



JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL
JÖNKÖPING UNIVERSITY

Eco-labels: input or outcome of CSR?

A study made on three companies

Bachelor Thesis in Business Administration

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Miljömärkningar: bidrag till eller resultat av företagens samhällsansvar?

En studie gjord på tre företag

Kandidatuppsats inom företagsekonomi

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Bachelor thesis in Business Administration

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Key words: Eco-labels, Corporate Social Responsibility, CSR, Socially Responsible Business Practises, Sustainability, Environmental Marketing, Green Marketing

Abstract

Problem: The increased environmental awareness among people as well as businesses has led to the development of new concepts such as sustainable development and environmental marketing. One way of practising environmental marketing, which is based on the three principles social responsibility, holism and sustainability, is to use eco-labels on products and services. Many companies see the usage of eco-labels as a means to gain competitive advantage. The number of eco-labelled products and services constantly increases, but does it mean that the number of companies practising corporate social responsibility also increases? The thesis strives to find out how a company through the usage of eco-labels contributes to a sustainable society by practising environmental marketing and thus social responsibility. The more specific purpose of this thesis is to:

Explore the relationship between the usage of eco-labels on products and services and the implementation of corporate social responsibility (CSR) within three different companies.

Method: A qualitative research approach was applied. Data was collected through six semi-structured interviews with the responsible of environmental/sustainability questions of three different companies (Scandic, Arla Foods and JC) and with the representatives within information/PR from two third party organisations (the Nordic Swan and KRAV).

Results: We have drawn the conclusion that in order to have CSR incorporated within the organisation of the company, there is a need to have a balance between the different dimensions (economic, environmental and social) of the company. The company also needs to take responsibilities that go beyond economic, legal, and ethical responsibilities. Scandic and Arla Foods have CSR fully incorporated within their organisations. JC have an imbalance between the different dimensions and have therefore not fully incorporated CSR. When it comes to the relationship between the eco-label and CSR, we can conclude that for the explored companies the relationship is dependent on the environmental philosophy and the environmental culture of the company having the eco-label. Scandic and Arla Foods have strong environmental cultures and their eco-labellings are seen as being the output of their CSR. JC do not have such a strong environmental culture and their eco-labelling is seen as the input of CSR. Third party organisations play an important role for CSR within the explored companies, both for the development and for the continuous improvements of CSR. Third party organisations emphasise the development of CSR when the eco-label is seen as being the input of CSR, as in the case of JC. When the eco-label is seen as the outcome, as for Scandic and Arla Foods, the third party organisations help the companies to make continuous improvements.

Kandidatuppsats inom företagsekonomi

Titel: Miljömärkningar: bidrag till eller resultat av företagens samhällsansvar? En studie gjord på tre företag

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Datum: Januari 2008

Nyckelord: Miljömärkningar, Företags Samhällsansvar, CSR, Hållbarhet, Grön Marknadsföring

Sammanfattning

Problem: Den ökade medvetenheten hos människor såväl som hos företag när det kommer till miljöfrågor har bidragit till att nya koncept som till exempel hållbar utveckling och grön marknadsföring har uppkommit. Grön marknadsföring bygger på de tre principerna: socialt ansvarstagande, holism och hållbarhet. Ett sätt att tillämpa grön marknadsföring är att använda miljömärkningar på varor och tjänster. Användandet av miljömärkningar ses som en konkurrensfördel av många företag och antalet miljömärkta varor och tjänster ökar konstant. Betyder detta att även antalet företag som tar ett samhällsansvar ökar? Denna uppsats söker ta reda på hur ett företag med hjälp av miljömärkningar bidrar till ett hållbart samhälle genom tillämpning av grön marknadsföring och därmed också socialt ansvarstagande. Det mer specifika syftet med den här uppsatsen är att:

Undersöka förhållandet mellan användandet av miljömärkningar på varor och tjänster och tillämpningen av företagets samhällsansvar (CSR) i tre olika företag.

Metod: En kvalitativ undersökningsmetod tillämpades. Data samlades in genom sex stycken semistrukturerade intervjuer med de ansvariga inom miljö- och hållbarhetsfrågor på tre olika företag (Scandic, Arla Foods och JC) och med informatörerna från två tredje parts organisationer (Svanen och KRAV).

Resultat: Vi har kommit till slutsatsen att det måste finnas en balans mellan de olika dimensionerna (ekonomiska, sociala och miljö) inom företaget för att CSR ska vara inkorporerat i dess organisation. Företaget måste också ta ett ansvar utöver de ekonomiska, lagliga och etiska ansvar som företaget har. Scandic och Arla Foods har fullt ut inkorporerat CSR i sina organisationer. JC har en obalans mellan de olika dimensionerna och har därför inte fullt ut inkorporerat CSR. När det kommer till förhållandet mellan miljömärkningen och CSR hos de undersökta företagen, har vi dragit slutsatsen att detta förhållande är beroende på miljöfilosofin och miljökulturen hos företaget som har miljömärkningen. Scandic och Arla Foods har starka miljökulturer och deras miljömärkningar ses som ett resultat av deras CSR. JC har inte någon stark miljökultur och deras miljömärkning ses som ett bidrag till CSR. Tredje parts organisationer spelar en viktig roll både för utvecklandet och för det kontinuerliga förbättrandet av CSR inom de undersökta företagen. När miljömärkningen ses som ett bidrag till CSR, som i fallet med JC, fokuseras tredje parts organisationers inflytande på utvecklandet av CSR. När miljömärkningen ses som ett resultat av CSR, som hos Scandic och Arla Foods, hjälper tredje parts organisationer företagen att göra kontinuerliga förbättringar.

List of Acronyms

- BSCI-** Business Social Compliance Initiative
- CERES-** Coalition for Environmentally Responsible Economies
- CR-** Corporate Responsibility
- CSR-** Corporate Social Responsibility
- DFE-** Design for Environment
- FSC-** Forest Stewardship Council
- GMO-** Genetically Modified Organisms
- GRI-** Global Reporting Initiative
- IFOAM-** International Federation of Organic Agriculture Movements
- ISO-** International Organisation for Standardisation
- LCA-** Life Cycle Assessment
- MSC-** Marine Stewardship Council
- SIR-** Sustainability Indicator Reporting
- SIS-** Swedish Standards Institute
- SRBP-** Socially Responsible Business Practises
- STEP-** Social, Technological, Economic, Physical
- TCO-** Tjänstemännens Centralorganisation
- UNCC-** United Nations Children's Convention
- UNEP-** United Nations Environmental Programme
- VPSB-** Vice President Sustainable Business
- WBCSD-** World Business Council for Sustainable Development

Table of Contents

1	Introduction	1
1.1	Background	1
1.2	Problem	2
1.3	Purpose	3
1.4	Research questions	3
2	Frame of reference	4
2.1	Corporate Social Responsibility	4
2.1.1	Historical development	4
2.1.2	The concept of CSR	4
2.1.3	Socially Responsible Business Practices	7
2.2	The concept of Environmental Marketing	8
2.2.1	Environmental philosophy	9
2.2.2	Environmental Strategies	10
2.2.3	Eco-labels	12
2.2.4	Life Cycle Assessment	13
2.2.4.1	Area of usage	14
2.2.4.2	The complexity of LCA	15
2.3	Previous research	15
3	Method	16
3.1	Scientific approach	16
3.1.1	Purpose	16
3.2	Data collection method	16
3.2.1	Research approach	16
3.2.2	Sample	17
3.2.3	Interviews	18
3.2.3.1	Identification of interview participants	18
3.2.3.2	Interview method	18
3.2.3.2.1	Interview structure	19
3.2.3.2.2	Skills of the interviewer	19
3.2.3.3	Secondary data	20
3.2.4	Data processing and analysis	20
3.3	Discussion of trustworthiness	20
4	Empirical framework	23
4.1	Scandic	23
4.1.1	Environmental Management	23
4.1.1.1	The development of the environmental management at Scandic	24
4.1.2	The Nordic Swan eco-label	24
4.1.2.1	Eco-labelling at Scandic	25
4.1.2.1.1	Effects of the eco-labelling	26
4.1.3	Corporate Social Responsibility	26
4.1.3.1	Suppliers	27
4.2	Arla Foods	28
4.2.1	Environmental Management	28
4.2.2	The KRAV eco-label	28
4.2.2.1	Eco-labelling at Arla Foods	29

4.2.3	Corporate Social Responsibility	30
4.2.3.1	Environmental responsibility	30
4.2.3.2	Other contributions to social responsibility	32
4.3	JC	32
4.3.1	Environmental strategy	32
4.3.2	Eco-labelling on clothes.....	33
4.3.2.1	Criteria for KRAV eco-labelled cotton	33
4.3.2.2	Criteria for the Nordic Swan eco-label	34
4.3.2.3	Eco-labelling at JC.....	34
4.3.3	Corporate Social Responsibility.....	34
5	Analysis.....	36
5.1	Scandic.....	36
5.1.1	Incorporation of CSR.....	36
5.1.2	Relation between eco-labelling and CSR.....	37
5.1.2.1	Environmental philosophy.....	37
5.1.2.2	Environmental marketing strategy	37
5.1.3	Third party involvement	38
5.2	Arla Foods	39
5.2.1	Incorporation of CSR.....	39
5.2.2	Relationship between eco-labelling and CSR.....	41
5.2.2.1	Environmental philosophy.....	41
5.2.2.2	Environmental marketing strategy	41
5.2.3	Third party involvement	42
5.3	JC	43
5.3.1	Incorporation of CSR.....	43
5.3.2	Relation between eco-labelling and CSR.....	44
5.3.2.1	Environmental philosophy.....	44
5.3.2.2	Environmental marketing strategy	44
5.3.3	Third party involvement	45
6	Conclusion	46
6.1	Suggestions for future research	47
	References	49
	Appendix A: Areas of discussion I	54
	Appendix B: Areas of discussion II	55

List of tables

Table 1- Objective indicators.....	10
Table 2- Summary of all interviews conducted for the empirical framework.....	23

List of figures

Figure 1- Pyramid of responsibilities	6
Figure 2- The multi-dimensional construct of Corporate Responsibility	6
Figure 3- Sustainability Portfolio.....	11
Figure 4- Life cycle analysis	14
Figure 5- The Arla cow logo, the ecological Arla cow logo and the KRAV eco-label logo	29

Introduction

This introducing section presents the historical background to the field of research and the problem discussion. The section ends with the purpose of the thesis and the research questions.

1.1 Background

“Treat the earth well: it was not given to you by your parents; it was loaned to you by your children. We do not inherit the earth from our ancestors; we borrow it from our children.”
(Ancient Indian proverb)

Due to many major ecological catastrophes during the 1960’s and onwards, there has been an increase in environmental concerns within the society (Tjärnemo, 2001). The publication of two books, *The Population Bomb* by Paul Ehrlich (1969) and *Limits to Growth* by Club of Rome (1971) pointed out that the world we live in is finite and that we are dependent on the natural resources the environment supports us with and not the other way around (Peattie, 1995). The discovery of the hole in the ozone layer is another important milestone in the increase of the environmental concern among people (Tjärnemo, 2001).

In the 1970’s, the environmental movements were concerned with pure *environmental* problems such as the oil crises, pollution and the increasing amount of endangered species. Geographic focus was put on the local problems and the attitude to businesses was that the businesses themselves were the underlying problem. There was a desire of zero growth. These movements gave rise to “ecological marketing” and “social marketing” but did not develop into a sub-discipline of marketing until much later (Peattie, 1995).

During the 1980’s the concept of sustainable development was introduced. Sustainable development is defined as: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (Peattie, 1995, p. 33). Meaning that people living today should consume the resources at a rate which permit them to be replaced and the standard of living should not be at the expense of future generations (Peattie, 1995). Davis (1994) argues that the companies do not own all their resources; instead they hold them in trust on the behalf of the society. Therefore it is important to make the best possible use out of those resources; waste should be minimised and renewable energy and materials should be emphasised (Davis, 1994).

The word “green” in relation to business became one of the major breakthroughs in the 1980’s (Heiskanen & Panzar, 1997). Green political parties grew as they attracted more votes, the number of memberships in environmental groups increased, media started to focus more on environmental issues, and investors chose to support more green and ethical companies. The most common way, however, that people chose to show their increasing concern about the environment was through their purchasing behaviour. This has forced companies to think in the same direction (Peattie, 1995).

The concept of putting green in relation to marketing was also developed out of this growing concern about the environment. However, in the beginning of the evolution of green or environmental marketing it had little to do with marketing and even less to do with the environment. Companies tried to gain competitive advantage by convincing the customers that their products were less harmful to the environment than the competitors’ products. This had more to do with tactical advantage rather than to accomplish a change by the

company to be more environmental oriented (Peattie, 1995). Promoting a product through an environmental marketing campaign at the same time as dumping waste or pollute the environment is an example of how environmental marketing has been used only as a marketing ploy. In this way, environmental marketing may cause cynicism and disappointment among customers (Schmidt & Ludlow, 2002).

1.2 Problem

When environmental marketing got its real breakthrough in the 1990's it turned into a sub-discipline of marketing. According to Peattie (1995) environmental marketing is based on three principles: social responsibility, holism and sustainability. Social responsibility refers to businesses taking responsibility that goes beyond production and simple market transactions. Welford (1995) defines holism as an evolutionary, integrated and proactive approach.

Heiskanen & Panzar (1997) make a clear distinction between the environmental movements of the 1970's and the green movement that got its breakthrough in the 1980's; what were seen as threats in the 1970's were developed into business opportunities in the 1980's/1990's.

Having eco-labels on products or services is one way for companies to show that they actually submit to certain environmental directives (Welford, 1995). The evolution of eco-labelling started as a response to the growing global concern of the protection of the environment by governments, businesses and the public. Since the environmental concern has been developed into business opportunities, companies see environmental declarations/claims/labels on products and services as a means to gain competitive advantage. In many cases these labels attract consumers who are looking for ways to reduce their environmental impact through their purchasing behaviour but in some cases it has led to confusion and scepticism (Global Ecolabelling Network, 2004). Chamorro & Bañegil (2005) argue that eco-labels can be used both as a marketing ploy and as a result of a true environmental culture of the company.

What is true about eco-labels is that the amount of them has increased significantly the last years. Just a decade ago, we (the authors) were only familiar with the Nordic Swan-eco-label¹. Nowadays it is often said to be a "jungle" of different labels all claiming to care for the environment. According to Per Ribbing at the Nordic Swan Eco-labelling (personal communication, 2007-09-25) this so called jungle is actually not even a grove; the numbers of type 1² eco-labels are only nine³. These specific type 1 eco-labels are the EU eco-label (the EU flower), the Nordic Swan eco-label, Bra Miljöval, the KRAV eco-label, FSC (Forest Stewardship Council), MSC (Marine Stewardship Council), TCO 99, EU agriculture, and Fairtrade. In Sweden, the number of KRAV eco-labelled products has increased from 1141 in 1996 to 3664 in 2001 (Furemar, 2004). The number of Nordic Swan licences is at present 897 (SIS Miljömärkning AB, 2007a).

¹ "Svanen" in Swedish

² See the theoretical section for the definition of the different types of eco-labels

³ In Sweden there are 9 type 1 eco-labels awarded on products and services. In other countries of the world there are other type 1 eco-labels. The Global Ecolabelling Network (GEN) has 26 member organisations issuing eco-labels (Global Ecolabelling Network, 2007).

Eco-labels have been used to position green products and in that sense they have been used as the main tool in environmental marketing (Rex & Baumann, 2006). A company practicing environmental marketing must take into account social responsibility, i.e. it does not only have economic and legal obligations; it must also take responsibility for the welfare of the community, in education and in the satisfaction of its employees. Like a proper citizen, the company should act justly (Carroll, 1999).

Even though the number of eco-labels and eco-labelled products has increased, the market share of green products is still low because they have been more appealing to already “green consumers” instead of targeting new customer segments (Rex & Baumann, 2006). Todd (2004) on the other hand argues that truly green consumers are guided by their own ethical awareness when they are making purchase decisions, i.e. it is not through the environmental marketing that these customers are attracted to eco-labelled products or services. Further on Todd argues that there is a risk that environmental marketing leads to “green washing⁴” among non-aware potential customers.

What is important to point out is that the even though society is “hurt” by over-consumption, we should not stop consuming, rather learn how to consume in a sustainable manner (Björk, 2005). By providing eco-labelled products, a company can contribute to sustainable consumption and thus sustainable development.

How can companies practising environmental marketing and thus social responsibility educate their employees, customers and society in general in order to reach sustainability? This is a fundamental question that this thesis strives to find an answer to. Focus is put on how the usage of eco-labels within the company is related to this work.

1.3 Purpose

To explore the relationship between the usage of eco-labels on products and services and the implementation of Corporate Social Responsibility (CSR) within three different companies.

1.4 Research questions

To be able to fulfil the purpose of the thesis, how the usage of eco-labels within a company can be related to CSR, we have stated three research questions:

- To what extent, if any, and how have the explored companies incorporated CSR within their organisations?
- In what way can the relationship between the usage of eco-labels and CSR differ between different companies?
- What role do third party organisations issuing eco-labels to specific companies play for the development of a CSR- strategy within the explored companies?

⁴ A figurative expression of being brainwashed with green products

2 Frame of reference

In this section of the thesis the frame of reference is presented. The section starts with background information and theories regarding CSR. The concept of environmental marketing is thereafter presented. The section ends with results from previous research conducted in the same area.

In order to gather information for the frame of reference we have had great use of the library at Jönköping University. With the help of the library's different databases relevant books and articles could be found. Old course books from previous marketing and management courses have also been used; especially one book has been helpful: *Environmental Marketing Management- meeting the green challenge* by Peattie (1995). In addition to the databases at the library we have been making use of databases found at the Internet; the most important for this thesis are Elsevier, DIVA Portal, Google Scholar and ScieDirect.

2.1 Corporate Social Responsibility

This part starts with an insight into the historical development of CSR which helps us understand why and how companies have incorporated CSR today. Thereafter definitions of the concept of CSR are presented as well as different ways that companies can implement CSR. This is important to know in order to analyse how and to what extent (if any) the companies explored in this thesis have incorporated CSR within their organisations.

2.1.1 Historical development

The phenomenon of Corporate Responsibility (CR) origins from the ancient Greece where there was a tradition to connect companies with the community (Eberstadt, 1977; cited in Panwar, Rinne, Hansen & Juslin, 2006). Today CR is the corporate response to the societal and environmental concerns that have emerged. This is a concept that has been studied by many authors and is according to Hay & Gray (1977) a concept seen as going through the stages of profit maximisation management, trusteeship management and "quality of life" management (cited in Panwar et al., 2006). In the first stage, the individual's drive for profit maximisation together with regulation of the competitive marketplace is believed to create maximum public good. In the second stage that occurred during the 1920's and 1930's, there was a shift from having the simple profit motive to a focus of having a balance among the different interests of the stakeholders. Groups such as labour unions and national governments put pressure on businesses at that time. The final stage, "quality of life", was developed when other societal concerns such as unequal distribution of wealth, air and water pollution, degraded landscapes and so forth emerged. These new concerns were a result of a society being saturated with goods and services. This stage was advanced by changing the trade-off between economic gains and decreasing social and physical environments. Companies were expected to take more responsibility than only in the area of economic considerations (Panwar et al., 2006).

2.1.2 The concept of CSR

There are many different terms that have been used in order to explain this socio-environmental orientation or the "beyond mere profit"- orientation of companies. These are for example corporate citizenship, sustainable entrepreneurship, triple bottom line,

business ethics and corporate social responsibility (CSR) (Panwar et al., 2006). In this thesis the term CSR is used to describe this orientation.

According to Castka, Bamber, Bamber & Sharp (2004) there is no single authoritative definition of CSR. World Business Council for Sustainable Development define CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” (WBCSD, 1999; cited in Castka et al., 2004, p. 216). CSR embraces a number of concepts; these are environmental concerns, public relations, corporate philanthropy, human resource management, and community relations (Castka et al, 2004). Kotler & Lee (2005) define the term CSR as “a commitment to improve community well-being through discretionary business practices and contributions of corporate resources.” (Kotler & Lee, 2005, p. 3). Carroll (1999) states that the concept of CSR entails the willingness within the company to use the resources for broad social ends and not only for the limited interests of the company itself.

Van Marrewijk (2003) suggests that since there are several concepts and definitions of CSR, every company should choose the one that suits them the best taking into consideration the company’s aim and intention, strategy, and the circumstances in which they operate. As Jacques Schraven states “there is no standard recipe: corporate sustainability is a custom-made process.” (cited in Van Marrewijk, 2003, p. 96).

According to De Witt and Meyer (2005) it is generally agreed upon that companies situated within market economy countries should pursue strategies that guarantee economic profitability. They further argue that the companies can not neglect certain social responsibilities they need to fulfil as well. Companies are therefore nowadays not only seen as being “economic machines” that only need to follow legislations; instead it is important to realise their part in their stakeholder network. Focusing only upon profit maximisation might be satisfying for the shareholders but will leave the other stakeholders behind. There has to be a balance between profitability and responsibility (De Witt & Meyer, 2005).

Porter & Kramer (2006) argue that companies need to operate in a healthy society in order to be successful. Within a healthy society regulatory protection for employees, consumers and companies are required in order to create a functional market. In order for companies to contribute and be productive they need to make the best use out of energy, water, and natural resources. Companies that only pursue their own profits on the expense of the society, in which they operate, will find their success to be misleading and short-term. However, it is not enough to only focus on social aspects. Healthy societies need successful companies in order to create jobs, wealth and improved living standards. The mutual dependence between companies and societies means that ways of conducting business that benefits both parties must be found. For companies there can be many different ways of giving back to the society (Porter & Kramer, 2006). Kotler & Lee (2005) mention corporate social initiatives that they define as “major activities undertaken by a corporation to support social causes and to fulfil commitments to corporate social responsibility.” (Kotler & Lee, 2005, p. 22).

Carroll (1991) has developed what he calls the pyramid of responsibilities (see figure 1) which includes the economic, legal, ethical and philanthropic responsibilities. It is constructed in the way that one responsibility only can be achieved if the lower layer of responsibility is present (Carroll, 1991). The economic responsibilities entails being profitable, which is the basis for all other business responsibilities within a company. The second layer, the legal responsibilities, means that the company needs to obey the laws and regula-

tions set by the government and other federal institutions. The third layer in the pyramid is the ethical responsibilities. This means that beyond the economic and legal responsibilities, the company needs to follow norms and standards set by members of the society but not set by law. These responsibilities represent what the stakeholders consider as fair and just. The top layer of the pyramid, the philanthropic responsibilities, embraces all activities taken by the company in order to promote human welfare or goodwill. Philanthropy means those actions taken by companies that correspond to the citizens' expectations of how to be a good corporate citizen (Carroll, 1991). To be a good corporate citizen is what many authors define as CSR (Carroll, 1999; Kotler & Lee, 2005; Porter & Kramer, 2006).

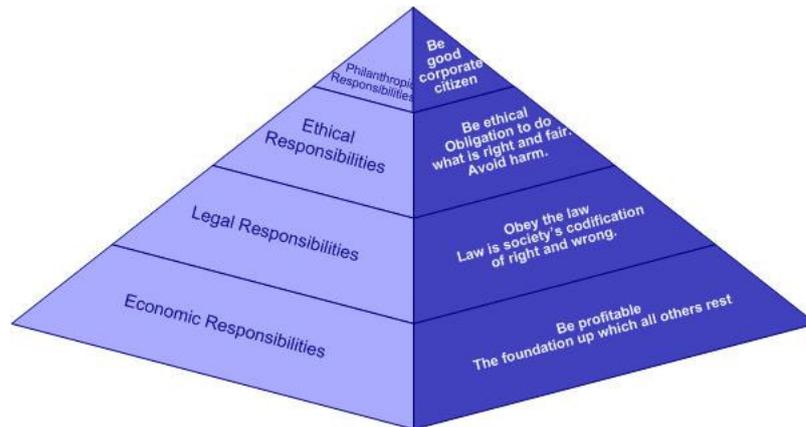


Figure 1- Pyramid of responsibilities (Carroll, 1991; adopted from K-NET Group, 2007)

Figure 2, the multi-dimensional construct of Corporate Responsibility, can also be called the triple bottom line and could according to Panwar et al. (2006) be understood as the balancing of economic, social and environmental roles that companies conducting business have.

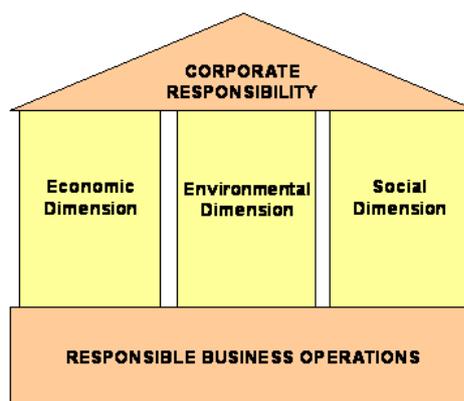


Figure 2- The multi-dimensional construct of Corporate Responsibility (Panwar et al., 2006)

Kotler & Lee (2005) have chosen to divide CSR into six different sub categories. Most social responsibility-related activities fall under one of these categories which are: cause-promotions, cause related marketing, corporate social marketing, corporate philanthropy, community volunteering and finally socially responsible business practices. Of most relevance for this thesis is Socially Responsible Business Practices, here referred to as SRBP, since this part of CSR includes the changes in the operations of the company from an overall perspective with focus on environmental questions while the other categories more describe the external work a company can undertake for specific campaigns or causes. We see the obtaining of eco-labels on products and services as a more long-term project, not an external work that the company is engaged in only for a specific campaign.

2.1.3 Socially Responsible Business Practices

Kotler & Lee (2005) refer to SRBP as the implementation of business practices that will support social causes for community well-being and protect the environment. These business practices go beyond what is mandated by law and what can be seen as morally obligated. When conducting SRBP the company aims to contribute more to the environment and the society than what can be expected.

According to Kotler & Lee (2005), when incorporating SRBP a company must revise their internal procedures and policies concerning the design of the facilities, manufacturing, product offerings, assembly and employee support. In addition to these changes within internal procedures a company can conduct external reports considering information towards consumers and investors (Kotler & Lee, 2005). CERES (the Coalition for Environmentally Responsible Economies) together with United Nations Environmental Programme (UNEP) designed a global standardised format and content of company reports on environmental performance called GRI (Global Reporting Initiative), measured in an equal manner as financial performance. There were three main reasons why CERES chose to develop this reporting system: companies received an increasing number of requests about their environmental and social performance, the reporting from companies to stakeholders about environmental and social performance varied in content, lacked comparability between companies etc., and many reporting guidelines existed that differed between countries. (Willis, 2003).

When looking at the internal procedures, there exist several processes the company might choose to revise. The design of the facilities can be revised in order to meet or exceed environmental and safety recommendations. Process improvements that will eliminate harmful waste materials or the reduction of chemicals used can also be emphasised. Product offerings that can be seen as harmful but not illegal can be discontinued from the assortment. The company can also select and support suppliers that have adopted sustainable environmental practises. In order to take goals for waste reduction into consideration and to use renewable resources, the company can emphasise environmentally friendly manufacturing and packaging materials. Full disclosure about materials and origins of the product can be provided in order to give the customers helpful information. Practises including the measuring, tracking, and reporting of goals and actions can be implemented in order to communicate good news as well as bad to the customers. The company can also incorporate programs that support employee well-being (Kotler & Lee, 2005).

Over the last ten years there has been an evident shift for companies to incorporate SRBP. This shift is a result of regulatory documents, complaints from customers, and research that has explored solutions to social problems that companies have incorporated into their

business practices. There are several reasons why this shift has occurred. Increasing evidence has shown that by incorporating SRBP the company can increase profits. In the global marketplace the consumer can go beyond the criteria of product, price and distribution channels when deciding what to purchase. The consumers are now also basing their purchase decisions on the company's commitment to the welfare of the community and how sustainable business practices have been incorporated. More pressure has been put on companies because of the increase in public scrutiny through new technology such as the Internet (Kotler & Lee, 2005). According to Panwar et al. (2006) the advances in information technology have at low costs enabled instantaneous global information. Transparency has increased since detailed corporate information easily can be accessed. On the other hand, information technology facilitate for companies to communicate their social and environmental orientation to a global audience (Panwar et al., 2006). Emphasise has also been put on the well-being of the employees and to keep them satisfied. The customers have also come to expect a full disclosure of the product's whole life cycle (Kotler & Lee, 2005).

Benefits with conducting socially responsible business practices are not only the ones concerning the company's contribution towards sustainable development, but there is also a link between these efforts and positive financial results. These increased profits can be a result of many different things such as decreased operating costs, monetary incentives from regulatory agencies and increased employee productivity and retention. Companies conducting SRBP will also benefit when it comes to their marketing. Creating increased community goodwill, brand preference, building brand positioning and increased corporate respect are some of the benefits associated with SRBP (Kotler & Lee, 2005).

2.2 The concept of Environmental Marketing

This part starts with an insight into the evolution of environmental marketing as well as definitions of the concept. It is of relevance to include this part in the thesis since social responsibility is one of the three principles that environmental marketing is based on. Thereafter the sections that we have chosen to call environmental philosophy and environmental marketing strategies are presented. It is important to understand if there exists an environmental philosophy within the company and how strong it is, and to what extent an environmental marketing strategy is outlined in order to analyse the relationship between eco-labels and CSR. The eco-label of a company with a strong environmental philosophy and a clear environmental marketing strategy is seen as being the outcome of CSR. This is because the environmental philosophy builds the base for responsible business operations defined by Panwar et al. (2006), and thus the base for CSR. If, on the other hand, no strong environmental philosophy can be seized, the eco-label is seen as the input of CSR. This part ends with a theoretical framework of eco-labels and life cycle assessment which has been included in order to analyse how the third party organisations influence the development of CSR- strategies within the explored companies.

As was explained in the introducing section of the thesis, environmental marketing is a practice of traditional marketing that has arisen as a response to the increased awareness about the situation of the global environment and the life that it includes (Knutsson & Wirenstedt, 1999). Environmental marketing can also be referred to as environmentally friendly marketing, green marketing and ecological marketing (Tjörnemo, 2001). Peattie (1995) has developed the STEP- framework (Social, Technological, Economic, Physical) which presents a more balanced view of businesses than does traditional marketing. The two new dimensions, the social and the physical perspectives are needed in order to reach sustainability. The social dimension takes into consideration the consumer and social welfare, cultural values and norms, living standards, population levels, employment and health. The physical dimension takes into consideration the consumption of resources, the crea-

tion of waste and pollution, protection of species and ecosystems, and finally the quality of life (Peattie, 1995).

According to Flodhammar (1991) only a limited amount of definitions of environmental marketing existed in the beginning of the 1990's. Based on Kotler's definition of marketing, two definitions of his own of the concept were developed. The first definition was: "green marketing is marketing emphasising environmentally friendly features of the products." (Flodhammar, 1991, p. 23). His second definition was: "green marketing is a social process by which individuals and groups obtain what they need and want through exchanging products and values with others in an ethical way that minimises negative impact on the environment." (Flodhammar, 1991, p. 25).

Tjärnemo (2001) states that there is not only one definition that fits for environmental marketing. Coddington (1993) refers to environmental marketing as "marketing activities that recognise environmental stewardship as a business development responsibility and business growth opportunity." (Coddington, 1993, p. 1). Peattie (1995) defines environmental marketing as "the holistic management process responsible for identifying, anticipating and satisfying the requirements of customers and society, in a profitable and sustainable way." (Peattie, 1995, p. 28).

2.2.1 Environmental philosophy

Chamorro & Bañegil (2005) refer to marketing philosophy as an attitude within the company to provide consumers with products that meet their demands in a satisfactory way. However the overall goal within this philosophy is for the company to exchange these products in a manner that is most beneficial for the company itself. Applying an *environmental* marketing philosophy within a company is to incorporate social interest such as protection of the environment within the exchange process of products. This environmental or green marketing philosophy entails having a balance between consumer demands, the companies' needs and the social environment. Chamorro & Bañegil (2005) further argue that environmental marketing should not be seen as a simple chain of procedures, activities or techniques to design and commercialise green products, it should be understood as a philosophy that guides the whole organisation of the company. According to Tjärnemo (2001) products and services are evaluated by their ecological attributes as well as the ecological values and behaviour of the company itself.

In order to measure how an environmental marketing philosophy is incorporated within the organisational culture of the company, Chamorro & Bañegil (2005) suggest that objective and subjective indicators can be used. The objective indicators demonstrate how the company have implemented procedures concerning environmental issues such as a written environmental policy, an environmental management system which involves processes that enable the company to decrease its environmental impacts, periodical environmental reports, and evaluation of suppliers. All objective indicators are stated in table 1 below:

<ol style="list-style-type: none"> 1. Existence of a corporate environmental policy approved in writing. 2. Existence of an environmental management system, whether this is certified by a third party or not. 3. Existence of some reference to the environment in the firm's mission statement or declaration of values. 4. Existence of an explicit programme of environmental objectives and actions. 5. Periodic elaboration of an environmental or sustainability report, detailing the firm's environmental commitments, actions and results. 6. Habitual organization of training courses on environmental issues. 7. Existence of a process for periodically evaluating the environmental results of the firm. 8. Existence of an environment board or similar body where the various departments and the CEO are represented. 9. Preparation of commercial research studies to determine the behaviour and evolution of consumers on environmental issues. 10. Existence of an environmental evaluation procedure for suppliers.

Table 1- Objective indicators (Chamorro & Bañegil (2005))

According to Chamorro & Bañegil (2005) the objective indicators are best suited for large companies. These indicators can thus be misleading in the sense that the environmental policy implemented within the company may just cover some documents that is not applied in the daily operations, and may even be unknown for the employees. In order to complement the objective indicators to get comprehensive results some subjective indicators can be used. Subjective indicators are based on the opinions of a company representative. Subjective indicators are the evaluation criteria based on the company's perception, e.g. the evaluation of top management's commitment to environmental management and how environmental policies have spread internally. In this thesis, the explored companies are seen as being large and therefore the objective measures are sufficient in order to determine how the environmental philosophies are outlined within the companies.

2.2.2 Environmental Strategies

Since environmental marketing is referred to a philosophy within the company, it has strong connections with environmental management. However, companies have implemented environmental marketing to different extents (Tjärnemo, 2001). Mendleson and Polonsky (1995) present four environmental marketing strategies: 1. "repositioning existing products without changing product composition", 2. "modifying existing products to be less environmentally harmful", 3. "modifying the entire corporate culture to ensure that environmental issues are integrated into all operational aspects", and 4. "the formation of new companies that target green consumers and only produce green products" (cited in Tjärnemo, 2001, p. 38). The first and the second strategy indicate more product marketing activities, while the third and the fourth indicate an approach that goes beyond product marketing and incorporates environmental issues within the strategy, management and culture of the company (cited in Tjärnemo, 2001).

Environmental sustainability means that companies should develop strategies that besides producing profits, sustains the environment (Kotler, Wong, Saunders & Armstrong, 2005). In order for companies to measure their progress towards environmental sustainability, Hart (1997) developed a portfolio called the sustainability portfolio, see figure 3.

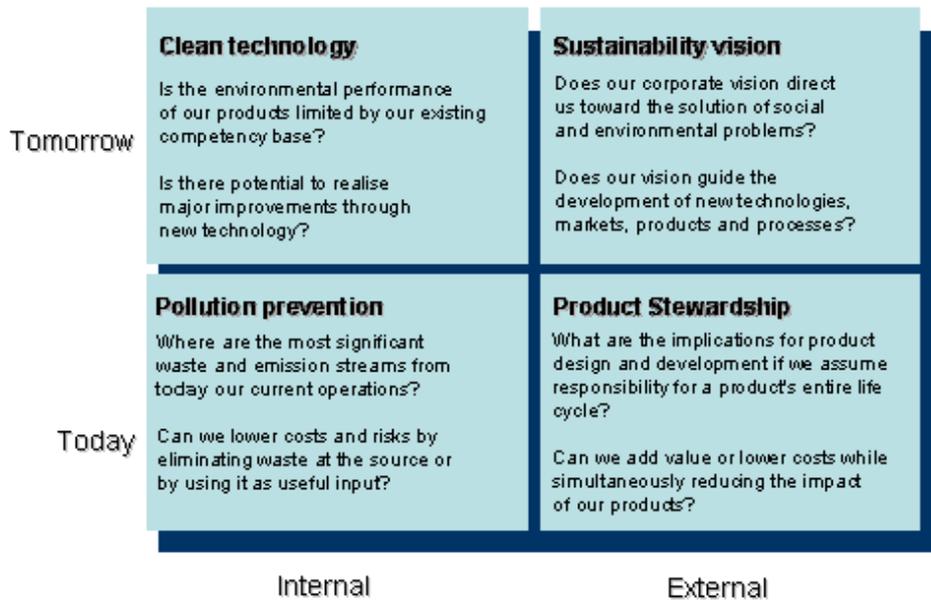


Figure 3- Sustainability Portfolio (Hart, 1997)

The first level of this portfolio, the pollution prevention, means that waste is eliminated or minimised before it is created. Companies that fall into this box of the portfolio have realised that they can be green and competitive at the same time, and have to some extent developed an environmental marketing strategy. This can be seen from the development of ecologically safer products, recyclable packaging, energy-efficient operations and better pollution controls. The next level of the portfolio, the product stewardship, means that the company minimises all environmental impacts with respect to the whole life cycle of the product. Many of the companies in this level have adopted DFE-practices (Design for Environment). These practices involve thinking ahead in the design stage in order to develop products that are easier to recover, reuse and recycle. In the third level of the sustainability portfolio, companies plan for clean technology. This means that in order to develop fully sustainable strategies, new technologies need to be developed. A company can have both good pollution prevention and product stewardship but they are limited by existing technologies. The final level of the portfolio is the sustainability vision which should be seen as a guide to the future. This vision provides a framework for pollution control, product stewardship and clean technology. It is a vision that shows how the evolvement of the company's products and services, processes, and policies must be outlined and what new technologies must be developed (Kotler et al., 2005).

According to Hart (1997) most companies end up in the first level of the portfolio, the pollution prevention. However, without any investments in future technologies, the environmental strategy of the company will not meet the evolving needs. Hart (1997) further argues that unbalanced portfolios could be problematic. A portfolio with focus on the bottom levels provides a good position today but future weaknesses while a portfolio with focus of sustainability vision, i.e. the top levels, lack the operational or analytical skills needed to implement it. A portfolio shifted to the left side is an indication of a preoccupation with the environmental challenge through internal process improvements and technology development initiatives. The portfolio shifted to the right side involves a risk of being called "greenwash" since operations and core technology cause significant environmental damage

(Hart, 1997). In conclusion a company should strive at developing all four levels of the sustainability portfolio, all dimensions of environmental sustainability (Kotler et al., 2005).

2.2.3 Eco-labels

Peattie (1995) classifies a product “which meets customers’ needs, is socially acceptable and produced in a sustainable manner” (Peattie, 1995, p. 180) as a green product. A green product differs from a non-green product since its life cycle is not measured in economic terms; instead its physical life from cradle-to-grave is measured. There are different elements taken into consideration when measuring the greenness of a product. The most influential factors are: what goes into the product (raw materials and human resources), the purpose of the product, the consequences of product use and misuse, the risks involved in product use, product durability, product disposal and finally where the product is made (Peattie, 1995).

Eco-labels can be one way for the company to inform and show their customers that the products or services they are providing are green (Knutsson & Wirenstedt, 1999). Chamorro & Bañegil (2005) state that eco-labels easily and confidentially allow consumers to identify the most ecological products on the market but leaves out information about the environmental behaviour and attitudes of the company itself (the environmental philosophy of the company).

According to the Global Ecolabelling Network (2004), an eco-label is “a label which identifies overall environmental preference of a product or service within a product category based on life cycle considerations.” The difference between an eco-label and a claim/label developed by a manufacturer of a product or by a service provider, is that the eco-label is awarded by an independent third party organisation that have set up criteria that the product or service must meet (Global Ecolabelling Network, 2004).

The reason why many people refer to “the jungle of eco-labels” (as was discussed in the problem section) is that many product labels exist without being “real” eco-labels. Instead they could in fact be brands or labels being added to a product by the manufacturer itself, i.e. not by a third party organisation. These labels contain little or no information at all about the impact on the environment caused by the product (Miljömärkarna, 2007).

According to the ISO⁵, product labels can be divided into three different types (type 1, 2 and 3). Pure eco-labels are the ones within the type 1 category. These are eco-labels that are awarded to products that are more environmentally preferred compared to other products within the same product category. When doing comparisons between the different companies’ products, an evaluation containing the products’ entire life cycle should be performed. These labels are awarded by independent, third party institutions that set the criteria and monitor them via a certification- or auditing process (United Nations Environment Programme, 2005).

Miljömärkarna⁶, a corporation between the most important eco-labels in Sweden (the Nordic Swan, KRAV, Bra Miljöval and TCO development) have developed five important criteria being important for eco-labels, these are:

⁵ International Organisation for Standardisation

⁶ A fictive Swedish word meaning the organisations awarding eco-labels

1. Extensive and controllable environmental requirements
2. Independent control of the products
3. Requirements that are set independent of the producer
4. Life cycle perspective
5. Incremental sharpening of the requirements

Miljömärkarna argue that even though there is a need to have extensive requirements for the eco-label, they must be controllable. Systems for independent control need to be developed by the organisations awarding eco-labels in order to ensure that the requirements are fulfilled. These control systems should be opened systems, although the final decisions concerning the requirements need to be taken by an independent committee. It is important that the eco-label judge the product through its whole life cycle, from cradle to grave and that those high requirements are set for the most important phases. Finally the eco-labelling must be dynamic and in order to continually increase the environmental benefit the requirements need to be intensified at a regular basis (Miljömärkarna, 2007).

2.2.4 Life Cycle Assessment

Life cycle assessment (LCA) recognises all the activities involved in the whole life span of a product, the so called “cradle-to-grave” approach. This type of assessment can be applicable when determining all the environmental burdens that exist within the activities of developing a new product. Further on, LCA concerns identifying and analysing every stage within the product development in order to recognise all the environmental effects from the use of raw materials through all processes to the disposal of the product, or more specific from the design of the product to the recycling of it. Emphasis is put on the design and the re-design. 80 to 90 percent of the product’s total life cycle cost is connected to the final design of the product. The original design determines the amount of waste from the product creation, the use of the product and the disposal. Using LCA in this case can encourage the designers to take futurity and equity into account and focus on sustainability when designing the product (Welford, 1995). Figure 4 shows the elements that need to be analysed in order to perform a life cycle assessment.

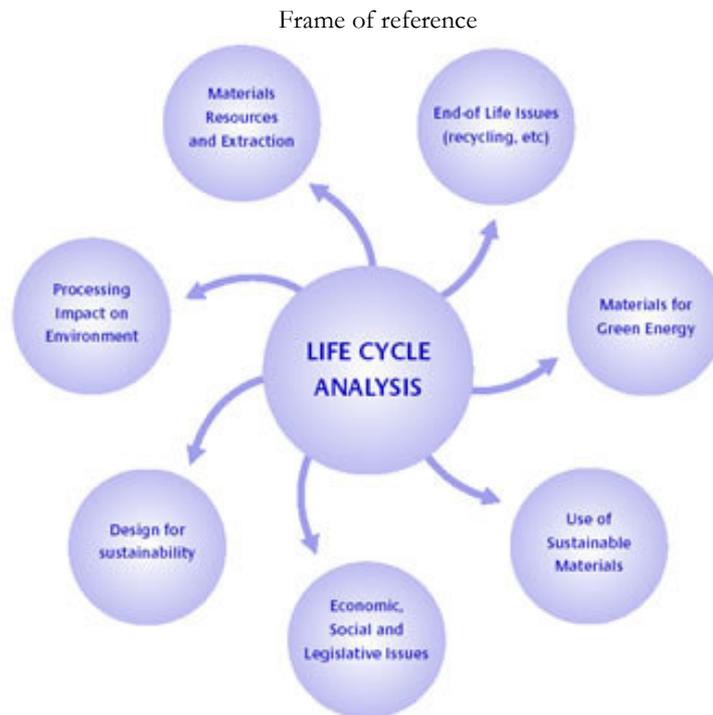


Figure 4- Life cycle assessment (Arnold, 2007)

2.2.4.1 Area of usage

The area of usage of LCA can be both internally, by the company, and externally, by the industry including different stakeholders, educators and policymakers. There are two main objectives of LCA when used internally within the company. The first objective involves helping the decision-makers of the company to identify different alternative products and processes by evaluating the environmental performance of these products and processes. The second objective is to evaluate the improvements of an existing or a newly designed system when it comes to the environmental performance. The outcome of the evaluation can work as guidance for the company in how to modify or design a system that can decrease the overall environmental impact (Azapagic, 1996). LCA also allows the tracking of sources of where and in what way the inputs to the end-product have been produced. To do so it will encourage seeing the possible impacts in undeveloped countries and also measure the progress towards sustainable development (Welford, 1995).

Externally, LCA can be useful as a marketing tool, especially for environmental labelling and for educational and informational purposes (Azapagic, 1996). LCA concentrates on the product and can therefore contribute to direct measurements of environmental impacts. The environmental strategy can therefore, through the products, be linked to the marketing system and can therefore be intertwined with the marketing strategy (Welford, 1995). Evaluation of the environmental impact of consumer products is a way of using LCA to inform customers. The aim of conducting LCA studies on consumer products is to provide customers with the knowledge to compare products from the same product category and encourage customers to choose products that are relatively more environmentally friendly (Azapagic, 1996). In order to find the best alternative the different stages in the whole life cycle of the products can be analysed and the sum of the net effects can be compared in order to find out which alternatives cause the least environmental damage. The assessment creates a focus to support environmental communication because of the linkage between LCA and eco-labelling. The European Union has based its eco-labelling scheme on LCA. The environmental impact of different products have been compared and ranked and the best environmental performers will be awarded with a label (Welford, 1995).

2.2.4.2 The complexity of LCA

The drawback with LCA is the complexity and the need for details. An active cooperation of suppliers and collaboration during the process is emphasised (Welford, 1995). When taking the cradle-to-grave approach into consideration, difficulties may arise of how far within the supply chain to move down and where to find the information needed to evaluate the eco-performance of all involved in the supply chain. One question that companies may ask themselves is if they should just evaluate their own suppliers or if the suppliers of their suppliers should be evaluated as well (Peattie, 1995). A concern about LCA is that suppliers may put more focus on activities that are easier to control, e.g. waste, polluting emissions and the consumption of energy rather than having a complete ecological perspective. It is also important to include the procurement of biodiversity, to protect endangered habitats, emphasise human and animal rights, and non-renewable resources (Welford, 1995).

2.3 Previous research

Chamorro & Bañegil (2005) performed a study exploring the relationship between eco-labels and the environmental marketing philosophy within companies. The study was made on Spanish companies with at least one eco-labelled product within their assortment. The aim of their research was to find out if the eco-label was used as a marketing pitch or if there existed a true environmental culture behind the eco-labels within these companies. In order to determine to what extent the explored Spanish companies had implemented an environmental market philosophy within their culture, objective and subjective indicators were used. Based on these objective and subjective indicators Chamorro & Bañegil (2005) came up with the result that a majority of the explored Spanish companies with at least one eco-labelled product had in fact a true environmental marketing philosophy incorporated within their culture. In conclusion, the eco-labels were not purely used as marketing tools but instead a reflection of an environmental marketing philosophy within the companies (Chamorro & Bañegil, 2005).

3 Method

This section of the thesis describes the method used to conduct the research. The section starts with a presentation of the chosen scientific approach. Following the method used to collect the empirical data and the processing and analysing of the empirical data are presented. The section ends with a discussion of trustworthiness.

3.1 Scientific approach

The scientific approach that we have applied in this thesis is the inductive approach. The inductive approach is according to Saunders, Lewis & Thornhill (2003) built to better understand the nature of the problem between two variables. The aim is not to test a cause-effect link between two variables; instead this approach is used to better understand what is going on around the two variables. There can be other competing reasons than just the variables that are tested. When making use of an inductive approach the optimal is to conduct a qualitative data collection method. The reason for this is that other data that were not taken into account in the beginning of the process can be discovered when analysing the data (Saunders et al., 2003).

In this thesis the aim was to explore the two concepts, eco-labels and CSR. More specifically to understand in what ways, if any, these two concepts could be related to each other. This was done by analysing theoretical and empirical data in a way to better understand the circumstances around the concepts of eco-labels and CSR within three different companies.

3.1.1 Purpose

According to Robson (2002) an exploratory study aims at seeking new insights and assessing phenomena in a new light (cited in Saunders et al., 2003). Our purpose is of an exploratory nature since it aims at assessing the phenomenon of eco-labels in a new light by including another dimension- CSR.

3.2 Data collection method

3.2.1 Research approach

In order to fulfil the purpose of this thesis there was a need to collect empirical data from real companies having eco-labelled products or services in order to analyse a possible relationship between the usage of eco-labels and the incorporation of CSR within the companies. Since we have adopted an inductive approach for this thesis we have chosen to make use of a qualitative research approach since it is an approach that is derived from the inductive approach. It emphasises words rather than numbers and focuses on specific situations or people (Maxwell, 2005). According to Gordon & Langmaid (1989) the qualitative approach concerns the understanding and meaning of phenomena. Since our aim was to understand how eco-labels are related to CSR the qualitative approach was most suitable in order to understand how these concepts are related to each other. By performing a qualitative research, the researchers are able to understand how events, actions and meanings are shaped by the circumstances in which they occur (Maxwell, 2005).

3.2.2 Sample

Deciding whom to include in the study, i.e. sampling, is according to Maxwell (2005) an essential part of the research method. Our sampling process started by defining the population that was of interest for us. This population consisted of all companies situated in Sweden having obtained an eco-label on their products or services. When following a qualitative approach there are according to Svenning (2003) no reasons for making a random sample from the defined population. Instead he suggests performing a selective sampling technique. He further claims that there are no specific rules to follow when using this sampling technique.

Before we selected our sample we found out that in the large amount of studies that previously have been made on eco-labelled products the focus has been on non-durable products, especially products such as detergents and toilet paper. We believe these products are easily connected to eco-labels and may be the first products thinking of when hearing the word eco-label. Therefore, we wanted to put focus on products and services provided by companies that are not the first ones thinking of when talking about eco-labels. We also wanted to show how the product range of eco-labelled products has widened over the last decade and that it now also has developed into services. With this in mind we selected a sample from our defined population based on three criteria: the companies needed to be well known Swedish companies, they needed to provide products or services that are not directly associated with eco-labels and finally their most recent obtained eco-labels needed to be relatively newly obtained on the products or services.

Based on this reasoning the following three companies were selected:

- Scandic
- Arla Foods
- JC

These are three different companies acting in three different industries. They are all well known Swedish companies providing products or services that are not directly associated with eco-labels; hotel stay, dairy products and clothes. Their eco-labels have relatively recently been obtained. As mentioned above the product range of eco-labelled products has widened and not much research has been made on these types of companies. This is why these companies are interesting to study.

In addition to make a study on these three companies, we wanted to gather data from third party organisations issuing the eco-labels in order for us to understand their involvement in the development of CSR-strategies within the selected companies. What we based our selection on for this study was that we wanted to obtain information from the organisations issuing the specific eco-labels that the three selected companies have obtained on their products and services. The following two third party organisations were then selected:

- The Nordic Swan
- KRAV

3.2.3 Interviews

The method used within the qualitative approach to collect the data for the empirical framework was through interviews with the selected companies and third party organisations. Collecting data through interviews is a useful method since it facilitates immediate follow up in the case of clarification. This data collection method also provides information about the context in which events occur. Finally, interviews facilitate the analysis due to the high flexibility this data collection method has (Marshall & Rossman, 1999).

3.2.3.1 Identification of interview participants

We identified the most appropriate persons for us to interview for this thesis to be the persons responsible for environmental/sustainability questions within each company. For the third party organisations we found it relevant to interview the responsible within the information/pr department. To be able to identify the persons of interest at Arla Foods and JC, we sent e-mails to the customer service introducing the topic of our thesis and requesting help to identify whom to talk to. Our requests were successfully fulfilled and we could identify and contact the possible interview participants. At Arla Foods the interview participants were Inger Larsson, Environmental adviser division consumer Nordic and Ann Freudenthal, Senior brand manager Nordic division. At JC our participant was Mimmi Brodin, Manager CSR/Environment. For Scandic we got the name of the responsible for environmental and sustainability issues from the Assistant general manager at Scandic Elmia in Jönköping by whom we already had an established contact. The participant identified was Jan Peter Bergkvist, Vice President Sustainable Business.

At the Nordic Swan we established a contact during a seminar that they held at Jönköping International Business School 25th September 2007. The participant in question was Per Ribbing, information/PR at the Nordic Swan. In order to identify whom to interview at KRAV an e-mail was sent to the customer service. We received the reply from Helena Bengtsson, information/PR, who was then interviewed.

3.2.3.2 Interview method

The persons identified and chosen as interview participants were located in different parts of Sweden and we found it difficult in terms of time and other resources to make face-to-face interviews with them. We therefore chose to perform telephone interviews to collect the empirical data. The advantages with telephone interviews are, according to Dahmström (2005), that they are cheaper and take less time compared to personal interviews, that any unclearness easily can be sorted out and finally that there is a possibility to support and stimulate the person being interviewed in order to get as complete answers as possible. One disadvantage on the other hand, Dahmström mentions, is that it is not possible to have a too long interview or asking too sensitive questions. In addition, Marshall & Rossman (1999) state that the interview method is dependent on the openness and honesty of the interview participant. When it comes to the topic of this thesis, eco-labelling and CSR, these are subjects in which the willingness to inform and share is high. Each interview participant also has the role in the company to be a good ambassador of sustainability related issues, internally and/or externally. The openness of the interview participants was therefore high.

Another disadvantage with telephone interviews is that it could be a risk that the answers are not very well considered (Dahmström, 2005). We tried to decrease this risk by at the same time as making the appointment for the interview (which was made by e-mail and/or telephone) provide the interview participants with the areas of discussion, see appendix A

and B. One further disadvantage with the conduction of telephone interviews is the lack of observing the non-verbal behaviour of the interview participant and this might have affects on the interpretation of how long to pursue a specific line of questioning (Saunders et al., 2003). In order to minimise this risk, all three of us writing the thesis participated in each interview even though only one of us directed the interview. By doing this we were three persons listening to the interview and interpreting the answers.

3.2.3.2.1 Interview structure

We conducted four interviews with the companies and two interviews with the third party organisations which made it six interviews in total. The interviews took between 25-45 minutes to perform and they were all recorded (with the permission of the interview participants). The main advantages of recording is according to Saunders et al. (2003) that it allows the interviewer to fully concentrate on the questioning and listening but also the ability to re-listen to the whole interview afterwards. One disadvantage with recording is the possibility of experiencing technical problems. We tried to prevent this by first test the equipment to ensure fair quality of the recording. During all interviews we also used two tape recorders. All interviews were conducted in Swedish since this is both the interviewers' and interview participants' first language. Conducting the interviews in Swedish enabled both parties to easier express themselves.

The interviews were conducted in a semi-structured manner since we had put together a list of themes (the areas of discussion) and questions that we wanted to cover during the interviews. All questions were not the same for all companies and the order of the questions was also changed dependent on which company to interview. Due to the semi-structured style, the interviews were so called respondent interviews since us as interviewers directed the interview and the interview participant responded to our questions (Saunders et al., 2003). We chose to divide the areas of discussion into three main categories (see appendix A and B) with regards to our research questions. Before the development of the questions, we studied the concept of CSR, both through a literature review and by reading a blog called "CSR i praktiken"⁷, which gave us valuable insights into the subject. In order to understand if and then to what extent CSR is incorporated within each company, questions taking into consideration how CSR is used as an educating tool towards sustainable development were developed. Combining this with the research questions we developed questions concerning the companies' overall CSR management and eco-labelling strategies. The reason why the questions were not the same for all companies was due to the different industries the companies are acting in and due to the different eco-labels they have. Having all three of us present during the interview gave the possibility to ask questions that could arise during the process of the interview; questions that were not included in the list of questions to be covered at the initial stage.

3.2.3.2.2 Skills of the interviewer

Carlsson (1991) concludes that there exist three different talents the interviewer should have in order to conduct an interview in a good manner. First the interviewer should make the interview participant feel that the interviewer is a part of the conversation even though his/her biggest role is to listen. To listen is the second talent the interviewer should possess and this does not only mean to listen to what is being said but also to be aware of what is

⁷ CSR in practise (<http://csripraktiken.blogspot.com>)

left out in the conversation. Finally Carlsson mentions the talent to direct the interview so that areas that are not of big importance for the purpose of the research are not covered to a great extent (Carlsson, 1991). Through all of our interviews we kept these aspects in mind by focusing on questions that would fit our areas of discussion as well as the purpose of this thesis. In order for the interview participant not to stray away on side-tracks irrelevant for the thesis, we directed the questioning to lead the conversation back on track.

3.2.3.3 Secondary data

As a complement to our primary data collection we have made use of secondary data, more specifically documentary secondary data in the form of written materials such as companies' informative web-pages, brochures and folders. One big advantage of using secondary data is that it requires fewer resources than the primary data collection. Secondary data can also be faster to collect. One disadvantage with the use of secondary data is that it may have been collected for purposes that do not fit the purpose of the research in question (Saunders et al., 2003). It is important to point out that we did only make use of this secondary data for basic company information not needed to be discussed or explained during the interviews. We did not use secondary data in order to gain an understanding of the more complex areas.

3.2.4 Data processing and analysis

After each interview, the whole conversation was transcribed. Transcribing the tape recording gives the researcher an opportunity to analyse (Maxwell, 2005). Crabtree & Miller (cited in Marshall & Rossman, 1999) state that it exist as many analysis strategies as it exist qualitative researchers. When we transcribed the interviews, the shape of a thematic analysis took form. Thematic analysis is according to Maxwell (2005) part of the qualitative data analysis called categorising strategies. When performing this type of analysis, the transcribed data is categorised into broader themes and issues (Maxwell, 2005). We divided the data into these themes according to our three areas of discussion- environmental management, eco-labelling and CSR, using different colour highlightings. Since the interviews were conducted in Swedish there was a need to translate the collected data. This was done with the help of dictionaries in order to get an accurate translation.

In order to get an overview of how each company has incorporated environmental management, eco-labelling, and CSR, the structure of our empirical framework is built on three sections representing the different companies. Since our aim was not to compare the different companies and industries with each other this structure was most suitable.

3.3 Discussion of trustworthiness

In order to minimise the possibility to get misleading results from a research, the trustworthiness of the qualitative data needs to be evaluated. According to Marshall & Rossman (1999) four different concepts are important and need to be emphasised when dealing with qualitative data: credibility, transferability, dependability and confirmability.

The first concept, credibility, entails the appropriateness of the research findings. Credibility demonstrates whether the data collected identifies and describes the subject in the manner that the researcher aims to explore (Marshall & Rossman, 1999). Within this thesis the interview participants were identified to be working with environmental- and sustainable issues as well as CSR within the three companies respectively and the participants from the

third party organisations working with information/PR. This raised our confidence of having received accurate information from all parties. The interview participants were also provided with information on what areas to be discussed during the interview in beforehand in order to ensure that the purpose of the interview was understood and that we could receive suitable information from all participants. One critical aspect with credibility lies in the translation process. In order to minimise this problem we frequently consulted dictionaries in order to translate each word accurately and not to incorporate our own thoughts and beliefs within the translation.

According to Marshall & Rossman (1999), the second concept, transferability, should answer the question of how applicable and generalisable the findings of the research are to another setting or group of people. In the case of a qualitative study it is problematic to value the data's transferability or generalisability to other settings. Svenning (2003) argues that a qualitative research makes examples; it does not generalise a whole population. In order to test if the findings of a study can be accurately transferred into other settings, other researchers could use the same frame of reference and data collection method when conducting the analysis. The comparison between the results of the two studies can thereafter show if the findings from the first study are transferable (Marshall & Rossman, 1999). Therefore, it is problematic for us to prove if the research findings of this thesis are transferable to another context. Other researchers interested in our subject that seek to explore if our findings can be transferred into their settings, can use our frame of reference and our data collection method in order to compare the results.

The third concept, dependability, refers to the ability to replicate the study. However, as Marshall & Rossman (1999) argue, it is problematic to replicate qualitative research. The reason for this is because the reality and the environment are constantly changing. The interviews were conducted in a semi-structured manner with focus on different areas of discussion. The questions asked were therefore flexible according to the context of the interview. The changing reality combined with the flexible method used during the interviews may lead to different results if the interviews were conducted again with the same participants within the same context. In the appendix we have stated the areas of the discussion in order to more clearly show how we have preceded the interviews. The data collected have also been logical categorised according to the areas of discussion and stated within the empirical findings in order for us to conduct the analysis. If someone wishes to conduct the interview based on our areas of discussion or re-evaluate our empirical data, it is then possible.

The fourth and final concept, confirmability, refers to the objectivity of the research findings, i.e. if the findings can be confirmed by another (Marshall & Rossman, 1999). The findings should be objectively processed and should not be influenced by the researcher's subjectivity (Marshall & Rossman, 1999). According to Saunders et al. (2003) two types of biases need to be considered when conducting interviews. The first one, the interviewer bias, occurs when the interviewer incorporates his/her own beliefs when asking the questions and interpreting the answers. By preparing the interview participant with the help of the areas of discussion in beforehand and by clearly formulating the questions during the interview, we could objectively receive the required information. Since all three of us took part in all interviews, any difference in the interpretation of answers that occurred have been discussed and resolved in order to minimise this issue of bias. Saunders et al. (2003) state that the second type of bias is called the interviewee or response bias. One problem could be that the participant may not choose to reveal or discuss in depth some parts of the research area that is aimed to be explored. Having a flexible approach during the inter-

view allowed us to ask follow up questions in order to get a deeper understanding and make sure to receive the suitable information. Further on Saunders et al. (2003) mention that interviews concerning sensitive topics may cause bias due to the unwillingness among the interview participant to engage in answering these sensitive questions. This is especially true for a telephone interview they state. However the topic of this thesis is not of a sensitive nature; the information has been easily obtained and we strongly believe that the persons interviewed have an interest in contributing to spread information of CSR and the environmental work within their organisations.

4 Empirical framework

In this section of the thesis, the result of the gathered empirical data is presented. The section is divided into three parts. The first part covers the results from our study of Scandic, the second the results from the study of Arla Foods and the last part covers the result from the study made on JC.

Company	Participant	Title	Date
Scandic	Jan Peter Bergkvist	Vice President Sustainable Business	2007-10-17
Arla Foods	Ann Freudenthal	Senior brand manager Nordic division	2007-11-13
	Inger Larsson	Environmental adviser division consumer Nordic	2007-11-12
JC	Mimmi Brodin	Manager CSR/Environment	2007-11-07
The Nordic Swan	Per Ribbing	Information/PR	2007-11-02
KRAV	Helena Bengtsson	Information/PR	2007-11-07

Table 2- Summary of all interviews conducted for the empirical framework.

4.1 Scandic

With 129 hotels in 9 countries Scandic is the largest hotel chain in the Nordic countries. Scandic is owned by the venture capitalist EQT which has its base in Sweden. The business idea of the Scandic today is to “offer easy and accessible travel for all” (Scandic Hotels AB, 2007).

The following data is mainly based on the interview held 17th October 2007 with the Vice President Sustainable Business (referred to as VPSB in this thesis) at Scandic and the interview held 2nd November with the Nordic Swan eco-labelling. This is therefore referred to as personal communication.

4.1.1 Environmental Management

Today, the environmental and sustainability management at Scandic consists of the VPSB which has the responsibility to facilitate for all 129 hotels to be good companies in a good society. This is done through a three dimensional perspective; be more profitable than the competitors, be more resource efficient than competitors, and have a brand that more people relate their own values to because it contributes to ecological and social sustainability. A central position working with environmental questions has existed since year 2000 but the title added with sustainability, VPSB, was developed this year (2007). In addition to the VPSB there is also a Sustainability Controller that reports directly to the VPSB. The Sustainability Controller is responsible for the brand in all nine countries where Scandic is situated. In each country there is also a coordinator within areas such as environment, “Scandic-in-society”, and health. These positions are part-time positions, i.e. the coordina-

tor has another position within Scandic as well, e.g. hotel manager and environmental coordinator (J. P. Bergkvist, personal communication, 2007-10-17).

Scandic's environmental policy is: "No company can avoid taking responsibility for the environment and focusing on environmental questions. Scandic should therefore take the lead and actively work for a decreased environmental pressure and an ecological sustainable society." (Scandic, 2007a).

4.1.1.1 The development of the environmental management at Scandic

Scandic first started their sustainability work in 1994 as a way to overcome economic difficulties that the company experienced at that time. The management of Scandic chose to build a strong brand that the employees would be proud of and that the guests easily could identify themselves with. Social and ecological sustainability became the guiding light in this work (J. P. Bergkvist, personal communication, 2007-10-17). With the help of the "Natural Step"⁸, Scandic were one the first companies in the world being educated of what sustainability is and thereafter developed systematic business programs in order to reach sustainability. Important questions that were highlighted in this work were how Scandic could avoid contributing to an increase of chemicals, avoid living on the expense of the environment, and how they could work in order to maximise peoples' abilities to get their needs fulfilled (Scandic, 2007b).

In 1996 all Scandic hotels started to report their resource consumption (energy, water and non recycled garbage) according to SIR (Sustainability Indicator Reporting). The results are compared with previous results and also with other hotels within the chain. The important is to always improve (Scandic, 2007b).

4.1.2 The Nordic Swan eco-label

1999 the first Scandic hotel, Scandic Sjølyst in Oslo, Norway, was awarded the Nordic Swan eco-label (Scandic, 2007a). Today all Scandic hotels in Sweden are eco-labelled with the Nordic Swan and in total for the whole chain barely 100 hotels have obtained the label. Scandic Sweden was the first hotel chain in the world being eco-labelled (J. P. Bergkvist, personal communication, 2007-10-17).

The Nordic Swan is a type 1 eco-label. The label is issued by SIS Miljömärkning AB which is a non-profit organisation assigned by the Swedish government (and the Nordic council of ministers) to administer eco-labels on products and services (P. Ribbing, personal communication, 2007-11-02). The vision of the Nordic Swan is "a sustainable society in which future generations can benefit from the same conditions and opportunities as we do. An important step towards this vision is that more and more consumers choose the Nordic Swan eco-labelled products and services." (SIS Miljömärkning AB, 2006). According to Ribbing (personal communication, 2007-11-02) the Nordic Swan act as a "skewer" in the market, i.e. act to decrease the worst products and services (worst meaning the most environmental harming products and services). By doing this, the Nordic Swan can contribute to a sustainable development of society. The Nordic Swan does not exist for the elite group of environmentally aware people since this target group already has the knowledge of how

⁸ "The Natural Step" is an organisation working to accelerate global sustainability by guiding companies, communities and governments onto an ecologically, socially and economically sustainable path (The Natural Step, 2003).

and where to find the most appropriate products and services in an environmental perspective. Instead the eco-label targets the big mass of people. It is when this group starts to demand eco-labelled products and services from large companies that something happens with the society. The Nordic Swan eco-label is a label that should guide consumers to make demands on eco-labelling (P. Ribbing, personal communication, 2007-11-02).

A hotel has the same type of environmental pressures as a normal household but at a much higher rate. A Nordic Swan eco-labelled hotel should decrease its energy- and water consumption, decrease the use of environmentally harming chemicals, recycle, have a documented environmental strategy, and finally the hotel should have environmentally adjusted its transports (SIS Miljömärkning AB, 2007b). The VPSB states: when eco-labelling a service the processes (operations) are in focus. Even though the operations are in focus, it is the physical hotel that obtains the eco-label (J. P. Bergkvist, personal communication, 2007-10-17).

The cost to apply for a Nordic Swan license is 18 000 SEK excluding taxes. It is therefore a risk that really small (micro) companies can not afford obtaining the eco-label. However, Ribbing argues, a small company does not influence the society to such a large extent that a large company does. Besides from the license cost, the company pays a fee to have the label. For a product the fee is 3‰ of the turnover per year on that product and for a service the fee is 1.5‰ of the turnover. However there is a maximum fee of 350 000 SEK/year a company has to pay to have the Nordic Swan eco-label. For a big customer such as Scandic, special agreements are developed where the costs should cover the inspection visits at each hotel. A customer at a Scandic hotel (in Sweden) must trust that all criteria for the Nordic Swan eco-labelled are controlled and fulfilled (P. Ribbing, personal communication, 2007-11-02).

The Nordic Swan do not “educate” their customers how to manage CSR but Ribbing believes that it becomes natural for a company obtaining an eco-label to start to think in terms of CSR (personal communication, 2007-11-02). Since environmental issues are complex, it can take time to gain a deep understanding of a specific area. The Nordic Swan can be seen as an aid in the work to gain a deeper understanding (Nordic Ecolabelling, 2007).

4.1.2.1 Eco-labelling at Scandic

According to Bergkvist (personal communication, 2007-10-17) there were two main purposes why Scandic chose to eco-label their hotels at the initial stage. The first purpose was to give the customers and guests an easily attainable and measurable environmental goal for their travelling, i.e. nights stayed at a Nordic Swan eco-labelled Scandic hotel. The second purpose was to show all their employees that Scandic through a conscious sustainability work easily could earn what is seen as the world’s toughest eco-label, the Nordic Swan. The label was a proof that the decade of active environmental awareness actually made a difference but also that they were on a high level, among the 30% best in the market. The Nordic Swan’s criteria are outlined in such a way that maximum 30% of the best products or services in a specific industry can earn the eco-label. If there are more products or services that can earn it, the criteria have to be sharpened (J. P. Bergkvist, personal communication, 2007-10-17).

The reason why Scandic chose to apply the Nordic Swan eco-label was the high spontaneous awareness of the label. Since it is a type 1 eco-label it is highly regulated by a serious third party. The third party, SIS Miljömärkning AB, is working on assignment of the Nordic council of ministers which leads to a high reliability. Another important aspect was the

“Nordic” in the eco-label together with the Nordic in the hotel chain. Even though Scandic have hotels in many countries, the main base is within the Nordic countries (J. P. Bergkvist, personal communication, 2007-10-17).

4.1.2.1.1 Effects of the eco-labelling

Scandic have seen themselves as being a leading company when it comes to sustainability and environmental issues. The eco-labelling has made this leading position more clear for both the management and the employees because the eco-label is handled by an independent third party which in turn increases the reliability (J. P. Bergkvist, personal communication, 2007-10-17). The Nordic Swan sees the obtaining of the eco-label being a result of a genuine and well-built environmental strategy that Scandic have worked hard to develop (P. Ribbing, personal communication, 2007-11-02).

According to the environmental policy at Scandic, no business can avoid taking responsibility for the environment. Many companies are actively taking responsibility. In this sense it is nothing that makes Scandic as a company unique. However, since Scandic have had sustainability integrated in their business strategy, they have managed to position themselves somewhat differently than their competitors. There are other hotels, both at the national and global level, that are eco-labelled; however, Scandic are highlighted when it comes to sustainability issues. As Bergkvist (personal communication, 2007-10-17) states: “having worked hard on these issues gives a natural leading position.” In customer surveys Scandic is raised as a company taking responsibility, not just within the hotel industry but across the whole business world. The Nordic Swan eco-label has only confirmed this by being the serious and reliable third party (J. P. Bergkvist, personal communication, 2007-10-17).

The goal is to get all Scandic hotels in the Nordic countries eco-labelled with the Nordic Swan. There is no time assigned to this goal since there is a lack of consistency between the different countries when it comes to the different systems being used (J. P. Bergkvist, personal communication, 2007-10-17).

Since 2001 all the breakfasts served at Scandic Sweden are eco-labelled with KRAV (see next section for further information about KRAV). Two Scandic hotels in Sweden have in addition restaurants eco-labelled with the Nordic Swan eco-label; Scandic Anglais in Stockholm and Scandic Winn in Karlstad. This has been done in order to differentiate even more (J. P. Bergkvist, personal communication, 2007-10-17).

4.1.3 Corporate Social Responsibility

When it comes to involving the guests to take active responsibility, Scandic are pioneers. Scandic was the first hotel chain in the world introducing the concept of using the towel more than once, a concept that today is standard world wide. To stop using disposable packages for shampoo, butter and marmalade are other important examples of how Scandic involve their guests to take responsibility at the same time as money is saved and the environment is harmonised (Scandic, 2007b).

The hotel industry is very pedagogical when it comes to sustainability questions. According to Bergkvist (personal communication, 2007-10-17), the industry acts as a trendsetter. Being a trendsetter involves responsibility. Bergkvist further claims that there are many guests that have been influenced of the way Scandic have chosen to make their stay at the hotels, e.g. to use the towel more than once, recycle and not use any disposable packages. Scandic

have developed an interactive website called “Bring a bit of Scandic home” where they introduce their way of thinking to the individual (J. P. Bergkvist, personal communication, 2007-10-17).

4.1.3.1 Suppliers

More and more companies use the eco-label as a B2B⁹ instrument. When it comes to the suppliers, Scandic have very clear requirements. When it is possible, they more or less demand the products they buy from their suppliers to be eco-labelled. By buying eco-labelled products, Scandic do not need to be experts on the product itself since they come from a serious and reliable customer inspected by a third party. On the initiative of Scandic, the supplier of liquid soap, LUX, changed the recipe of their product in the Nordic countries in order to obtain the Nordic Swan eco-label (J. P. Bergkvist, personal communication, 2007-10-17).

Scandic have a supplier declaration that all their suppliers have to follow. When submitting the offer, the supplier has to present how this declaration will be followed. The declaration is based on the same holistic view on sustainability that Scandic try to obtain themselves and this in turn is based on the framework that “The Natural Step” has developed. The core of this framework is to ask the supplying company three questions:

1. Do they know their biggest environmental impacts?
2. What have they done in order to minimise them?
3. What do they plan to do about these impacts?

By having this declaration, Scandic avoid to choose an inappropriate supplier. A supplier that can not show enough engagement for sustainability and environmental questions falls out at an early stage in the selection process. Scandic have however denied products from suppliers that have not been suitable according to their own values. For instance, Scandic have a GMO-policy (Genetically Modified Organisms) stating that they should not have any GMO products since there at present are risks associated with these products (J. P. Bergkvist, personal communication, 2007-10-17).

In addition to have the Nordic Swan eco-label on all hotels in Sweden, Scandic also have 8 so called “Environmental Hotels¹⁰”. These are hotels where Scandic have been present throughout the whole building process. Scandic do not own the hotel buildings themselves; instead the ownership lies in different partnerships. However in building an environmental hotel Scandic’s concepts and systems on all parts of the hotel activity have been applied. Their sustainability program has thus been implemented from the first groundbreaking. The concept of environmental hotels is not used at Scandic to such a large extent today since the idea to use a term for such a hotel was born before Scandic started to eco-label their hotels. An environmental hotel is built according to SERECS, Scandic’s environmental construction guide, and also according to the “sustainable hotel design and construction guidelines” in which the development Scandic have taken part (J. P. Bergkvist, personal communication, 2007-10-17). SERECS builds on the same cornerstones of sustainability that the whole philosophy of Scandic; to guarantee sustainability the aspects of

⁹ Business to Business

¹⁰ Miljöhotell in Swedish

economical, ecological and ethical responsibility must be taken into consideration. All new and re-constructions should be done in a manner that minimise the environmental pressure, renewable materials should be chosen and individual aesthetics or short-term interest should not be chosen on the expense of Scandic's long-term sustainability work (Scandic Hotels AB, 2006).

4.2 Arla Foods

Arla Foods is Sweden's (and Europe's) largest producer of dairy products. The company is a cooperative society which is owned by 9408 milk farmers in Sweden and Denmark. The mission of Arla Foods is to "offer modern consumers dairy products that create inspiration, security and well-being" (Arla Foods, 2007a).

The following information is mainly based on three interviews. The interview held 12th November 2007 with the Environmental adviser consumer Nordic division at Arla Foods, the interview held 13th November 2007 with the Senior Brand Manager at Arla Foods and finally the interview held 7th November 2007 with the KRAV eco-labelling. This is therefore referred to as personal communication.

4.2.1 Environmental Management

Arla Foods have been working with environmental issues for over 30 years (I. Larsson, personal communication, 2007-11-12). They have also provided environmental audits of their performance since the 1980's (A. Freudenthal, personal communication, 2007-11-13). As a complement to Arla Foods's annual report they provide a sustainability report¹¹ in which they present their environmental performance, good as well as bad (Arla Foods, 2006b). The environmental issues have for a long time been a great part of Arla Foods's business but the focus has shifted and different questions have had different importance during the years. Arla Foods have several positions within the company that work with environmental issues in different ways. Since the company as recently as October 2006 started a reorganisation, due to a shift of company focus towards a more Nordic market, some of the more comprehensive environmental positions within Arla Foods are still being developed or have recently been filled. However, every dairy factory has one person employed at the position environmental coordinator. The environmental coordinator has in addition to the environmentally-related work the responsibility to educate his or her co-workers on how they should work in an environmentally friendly manner (I. Larsson, personal communication, 2007-11-12).

4.2.2 The KRAV eco-label

One way that Arla Foods contribute to environmental sustainability is through their ecological product line. These products have obtained the KRAV eco-label. The first KRAV eco-label was obtained in the beginning of the 1990's but since Arla Foods's ecological product line is continuously developed, the KRAV eco-label is still awarded to new products (A. Freudenthal, personal communication, 2007-11-13).

The KRAV eco-label is as the Nordic Swan a type 1 eco-label. KRAV is a non-profit organisation that acts like a third party controller, investigating and making sure that a com-

¹¹ "Hållbarhetsredovisning" in Swedish

pany has good performance when it comes to their influence on the environment, animal-care, good health and also their social responsibility. KRAV develops criteria that take into consideration the product's whole life cycle, from cradle to grave. The KRAV eco-label is foremost issued to food products and is used within Sweden. The organisation evaluate if a product is eligible for being certified with the KRAV eco-label and then ensures that the product lives up to the criteria set (H. Bengtsson, personal communication, 2007-11-07).

According to Freudenthal (personal communication, 2007-11-13) the dairy industry has great influence on the surrounding environment. The dairy factories consume a lot of energy, the products need to be transported long distances and the packages that the products are delivered in also contribute to environmental damage.

In order to ensure that the criteria are followed, KRAV performs annual controls. The controls are performed by an inspector both on the milk-farm and at the dairy factory. The idea is that every single drop of milk in a KRAV eco-labelled carton should be ensured to come from a farm following the criteria for KRAV. In order to use the KRAV eco-label the companies have to pay an annual fee to the organisation of KRAV. A company having a turnover less than 1 000 000 SEK on a KRAV eco-labelled product pays 400 SEK per year (excluding the license cost which amounts to 5 000 SEK). A company having a turnover greater than 1 000 000 SEK pays 6 % of the turnover or if the turnover exceeds several millions of SEK, the fee can decrease to 5 % of the turnover of that specific product (H. Bengtsson, personal communication, 2007-11-07). When it comes to Arla Foods they pay a fixed license cost for every certified dairy factory and product category and a variable cost based on the amount of litres produced. The variable cost becomes smaller as more litres are produced. In total annual fee, Arla Foods pay around 5 million SEK per year (A. Freudenthal, personal communication, 2007-11-13).

4.2.2.1 Eco-labelling at Arla Foods

According to Freudenthal (personal communication, 2007-11-13), Arla Foods have the world's largest production of ecological milk. The ecological milk carries a variant of the so called Arla cow logo, which is a logo meaning that the milk is produced in Sweden, as well as the KRAV eco-label on every package; see figure 5.



Figure 5- The Arla cow logo, the ecological Arla cow logo (Arla Foods, 2007b) and the KRAV eco-label logo (KRAV, 2007)

Even though the KRAV eco-label entails such a high cost for Arla Foods, they feel that it is a good complement to their own ecological logo since people have learned to trust the KRAV eco-label. It has existed for several years and most ecological products in Sweden have this certification (A. Freudenthal, personal communication, 2007-11-13). The KRAV

eco-label has a high spontaneous recognition; in a recent survey 96% answered that they recognised the label (H. Bengtsson, personal communication, 2007-11-07). Presently Arla Foods believe that it is sufficient to only have their own ecological logo for their ecological product line. However, they feel that it is good to be backed up by a serious third party controller when the competition with ecological products from other countries, such as Germany, tightens (A. Freudenthal, personal communication, 2007-11-13).

In the beginning of the 1990's when the first KRAV eco-label was obtained, Arla Foods identified the ecological market as a growing market. They developed their ecological product line and marketed it as "Framtidens mjölk¹²". They believed that in the future, more and more milk farms would convert from being conventional to become ecological. The shift from conventional to ecological farms has occurred, but not at the rate that Arla Foods first anticipated. The underlying reason for this, Freudenthal (personal communication, 2007-11-13) believes to be due to the fact that not all customers are willing to pay extra for an ecological product. Today, out of a total of their 5360 farms in Sweden, 300 are ecological (6% ecological farms) and Arla Foods provide the market with a product line containing over 30 different ecological products and they have as a goal to be able to supply the market with an ecological alternative to all their "best sellers" (A. Freudenthal, personal communication, 2007-11-13).

Since Arla Foods is owned by both conventional and ecological farmers, they see that the conventional farmers can learn from the ecological farmers on how they can improve the environmental performance on the farms (A. Freudenthal, personal communications, 2007-11-03).

4.2.3 Corporate Social Responsibility

Besides their ecological product line Arla Foods have taken an initiative to work towards decreasing their overall negative impact on the environment and to contribute to the society (Arla Foods amba, 2005).

4.2.3.1 Environmental responsibility

When assessing their operations, Arla Foods apply a life cycle perspective. By making improvements within their environmental performance they seek to minimise their environmental effects of their production (Arla Foods amba, 2005). Arla Foods have specific goals covering the different environmental issues that they face. Regarding the target of usage of chemicals, Arla Foods seek to avoid or limit their usage of chemicals that can contribute to risks for personal health or the external environment. The chemicals used within the processes at the company must fulfil some criteria that have been developed and have become standard to use for the whole dairy industry (I. Larsson, personal communication, 2007-11-12).

When building a new dairy factory and starting the usage of new equipment Arla Foods take into consideration how they affect the environment in order to minimise the future environmental damage that the company may cause (Arla Foods amba, 2005). Resources such as energy and water are constantly overseen. By having an effective usage of water and energy within both production and transportation Arla Foods do not only contribute to a better environment, they also cut costs for the company (I. Larsson, personal commu-

¹² "The Milk of the Future"

nications, 2007-11-12). In the most recently built dairy factory located in Vimmerby, Arla Foods have their own bio fuel heating system in order to decrease the usage of fossil fuel (Arla Foods, 2007c). Arla Foods have implemented a certification system called ISO 14000 which entails having environmental standards at their dairy factories which helps the company to constantly improve their processes (A. Freudenthal, personal communication, 2007-11-13).

Targets regarding limitations within the area of pollution also exist since they seek to reduce the discharges that occur during the company's production and transportation of products. This is done in order to lessen their contribution towards acidification of the environment (Arla Foods, 2007d). Since transportation is such a great part within Arla Foods, they constantly oversee the efficiency of their transports taking into consideration everything from which fuel they use, the planning of effective routes as well as having more energy efficient cooling systems for the products while they are transported (A. Freudenthal, personal communication, 2007-11-13).

Arla Foods do not only put demands that the dairy factories must fulfil, they also have a quality programme that all their milk farmers must follow. Their quality programme takes into consideration different aspects such as the milk's composition, the quality of the product, animal care and also the environmental consideration in order to ensure customers a certain standard (Arla Foods, 2006a). In addition to encourage the milk farmers to work with environmental issues, Arla Foods encourage their suppliers to develop and offer environmentally friendly products and services in line with their specific demands. Arla Foods have a contract concerning certain codes of conduct that the suppliers must sign and follow (Arla Foods, 2006b).

Within Arla Foods the products' environmental performance is constantly overseen and improved. According to Larsson (personal communication 2007-11-12), the most important environmental issue for a dairy factory is to see to that the product that is produced, is produced as efficient as possible. With this means making sure that the raw material ends up as a finished product instead of ending up as waste. If the product would not be processed as efficiently as possible much of the environmental impact that has been caused in the previous stages of development such as the work done on the milk farms would have been in vain. They also work with having effective usage of their resources, re-usage and recycling. The recycling and re-usage go further than just looking to material and supplies that are often associated with these concepts. Some of the bi-products that occur during the production processes can be refined into other products or converted into animal fodder. The bi-products that do not meet the hygiene and cleanliness requirements for becoming either new products or animal fodder can be transformed into biogas which is used for heating systems and also for car fuel (Arla Foods, 2006b).

As was previously mentioned another big environmental issue that Arla Foods face regards their product packages. Every year 2 billion packages are produced and sold. Therefore Arla Foods have developed three guidelines that the packages should fulfil. The packages should be smart, effective, and environmentally friendly (Arla Foods, 2007e). As required by the Swedish law, Arla Foods have provided their cartons with instructions on how they should be recycled (Arla Foods, 2007f). According to Freudenthal (personal communication, 2007-11-13) Arla Foods's packages have been made as environmentally efficient as possible. However, customers demand plastic screw caps on the packages which in environmental terms are more harmful than paper cartons without plastic caps. Freudenthal (personal communication, 2007-11-13) sees this as a paradox since more customers at the same time demand more environmentally friendly products. To stay competitive, Arla

Foods need to keep the plastic caps on certain of their packages. On the other hand, there should always be alternatives on the ecological products for customers demanding environmentally friendly packages (A. Freudenthal, personal communication, 2007-11-13).

The company also encourages its customers' participation in the recycling process by informing that the company's traditional milk carton can be recycled up to seven times (Arla Foods, 2007f). Arla Foods also encourage their customers to take their own responsibility of the environment, for instance not to buy more milk than they consume. Via their homepage Arla Foods also encourage their customers to limit their environmental impact by giving them different suggestions such as taking the bike instead of the car when buying Arla Foods's products (Arla Foods, 2007g).

4.2.3.2 Other contributions to social responsibility

Arla Foods contribute with donations to research concerning different causes such as eating habits and health. They also contribute to charitable and other non-profit organisations in order to give back to the communities. Arla Foods have also offered their assistance during environmental crises such as the tsunami catastrophe in Thailand 2004. Arla Foods have also for many years been involved in different activities concerning the well-being of children and youths. For instance they have for 30 years been using the backsides of their milk cartons as a channel for spreading information to their young consumers. This way of communication has made it possible for Arla Foods to cover topics that attract children in the ages 9-16. Examples of topics covered during the latter years are about how to live on a farm, how to bicycle in a safe manner, career choices and science. The company has also a project called "Arla Minior" that targets children in the early stages of school (ages 6-9). This project entails offering school children the opportunity to visit a milk farm in order to teach them the connection between man, animal and nature and also to provide them with the knowledge of where milk comes from (Arla Foods, 2006b).

4.3 JC

JC is a retailer that offers fashion- and quality clothes, with focus on jeans, to women and men between the ages of 14-25. JC also have their own clothing line, Crocker. The company is owned by RNB (Retail and Brands) and operates in Sweden, Norway and Finland (RNB, 2007).

The following data is mainly based on the interview held 7th November 2007 with the Manager CSR/Environment at JC and the interview held 2nd November with the Nordic Swan. This is therefore referred to as personal communication.

4.3.1 Environmental strategy

In spring 2007 JC started to view their operations with environmental concerns in mind. The company realised that a comprehensive focus upon these issues were needed and that there also was a need of a manager with an overall view of the environmental aspects. In September 2007 JC decided to create such a position and the Manager CSR/Environment was employed. The manager deals with the environmental work that is done within the company e.g. when it comes to the product and transportation, but also the environmental work that is done on a daily basis at the office and at the stores. There are other employees at other departments, especially within quality and transportation, that deal with environmental issues as well but the Manager CSR/Environment is the only one with an overall

view and with overall responsibility when it comes to environmental issues (M. Brodin, personal communication, 2007-11-07).

At this point in time JC have not yet formulated a goal or an environmental strategy. It is up to the Manager CSR/Environment to gather all the information concerning environmental issues and to make it clear and structured in order to formulate an overwhelming goal with the environmental work. The aim is also to communicate the environmental thinking throughout the whole company all the way to the stores. The employees working in the stores represent the front-line and must be able to communicate JC's environmental policies to the customers (M. Brodin, personal communication 2007-11-07).

4.3.2 Eco-labelling on clothes

The clothing production industry causes major environmental- and health-issues around the world. The textile industry tends to use a lot of chemicals and pesticides during the whole life cycle of its products, from raw material to the finished clothing. The cotton used in the production is exposed to harmful pesticides which cause poisoning and even death among people and animals. The textile industry consumes a lot of energy, water and produces a lot of waste. The Nordic Swan has developed criteria for clothes in order to minimise the environmental pressures. When buying clothes with the Nordic Swan eco-label the customer makes an active choice that contributes to a better environment. The Nordic Swan eco-label is a guarantee for the consumers that the clothing is produced in a way that fulfil criteria of environmental-, health- and quality standards. A third party controls that the criteria are fulfilled and makes sure that the whole life cycle of the product has had as little impact on the environment as possible. The third party also sharpen the criteria on a continuous basis (SIS Miljömärkning AB, 2007c).

4.3.2.1 Criteria for KRAV eco-labelled cotton

In the process of producing clothes, the cotton or fibre that is needed must have been cultivated in a way that complies with EU-standards. These standards are built on the criteria that the European Union's eco-label, the EU Agriculture, has on food products and raw materials that have been cultivated ecologically. In Sweden the KRAV eco-label is used in the same manner to show that the cotton follows these standards. As previously mentioned, the KRAV organisation is a third party organisation that awards the KRAV eco-label which is used in the Swedish market on ecological products, especially food. The KRAV eco-label stands for high standards when it comes to the environment, animal-care, health, and social responsibility. Two main differences between the EU Agriculture eco-label and the KRAV eco-label are that KRAV has tougher criteria concerning animal-care and working conditions. The main requirements that have to be fulfilled when it comes to the cultivation of cotton according to KRAV are that genetically modified organisms should not be used and it is not allowed to use pesticides and artificial fertiliser on the cotton. The criteria for the KRAV eco-label on cotton cover only the process of the cultivating, gathering and handling of the raw material i.e. KRAV does not look on the process of the refining of the cotton to the end product (e.g. the final garment). KRAV operates internationally within an umbrella organisation called IFOAM (International Federation of Organic Agriculture Movements) which deals with eco-labels. IFOAM strives to make the eco-labels in the different countries more equal in order to make sure that the labels keep a certain standard and quality, something that is important for the credibility of the labels (H. Bengtsson, personal communication, 2007-11-07).

4.3.2.2 Criteria for the Nordic Swan eco-label on clothes

There are several criteria needed to be fulfilled for garments in order to obtain the Nordic Swan eco-label. First of all the clothing producers need to follow the environmental- and working-laws in the country where they are operating. Further on the cotton in the garments needs to be ecological cultivated (see previous section for these criteria). The cotton then needs to be refined in a way that meets the criteria of the Nordic Swan eco-label. The garment can not contain any chemicals or other substances that can cause allergy or in other ways jeopardise the health of the bearer. The use of substances that are environmentally damaging is strictly limited within the production and all the substances have to be biodegradable. The garment will also be tested when it comes to the quality. The pollution from the factories that produce the textile is also restricted (SIS Miljömärkning AB, 2007c). The cotton plant and all the factories that produce cotton and textile for JC have been inspected by the BSCI (Business Social Compliance Initiative) in order to make sure that the human rights have been followed (JC, 2007a).

4.3.2.3 Eco-labelling at JC

JC obtained their first eco-label, the Nordic Swan, in August 2007 on some of the models of the Crocker jeans and shirts. All criteria taking into consideration the whole life cycle of the garments have been fulfilled. These garments also carry the KRAV eco-label in order to show that the cotton that has been used is ecological and fulfils the criteria set by KRAV (M. Brodin, personal communication, 2007-11-07).

The reason why JC decided to launch ecological produced clothes was mainly because they wanted to offer an ecological alternative to their target market. The reason why JC have chosen to use the Nordic Swan eco-label is because the life cycle perspective is taken into account and that it is an eco-label that is reliable and well known among people. Many consumers do not know what demands they should make on products and in that sense the eco-label becomes an easy way to communicate this to the customer. JC have decided to offer eco-labelled clothes as part of their assortment but there is no specific goal attached to that decision, i.e. no specific goal of how their eco-labelled assortment is going to increase in the future. It is not yet possible to relate the sale on the eco-labelled products with the eco-label itself since the decision of buying a pair of jeans is highly affected by how the model suits the customer (M. Brodin, personal communication, 2007-11-07).

4.3.3 Corporate Social Responsibility

As mentioned above the textile industry uses a lot of different chemicals within the production. JC follow the chemical guidelines developed by the industry organisation called *Textilimportörerna*¹³, stating what chemicals are forbidden to use within the textile industry. The different suppliers that JC do business with have been evaluated based on different criteria by the company and on the criteria described in the guidelines. Most companies within the industry are following these chemical guidelines. Since JC do not own any of the factories that produce their clothes it is hard to make sure that these chemical guidelines are followed on a daily basis. JC try to work closely with their suppliers and encourage reciprocal communication in order to make sure that the guidelines are followed (M. Brodin, personal communication, 2007-11-07). Further on, JC have developed certain codes of conduct which entail how the company and its suppliers should act when it comes to ex-

¹³ The textile importers' association in Sweden

exploitation of children, compulsory labour, minimum wages, working hours, working environment and the right of association. In addition JC do not collaborate with any suppliers that do not follow the United Nations Children's Conventions (UNCC) and JC also avoid production within countries where child- and slave labour frequently occurs (JC, 2007b).

JC have found an opportunity to reach customers within the fashion industry that may not usually take environmental issues into consideration in their buying behaviour. JC's target group have an interest in fashion but may not put environmental issues as a main focus when choosing between different products. JC want to offer trendy clothes that at the same time are ecologically produced but also to inform the customers more about the ecological aspect. To have the Nordic Swan eco-label on some of their clothes and through the documentation that is required in order to attain and keep the label, new knowledge have been brought to JC about ecological matters. However Brodin (personal communication, 2007-11-07) explains that this knowledge can be seen as reciprocal because the Nordic Swan might have learned how to deal with fashion products that may only exist 6 months at the most on the market.

5 Analysis

This section of the thesis presents our analysis based on the frame of reference and the empirical framework. Based on the analysis, the relationships between the usage of eco-labels and corporate social responsibility within the studied companies are discussed. To clarify the structure, the section is divided into three different parts representing each company respectively. The analysis answers our research questions.

5.1 Scandic

5.1.1 Incorporation of CSR

In order to analyse to what extent Scandic have incorporated CSR within their organisation we have applied the theories of “the multi-dimensional construct of Corporate Responsibility” by Panwar et al. (2006) and “the pyramid of responsibilities” by Carroll (1991). Scandic have incorporated a three dimensional perspective with economic, environmental, and social responsibilities. As Bergkvist states (personal communication, 2007-10-17) this is done by being more profitable and resource efficient than competitors, and by having a brand that more people relate their own values to because it contributes to ecological and social sustainability. This three dimensional perspective can be seen as having achieved a balance of the different constructs that build corporate responsibility, as was developed by Panwar et al. (2006). When it comes to the pyramid of responsibilities, Scandic have already fulfilled their economic responsibility by being profitable and by following the laws and regulations they have also fulfilled their legal responsibilities. Not to live on the expense of the environment and not to thwart people’s fulfilment of their needs can be seen as norms set by the society but not regulated by law. As Carroll (1991) states, following these norms is to take an ethical responsibility. When Scandic educated all their employees on what sustainability is, these two norms were highlighted. Therefore Scandic have fulfilled the layer of ethical responsibilities. As was stated in the frame of reference, being a good corporate citizen embraces all the activities that exceed what is regulated by law or expected by societal norms. Activities such as Scandic’s interactive website “Bring a bit of Scandic home”, the guests’ contributions to be part of the environmental work when staying at Scandic and the encouragement to their suppliers to be more environmentally cautious are, according to us, all examples of how Scandic as a company is a good corporate citizen.

We see the standards created by Scandic that have been accepted as new benchmarks within the whole hotel industry as Socially Responsible Business Practises (SRBP) that have been defined by Kotler & Lee (2005). Examples of these standards are the decision to stop using disposable packages for certain products, making their guests to use the towel more than once, and having an overall goal to decrease the consumption of resources. According to us, these are SRBP since they go beyond legal and moral obligations.

When it comes to the design of facilities, one of the internal procedures within SRBP according to Kotler & Lee (2005), Scandic have designed some of their hotels, the environmental hotels, by constructing them according to the guidelines, SERECS, as well as the “sustainable hotel design and construction guidelines”. Scandic work according to SERECS also when re-designing their existing facilities in order to minimise environmental pressures by for example choosing renewable materials. When Scandic took the decision to work with sustainability-, and environmental questions in 1994, they had a desire to build a brand that their employees could be proud of, thus making a contribution to their well-being;

something that they now have obtained. This can be seen as the internal procedure within SRBP that Kotler & Lee (2005) have chosen to label employee well-being support. To select and support suppliers that have adopted sustainable and environmental practices is according to Kotler & Lee (2005) another internal procedure within SRBP. Scandic use a supplier declaration based on the framework developed by “The Natural Step” in order to identify suppliers that live up to the standards set. One example of how Scandic support their suppliers is when they encouraged their supplier of liquid soap, LUX, to make changes within the recipe of their product in order to obtain an eco-label. Whenever possible, Scandic demand their suppliers to have eco-labelled products. According to Kotler & Lee (2005) this can be seen as having implemented the internal procedure of emphasising environmentally friendly manufacturing and packaging materials. In order to eliminate waste and usage of chemicals, i.e. to improve the processes (which is a fifth internal procedure within SRBP), Scandic perform SIR. We can see a clear linkage between Scandic’s reporting system and the Global Reporting Initiative that has been developed by CERES and defined by Willis (2003). This reporting system can also be seen as an external procedure within SRBP. Scandic have realised that a reporting system on environmental performance is as important as financial measurements.

Scandic have the multi-dimensional construct in balance. They have also reached the top layer in the pyramid of responsibilities and show several good examples of how to be a good corporate citizen which means to practise CSR. By listing their SRBP, all possible internal as well as external procedures are emphasised.

5.1.2 Relation between eco-labelling and CSR

Since Scandic have obtained an eco-label through a third party organisation (the Nordic Swan) and are among the 30% best within the hotel industry in environmental terms, the company has obtained a type 1 eco-label all in accordance to United Nations Environment Programme’s (2005) definition of type 1 eco-labels. In 1999, the first Scandic hotel obtained the Nordic Swan eco-label.

5.1.2.1 Environmental philosophy

When it comes to the objective indicators developed by Chamorro & Bañegil (2005), all ten indicators are according to us existent at Scandic. They have an environmental policy approved in writing (indicator 1) and an environmental management system is existent since the Nordic Swan eco-label is obtained on all Scandic hotels in Sweden (indicator 2). Continually, Scandic have incorporated a sustainability, - and environmental thinking in their core values (indicator 3). Together with “The Natural Step”, Scandic have developed a programme of how to achieve sustainability (indicator 4) and together they have also educated all employees (indicator 6). The SIR that Scandic have implemented is a periodically sustainability report (indicator 5). The SIR is the tool to evaluate the environmental results of the company (indicator 7). The positions that Scandic have with the VPSB in the lead all indicate that there is an existing “environmental board” (indicator 8). Scandic continuously perform customer surveys in order to understand how the customers perceive the environmental-, and sustainability work they perform (indicator 9). Finally, there is an evaluation of suppliers as has been mentioned before (indicator 10).

5.1.2.2 Environmental marketing strategy

Scandic started their environmental/sustainability work in 1994 and have since then these issues integrated into their business strategy (J. P. Bergkvist, personal communication,

2007-10-17). Scandic did not however start off as a “green business” but they realised that by re-building the company through creating a strong brand connected to social and ecological values, they could achieve a strong position on the market. This type of strategy resembles the third environmental marketing strategy developed by Mendleson & Polonsky (1995; adopted from Tjärnemo, 2001): “modifying the entire corporate culture to ensure that environmental issues are integrated into all operational aspects”. Further on, we can see that Scandic are working with all four strategies in the sustainability portfolio developed by Hart (1997). By having the SIR system, Scandic continuously decrease their resource consumption. Since all Scandic hotels in Sweden are eco-labelled with the Nordic Swan, criteria regarding pollution and waste minimisation are continuously fulfilled. These examples show how Scandic work with pollution prevention, the first level in the sustainability portfolio. Since Scandic provide a service and not a product, the concept of product stewardship can not be applied in the same manner as for companies with product offerings. Scandic have implemented a holistic view of their overall operations connected to their service offering and in addition also incorporated the participation of their customers as a vital part of their environmental performance. By always trying to buy eco-labelled products from suppliers Scandic practice product stewardship. Since Scandic do not manufacture any products it is hard to develop clean technologies, the third level of the sustainability portfolio. Although, by having developed new ways of thinking which have become standards within the hotel industry, Scandic have according to us shown a desire to change the whole industry. This can also be connected to the fourth level of the sustainability portfolio, the sustainability vision. Hart (1997) argues that the sustainability portfolio must be in balance, i.e. all levels should be taken into consideration. According to us, Scandic put focus on the bottom levels but by also taking the top levels into consideration, they can overcome future weaknesses.

All 10 objective indicators of environmental philosophy are existent at Scandic. In addition, the environmental marketing strategy outlined at Scandic indicates that environmental issues are integrated into all operational aspects. All four levels of the sustainability portfolio are taken into consideration but focus is put on the bottom levels. Scandic started their environmental/sustainability work in 1994 and obtained their first eco-label in 1999, which means that the environmental work had been in progress for five years before the first Nordic Swan eco-label was obtained.

5.1.3 Third party involvement

The Nordic Swan eco-label, which has been obtained on all Swedish Scandic hotels, takes a comprehensive approach when assessing Scandic’s service offer. Scandic have been working with their environmental and sustainability issues years before the first application of the Nordic Swan eco-label and had as Ribbing (personal communication, 2007-11-02) stated an already well existing CSR-strategy when the first Nordic Swan eco-label was obtained.

Two of the criteria developed by Miljömärkarna (2007) regarding eco-labels comprise requirements that are set and incrementally sharpened independent of the producer. In order to keep the Nordic Swan eco-label Scandic are obligated to constantly make improvements according to the requirements set by the Nordic Swan. Another criterion developed by Miljömärkarna (2007) involves taking a life cycle perspective of the product or service. The different elements of LCA that Arnold (2007) has identified have been revised by Scandic. They have overseen processes regarding everything from the design of buildings, which

supplier to choose, to the everyday routines concerning resource savings and decreasing the environmental pressure.

By paying an annual fee to the Nordic Swan, controls are performed ensuring that all requirements are fulfilled. Always fulfilling the sharpened requirements guarantees that Scandic can keep the Nordic Swan eco-label on all their Swedish hotels. To be able to fulfil the sharpened requirements, Scandic always have to find new ways of how to improve their environmental performance. This contributes to an ongoing process of CSR development and encourages Scandic to remain pioneers in the hotel industry when it comes to the sustainability aspect.

Eco-labels put requirements that certain criteria are met at the company having the eco-label. As Peattie (1995); Welford (1995); Azapagic (1996) and Arnold (2007) state, LCA highlights the different impacts the company has on the environment throughout the whole supply chain or life cycle of its products or services. Since the Nordic Swan eco-label is a type 1 eco-label, the organisation of the Nordic Swan performs LCA when judging the product or service according to United Nations Environment Programme (2005). Further on, the Nordic Swan eco-label has requirements that are tougher than governmental laws and regulations since only 30% of the best environmentally performing companies in each product category can earn the label. A company having the Nordic Swan eco-label; Scandic in this case, therefore is practicing business in a more sustainable way than what is regulated by the law. This is in accordance to us, what Carroll (1991) has defined as CSR. By having the Nordic Swan eco-label, Scandic can show all their stakeholders that they practice CSR. Since the Nordic Swan is such a reliable eco-label and third party organisation, it plays an important role in Scandic's ability to spread their CSR. This can be connected to the external use of LCA as Azapagic (1996) states; a marketing tool for educational and informational purposes.

We believe that Scandic's pre-existing CSR work indicates that the influence from the third party organisation (the Nordic Swan) is not that evident when it comes to the development of a CSR-strategy. However, in order to continuously develop CSR, the Nordic Swan plays an important role by incrementally sharpen the requirements that Scandic have to fulfil. In addition, the Nordic Swan also plays an important role when it comes to Scandic's ability to prove that they work (and are doing it good) with CSR to all stakeholders.

5.2 Arla Foods

5.2.1 Incorporation of CSR

When applying "the multi-dimensional construct of Corporate Responsibility" by Panwar et al. (2006) on Arla Foods, we can see that Arla Foods, by being the largest producer of dairy products in Europe, have an economic dimension. The environmental dimension is present since Arla Foods constantly oversee their usage of resources such as water and electricity in the same time as they seek to limit their usage of dangerous chemicals. We see that the social dimension of Arla Foods involves their contributions to charitable and other non-profit organisations. By having this multi-dimensional construct, Arla Foods have the ability to build corporate responsibility. However, according to Freudenthal (personal communication, 2007-11-13) Arla Foods struggle with the paradox that De Witt & Meyer (2005) have defined as the paradox between profitability and responsibility. Customers demand plastic screw caps which are not good in environmental terms but in order to not lose customers to competitors, Arla Foods keep these plastic caps on certain products. Be-

ing the largest producer of dairy products in Europe, we believe that Arla Foods could instead change this struggling paradox to an opportunity to have an environmental thinking throughout the whole company and use their strong position on the market to inform the customers about the environmental impact of having plastic screw caps.

In “the pyramid of responsibilities” by Carroll (1991), both the economic-, and legal responsibilities are fulfilled since Arla Foods are profitable and also follow the laws and regulations. The ethical responsibilities are fulfilled since Arla Foods have targets when it comes to several environmental issues such as minimising the environmental harm that can contribute to risks for personal health and the external environment. These targets are not regulated by law but can be seen as being expected by the society which according to Carroll (1991) is to take ethical responsibilities. We see Arla Foods’s engagement in “educating” children about the connections between man, animal, and nature through the communication on the milk cartons and their information to the customers about recycling, consumption, and environmental impacts as important actions that fit into the top layer in the pyramid, philanthropic responsibilities.

When analysing how Arla Foods have incorporated Socially Responsible Business Practises we can see that they work with resource savings when constructing new dairy factories in order to minimise the strain on the environment. The usage of the bio fuel heating system in their most recent built factory is one example of this and is what Kotler & Lee (2005) define as the internal procedure: design of facilities. Another internal procedure within SRBP that Arla Foods have implemented is the process improvements. The transportation processes have been revised in order to be more efficient in all aspects since the transports have such a great impact on the environment. Having co-developed an industry standard containing criteria that need to be fulfilled when it comes to the usage of chemicals can also be seen as one example of how Arla Foods have improved their processes. We can clearly see that Arla Foods support their suppliers to be environmentally friendly since they are using a contract with different codes of conduct that their suppliers must follow. This is in accordance to the internal procedure, supplier support, within SRBP (Kotler & Lee, 2005). By having packages fulfilling guidelines regarding smartness, effectiveness and environmentally friendliness, Arla Foods’s commitment of having environmentally friendly packaging materials, which is another internal procedure according to Kotler & Lee (2005), is emphasised. However cartons with plastic screw caps that have been developed may contradict these guidelines. Arla Foods provide information about the origin of the milk by having the Arla cow logo (which means that the milk is from Sweden) on their packages, an internal procedure by Kotler & Lee (2005). Arla Foods provide a sustainability report in which they inform about the company’s environmental performance, good as well as bad. The communication of company news is an internal procedure defined by Kotler & Lee (2005). The sustainability report can also be seen as an external procedure of SRBP according to Kotler & Lee (2005), since it is accessible to their customers as well as other stakeholders via the webpage. This form of reporting resembles the GRI developed by CERES (Willis, 2003) since it is developed in the same way as a financial report.

Arla Foods have the multi-dimensional construct in balance. In addition they have reached the top layer in the pyramid of responsibilities. By listing Arla Foods’s SRBP, all possible internal as well as external procedures are emphasised. When it comes to certain packages, Arla Foods struggle a paradox between profitability and responsibility.

5.2.2 Relationship between eco-labelling and CSR

The eco-label that is obtained on Arla Foods's ecological products is issued by the third party organisation KRAV. Since KRAV judges the product through a life cycle perspective, the eco-label is according to United Nations Environment Programme (2005) a type 1 eco-label. The first KRAV eco-label was obtained in the beginning of the 1990's but new products are constantly awarded with the eco-label.

5.2.2.1 Environmental philosophy

When analysing how the environmental philosophy of Arla Foods is outlined, we can see that the majority of the objective indicators developed by Chamorro & Bañegil (2005) are existent. Since Arla Foods use different targets in order to decrease their environmental impact, an environmental management system exists (indicator 2). The sustainability report that Arla Foods conduct in order to measure their environmental performance is according to us evidence that indicator 5 and indicator 7 are existent. As we previously mentioned, Arla Foods evaluate their suppliers through the contract with codes of conduct that all suppliers have to follow (indicator 10). Arla Foods have implemented environmental objectives that are constantly improved in order to minimise their environmental impact (indicator 4). At each dairy factory there is an environmental coordinator that as part of his/her responsibility must educate the employees. Although some education among the employees takes place, there is no "habitual organisation" as Chamorro & Bañegil (2005) have defined for indicator 6. Arla Foods have different positions within their organisation that work with environmental-, and sustainability tasks. To at least some extent, there is a body that is dealing with environmental issues (indicator 8). There is no environmental policy approved in writing at Arla Foods (indicator 1). However in their business idea, security and well-being are two words that are mentioned, which to some extent can be linked to the social aspect of the environment (indicator 3). Arla Foods do not conduct research on their customers' behaviour in environmental questions (indicator 9). However, as Freudenthal (personal communication, 2007-11-13) points out, Arla Foods have seen an increase in the demand of environmentally friendly products.

5.2.2.2 Environmental marketing strategy

Arla Foods have for more than 30 years worked on constantly trying to decrease the environmental impact their operations are causing both when it comes to the production of conventional and ecological dairy products. We consider this long term commitment to environmental issues to resemble the third environmental marketing strategy by Mendleson & Polonsky (1995; cited in Tjärnemo, 2001); "modifying the entire corporate culture to ensure that environmental issues are integrated into all operational aspects."

Arla Foods have targets emphasising the reduction of discharges and are constantly overseeing the amount of pollution and waste generated within the production and transportation. These set targets indicate that Arla Foods are working with pollution prevention as is defined to be the first level in the sustainability portfolio developed by Hart (1997). The quality programme that Arla Foods demand all their milk farmers to follow concerns both product quality and environmental issues. However, when it comes to the ecological product line the criteria set go beyond Arla Foods's quality programme. These products are controlled by a third party (KRAV) and they are evaluated through LCA and are therefore more connected to Hart's (1997) concept of product stewardship than Arla Foods's conventional products. Since the ecological farms only make up approximately 6% of the total amount of farms at Arla Foods, the eco-labelled product line offered is fairly small and

therefore the product stewardship is not fully developed within Arla Foods. The actions taken regarding the implementation of the bio fuel heating system within the new dairy factory can be considered as an emerging factor connected to clean technologies, the third level of the sustainability portfolio by Hart (1997). We believe that this is evidence pointing to the fact that Arla Foods have a sustainability portfolio with focus on the bottom levels, pollution prevention and product stewardship. According to Hart (1997), focusing on the bottom levels leads to a good position today but future difficulties. However, since Arla Foods think in terms of new cleaner technologies and more eco-labelled products which contribute to sustainability, we believe that they are trying to focus more on the future.

The majority of the objective indicators of environmental philosophy within Arla Foods are existent. They have an environmental marketing strategy outlined in such a way that environmental issues are integrated into all operational aspects. In the sustainability portfolio, the bottom levels are emphasised but they have started to develop cleaner technologies as well as having a sustainability vision. Arla Foods's commitment to the environment has been in progress many years before the first KRAV eco-label was obtained.

5.2.3 Third party involvement

Since the KRAV eco-label (like the Nordic Swan eco-label) is a type 1 eco-label, it has criteria that take the whole life cycle, or in Arla Foods's case "the cow-to-consumer-perspective", of the specific ecological products into consideration. Therefore all environmental burdens that occur during the product development are highlighted. Arla Foods's long time work with environmental issues regarding their performance shows that there has existed a commitment towards the environment during many years.

According to Arnold (2007) seven elements need to be taken into consideration when performing LCA. We can see that these elements all have been taken into consideration when it comes to Arla Foods's ecological product line. Their overall environmental impacts have been decreased; from raw-material to finished product. The usage and recycling of environmentally friendly packages and cartons are emphasised and even taught to the customers. In order to ensure that a minimum of waste is produced, the raw-material should end up as a finished product. Bi-products become animal fodder or biogas used in heating systems or as car fuel. Green energy in the form of a bio-fuel heating system is used in one factory.

The annual fee that Arla Foods pay to KRAV (5 000 000 SEK) includes controls at each dairy factory in order to ensure that the criteria set are met. As Freudenthal (personal communication, 2007-11-13) stated, Arla Foods believe it to be "enough" having only their ecological logo (the ecological Arla cow logo) on the ecological products' packages and not the KRAV eco-label. By not having the KRAV eco-label, the annual controls are not being performed by this third party organisation. In addition to the annual controls, the KRAV organisation also sharpens the requirements on a regular basis in order to have a dynamic eco-label. By having annual controls and by regularly sharpen the requirements, the KRAV organisation provides Arla Foods with clear guidelines of how to continuously improve their ecological product line. Since the KRAV eco-label is a type 1 eco-label with a high spontaneous recognition in Sweden, Arla Foods gain a competitive advantage over other actors that try to promote ecological products in other ways than through the usage of an eco-label.

If Arla Foods would perform LCA themselves, there might as Welford (1995) states, be a risk that activities that are easier to control are emphasised. When a third party organisa-

tion, such as KRAV, performs LCA of a company's products, there is an ability of getting an overview of the whole situation from an ecological perspective. KRAV objectively performs the assessment of the product from cradle to grave, with focus on all activities, including the more difficult to control. As Azapagic (1996) states, LCA can be used externally as a marketing tool to spread information. By having the KRAV eco-label, the ability to spread information then increases for Arla Foods.

We consider the influence that the KRAV organisation has on Arla Foods foremost to be regarding LCA. In this sense, KRAV facilitates for Arla Foods to spread information about their environmental commitment and it also increases the reliability of Arla Foods. Since there are annual controls and sharpened requirements connected to the KRAV eco-label, Arla Foods have the ability to be "up-to-date" on what can be improved in their processes. With only their own ecological logo there is, according to us, a risk that they fall behind competitors with eco-labelled products.

5.3 JC

5.3.1 Incorporation of CSR

When applying "the multi-dimensional construct" by Panwar et al. (2006) to JC we can see that they have an economic dimension since it is a profitable company. The environmental dimension is also existent but in the development phase since JC started to view their operations from an environmental perspective as recently as in the beginning of 2007. When it comes to the social dimension, JC have their codes of conduct stating that suppliers not following the UNCC should not be selected. This shows that JC to some extent think in social terms as well. Even though all three dimensions in the model exist, there is presently not a balance between them since the environmental and to some extent also the social dimensions are not fully developed.

When it comes to "the pyramid of responsibilities" by Carroll (1991), JC fulfil the economic and legal responsibilities. Following the societal norms regarding not to buy clothes produced in countries having child labour, JC take ethical responsibility. The philanthropic responsibilities, in the top layer of the pyramid, are something that JC take to a certain degree. By having obtained eco-labels on certain products, JC contribute to better working conditions within the production of clothes, something that promotes human welfare. Since this philanthropic responsibility taken by JC is only related to their ecological product line, which only counts for a small part of the company's product offering, we believe that more can be done from JC's part in order to make them a good corporate citizen.

The first internal procedure within SRBP, developed by Kotler & Lee (2005), which has been implemented by JC is the improvements of processes concerning the chemical used within the production of clothes. This is done by following the chemical guidelines. Secondly, JC also support their suppliers which according to Kotler & Lee (2005) is another internal procedure within SRBP. JC work closely with their suppliers in order to make sure that they follow the criteria provided in the textile industry's guidelines. We have also identified the internal procedure regarding the usage of friendly manufacturing and packaging materials to be existent when it comes to the ecological product line, which is produced in a manner approved by the Nordic Swan. There is a lack of external procedures; no form of environmental reporting system exists.

JC have all dimensions in the multi-dimensional construct, however not in balance. When it comes to the eco-labelled product line, the top layer of the pyramid of responsibilities is reached. JC have implemented a few SRBP.

5.3.2 Relation between eco-labelling and CSR

As has already been stated, the Nordic Swan-, and the KRAV eco-labels are type 1 eco-labels. JC's first Nordic Swan eco-label was obtained in 2007.

5.3.2.1 Environmental philosophy

The implementation of an environmental management system has been done to some extent within JC since the Nordic Swan eco-label has been obtained on some of their clothes (indicator 2). The existence of an explicit programme of environmental actions can be seen as being implemented to some extent since JC have started to develop actions of how to decrease the environmental impact within their operations (indicator 4). There is however no overall environmental goal set. JC have one manager CSR/Environment, the existence of environmental positions can be seen as partly implemented (indicator 8). Since the suppliers are evaluated based on the commitment to the chemical guidelines used in the textile industry, the evaluation procedure of the suppliers has been implemented within JC (indicator 10). According to our empirical framework we have not seen an explicit corporate environmental policy within JC (indicator 1) or any environmental references within the company's mission statement (indicator 3). Since JC are in the development phase of implementing stronger environmental goals, we could not find any reports covering their environmental- or sustainability performance (indicator 5) or any evaluation of environmental results (indicator 7). JC have not conducted any studies on the environmental behaviour of their consumers (indicator 9).

5.3.2.2 Environmental marketing strategy

When analysing how JC have incorporated an environmental marketing strategy, by using the framework developed Mendleson & Polonsky (1995; cited in Tjärnemo, 2001), the second strategy about "modifying existing products to be less environmentally harmful" can be applicable. This strategy is applied within JC to a certain degree by offering an ecological product line.

Within the sustainability portfolio developed by Hart (1997), JC have to certain degree implemented pollution prevention by following the textile industry's chemical guidelines. These guidelines state what chemicals that are forbidden to use within clothing production. When it comes to the ecological product line on the other hand, pollution prevention is fully implemented. For those particular clothes, the waste and pollution from the factories producing them have been minimised. The manager CSR/Environment has an overall responsibility dealing with environmental issues such as discharges during transportations, something that also can be connected to pollution prevention. When it comes to the product stewardship within JC, it is only existent when it comes to the ecological product line. By following the requirements set by the Nordic Swan, responsibility throughout the whole life cycle of the product is taken. The top levels of the sustainability portfolio applied to JC are not at present developed to such a high degree. JC follow UNCC when selecting suppliers and they are also avoiding production in countries with child, - and slave labour. We believe that this indicates that JC try to find solutions to social problems, something that is important when having a sustainability vision, i.e. the fourth level in the portfolio. How-

ever, as we see it, JC do not develop new clean technologies in order to make major changes.

Only four of the objective indicators of environmental philosophy are partly or fully existent within JC. They have an environmental marketing strategy outlined in such a way that the existing products are modified. JC have a bottom-heavy sustainability portfolio and these levels are implemented because JC have obtained the Nordic Swan eco-label on their ecological product line. The social aspect in the sustainability vision is taken into consideration but there is a need of making major improvements and changes in order to reach sustainability. The obtaining of the Nordic Swan eco-label and the starting point of their environmental work took place the same year (2007).

5.3.3 Third party involvement

According to Brodin (personal communication, 2007-11-07) JC started to view their operations from an environmental perspective in September 2007 after the launch of their ecological product line. As Brodin (personal communication, 2007-11-07) stated new knowledge have been brought to JC about ecological matters after having obtained the eco-label.

As stated before the Nordic Swan eco-label has requirements that take the whole life-cycle of the product into consideration. LCA has been performed on JC's ecological product line and the seven elements defined by Arnold (2007) have been revised. When it comes to the raw materials, the cotton used in the eco-labelled garments is eco-labelled with KRAV. Harmful chemicals are not used in the production and other substances that are used need to be biodegradable. These are examples of how sustainable materials are used. Social and legislative issues have been revised when it comes to the labour force within production.

The Nordic Swan organisation has clear directives and guidelines of how LCA should be performed on JC's products. If JC were to perform LCA themselves it could be complex since it according to Peattie (1995) is difficult to understand how far back in the supply chain to go and where to find the information needed to evaluate the eco-performance of all involved in the supply chain. This is something that is pointed out by Brodin (personal communication, 2007-11-07) as well; it is not possible to control the factories on a daily basis and JC have to trust that the guidelines are followed. As Welford (1995) states, LCA can track the sources of production. By having the Nordic Swan eco-label and thus having LCA performed, allows JC to see the possible impacts in undeveloped countries and then make continuous improvements in order to work towards sustainability. Azapagic (1996) states that the external usage of LCA is to inform and educate customers. JC also see the Nordic Swan eco-label as a means to communicate ecological matters to their customers. We believe this to be due to the external usage of LCA but also the high reliability of the Nordic Swan.

In addition to be able to communicate ecological matters to their customers, JC have to make continuous improvements when it comes to the requirements of having the Nordic Swan eco-label. LCA is performed by an independent third party in an objective manner which increases the reliability of JC and ecological clothes. The obtaining of the Nordic Swan eco-label has in addition also made JC think in environmental-, and sustainability terms of their other business processes as well. The employment of the manager responsible for CSR/Environment is one example of this; there exists a desire of developing an overall environmental strategy for the whole company.

6 Conclusion

In this section of the thesis the conclusions based on the analysis are presented in order to fulfil our purpose. The structure follows the three research questions in order to clearly show how they have been answered, not to make comparisons between the different companies. The section ends with some suggestions for future research.

The purpose of this thesis was to explore the relationship between the usage of eco-labels on products and services and the implementation of CSR within Scandic, Arla Foods and JC respectively. In order to fulfil this purpose we started to analyse how each company has incorporated CSR within their organisations (if it is incorporated at all).

Scandic have to a great extent incorporated CSR in their organisation's overall strategy since there is a balance between the economic, the environmental, and the social dimensions that together build corporate responsibility. All layers of responsibility have also been achieved. Arla Foods have incorporated CSR to a large extent since they have the multi-dimensional construct in balance. The top layer in the pyramid of responsibilities has also been achieved. JC have an imbalance between the different dimensions building corporate responsibility since they have just recently started to work with environmental issues. When it comes to the ecological product line, some philanthropic responsibilities are taken.

From the first research question, we can draw the conclusion that in order to have CSR incorporated within the organisation of the company, the multi-dimensional construct needs to be in balance. The company also needs to take responsibilities that go beyond economic, legal, and ethical responsibilities.

In order to explore how the relationship between the eco-label and a possible CSR-strategy within the company can differ between different companies, we first analysed this relationship in each company respectively. This was done by exploring if, and then to what extent, the environmental philosophy is incorporated within the company as well as how the environmental marketing strategy is outlined.

By having a deep environmental marketing philosophy with all ten objective indicators present and by having an environmental marketing strategy stating that environmental issues are integrating into all operational aspects we consider Scandic to have a true environmental culture. In order to have responsible business operations which are the base in the multi-dimensional construct there is also a need to have an environmental thinking within the organisation (environmental philosophy). Since Scandic have such a deep environmental philosophy, they conduct responsible business operations, which build the base for CSR. We therefore see CSR as a result of an existent environmental philosophy within Scandic and the eco-labelling at Scandic as the outcome of CSR. Within Arla Foods, the majority of the objective indicators of environmental philosophy are existent and the environmental marketing strategy demonstrates that environmental issues are integrated into all operational aspects. We believe this to be evidence that Arla Foods have a strong environmental culture and that their eco-labelling is the outcome of their CSR. Within JC, only few objective indicators of environmental philosophy exist. Their environmental marketing strategy does not demonstrate that environmental issues are integrated into all operational aspects of the company; instead the existing products are modified. We consider that the few indicators are not enough in order to have a strong environmental philosophy; therefore no true environmental culture exists within JC. The eco-label is seen as the input of CSR.

When it comes to the relationship between the eco-label and CSR, we can conclude that for the explored companies the relationship is dependent on the environmental philosophy and culture of the company having the eco-label.

The last research question was regarding the role third party organisations issuing eco-labels to specific companies play for the development of a CSR- strategy within the explored companies. Since the eco-label is seen as an outcome of CSR within Scandic, the third party organisation has not played such an important role for the developing of CSR. However, the third party organisation has greater influence when it comes to the improvements of the CSR. The influence from the third party organisation when it comes to Arla Foods mostly regards LCA in improving the processes and in the spreading of information. CSR within JC is foremost connected to their ecological product line. We consider that the third party organisation has influenced JC to start thinking in terms of CSR within the whole organisation of JC.

The third party organisations always have an influence on companies' CSR. Companies with an already well-built CSR are influenced to continuously improve their operations in social and environmental terms in order to keep the eco-label. The third party organisations also help companies to spread information and to educate their customers on environmental issues through the eco-label.

In order to have responsible business operations there must be an environmental philosophy within the company. These responsible business operations are the foundation of CSR. If the company has an environmental philosophy, we therefore consider the eco-label to be the outcome of CSR. In this thesis it has been shown that companies with environmental philosophies are companies that to great extents have incorporated CSR within their organisations. When the eco-label is the outcome of CSR, the third party organisations' involvement lies in the continuous improvements of CSR through the controls and regularly sharpened requirements. If, on the other hand, the eco-label is the input of CSR, i.e. when there is no true environmental philosophy within the company supporting the eco-label, the third party organisations' influence is on the development of CSR. When it comes to the third party influence, we have been able to observe a difference between our studied companies. For Scandic, which is a service company, focus is put on the overall business operations while for Arla Foods and JC, which are product companies, LCA is emphasised.

6.1 Suggestions for future research

This thesis looked at the concepts of eco-labels and CSR from the companies' point of view. In a future study it would be interesting to include the customers' point of view in a similar way. It has been discussed that a company can use eco-labels on products and services both as a marketing ploy and as a result of a good environmental philosophy (or CSR-strategy). However, do customers take this into consideration when buying eco-labelled products or services? In order to change society and achieve a sustainable development it is important that companies are consistent, i.e. that they behind the eco-label really want to perform sustainable business practises.

It would also be interesting to see if it is possible to establish a causal relationship between eco-labels and CSR. To be able to do this, a quantitative research approach would be more suitable to use by including many more companies. This thesis studied companies from three completely different industries. In a future research study, it would be of interest to see whether the relationship between the eco-label and CSR is dependent on the industry in

Conclusion

which the company operates and if there is any specific industry that uses eco-labels as a mere marketing ploy or if it is dependent on the company itself.

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Appendix A: Areas of discussion I

Scandic, Arla Foods and JC

- Environmental Management
 - Environmental Strategy
 - Positions

- Eco-labelling
 - Product/service
 - Purpose
 - Criteria
 - Costs
 - Goal
 - Effects- positive/negative
 - Market position and brand effects
 - Customer attitude and reaction

- Corporate Social Responsibility
 - Suppliers- criteria/requirements/influence/control
 - Education of employees
 - Education of customers
 - Environmental operations (apart from eco-labelling)

Appendix B: Areas of discussion II

The Nordic Swan and KRAV

- Management
 - Ownership
 - National (Sweden) vs. international level
 - Co-operations
 - Profit

- Eco-labelling
 - Criteria: Scandic/Arla Foods/JC
 - Costs
 - Revising of criteria
 - Control
 - Life Cycle Assessment
 - Awareness and reliability
 - Goal/purpose

- Corporate Social Responsibility
 - Development of companies' environmental strategy
 - Education and information
 - Extension of green (eco-labelled) product line