this thesis and therefore whether a corporate code of conduct is an effective tool of CSR or not is an essential question to investigate.

We have discussed the motives for creating codes of conduct, briefly touching upon the potential motive of engaging in CSR to enhance the company brand. Does the positive effects of engaging in CSR function as a mean for achieving marketing objectives? Is CSR engagement merely a PR-trick? What role do media play in pressuring companies to take social responsibility? Can a company actually and thoroughly be social responsibly in every aspect?

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Appendix 1 List of Abbreviations

ABG	Amnesty Business Group
CCC	Clean Clothes Campaign
CSE	Confederation of Swedish Enterprise
CSR	Corporate Social Responsibility
GRI	Global Reporting Initiative
ICSI	International Council of Swedish Industry
ILO	International Labour Organisation
MNC	Multinational Companies
NGO	Non- Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
SPGR	Swedish Partnership for Global Responsibility
UN	United Nations

Appendix 2 Interview Guide for SPGR, ABG and ICSI

ALLMÄNT

- Berätta lite kort om Er verksamhet.
- Vilka initiativ tar Ni gällande företags sociala ansvar?
- Hur kan Ni påverka företag i dessa frågor?
- Hur ser Ert eventuella samarbete med företag ut?

FÖRETAGENS ROLL I SAMHÄLLET

- Anser Ni att det har skett ett ökande intresse av företagens sociala ansvar och i så fall, vilka faktorer ligger till grund?
- Vilken roll anser Ni att svenska multinationella företag bör ha i samhället?
-I de utvecklingsländer där leverantörsavtal eller fabriker upprättas?
- Hur tror ni att företagens roll kommer att se ut i framtiden? Kommer företag att ta mer eller mindre socialt ansvar?

UPPFÖRANDEKODER

- Arbetar er verksamhet med riktlinjer/uppförandekoder och i så fall hur?
- Anser Ni att svenska företag bör implementera uppförandekoder?
Varför/ Varför inte?
- Vad anser ni uppförandekoder bör omfatta, vilka frågor är mest relevanta vid utformning av uppförandekoder?
- Hur anser Ni att denna implementering bör gå till väga?
- Hur upplever Ni att svenska multinationella företag arbetar med uppförandekoder idag?
- Hur skulle ni vilja att det här arbetet såg ut i ett framtida perspektiv?
- Vad upplever Ni är motiven bakom ett företags implementering av uppförandekoder?
- Hur anser Ni att skapandet av internationella koder (OECD, Global Compact etc.) har påverkat företag i praktiken?
- Anser Ni att företag bör ha rapporteringsskyldighet?
- Hur bör eventuell rapportering/ uppföljning gå till väga?
- Anser Ni att uppförandekoder bör vara internationellt bindande?
- Vad talar för ett bindande av uppförandekoder och vad talar emot?
- Hur tror Ni att ett införande av bindande uppförandekoder skulle påverka företag i praktiken?

Interview Guide for SPGR, ABG and ICSI in English

GENERAL INFORMATION

- Please tell us about the organisation you work for.
- What initiatives do you take concerning CSR?
- Concerning these issues, how do you influence companies?
- How does your possible cooperation with companies function?

COMPANIES ROLE IN SOCIETY

- Do you recognise an increasing interest concerning CSR, and if so, what factors do you believe have resulted in this change?
- What role do you believe that Swedish multinational companies should have in society?
- How do you believe the role of the company will be in the future? Will companies take more or less social responsibility?

CODES OF CONDUCT

- Does your organisation work with codes of conduct, if so, how?
- Do you believe that Swedish companies should implement codes of conduct? Why? Why not?
- What do you consider codes of conduct should include, what issues are most relevant when creating codes?
- How shall the implementation of codes of conduct be done?
- How do you experience Swedish multinational companies work with codes of conduct today?
- In a futures perspective, how would you like the practice with codes of conduct to function?
- What do you experience is the motive behind a companies implementation of codes of conduct?
- How do you consider the creation of international codes (OECD, Global Compact) has had an impact on companies, from a practical view?
- Do you consider companies should be obligated to report issues concerning CSR?
- How should this possible reporting be carried out?
- Do you believe codes of conduct should be international binding?
- What speaks for a binding of codes of conduct and what speaks against?
- How do you believe a binding of codes of conduct would influence companies in practice?

Appendix 3 Interview Guide for H&M

ALLMÄNT

- Berätta lite om dig själv och dina arbetsuppgifter på H&M.
- Vilken funktion fyller CSR- avdelningen för H&M?

FÖRETAGENS ROLL I SAMHÄLLET

- Vilken roll anser H&M att svenska multinationella företag bör ha i samhället?
-I Sverige?

-I de utvecklingsländer där leverantörsavtal eller fabriker upprättas?
- Hur tror ni att multinationella företagens roll kommer att se ut i framtiden? Kommer företag att ta mer eller mindre socialt ansvar?

UPPFÖRANDEKODER

- Vad var det främsta motivet bakom valet att skapa uppförandekoder?
- Var det någon speciell persons initiativ eller händelse som ledde till detta?
- Hur gick arbetet med utformandet av koderna till?
- Skedde upprättandet av koderna i samarbete med regering, NGOs, leverantörer eller annan extern hjälp?
- Vilka kostnader har uppstått i samband med införande av koder?
- Vilka faktorer bestämde innehållet i koderna?
- Hur gick processen till från idé till implementering av koderna?
- Hur fungerade implementeringen av koderna?
- Hur väl integrerade är uppförandekoderna i det den dagliga verksamheten på H&M?
- Vilka konsekvenser har uppstått i samband med införande av koderna, positiva och negativa?
- Hur ser det fortgående arbetet ut med koderna, har koderna revideras sedan dess upprättande 1997?
- Hur ser Ni på det fortsatta arbetet med uppförandekoderna, kommer betydelsen av koderna förändras? Kommer arbetet med koderna att utvecklas?
- Hur ställer sig H&M till ett eventuellt internationellt bindande av uppförandekoder?
- Om detta sker, hur skulle det i så fall påverka H&M?

ORGANISATION & ANSTÄLLDA

- Hur är koderna integrerade mellan olika avdelningar?
- Uppkommer det ibland konflikter mellan olika avdelningar? (t.ex. mellan CSR- avdelningen och inköpsavdelningen?)
- Har CSR frågor påverkat andra avdelningar i praktiken, t.ex. har leveranstryck ändrats?

Appendix

- Hur långt ner i organisationen ”sträcker” sig informationen om dessa koder? Är t.ex. alla anställda medvetna om dessa koder?
- Hur har anställda engageras i koderna?

LEVERANTÖRER

- Hur ser samarbetet ut med Era leverantörer, vilka krav ställs?
- Hur ser ni till att dessa avtal med leverantörer efterföljs? Vilka ev. konflikter har uppstått?
- Ställs HM inför några konflikter i arbetet med leverantörer i utvecklingsländer utan institutioner som reglerar hur företagsverksamhet ska fungera i landet (miljö, arbetsförhållanden etc.)
- Samarbetar H&M med NGOs och i så fall, hur går arbetet till?
- Hur anser Ni att skapandet av internationella koder (OECD, Global Compact etc.) har påverkat H&M i praktiken?

Interview Guide for H&M in English

GENERAL INFORMATION

- Please tell us about yourself and your assignments at H&M.
- What function does the CSR department at H&M fulfil?

COMPANIES ROLE IN THE SOCIETY

- What role does H&M believe that Swedish multinational companies should have in society?
-In Sweden?
-In those developing countries which agreements with suppliers and fabrics are established?
- How do you believe the role of the company will be in the future? Will companies take more or less social responsibility?

CODES OF CONDUCT

- What was H&M's primary motive for implementing codes of conduct?
- Was this a result from an initiative from a particular person or occurrence?
- Please explain the process of the creation of codes, from idea to implementation.
- Did the creation of codes occur in cooperation with government, NGOs, suppliers of other external help?
- What costs has the implementation of the codes of conduct resulted in?
- What factors determined the scope of the codes?
- How successful was the implementation of the codes?
- How well integrated is the code of conduct in the daily operational activity at H&M?
- What consequences, positive and negative can be identified, connected to the implementation of the code?
- How is the proceeding work of the code, has it been revised at any point since the creation in 1997?
- How do you consider the proceeding work with the codes, will the importance of them change? Will there be any development in relation to the codes of conduct?
- How does H&M pose itself towards a possible binding regulation of codes?
- If this would be realised, how would it influence H&M?

ORGANISATION AND EMPLOYEES

- How is the code integrated between the various departments?
- At times, do any conflicts between departments arise (for example between the CSR- department and the purchasing department)?
- Has CSR issues influences other departments in practice, for example has delivery pressure changed?
- How far down the organisation does the information of the code stretch? Is everyone in the organisation aware of these codes?
- How has H&M engaged employees in the code of conduct?

SUPPLIERS

- How is the cooperation with H&M's suppliers concerning CSR, what demands are put?
- How does H&M ensure that agreements with suppliers are complied? What eventual conflicts have arisen?
- Does H&M meet any conflicts in dealing with suppliers operating in developing countries without institutions that regulate how business activity should function in the country? (environmental concerns, working conditions etc)
- Does H&M cooperate with any NGOs, if so, how does this cooperation proceed?
- How does H&M consider the creation of international codes (OECD, Global Compact) has had an impact on H&M, from a practical view?

Appendix 4 Quotations in Swedish

- p. 23 "För det är ju viktigt också att varje företag inte måste hitta på sin egen etik."
- p.25 "Det är ju ledningen som måste skriva på den policyn, och det är ju ett första enkelt, tydligt steg att börja med."
- p.26 "Med en bindande lagstiftning, genom att tvinga alla företag, även de som inte har massmedia på sig, de måste ändå upp till en viss gräns."
- p.27 "Varje företag måste forma sitt eget sätt att arbeta."
- p.28 "Det är klart att om man jobbar i en sådan miljö får man ju vidgat socialt ansvar. Antingen om man vill eller inte."
- p.30 "I vissa länder som H&M bedriver verksamhet i, fungerar inte alltid de normala samhällsstrukturerna och köparna måste då ta större ansvar."
- p.31 "Samtidigt så, i kvalitetsbegreppet handlar det också om, inte bara den här produkten utan även produktionsprocessen bakom."